

CABINET

17 DECEMBER 2013

LOCALISING SUPPORT FOR COUNCIL TAX

Portfolio Holder: Councillor Alan Jarrett - Deputy Leader and Portfolio Holder for Finance

Report from: Mick Hayward – Chief Finance Officer

Author: Jon Poulson – Revenues & Benefits Manager

Summary

This report seeks members' approval of a revised council tax support scheme for adoption by Full Council.

1. Budget and Policy Framework

1.1 It is the Cabinet's responsibility to propose a budget to be agreed by Council. The scope of the localised Council Tax Reduction Scheme (CTRS) will have an impact on both the taxbase calculation and the budget requirement that underpin the budget proposal. The consequences of dealing with these issues will directly impact on the level of council tax.

2. Background

2.1 On 23 January 2013 Council adopted a local CTRS (decision number 774/2013).

2.3 Any entitlement to a reduction is based on a means test, by taking into consideration a person's income and comparing this with any personal allowances, premiums and disregards to which they may be entitled.

2.4 For each financial year, the Council must consider whether to revise its scheme or to replace it with a replacement scheme. It must make any revision to its scheme, or any replacement scheme, no later than 31 January for the subsequent financial year.

2.5 In order to maintain the balance between the CTRS and the allowances to which claimants are entitled, it is proposed to link the allowances, premiums and disregards to legislation providing for increases in benefits. It is further proposed that the CTRS is revised to enable this uprating to take place

automatically in line with benefit changes. Details of the proposed changes can be found at Appendix D.

2.6 Revisions to the CTRS or a replacement CTRS must be the subject of consultation. The results are shown at 4.6 below.

3. The Scheme

3.1 The current Medway scheme (Appendix C) has been sent to Cabinet Members, Group Rooms and the Chatham Community Hub. Further copies are also available from the following link:

<http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2887&Ver=4>

3.2 The scheme consists of two parts, one that makes provision for non-pensioners and is at members' discretion and one that makes provision for pensioners that is made on a national basis and in line with previous awards of council tax benefit. A draft of The Council Tax Reduction Schemes (Prescribed Requirements) (England)(Amendment) Regulations 2013 that contains uprating for pensioners has been released. Once these regulations come into force any amendments will need to be adopted within the Medway scheme to ensure that Medway's CTRS continues to comply with the law.

3.3 Key aspects of the CTRS are:

- Any entitlement to a reduction is based on a means test, by taking into consideration a customer's income and comparing this with any personal allowances, premiums and disregards to which they may be entitled
- Only 75% of council tax liability is used to assess Council Tax Support
- A minimum deduction is made in respect of non-dependants to include any such person in the household, aged 18 years or more
- Those in receipt of a war widow or war disablement pension enjoy the same protection as pensioners.

4. Advice and Analysis

4.1 When considering making changes to this scheme it was necessary in the first instance to review how successful the existing policy had been since it came into effect on 1 April 2013 and as such the following factors have been considered:

Factor	Estimate prior to implementation	Current Actuals as at 31/10/13
Caseload	23,000	22,423
Cost of scheme	£16,381k	£15,635k
Number of appeals received	N/A	31 (2 listed for tribunal)

Discretionary council tax relief awards	£70k	£5k
Council tax collection rate	97.56%	97.56% (Revised Estimate)
Number of summonses issued for non-payment	7,416 (actual as at 31/10/12)	10,007

- 4.2 The above shows that whilst there has been a rise in recovery action, the collection rate remains on course and the cost of the scheme remains within expected parameters.
- 4.3 Since April the CTRS the caseload has fallen consistently from 22,990 to 22,243, whilst 31 cases out of a caseload of this size is a very minor proportion.
- 4.4 Each year the Government increases the benefits which some people receive. The reduction a claimant receives on their council tax is based on this increased income (uprating). If the personal allowances, premiums and disregards are not increased in line with the uprating claimants will find that they are worse off, and as such they were consulted on two amendments to the current scheme.
- 4.5 The consultation ran from 26 October until 6 December. A copy of the consultation document can be found at Appendix A.
- 4.6 Results of the survey are as follows:
- Do you think it is right to increase personal allowances, premiums and disregards in the assessment of the council tax reduction?

Agree	63.1%	(296 responses)
Disagree	14.9%	(70 responses)
Don't know	22.0%	(103 responses)

 - Do you think it is right to review the amounts which are taken into account due to any other adults living in the property?

Agree	50.9%	(234 responses)
Disagree	26.9%	(124 responses)
Don't know	22.2%	(102 responses)
- 4.7 A number of respondents took the opportunity to share their views on other aspects of the CTRS. A summary of these replies can be found at Appendix B whilst the original letters will be available for inspection at the meeting.
- 4.8 When the Council first introduced the scheme in January 2013, a Diversity Impact Assessment had been undertaken on the proposals. This assessment had identified a number of potential adverse impacts together with some mitigating factors being incorporated into the scheme. Given that the

proposed revisions to the CTRS will not result in a change to the impact on individuals, it is not proposed to carry out a further assessment, although officers will continue to monitor the impact of the scheme on individuals.

