

TRAFFORD COUNCIL

Report to: Executive
Date: 27 November 2017
Report for: Decision
Report of: Executive Member for Corporate Services

Report Title

Council Tax Support Scheme for 2018/19 – Proposed Changes for Care Leavers, those in receipt of Universal Credit (UC) and Company Directors

Summary

This report summarises the current Council Tax Support Scheme and the proposed changes which will ensure:

- Care Leavers, where a Council acts as the corporate parent, do not have to pay Council Tax up to their 25th birthday
- UC claimants start dates are aligned with CTS start dates
- Company Directors are treated in the same way as self-employed claimants to ensure a fair and consistent approach.

This report also summarises the feedback from the consultation which has been undertaken on these changes.

Recommendation(s)

That the Executive recommend to Council the proposed changes to the Council Tax Support scheme for 18/19.

Contact person for access to background papers and further information:

Name: Louise Shaw
Extension: 3120

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Low Council Tax, Value for Money and services focused on the most vulnerable people
Financial	The existing Council Tax Support scheme is already funded by the Council and the changes proposed will not substantially increase the funding required.
Legal Implications:	The Council has to formally set its local CTS scheme before 31 January 2018, in order for the scheme to be formally adopted for 2018/19. This is in accordance with the Local Government Act 2012.
Equality/Diversity Implications	An equalities impact assessment has been completed and there are no groups negatively impacted from the changes.
Sustainability Implications	None
Resource Implications e.g. Staffing / ICT / Assets	Resources required to implement the proposed changes to the scheme can be absorbed within current staffing levels.
Risk Management Implications	None
Health & Wellbeing Implications	A public consultation has taken place to gather the views of individuals and organisations that support vulnerable groups. Protected groups remain within the scheme as does the maximum award of 100% (subject to a band D charge and non-dependant deductions)
Health and Safety Implications	None

1.0 Background

- 1.1 In April 2013, following the abolition of Council Tax Benefit (CTB) which was a national scheme funded by a central government grant, the Council implemented its new local Council Tax Support (CTS) Scheme for working age claimants. This scheme has been updated annually since this date.
- 1.2 There are 13.7k Trafford residents in receipt of CTS and spend is £10.5m per annum. 47% of CTS claimants are pensioners and therefore receive full Council Tax Support under legislation and are not affected by the local scheme.
- 1.3 Each year, the Council has to formally approve its CTS scheme for the following financial year before the 31 January. Any changes to the CTS scheme require public consultation.
- 1.4 In September 2017, the Executive agreed to the Council consulting on minor changes to the existing scheme. The consultation took place between 20 October and 17 November 2017.

2.0 Trafford's CTS Scheme

Trafford's current working age CTS scheme has the following main attributes:

- The maximum award payable is 100% of the charge up to a band D property, subject to any non-dependent deductions.
- The rate at which benefit is withdrawn (known as the income taper) is 30%.
- Deductions relating to adults in the property (non-dependents) are 20% higher than the national rates.
- Child care disregard costs are higher than the national rates, meaning we allow more
- The minimum level of award is set at £5 per week.
- In line with Universal Credit a minimum income is assumed for those self-employed who have been trading for more than 12 months
- Claimants and/or their partners who receive the middle or high rate of Disability Living Allowance for Care or Mobility are protected
- Households who have a dependent child under 5 years old do not have their Child Benefit income taken in to account.
- War Pensions and War Widows Pensions is disregarded as income.
- Eight week 'run on' of previous entitlement for the long term unemployed starting work

2.2 A discretionary fund is in place to help residents on a case by case basis. This supports and aligns to the discretionary fund in place for help towards housing costs.

3.0 Drivers for change

3.1 The Council has responsibility as the corporate parent for a number of Care Leavers up to their 25th birthday. To ensure that the Council provides financial support as these young adults make the transition from care to independent living the Council agreed at an Executive meeting in June 2017 that they would provide further financial support to Care Leavers living in Trafford by awarding an exemption from their Council Tax liability. In this first year, for care leavers who do not meet any other of the CTS scheme criteria, the reduction has been made via a Discretionary Council Tax award. This proposed change formalises the arrangement within the CTS scheme. The Council proposes to amend the scheme so that all Care Leavers receive full CTS equal to their liability.

3.2 Universal Credit (UC) started to roll out in Trafford from June 2014. UC combines up to six means tested benefits including Housing Benefit, into one payment and is paid monthly in arrears. However UC does not include CTS which needs to be claimed separately.

3.3 An analysis of CTS awards made to those in receipt of UC has identified that more than half (57%) had not claimed CTS when they claimed UC as they assumed that

CTS would be paid as part of their UC claim. As there is no backdating in the Council's CTS scheme this has led to vulnerable customers being placed into hardship and arrears with a liability for Council Tax before CTS was claimed and credited to their account.

