

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE		
DATE:	18 NOVEMBER 2019		
TITLE:	PROPOSED CHANGES: LOCAL COUNCIL TAX SUPPORT SCHEME		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CUSTOMER SERVICES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	MATT DAVIS	TEL:	0118 937 2954
JOB TITLE:	ASSISTANT DIRECTOR OF FINANCE	E-MAIL:	matthew.davis@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out a range of options to make amendments to the local Council Tax Support Scheme for the 2020/21 financial year. These options would reduce administrative processes for both customers and staff and provide clarity about the treatment of excess Council Tax Support.
- 1.2 A statutory consultation period is required for changes to the local Council Tax Support Scheme and, subject to member approval; it is proposed to consult for a period of six weeks. The timetable is included in the report.
- 1.3 An equality impact assessment for these proposals has been carried out and is set out in Appendix One.

2. RECOMMENDED ACTION:

That Policy Committee:

- 2.1 Consider the options for changes to the Council Tax Support Scheme for implementation from 1st April 2020.
- 2.2 Agree the three proposals set out below for consultation, according to the timetable set out in Para 6.1, with a view to implementation from the 1st April 2020. The proposals are to:
 - Remove the requirement to re-apply for Council Tax Support following the migration to Universal Credit;
 - Disregard Severe Disability Transitional payments in the calculation; and
 - Provide greater clarity on the treatment of excess Council Tax Support.
- 2.3 Subject to the above amendments, agree the Council Tax Support Scheme for the next 2 years 2020/21 & 2021/22 unless there are significant changes in the Housing Benefit Scheme that would warrant the same changes needing to be reflected in the Council Tax Support Scheme or other unexpected financial implications arise.

3. POLICY CONTEXT

- 3.1 In 2013 Council Tax Benefit was abolished and there was then a requirement for all local authorities to put in place a local Council Tax Support Scheme. Each year there is a requirement for the local authority to review the scheme and if amendments are proposed there must be a consultation process and responses duly considered before applying the changes. This report sets out a range of options to amend the existing scheme.

4. CURRENT POSITION: COUNCIL TAX SUPPORT

4.1 Our Current Scheme:

In brief our current Council Tax Support scheme for 2019/20 has the following key characteristics:

Persons of Working Age

For the billing year 2019/2020, persons of “Working Age”, are required to make a minimum contribution of at least 35% towards their Council Tax liability. In other words, from 1 April 2019, the maximum Council Tax Support available to persons of “Working Age” is based on 65% of their Council Tax liability.

Where a person of “Working Age” is entitled to Council Tax Support of £5 per month, (equivalent to £1.15 p/w) or less, they not entitled to any Council Tax Support.

The maximum amount of Council Tax Support that can be awarded is based upon the Council Tax charge for a Band D property, properties in bands above band D are automatically restricted to Band D levels.

Persons of “Working Age” making a new claim for Council Tax Support after 1 May 2016 no longer qualified for a “Family Premium” within the calculation of their claim.

There are no backdating provisions within our Council Tax Support Scheme.

There are no second adult rebate provisions within our Council Tax Support Scheme for persons of “Working Age”.

Where a person is in receipt of a monthly Universal Credit payment, the payment will be treated as part of their overall income in the calculation of their Council Tax Support assessment.

On receipt of a Universal Credit notice, a combined Housing Benefit and Council Tax Support claim will cease and the customer will be invited to reclaim Council Tax Support.

There is an upper capital limit of £3,000, which means that people with £3,000 or more will not qualify for Council Tax Support for the remainder of the billing year, irrespective of whether the capital is subsequently spent

Persons of Pension Age

Persons of “Pension Age” are largely protected by the Government prescribed default scheme and continue to have their entitlement to Council Tax Support calculated on 100% of their Council Tax liability.

Persons of “Pension Age” are entitled to have their Council Tax Support assessment based on their Council Tax liability for the actual band of property that they are occupying. In other words, a person of “Pension Age” will not have their Council Tax Support calculation capped to a Band D property, if they happen to occupy a property in Bands E, F, G or H.

Non-dependant deductions

Deductions are made from an applicant’s Council Tax Support for any persons aged over 18 who normally live with them, or for whom they do not receive Child Benefit, subject to certain exclusions. Non-dependants are typically grown up children or elderly relatives.

There are two rates of Non Dependant Deduction:

- A non-dependant deduction of £10.00 per week applies for non-dependants who are not engaged in remunerative work (working less than 16 hours per week) and/or have gross earnings less than £207.70 per week;
- A non-dependant deduction of £15.00 per week applies for any non-dependants engaged in remunerative work (16 hours or more) with gross weekly earnings of £207.70 per week and above

There are certain categories that attract no deduction and these remain in place for both working age and pension age customers.