5. Risk management

Risk	Description	Action to avoid or mitigate risk
Failure to amend the scheme	Likelihood D (Low) Impact 2 (Critical) If the amended scheme is not in place the Council will be obliged to use the existing CTRS. .	Review of existing scheme, consultation, monitoring of key milestones
Forecast cost of amended scheme falls short	Likelihood D (Low) Impact 3 (Marginal) Claimants may have reduced benefits 'unnecessarily'	Use of data modelling tools and data analysis, experience of current scheme
Forecast cost of amended scheme excessive	Likelihood D (Low) Impact 2 (Critical)	Use of data modelling tools and data analysis, experience of current scheme
Effect on collection	Likelihood B (High) Impact 2 (Critical) Failure to react to the Government's uprating will leave claimants worse off in real terms.	Use of data modelling tools and data analysis

6. Financial and legal implications

- 6.1 If the Council did not adopt the recommended changes it could lead to a small increase in council tax income as it would mean that working age council tax payers in receipt of state benefits would in effect lose their cost of living increases in additional council tax charges. However, it is envisaged that these additional sums would be difficult to recover given the circumstances of the individuals involved.
- 6.2 The Council is under a legal duty under Schedule 1A to the Local Government Finance Act 1992 to consider each year whether to revise its council tax reduction scheme or to replace it with another scheme. Schedule 1A also provides that any revision to the scheme, or any replacement scheme, must be made no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.

7. Recommendations

- 7.1 That Cabinet recommend the amended Council Tax Reduction Scheme to Council for adoption on 23 January 2014.

8. Suggested reasons for decisions

- 8.1 The amended scheme continues to balance the need for supporting those currently in receipt of CTRS and the ability of the Council to fund the scheme within the current budgetary constraints.
- 8.2 The majority of respondents to the consultation were in agreement with the amendments to the scheme.
- 8.3 Amending the scheme will prevent the need for, and additional expense of, future annual consultation.

Lead officer contact

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Background papers

None

1 366 A 2

22nd October 2013

I am writing to ask you for your views about proposals to amend the council tax reduction scheme for working age customers from April 2014.

Currently, any entitlement to a reduction in council tax is based on a means test, by taking into consideration a customer's income and comparing this with any personal allowances, premiums and disregards to which they are entitled.

Each year the government increases the benefits which some people receive. We need to ensure that the reduction you receive on your council tax is based on your increased income. However, we also want to increase the personal allowances, premiums and disregards in the future to maintain the balance between your benefit and the allowances which you are entitled to. If we do not increase these figures then many people will find that they are worse off.

For example a single customer in receipt of Jobseeker's Allowance (contribution based) receives £71.70 a week, which means their personal allowance is currently £71.70 a week. This means that they are entitled to receive the maximum amount of council tax reduction (75 per cent of their council tax liability). If their Jobseeker's Allowance is increased by the government as a result of the annual up-rating of benefits to £72.42 a week, the assistance towards council tax will be reduced because it is now more than the personal allowance. We want to increase the allowances, premiums and disregards in the future in line with the government's figures for similar allowances.

Under the Medway scheme some people receive a lower council tax reduction because they have a grown up child or an adult living in the household. The amount of help the customer receives takes into account the gross income of the adult. We propose to review the amounts in the future to ensure that they remain fair in comparison with the income of the non-dependant adult. This is in an expectation that any other adults living in the property could reasonably be expected to make an appropriate contribution to the household.

Over the page you will find the proposals that we'd like your views on. You can complete the survey online at www.surveymonkey.com/s/CTproposal or you can complete and return the form to any Medway library by hand, or post to: MRBS, Gun Wharf, Dock Road, Chatham, Kent, ME4 4TR

This consultation will end on 6 December 2013.

I look forward to receiving your views, however, please note that individual responses will not be issued. Your views will be considered by members of the council and details of this consultation will be available for you to view online www.medway.gov.uk/mrbs

Yours sincerely



Mick Hayward
Chief Finance Officer

Proposals to amend the Medway council tax reduction scheme

- Q. Do you think it is right to increase personal allowances, premiums and disregards in the assessment of council tax reduction? **AGREE / DISAGREE / DON'T KNOW**

Entitlement to help with council tax is worked out by a means test. This means that the income of a customer and any partner is compared to their allowances. The proposal will mean that the balance between increases in benefits and allowances will be maintained.

