

**COUNCIL TAX SUPPORT SCHEME 2019/20**

**Summary**

This report sets out the work undertaken by the Council Tax Support Task and Finish Group to review the Council's Council Tax Support Scheme and recommends action as follows

**Recommendations**

Cabinet are requested to:

- i) Agree that a public consultation be undertaken on options around the Council's Council Tax Support Scheme with regard to an increase in the minimum contribution payable, to be effective from 1<sup>st</sup> April 2019
- ii) Note the deliberations and considerations of the Council Tax Support Task and Finish Group in arriving at the recommendation in i) above
- iii) Note that a report on the outcome of the consultation, and any subsequent proposals to amend the Council Tax Support Scheme will be presented to Cabinet on the 5<sup>th</sup> February 2019

**1 BACKGROUND – COUNCIL TAX SUPPORT SCHEME**

- 1.1 Since 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 residents with their Council Tax costs.
- 1.2 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.
- 1.3 Accordingly, most local authorities have 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.
- 1.4 In Rushmoor, we are in our sixth year of operating our local scheme, which has been overseen by a cross-party Member Welfare Group, superseded this year by the Council Tax Support Task and Finish Group convened by the Overview and Scrutiny Committee.

- 1.5 Rushmoor's local scheme has proved effective and Council Tax collection rates remain high (98% in 2017/18, marginally down from 98.1% in 2016/17). 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 83.4%, 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. However, the working age collection rate for CTS recipients at 83.4% is lower than at the equivalent point in 2017 (88.7%) and at the equivalent point in 2016 (85.6%).

## **2 WORK OF THE COUNCIL TAX SUPPORT TASK AND FINISH GROUP**

- 2.1 A Council Tax Support Task and Finish Group was established this civic year, as a sub-group of the Overview and Scrutiny Committee (OSC) and has been working to the terms of reference, attached at Appendix 1.
- 2.2 The Group met on the 15<sup>th</sup> October 2018 and again on the 5<sup>th</sup> November 2018 (post the Chancellor's Autumn Statement announced on the 29<sup>th</sup> October).
- 2.3 The Group considered a range of issues and associated data regarding the CTSS. The full presentational data is attached as Appendix 2.
- 2.4 The Group weighed up a number of factors and paid specific attention to the following matters during their deliberations:
- Current collection rate for Council Tax payment in Rushmoor amongst CTS recipients
  - How collection rate compares in Rushmoor this year, as opposed to previous years
  - How collection rate compares in Rushmoor to other similar local authorities
  - How Rushmoor's current CTS compares to other similar local authorities
  - How customers are being affected by changes to other welfare arrangements, particularly Universal Credit (UC)
  - Whether other changes within the broader welfare system required reflection within Rushmoor's CTS
  - Other broader general economic indicators
- 2.5 Having taken into account all of the data available to answer the lines of enquiry set out in 2.4, the Group considered that there were only two potential options to recommend to Cabinet for action to be effective from the 1<sup>st</sup> April 2019.

### **Option 1**

To undertake a consultation exercise to seek views regarding an increase in minimum contribution for working age recipients of CTS from 12% to 15%.

### **Option 2**

To maintain the CTSS for 2019/20 at an identical scheme to the current year, whilst the Council Tax Support Task and Finish Group continue to monitor the impact of the changes introduced on the 1<sup>st</sup> April 2018.

- 2.6 The Group developed the following rationale in respect of the two options set out in 2.5 above.

#### ***In support of Option 1***

- Table 2 in this report shows that Rushmoor's current scheme continues to be at the lower end of similar local authorities CTSS, where a minimum contribution is required (others in the Audit Family seek minimum contribution between 15% and 45%).
- Table 1 in this report shows that Rushmoor continues to enjoy a robust collection rate for Council Tax and Table 2 confirms that other local authorities, with higher minimum contribution schemes, continue to enjoy robust collection rates.
- Table 3 in this report models out the financial impact of a scheme change to 15%, both in global terms and specific terms for individual families. The model demonstrates around £86k would be generated for public services across Hampshire by the change and the monthly impact for a couple in receipt of CTS locally, would be around £3.65p at the Band C level of Council Tax.
- The Chancellor's recent announcements to provide more money to support UC and to slow down further the migration of existing customers to the new arrangements, should ameliorate the impact of any changes made to Rushmoor's CTSS in respect of customers wider financial circumstances.

#### ***In support of Option 2***

- The data available to the Group reflects only around 6 months' worth of information since the last adjustment to the CTSS and therefore it is too early to make firm judgements.
- The data in Table 3 highlights that CTS customers would be faced with an above inflation increase in Council Tax costs if minimum contributions were moved to 15%.
- The present freeze in welfare benefit levels and uncertainty over the future of UC, do not create the right climate in which to consider an increase in minimum contributions at this time.

