



Consulting on changes to the Council Tax Support Scheme for 2017/18

SUMMARY

- 1.1 Derby's local Council Tax Support (CTS) Scheme began on 1 April 2013, replacing the national Council Tax Benefit (CTB) Scheme which the Government abolished at the same time. The CTS Scheme assists working age claimants who require financial assistance with paying their Council Tax bills. Pensioners are not affected by the CTS Scheme as they are treated separately under different legislation.
- 1.2 On 3 February 2016 Council approved a series of measures to manage budget risks in 2016/17 and future years including a review of the CTS Scheme to deliver savings of £800,000 for the 2017/18 financial year.
- 1.3 In addition to this, the Government's continuing programme of Welfare Reforms has meant changes to the Housing Benefit (HB) Scheme and also Universal Credit (UC). To ensure consistency, minimise confusion for claimants and address any operational issues resulting from the Government's Welfare Reforms it is proposed to align the CTS Scheme with a number of those changes.
- 1.4 To amend the Scheme, the Council must consult with the Major Precepting Authorities (MPAs) (Fire and Police) and also engage in a full public consultation. The consultation will cover the different options that could be deployed to realise the required savings, and also the proposed alignments to the HB Scheme.
- 1.5 A final decision on the amended Scheme will need to be made by Council Cabinet before 31 January 2017, for it to take effect from 1 April 2017. A proposed timeline for the consultation is at Appendix Two.

RECOMMENDATION

- 2.1 To approve the specified elements of the CTS Scheme to be consulted on as set out in paragraph 4.4 of this report.
- 2.2 To delegate authority to the Director of Finance to finalise and approve the arrangements to manage the consultation including the detail of the consultation documentation and overall consultation approach.
- 2.3 To delegate authority to the Director of Finance to go out to consultation on the proposed changes to our CTS Scheme.

- 2.4 To bring a report back to a future Cabinet with final proposals for a CTS scheme for 2017/18.

REASONS FOR RECOMMENDATION

- 3.1 To ensure the CTS Scheme delivers the required savings during 2017/18.
- 3.2 To align certain elements of the CTS Scheme with the HB Scheme to ensure consistency and save confusion for claimants.
- 3.3 To provide operational clarity on the administration of the CTS Scheme.

SUPPORTING INFORMATION

- 4.1 The CTS Scheme for 2016/17 was approved by Council Cabinet on 20 January 2016. The principles supporting the changes were:
- to ensure equitable treatment for some claimants affected by Welfare Reform changes, and
 - that the Scheme would remain affordable and manageable for the Council within the resources it has available.
- 4.2 To alter the Scheme in order to deliver the required savings and address the impacts of the relevant Welfare Reforms for 2017/18, the Council first has a duty to undertake a consultation with the MPAs and the public.
- 4.3 The full consultation for the proposed changes to the 2017/18 CTS Scheme will run for 12 weeks and will be mainly done online, which is the format in which the vast majority of CTS claims are lodged and processed. Reasonable adjustments will be made for disabled people and those unable to engage with us online to access the consultation, using alternative means, with details of what those alternative means are also being made available as part of the consultation process . An Equalities Impact Assessment on the impact, if any, of the amendments on affected stakeholders will also be conducted during the consultation period. The consultation findings will also be used to inform the final Equality Impact Assessment.

4.4 The proposed elements for consultation have been designed to protect vulnerable people where possible, whilst not penalising any one cohort of claimants in particular. The options to deliver savings and align to the HB Scheme are as follows:

- To increase the minimum contribution that all CTS claimants have to pay towards their Council Tax, from 20% to either 25%, 30% or 35%.
- To vary the minimum contribution that some CTS claimants have to pay towards their Council Tax so they are protected from the full impact of the overall increase. The options are:
 - 25% minimum contribution for disabled people 30% minimum contribution for everyone else.
 - 25% minimum contribution for all families. 30% minimum contribution for everyone else.
 - 30% minimum contribution for all families. 35% minimum contribution for everyone else.
 - 25% minimum contribution for certain low income families. 30% minimum contribution for everyone else.
 - 30% minimum contribution for certain low income families. 35% minimum contribution for everyone else.
- Restrict all CTS awards to Council Tax Band A level. This means that CTS claimants in Bands B to H would have their Council Tax liability – and therefore the amount of CTS support they could receive – calculated as though they were in a Band A property.
- Reduce the capital limit from £6,000 to £3,000, £2,000 or £1,000.
- Increase the amount of the minimum award that can be paid from £4 a week, to either £5 or £6 a week.
- Apply the non-dependent HB rules and deductions as closely as possible. This would mean that, based on 2016/17 HB rules and deductions, no CTS claimants who currently have a deduction made from their award due to having a non-dependent in their household would receive any CTS from 2017/18. Note that no deduction would be made where the non-dependent is on a passport benefit, aged under 25.
- Apply the non-dependent HB rules and deductions as closely as possible, but apply a small standard weekly deduction where the non-dependent receives less than £100 a week income. For example the standard weekly deduction amount could be £3, £4, £5 or £6. This deduction would be applied for all non-dependents on less than £100 a week, including where the non-dependent is on a passport benefit.
- Changes to the rules about those who are temporarily absent from their homes because they have left the country for more than four weeks. In most instances this will remove their entitlement to CTS. The change will be made to HB during 2016/17 and the final details of how and when this change will be administered have not yet been published. The intention is to consult based on the draft principles, making clear that they may be subject to an element of change in ‘summer 2016’ and any such changes will be picked up as revisions to the consultation if they become known before it concludes.
- Remove the family premium. This would reduce the amount of CTS that could be awarded to families.
- Reduce the time limit for which CTS claims can be backdated for, from three months to one month.