- Q. Do you think it is right to review the amounts which are taken into account due to any other adults living in the property? **AGREE / DISAGREE / DON'T KNOW**

Currently people pay more because they have a grown up child or an adult living with them, although there are some exceptions to this. The proposal means that the amount payable may increase in line with the income of the non-dependant adult.

Medway is committed to consulting with all its residents and so to ensure that all groups within the community have the opportunity to participate in this consultation we would appreciate if you would provide us with the following personal information. The information provided will remain private and confidential and will not be used for any purpose other than to ensure that everybody has the opportunity to have their views and opinions heard. You are under no obligation to provide the following information and it will not affect your input if you choose not to.

- Q1 In which of the following age bands do you fall? (PLEASE TICK ONE BOX ONLY)**
 Under 18..... 1 18-64 2 65 or over..... 3 Prefer not to say .. 4

- Q2 What is your ethnic group? (PLEASE TICK ONE BOX ONLY)**
- | | |
|---|---|
| White British..... <input type="checkbox"/> 1 | Bangladeshi..... <input type="checkbox"/> 11 |
| White Irish..... <input type="checkbox"/> 2 | Any other Asian background..... <input type="checkbox"/> 12 |
| Any other White background..... <input type="checkbox"/> 3 | Black or Black British..... <input type="checkbox"/> 13 |
| Mixed White and Black Caribbean..... <input type="checkbox"/> 4 | Black Caribbean..... <input type="checkbox"/> 14 |
| Mixed White and Black African..... <input type="checkbox"/> 5 | Black African..... <input type="checkbox"/> 15 |
| Mixed White and Asian..... <input type="checkbox"/> 6 | Any other Black background..... <input type="checkbox"/> 16 |
| Any other mixed background..... <input type="checkbox"/> 7 | Chinese..... <input type="checkbox"/> 17 |
| Asian or Asian British..... <input type="checkbox"/> 8 | Other ethnic group..... <input type="checkbox"/> 18 |
| Indian..... <input type="checkbox"/> 9 | Prefer not to say..... <input type="checkbox"/> 19 |
| Pakistani..... <input type="checkbox"/> 10 | |

- Q3 Do you have any long-term illness, health problem or disability, which limits your daily activity or the work you can do? (PLEASE TICK ONE BOX ONLY)**
 Yes..... 1 No..... 2 Prefer not to say..... 3

- Q4 Which of the following most accurately describes your current situation? (PLEASE TICK ONE BOX ONLY)**
- | | |
|--|---|
| Working..... <input type="checkbox"/> 1 | Not working (disabled, looking after the house/children, carer)..... <input type="checkbox"/> 4 |
| Unemployed..... <input type="checkbox"/> 2 | Student..... <input type="checkbox"/> 5 |
| Retired..... <input type="checkbox"/> 3 | Prefer not to say..... <input type="checkbox"/> 6 |

- Q5 In which area do you live? (PLEASE TICK ONE BOX ONLY)**
- | | |
|--|---|
| Chatham..... <input type="checkbox"/> 1 | Parish in Medway..... <input type="checkbox"/> 4 |
| Rochester (including Strood)..... <input type="checkbox"/> 2 | Outside the Medway area..... <input type="checkbox"/> 5 |
| Gillingham (including Rainham)..... <input type="checkbox"/> 3 | Prefer not to say..... <input type="checkbox"/> 6 |

CTR consultation - additional comments

Ref	Summary	
	Disagrees that reduction applies to those on JSA as this is the breadline for many. Suggests that Government is asked for more funding, Council downsized in terms of Members and Officers, cut back on waste and sell assets. Critical of council's unwillingness to increase wages for low paid workers. Suggests that Airport will regenerate area and help to resolve some of the	
1	issued faced by the Council.	disagrees with scheme - suggests other ways to fund
2	Customer, partner and child are disabled. Suggest that council tax is reduced for those who recycle more.	disabled/carer believes view will not be considered, suggests other ways to fund
3	Carer - states they are saving LA money and yet feel they are penalised under CTR	Disagrees with scheme - Carer feels penalised
4	Believes that non dependant deduction is a method of "poll tax" believes that people on benefits are penalised	disagrees with scheme akin to poll tax/unreasonable
5	Carer and disabled, think they should get more help	disabled/carer believe more help should be available
6	Disagrees with review of non dependant deductions but thinks those over 25 years should pay	disagrees deduction for under 25's
7	Believes questions not written clearly and based on lies	No real comment
8	Agrees with adjustments, thinks these should be each quarter. Thinks deductions for non dependants except where carers	disagrees with deductions for carers
9	Disagrees with application of scheme for single JSA customers. Non dependant deduction should be only for those on high wage	Disagrees with scheme in general
10	Disagrees with scheme, states should be exempt as before, believes it is theft.	Disagrees with scheme in general
11	Agree with non dependant deduction only if receiving earnings	Disagrees with non dependant deduction in part
12	Disagrees with non dependant deduction as may be in education	Disagrees with non dependant deduction in part
13	Disagrees with scheme, states should be exempt, would like an SAE	Disagrees with scheme in general
14	Disagrees with scheme in general, believes persons from abroad will not have to pay	Disagrees with scheme in general
15	Unable to decipher	No real comment
16	States reduced income paying council tax is a struggle	Struggles to pay extra
17	States reduced income and has no money left	Struggles to pay extra
18	Disagrees that a customer who is severely disabled should come under the working age rules	Disagrees with inclusion in scheme - disabled
19	Agrees that allowances should be increased as it takes into account inflation	Broadly agrees with scheme
20	Believes that severely disabled person will struggle to pay any higher contribution	Struggles to pay extra
21	Disagrees with scheme, believes that people from abroad will not have to pay	Disagrees with scheme in general
22	Disagrees with scheme, states it is unfair to treat those who can work and those who are too ill to work in the same way	Disagrees with inclusion in scheme - disabled