4.2 Council Tax Support Scheme options:

Proposal One - Housing Benefit customers moving onto Universal Credit

Based on a previous consultation we agreed and implemented the cancellation of Council Tax Support and invited the customer to make a new claim when they transitioned to Universal Credit.

In light of experience we are now proposing we leaving the Council Tax Support claim open and use the existing information to calculate the amount of support.

We believe that this will:

- Help customers keep their Council Tax account up to date and maximise the number of residents receiving benefits to which they are entitled, whilst reducing the administrative burden required in them make a new claim;
- Reduce the number of Council Tax Support claims the assessment team has to process; and
- Help avoid additional Council Tax recovery costs.

Proposal two - Clarify how excess Council Tax Support is dealt with (following the Local Government Ombudsman' request to all Authorities)

There is no entitlement under the relevant legislation to a payment of Council Tax Support, . The entitlement, subject to eligibility, is to a reduction in the amount of Council Tax a person is liable to pay.

We therefore propose to reduce Council Tax Support down where a mistake or error by either the Local Authority or Department of Work and Pensions (DWP) occurs and increase the Council Tax liability by an equivalent amount. The reductions will be deemed "official error reductions". The increased liability will be considered recoverable unless the customer could not reasonably have known they were being overpaid.

When the Council determines that the "official error reduction" is not recoverable (i.e the claimant could not have reasonably known they were being overpaid) we will award Discretionary Council Tax Support to offset the loss, without the need for a further written application.

A customer disputing the decision that an "official error reduction" is recoverable can, as now, appeal to the Valuation Tribunal.

Proposal three - Treatment of Severe Disability Premium transitional payments

We propose that Severe Disability Premium transitional payments from DWP for people who are receiving Universal Credit will be fully disregarded from both the income and applicable amount used to calculate Council Tax Support.

- 4.3 It is recommended that the Council Tax Support Scheme implemented in April 2020 is for a 2 year period 2020/21 & 2021/22 and is not subject to change unless there are significant changes in the Housing Benefit Scheme that would warrant the same changes needing to be reflected in the Council Tax Support Scheme for ease of administration or unexpected financial implications. This would be subject to further review and a formal decision making process.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 This proposal will contribute to the following key priority set out in the Council's Corporate Plan 2018-21:

Protecting and enhancing the lives of vulnerable adults and children - This proposed change in administrative process contributes to the well-being of local people most in need by ensuring they receive financial support through the benefits system to which they are entitled, whilst reducing the claims procedures to which they would otherwise have to follow.

Ensuring our Council is fit for the future - reducing the cost of administering the revenues and benefits service in terms of processing new claims and debt recovery processes (including potential debt write-off)

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 There is a statutory requirement to carry out consultation on a Local Council Tax Support Scheme. The guidance recommends that public consultation should be carried out as early as possible to ensure feedback can influence the scheme and allow sufficient time for the feedback to be gathered, impacts to be understood, and a scheme to be shaped.

Although Government's code of practice on consultation states that normally 12

weeks is appropriate, billing authorities may wish to consider the appropriate length of their consultation depending on the impact of their proposals and the ability to complete the consultation exercise within budgetary timetables.

The code of practice indicates that where timing is restricted, for example due to having to meet a fixed timetable such as a budget cycle, there may be good reason for a shorter consultation, and any documentation should be clear for the reasons for the shorter.

We propose to carry out our consultation by having an on-line survey within our website detailing our proposed options. The proposed timeline is set out in the table below.

We will specifically consult key stakeholders: Voluntary Sector Organisations, Advice and Support Agencies, Private Landlords, Housing Associations and other stakeholders, including our preceptors.

Publish Consultation on the Council's website	19/11/2019
Consult with key stakeholders	November/December
Review Consultation Feedback	1 st Jan - 3 rd Jan
Make amendments subject to consultation	Early January
Publish Final Proposal in Policy Committee Report for January	08/01/2020
Policy Committee Recommends Final Scheme to Council	20/01/2020
Software Changes start to be made to Test Environment	N/A
Council decides 2020/21 Scheme (Legal Deadline is 31/01/20 or scheme remains same as 2019/20)	28/01/2020
Testing on the system	N/A
CTRS Scheme sent to DCLG	31/01/2020
Council Tax Set / Budget Setting at Council	25/02/2020
Bills issued reflecting revised CTS Scheme	March 2020
Formally Implement Change	01/04/2020

7. EQUALITY IMPACT ASSESSMENT

7.1 A Full Equality Impact Assessment is set out at Appendix 1.

All of the current options impact positively on all customers of working age currently in receipt of Council Tax Support.

