

**COUNCIL MEETING – 27th JANUARY 2016**

**AGENDA ITEM NO. 1**

**COUNCIL TAX SUPPORT SCHEME 2016/17**

**1 Introduction**

- 1.1 Cabinet considered the report (CD1601) on the Council Tax Support Scheme (CTSS) at its meeting on the 12th January 2016.
- 1.2 This report sets out the results following a public consultation on the options of potential changes to the CTSS.
- 1.3 Cabinet now recommends to Council that changes to the CTSS, as set out in this report, be approved, with effect from the 1st April 2016.

**2 Background**

- 2.1 As Members will be aware, since the 1st April 2013, local authorities have developed their own Council Tax Support Scheme (CTSS) to replace the previous national Council Tax Benefit Regulations.
- 2.2 In Rushmoor, we are currently in our third year of operating our local scheme, which seeks a minimum 8% contribution from those of working age, treats income from child maintenance or child benefit as real income within the scheme calculations, disregards all income from War Widow Pensions but in all other respects, mirrors the previous Council Tax Benefit Regulations.
- 2.3 This local scheme has proved effective, has been implemented successfully and the Council Tax collection rates have remained stable whilst scheme costs have steadily reduced alongside claimant numbers. Government funding for the scheme was reduced by around 10% at the time of the transfer of responsibility and has subsequently been wrapped up in the formula funding regime and Business Rate Retention Scheme and subject to further reduction since. At present, a total allocation is not visible as a single line within the funding settlement. Consequently, direct comparisons between total scheme costs and offset funding available are not possible for local authorities. This is a matter that the Local Government Association (LGA) has called upon the Government to redress “in order that councils can design their schemes and consult their residents each year in full possession of the facts”.
- 2.4 The overall scheme design and effectiveness has been overseen by the cross Member Welfare Reform Task and Finish Group (WRTFG).
- 2.5 In the 8th July 2015 budget announcement, the Chancellor set out further plans to extend the Government’s Welfare Reform programme. Some of the detailed announcements made at that time, gave rise to reconsider the

Council's own CTSS. This was set out to Cabinet in report CD1513 at its meeting on the 20th October 2015.

- 2.6 At that meeting, Cabinet agreed that a public consultation be undertaken on options for change to be effective from 1<sup>st</sup> April 2016. The suggested options for change had been carefully considered by the WRTFG taking into account lessons from others, our own experience of running CTSS for 2½ years and a thorough examination of a broad base of data and evidence.

### 3 Public Consultation Exercise

- 3.1 The public consultation ran for a six week period (9th November to 21st December 2015). In summary:

- 3,000 Council Tax payers selected at random were sent the consultation
- All 2,565 working age CTS claimants at that time were sent the consultation
- An on-line survey was made available on the Council's website throughout the six week period
- 791 surveys were completed, the results presented reflect those who answered the question and exclude those who selected 'I don't know'
- In total there were 290 surveys returned from those on council tax support (273 paper surveys and 17 online surveys) and 501 surveys returned from those not on council tax support (433 paper surveys and 68 online surveys)
- Due to the specific personal nature of this consultation, the only specialist response sought was from Citizen' Advice (attached at Appendix 6). Registered Social Landlords and other stakeholders were generally made aware of the exercise.

- 3.2 Attached (electronically only) at Appendix 1 is the detailed consultation report (Members requiring a hard coloured copy can obtain one by contacting Caroline Armstrong-Forbes on 01252 398401), which considered six options for the scheme design and three options for the funding arrangements, as follows:

- Options for scheme design consulted on were:**
  1. Increase minimum contribution from 8% to either 10% or 12%
  2. Removal of the family premium for either all or new claimants
  3. Reducing the savings threshold from £16k to £6k
  4. Limiting support at the Band D level
  5. Reducing backdate periods to a maximum 4 week period
  6. Option to keep the scheme the same
- Additional consultation questions on how the scheme could be funded:**
  1. General increase in council tax
  2. Reducing or stopping other services
  3. Using Council reserves

- 3.3 We have included the funding questions as part of the consultation following a Supreme Court hearing in October 2014, when The London Borough of

Haringey were taken to court and found they had acted unlawfully in its consultation on its CTSS in that it had “misleadingly failed to provide alternative options for meeting the shortfall resulting from the 10% cut in Government funding for CTS, other than a reduction in the support available”.

- 3.4 Clearly to demonstrate good practise and avoid any legal challenge around process, any recommendations for change should centre around the issues consulted upon and the demonstrable evidence that any recommendations for change do take into account the responses to the consultation received.