Appendix D: Council tax reduction scheme – proposed revisions to be considered by Cabinet on 17 December 2013 and by Council on 23 January 2014

Page no.	Paragraph no. if applicable	Wording to be deleted	Wording to be inserted
9	1	All	This Scheme relates to the financial year beginning 1 April 2013 and subsequent financial years until it is revised or replaced in accordance with Schedule 1A to the Local Government Finance Act 1992
9	3	All	In accordance with its duty under paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, the Council will consider for each financial year whether to revise this Scheme or replace it with another scheme.
9	4	<p>“statutory” in line 1</p> <ul style="list-style-type: none"> • Child Poverty Act 2010, Duty to mitigate the effects of child poverty • Duty to prevent homelessness 	<ul style="list-style-type: none"> • Child Poverty Act 2010, s 21, duty to make arrangements with a view to reducing, and mitigating the effects of, child poverty in the local authority's area • Local Government Finance Act 1992, s 13A and Schedule 1A and all statutory instruments made under it

Page no.	Paragraph no. if applicable	Wording to be deleted	Wording to be inserted
49	Paragraph 26(2)	All	The authority may at any time while this Scheme is in force prescribe alternative sums in substitution for the Applicable Amounts specified in Schedule 3 to this Scheme, having had regard to any uprating of welfare benefits pursuant to the Welfare Benefits Uprating Act 2013 or any order made under it or any legislation amending it, replacing it or re-enacting it, and the provisions of Part 6 of this Scheme shall be construed accordingly.
58	Paragraph 30A(10)	None	There shall be substituted for the fixed monetary sums specified in paragraph 30A(1) of this Scheme (non-dependant deductions in respect of a day referred to in paragraph 29(A)) the fixed monetary sums specified in Paragraph 8(1) of Part 3 of Schedule 1 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 or any legislation amending them, replacing them or re-enacting them. For the avoidance of doubt, this does not have the effect of causing any other provision in Part 3 of Schedule 1 to the Regulations to apply to paragraph 30A(1) of this Scheme.

Page no.	Paragraph no. if applicable	Wording to be deleted	Wording to be inserted
58	Paragraph 30A(11)	None	There shall be substituted for the fixed monetary sums specified in paragraph 30A(2) of this Scheme (non-dependant deductions – gross weekly income) the fixed monetary sums specified in Paragraph 8(2) of Part 3 of Schedule 1 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 or any legislation amending them, replacing them or re-enacting them. For the avoidance of doubt, this does not have the effect of causing any other provision in Part 3 of Schedule 1 to the Regulations to apply to paragraph 30A(2) of this Scheme.
59	Paragraph 31(1)	None	Insert “and (4)” after “sub-paragraphs (2) and (3)” in line 1
59	Paragraph 31(4)	None	There shall be substituted for the fixed monetary sums specified in Column 1 (Second Adult) of the table in paragraph 1 of Schedule 4 to this Scheme the fixed monetary sums specified in Column 1 (Second Adult) of the table in Paragraph 1 of Schedule 3 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 or any legislation amending them, replacing them or re-enacting them.

Page no.	Paragraph no. if applicable	Wording to be deleted	Wording to be inserted
90	Paragraph 56A	None	The authority may at any time while this Scheme is in force prescribe alternative sums in substitution for the fixed monetary sums specified in paragraphs 4, 5, 6, 7, 8, 9, 10, 11, 12(4), 18(1) and 18(3)(c) of Schedule 7 to this Scheme and paragraphs 20, 21, 26, 27, 49 and 58 of Schedule 8 to this Scheme, having had regard to any uprating of welfare benefits pursuant to the Welfare Benefits Uprating Act 2013 or any order made under it or any legislation amending it, replacing it or re-enacting it, and the provisions of Chapter 5 of this Scheme shall be construed accordingly.