Pensioners remain unaffected by these proposals.

8. LEGAL IMPLICATIONS

8.1 In 2013 the Government Abolished Council Tax Benefit and replaced it with a requirement for Local Authorities to set their own Council Tax Support Scheme. Authorities must do this by 31 January each year or the scheme they had in the year before continues.

The Scheme explained here is proposed as the CTS Scheme for Reading Borough Council in its capacity as a Billing Authority, under Section 13A (1) (a) of the Local

Government Finance Act 1992 (as amended by section 10 of the Local Government Finance Act 2012).

This proposed CTS Scheme would apply from 1st April 2020.

The Council's CTS Scheme is subject to the Council's duties for local welfare support under provisions including:

- The Welfare Reform Act 2012;
- The Localism Act 2011;
- The Equalities Act 2010;
- The Local Government Finance Act 1992 and 2012;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 SI 2012/2885 (as amended);
- Other legislation in relation to Vulnerable Groups including but not limited to the Child Poverty Act 2010;
- The Social Security Contributions and Benefits Act, 1992 and the Social Security Administration Act 1992;
- Data Protection Act 1998;
- The Housing Benefit Regulations 2006 (The HB Regulations)
- The Council Tax Reduction Schemes (Default Scheme)(England) Regulations 2012 (The Default Scheme)
- The Welfare Reform and Work Act 2016

8.2 The decision about the scheme is linked to the decision that is reserved to Council to set the tax base for tax setting purposes, as effectively reducing council tax support increases the tax base, so more money is collected for each £1 of council tax that is set in February 2020.

9. FINANCIAL IMPLICATIONS

9.1 Our analysis over the current % collected on CTS cases, demonstrates that although customers remain entitled to Council Tax Support following their migration to Universal Credit, not all re-apply immediately as currently required, resulting in Council Tax arrears and additional costs. Although this increases the overall Council Tax collectable, the revenue generated places customers in unnecessary hardship and increases resource required to recover the debt and potentially write-off as uncollectable. It also increases resources required to process new claims.

We are unable to model the full cost as they are unknown and relatively low quantities at this time which will not make a material difference to our wider tax base estimate.

10. BACKGROUND PAPERS

10.1 CTRS Scheme http://www.reading.gov.uk/media/10313/Council-Tax-Reduction-Scheme-2019-20/pdf/Reading_CTR_Scheme_2019-20_v1.2.pdf

10.2 Appendix one Equality Impact Assessment



Provide basic details

Name of proposal/activity/policy to be assessed

1. Council Tax Support Scheme 2020/21: Removal of requirement to reclaim Council Tax Support following migration to Universal Credit, clarity on requirement to repay excess Council Tax Support and proposal to disregard Severe Disability Premium transitional payments.

Directorate: Corporate Resources

Service: Finance

Name and job title of person doing the assessment Name:

Samantha Wills

Job Title: Income & Assessment Manager

Date of initial assessment: 15th October 2019

Scope your proposal

What is the aim of your policy or new service?

In 2013/14 the government abolished council tax benefit and local authorities were required to introduce local schemes. Overall funding was cut and there was a proviso that pensioners would be protected and made no worse off.

The local scheme we introduced was designed to cost the Council the same as when we received Revenue Support Grant which meant requiring a contribution of 15% from residents assessed as eligible for support. We increased the minimum contribution to 20% for the 2016 /17 year and restricted the support to a Band D to continue to offset the reduction of grant funding. A further increase to the minimum contribution to 25% was introduced in 17/18 and decreased Capital limits.

However with continued budget pressures, and having to find further income streams to fund our budget position, we increased the minimum contribution to 35% for the 2018/19 year and decreased the Capital limits further. It is still however our intention is to ensure the Local Council Tax Support scheme continues to provide support to low income households in Reading, whilst managing the decrease in funding.

The aims of this policy are:

- to manage the cost of the scheme within the available funds, ensuring that additional burdens are not put upon the general fund at further cost to local taxpayers;
- to maintain a scheme that meets the requirements of the Local Government Finance Act, the Equality Act 2010, the Child Poverty Act 2010, and the Housing Act 1996
- to ensure that the scheme is clear and easy to understand for applicants and to simplify administration where possible.

We are proposing that the application and calculation process used by the existing council tax support scheme will remain much the same but there will be some changes as follows:

- Removal of requirement to reclaim Council Tax Support following migration to Universal Credit
- Clarify requirement to repay excess Council Tax Support
- Disregard Severe Disability Premium transitional payments

Currently we have 7,932 customers receiving Council Tax Support, 4,507 are working age and 3,425 pension age.

