

**SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL  
SCRUTINY COMMITTEE**

**TUESDAY 2 DECEMBER 2014  
6.30 PM**

**Bourges/Viersen Room - Town Hall**

**AGENDA**

**Page No**

**1. Apologies for Absence**

**2. Declarations of Interest and Whipping Declarations**

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification" that has been disclosed to the Solicitor to the Council. Members must also declare if they are subject to their party group whip in relation to any items under consideration.

**3. Request for Call-In of an Executive Decision: Council Tax Support Scheme 2015/16 Consultation - NOV14/CMDN/96** **3 - 32**

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<http://democracy.peterborough.gov.uk/documents/s21850/Protocol%20on%20the%20use%20of%20Recording.pdf>

**Committee Members:**

Councillors: N Arculus (Chair), Y Maqbool (Vice Chairman), R Brown, A Iqbal, Thulbourn, M Fletcher and J A Fox

Substitutes: Councillors: J Shearman, S Lane, R Herdman and S Allen

Further information about this meeting can be obtained from Paulina Ford on telephone 01733 452508 or by email – paulina.ford@peterborough.gov.uk

**Emergency Evacuation Procedure – Outside Normal Office Hours**

*In the event of the fire alarm sounding all persons should vacate the building by way of the nearest escape route and proceed directly to the assembly point in front of the Cathedral. The duty Beadle will assume overall control during any evacuation, however in the unlikely event the Beadle is unavailable, this responsibility will be assumed by the Committee Chair.*



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<b>SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 3</b>
<b>2 DECEMBER 2014</b>	<b>Public Report</b>

## **Report of the Director of Governance**

**Report Author** – Paulina Ford, Senior Governance Officer, Scrutiny

**Contact Details** – (01733) 452508 or email paulina.ford@peterborough.gov.uk

### **REQUEST FOR CALL-IN OF AN EXECUTIVE DECISION: Council Tax Support Scheme 2015/16 Consultation - NOV14/CMDN/96**

#### **1. PURPOSE**

- 1.1 To consider a request to call-in an executive decision made by the Cabinet Member for Resources.

#### **2. RECOMMENDATIONS**

- 2.1 That the Sustainable Growth and Environment Capital Scrutiny Committee considers a request to call-in a decision taken by the Cabinet Member for Resources in respect of the Council Tax Support Scheme 2015/16 Consultation.

#### **3. BACKGROUND**

- 3.1 On 18 November 2014, the Cabinet Member for Resources made an executive decision relating to the Council Tax Support Scheme 2015/16 Consultation. In accordance with the Constitution this decision was published on 18 November 2014.

- 3.2 On 21 November 2014, Councillor Ed Murphy supported by Councillor Richard Ferris submitted a request to call-in this decision on the following grounds:

Criteria 4. The decision does not follow the principles of good decision making set out in Article 11 of the Council's Constitution, specifically that the decision maker did not:

- (a) Realistically consider all alternatives and, where reasonably possible, consider the views of the public.
- (b) Understand and keep to the legal requirements regulating their power to make decisions.

- 3.3 A copy of the request to call-in is attached at Appendix 1, a copy of the report considered by the Cabinet Member for Resources is attached at Appendix 2 and a copy of the decision notice is attached at Appendix 3.

- 3.4 After considering the request to call-in and all relevant advice, the Committee may either:

- (a) not agree to the request to call-in, when the decision shall take effect immediately;
- (b) refer the decision back to the decision maker for reconsideration, setting out its concerns; or
- (c) refer the matter to full Council.

#### **4. IMPLICATIONS**

- 4.1 Any implications are contained within the report to the Cabinet Member at Appendix 2.

**5. BACKGROUND DOCUMENTS**

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

None

**6. APPENDICES**

Appendix 1 – Request to Call-In Decision

Appendix 2 – Report Considered by the Cabinet Member for Resources

Appendix 3 - Copy of Decision Notice – Council Tax Support Scheme 2015/16 Consultation

## CALL-IN REQUEST FORM

This form must be completed and signed by at least **TWO** members of any Scrutiny Commission or Scrutiny Committee and **MUST** be returned to the \*Proper Officer within **3** working days of the decision being published (*not including the day of publication*). Please telephone the Proper Officer to make them aware that the Call-In form is on its way.

*\*Please note that the Proper Officer can be any of the following Senior Governance Officers: Paulina Ford, Tel: 452508 or Gemma George, Tel 452268. The Call-In Request will only be valid if it has been received in person by any of the above people within the 3 working day deadline. The form may be emailed or hand delivered. If sent in the post you must call the Proper Officer to advise that it has been posted and it will need to be received by the Proper Officer within the 3 working day deadline.*

<b>Decision taker:</b>	<b>Cabinet Member for Resources</b>
<b>Date of publication of decision:</b>	<b>18 November 2014</b>
<b>Title of Decision Called in :</b>	<b>Council Tax Support Scheme 2015/16 Consultation – Nov14/CMDN/96</b>
<b>Date Decision Called in:</b>	<b>21 November 2014</b>

	<b>REASONS FOR CALL-IN</b>	<b>Tick which reason applies</b>
1.	Decision contrary to the policy framework?	
2.	Decision contrary or not wholly consistent with the budget?	
3.	Decision is Key but it has not been dealt with in accordance with the Council's Constitution.	
4.	Decision does not follow principles of good decision-making set out in Article 11 of the Council's Constitution.	✓
If reason 4, please tick which specific element of Article 12 the decision maker has not followed, did he or she not:		
(a)	Realistically consider all alternatives and, where reasonably possible, consider the views of the public.	✓
(b)	Understand and keep to the legal requirements regulating their power to make decisions	✓
(c)	Take account of all relevant matters, both in general and specific, and ignore any irrelevant matters.	
(d)	Act for a proper purpose and in the interests of the public.	
(e)	Keep to the rules relating to local government finance.	
(f)	Follow procedures correctly and be fair.	
(g)	Make sure they are properly authorised to make the decisions.	
(h)	Be responsible for their decisions and be prepared to give reasons for them.	
(i)	Take appropriate professional advice from officers.	