- 2.7 The Group's preferred option is Option 1, on the basis that it is clearly an option to consult and provide more information and the Group were committed to recommend final changes to Cabinet only after taking careful heed of the consultation results.

**Table 1 – Table of Council Tax collection rates within Rushmoor, for those receiving CTS**

<b>CTS Collection Rates at date stated</b>	<b>Total collection rate for all in receipt of CTS</b>	<b>Collection rate for those of Working Age</b>	<b>Collection rate for Pensioners</b>
<b>Sept 2016</b>	89.9%	85.6%	95.2%
<b>April 2017</b>	82.8%	69.2%	83.5%
<b>June 2017</b>	91.1%	84.5%	92.7%
<b>Sep 2017</b>	93.8%	88.7%	94.5%
<b>Jan 2018</b>	97%	94.6%	97.5%
<b>Sept 2018</b>	90.7%	83.4%	91.9%

**Table 2 – List of local authorities within the same Audit Family demographic as Rushmoor, showing Council Tax collection rates and details of respective CTSS**

<b>Local Authority</b>	<b>Collection Rate 16/17</b>	<b>Collection Rate 17/18</b>	<b>Minimum Contribution</b>	<b>Band Cap</b>	<b>Average Reduction</b>	
					<b>£</b>	<b>No. affected</b>
<b>North Hertfordshire</b>	98.4	99.2	25%	N/A	£277	4,300
<b>Rugby</b>	97.7	98.5	15%	N/A	£155	2,900
<b>High Peak</b>	98.4	98.4	0%	N/A	£0	0
<b>Wellingborough</b>	98.2	98.1	20%	N/A	£183	3,000
<b>Worcester</b>	97.9	98.1	0%	D	£313	unknown
<b>Rushmoor</b>	<b>98.1</b>	<b>98</b>	<b>10%</b>	<b>D</b>	<b>£110</b>	<b>2,600</b>
<b>Cherwell</b>	98.4	97.9	0%	N/A	£0	0
<b>East Staffordshire</b>	97.5	97.8	25%	D	£231	4,100
<b>Colchester</b>	97.8	97.8	20%	N/A	£202	5,800
<b>Kettering</b>	97.8	97.8	45%	N/A	£431	3,300
<b>South Ribble</b>	97.4	97.5	17%	N/A	£170	3,200
<b>Broxbourne</b>	97	97.4	20%	E	£230	3,500
<b>Gloucester</b>	97.1	97.1	0%	N/A	£0	0
<b>Gravesham</b>	96.9	97	20%	N/A	£218	4,600
<b>Dartford</b>	97.2	97	18.5%	N/A	£206	1,900

**Table 3 – Modelling to show the impact of an increase in minimum contribution for CTS from 12% to 15%**

Scheme Components	Costs (difference to current scheme)	Numbers Affected
<ul style="list-style-type: none"> <li>▪ 15% minimum contribution by all working age customers</li> <li>▪ Child benefit/maintenance 100% included as income</li> <li>▪ War Pensions 100% disregard as income</li> </ul>	<p><b>£4,289,431</b>                      (-£85,862)                      RBC: -£10,303 (12%)                      HCC, Police &amp; Fire:                      -£75,558 (82%)</p>	<p><b>2,630</b>                      1,034 - Working Age                      Other                      1,013 - Vulnerable                      314 - Household                      Vulnerable                      269 - Working Age                      Employed</p>

	A	B	C	D	E	F
<b>Band of those affected</b>	221	1,253	938	175	38	5

	0-25p	26-50p	51-75p	76p-£1
<b>Weekly difference (pence)</b>	38	238	1,833	489

Band C Bill	Annual Bill (12%-15%)		Monthly Bill (12%-15%)		Weekly Bill (12%-15%)	
<b>Couple</b>	£175.22	£219.02	£14.60	£18.25	£3.37	£4.21
<b>Single</b>	£131.41	£164.27	£10.95	£13.69	£2.53	£3.16

**Current Scheme cost as of August: £4,375,293.57**

**Assumptions made when calculating options:**

- Welfare benefit rates and Applicable amounts frozen
- Calculated using 17/18 CT rates
- No caseload growth

### 3 LEGAL IMPLICATONS

3.1 There are no specific legal implications resulting from this report. The Council already has an established CTSS and if it wishes to amend the scheme, is legally required to consult on scheme changes and consider the result of such consultation.

