

Council Tax Support Scheme 2018/19

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
Director: Martin Woods, Director – Service Delivery
Lead Officer: Ian Potter, Revenues and Benefits Manager, Revenues and Benefits
Contact Details: ian.potter@southsomerset.gov.uk or 01935 462690

Purpose of the Report

1. To agree the proposed amendments to the Council Tax Support scheme for the 2018/19 financial year.

Public Interest

2. From April 2013 the Government changed the way in which financial help is given to residents to pay their Council Tax. The national Council Tax Benefit scheme was replaced with a local Council Tax Support scheme to help with the costs of Council Tax for those with low incomes. As part of the change the Government also cut the amount of money they give councils towards the scheme by 10%. The original South Somerset scheme was set taking this into account. By January 31st each year the council is required to review and set a Council Tax Support scheme for the next financial year.
3. In setting the scheme each year the Council has to balance the needs of those who require help towards paying their Council Tax with the Council Tax payers who help to pay for the scheme. The Council also looks to see if there are any ways the scheme can be simplified to make it easier for customers and reduce the cost of administering the scheme. The administration grant provided by the Department of Communities and Local Government to help pay for the administration of the scheme reduces each year. During 2017 the Council has removed the need for residents who get Universal Credit to make a separate claim for Council Tax Support, simplifying the process for customers and reducing costs.
4. There are only minor changes being proposed for the 2018/19 scheme. These are inflationary increases in personal allowances and premiums, and to non-dependent income bands and deductions. The Council also intends to disregard Bereavement Support payments.

Recommendations

5. That Council agree:
 - (a) that personal allowances and premiums are uprated in line with those for Housing Benefit;
 - (b) that non-dependent deductions are uprated in line with the annual percentage increase in Council Tax;
 - (c) that the non-dependent income bands are increased by the same percentage as those applied to the national Council Tax Support scheme for pensioners;
 - (d) that Bereavement Support payments are disregarded in line with their treatment in Housing Benefit;
 - (e) that the hardship scheme budget be set at £30,000 for the 2018/19 financial year;

- (f) to note the recommendations of the Scrutiny Task and Finish Group attached at Appendix 1 (published as a separate appendix to this report);
- (g) to note the scheme has been amended to reflect changes to the Prescribed Requirements;
- (h) that the 2018/19 Council Tax Support Scheme attached at Appendix 2 is adopted (published as a separate appendix to this report);
- (i) to note that the proposed Council Tax Support Scheme has been reflected within the overall Council Tax Base.

Background

- 6. The South Somerset Council Tax Support scheme (CTS) was introduced on 1 April 2013 and has now been running for almost four years. Councils are required to review and set their CTS scheme for each financial year by 31 January in the preceding financial year. Applications to the CTS hardship scheme are monitored, along with the Council Tax collection rate and reported to members each quarter.
- 7. We carried out an extensive consultation process prior to the introduction of CTS in April 2013 and the scheme proposals were carefully and fully considered by the Scrutiny Task and Finish Group. Each year we have carried out further consultation and some additional changes have been made to the scheme. It was the view of the Scrutiny and Overview Task and Finish Group that all previously adopted proposals be retained.
- 8. The SSDC Council Tax Support scheme states that certain elements of the needs assessment may be uprated each financial year but does not specify the level of that uprating.
- 9. The Scrutiny Task and Finish Group originally considered what would be the most appropriate method of uprating certain figures used in calculating CTS awards and recommended the following:
 - a) That while Housing Benefit (HB) still exists it would be appropriate for the CTS applicable amount figures (basic need allowance) to mirror those in the HB scheme
 - b) That non-dependent deductions are uprated in line with the annual percentage increase in Council Tax
 - c) That the non-dependent income bands are increased by the same percentage as those in the national CTS scheme for pensioners

These methods were adopted in the original scheme and have retained.

Equality Impact Assessment

- 10. Councils have a legal responsibility to have due regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 when setting a Council Tax Support scheme. There has been a High Court ruling that there was insufficient evidence that members making the decision to implement a CTS scheme had given due regard to the Equality Impact Assessment (EIA) that had been attached to the council report in order that they could discharge their statutory obligation.

11. It is important that members have due regard to the PSED when making their decision on the various scheme proposals.
12. There are no equalities issues associated with recommendation (d) which is the only change to the scheme. The current EIA is attached at Appendix 3 (published as a separate appendix to this report) for information purposes.

Council Tax Support scheme 2018/19 (Year 6)

The 15% minimum payment

13. The SSDC CTS scheme requires all working age recipients of CTS to have a minimum payment level of 15% Council Tax. This level was set for the first year of the scheme.
14. The Scrutiny and Overview Task and Finish Group reviewed the minimum payment level when considering the 2017/18 and some research was carried out to determine the possible impact of increasing it.
15. The evidence showed that those councils who had increased the minimum payment level had experienced a decline in their Council Tax collection rates and an increase in the level of Council Tax arrears. This leads to an increase in risk of bad debt and in resource demand for the recovery and enforcement of those debts. This risk is further heightened by other Welfare Reforms that are impacting on the working age group. It was therefore determined that it would be counter-productive to increase the minimum payment level for 2017/18.
16. Consideration was also given to reducing the minimum payment. Reducing the minimum payment from 15% to 12.5% would provide extra support in the range of 40p to 74p a week. There is no evidence to suggest that there are widespread affordability issues across the district and such a small increase is unlikely to make a material difference.
17. In addition, although a small increase in support for individual recipients it would increase the cost of the scheme by approximately £250k which would not be supported by the major preceptors given their financial pressures.

