

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Council

Date: 4th December 2017

REPORT TITLE: Review of Council Tax Reduction Scheme 2017

PORTFOLIO: Finance

HEAD OF SERVICE: Sal Khan

CONTACT OFFICER: Sarah Richardson Ext. No. x1716

WARD(S) AFFECTED: All

1. Purpose of the Report

1.1. To review the Council's Council Tax Reduction Scheme.

2. Executive Summary

2.1. The Council's current Council Tax Reduction Scheme has been in place since 1st April 2014 following a revision by Members in 2013.

3. Background

3.1. The Council's current scheme has been in operation since 1st April 2014. Legislation states that the Council must consider to revise or replace its scheme from the new financial year, onwards. In August 2013, Members agreed through Executive Decision Record to consult on a proposal for a new Council Tax Reduction (CTR) Scheme from 2014 in the same form as the existing scheme subject to the following amendments:

3.1.1. The new scheme to be applicable from 1st April 2014 with no specific end date;

3.1.2. The new scheme to include the same upratings for Working Age claimants (with regards to applicable amounts and non-dependant

deductions) as will be contained in the Prescribed Requirements issued by the Government for Pensioner Schemes in December 2013;

3.1.3. The new scheme to include annual uprating changes in line with the Prescribed Requirements set by the Government each financial year.

3.2. A review of the scheme and consultation on one change to the scheme has been conducted and the results of the consultation are discussed in this report.

4. Contribution to Corporate Priorities

4.1. Council Tax Reduction helps Council Tax payers on low income to pay their Council Tax. As Council Tax is a main source of revenue to the Council, it underpins all priorities.

5. Current Scheme

5.1. The Council's current scheme was based on a framework agreed with the other Staffordshire District Councils in 2012. The Council is required to consider whether it will revise or replace its scheme each financial year.

5.2. The scheme has now been in place for four years and the amount of Council Tax collected shows that Council Tax is being paid. The number of claimants claiming CTR has reduced since the Council's scheme was first introduced, which indicates that current budget provisions are sufficient for the current scheme, as shown in table 1 below:

Table 1: Comparison of claimant numbers

Claimant Category	Aug-14	Aug-15	Jun-16	Sep-17
Pensioners	3747	3626	3361	3090
Vulnerable	1711	1984	2048	2036
Working Age Employed	920	896	950	872
Working Age Other	1751	1427	1093	1026
Total	8,129	7,933	7,452	7,024

5.3. Members will note that the number of pensioner claimants has decreased as has the number of working age claimants. The number of claimants classed as 'vulnerable' under the Council's scheme has increased over the lifetime of the current scheme.

6. Scheme Review

- 6.1. A review of the current scheme has been conducted to identify possible areas where reductions could be achieved. The Council's scheme is broadly based on the now-abolished Council tax Benefit scheme with the following amendments for working age claimants:

Table 2: ESBC scheme highlights

- Maximum support 75% of Council Tax liability, restricted to a Band D Council Tax charge
(previously 100% maximum liability of any Council Tax band)
- No 'Second Adult Rebate' support
(support calculation based on other adults resident with the claimant rather than the claimant's own income)
- Capital Limit of £10,000
(previously £16,000)
- Flat rate earnings disregard of £25 for all working age claimants
(previously £10 disregard for couple, £5 disregard for single claimants and £25 disregard for lone parents)
- Three Non dependant deduction amounts (£0, £5, £10)
(previously 6 rates of charge dependant on the amount of earnings the Non dependant received)
- Vulnerable Scheme to include any working age claimant in receipt of a War Pension, Disability Premium and/or Disabled Child Premium.
(Working age claimants who are classed as 'vulnerable' under the Council's scheme have their entitlement calculated under the Government's Default Scheme with none of the above restrictions applied)

- 6.2. The Housing Benefit regulations currently only allow a maximum of 1 month's backdated Benefit for working age claimants who have made a claim later than the date they want their Benefit to start. The Council's current scheme allows a maximum of 3 months' backdated benefit, in line with the abolished rules.
- 6.3. Earlier this year, Members approved the Council publish a consultation on whether the Council's scheme should change its backdating provision to a maximum of 1 month in line with Housing Benefit regulations, but keeping all other details of the scheme unchanged. An online consultation took place between 11/08/2017 and 17/10/2017. Respondents were asked whether they thought the Council's proposal to change its maximum backdating award to 1

month was reasonable. The results of the consultation are shown at appendix 4.

- 6.4. 14 responses were received, 12 (86%) stating they felt the Council's decision was reasonable. 2 responses (14%) stated that the Council's proposal was unreasonable and that vulnerable people should continue with their support unchanged.
- 6.5. The Council has had a scheme in place to support claimants classed as vulnerable since 2012 which is shown at appendix 2. The Council's scheme document, as shown at Appendix 1, had been updated at paragraph 69.12 to reflect that vulnerable claimants and pensioners are not affected by the change of maximum backdated award to 1 month with effect from 1st April 2017.

7. Council Tax collection

- 7.1. From the very start of the scheme there has been concern that working age claimants who had previously received 100% Council Tax Benefit would have difficulty paying their Council Tax charge under the Council Tax Reduction scheme and in addition to other pressures implemented via the Welfare Reform Act 2012.
- 7.2. The introduction of Council Tax Technical Reforms from 1st April 2013 allowed the Council to provide a 12 month instalment payment scheme for any Council Tax payer that requests it. All staff within Revenues, Benefits and Customer Contacts continue to offer this method of payment to any Council Tax payer who is experiencing difficulties paying their Council Tax to ensure their payments can be made without further recovery action being taken.
- 7.3. The Council also has its Council Tax Exceptional Hardship Payments policy which is available to any claimant experiencing such financial hardship that they are unable to pay their Council Tax liabilities. Very few applications have been received for consideration, with none received in 2016-17.
- 7.4. Council tax collection since the introduction of the CTR scheme is shown in table 3 below:

Table 3 – Council Tax collection rates.