**Detailed Reason(s) for Call-in.** *Please explain below why one of the reasons for call-in applies (eg. For number 1 - which major policy affected and how/why)*

The decision to consult on a proposed reduction in Council tax support ought to be called in because the decision to consult is flawed.

The consultation fails to take into account the option of not reducing Council tax support. This is at a time when Council tax is proposed to be frozen for the public so those receiving Council tax support will be unfairly hit by those proposals compared to the wider population of Peterborough. If Council tax is to be frozen consideration ought to have been given to freezing the Council tax support scheme at current levels and finding budget savings from elsewhere.

The consultation process is therefore flawed as it has failed to take account of all reasonable alternative options and therefore the decision to begin a flawed consultation is incorrect.

This decision will have an unduly onerous impact on vulnerable groups and an equality impact assessment should have been undertaken for this decision as it will have onerous consequences for vulnerable groups.

	<b>Name (please print)</b>	<b>Signature</b>	<b>Date</b>
<b>1.</b>	Ed Murphy	<b>Via email</b>	21 Nov 2014
<b>2.</b>	Richard Ferris	<b>Via email</b>	21 Nov 2014



<b>DECISION TITLE: Council Tax Support Scheme 2015/16 Consultation</b>
<b>Councillor David Seaton: Cabinet Member for Resources</b>
<b>November 2014</b>

Cabinet portfolio holder: Responsible Director:	Councillor David Seaton: Cabinet Member for Resources John Harrison: Executive Director Resources
Is this a Key Decision?	No If yes has it been included on the Forward Plan : Unique Key decision Reference from Forward Plan :
Is this decision eligible for call-in?	Yes
Does this Public report have any annex that contains exempt information?	No
Is this a project and if so has it been registered on Verto?	No

RECOMMENDATIONS

The Cabinet Member is recommended to approve:

1. That the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%)
2. The approach to consultation outlined in this report, including the alternative options of:
  - Keeping the reduction at 30%
  - A reduction of 35%

## 1. PURPOSE OF THIS REPORT

- 1.1 The purpose of this report is to:
- update on the implementation of the local Council Tax Support scheme in 2013/14 and 2014/15
  - Outline the impact on Council Tax Support of further reductions in the council's grant
  - Propose that the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%)
  - Agree the approach to consultation outlined in this report, including the alternative options of:
    - Keeping the reduction at 30%
    - A reduction of 35%
  - Outline the timescales for decision making and possible implementation
- 1.2 This report is for the Cabinet Member for Resources to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (i).
- 1.3 This CMDN launches the consultation on Council Tax Support for 2015/16. As part of this process the consultation will include Scrutiny, prior to Cabinet on 19<sup>th</sup> January 2015 making a recommendation to the Council meeting of January 28<sup>th</sup> 2015.

## 2. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	Yes	If Yes, date for relevant Cabinet Meeting	19 January 2015
Deadline for relevant Council Meeting	28 January 2015	Date when these changes will apply from	1 April 2015

## 3. BACKGROUND AND CURRENT SCHEME

### Background

- 3.1 Council Tax Benefit (CTB) was the means tested way of reducing the Council Tax Bill for those on low incomes. Effectively the household paid less council tax (sometimes none) and the Government paid grant to the council to cover it.
- 3.2 CTB expenditure increased nationally from £2bn in 1997/98 to £4.3bn in 2010/11. The Government announced in the Spending Review 2010 that it would localise support for council tax making Councils responsible for local schemes and reducing the grant by 10%, saving £410m nationally in England. Councils would be responsible for determining, through their local scheme, how these savings are made. If councils do not make savings through the scheme, they will need to meet the cost of this elsewhere in their budgets. Schemes must fully protect pensioners and so the impact is met by 'working age' claimants.
- 3.3 Council Tax Benefit (CTB) became Council Tax Support (CTS) from April 2013. The Council implemented a local scheme that came into effect on 1<sup>st</sup> April 2013.

## **Financial Impact for Peterborough in 2013/14**

- 3.4 In Peterborough there were almost 18,000 Council Tax Benefit claimants (24% of households) which cost around £12m in 2010/11. The Medium Term Financial Strategy (MTFS) approved by Council in February 2012 was based on a local scheme being adopted in 2013/14 and there being no additional pressure on the council's budget i.e. any reduction in grant would be fully met through changes in the benefit scheme, rather than cuts being made in services elsewhere across the Council.
- 3.5 The Government claimed that the reduction in funding should be around 10% of the benefit bill. However this assumed that the number of people claiming this benefit, and hence the cost of it, reduced by 2013/14. Many parts of the country, including Peterborough, were seeing costs of benefit increasing. The Council estimated that the grant reduction would see a shortfall of nearer 20%. The gap between grant and the benefit bill for 2013/14 was estimated to be £2.4m.
- 3.6 Failure to devise and implement a local scheme by 31 January 2013 would result in the Department for Communities and Local Government (DCLG) 'default scheme' being used by the Council. This scheme mirrored the current CTB scheme i.e. there was no reduction in benefit. If this were to happen the Council and Police and Fire would have had to find the £2.4m of savings from elsewhere in their budgets.
- 3.7 In Peterborough 40% of claimants and 38% of the bill relates to pensioners. As Government legislation protects this group, the 20% loss in CTB funding has to be met by the remaining 60% of claimants. In order to achieve the strategy approved in the MTFS, this would require a reduction in benefit of 30%.
- 3.8 Cabinet approved this approach as the basis for consultation at their meeting of 24 September 2012 (the reduction was initially estimated at 35% and was consulted at this level, but changes to the grant meant this was finally 30%). The consultation also included options to fully protect groups, such as the disabled. Such protection would mean higher reductions for working age claimants to keep the scheme self-funding in line with the MTFS strategy. The consultation also included options for lesser reductions (or no reduction), but recognised the impact this would have in terms of the need to find savings (as outlined in section 3.6 above)
- 3.9 Following Cabinet, an intensive period of public and stakeholder consultations ran for six weeks from 25 September to 5 November 2012, along with further engagement leading up to approval by Full Council on January 30<sup>th</sup> 2013.
- 3.10 The feedback was generally inconclusive. Whilst respondents felt that Peterborough City Council should continue to support people on low income by reducing their council tax bill, there was no clear indication of any preference as to how the new scheme should be designed.