### 4 FINANCAL IMPLICATIONS

4.1 The financial implications of supporting a consultation as outlined in Option 1 would run to no more than £2k in stationery and postage costs if all customers directly affected received personal correspondence. These costs and the staff time to undertake the exercise and assess the response can be met from existing resources.

4.2 In the event that any changes are proposed to the scheme following the consultation exercise, a further financial appraisal will be undertaken and presented to the Council Tax Support Task and Finish Group and the Cabinet

in a later report. However, the information in Table 3 is indicative of the additional Council Tax that would be levied. Estimates to take into account the risk of non-payment and consequential adjustments to the Council's Exceptional Hardship Fund would need to be assessed.

## **5 CONCLUSION**

- 5.1 Cabinet are asked to consider the issues raised in this report and to follow the Group's recommendation, that Option 1 as described in 2.5 above, be adopted.

**Councillor Diane Bedford**  
**Chairman of Council Tax Support Task and Finish Group**

**Report author:** Ian Harrison, Executive Director & Deputy Chief Executive

# COUNCIL TAX SUPPORT TASK AND FINISH GROUP

## RUSHMOOR BOROUGH COUNCIL - TERMS OF REFERENCE 2018/19

### **Purpose**

To carry out the annual review of the Council Tax Support Scheme.

### **Terms of Reference and Responsibilities**

- Review the operation of the current Council Tax Support Scheme
- Assess the impact and consider changes to the scheme
- Undertake appropriate consultation with recipients and residents
- Make recommendations to the Cabinet for the 2019/20 scheme

### **Membership**

The Group will consist of six Members appointed by the Overview and Scrutiny Committee, reflecting the political balance of the Council.

The Group may invite other Members to attend and request the Portfolio Holder for Corporate and Democratic Services to attend as a witness.

### **Meeting Arrangements**

The Group will determine the number of meetings and will disband once the review of the Council Tax Support Scheme has been completed.

Meetings will normally be chaired by one of the Committee Vice-Chairmen.

### **Reporting Arrangements**

The Group will report back to the Overview and Scrutiny Committee and the Progress Group as required.

Once the Task and Finish Group have made recommendations these will be submitted to the Cabinet for consideration as part of a report to be made to the Council for the Scheme to apply for 2019/20.





# **Council Tax Support Task and Finish Group**

Monday 15<sup>th</sup> October 2018

# Agenda

- Apologies
- Welcome to new Members and Groups Role – Terms of Reference
- The end of Council Tax Benefit and start of Council Tax Support
- Council Tax Support Scheme 18/19
  - Caseload
  - CTS Award Data
  - Collection Rates
- Modelling for Council Tax Support Scheme 19/20
- Timeline
- Any other business

# Role of the Group

## **Purpose**

- To carry out the annual review of the Council Tax Support Scheme

## **Terms of Reference and Responsibilities**

- Review the operation of the current Council Tax Support Scheme
- Assess the impact and consider changes to the scheme
- Undertake appropriate consultation with recipients and residents
- Make recommendations to the Cabinet for the 2019/20 scheme

# Council Tax Benefit CTB

- The government abolished CTB from 1 April 2013
- Each Council had to design its own scheme which needed to take into account that the funding from the Government had been reduced by 10%
- Rushmoor tried to spread the burden of this cut as fairly as possible and so there were also changes to Council Tax discounts and exemptions in 13/14 which were used to minimise the funding gap.
- In the public consultation on the proposed 13/14 Council Tax Support Scheme (CTSS) we based the proposals on four key principles:
  - We should protect the most vulnerable residents of working age, who currently receive Council Tax Benefit (CTB) or who may receive CTS in the future
  - Everyone of working age who claims CTS should pay something
  - Everyone of working age in a household should contribute towards the Council Tax bill
  - The Council should not set out to collect more money than it needs from the scheme

# Council Tax Support April 13

- The Council's scheme only applies to residents of Working Age. The government prescribes the scheme for Pension age recipients and it mirrors the same rules in CTB. The main difference between Pensioners and Working Age recipients is that pensioners can get 100% support.
- After consultation with residents, the Council approved its own local CTSS in January 2013. The Scheme set a maximum liability that could be supported of 92%, meaning working age recipients had to pay a minimum of 8% towards their Council Tax.
- The Council's scheme also changed from CTB in that child benefit and maintenance received were no longer fully disregarded.
- We did retain 100% disregard of War Pensions and retained all the income disregards for people with Disability Benefits.
- The calculation and award of CTS was the same as CTB.