Financial Year	Collection Rate achieved
2013-14	98.19%
2014-15	97.84%
2015-16	97.30%
2016-17	97.51%

- 7.5. Collection dipped for 2014/15 and 2015/16 due to the Capita conversion, however collection for 2016/17 showed an improvement and current indications show we are on target to achieve at least 98% collection for 2017/18.
- 7.6. In 2013 the Council experienced an increase of 37% in Council Tax arrears. Whilst all this is not attributable to the introduction of CTR, there has been a 68% increase in the amount of arrears under attachments to benefits (AoB) compared years prior to 2013. Under Council Tax legislation, there can only be one AoB in place for collection with another waiting for the first to clear. Consequently, there will be some council tax payers where other forms of recovery action will be taken as the AoB route will be exhausted.

8. Financial Considerations

This section has been approved by the following member of the Financial Management Unit: Lisa Turner.

- 8.1. The main financial issues arising from this Report are as follows.
- 8.2. Table 4, below, shows the total amount of CTR expected to be awarded as the initial scheme was approved in 2012 compared to the amount of CTR awarded as at 31st March 2017:

Table 4: CTR expenditure comparison:

Date	03/12/2012		30/09/2017		Difference	
	Number	Amount	Number	Amount	Number	Amount
Pensioners	4198	3,375,209.93	3090	2,611,416.26	-1108	-763,793.67
Vulnerable Claimants	388	299,152.89	2036	1,892,123.64	1648	1,592,970.75
	4586	3,674,362.82	5126	4,503,539.90	540	829,177.08
Working Age Claimants						
Working Age Employed	1458	670,381.16	872	499,261.44	-586	-171,119.72
Working Age Other	2990	1,877,002.89	1026	660,448.35	-1964	-1,216,554.54
	4448	2,547,384.05	1898	1,159,709.79	-2550	-1,387,674.26
Totals	9034	6,221,746.87	7024	5,663,249.69	-2010	-558,497.18

- 8.3. These figures, along with current collection rates show that the scheme continues to perform well compared to initial expectations. The Chief Accountant is aware of the current performance and expenditure of the scheme which is currently within budgetary provisions.
- 8.4. In 2016-17 164 claimants were awarded backdated CTR, totalling £11,983.40. If Members approve the proposal to change backdated awards to a maximum of 1 month, had the change been applied in 2016-17, the same number of claims would have been backdated, however 26 of those claims would only have been backdated for a maximum of 1 month. Calculation indicate that it would reduce the backdated provision by just under £500.00.

8.5. Changing backdating provision does not have a significant impact on the figures shown in table 4.

9. Risk Assessment and Management

9.1. The main risks to this Report and the Council achieving its objectives are as follows:

9.2. **Positive** (Opportunities/Benefits):

9.2.1. The current scheme is performing well and indications show that revenue should be as anticipated.

9.2.2. The Council will continue to provide support to the most vulnerable Council Tax payers.

9.3. **Negative** (Threats):

9.3.1. If the Council does not continue with its current scheme it will be forced to draft a new scheme for consultation or adopt the Government's default scheme, which will have an impact on the Council's finances.

9.3.2. Changing backdating provisions to 1 month will impact on a very small number of claimants.

9.4. Any financial implications to mitigate against these risks are considered above.

10. Legal Considerations

*This section has been approved by the following member of the Legal Team:
Angela Wakefield.*

10.1. The main legal issues arising from this Report are set out in the report, above.

11. Equalities and Health

11.1. The current equality and health impact assessment has been reviewed and is attached at appendix 3.

11.2. The equality and health impact assessment identified the following actions to be carried out:

Is it a Health or Equality action?	Issue/impact identified	Recommendation/Action required	Lead officer and timescale	Resource allocation
Health	Health, mental health, wellbeing, indirect impacts from social, economic and environmental living conditions	Referral to relevant agencies for advice and guidance.	Sarah Richardson; ongoing	R, B, & CC staff

12. Human Rights

12.1. The main Human Rights issues arising from this Report are as follows:

12.2. There may be implications under Article 8 (Right to respect for private and family life) and Article 1 of the First Protocol (Protection of property) but these have been taken into account in the preparation of this report.

13. Sustainability (including climate change and change adaptation measures)

13.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) N/A

14. Recommendation(s)

14.1. That Members approve the proposed amendment to reduce the maximum period of backdated CTR award for working age claimants that do not come under the Council's Vulnerable Scheme, to 1 month to coincide with current Housing Benefit regulations, as shown in paragraphs 6.2, 6.3, 6.4 and 6.5.

14.2. That Members approve that all other provisions of the Council's current scheme (annual upratings) in place since 1st April 2014 remain unchanged.

14.3. That Members approve the Revised Council Tax Reduction Scheme shown in appendix 1 to be implemented with effect from 1st April 2018.

14.4. That Members approve the Revised Council Tax Reduction Scheme for Vulnerable claimants shown in appendix 2 to be implemented with effect from 1st April 2018.

15. Appendices

- 15.1. Appendix 1: Proposed Council Tax Reduction Scheme from 1st April 2018.
- 15.2. Appendix 2: Proposed Council Tax Reduction Scheme for Vulnerable claimants from 1st April 2018.
- 15.3. Appendix 3: Revised Equality and Health Impact Assessment.
- 15.4. Appendix 4: Consultation responses.