

TITLE	Council Tax Reduction Scheme 2019 / 2020
FOR CONSIDERATION BY	Council on 21 February 2019
WARD	None Specific;
DIRECTOR	Director of Locality and Customer Services - Sarah Hollamby

OUTCOME / BENEFITS TO THE COMMUNITY

The adoption of a Localised Council Tax Reduction scheme will ensure that all working age borough residents who may experience financial difficulties in paying their council tax liabilities have access to a scheme of assistance, designed locally, offering financial help to them.

RECOMMENDATION

That Council agree the proposed Council Tax Reduction Scheme for 2019/20.

SUMMARY OF REPORT

The Leader has requested the policy is brought back to Council for consideration due to some amendments and in accordance with the Constitution (4.2.14.1) 14 members have signed a motion to rescind the decision made on 24th January 2019.

As a result of various changes to the welfare system, Wokingham Borough Council has been reviewing its current Council Tax Reduction scheme in 2019/20.

A number of other reforms to the welfare system have been or are being introduced. While some, such as Universal Credit are intended to simplify the welfare system and encourage others to move into work, these reforms generally reduce the overall level of support available to residents.

These challenges, alongside general spending reductions faced by Local Authorities, mean the local Authorities generally have less money to spend on council tax support, and need to determine what scheme to introduce, with less money available. The Council has therefore been working with 'Policy in Practice' (PiP) to model various Council Tax Reduction schemes.

PiP are a policy and analytical software company who have been working with Local Authorities for many years to support them with modelling their Council Tax Reduction schemes and were best placed to carry out this modelling due to their expertise within this field.

The Council Tax Reduction scheme that Wokingham Borough Council proposes to implement for 2019/2020 simplifies the administration process and allows for a better distribution of support by introducing a new income-banded scheme which will replace the current scheme, where all changes in circumstances need to be reviewed.

Background

In April 2013 council tax benefit (CTB) was abolished and replaced by Council Tax Reduction (CTR). This was accompanied by a year on year reduction of 10% in Government funding across all Local Authorities.

In order to cover this loss of funding, the Council approved a new CTR scheme based upon the Government Default Scheme regulations with a number of specific changes. In combination, these measures help to compensate for the grant lost through the Government changes.

Due to various reforms to the welfare system, alongside general spending reductions faced by Local Authorities, mean the local Authorities generally have less money to spend on council tax support, and need to determine what scheme to introduce, with less money available.

The Welfare Reform Act 2012 provided for a major overhaul of the benefits system.

Council Tax Reduction Schemes were implemented ahead of the commencement of Universal Credit and as the roll out of Universal Credit continues nationally, Housing Benefit caseloads will decrease, along with a reduction in the administration grant, whilst it is expected to see Council Tax Reduction Claims increase.

Unfortunately, the implementation of Universal Credit will increase the administration burden on Local Authorities, as all changes, no matter how small, will be passed on to Local Authorities for them to review the customers application for Council Tax Reduction. This will become a very costly and resource intensive process and one that Wokingham Borough Council cannot sustain.

Therefore, Wokingham Borough Council has had to review its current Council Tax Reduction scheme for 2019/20 in order to meet these financial pressures.

Over the last few months PiP have worked with 20 local authorities of all types to model different Council Tax Reduction schemes and modelled, on average, 3 different schemes for each council, varying different factors each time.

The Council had four primary objectives that 'Policy in Practice' took into account when modelling:-

- To protect the vulnerable
- To keep cost neutral with 2018/2019 (ie: within the current budget envelope).
- To mitigate against expected administrative cost increase due to Universal Credit
- To explore long-term options that reduce administration

Changes cannot be made during a financial year and any changes proposed will require a full consultation to be undertaken, however minimal the change.

Pensioners (those in receipt of state pension) will not be affected by any of the proposed changes as they fall under the default scheme which LA's do not have the power to change. However, consideration needs to be given as to whether we protect vulnerable" groups defined under CTR as those with a disability related income.

Proposed Scheme for 2019/20 (compared to 2018/2019 scheme):-

The CTR Scheme that Wokingham Borough Council proposes to implement for 2019/2020 is a new income-banded scheme (as detailed below) with a number of adjustments in order to make savings and to amend the distribution of support. The adjustments include a capital cut-off at £4,000 (currently £16,000), reduction in income disregards for earnings (becoming a flat rate of £7.50p/w) and increasing the amount of income from carer's allowance that is disregarded by £10 a week.

The CTR scheme will also be subject to the annual uprating by The Department for Work and Pensions (DWP) from April 2019 and these will be reflected (where relevant) within the proposed scheme.

There is a proposed new income banded scheme for 2019/2020 as detailed below. This is a consistent approach taken by many Locals Authorities following the introduction of Universal Credit.

