

CABINET	AGENDA ITEM No. 5
17 DECEMBER 2018	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
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COUNCIL TAX SUPPORT SCHEME 2019/20

R E C O M M E N D A T I O N S	
FROM : Acting Corporate Director of Resources	Deadline date : 3 December 2018
<p>That Cabinet approve consultation on Peterborough’s Council Tax Support Scheme 1 April 2019 – 31 March 2020 that contains the following local components:</p> <p>a) Amendment of the existing scheme for all eligible working age claimants as follows:</p> <ul style="list-style-type: none"> - The existing 30% reduction that is applied at the end of the benefit calculation is replaced with a 30% liability reduction applied at the start of the calculation - Alternative options for increasing the above 30% reduction, including: (1) increasing by 1% a year for 3 years; (2) increasing to 35%; (3) increasing to 40% - Introducing a minimum award level of either £1 or £2 per week - A restriction to support being provided at up to band C/D equivalent only (higher bands will be limited to the band C/D level with their parish) - An increase to the non-dependent deduction levels - An assumed minimum earnings level for self-employed claimants - Removal of second adult rebate - Removal of extended payments - Removing the current disregard of Child Benefit and treating it as income - Reducing the capital limit from £16,000 to £6,000 - Treating Universal Credit claim notifications as claims for Council Tax Support. <p>b) To amend appropriate rates in line with annual upratings.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet following discussion by the Corporate Management Team (CMT).

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to commence consultation for a localised council tax support scheme for the financial year 2019/20. There is a statutory requirement for the council to set a localised council tax support scheme by 11 March 2019 and forms part of the formal budget process under the Budget and Policy framework.

2.2 This report is for Cabinet to consider under its Terms of Reference Number 3.2.1 which states ‘to take collective responsibility for the delivery of all strategic Executive functions within the council’s Major Policy and Budget Framework and lead the council’s overall improvement programmes to deliver excellent services.

3. **TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	YES	If Yes, date for relevant Cabinet Meeting	17 December 2018
Date for relevant Council meeting	6 March 2019	Date for submission to Government Dept – Communities and Local Government	11 March 2019

4. **BACKGROUND**

Council Tax Support Scheme (CTSS)

- 4.1 Peterborough City Council's Council Tax Support Scheme (CTSS) is based on the Council Tax Reduction Default Scheme Regulations amended each year through changes to the government regulations. The council is obliged to consult on the local scheme for the forthcoming financial year (2019/20).
- 4.2 Since April 2013 council tax benefit was abolished by Government and replaced with a localised Council Tax Support Scheme (CTSS). This meant councils had to develop a local scheme, and had less funding to do so. This change meant that:
- Some people who did not have to pay any council tax will now have to pay something
 - Some people who have some help may have to pay more
- 4.3 From 1 April 2013, the council introduced a scheme whereby council tax benefit would be reduced by 30% for working age claimants at an estimated overall cost of £2.4m. The 30% reduction has remained the same since its introduction.
- 4.4 Following further grant reductions in 2015/16, the council consulted on whether to change the scheme to 35% or 40%. Ultimately the scheme remained at 30%. Further grant reductions experienced in 2016/17, 2017/18, 2018/19 and further planned reductions in 2019/20 will affect the grant provided for council tax support (which is now subsumed within the councils main grant – which is due to phased out by 2019/20).
- 4.5 A one per cent increase or decrease in the scheme is approximately £73k per annum. Currently council tax support payers pay an average of £249.67, and a one percent increase or decrease would amend this amount by £8.32. Since the introduction of the scheme there has been a sharp increase in the number of households being issued with court summons which adds an additional cost of £68.00. If referred on for enforcement action further costs of £75 and £235.00 are charged and the possibility of a further £110.00 if goods are removed. These costs are paid off first before recovery of council tax.
- 4.6 Claimants have been reducing year on year. The caseload in June 2013 was 11,435. In April 2015 it was 10,497, April 2016 was 10,198, April 2017 was 9,584, and by April 2018 it was 9082 cases. This is positive for the council as either these claimants now pay more council tax or have left the area.
- 4.7 The council introduced a discretionary Council Tax Hardship Policy under current legislation that operates alongside the operation of council tax. Claimants need to meet policy eligibility criteria to qualify for a reduction in council tax.
- 4.8 The council acts responsibly in collecting council tax and recognises that in some instances people may struggle to pay their council tax. In March 2014, the council signed up to the Citizen's Advice Bureau (CAB) Collection of Council Tax Arrears Good Practice Protocol. The protocol has recently been reviewed and updated, and confirms the commitment by the council to do all it can to support people struggling with debt to help them avoid becoming in arrears.

