

Policy and Resources Committee

26 October 2016

Is the final decision on the recommendations in this report to be made at this meeting?

No

Council Tax Reduction Scheme 2017/2018

Final Decision-Maker	Full Council
Lead Director or Head of Service	Stephen McGinnes, Director of Mid Kent Services
Lead Officer and Report Author	Stephen McGinnes, Director of Mid Kent Services
Classification	Non-exempt
Wards affected	All wards

This report makes the following recommendations to the final decision-maker:

1. That having noted the outcome of the public consultation and considered the potential impact of the proposed changes on working age claimants with the protected characteristics of disability, age and sex, under the Equalities Act (2010); That the Committee recommends to Council that the council tax reduction scheme be amended to incorporate changes summarised within appendix A.

This report relates to the following corporate priorities:

- Great People
- Great Place
- Great Opportunity

Timetable	
<i>Meeting</i>	<i>Date</i>
Corporate Leadership Team	4 th October 2016
Policy and Resources Committee	26 th October 2016
Council	7 th December 2016

Council Tax Reduction Scheme 2017/2018

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Council Tax Reduction provides financial assistance in the form of a rebate on the council tax bill for 9,000 low income households, at a total cost of £8.8m per year.
- 1.2 Prior to the localisation of the scheme in 2013 the cost of this support was met in full through an annual grant from the Department for Work and Pensions. Since that point funding has been incorporated within the council's revenue support grant which has seen year on year reductions and will be fully withdrawn from April 2017. Maidstone BC's share of the cost of the scheme amounts to £1.3m.
- 1.3 The council needs to balance this reduction in funding with the need to support low income households and the wider interest of the council tax payer.
- 1.4 This report provides the outcome of the public consultation on proposed changes to the council tax reduction scheme and make recommendation on the 2017/2018 scheme.

2. INTRODUCTION AND BACKGROUND

- 2.1 Council Tax Reduction (CTR) was introduced by the Department for Communities and Local Government (DCLG) in April 2013 as a replacement for the Council Tax Benefit (CTB) scheme administered on behalf of the Department for Work and Pensions (DWP).
- 2.2 As part of its introduction, Central Government set out a number of key elements:

The duty to create a local scheme for Working Age applicants was placed with Billing Authorities;

Funding was reduced by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous CTB scheme; and

Persons of Pension Age, although allowed to apply for CTR, would be 'protected' from any reduction in support through regulations prescribed by Central Government.

- 2.3 Across Kent, a common 'platform' approach was adopted for the design of local schemes, with the new schemes broadly replicating the former CTB scheme but with a basic reduction in entitlement for working age claimants. In Maidstone, working age claimants must pay at least 13% of the council tax liability. The figure of 13% represented the 10% funding loss applied to the working age caseload across Kent. In other parts of Kent, the percentage varies.

- 2.4 Since its introduction in April 2013, our local scheme has been 'refreshed' annually for data changes, but the core elements remain as were originally agreed.
- 2.5 As mentioned above, the scheme is 'underpinned' by the Kent-wide agreement, which recognises that all the Kent districts (as the billing authorities) will seek to have a common 'platform'. The original three year period of that scheme ceased on 31 March 2016, but as reported to Committee in September 2015, it was agreed with Kent County Council, Kent Police and Kent and Medway Fire & Rescue that the scheme would effectively 'roll on' for one more year (i.e. into 2016/17).
- 2.6 With funding for the scheme through Revenue Support Grant (RSG) subject to further cuts as part of the reductions in local government finance settlements, a greater share of the cost burden has continued to fall on billing authorities and the other major precepting bodies. From April 2017 Maidstone will receive no RSG from central government in relation to the cost of the scheme. This has been one of the main catalysts for the scheme to be reviewed.
- 2.7 To review the scheme a group of finance officers from the Kent districts and major precepting authorities worked together to set objectives for the review which were agreed to be:
- Having regard to the reductions in grant and the financial pressures facing the council, to make the scheme less costly (if possible) and more efficient in terms of its operation; and
 - Having regard to the impact such changes may have on vulnerable residents.

3. AVAILABLE OPTIONS

- 3.1 Following a consideration of a wide range of options (reported to P&R Committee 29th June 2016) the conclusion was that the most practical option would be to maintain a scheme similar to our current scheme and consult on possible adjustments to make it more affordable.
- 3.2 The primary reasoning being that;
- It is known to our claimants and it largely mirrors the housing benefit (HB) system, reducing complexity;
 - Our systems are adapted for this type of scheme, the changes can therefore be implemented with little additional cost; and
 - Our staff are familiar with the administration of this type of scheme and, as it is.
- 3.3 Having completed that consultation the council can decide to :

Do nothing – maintain the existing CTR scheme without making any changes with the reduction in funding to be met through other service changes.

The council currently has a savings target of £4.1m to meet the wider reduction in grant income. Maintaining the current scheme would require a savings of £157,000 to be found through the reduction or withdrawal of a different service.

- 3.4 Amend the existing CTR – The council has identified and consulted on 13 possible changes to its scheme, as summarised at 4.1. The council could implement all of the changes identified or any combination of changes.

4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 Given the financial challenge facing the council it is recommended that the council implements the changes set out within the consultation.