- 3.4 The proposal is that the Council will use the start date of the claim for UC as the start date of the claim for CTS to ensure that both benefits are aligned.
- 3.5 From April 2017 the Council amended its CTS scheme for those self-employed to align the calculation with UC and treat those trading for more than 12 months as receiving the minimum wage for the numbers of hours worked.
- 3.6 There are a small, but increasing number of claims from customers who have appointed themselves as a Director of their own Company. For CTS purposes these customers are treated as employed and not self-employed. The proposal is to bring these claims in line with those who are self-employed and treat them as earning the minimum wage after 12 months of trading. This will ensure a consistent approach across all claim types.
- 3.7 A copy of the wording of the intended changes is attached as Appendix B. A copy of the current scheme can be accessed from the council's website at <http://www.trafford.gov.uk/residents/benefits-and-council-tax/benefits/docs/Council-Tax-Support-Reduction-Scheme-17-18.pdf>

4.0 Public Consultation

- 4.1 Although the proposed changes mainly increase CTS entitlement, the Company Director changes may result in some claimants being worse off.
- 4.2 The consultation lasted for 4 weeks between 20 October and 17 November 2017. An online survey was created which enabled all information and views to be collated. A press release was issued advising the public of the proposed changes and how they could respond. The information has also been made available to all staff via the intranet.
- 4.3 In addition, external partners were sent direct emails inviting them to respond. Partners included Citizens Advice Trafford, Age UK Trafford, Housing Associations, Trafford Centre for Independent Living and others.
- 4.4 The response to the survey was low, with 134 people completing it. 96% completed it on their own behalf with the remaining 4% completing it on behalf of an organisation or group. When asked about the proposed changes, the majority answered in favour of each of the changes proposed. More than 75% agreed with proposed changes regarding Care Leavers and those in receipt of Universal Credit. More than 57% agreed with the change regarding Company Directors. A summary of the responses can be found in Appendix A.

Other Options

The Council could decide not to change the scheme for 18/19. However, this would mean the continuation of a local scheme that is no longer fit for purpose in relation to Care Leavers and those in receipt of Universal Credit as well as being inconsistent for the self-employed.

Reasons for Recommendation

The Council must adopt a local CTS scheme no later than 31 January before the start of the financial year to which the scheme applies in accordance with the Local Government Finance Act 2012. The proposed changes are to modify the existing scheme by adopting changes that keep at large the existing scheme but adopt changes that ensure the local scheme is fair and consistent whilst still retaining a more favourable approach within the scheme to those who are out of work when compared to the schemes within GM (subject to a Band D cap and less any non-dependant deductions). The recommendations also ensure Care Leavers receive full help towards their Council Tax liability in line with the June Executive decision made.

Key Decision: No

If Key Decision, has 28-day notice been given? N/A

Finance Officer Clearance NB

Legal Officer Clearance RS

[CORPORATE]

DIRECTOR'S

SIGNATURE

(electronic)...

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To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

Appendix A – Public Consultation Survey Results

Q1 Are you responding on your own behalf or on behalf of an organisation or group?

Own Behalf	96.27%	129
On behalf of an organisation	3.73%	5
Other (please specify)	0.00%	0
Answered		134
Skipped		0

Q2 What is your name, your position in the organisation/group, and the name and address of the organisation/group on whose behalf you are submitting this response? The name and details of your organisation or group may appear in the final report.

Answered: 2 Skipped: 132

Q3 Universal Credit (UC)

There are currently no backdating rules within CTS. The proposal is that the Council will use the start date of the claim for UC as the start date of the claim for CTS to ensure that both benefits are aligned.

Do you agree with this proposed change to the scheme?

Yes	75.24%	79
No	13.33%	14
Unsure	11.43%	12
Answered		105
Skipped		29

Q4 Self Employed Claimants

From April 2017 the Council amended its CTS scheme for those self-employed to align the calculation with UC and treat those trading for more than 12 months as receiving the minimum wage for the numbers of hours worked. The proposal is to bring these claims in line with those who are self-employed and treat them as earning the minimum wage after 12 months of trading. This will ensure a consistent approach across all claim types.

Do you agree with this proposed change to the scheme?

Yes	57.14%	60
No	18.10%	19
Unsure	24.76%	26
Answered		105
Skipped		29

Q5 Care Leavers

To ensure that the Council provides support to young adults in making the transition from care to independent living, the Council proposes to provide further financial support to Care Leavers living in Trafford by awarding an exemption from their Council Tax liability.

Do you agree with this proposed change to the scheme?

Yes	75.24%	79
No	16.19%	17
Unsure	8.57%	9
Answered		105
Skipped		29

Q6 Do you understand how the proposed changes may affect how your CTS is calculated?