# Council Tax Support 16/17

- In 2015 the Council consulted again for proposals to the 16/17 scheme.
- This was following a number of changes to welfare benefits announced by the Chancellor in the July 15 budget.
- We had designed our scheme to mirror Housing Benefit as it was far simpler to administer and the majority of residents claiming CTS claim both benefits
- We had retained the same scheme for three years requiring an 8% minimum contribution from people claiming the support.

# Council Tax Support 16/17

- The consultation was again based on the same four principles but saw the following new proposals:
  - To increase the minimum contribution from 8% to 10% or 12%
  - Removal of the family premium from all or new claims
  - Reduce the savings threshold from £16k to £6k
  - Limiting support at the Band D Level
  - Reducing backdate periods to a maximum four week period
  - Keeping the scheme the same
- There were also additional consultation questions on how the scheme could be funded:
  - General increase in Council Tax
  - Reducing or stopping other services
  - Using reserves

# Council Tax Support 16/17

- Following the consultation a report went to Cabinet with the results and recommendations from the Welfare Reform Group
- The original scheme had proved effective but with the announcements to make more welfare reform changes and the generally reducing financial support to Local Authorities it was felt it was the right time to re-examine the scheme.
- Following analysis of the public consultation responses full council agreed to set a scheme for 16/17 with all the recommended changes, with a 10% minimum contribution.



# Council Tax Support 17/18

- Following another consultation, the Council agreed to change the scheme again.
- The minimum contribution for Working Age recipients was increased to 12% and to mirror a significant welfare change, the scheme would not consider support for a third or subsequent child.

# In summary

- Scheme established with effect from 1 April 2013 following consultation
- Two subsequent consultations have amended the scheme
- Principle has been to largely mirror other means tested welfare benefit changes
- Consequential effect has always been monitored by a Member working group
- Full details of previous consultations are available

# **COUNCIL TAX SUPPORT SCHEME 2018-19**

# Benefit caseload

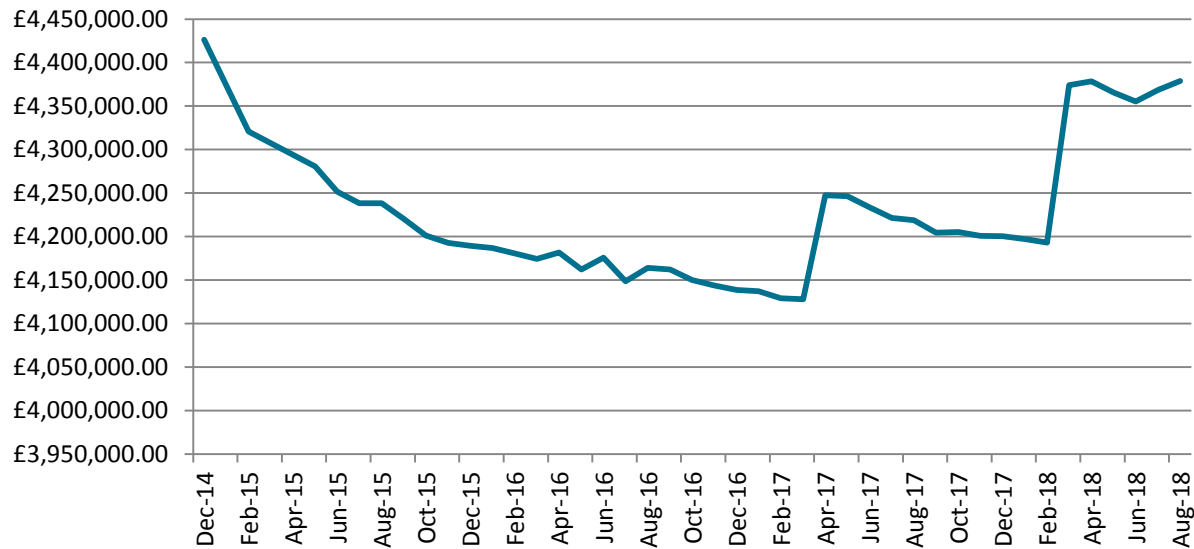
	Total Caseload	Type of Benefit	Caseload	% Change
<b>March 2013</b>	7,853	Housing Benefit Caseload (incl. HB and CTB claims)	6,722	
		Council Tax Benefit Caseload	1,131	
<b>Aug 2016</b>	7,142	Housing Benefit Only	2,238	5.4% decrease
		Housing Benefit & Council Tax Support	4,123	
		Council Tax Support Only	781	31% decrease
<b>Aug 2018</b>	6,888	Housing Benefit Only	2,153	3.8% decrease
		Housing Benefit & Council Tax Support	4,006	2.8% decrease
		Council Tax Support Only	719	7.9% decrease