## **New scheme implemented for 2013/14 and 2014/15**

- 3.11 Given the unacceptable impact that cuts of £2.4m would have, it was agreed that a 30% reduction would be applied from 2013/14. The published scheme can be seen at the following link:

<http://www.peterborough.gov.uk/pdf/Housing-HousingBenefit-WelfareReform-ChangesToBenefit-CouncilTaxSupportSchemeSummary.pdf>

- 3.12 Analysis showed that under the new council tax support scheme there would be the following impact:
- 8,437 households who previously received 100% council tax benefit would now have something to pay
  - 2,458 households will be paying more council tax than before

Examples of how this would impact during 2013/14 are outlined below

- Currently Band A council tax in the city (including Police and Fire) is £908. A household in receipt of 100% benefit would currently pay no council tax. In future they would pay 30%, or £272 per year (£5.24 per week). They would still receive £636 in council tax benefit
  - Currently Band B council tax in the city (including Police and Fire) is £1,059. A household in receipt of 50% benefit would currently pay council tax of £530, and receive benefit of £530. In future they would pay an extra £159 per year (£3.05 per week), taking their total payment to £689 per year They would still receive £371 in council tax benefit
  - The average amount paid in benefit is currently £730 per year. This would reduce by £219 to £512 per year. As such the average household in receipt of benefit would pay £4.21 per week extra
  - Pensioner households are protected and hence unaffected by the proposals
- 3.13 The original Cabinet report outlined a range of measures that the Council intended to undertake to mitigate the impact on households. The Council works in a number of areas to support people in Peterborough, covering two main areas:
- Helping people get back into work and off benefit
  - Helping alleviate the impacts of poverty on individuals and households

The majority of these activities are led by the Neighbourhoods service, linking in with a number of partners across the city.

- 3.14 For 2014/15 the level of CTS reduction remained at 30%.

#### 4. IMPACT OF THE NEW SCHEME

4.1 The Council has closely monitored the impact of the new scheme. As we are only 20 months into the new scheme, we should remain cautious in drawing definitive conclusions. The scheme is likely to need to be monitored over several years to fully assess the impact.

4.2 The scheme received media coverage during the first year, especially when individuals were summoned to court. However it should be noted that whilst the scheme has seen an overall increase in summons, the majority have been issued for those not affected by the changes, as can be seen by the level of summons during the first five months of 2013/14:

Summons – non-CTS	6,427
Summons – CTS	5,266
<b>total</b>	<b>11,693</b>

4.3 Collection rates are being impacted, but overall not by a significant amount. Collection rates for 2013/14 can be seen in the table below (this is the collection rate as at 31<sup>st</sup> March 2014, further collection will have happened since then). The collection rate is currently lower for household paying for the first time, many of these households are now paying through instalments during the year, and the lower collection rate in part reflects issues earlier in the year when some of these households did not fully appreciate the impact of the new arrangements and the need to start paying council tax.

	<b>2013/14</b>
Overall	95.3%
Non CTSS	96.1%
CTSS - partial	90.0%
CTSS - Full	72.0%
CTSS Overall	80.0%

4.4 The process of collecting council tax from these households (and indeed all households) continues. The Council continues to encourage those who may encounter difficulty in paying to get in touch as soon as possible. Where households have ignored reminders and not been in touch, then further recovery action will be taken.

4.5 The comments above focus more on the collection process, and it recognised that there may be an impact on individual households. Measures that the Council would undertake to support households were outlined in the Cabinet reports last year (and are summarised in 3.13 above). Currently it does not appear that there is evidence of households presenting themselves elsewhere in the council and requiring services or support as a result of the local scheme. The Council will continue to monitor this, especially in light of wider changes to welfare benefits. Anecdotal evidence from partners is suggesting that council tax debt is becoming an issue of concern for affected households. This will need to be tested further during consultation.

#### **Mitigations and Citizens Advice Bureau protocol**

4.6 In implementing the new CTSS, although Pensioners will not be affected, the Council recognised the impact the changes will have on working age claimants in Peterborough.

4.7 As well as the measures outlined in the original reports (and summarised in para 3.13 above), the Council also adopted the CAB/LGA protocol in council tax collections for the 2014/15

year. A copy of the protocol, along with updates as to the work the Council is undertaking to meet the protocol, is included in appendix 1.

- 4.8 Feedback from partners has been sought when considering the scheme in previous years, and this would be a key part of any consultation. Partners have also fed back on how the scheme has been implemented. For example, despite efforts being made to communicate to affected households as part of the original implementation in April 2013, it was clear that many households did not pick up these messages. This will be borne in mind if there are any changes to the scheme when planning implementation.

## **5. Options for 2015/16**

- 5.1 The Council needs to consider whether to revise its scheme or to replace it with another scheme every year. In doing so the council needs to consider several key issues:

- What is the number of households claiming CTSS, and how has it changed ?
- Is the level of funding available still the same as expected ?
- Should the principle of the scheme being cost neutral still be maintained ?