#### **4 Consideration by the Welfare Reform Task and Finish Group**

- 4.1 The WRTFG have met on six occasions during this calendar year, monitoring the impact that the Scheme has had on our residents and particularly this year, has focused on the changing environment around welfare and the reduced funding available to support such schemes.

- 4.2 The Group has specifically considered the CTSS and spent the majority of its meeting time at two meetings in October, considering an approach to change and the associated necessary consultation. The Group’s meeting on 22<sup>nd</sup> December 2015 focussed on the detailed consultation responses and preparation of a series of recommendations as a result.

- 4.3 These recommendations, agreed by the WRTFG and the rationale behind the decisions, are attached at Appendix 2.

- 4.4 The options considered within the consultation, which were not recommended for adoption are attached at Appendix 3, along with their rationale.

- 4.5 In addition to the specific Scheme recommendations, the WRTFG have also recommended that should changes be introduced from the 1<sup>st</sup> April 2016, the Council’s Exceptional Hardship Fund be continued to assist residents who may be adversely affected by any changes, whilst they work through a period of transition, which Cabinet noted.

- 4.6 Due to the proposed changes, an Equality Impact Assessment (EIA) has been undertaken and is attached at Appendix 4. The EIA identifies potential areas of impact and sets out some recommendations in order to mitigate these impacts. These are fully detailed within the Appendix, however, the main mitigations recommended are:

- That a Hardship Fund continues to be in place to enable support for individual cases adversely affected by the changes
- That the Welfare Reform Task and Finish Group continues to oversee the effectiveness of the Scheme and any adverse impacts
- That direct contact is made with those customers known to be affected at the earliest opportunity

## **5 Financial Implications**

- 5.1 Attached at Appendix 5, is a table showing the financial impact for customers of increasing the minimum contribution from 8% to 10% and using the assumption that all preceptors will seek to increase their Council Tax charges for the 2016/17 financial year. The table also illustrates the impact on customers affected by the proposal to restrict support at the Band D level for those living in properties banded higher than Band D.
- 5.2 The overall scheme financial implications are always difficult to be specific about due to a whole range of variables such as increasing charges, changes to the numbers on both the Council Tax list and of those claiming support and general changes in liability. However, the current Scheme costs are running at around £4.2m which is in essence a charge against the collection fund for all preceptors and borne as “revenue foregone”.
- 5.3 If the five recommendations for change had been implemented during the current year, the impact on Scheme costs is estimated as follows:
- 10% minimum contribution - £53,257 cost reduction
  - Removal of family premium (new) - £6,000 cost reduction
  - Reducing savings threshold - £21,748 cost reduction
  - Limiting support at Band D - £10,613 cost reduction
  - Limiting backdate period – between £0 and £10,000 cost reduction
- 5.4 The sum of the changes set out in 5.3 equates to around £100,000 in cost reduction against the current Scheme cost of £4.2m, which is roughly 2.5%. If preceptors increase their Council Tax charges for 2016/17, this will increase the total amount of Council Tax collected but will also in turn, increase Council Tax Support awarded.

## **6 Conclusions**

- 6.1 The Council’s current CTSS has proved itself very effective but, with the Government’s announcements to continue the Welfare Reform programme, as well as generally reducing financial support to local authorities, suggests this is the right time to re-examine our current offer for CTSS.
- 6.2 The WRTFG have carefully considered a range of options for potential change, and following Cabinet’s endorsement, tested public opinion.
- 6.3 The public consultation indicated a broad range of support for some modest changes to the current CTSS. The consultation also provided a very clear view in respect of alternative funding options, which are not acceptable.
- 6.4 Cabinet considered the recommendations from the WRTFG at their meeting on 12<sup>th</sup> January. In endorsing these recommendations in relation to potential changes to the existing Scheme, Cabinet expressed satisfaction that the Council’s amended Scheme would continue to ensure that residents in the Borough were treated fairly. In particular, it was noted that the exceptional Hardship Fund would remain in place for those adversely affected by the changes during a period of transition.

## **7 Recommendations**

7.1 Based on the work, the comprehensive public consultation exercise, recommendations of the Welfare Reform Task and Finish Group and Cabinet, Council are requested to agree the following changes to the Council Tax Support Scheme for working age claimants with effect from the 1<sup>st</sup> April 2016:

- a) To increase the minimum Council Tax contribution payable from 8% to 10%
- b) To remove the Family Premium for new claimants
- c) To reduce the maximum savings threshold at which Council Tax Support can be claimed from £16,000 to £6,000
- d) To limit support at the Band D level for those living in properties banded higher than Band D
- e) To reduce the limit for backdated claims to four weeks

A JACKMAN  
CABINET MEMBER FOR  
CONCESSIONS AND COMMUNITY SUPPORT