# Latest Council Tax Support Caseload

	End of March 2013	Aug 2016	Aug 2018	Decrease in Caseload (Aug- Aug)
Pensioner		2,301	2,116	8% decrease
Working Age - Other		931	1,020	9.5% increase
Working Age - Vulnerable		1,026	1,033	0.6% increase
Working Age - Employed		278	247	11% decrease
Working Age - Vulnerable Household		364	305	16% decrease
<b>CTS Total</b>	<b>6,177 (CTB)</b>	<b>4,900</b>	<b>4,721</b>	<b>1,467 – 24% decrease (Mar 13 – Aug 18)</b>

# CTS 2018-19 - Current Scheme

- Minimum contribution of 12%
- Savings threshold from £16k to £6k
- Maximum support at a Band D level for Bands E and above
- Treating Child Benefit and Maintenance as income
- Disregarding War Widow Pensions as income
- Harmonisation with other benefits e.g. backdating, temporary absence, family premium



5.6% increase in Council Tax going into 2018/19  
Increase from 10-12% min contribution for CTS claimants

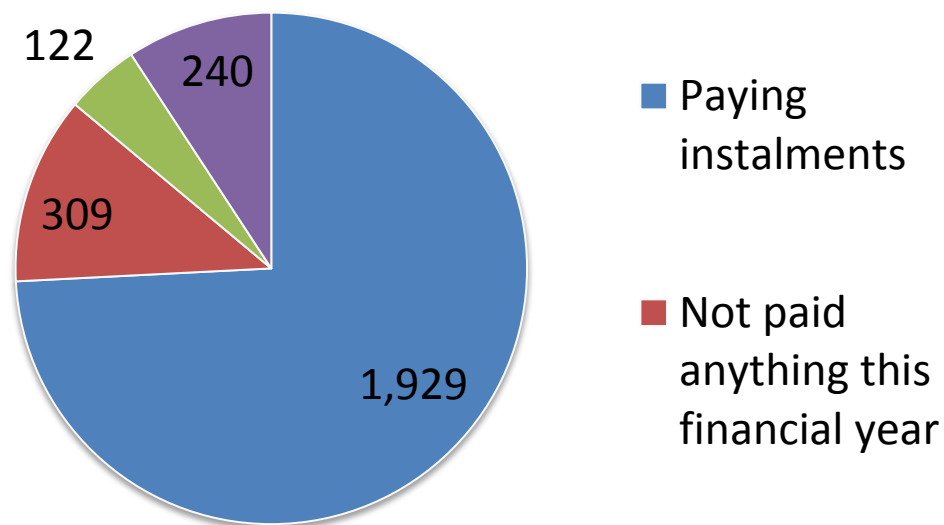
Band D Property	Annual Bill
17/18	£1,555.13
18/19	£1,642.65

# Council Tax Support – award data

CTS paid by group	Total End of March 2013	Aug 2016	Aug 2018
Pensioner		£2,056,952.88	£2,078,204.47
Working Age		£2,106,863.71	£2,300,704.00
Total	£5,222,285.88	£4,163,816.59	£4,378,908.47

# Collection Rates – September 2018

- ❑ 4,684 accounts on the Council Tax support scheme including 2,084 Pensioners.
- ❑ Of the remaining 2,600 working age claimants:
  - 74% are paying instalments
  - 9% have paid in full
  - 12% have not paid anything this financial year
  - 5% have not paid anything for 3 months





