

<b>Report to:</b>	<b>EXECUTIVE</b>
<b>Relevant Officer:</b>	Steve Thompson, Director of Resources
<b>Relevant Cabinet Member:</b>	Councillor Simon Blackburn, Leader of the Council
<b>Date of Meeting:</b>	15 December 2016

## **COUNCIL TAX REDUCTION SCHEME 2017/2018**

### **1.0 Purpose of the report:**

1.1 To seek approval for the proposals for the Council Tax Reduction Scheme 2017/18.

### **2.0 Recommendations:**

2.1 To recommend Council to agree the Council Tax Reduction Scheme 2017/18 as set out in Appendix 5d.

2.2 That the Executive recommends to Council that the reduction applied to Working Age claimants remains at 27.11% for the 2017/18 scheme and that the main elements and method of calculating awards previously agreed by Council on 20th January 2016 will be the same with the exception of:

- Minor amendments to continue to align the scheme to Housing Benefit.
- The provision of additional support for vulnerable groups of claimants by amending the percentage applied to their award from 27.11% to 13.56%.

2.3 To recommend that the Council agrees to continue to operate a Discretionary Discount Policy to be awarded in cases of exceptional hardship as set out at Appendix 5a.

2.4 To note at this point in time the Department for Communities and Local Government may still issue changes to the known position for the Pensioner National Scheme. Required changes would be incorporated into the final scheme presented for adoption at Council on 25 January 2017.

### **3.0 Reasons for recommendation(s):**

3.1 To ensure a Local Council Tax Reduction Scheme is approved by 31 January 2016 and in place by 1 April 2017 avoiding the financial risks associated with the Government imposed default scheme.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None, a Council Tax Reduction scheme must be approved by the Council every year.

#### **4.0 Council Priority:**

4.1 The relevant Council Priority is: "Communities: Creating stronger communities and increasing resilience"

#### **5.0 Background Information**

5.1 The Welfare Reform Act 2012 abolished Council Tax Benefits (CTB); billing authorities were required to adopt a local Council Tax Reduction Scheme (CTRS) to take effect from 1<sup>st</sup> April 2013.

5.2 The Government grant for Council Tax Reduction Scheme was less than 90% of the Government forecast funding levels had Council Tax Benefits continued. The ongoing level of Government support meant the Council adopted a self-funding Scheme under which all working age claimants had to pay at least 27.11% of their Council Tax in 2013/14. This has remained the case in subsequent years.

5.3 The Blackpool Scheme incorporates the national pensioner scheme decided by Government. This ensures that support continues at the same level of support as existed under Council Tax Benefit. In Blackpool pensioners currently account for 37% of the caseload.

5.4 For working-age claims there is a means-tested assessment, predominantly based upon the former Council Tax Benefit rules, to establish entitlement. A percentage reduction of 27.11% is then applied to the award at the end of the assessment.

5.5 Although the 2017/18 scheme will, as far as is possible, have the same design principles as that currently in operation a small number of changes are proposed to align the scheme with Housing Benefit amendments in order that eligibility criteria are consistent for both schemes. The Housing Benefit changes are:

- Reducing the time period a person can be absent from their home and continue to claim Housing Benefit from 13 weeks (or 52 weeks in certain cases) to 4 weeks.
- Applicants to Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component

in the calculation of their Housing Benefit on or after 1 April 2017.

- Limiting the number of dependent allowances within the Housing Benefit calculation to a maximum of two children, which will affect new households who have a third or subsequent child on or after 1<sup>st</sup> April 2017.
- Treating people who have someone in receipt of Universal Credit (Carer's Element) for them in the same way as those in receipt of Carer's Allowance.

These changes will only apply to working age claimants and the impact will mean a nil award of Council Tax Reduction after 4 weeks for the first change listed above and a lower award than under the current scheme for the other changes listed above.

5.6 In addition, the Council is proposing to give additional support to certain vulnerable groups:

- Where someone in the household receives Disability Living Allowance or Personal Independence Payments.
- Where the applicant is a lone parent and who is responsible and resides with a child under 5 years old.
- Where the applicant or their partner receives Carer's Allowance.
- Where the applicant or their partner is in receipt of a war pension, war widows pension, war disablement pension or equivalent.

5.7 It is proposed that the percentage reduction applied to vulnerable households is reduced from 27.11% to 13.56%. The estimated cost of providing additional support to these vulnerable groups is £0.8m per annum. In order to meet this cost there will be a review of bad debt provision and a review of the Council Tax base for 2017/18.

5.8 The value of the percentage reduction must be established each year. The percentage is determined by reference to available funding, caseload, growth / reduction in caseload. It is proposed that for 2017/18 the value of the percentage reduction for working age customers, who do not fall into the categories shown at 5.6, should remain at 27.11%.