Band	Discount off CT liability	Qualifying characteristics	Income bands (monthly figures)			
			Single household	Couple: No children	Household: 1 child	Household: > 1 child
1	78%	In receipt of passported benefits	< £500	< £675	< £775	< £1050
2	60%	N/A	£500.01 - £700	£ 675.01 - £875	£775.01 - £975	£1050.01 - £1250
3	40%	N/A	£700.01 - £950	£ 875.01 - £1125	£ 975.01 - £1225	£1250.01 - £1500
4	20%	N/A	£ 950.01 - £ 1250	£1125.01 - £1425	£1225.01- £1525	£1500.01 -£ 1800
5	0%	N/A	> £1250	> £1425.01	> £1525.01	> £ 1800.01

To protect the most vulnerable, all households in receipt of passported benefits are placed in band 1.

For CTR this term is used when a person receives certain benefits (Income Support, Jobseekers Allowance (income-based), Employment and Support Allowance (income-related), Pension Credit (guarantee credit) which 'passport' them to other benefits.

By passported we mean that the DWP have already checked and verified that the applicant's income and capital are below the relevant thresholds as set by the DWP.

Legal Issues: Section 13A of the Local Government Finance Act 1992 ‘the Act’ substituted by section 10 of the Local Government Finance Act 2012 requires each billing authority to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the authority considers are in financial need. Schedule 1A, paras 5(5) and 3(1), of the Act impose a duty on the authority to publish a draft scheme and consult “such other persons as it considers are likely to have an interest in the operation of the scheme.” The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 imposes a duty on the Council to approve any revisions to the scheme by 11th March before the beginning of the financial year in which the revision is to have effect or agree to keep the current scheme.

Originally, there was some confusion regarding the revision date because in the Local Government Finance Act 2012 there is an inserted amendment to s13A of the 1992 Act which still quotes the 31st January date. However, the Local Government Finance Act 1992 which was amended by the Council Tax Reduction Schemes (Amendment) (England) Regulations 2017, Schedule 1A para 5(2) changed the revision date from 31st January to 11th March.

The degree and specificity of information which must be provided to consultees for Council Tax Reduction Schemes will depend on the context, including:

- (i) the identity of the persons being consulted
- (ii) whether the proposal would deprive consultees of an existing benefit
- (iii) the purpose of the consultation, and
- (iv) whether consultees can be expected to be familiar with the decision-making process and reasons.

It is lawful to consult on a preferred option. Consultation must take place at a formative stage of the process, be sufficiently clear so that those consulted can understand what they are being consulted on and be able to give a meaningful response, and enough time should be given for consultees to respond. The consultation responses must be conscientiously taken into account in finalising the decision.

Guidance issued in 2014 by the Department for Communities and Local Government provides that in developing local council tax reduction schemes, vulnerable groups should be protected. The guidance does not prescribe the protection that local authorities should provide for vulnerable groups, but refers to the authority’s statutory duties including the public sector equality duty (The Equality Act 2010) and the duty to prevent homelessness (The Housing Act 1996).

The Equality Act requires an authority to have due regard to the need to eliminate discrimination and other conduct prohibited by the Equality Act; advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between persons who share a relevant protected characteristic and those who do not share it. Due regard should be had as an integral part of the decision-making process. The Equality Impact Assessment is referenced in background papers.

Other information:

Wokingham Borough Council, in modelling their schemes has also benchmarked its self against neighbouring councils as well as other Councils nationwide to understand their proposed CTR schemes / modelling and considers that its 'proposed' scheme is financially viable whilst protecting the vulnerable.

Analysis of Issues

During the initial development of this Policy, other Council service areas were consulted to ensure that this scheme was complimentary to but did not overlap with any similar provision in those service areas. The suggested amendments outlined above do not change that position.

A public consultation exercise was undertaken between 14th November 2018 and 16th December 2018 and sought views on a range of issues relating to the Council Tax Reduction Scheme.

From our records the service posted out 3906 flyers mainly to our target audience, detailing why Wokingham Borough Council are proposing to change the scheme as well as directing them to the survey on the Council's website page.

Only 14 surveys were returned and no conclusive evidence could be drawn from these surveys. In preparing this scheme proposal, a full Equality Impact Assessment has been completed.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	The scheme will cost approximately £3.9m	Yes	Revenue
Next Financial Year (Year 2)	Not yet known		
Following Financial Year (Year 3)	Not yet known		

Other financial information relevant to the Recommendation/Decision

With continued reductions in the administration grant it is considered that this model is the more robust and rounded scheme for all the residents within the borough and the administration costs to administer the scheme can be contained within current resources and budget (£3.9m). It is estimated that the revision to the 2019/2020 scheme is an additional cost estimated between £25,000 - £100,000. This is a relatively small sum in the context of the overall budget and the numerous variables within the operation of the scheme and there is therefore no change to the overall budget.

Cross-Council Implications

The administration costs to administer this scheme can be contained within current resources and budget otherwise if this proposed scheme is not agreed then the Council will have challenges with balancing its budget.

Reasons for considering the report in Part 2

N/A

List of Background Papers

- External Partners (Policy in Practice) modelling document
- Guidance issued in 2014 by the Department for Communities and Local Government
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012 No. 2885), as amended
- The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 (SI 2017 / 1305)
- The Welfare Reform Act 2012
- The Equality Act 2010
- The Housing Act 1996
- EQIA

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