# Collection Rates – September 2018

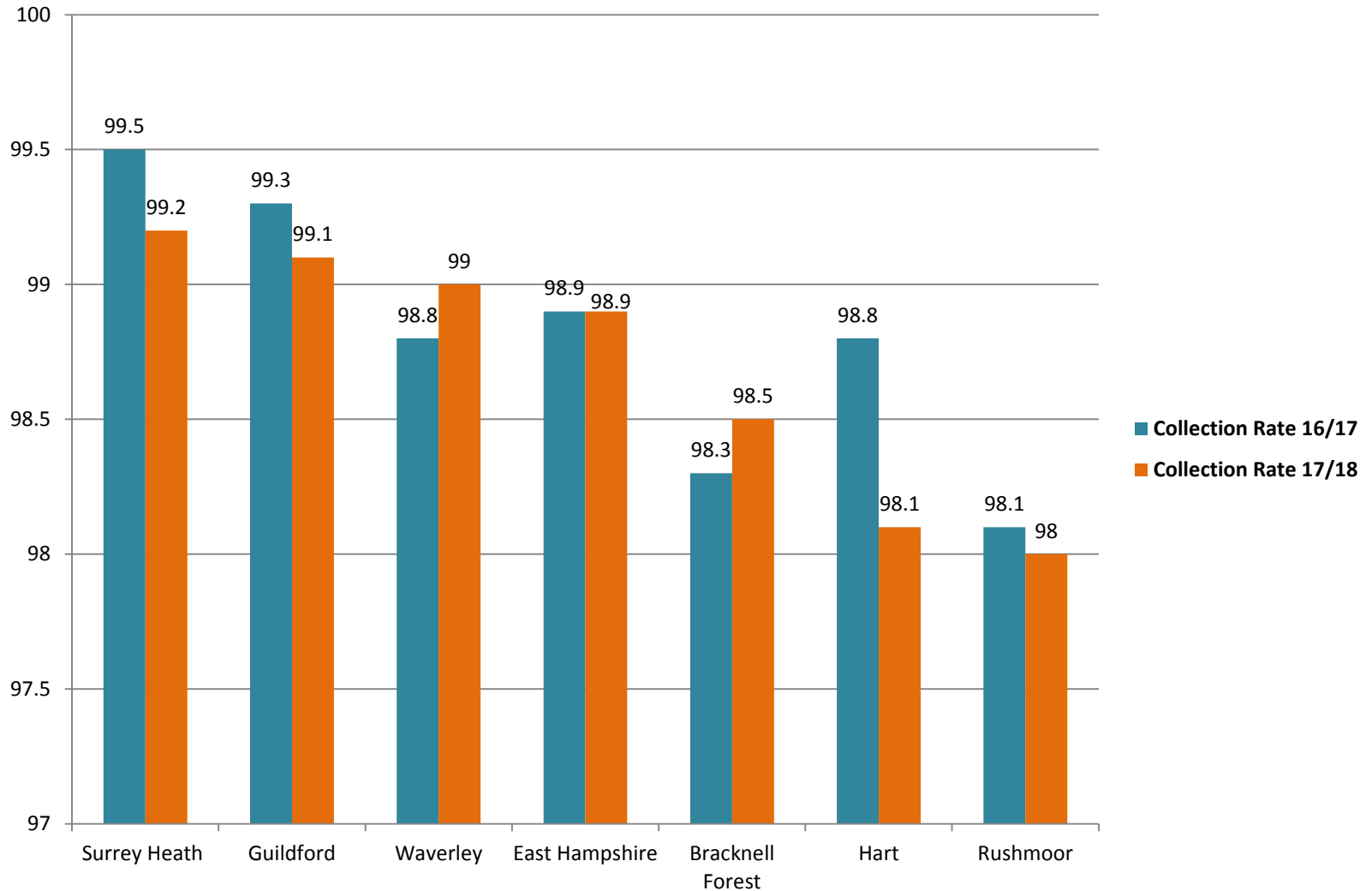
CTS Collection Rates	Total	Working Age	Pensioners
Sept 2016	89.9%	85.6%	95.2%
April 2017	82.8%	69.2%	83.5%
June 2017	91.1%	84.5%	92.7%
Sep 2017	93.8%	88.7%	94.5%
Jan 2018	97%	94.6%	97.5%
Sept 2018	90.7%	83.4%	91.9%

# Council Tax Collection - Neighbours

Local Authority	Collection Rate 16/17	Collection Rate 17/18	Minimum Contribution	Band Cap	Average Cut	
					£	No. affected
Surrey Heath	99.5	99.2	30%	D	409	1,300
Guildford	99.3	99.1	0%	D	313	100
Waverley	98.8	99	0%	D	422	100
East Hampshire	98.9	98.9	0%	N/A	0	0
Bracknell Forest	98.3	98.5	20%	N/A	210	2,600
Hart	98.8	98.1	0%	N/A	£0	0
Rushmoor	98.1	98	10%	D	£110	2,600

Table showing the CTS scheme for each Authority (Minimum Contribution or Band Cap), how many customers have been affected and the average cut

