

CABINET	AGENDA ITEM No. 9
20 NOVEMBER 2017	PUBLIC REPORT

Report of:	Marion Kelly, Interim Corporate Director Resources	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
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COUNCIL TAX SUPPORT SCHEME CONSULTATION

R E C O M M E N D A T I O N S	
FROM: Interim Corporate Director Resources	Deadline date: 10 November 2017
<p>That Cabinet approve consultation on Peterborough’s Council Tax Support Scheme 1 April 2018 – 31 March 2019 that contains the following local components:</p> <p>a) No change to the existing scheme reduction of 30% for all eligible working age claimants.</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 2018/19. There is a statutory requirement for the council to set a localised council tax support scheme by 31 January 2018 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, ‘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	15 JANUARY 2018
Date for relevant Council meeting	24 JANUARY 2018	Date for submission to Government Dept – Communities and Local Government	31 JANUARY 2018

4. BACKGROUND

- 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 (2018/2019). This report outlines the local components of the scheme that the council could consult upon.

- 4.2 Since April 2013 council tax benefit was abolished by Government and replaced with a localised council tax support scheme. 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. As at the 1 April 2017, the estimated cost of the 30% reduction was £2.2m.
- 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%. The further grant reductions planned for 2018/19 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). As such the council could consider consulting on further changes to benefit levels to mitigate this, although pensioners remain protected under current government policy.
- 4.5 A one per cent increase or decrease in the scheme is approximately £75k per annum. At 1 April 17, council tax support payers paid an average of £229.27 more and a one percent increase or decrease amended this amount by £7.64. Currently council tax support payers now pay an average of £236.55 more and a one percent increase or decrease would amend this amount by £7.88. 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 £75.00 and £235.00 are charged and the possibility of a further £110.00 if goods are removed.
- 4.6 The estimated settlement funding assessment reduction in 2018/19 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 2015 it was 10,497, April 2016 was 10,198 and by April 2017 was 9,584 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 is proposing no change to the existing scheme reduction of 30% for all eligible working age claimants in the context of the content within this report.
- 4.9 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. This report provides an update on this policy and utilisation of the policy since its introduction.

5. COUNCIL TAX SUPPORT SCHEME (CTSS) 1 APRIL 2018 TO 31 MARCH 2019

- 5.1 The council is proposing to maintain an overall reduction in entitlement of 30% for all eligible working age claimants.

Council tax discretionary hardship policy

- 5.2 The council implemented a discretionary council tax hardship policy on 1 April 2016 for those in genuine financial difficulty, setting aside a budget to administer the scheme via Peterborough Citizen Advice Bureau and providing financial relief if certain criteria were met, namely:
- Exist for those experiencing significant financial hardship
 - For those in receipt of council tax support
 - Is discretionary and would be subject to demonstrating that effort has been made to control finances and sought advice
 - Would apply from the point of introduction, and not for arrears
- 5.3 To date there have been very few referrals from Peterborough Citizen Advice Bureau (CAB) and have not had any other clients requesting support to apply for hardship relief. The council tax and recovery teams regularly signpost clients to the CAB to seek debt management advice and refer to their role administering the council's hardship policy where appropriate.
- 5.4 However, CAB would like to review and comment on the scheme operation. Given the policy has only been in place since April, the feedback requested from CAB and any other interested parties on its operation and the introduction of Universal Credit, it is recommended that the policy is maintained for 2018/19 at existing levels.
- 5.5 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.

6. IMPACT OF THESE CHANGES

- 6.1 An initial assessment of revenue implications does not identify any direct financial implications.

7. CONSULTATION

- 7.1 The 2017/18 council tax support scheme will remain the same subject to annual benefits uprating and feedback received during the consultation. This will then become Peterborough's council tax support scheme for 1 April 2018 – 31 March 2019. Cabinet will launch the consultation after the 20 November 2017 and it will remain open until 11 January 2018 although Cabinet will receive an update of responses to date for their January Cabinet meeting.
- 7.2 An online consultation document is available to respond to the consultation and some hard copies will be made available on request in the Town Hall and Bayard Receptions and Central Library. Members' scrutiny will be undertaken as part of the scrutiny meeting set aside for phase one budget discussion 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.
- 7.4 Feedback from the consultation will be incorporated into recommendation by Cabinet to Council in January 2018.

8. ANTICIPATED OUTCOMES

- 8.1 This report launches the consultation for the operational council tax support scheme from 1 April 2018 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 31 January 2018 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 31 January. It has not chosen an alternative option which would be to propose changes to the current 2017/18 local scheme.

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)

- 12.1 The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015.