Yes	67.44%	58
No	15.12%	13
Unsure	17.44%	15
Answered		86
Skipped		48

Q7 Do you agree with all the proposed changes to the scheme?

Yes	47.67%	41
No	29.07%	25
Unsure	23.26%	20
Answered		86
Skipped		48

Q8 Please use this space to make any other comments on this scheme.

Please use this space to make any other comments on this scheme.
Care leavers being exempt for such a long period I believe is unfair. They could be earning a very good salary. In relation to anyone leaving the care system they should be assessed base upon circumstances
Care leavers should have support workers who can help them claim benefits straight away and therefore could be treated just the same as everyone else. Most care leavers will already be in receipt of benefits like JSA etc but the onus should be on the support workers to help them rather than just give an exemption. Allow a backdate for care leavers for if the support worker hasn't done their full job, but I don't think a blanket exemption should be awarded.
Everyone should pay full council tax if I have to so should everyone
Having read the 3rd proposal 3 times and asked someone else to read it neither of us could understand what the proposal was! Are you suggesting that all self-employed people will be treated as minimum wage earners? If so that is extremely unfair as

there will undoubtedly be self-employed people earning far more than the minimum wage and it would not be fair for them to receive CTS. I think the proposal has been very badly worded and could have been made much clearer.
I do agree with all 3 of the proposals.
I don't want my Council Tax increased to fund others
I think it is positive for care leavers to not have to pay Council Tax. It is like setting them up to fail expecting them to do this.
I think it should be lower for everyone the price is ridiculous along with high rents no wonder people can't afford to reside in the area
Information is needed as to how this will impact the general population of Trafford in terms of Council Tax i.e. will my Council Tax go up
It panders to the unemployable.
Its very unclear what is proposed and how this will affect the majority of the residents of Trafford
N/A
Self-employed often have cash in hand and avoid paying their taxes, many earn a lot more than those in PAYE so don't agree with this idea
When the person claims for the 1st time on UC as there should know if they have to claim again .

Q9 Please use the space below if you would like the Council to consider any other options (please state).

Please use the space below if you would like the Council to consider any other options (please state).
All residents should pay 100% Council Tax - no exceptions.
Care leavers should have support workers who can help them claim benefits straight away and therefore could be treated just the same as everyone else. Most care leavers will already be in receipt of benefits like JSA etc but the onus should be on the support workers to help them rather than just give an exemption. Allow a backdate for care leavers for if the support worker hasn't done their full job, but I don't think a blanket exemption should be awarded. Also why are pensioners protected. Some pensioners are very well off in Trafford. could a different policy come into place for pensioners, based on income and savings. Maybe keep the tariff income way to assess CTS for pensioners.
Care leavers to end at 20/21 instead of 25. It's far too long, if care leavers have had jobs for years by the age of 25, they should also be contributing well before this. Should be treated the same as non-care leavers. They need support in different ways.
Home owners should not be able to claim CTS
Look at reducing overall not charging more
N/A
Pensioners should be included in the welfare changes .£5 Cap should be lowered to assist citizens in lower income employment.
Reduced Council Tax for all over 60s - based on the fact that many have to reduce their hours and are unexpectedly required to work until they are 66 before they can receive the state pension. This particularly applies to women born in the 1950s after December 1951.
Stop charging extra for green garden waste
Suggest you scrap the green bin charge
There needs to be parity amongst Trafford residents that does not penalise people

who work.

Q10 If you have any further comments or questions to make regarding the Council Tax Support scheme that you haven't had the opportunity to raise elsewhere please use the space below.

If you have any further comments or questions to make regarding the Council Tax Support scheme that you haven't had the opportunity to raise elsewhere please use the space below.

It should be scrapped immediately.

N/A

Need to give information at the job centres and on line to all areas of claims

Proposals not worded clearly enough and in plain English so all can understand

The initial page should have been proof read. Second sentence, first paragraph does not make sense.

Why do these consultations at this time of the year when everyone is busy doing Christmas shopping

Q11 Are you, or someone in your household, getting Council Tax Support at this time?

Yes	6.98%	6
No	90.70%	78
Unsure	2.33%	2
Answered		86
Skipped		48

Q12 what is your gender?

Male	37.21%	32
Female	56.98%	49
Prefer not to say	5.81%	5
Answered		86
Skipped		48

Q13 what is your age?

18 - 29	6.98%	6
30 - 49	45.35%	39
50 - 64	38.37%	33
65 years and over	3.49%	3
Prefer not to say	5.81%	5
Answered		86
Skipped		48

Q14 Do you consider yourself to be disabled?