# Council Tax Collection - Neighbours

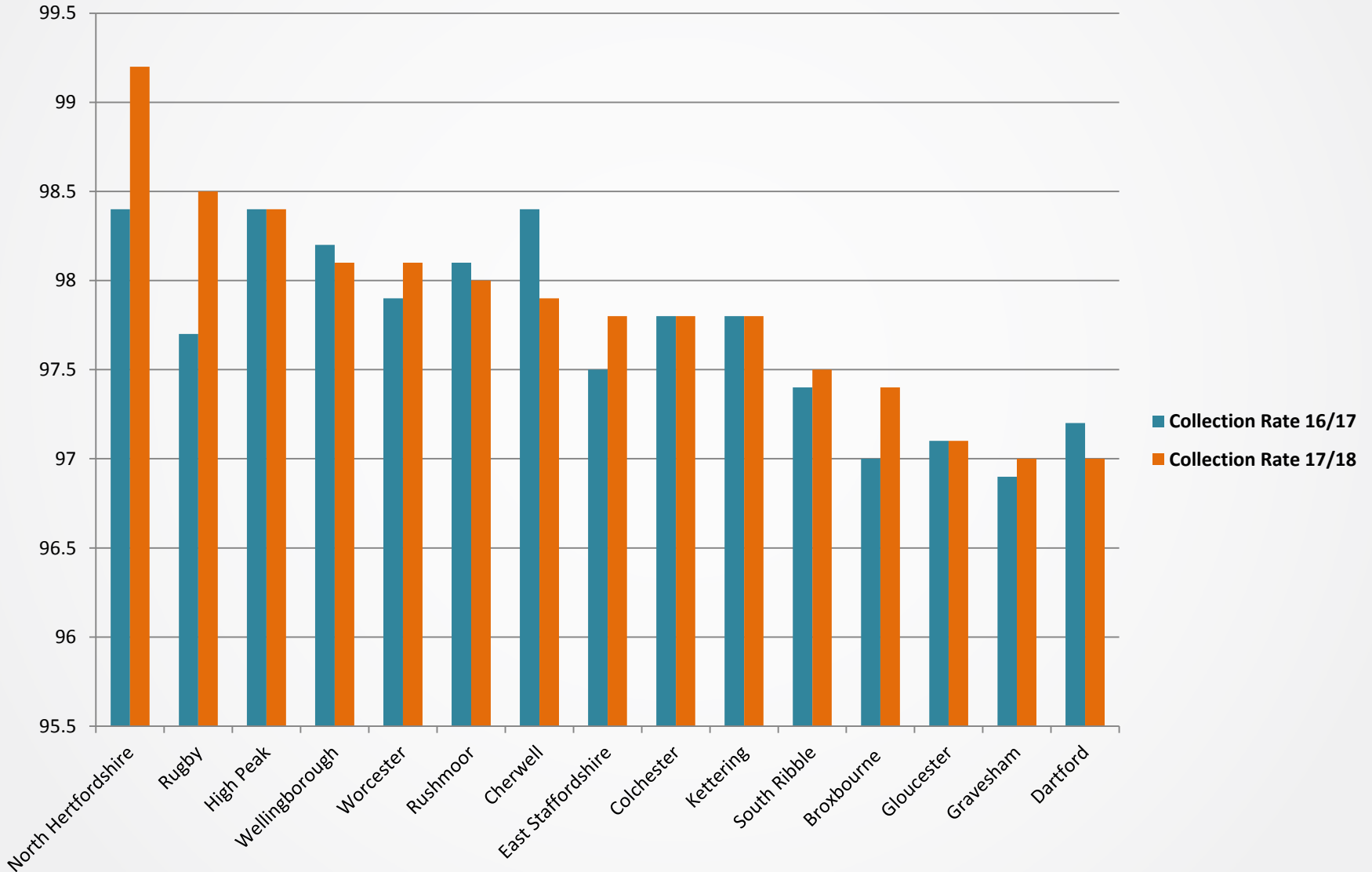


# Council Tax Collection - Audit

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# Council Tax Collection - Audit



# Exceptional Hardship Fund

- Allocated funds for 18/19 = £10k
- To date, we had received 15 applications for assistance from the Exceptional Hardship Fund
- 10 applications have been approved
- Total spend = £2,374.06
- 5 applications refused:
  - Arrears accrued when he was working & was able to pay
  - 3 people earning in the property, had award in the past and no arrears at present
  - Unclear on earnings due to private company and sole director of limited company. Requested evidence of earnings – application revoked
  - Has not paid anything since moving in a year ago, several special arrangements set, but nothing paid. The balance is being deducted from benefit
  - Refused as not in receipt of CTS

# **OPTIONS FOR CTS 2019/20**

# Considerations

- Universal Credit continues to roll out
- Receiving significant political attention
- As of today, no other welfare reform changes are known that would make sense to mirror into our local CTS
- Following full roll out of UC, potential for a more fundamental review of CTS
- Suitability of Rushmoor's current scheme and in comparison to other similar authorities?