- 4.5 Estimates of the potential impacts of the elements in 4.4 have been modelled where possible. The overall indicative amounts of savings that could be delivered by each option and numbers of households affected are at Appendix Three.
- 4.6 The enabling legislation makes provision for the incorporation of Transitional Protection. This could take the form of protecting some claimants from the full extent of the proposed changes for one year (2017/18). This would mean that for the following year (2018/19) there would be no protection given from those changes. To illustrate how this could work with two examples, in Appendix Three:
- If option five was applied. Families could pay a lower minimum contribution than other working age households in 2017/18 but would have to pay the same contribution in 2018/19. This would give families Transitional Protection from the full extent of the proposed changes for the first year.
 - If option nine was applied. We could defer capping awards to Band A level until 2018/19. Therefore, everyone affected by this proposed change would receive Transitional Protection from this change during 2017/18, but incur the restriction to Band A from 2018/19.
- 4.7 A Glossary of terms and further explanatory details involving the options in this section is at Appendix Four.

OTHER OPTIONS CONSIDERED

- 5.1 Do nothing. This has been rejected because the Scheme would not deliver the required saving during 2017/18.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu, Head of Legal Services Toni Nash, Head of Finance Martyn Marples, Director of Finance Ann Webster, Equality and Diversity Lead
For more information contact: Background papers: List of appendices:	John Massey, Head of Revenues, Benefits and Exchequer Services 01332 643772 john.massey@derby.gcsx.gov.uk None Appendix 1 – Implications Appendix 2 – Proposed timeline for consultation Appendix 3 – Indicative savings and number of households affected – overall figures Appendix 4 – Glossary of terms and further explanatory details

IMPLICATIONS

Financial and Value for Money

- 1.1 Delivering a saving of £800,000 from the 2017/18 CTS Scheme is one measure agreed by Council on 3rd February 2016 to manage budget risks. Failure to do so will increase the financial pressure on the Council.

Legal

- 2.1 The legal requirement to consult before a local authority can amend its Council Tax Reduction scheme is contained in the Local Government Finance Act 2012, Schedule 4.
- 2.2 The principles of effective consultation require that:
- Consultation must be at a stage when proposals are still at formative stage
 - The proposer must give sufficient reasons for it so as to “permit intelligent consideration and response”
 - Adequate time must be given for consideration and response
 - The product of consultation “must be conscientiously taken into account in finalising any statutory proposals”.
- 2.3 It is therefore essential that the consultation exercise is conducted in a comprehensive way and considered fully before a final decision is made by Cabinet in January 2017. The report to Cabinet must include the outcome of the exercise and the justifications for the decisions made, in light of those outcomes.
- 2.4 Similarly, Cabinet must have available to it when it makes that decision, an Equality Impact Assessment that demonstrates the extent to which recipients who fall into the equality strands and who may be impacted by the proposal, have had their interests taken account of, so far as it is reasonably possible to do.

Personnel

- 3.1 None

IT

- 4.1 None

Equalities Impact

- 5.1 An Equalities Impact Assessment will be done as part of the consultation on the

proposed changes to identify the impacts on affected claimants. Members from our Diversity Forums will be invited to the equality impact assessment meeting to assess the equality implications. The final scheme will take account of the findings from the assessment.

The consultation process will be made accessible by using formats other than online as requested, and making an Easy Read version for people with learning difficulties.

Health and Safety

6.1 None

Environmental Sustainability

7.1 None

Property and Asset Management

8.1 None

Risk Management and Safeguarding

9.1 None

Corporate objectives and priorities for change

10.1 None

Proposed timeline for consultation

Task	Time frame
Cabinet to approve	13 July 2016
Consultation begins with Major Preceptors (7 days)	Week beginning 25 July 2016
Public consultation opens (12 weeks)	Week beginning 1 August 2016
Public consultation ends	Week beginning 24 October 2016
Cabinet decision	18 January 2017