- 5.2 Current figures indicate that the numbers of working age households claiming council tax support has remained broadly the same. It should be noted that this number indicates whether a household is receiving support, it does not indicate the level of that support. Council tax Support is graduated, in that as income rises, the level of support reduces. It does not simply cease if, for example, the person responsible for paying gets a job. The level received depends on the levels of income and other factors.

- 5.3 The grant that the Council receives for council tax support is now subsumed into Council's main revenue support grant. Further reductions in that revenue support grant for 2015/16 are being implemented by the Government. The Council estimates that overall it will see a grant reduction of around £12.3m for 2015/16. Part of this reduction effectively relates to the money provided for council tax support. Best estimates of this are that this reduction is nearly £1m.

- 5.4 On 14<sup>th</sup> November 2014, Cabinet released their phase 1 budget proposals for 2015/16. At that stage, given the grant reductions outlined in para 5.3 above and the additional financial pressures the Council faces, the Council is forecasting that it will have a budget gap of at nearly £25m for 2015/16. These proposals can be viewed at the link below:

[http://www.peterborough.gov.uk/council\\_and\\_democracy/budget\\_conversation.aspx](http://www.peterborough.gov.uk/council_and_democracy/budget_conversation.aspx)

- 5.5 Part of this gap is because the cost of council tax support will exceed the funding provided for it. The Council Tax support scheme is no longer cost neutral at a 30% reduction. The scheme would need further redesign or savings would need to be made elsewhere.

## **6. OPTIONS AVAILABLE TO THE COUNCIL**

- 6.1 The original Cabinet and Council reports for 2013/14 and 2014/15 outlined the impact of the following options:
- Having no scheme and meeting the full cost by finding savings elsewhere in the Councils budget
  - Other options to amend the scheme to find the necessary savings e.g introducing a maximum or minimum level of support
  - Implementing a cost neutral scheme with a 30% reduction in council tax support

6.2 It is not intended that this consultation revisits the original changes implemented in April 2013. Rather this consultation covers how the Council should deal with the additional grant reduction for Council Tax Support.

6.3 The options available to the council are:

**1. No change and keep council tax support at a 30% reduction**

For Peterborough this would result in an additional pressure of around £1m and savings to be made from elsewhere in its budget. This could also affect the services provided by our Fire and Police Authorities as over 17% of the council tax that is collected is distributed to these preceptors.

If the Council were to absorb the deficit, it would then have to find savings elsewhere in the budget due to the limited amount of resources available to run all Council services. Given the reductions in grant the Council is facing, further reductions of £1m would have a significant impact.

The Council has released its first phase of budget proposals for 2015/16. Respondents to the CTSS consultation would be encouraged to review the budget proposals to determine whether they would prefer changes to CTSS, or additional savings to be found elsewhere in the Council budget.

**2. Design a local scheme to deliver £1m savings – a 50% reduction**

To reduce all CTB equally - as the Government has made clear that pensioners must be protected, the whole of this shortfall would need to be met by working age claimants. As a result, to meet the £1m funding shortfall, the reduction would need to increase from 30% to around 50%.

**3. Somewhere in between**

As with the option of 'no change', absorbing any deficit from a shortfall in funding will impact on the services that the Council currently delivers, but would mean a lesser impact on benefit recipients. Options to be considered could include further reducing council tax support:

- From 30% to 35% to save £0.25m (and £0.75m being found elsewhere in the council's budget)
- From 30% to 40% to save £0.50m (and £0.5m being found elsewhere in the council's budget)

The Council has previously considered other changes to the e.g introducing a maximum or minimum level of support. These have been rejected as they make the scheme more complex and generate little saving. As such the straightforward overall reduction is maintained for any changes.

6.4 Having reviewed the alternative options outlined above, it is considered:

- That a 50% reduction in benefit would have too great an impact on households in receipt of benefit and should not be considered
- That the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%). At this level the Council would save £0.5m, but still need to find £0.5m of savings elsewhere in its budget. This means the scheme would be that included in the link below, but with a 40% reduction (and with annual values updated):

- That consultation should be undertaken on the draft scheme, and that the consultation also includes the following options:
  - Increasing the top-slice From 30% to 35% to save £0.25m (and £0.75m being found elsewhere in the council's budget)
  - keeping the scheme as it is, and finding savings elsewhere, will also be an option

6.5 The impact of these three options would be as follows for recipients:

	30%	35%	40%
<b>Full benefit originally (Band A)</b>			
council tax paid	£275	£321	£366
increase in council tax paid		£46	£92
Benefit received	£641	£595	£549
<b>Half benefit originally (Band B)</b>			
council tax paid	£694	£721	£748
increase in council tax paid		£27	£53
Benefit received	£374	£347	£321
<b>Average impact</b>			
increase in council tax paid		£37	£73
Benefit received	£512	£475	£439

For example, a household in a Band A property on full benefit i.e. they have 70% of their council tax bill paid, would currently pay £275 towards their council tax, and the benefit would cover £641. This could change as follows:

- Under a 35% reduction, the household would pay £46 a year more, increasing their total payment to £321, and reducing benefit to £595.
- Under a 40% reduction, the household would pay £92 a year more, increasing their total payment to £366, and reducing benefit to £549.

6.6 How Peterborough's current 30% reduction compares with other councils can be seen below:

- Mid Sussex 39.0% reduction
- Sutton 35.5% reduction
- South Ribble 35.0% reduction
- North Herts 33.1% reduction
- Peterborough, Castle Point, Harrow, South Tyneside, Stoke-on-Trent, Surrey Heath, Wakefield and York all at 30% reduction
- 105 Councils 20-29.9% reduction
- 60 Councils 10-19.9% reduction
- 67 Councils less than 10% reduction
- 82 Councils no reduction in benefit

6.7 The consultation will also need to include whether there should be any transitional arrangements if a new scheme is implemented.

