

**ITEM 9(a) – FOR INFORMATION**

<b>CABINET</b>	<b>AGENDA ITEM No. 7</b>
<b>16 JANUARY 2017</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	John Harrison, Corporate Director: Resources Steven Pilsworth, Service Director Financial Services	Tel. 452520 384564

**COUNCIL TAX SUPPORT SCHEME 2017/18**

R E C O M M E N D A T I O N S	
<b>FROM :</b> Corporate Director: Resources	<b>Deadline date :</b> 31 January 2017
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> <li>1. Considers the consultation on the council tax support scheme;</li> <li>2. Notes the continuation of the discretionary council tax hardship policy; and</li> <li>3. Recommends to the meeting of Council on 25 January 2017 a Local Council Tax Support scheme for Peterborough that contains the following local components:             <ol style="list-style-type: none"> <li>a) No change to the existing scheme reduction of 30% for all eligible working age claimants</li> <li>b) Aligns the Council Tax Support Scheme to Housing Benefit rules making it less complicated for claimants.</li> </ol> </li> </ol>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to Cabinet following consultation to date on proposals for the Council Tax Support Scheme 2017/18 including discussion at the cross party Budget Working Group.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to make a recommendation to Council on the Council Tax Support Scheme in Peterborough for the financial year 2017/18. There is a statutory requirement for the council to set a localised council tax support scheme by 31 January 2017 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	16 January 2017
Date for relevant Council meeting	25 January 2017	Date for submission to Government Dept – Communities and Local Government	31 January 2017

## 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 (2017/2018).
- 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 and the planned reductions for 2017/18 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 £75k per annum. Currently council tax support payers now pay an average of £228.00 more and a one percent increase or decrease would amend this amount by £7.60. 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 £75.00 and if referred onto enforcement action a further £235.00 of costs 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 The provisional settlement funding assessment reduction in 2017/18 is a further £6.4m or 9.8%. Scaling proportionately the original roll in of the council tax support scheme into the settlement funding assessment, it is estimated that the council tax support component has decreased by £3.3m since 2013/14 (36%). The scheme has remained at 30% during this time with savings having to be made elsewhere. If the scheme were to reduce from 30% to 25% the council would require to find an additional £375k of savings from the budget.
- 4.7 Claimants have been reducing year on year. The caseload in June 2013 was 11,435, in April 2014 10,760, April 2015 10,497, April 2016 10,198, and currently there are 9,556 cases. This is positive for the council as either these claimants now pay more council tax or have left the area.
- 4.8 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.
- 4.9 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 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 CONSULTED UPON**

### **Council Tax Support Scheme (CTSS) 1 April 2017 to 31 March 2018**

- 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. Government announced last year that it was proposing changes to Housing Benefit rules and tax credits with some further amendments not being effective until April 2017. Last year the council introduced amendments to the council tax support scheme to align the scheme with changes that were introduced this financial year. By continuing to align the council tax support scheme to Housing Benefit Rules will make it less complicated for claimants and enable an easier transition to implementing Universal Credit.
- 5.2 This report sets out the changes to the local components to Peterborough's CTSS to:
- a) Maintain an overall reduction in entitlement of 30% for all eligible working age claimants;
  - b) Continue to align the scheme to Housing Benefit rule changes. Based on proposed government known changes the council is anticipating:
    - a) Child allowances will no longer be applied for the third and subsequent children born after 6 April 2017 in claims, for child tax credit, housing benefit and universal credit, although there will be provision for 'exceptional' circumstances' such as multiple births. This amendment is to help government with welfare budget savings.
    - b) Housing Benefit element of Universal Credit removed for under 21 from April 2017. It is expected that there may be exceptions to this change, for example:
      - Vulnerable young people
      - Those who may not be able to return home to their parents
      - Parents
      - Those in work for six months prior to making a claim
- 5.3 It should be noted that at this point in time, it is still unclear as to when some of the expected changes to Housing Benefit will be introduced. The changes mentioned above were anticipated to be introduced from April, but as yet no draft regulations have been released. Draft regulations are expected sometime during January 2017.

## **6. CONSULTATION APPROACH AND FEEDBACK**

- 6.1 The proposed changes outlined in this report will amend Peterborough's council tax support scheme for 1 April 2017 – 31 March 2018, following consideration of any feedback received during the consultation exercise. Cabinet launched the consultation after 7 November 2016 and it will remain open until 13 January 2017. This report considers feedback received to date.
- 6.2 An online consultation document is available to respond to the consultation and hard copies are available on request in the Town Hall and Bayard Receptions and Central Library. Members' scrutiny was undertaken as part of the scrutiny meeting set aside for phase one budget discussions, including stakeholder consultation meetings.
- 6.3 To date, no responses have been received. In addition, there were no comments to note at the Scrutiny committee in November or the Peterborough Community Assistance Scheme (PCAS) Board meeting in December. 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. Therefore, Cabinet is recommending to approve the changes outlined in section 5 of this report.

- 6.4 The consultation remains open. An update will be provided to Cabinet at their meeting, and the final picture will be reported to Council.

## **7. ANTICIPATED OUTCOMES**

- 7.1 The November Cabinet report launched the consultation for the council tax support scheme from 1 April 2017 and the discretionary council tax hardship policy 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.
- 7.2 As no responses have been received to date, Cabinet recommends to Council the updated Council Tax Support Scheme.
- 7.3 In addition, the current council tax discretionary hardship policy will continue.
- 7.3 The council tax support scheme can be found on the council tax support pages of the council's website.

## **8. REASONS FOR RECOMMENDATIONS**

- 8.1 The council is statutorily required to approve a council tax support scheme by the 31 January 2017 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.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 The council is statutorily required to approve a local scheme by 31 January. Cabinet have discussed the current 30% council tax support scheme with the cross party Budget Working Group as part of ongoing budget discussions. Options discussed were:
- One option would be to increase the 30% scheme, however this would have a negative impact on low income households with claimants having to pay more council tax.
  - Another option would be to reduce the 30% scheme, however, this would require the council to find savings of up to £2.4m from elsewhere in the budget.

## **10. IMPLICATIONS**

- 10.1 In maintaining a scheme with a 30% reduction, the Council will need to cover the reduction in grant referred to in paragraph 4.4 through savings elsewhere in the Council's budget. This will be dealt with in the overall budget proposals.
- 10.2 An Equality Impact Assessment has been completed and is appended to this report to assess the implications which may arise from the proposed technical changes. However, the assessment does remove reference to tax credits that previously would have given the council a budget pressure following a decision by Government not to amend tax credits as announced in the Autumn Statement 2015.

## **11. 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)

## **12. BACKGROUND DOCUMENTS**

Appendix 1 - Equality Impact Assessment

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