Indicative number of households affected

	Elements of the scheme that could be changed	Indicative number of households affected
1	To increase the minimum contribution that all CTS claimants have to pay towards their Council Tax, from 20% to 25%	12,383
2	To increase the minimum contribution that all CTS claimants have to pay towards their Council Tax, from 20% to 30%	12,383
3	To increase the minimum contribution that all CTS claimants have to pay towards their Council Tax, from 20% to 35%	12,383
4	To vary the minimum contribution that some CTS claimants have to pay towards their Council Tax. 25% minimum contribution for the disabled. 30% minimum contribution for everyone else	12,383
5	To vary the minimum contribution that some CTS claimants have to pay towards their Council Tax. 25% minimum contribution for all families. 30% minimum contribution for everyone else	12,383
6	To vary the minimum contribution that some CTS claimants have to pay towards their Council Tax. 30% minimum contribution for all families. 35% minimum contribution for everyone else	12,383
7	To vary the minimum contribution that some CTS claimants have to pay towards their Council Tax. 25% minimum contribution for certain low income families. 30% minimum contribution for everyone else	12,383
8	To vary the minimum contribution that some CTS claimants have to pay towards their Council Tax. 30% minimum contribution for certain low income families. 35% minimum	12,383

	contribution for everyone else	
	Elements of the scheme that could be changed	Indicative number of households affected
9	Restrict all CTS awards to Council Tax Band A level	2,095
10	Reduce the capital limit from £6,000 to £3,000	490
11	Reduce the capital limit from £6,000 to £2,000	574
12	Reduce the capital limit from £6,000 to £1,000	732
13	Increase the amount of the minimum award that can be paid from £4 a week to £5	449
14	Increase the amount of the minimum award that can be paid from £4 a week to £6 a week	584
15	Apply the non-dependent HB rules and deductions as closely as possible. This means no deductions for non-dependents who are on a passport benefit, aged under 25	734
16	Apply the non-dependent HB rules and deductions as closely as possible, but with a reduced deduction of £3 a week where the non-dependent has income totalling under £100 a week – including those on a passport benefit	1,463
17	Apply the non-dependent HB rules and deductions as closely as possible, but with a reduced deduction of £4 a week where the non-dependent has income totalling under £100 a week – including those on a passport benefit	1,463
18	Apply the non-dependent HB rules and deductions as closely as possible, but with a reduced deduction of £5 a week where the non-dependent has income totalling under £100 a week – including those on a passport benefit	1,463
19	Apply the non-dependent HB rules and deductions as closely as possible, but with a reduced deduction of £6 a week where the non-dependent has income totalling under £100 a week – including those on a passport benefit	1,463
20	Changes to the Temporary Absence rules	
21	Remove the family premium	1,148

	Elements of the scheme that could be changed	Indicative number of households affected
22	Reduce the time limit for which CTS claims can be backdated for, from three months to one month (Modelling done on 2015/16 figures)	50

Caveats about the modelling information provided:

- Data is based on current caseload data
- Assumes no errors in the modelling tool used that would affect the accuracy of the results
- Figures include the impact of known future changes
- The estimated number of households affected may change if different elements are combined with each other and potentially impact the same households. To illustrate this with example details of options nine and ten in Appendix Three are as follows

Option details	Indicative number of households affected
Restrict all CTS awards to Council Tax Band A level (option nine)	2,095
Reduce the capital limit from £6,000 to £3,000 (option ten)	490
Total	2,585

If these two options were **both** used in the amended Scheme, the estimated **combined** number of households affected would be less than 2,585. This is because a number of claimants would no longer receive CTS due to their capital being above £3,000 and therefore the restriction to Band A would not apply. It is not possible to calculate what the reduced figure would be given the complexity of the benefits caseload.

Glossary of terms and further explanatory details

	Terminology used	Meaning
1	Disabled claimants	Any claim where there is a level of disability and disability income is awarded, which means that a disability premium, severe disability premium, enhanced disability premium, disabled child premium and / or carer premium is allowed when calculating CTS entitlement
2	All families	Any family unit where there is a dependent child present
3	Certain low income families	Any family unit where there is a dependent child present AND either the claimant or partner is receiving a passport benefit (Income Based Job Seeker's Allowance, Income Related Employment and Support Allowance or Income Support).
4	Capital	Includes money, savings, investments and property (other than the claimant's or partner's own home), in this country or abroad.
5	Non-dependent	An adult, other than claimant's partner, who is living in the household and is not dependent on the claimant – for example a grown up son or daughter. Depending on the claimant's, partner's and non-dependent's circumstances, there may be a deduction made from the claimant's CTS entitlement to reflect the fact that the non-dependent should be contributing to household expenses
6	Passport benefit	For the purposes of CTS, this is Income Based Job Seeker's Allowance, Income Related Employment and Support Allowance or Income Support.
7	Applying the non-dependent HB rules and deductions "as closely as possible"	The HB Scheme sets out various rates of non-dependent deductions that could be applied. The CTS Scheme could be changed to mirror these rates as closely as possible, but due to software limitations there would have to be one less deduction rate in the CTS Scheme. To manage this we will not use the highest rate currently in the HB Scheme.
8	Temporary absence	Where the claimant is not living in the property being claimed for, but they intend to return
9	Family Premium	An element that exists within the CTS calculation for any family unit where there is a dependent child present. This enables more CTS to be awarded to the family, if they are eligible for CTS
10	Backdating	CTS claims can usually only be awarded using the date that the claim is received. However where the claimant can show good reason for not claiming promptly the claim can be treated as being made

		earlier; doing this can increase the amount of CTS that can be awarded, if the claimant is eligible for CTS
11	Transitional Protection	Temporary protection from changes afforded to certain affected claimants