## 7. CONSULTATION APPROACH

- 7.1 Following approval by the Cabinet Member, there will be public and stakeholder consultations. Given that there is a link to the Councils' overall budget, the proposal was also included in the documentation for the budget consultation that was released on November 14<sup>th</sup>. Respondents will be encouraged to review both consultation proposals to understand the impact of alternative options.
- 7.5 The scheme (whether it remains the same or there are any changes) requires approval by Full Council by the end of January 2015. Key dates leading up to that are as follows:

<b>Key dates</b>	<b>Events</b>
18 <sup>th</sup> November 2014	Public Consultation starts
3 <sup>rd</sup> December 2014	Joint Budget Scrutiny  CTSS proposals to be included alongside overall scrutiny of phase 1 budget proposals
19 <sup>th</sup> January 2015	Cabinet make recommendation to Council on proposed new scheme
28 <sup>th</sup> January 2015	Council approve scheme for 2015/16 ( <i>whether it remains the same or there are any changes</i> ) and avoid the default scheme
February & March	Staff and public awareness campaigns if there are any changes
1 April 2015	Council Tax Support scheme for 2015/16 goes live

- 7.2 It is proposed that the Consultation would remain open right through to Monday 26<sup>th</sup> January to allow as much time as possible for comment. Consultation with the general public will be available through an online questionnaire available on the website to ensure everyone in the city has the opportunity to respond and have their say on the proposed changes. Copies of material will also be made available at council offices and libraries. The consultation document is included in Appendix 2.
- 7.3 There will also be a targeted engagement with stakeholders and will include (but is not limited to):
- CAB Peterborough
  - Registered Social Landlords & Private Landlords who attend our forums
  - Disability Forum

The Council has also discussed previous changes with officer representatives from the Councils' major precepting authorities (Fire Authority and Police and Crime Commissioner). These organisations will continue to be included in the consultation process.

- 7.4 The Council will include details of the consultation in any updates sent to households in receipt of Council tax Support. This approach was followed in the consultation undertaken for the original scheme, and enabled the Council to contact over 6,000 households directly.
- 7.5 Following the consultation exercise, if any changes are approved, there will remain a need to communicate effectively and directly will all affected households ahead of any implementation from 1 April 2015 (building on comments in para 4.8 above).

- 7.6 At the time this consultation starts, the Council has not received its financial settlement for 2015/16 (expected mid-December). If this settlement differs from current forecasts, then Cabinet may need to revisit the proposed scheme in January.

## **8. REASONS FOR RECOMMENDATIONS**

- 8.1 The Constitution requires the Cabinet Member to approve the draft Council Tax Support scheme for consultation.

## **9. IMPLICATIONS**

### **9.1 Elected Members**

Further to this CMDN and the intended period of consultation, this proposal will then be presented to the joint budget Scrutiny on 3<sup>rd</sup> December before Full Council and all Elected Members will be asked to approve the scheme at their meeting of 28<sup>th</sup> January 2015 (Council must approve the scheme whether changes are made or not).

Members must have regard to the advice of the Section 151 Officer. The Council may take decisions which are at variance with this advice, providing there are reasonable grounds to do so.

### **9.2 Financial**

The grant that the Council receives for council tax support is now subsumed into Council's main revenue support grant. Further reductions in that revenue support grant for 2015/16 are being implemented by the Government. The Council estimates that overall it will see a grant reduction of around £12.3m for 2015/16. Part of this reduction effectively relates to the money provided for council tax support. Best estimates of this are that this reduction is nearly £1m.

Part of the Council's budget gap for 2015/16 is because the cost of council tax support will exceed the funding provided for it. The Council Tax support scheme is no longer cost neutral at a 30% reduction. The scheme would need further redesign or savings would need to be made elsewhere.

### **9.3 Legal Implications**

A new Section 13A of the Local Government Finance Act 1992 set out the requirements of a council tax reduction scheme, taking effect as of the financial year beginning on 1st April 2013. If the Council had not introduced its localised Council Tax Support Scheme by 31st January 2013, it would have resulted in the Government's default scheme taking effect instead. The Government's default scheme had no reduction in support, so would cost the council and partners around £3.4m extra compared to the currently adopted Support Scheme.

The Council is required to consider whether to revise its scheme or to replace it with another scheme for each consecutive financial year. Where a change is proposed, as recommended in this report, the draft revised scheme must be published and statutory provisions are made concerning consultation on that draft scheme. These requirements have effect in addition to the six general principles of fairness in respect of consultation undertaken by the Council.

Any revision to the existing scheme, or any replacement scheme, must then be made by the Authority no later than 31st January in order to take effect in the next financial year.

Where any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the Authority thinks fit.

#### 9.4 Equality and Diversity

The original Government policy had an Equalities Impact Assessment (EIA) undertaken at national level. For the Council, an initial and full Equalities Impact Assessment (EIA) was completed as part of developing the original scheme. This has been reviewed and refreshed for the draft scheme for consultation.

### 10. BACKGROUND DOCUMENTS

#### 10.1 Link to supporting documents

Council Tax Benefit Regulations:

<http://www.legislation.gov.uk/uksi/2006/215/contents/made>

DCLG – Localising Council Tax Support:

DCLG – Localising Council Tax Support - Equality Impact Assessment:

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/counciltaxsupport/>

**Appendix 1 – CAB/LGA council tax protocol**

**Appendix 2 – Consultation document**

# Collection of Council tax arrears

## good practice protocol

Council tax payers will receive a better level of service if local authorities and debt advice agencies work together.

This good practice protocol makes a number of suggestions on how relations can be strengthened. It has been developed through partnership work between the national bodies representing advice agencies and local government throughout England and Wales. It reflects best practice at local level and is intended to facilitate regular liaison on practices and policy concerning council tax debt collection. In setting down clear procedures and keeping them regularly under review all parties can ensure that cases of arrears are dealt with quickly and realistically whilst complaints are handled efficiently.