As our Council Tax Support scheme continues to follow the calculation routes originally designed in the Council Tax Benefit Scheme, our scheme is still based on the award of premiums and applicable amounts that reflect disability and age.

Therefore it continues to protect those of pensioner age and those in receipt of disability benefits by offsetting by ways of a means test in the main.

We will continue to use the discretionary Council Tax Support fund as part of our local council tax support scheme to help people who may face exceptional and extraordinary difficulties in paying their council tax.

Who will benefit from this proposal and how?

The Council faces significant challenges over the next few years, as it continues to receive reductions in grant funding, and increasing demands on service delivery.

This proposal forms part of the ongoing work that is being undertaken to address the Council's budget position and improve efficiency.

Everyone who currently receives Council Tax Support, except pensioners, will be affected in a positive way by these changes. They will not have to re-apply for Council Tax Support, payment of Severe Disability Transitional Payments will not adversely affect their claim and there will be no requirement to claim discretionary Council Tax Support where we have deemed the excess Council Tax Support 'official error' and the customer could not have reasonably known they were being overpaid.

What outcomes will the change achieve and for whom?

There will be a reduction in administration processes for both customer and staff when migrating to UC. It will reduce the risk of customers falling into arrears and suffering financial hardship.

Who are the main stakeholders and what do they want?

73,000 Council Tax payers including 7,932 in receipt of Council Tax Support

Preceptors

Neighbouring Councils

Special interest organisations such as Citizens Advice Bureau, Welfare Rights, Housing Associations, National Federation of Landlords

Organisations representing vulnerable groups Disabled people

Low income out of work Low income in work

Homelessness prevention.

Consultation

Relevant groups/experts	How were/will the views of these groups be obtained	Date when contacted
Members / Senior Officers	Series of meetings regarding efficiencies and service plan proposals	Commenced January 2019
<p>Consultation</p> <p>We will consult on our proposals through November and December 2019. Feedback will contribute to the Equality Impact Assessment which will be updated once we have received the feedback in early January 2020.</p>	Web on line survey	Nov -December 2019
<p>Targeted invitation to participate in on line consultation:</p> <p>Preceptors Neighbouring Councils</p> <p>Special interest organisations such as Citizens Advice Bureau, Welfare Rights, Housing Associations, National Federation of Landlords</p> <p>Organisations representing vulnerable groups</p> <p>Disabled people</p> <p>Low income out of work Low income in work Homelessness</p>	Email including Web on line surveylink	Nov -December 2019

prevention.		
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Collect and Assess your Data

Describe how this proposal could impact on Racial groups

Data regarding ethnicity is not available from the Council Tax Support Database

Is there a negative impact? No

Describe how this proposal could impact on Gender/transgender (cover pregnancy and maternity, marriage)

Specific data is not available on those protected characteristics for the Council Tax Support client base

Is there a negative impact? No

Describe how this proposal could impact on Disability

The number of working age customers currently in receipt Council Tax Support with disability premiums (disability, enhanced disability, severe disability, disabled child) continue to receive a level of protection as their benefit calculation continues to reflect an allowance for disability. If they are in receipt of qualifying benefits which the majority are; they do not attract a non-dependant deduction.

The proposal will look to also disregard the Severe Disability Premium transitional payments made by the DWP

Is there a negative impact? No

Describe how this proposal could impact on Sexual orientation (cover civil partnership)

Civil Partnership is reflected and recognised within the overall benefits system; therefore these customers are affected in the same way as all customers. There are no differences in the calculations.

Is there a negative impact? No

Describe how this proposal could impact on Age

Pensioners will be protected from any changes as they have been protected by the Government, they cannot be asked to contribute any additional amount therefore their Council Tax Support entitlement remains the same.

For households of working age where the customer is not on passported benefits which means they are working or in receipt of work related benefits, these customers are positively affected by the changes.

Is there a negative impact? No

Describe how this proposal could impact on Religious belief?

Specific data is not available on those protected characteristics for the Council Tax Support client base

Is there a negative impact? No

Make a Decision

If the impact is negative then you must consider whether you can legally justify it. If not you must set out how you will reduce or eliminate the impact. If you are not sure what the impact will be you **MUST** assume that there could be a negative impact. You may have to do further consultation or test out your proposal and monitor the impact before full implementation.

Tick which applies

1. **No negative impact identified** Go to sign off

2. **Negative impact identified but there is a justifiable reason**

How will you monitor for adverse impact in the future?

Listen to customer feedback and comments / complaints as changes are proposed and or implemented

We will provide updates on known impacts as the changes are implemented through the officer welfare & poverty steering group

Signed (completing officer) Samantha Wills
(reviewed)

Date 15th Oct 2019

Signed (Lead Officer) Matt Davis

Date