5. PROPOSED CHANGES FOR CONSULTATION

Council Tax Support Scheme (CTSS) 1 April 2019 to 31 March 2020

- 5.1 Peterborough City Council's Council Tax Support Scheme (CTSS) is based on the Council Tax Reduction Default Scheme Regulations amended each year through changes to the government regulations. Over recent years, Government has announced that it was proposing changes to Housing Benefit rules and tax credits, and as such, the Council's previous consultations on its Council Tax Support scheme have duly reflected these. By doing so and by introducing these measures, the Council continues to align the Council Tax Support Scheme to Housing Benefit Rules, and it will make it less complicated for claimants and assist with the ongoing transition and administration of Universal Credit.
- 5.2 This report sets out the proposed changes to the local components to Peterborough's CTSS as follows:

Amendment of the existing scheme for all eligible working age claimants as follows:

- a. The existing 30% reduction that is applied at the end of the benefit calculation is replaced with a 30% liability reduction applied at the start of the calculation;
- b. Alternative options for increasing the above 30% reduction, including: (1) increasing by 1% a year for 3 years; (2) increasing to 35%; (3) increasing to 40%;
- c. Introducing a minimum award level of either £1 or £2 per week;
- d. A restriction to support being provided at up to band C/D equivalent only (higher bands will be limited to the band C/D level with their parish);
- e. An increase to the non-dependent deduction levels;
- f. An assumed minimum earnings level for self-employed claimants;
- g. Removal of second adult rebate;
- h. Removal of extended payments;
- i. Removing the current disregard of Child Benefit and treating it as income;
- j. Reducing the capital limit from £16,000 to £6,000; and
- k. Treating Universal Credit claim notifications as claims for Council Tax Support.

Appendix 1 shows the detailed proposals within the main consultation document.

- 5.3 In addition to the above proposals, the Council Tax Support scheme for 2019/20 will be subject to annual benefits uprating and feedback received during this consultation.

6. IMPACT OF THESE CHANGES

- 6.1 An initial assessment of revenue implications suggest that the potential savings that could be achieved are as follows:
- By applying (a), (d), (e), (h) and (j), savings of up to £292k;
 - By also applying (i), total savings of up to £700k (inc (a), (d), (e), (h) and (j));
 - Option (b) provides an additional £75-80k for each 1% increase;
 - Option (g) would save £7k and option (c) saves £12k. Savings for option (f) are not possible to quantify, but total expenditure in this category is £215k, so savings will be less than this level.
- 6.2 In addition to the revenue implications of the potential changes, the Council has also undertaken an Equality Impact Assessment of the proposed changes. This provides a systematic process for assessing the effect these potential changes may have on groups or individuals in respect of different equality categories.
- 6.3 This assessment is attached at Appendix 2.

7. CONSULTATION APPROACH

- 7.1 The proposed changes outlined in this report will amend Peterborough's Council Tax Support Scheme for 1 April 2019 – 31 March 2020, following consideration of any feedback received during the consultation exercise. Cabinet will launch the consultation after the 17 December 2018 and it will remain open until 27 January 2019, and Cabinet will receive an update of responses for their 25 February 2019 Cabinet meeting.
- 7.2 An online document will be available to respond to the consultation and hard copies will be available on request in the Sand Martin House, Town Hall and Bayard Receptions, as well as at the Central Library. Members' scrutiny was undertaken as part of the scrutiny meetings set aside for budget discussions, including stakeholder consultation meetings.
- 7.3 In addition to this, there will also be specific consultation with key interested partners including the Peterborough Community Assistance Scheme (PCAS) Board. PCAS is a valuable consultation body as it consists of Peterborough Citizen's Advice Bureau, Kingsgate Community Church, Credit Union, MIND, Disability Peterborough and Age UK Peterborough, all of whom have regular, direct contact with vulnerable individuals.

8. ANTICIPATED OUTCOMES

- 8.1 This report launches the consultation for the operational council tax support scheme from 1 April 2019 as part of the formal budget process outlined in the council's Major Policy and Budget Framework. The consultation responses will inform the design of the operational scheme and any financial implications arising from the final design will be factored into the medium term financial strategy.

9. REASONS FOR RECOMMENDATIONS

- 9.1 The council is statutorily required to approve a council tax support scheme by the 11 March 2019 having had regard for the council's financial position and feedback from responses to the consultation. As part of this consultation, the council is consulting on a council tax discretionary hardship policy.

10. ALTERNATIVE OPTIONS CONSIDERED

- 10.1 The council is statutorily required to approve a local scheme by 11 March. An alternative option which would be to not propose any changes to the current 2018/19 local scheme and manage the resulting costs of the scheme accordingly.

11. IMPLICATIONS

- 11.1 Financial and legal implications have been considered elsewhere in this report. An equality impact assessment has been completed to assess the implications that may arise from the proposed technical changes.

12. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015
- The Housing Benefit (Abolition of the Family Premium and date of claim amendment) Regulations 2015 (S.I. 2015 No. 1857)
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016 (S.I. 2016 No. 1262)

- The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 No. 1305

13. APPENDICES

Appendix 1 - Consultation Document

Appendix 2 - Equality Impact Assessment

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