By signing up to the protocol you can help ensure that taxpayers pay their council tax bills on time while accessing timely debt advice when needed.

In its report of June 2013 the Government endorses the Citizens Advice Local Government Association Good Practice Protocol and recommends local authorities who have not done so already to commit to it.

Use the section below to sign up to the protocol as a public commitment to its principles of fairness, partnership working and transparency in local authority debt collection;

Signature

Signature

..... Local

.....

Authority representative

CAB/advice agency representative

## Partnership

The following items cover effective liaison between local authorities and advice agencies.

- Local authorities and advice agencies should meet regularly to discuss practical and policy issues with a recommendation to meet quarterly at officer level and annually with elected members.  
*In place. Last meeting held in Apr / May 14 (further meeting now due). Welfare Reform Action Group meetings ongoing.*
- All parties should have dedicated contacts accessible on direct lines and electronically so that issues can be taken up quickly.  
*Designated telephone number in place within the Council Tax team (working well and feedback has been positive). The Council Tax team are currently receiving on average 5 calls per week.*
- All parties should promote mutual understanding by providing training workshops and/ Or exchange visits.  
*Both parties open to this, especially in terms of cross-team shadowing. To be discussed further.*
- Advice agencies and local authorities should work together to develop a fair collection and enforcement policy highlighting examples of vulnerable people and specifying clear procedures in dealing with them. Contractual arrangement with bailiffs should specify procedures for the council to take back cases involving vulnerable people.  
*Processes exist in the Council Tax team for identifying vulnerable customers and tracking them. A data matching exercise was conducted last year with the council's Adult Social Care team. All cases looked at on their own merits. Both bailiff companies have an agreed approach to dealing with vulnerable persons. The Council Tax team to liaise with the bailiff companies to discuss and ensure both have a formal policy in place.*
- Local authorities should consider informal complaints as evidence of problems with collection or enforcement with bailiffs. Debtors may be afraid to complain formally where bailiff activity is ongoing. Informal complaints received from advice agencies can indicate problems worthy of further investigation.  
*The Council Tax team take all informal complaints seriously, they work very closely with the enforcement agents (bailiffs) and do raise any issues / feedback with them at the earliest opportunity. All stage 1 complaints go through the relevant bailiff company.*

## Information

Literature should be reviewed as part of liaison work between local authorities and advice agencies.

- Publicise debt advice contact details on literature and notices. Local Authorities can provide council tax payment plans to help people budget. Advice agencies can help by promoting the need for debtors to contact their local authority promptly in order to agree payment plans. Both parties can work together to ensure the tone of letters is not intimidating but encouraging of engagement.  
*In place generally across the different correspondence issued. Debt advice contact details being added to the insert that goes with the summons. A process is in place to ensure this happens ongoing via document control. CAB to be engaged re their input in the future.*
- Local authorities should consider providing literature about concerns council tax debtors may have on bailiffs and enforcement. Information could cover charges bailiffs are allowed to make by law, how to complain about bailiff behaviour or check bailiff certification and further help available from the local authority or advice agencies.

*In place via the Council's corporate complaints procedure. All stage 1 complaints go through the relevant bailiff company.*

- All parties should work together to promote engagement by council tax payers. Include information on how bills can be reduced through reliefs, exemptions and council tax support schemes, how tax payers should contact the local authority if they experience financial hardship and the consequences of allowing debts to accumulate. Information should be made available on local authority and advice agency websites, via social media and available at offices of relevant agencies. This is an opportunity for joint campaign work. *Staff trained to promote entitlement to discount / exemptions (refresher training delivered via team meetings). Financial assessments undertaken by the Council Tax team where appropriate. No joint-campaigns undertaken to date, but to be reviewed / discussed.*
- Promote different payment dates within the month as options available to council tax payers. This can allow people to budget more effectively. *In place. There are 4 Direct Debit dates offered and other cash instalment dates offered as appropriate.*

## **Recovery**

If a council tax bill is not paid then the recovery process comes into play. The first stage of the recovery process will involve the billing authority obtaining a liability order from the courts. While authorities strive to make contact with a debtor the first point of contact often occurs only when a bailiff visits the premises. The following items should be considered to ensure an appropriate response.

- Local Authorities should work in partnership with advice agencies on the content of all documents produced by the billing authority and agents acting on its behalf which are part of the enforcement process. This should ensure that the rights and responsibilities of all parties are clearly set out. *CAB to be asked for feedback / comments where forms updated / changed. Not yet in place*
- Bailiffs should provide the debtor with a contact number should they wish to speak to the local authority. *Currently in place with both bailiff companies.*
- All charges associated with recovery should be kept regularly under review to ensure they are reasonable. Bailiffs should only make changes in accordance with council tax collection and enforcement regulations. *Bailiff reform regulations now in place (set fee structure).*
- The level of debt (inclusive of liability order fees) should be considered before bailiff action is taken. *In place. All cases considered on their individual merits, i.e. size of the debt, payments history.*
- Local authorities may have different definitions of a vulnerable person/household. Recovery action will be referred to the local authority where these criteria are found to have been met. *In place and vulnerable cases dealt with accordingly. Both bailiff companies aware of what is required of them in terms of these customers.*
- The debtor may have outstanding claims for council tax support or housing benefit which are contributing to arrears. Recovery can be suspended once it is established that a legitimate claim is pending. *In place. Close working between the Council Tax team and the Benefits team is in place.*

