

**CABINET**  
18<sup>th</sup> October 2016

**HEAD OF FINANCIAL SERVICES**  
Report No. FIN1621

## **Council Tax Support Scheme Consultation Arrangements**

### **1 Introduction**

- 1.1 The purpose of this report is to seek Cabinet approval to undertake a public consultation in respect of the Council's Council Tax Support Scheme (CTSS), in order to inform any decision to review or amend the Scheme for the 2017/18 financial year.

### **2 Background**

- 2.1 From 1<sup>st</sup> April 2013, local authorities have been developing their own CTSS to replace the previous national Council Tax Benefit Regulations, which had supported those in need to meet their Council Tax costs.
- 2.2 Whilst local authorities have the freedom to set their own local schemes, based on local circumstances and needs, local authorities are required to provide pensioners with the same level of support received under the previous national Council Tax Benefit arrangements.
- 2.3 Accordingly, most local authorities devised hybrid schemes, whereby those of pensionable age receive up to 100% of their Council Tax bill in support, whilst the maximum level of support for working age customers is typically lower and a range of other local adjustments have been made.
- 2.4 In Rushmoor, we are in our fourth year of operating our local scheme, which has been overseen by the cross-party Member Welfare Reform Task and Finish Group. Following a consultation exercise in November 2015, the changes below were introduced to the scheme with effect from 1<sup>st</sup> April 2016.
- An increase of minimum contribution from 8% to 10%
  - Removal of the Family Premium for all new claims, in line with other benefits
  - Reduction in the savings threshold from £16k to £6k
  - Maximum support restricted to Band D level for Bands E to H
  - Reduction in backdating periods from 13 weeks, to a maximum of 4 weeks
- 2.5 This local scheme has proved effective and the Council Tax collection rates remain high although those rates have reduced by 0.4% over the past two years. Those in receipt of Council Tax Support (CTS) are generally meeting their Council Tax liabilities; however, the collection rate within the CTS group is lower than across the whole of the Borough. Current year payment rates for those of working age in receipt of CTS are running at around 81%, which compares favourably with a DCLG study, which shows rates on average of between 65 – 75% across the board nationally for this group of people.

### **3 Options for change**

- 3.1 The Group considered the impact of wider Welfare Reform issues, such as changes to the Benefit Cap and the continuing roll out of Universal Credit. It was also noted that the government had recently announced that no further new welfare reforms were planned during the current Parliament. Welfare reforms already announced would continue to be implemented throughout the Parliament.
- 3.2 The Council's position in relation to other local authorities in terms of collection rates and minimum contributions were noted, as well as the increasing overall receipts for Council Tax over the period 2013 – 2016, which significantly outweighs the smaller increase in arrears for non-payment. The total amount of CTS being awarded has declined from around £5.2m at the point of the old scheme being phased out to around £4.1m at the end of August 2016.
- 3.3 Given the short space of time since the previous changes to the CTSS were introduced, the Group felt that it was too soon to draw conclusions about the effectiveness of those changes and agreed to continue to monitor the effect on those in receipt of support in order to build up an evidential base for any future suggested scheme changes.
- 3.4 The Group also considered whether to harmonise the CTSS with some new changes being proposed in the broader welfare system, either to Universal Credit or Housing Benefit legislation as has been the practice since the establishment of Rushmoor's own scheme.
- 3.5 These are predominantly technical changes which will affect relatively small numbers within the scheme; however, in order to effect these changes, a consultation exercise will be required.
- 3.6 The Group unanimously agreed the following alignments:
  - a) Change to the temporary absence period for which CTS will be paid
  - b) A change to arrangements for those receiving the work related activity group component within their Employment Support Allowance (ESA) or Housing Benefit (HB)
  - c) A change to align the CTSS with Housing Benefit and Universal Credit in the way that those who receive carers allowances are treated
- 3.7 The Group also considered a proposal in respect of the introduction of a two dependent children rule, which is intended to be introduced by the Government from April 2017. However, as no detail or legislation has at present been laid to support this change, the Group felt that inadequate information presently existed to inform a credible consultation on this change at this time. If information from the Government was received prior to a consultation starting, the Group felt it appropriate to include. However, unless this is the case, the Group recommends to Cabinet that this change is not

considered until a later time when the Government's treatment of this matter in other welfare systems is clearer.

#### **4 Timescale**

- 4.1 Before applying the technical changes proposed to bring our scheme in line with other welfare benefits, it is necessary to undertake a consultation exercise. The results of the consultation will be analysed and considered by the Group for final recommendations to be made to Cabinet prior to full Council consideration by the statutory deadline of 31<sup>st</sup> January 2017.

#### **5. Recommendations**

- 5.1 The Cabinet are requested to:

- a) Agree that a public consultation be undertaken on options around the Council's Council Tax Support Scheme as set out in 3.6 above
- b) Agree to include proposals on aligning with the two dependent children rule, as set out in 3.7, if sufficient information on the government's plans to introduce this to other benefits is available by the commencement of the consultation exercise.
- c) Endorse that the detail of the consultation paper be agreed by the Head of Financial Services in consultation with the Portfolio Holder for Concessions and Community Support and following discussion with the Welfare Reform Task and Finish Group.
- d) Note that a report on the outcome of the consultation and any subsequent proposals will be presented to Cabinet during January 2017.

**Amanda Fahey**  
**Head of Financial Services**