Scheme Components	Costs (difference to current scheme)	Numbers Affected
<ul style="list-style-type: none"> <li>15% minimum contribution by all WA customers</li> <li>CB/Maintenance 100% included as income</li> <li>War Pensions 100% disregard as income</li> </ul>	<p>£4,289,431 (-£85,862) RBC: -10,303 (12%) HCC, Police &amp; Fire: -75,558 (82%)</p>	<p>2,630 1,034 - Working Age Other 1,013 - Vulnerable 314 - Household Vulnerable 269 - Working Age Employed</p>

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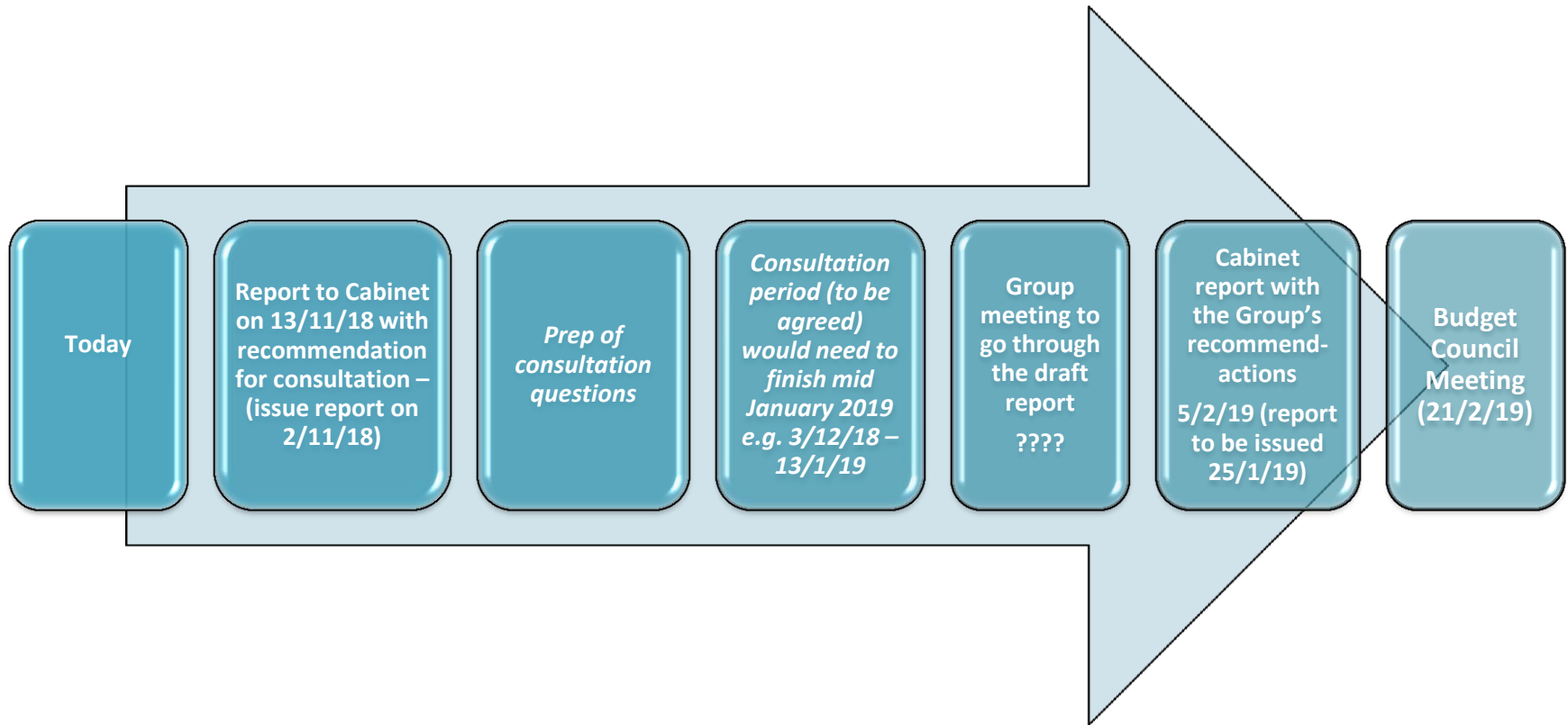
Band C Bill	Annual Bill (12% - 15%)		Monthly Bill (12% - 15%)		Weekly Bill (12% - 15%)	
Couple	£175.22	£219.02	£14.60	£18.25	£3.37	£4.21
Single	£131.41	£164.27	£10.95	£13.69	£2.53	£3.16

**Current Scheme cost as of August: £4,375,293.57**

**Assumptions made when calculating options:**

- Welfare benefit rates and Applicable amounts frozen
- Calculated using 17/18 CT rates
- No caseload growth

# Next Steps if any changes proposed



# Next Meeting

To be agreed dependant upon  
urgency and actions agreed