

<b>CABINET</b>	<b>AGENDA ITEM No. 6</b>
<b>25 FEBRUARY 2019</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	Peter Carpenter, Acting Corporate Director of Resources	Tel. 384564

## COUNCIL TAX SUPPORT SCHEME 2019/20

R E C O M M E N D A T I O N S	
<b>FROM :</b> Acting Corporate Director of Resources	<b>Deadline date :</b> 25 February 2019
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> <li>1. Notes the responses to the consultation on the Council Tax Support Scheme</li> <li>2. Notes the continuation of the discretionary Council Tax Hardship Policy</li> <li>3. Recommends that Full Council agrees a local Council Tax Support Scheme for Peterborough that contains the following local components: <ol style="list-style-type: none"> <li>(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</li> <li>(b) Increasing the 30% liability reduction by 1% a year for 3 years, starting in 2019/20.</li> <li>(c) Reducing the capital limit to £6,000 for non-passported claims</li> <li>(d) To amend appropriate rates in line with annual upratings.</li> <li>(e) To allow the use of Universal Credit Data Share documents as claims for Council Tax Support.</li> </ol> </li> </ol>	

### 1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following consultation on proposals for the Council Tax Support Scheme 2019/20 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 2019/20. Following a statutory instrument being laid before Parliament on the 21 December 2017, there is a statutory requirement for the Council to set a localised Council Tax Support Scheme by 11 March 2019 and this 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?	<b>Yes</b>	If Yes, date for relevant Cabinet Meeting	<b>25 February 2019</b>
Date for relevant Council meeting	<b>6 March</b>	Date for submission to	<b>11 March 2019</b>

	<b>2019</b>	Government Dept – Communities and Local Government	
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#### 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 since then 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 – 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.
- 4.6 Claimants have been reducing year on year. The caseload in June 2013 was 11,435, in April 2016 it was 10,198, in April 2017 it was 9,584, and by April 2018 it was 9,082 cases. This is positive for the council as either these claimants now pay more council tax or have left the area.

The amount of expenditure for each year is shown in the table below. The amendments to the scheme will only affect the working age expenditure:

	Working Age	Elderly	Total
2013/14	£5,660,968	£4,657,467	£10,318,435
2014/15	£5,318,874	£4,442,098	£9,760,972
2015/16	£5,156,792	£4,204,716	£9,361,508
2016/17	£5,028,828	£4,170,831	£9,199,659
2017/18	£5,032,009	£4,169,725	£9,201,734
2018/19	£5,073,704	£4,192,030	£9,265,734

- 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 confirms the commitment by the council to do all it can to support people struggling with debt to help them avoid becoming in arrears. The Council and Citizens Advice Peterborough will shortly be signing an updated Good Practice Protocol.

## **5. PROPOSED CHANGES CONSULTED UPON**

### **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 The potential options for changes to the local components to Peterborough's CTS scheme that were consulted upon were 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; &
  - (k) Treating Universal Credit claim notifications as claims for Council Tax Support.

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. CONSULTATION APPROACH AND FEEDBACK**

- 6.1 Cabinet launched the consultation from 17 December 2018 and it remained open until 31 January 2019. This report considers the feedback received.
- 6.2 An online document was available to respond to the consultation and hard copies were available on request in the Town Hall, Sand Martin House and Bayard Place receptions, as well as at the Central Library.
- 6.3 In addition, specific consultation exercises were held with the following stakeholders:
- Peterborough Community Assistance Scheme (PCAS) - a valuable consultation body as it consists of Peterborough Citizen's Advice, Kingsgate Community Church, Credit

Union, MIND, Disability Peterborough and Age UK Peterborough, all of whom have regular, direct contact with vulnerable individuals.

- Children's Social Care in respect of Care leavers
- Disability groups

6.4 The responses received are attached in Appendices 1 and 2.

## **7. ANTICIPATED OUTCOMES**

7.1 The December Cabinet report launched the consultation for the Council Tax Support Scheme from 1 April 2019 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 Cabinet recommends to Council that the following proposals are implemented in 2019/20:

- (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) Increasing the 30% liability reduction by 1% a year for 3 years, starting in 2019/20.
- (c) Reducing the capital limit to £6,000 for non-passported claims
- (d) To amend appropriate rates in line with annual upratings.
- (e) To allow the use of Universal Credit Data Share documents as claims for Council Tax Support.

A number of the options that were consulted upon have not been taken forward for the 2019/20 scheme.

7.3 In addition, the current Council Tax Discretionary Hardship Policy will continue.

7.4 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 11 March 2019 having had regard for the council's financial position and feedback from responses to the consultation.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

9.1 One alternative option is to leave the current 30% Council Tax Support Scheme unchanged. Additionally, a further option is to implement more of the suggested amendments that were included in the consultation document. These alternative options are shown in section 5.2.

9.2 An initial assessment of the revenue implications resulting from applying all options in section 5.2 is that savings in excess of £800k could be achieved. However, given the budget position and the feedback from the consultation process it was felt that this level of savings was not necessary.

9.3 Raise additional revenue equivalent to the changes in 7.2 through increasing overall council tax levels. Increases above 3% would be required to achieve this, which would require a local referendum.

9.4 It is anticipated that these options, along with other potential changes, will be revisited and consulted upon as part of designing a Council Tax Support Scheme for 2020/21.

## **10. IMPLICATIONS**

## **Financial Implications**

- 10.1 In amending the scheme as detailed in paragraph 7.2 the requirement to cover the reduction in grant referred to in paragraph 4.4 through savings elsewhere in the Council's budget will be reduced.
- 10.2 The breakdown of the estimated gross savings from the individual recommendations in 7.2 is as follows:
- a) amendment to a liability reduction: £225k
  - b) increase in reduction for each 1%: £79k
  - c) reducing the capital limit to £6,000: £22k

## **Legal Implications**

- 10.3 There are no legal implications arising from this report.

## **Equalities Implications**

- 10.4 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.

## **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);
- The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 No. 1305; and
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018 No. 1346.

## **12. APPENDICES**

- Appendix 1 - Consultation Feedback (Peterborough Citizens Advice)
- Appendix 2 - Consultation Feedback (Disability Groups respondent)
- Appendix 3 - Equality Impact Assessment

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