5.9 Does the information submitted include any exempt information? No

5.10 **List of Appendices:**

Appendix 5a: Discretionary Discount Policy

Appendix 5b: Equality Impact Analysis

Appendix 5c: Consultation Report

Appendix 5d: Draft Council Tax Reduction Scheme Scheme 2017/18

**6.0 Legal considerations:**

6.1 A resolution by the full Council to adopt a Council Tax Reduction Scheme is required

by 31 January 2017. The Scheme will take effect from 1 April 2017.

- 6.2 The Council Tax and Business Rates Discretionary Discount Policy has been updated and is attached at Appendix 5a.

**7.0 Human Resources considerations:**

- 7.1 Existing staffing resources within the Benefits service are used to administer the Council Tax Reduction Scheme; however, it is apparent that there has been a considerable increase in face-to-face and telephone contact, particularly when Council Tax bills are issued. The administrative and legal processes required to collect and recover substantial numbers of small amounts place an additional burden on available resources.

**8.0 Equalities considerations:**

- 8.1 The Equality Analysis that has previously been carried out for the Council Tax Reduction Scheme has been revisited and updated. This aims to mitigate the impact on protected groups and includes the continued availability of a discretionary hardship fund which has been made available through the adoption of a Discretionary Discount Policy. As part of their consideration of the Council Tax Reduction Scheme for 2017/18 Members should read the updated Equality Analysis, which is attached at Appendix 5b.

**9.0 Financial considerations:**

- 9.1 For 2017/18 it is proposed that the percentage reduction made at the end of the assessment for working age claimants shall be 27.11%.
- 9.2 A review of the Scheme must be carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. The Council will be required to approve the Scheme each year.
- 9.3 The Welfare Reform Act 2012 provides for a major overhaul of the benefits system. The Council Tax Reduction Scheme was implemented ahead of the commencement of Universal Credit. The new scheme of Council Tax Reduction will run alongside Housing Benefit during the transition to Universal Credit. Housing Benefit administration will then gradually diminish. Wider changes to existing benefits during the next few years will mean customers on benefits will have less money available to pay their Council Tax liability. Whilst there is still an ambition to achieve full collection, this is likely to take longer.
- 9.4 Providing additional support to the vulnerable groups listed in Section 5.6 will increase the cost of the scheme by £0.8m per year. In order to meet this cost there

will be a review of bad debt provision and a review of the Council Tax base for 2017/18. Removing vulnerable households from the requirement to pay 27.11% would allow existing resources to be used for collection from the remaining Council Tax payers.

**10.0 Risk management considerations:**

10.1 As part of the overall project management leading to the 2013/14 Scheme, a risk workshop identified a number of risks. Actions required to mitigate those risks have been identified and implemented where possible.

**11.0 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 Extensive public consultation was undertaken during 2012 to develop the 2013/14 Blackpool Scheme. The overall response concluded that, whilst most people did not agree with the changes, the options proposed by the Council were, in the main, supported.

12.2 Although the main elements and method of calculating awards will remain the same for 2017/18, further public consultation has taken place in respect of the proposed changes to Housing Benefit and to provide additional support to certain vulnerable groups. A summary of the public consultation response is below with the full consultation response attached at Appendix 5c. The Council’s response to each comment has been considered and is included within the Equality Impact Analysis, which is attached at Appendix 5b.

12.3 A consultation exercise was undertaken for the proposed changes to the Blackpool scheme from 22 August 2016 to 16 October 2016. The overall response concluded that the majority of the respondents agreed with the proposed changes.

	Strongly agree or agree	Strongly disagree or disagree	Don't know
To reduce the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks	56	17	3
To give additional support to vulnerable groups in the Council Tax Reduction Scheme	54	14	6

Overall agreement with proposed approach to align with Housing Benefit	45	16	12
To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of two	45	24	7
To reduce the element of a Work Related Activity Component in the calculation of the current scheme for new ESA applicants	41	21	14
To remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them	40	25	9

12.4 Consultation has also taken place with the major preceptors as required by Department for Communities and Local Government guidelines. The Lancashire Fire and Rescue service did not support the additional support to vulnerable groups due to the increased cost to them should all Lancashire authorities choose to do a similar scheme.

**13.0 Background papers:**

13.1 None

**14.0 Key decision information:**

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 26/2016

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

**15.0 Call-in information:**

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process?

No

15.2 If **yes**, please give reason:

**TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE**

**16.0 Scrutiny Committee Chairman (where appropriate):**

Date informed: 7 December 2016 Date approved:

**17.0 Declarations of interest (if applicable):**

17.1

**18.0 Executive decision:**

18.1

**18.2 Date of Decision:**

**19.0 Reason(s) for decision:**

**19.1 Date Decision published:**

**20.0 Executive Members in attendance:**

20.1

**21.0 Call-in:**

21.1

**22.0 Notes:**

22.1