- Local authorities should prioritise direct deduction from benefits or attachment of earnings in preference to using bailiffs. This avoids extra debts being incurred by people who may already have substantial liabilities.  
*In place. All cases considered on their individual merits, i.e. size of the debt, payments history.*
- Procedures should exist for debt advisors to negotiate payments on behalf of the taxpayer at any point in the process including when the debt has been passed to the bailiff. In some cases the debtor may only, contact an advice agency following a visit from the bailiff.  
*In place, see earlier re comment around a designated CAB number. Council Tax staff trained in debt recovery / negotiating skills.*
- Set down, as part of contractual arrangements, a clear procedure for people to report complaints about recovery action. Local authorities will regularly monitor the performance of those recovering debts on their behalf and ensure that contractual and legal arrangements are met.  
*Council's complaints process meets this*
- A key part of the recovery is treating each case on its merits. Arrangements need to be affordable and sustainable while ensuring that the debt is paid off within a reasonable period.  
*In place*

Approved by



*Local Government Association*

## **APPENDIX 2 - COUNCIL TAX SUPPORT SCHEME 2015/16 CONSULTATION**

From April 2013, following Government changes to Council Tax Benefit (including reducing the funding available) Peterborough City Council introduced its own local Council Tax Support scheme.

Peterborough's Council Tax Support scheme is based on Council Tax Benefit but almost everyone of working age pays something towards their council tax as there is an overall reduction of 30% in benefit for all working age households.

**Pensioners were unaffected by these changes. Nor did the changes affect Council Tax discounts such as the 25% single person discount.**

Government reductions in grant for the Council planned for 2015/16 mean that the funding available for Council Tax Support is again reduced. This means Peterborough City Council will have around £1m less to help low income households with their Council Tax.

The Council needs to consult on how best to deal with the reduction in funding. Cabinet has proposed a draft scheme for consultation that would change the reduction to 40%. Again pensioners and the single person discount will be unaffected by these changes.

We could keep Council Tax Support as it is (a 30% reduction), but that would mean:

- raising Council Tax by around 1.9%;
- reducing Council services and using the savings to fund Council Tax Support; or
- a combination of the two

This consultation is launched alongside the release of the Council's phase 1 budget proposals for 2015/16. Respondents are encouraged to review these savings proposals. If the proposed change to council tax support is not approved, then the Council will need to find further savings over and above these proposals. They can be viewed at the link below:

[http://www.peterborough.gov.uk/council\\_and\\_democracy/budget\\_conversation.aspx](http://www.peterborough.gov.uk/council_and_democracy/budget_conversation.aspx)

It is important that residents take the opportunity to help shape these proposals To find out more and to take part in the consultation, please use the following links:

**(Insert link to PCC CTS scheme)**

## **COUNCIL TAX SUPPORT SCHEME 2015/16 CONSULTATION**

### **We need your views**

We are asking for your views about these potential changes to Council Tax Support from April 2015. The consultation will run through to Monday 26<sup>th</sup> January.

You can give us your views by completing this consultation.

Your views will help us develop the final scheme which will be approved by all Councillors by the end of January 2015.

**1. Do you think that Peterborough City Council should continue to help people on low income by reducing their council tax bill?**

- Yes
- No

Any comments:

**2. Do you think that to achieve the savings required there should be an across the board 40% reduction in council tax support ?**

- Yes
- No

If no, please state why:

**3. If you do not think the reduction should be 40%, what should it be ?**

- 35%
- 30% - as now, so no further reduction

Any comments:

**4. If you think there should be no further reduction in Council Tax Support, how do you think this should be funded? In particular, should the Council:**

- increase Council Tax
- cut other Council services
- a combination of the two

**5. If the Council were to change the reduction in Council Tax Support, do you think there should be transitional relief to help implement the changes gradually ?**

- Yes
- No

Any comments:

**6. Do you have any other comments about the new Council Tax Support scheme?**

- Yes
- No

Any comments:

**About you:**

**7. Are you or any partner a pensioner?**

- Yes
- No
- Prefer not to say

**8. Do you currently claim Council Tax Benefit?**

- Yes
- No
- Prefer not to say

<b>Consultation (officers/ward councillors)</b>	<b>Section</b>	<b>Name</b>	<b>Outcome</b>	<b>Date</b>
<p><i>Legal and finance should be consulted regarding the proposals. Ward Councillors, other Cabinet Members and officers should be consulted if the proposals will have an impact on their service area/ward.</i></p>	<b>Ward Councillors</b> <i>(if decision is ward specific)</i>	Not Applicable	Not Applicable	
	<b>Legal</b>	Phil McCourt	Approved	17/11/2014
	<b>Finance</b>	Steven Pilsworth	Approved	10/11/2014
	<b>Democratic Services</b>	Gemma George	Approved	11/11/2014
	<b>Procurement Project Director</b> <i>(if decision is contract/procurement related)</i>	Andy Cox	Not Applicable	
	<b>Head of Strategic Property</b> <i>(if decision is property related)</i>	Not Applicable	Not Applicable	
	<b>Other Officers / Members</b>	Not Applicable	Not Applicable	
<b>Director's approval</b> <i>Directors are requested not to sign if the above section is incomplete</i>				<b>Date</b>
<b>Date sent to Cabinet Member if key decision</b>	<i>To be inserted by Democratic Services</i>			
<b>If key decision – date decision may be taken</b>	<i>To be inserted by Democratic Services</i>			
<b>Cabinet Member approval</b>				<b>Date</b>
<b>Reasons for making decision</b> <b>Please tick one of the Options</b>	<b>Option 1</b> I agree with the officer's reasons for recommending the decision.			
	<b>Option 2</b> I agree with the officer's reasons for recommending the decision and have the following additional comments to make.			
<p><b><i>Once signed by Director, please pass to Democratic Services. We will contact the Cabinet Member and arrange for signature.</i></b></p>				

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## Decision details

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Council Tax Support Scheme 2015/16 Consultation - NOV14/CMDN/96

**Decision maker:** Cabinet Member for Resources

**Decision status:** Item Called In

**Is Key decision?:** No

**Is subject to call in?:** Yes

### Purpose:

The Cabinet Member is recommended to approve:

1. That the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%)
2. The approach to consultation outlined in this report, including the alternative options of:
  - Keeping the reduction at 30%
  - A reduction of 35%

### Reasons for the decision:

The Constitution requires the Cabinet Member to approve the draft Council Tax Support scheme for consultation.