There is no new evidence to suggest a change to these conclusions.

Bereavement Support Payment

18. Bereavement Support Payments (BSP) can be made where a husband, wife or civil partner died on or after 6 April 2017 and they either:
 - paid National Insurance contributions for at least 25 weeks
 - died because of an accident at work or a disease caused by work

When they died the surviving partner must have been:

- under State Pension age
19. There are two rates of BSP, a standard rate and a higher rate. The payments are comprised of an initial lump sum and up to 18 monthly payments. The higher rate is paid to pregnant women and people with dependent children. The standard rate is paid to people without dependent children. For the higher rate, the initial lump sum will be £3,500 and the monthly payments £350. For the standard rate, the initial lump sum will be £2,500 and the monthly payments will be £100.

Housing Benefit rules

20. The initial lump sum is treated as capital and disregarded for a period of 12 months. The monthly payment which is made for a maximum of 18 months is treated as income and disregarded for one month. If part or all of each monthly payment is unspent after one month it is treated as capital and not disregarded.

It is proposed that the same rules be applied in the 2018/19 Council Tax Support Scheme.

Cost of CTS scheme

Effect of caseload

21. The number of recipients of CTS has fallen consistently year on year in both the working age and pensioner groups which reduces the overall cost of the scheme. Details of the caseload reduction since the introduction of CTS are shown in the following table.

Financial year	Caseload count at beginning of year	Caseload count at end of year	Reduction in caseload
2013/14	11,925	11,568	357
2014/15	11,568	11,023	545
2015/16	11,023	10,411	612
2016/17	10,411	9,997	434
2017/18	9,997	9,832 (@31/10/17)	145

22. The scale of caseload reduction is smaller so far this year with a projection that it fall by somewhere between 220 and 250 but still significant. With effect from 1 June 2017 we removed the requirement for recipients of Universal Credit to make a separate claim for Council Tax Support. It is likely that this has contributed the smaller reduction in caseload as fewer people are missing out on Council Tax Support.
23. It has also been identified that since the beginning of the financial year the average weekly award of CTS has fallen by 3.1% for employed working age cases and by 0.5% for pensioner cases. This suggests there has been a small improvement in income levels in these groups.

Overall the cost (total value of awards) of the scheme at the end of October 2017 is £90k below the anticipated overall cost of the scheme.

Effect of increases in Council Tax

24. The cost of the scheme will increase where SSDC and other preceptors put up their share of the Council Tax.

Legislation Changes – Prescribed requirements

25. At the time of writing we are awaiting details of any changes to the prescribed requirements – these are elements of the scheme that are set by central government. Confirmation of any such changes will be sent to members along with a revised version of the scheme document once announced by government.

Hardship Scheme

26. A Hardship Scheme was set up as a safety net for households who could demonstrate they could not afford to pay their Council Tax contribution following the introduction of the SSDC Council Tax Support Scheme. The level of demand in 2017/18 suggests that a Hardship Scheme budget of £30,000 for 2018/19 should be sufficient. This spend is monitored monthly and reported to members each quarter.

Council Tax Collection Rate

27. It was anticipated that the in-year Council Tax collection rate would fall as a result of the introduction of the CTS scheme in April 2013. There were also a number of changes to Council Tax discounts and exemptions introduced from April 2013 which impacted on the in-year collection rate.

Financial Year	Collection rate	Change on previous year
2012/13	97.80%	
2013/14	97.40%	-0.40%
2014/15	96.88%	-0.58%
2015/16	97.24%	+0.36%
2016/17	97.73%	+0.49%

The in-year collection rate fell in 2013/14 and again in 2014/15. However, collection performance improved in 2015/16 and again in 2016/17 almost returning to pre CTS levels.

28. At the end of October 2017 the collection rate was 0.18% lower than October 2016. However, there has been a 21% increase in the number of taxpayers paying their charge over the maximum number of instalments. This makes accurate in-year collection rate comparisons, and end of year outturn predictions more difficult with higher levels of Council Tax payment expected during February and March 2018 than in the same period this year.

There is no evidence to suggest that the current Council Tax Support scheme design is adversely impacting collection rates.

Risks

29. The continued risk is that demand could rise and the current reductions we are seeing in the number of recipients and average level of award reverses with a downturn in the economy. There is also a risk that reductions in other welfare support might result in an increase in entitlement to Council Tax Support. We will take any such changes into account when considering the Council Tax Support scheme for 2019/20 and beyond. It should be noted that the Task and Finish Group have previously raised concerns about the ability to make further reductions in the level of Council Tax Support in future years as the burden is placed solely on the working age recipients while the Government continues to protect pensioners.

Financial Implications

30. If members agree the recommendations set out in this report there will be no financial implications associated with this report. An estimate of the costs of the CTS scheme along with assumptions for the number of new properties and Council Tax levels has been reflected within the Council Tax Base for 2018/19.

Council Plan Implications

31. Health and Communities - Support residents through national benefit changes including universal credit

Carbon Emissions and Climate Change Implications

32. None associated with this report

Equality and Diversity Implications

33. None associated with this report - The current EIA is attached at Appendix 3 for information purposes.

Privacy Impact Assessment

34. None associated with this report

Background Papers

35. The following background papers can be viewed on the council's website www.southsomerset.gov.uk

- Report to District Executive – January 2017 - Item 8
 - Report to District Executive – January 2016 - Item 6
 - Report to District Executive – January 2015 - Item 8
 - Report to District Executive – December 2013 - Item 10
 - Report to District Executive – January 2013 – item 8
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