	Recommendation	Reason
Option 1 - Reducing the maximum level of support for working age applicants from 87% to 80%	Implement	Consultation findings support change.
Option 2 - Removing the Family Premium for all new working age applicants	Implement	Consultation findings support change. Change brings CTR in line with wider welfare system.
Option 3 - Reducing backdating to one month	Implement	Consultation findings support change. Scope to address vulnerability through hardship scheme (option 13)
Option 4 - Using a set income for self-employed earners after one year's self-employment	Implement	Consultation findings support change.
Option 5 - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks	Implement	Consultation findings support change. Scope to address exceptional cases of vulnerability through hardship scheme (option 13)

Option 6 - Reducing the capital limit from the existing £16,000 to £6,000	Implement with amendment	Consultation findings support change.
Option 7 - Introducing a standard level of non-dependant deduction of £10 for all claimants who have non-dependants resident with them.	Implement	Consultation findings support change. Encourage work and simplify CTR scheme.
Option 8 – Taking any Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction	Implement	Inclusion of maintenance income within calculation provides a level of support based on ability to pay.
Option 9 - Restricting the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge	Implement	Consultation findings support change. Limit based on average of band D promotes fairness and balance to interest of wider council tax payer.
Option 10 – Removing Second Adult Reduction from the scheme	Implement	Second adult rebate does not consider means of main householder. Support still available for low income households through main CTR scheme.
Option 11 - Removing the work related activity component in the calculation of Council Tax Reduction	Implement	Consultation findings support change. Change brings CTR in line with wider welfare system.
Option 12 - Limiting the number of dependent children within the calculation for Council Tax Reduction to a maximum of two	Implement	Consultation findings support change. Change brings CTR in line with wider welfare system. Promotes fairness and balance with interest of wider council tax payer.
Option 13 – Introducing a scheme, in addition to Council Tax Reduction, to help	Implement	Consultation findings support change. Provides flexibility to safeguard cases of

applicants suffering exceptional hardship		exceptional hardship.
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5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Following the report to Policy and Resources Committee on the 29th June a public consultation was undertaken between 1 July and 24 August 2016.
- 5.2 The survey was carried out online, with a direct email to approximately 9,000 households and was promoted on the council's website, social media and in the local newspaper. Paper copies were available in the Gateway and on request. An additional 150 paper surveys were sent via direct mail to residents aged 75 years and over (who are less likely to engage with us online), and a reminder email was sent to 230 payees aged 18 to 24 years to boost the responses from these groups.
- 5.3 The survey was open to all Maidstone borough residents aged 18 years and over (i.e. people who pay council tax or receive council tax reduction) with the results weighted according to the known population profile to counteract non-response bias.
- 5.4 A total of 1471 people responded to the questionnaire. The consultation results are provided as Appendix B.

6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 A decision on the final scheme to be implemented is required by a meeting of Full Council. That decision will be publicised through the local media with those residents directly affected by the changes notified in writing of planned changes.
- 6.2 The revised CTR will take effect from 1st April 2017 and be reflected in the annual council tax bills to be sent in March 2017.

7 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The council needs to balance the needs of low income households with the wider interest of local taxpayers to ensure that vulnerable residents are protected whilst providing a scheme that is affordable.	Stephen McGinnes, Director of Mid Kent Services
Risk Management	No impact.	Stephen McGinnes,

		Director of Mid Kent Services
Financial	<p>CTR reduces the amount of Council Tax that can be collected. Since the council's Revenue Support Grant has continued to fall and will be fully withdrawn by 2017/18, the cost of the scheme will now met in full by the council and preceptors.</p> <p>The cost of the scheme (currently £8.8m) needs to be reduced to reflect the changes in funding.</p>	Mark Green, Director of Resources and Business Improvement (S151 Officer)
Staffing	No impact.	Stephen McGinnes, Director of Mid Kent Services
Legal	<p>The Local Government Finance Act 1992 provides a statutory duty to consult on a proposed scheme and Council to approve a scheme by 31 January 2017.</p> <p>Consideration must be given to the finding of the consultation and equality impact assessment in reaching a decision.</p>	Estelle Culligan, Interim Head of Legal Partnership
Equality Impact Needs Assessment	<p>Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.</p> <p>The decisions recommended through this paper could directly impact on end users. The impact has been analysed and varies between groups of people. An equality impact assessment has found that:</p> <p>Current Scheme</p> <ul style="list-style-type: none"> - All working age claimants have received a reduction in their benefit amount. - Pension age claimants, who will also have protected characteristics, have not received a reduction, as they are protected from any changes. - People in receipt of council tax reduction with disabilities, carers and 	Anna Collier, Policy and Performance Manager

	<p>families with children receive a level of support higher than claimants without those characteristics, as a result of receiving additional allowances within the current scheme.</p> <p>Proposed changes to the scheme from 2017:</p> <p>The changes proposed will continue to maintain a range of additional allowances and income disregards for people with disabilities and carers and apply a consistent percentage reduction to the benefit award for all people of working age.</p> <p>All options could impact on working age claimants with one or more of the protected characteristics of disability, age, sex or race, to varying degrees. The extent of these impacts will be considered further following the consultation.</p> <p>The introduction of an exceptional hardship scheme will be considered as an action to mitigate any possible impacts.</p> <p>A copy of the full equality impact assessment is provided as appendix C.</p>	
Environmental/Sustainable Development	No impact.	Stephen McGinnes, Director of Mid Kent Services
Community Safety	No impact.	Stephen McGinnes, Director of Mid Kent Services
Human Rights Act	No impact.	Stephen McGinnes, Director of Mid Kent Services
Procurement	No impact.	Stephen McGinnes, Director of Mid Kent Services
Asset Management	No impact.	Stephen McGinnes, Director of Mid Kent Services

The following documents are to be published with this report and form part of the report:

- Appendix A: Summary of Changes
 - Appendix B: Consultation Output
 - Appendix C: Equality Impact Assessment
 - Appendix D: CTRS Scheme 2017/2018 (technical document available separately)
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9 BACKGROUND PAPERS

None