### Alternative options considered:

The original Cabinet and Council reports for 2013/14 and 2014/15 outlined the impact of the following options:

- Having no scheme and meeting the full cost by finding savings elsewhere in the Councils budget
- Other options to amend the scheme to find the necessary savings e.g introducing a maximum or minimum level of support
- Implementing a cost neutral scheme with a 30% reduction in council tax support

It is not intended that this consultation revisits the original changes implemented in April 2013. Rather this consultation covers how the Council should deal with the additional grant reduction for Council Tax Support.

The options available to the council are:

### **1. No change and keep council tax support at a 30% reduction**

For Peterborough this would result in an additional pressure of around £1m and savings to be made from elsewhere in its budget. This could also affect the services provided by our Fire and Police Authorities as over 17% of the council tax that is collected is distributed to these preceptors.

If the Council were to absorb the deficit, it would then have to find savings elsewhere in the budget due to the limited amount of resources available to run all Council services. Given the reductions in grant the Council is facing, further reductions of £1m would have a significant impact.

The Council has released its first phase of budget proposals for 2015/16. Respondents to the CTSS consultation would be encouraged to review the budget proposals to determine whether they would prefer changes to CTSS, or additional savings to be found elsewhere in the Council budget.

### **2. Design a local scheme to deliver £1m savings – a 50% reduction**

To reduce all CTB equally - as the Government has made clear that pensioners must be protected, the whole of this shortfall would need to be met by working age claimants. As a result, to meet the £1m funding shortfall, the reduction would need to increase from 30% to around 50%.

### **3. Somewhere in between**

As with the option of 'no change', absorbing any deficit from a shortfall in funding will impact on the services that the Council currently delivers, but would mean a lesser impact on benefit recipients. Options to be considered could include further reducing council tax support:

- From 30% to 35% to save £0.25m (and £0.75m being found elsewhere in the council's budget)
- From 30% to 40% to save £0.50m (and £0.5m being found elsewhere in the council's budget)

The Council has previously considered other changes to the e.g introducing a maximum or minimum level of support. These have been rejected as they make the scheme more complex and generate little saving. As such the straightforward overall reduction is maintained for any changes.

Having reviewed the alternative options outlined above, it is considered:

- That a 50% reduction in benefit would have too great an impact on households in receipt of benefit and should not be considered
- That the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%). At this level the Council would save £0.5m, but still need to find £0.5m of savings elsewhere

in its budget. This means the scheme would be that included in the link below, but with a 40% reduction (and with annual values updated):

<http://www.peterborough.gov.uk/pdf/Housing-HousingBenefit-WelfareReform-ChangesToBenefit-CouncilTaxSupportSchemeSummary.pdf>

- That consultation should be undertaken on the draft scheme, and that the consultation also includes the following options:
  - Increasing the top-slice From 30% to 35% to save£0.25m (and £0.75m being found elsewhere in the council's budget)
  - keeping the scheme as it is, and finding savings elsewhere, will also be an option

The impact of these three options would be as follows for recipients:

	30%	35%	40%
<b>Full benefit originally (Band A)</b>			
council tax paid	£275	£321	£366
increase in council tax paid		£46	£92
Benefit received	£641	£595	£549
<b>Half benefit originally (Band B)</b>			
council tax paid	£694	£721	£748
increase in council tax paid		£27	£53
Benefit received	£374	£347	£321
<b>Average impact</b>			
increase in council tax paid		£37	£73
Benefit received	£512	£475	£439

For example, a household in a Band A property on full benefit i.e. they have 70% of their council tax bill paid, would currently pay£275 towards their council tax, and the benefit would cover£641. This could change as follows:

- Under a 35% reduction, the household would pay£46 a year more, increasing their total payment to£321, and reducing benefit to £595.
- Under a 40% reduction, the household would pay£92 a year more, increasing their total payment to£366, and reducing benefit to £549.

## Appendix 3

How Peterborough's current 30% reduction compares with other councils can be seen below:

- Mid Sussex 39.0% reduction
- Sutton 35.5% reduction
- South Ribble 35.0% reduction
- North Herts 33.1% reduction
- Peterborough, Castle Point, Harrow , South Tyneside, Stoke-on-Trent, Surrey Heath, Wakefield and York all at 30% reduction
- 105 Councils 20-29.9% reduction
- 60 Councils 10-19.9% reduction
- 67 Councils less than 10% reduction
- 82 Councils no reduction in benefit

The consultation will also need to include whether there should be any transitional arrangements if a new scheme is implemented.

### Interests and Nature of Interests Declared:

None.

### Background Documents:

Council Tax Benefit Regulations:

<http://www.legislation.gov.uk/uksi/2006/215/contents/made>

DCLG– Localising Council Tax Support:

DCLG– Localising Council Tax Support - Equality Impact Assessment:

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/counciltaxsupport/>

**Publication date:** 18/11/2014

**Date of decision:** 18/11/2014

**Issue status:** The decision is currently being reconsidered

**Current call-in Count:** 1

**This decision has been called in by:**

- [Councillor Ed Murphy](#) who writes The reasons for call-in are: 4. Decision does not follow principles of good decision-making set out in Article 11 of the Council's Constitution; If reason 4, please tick which specific element of Article 12 the decision maker has not followed, did he or she not: (a) Realistically consider all alternatives and,

## Appendix 3

where reasonably possible, consider the views of the public; and (b) Understand and keep to the legal requirements regulating their power to make decisions.'"

### **Accompanying Documents:**

- [CTSS CMDN Final](#)  PDF 349 KB

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