Yes	5.81%	5
No	87.21%	75
Prefer not to say	6.98%	6
Answered		86
Skipped		48

Q15 what is you ethnic group

Answer Choices	Responses	
White British	81.40%	70
White Irish	2.33%	2
Other white background	1.16%	1
White & black Caribbean	1.16%	1
White & black African	0.00%	0
White & Asian	0.00%	0
White and other background	0.00%	0
Asian or Asian British Indian	0.00%	0
Asian or Asian British Pakistani	1.16%	1
Asian or Asian British Bangladeshi	0.00%	0
Other Asian background	0.00%	0
Black or black British Caribbean	2.33%	2
Black or black British African	0.00%	0
Other Black background	0.00%	0
Chinese	1.16%	1
Any other background	0.00%	0
Gypsy Traveller	1.16%	1
Arab	0.00%	0
Prefer not to say	8.14%	7
Answered		86
Skipped		48

Appendix B – Proposed CTS Wording Changes

The paragraphs proposed for change are listed below; the wording changes are highlighted in yellow and underlined:

PART 2

Interpretation

Interpretation

2.—(1) In this scheme—

—care home has the meaning given by section 3 of the Care Standards Act 2000(9) and in Scotland means a care home service within the meaning given by section 2(3) of the Regulation of Care (Scotland) Act 2001(10);

(3) 1992 c.4. See sections 64 to 67 of that Act in relation to attendance allowance.

(4) S.I. 1983/686; relevant amending instruments are S.I. 1984/1675, 2001/420.

(5) 2007 c.3. See the definition of —basic ratell in section 989 of that Act.

(6) 1995 c.18.

(7) 2002 c.16.

(8) 2007 c.5.

---Care Leaver means any young person until the age of 25 years where a Local Authority has an ongoing responsibility under the Children's Act 1989 and the Children and Social Work Act 2017 as the young person's corporate parent.

—the Caxton Foundationll means the charitable trust of that name established on 28th March 2011 out of funds provided by the Secretary of State for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with its provisions;

12.—(1) The classes of person described in paragraphs 13 to 18 are entitled to a reduction under this scheme.

Class F: Care Leaver

18. On any day class F consists of any person who is a Care Leaver—

(a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;

(b) who, subject to paragraph 19, is not absent from the dwelling throughout the day; (c) in respect of whom a maximum council tax reduction amount can be calculated;

(d) who does not fall within a class of person not entitled to a reduction under this scheme;

(e) whose income (if any) for the relevant week shall be treated as less than his applicable amount, and

(f) who has made an application for a reduction under this scheme.

Class G: alternative maximum council tax reduction – persons who are not pensioners

18 (A). This paragraph is not used in this scheme.

* This figure equates to the new income taper of 30% per week divided by 7 to arrive at the daily figure. That is $30/7$

or 4 and two sevenths or 4.286.

** This figure equates to the default income taper of 20% per week divided by 7 to arrive at the daily figure. That is $20/7$ or 2 and six sevenths 2.857

Average weekly earnings of employed earners: persons who are not pensioners

46.—(1) Where the income of an applicant who is not a pensioner consists of earnings from employment as an employed earner his average weekly earnings must be estimated by reference to his earnings from that employment—

(a) over a period immediately preceding the reduction week in which the application is made or treated as made and being a period of—

(i) 5 weeks, if he is paid weekly; or

(ii) 2 months, if he is paid monthly; or

(b) whether or not paragraph (a)(i) or (ii) applies, where an applicant's earnings fluctuate, over such other period preceding the reduction week in which the claim is made or treated as made as may, in any particular case, enable his average weekly earnings to be estimated more accurately.

(2) Where the applicant has been in his employment for less than the period specified in sub-paragraph (1)(a)(i) or (ii)—

(a) if he has received any earnings for the period that he has been in that employment and those earnings are likely to represent his average weekly earnings from that employment his average weekly earnings must be estimated by reference to those earnings;

(119) 2004 c.12.

(120) 1980 c.46.

(b) in any other case, the authority must estimate the applicant's average weekly earnings(121).

(3) Where the amount of an applicant's earnings changes the authority must estimate his average weekly earnings by reference to his likely earnings from the employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately but the length of the period will not in any case exceed 52 weeks.

(4) For the purposes of this paragraph the applicant's earnings are to be calculated in accordance with paragraphs 50 and 51.

(5) Where the applicant's earnings, including nil earnings, are from their role as a Director of a Company and their earned income in respect of the period in question is less than the national living wage per hour worked then the national living wage will be assumed as income for that period for the number of hours worked.

Date on which entitlement begins

104.— (1) Subject to sub-paragraph (2), any person by whom or in respect of whom an application for a reduction under this scheme is made and who is otherwise entitled to that reduction shall be so entitled from the reduction week following the date on which that application is made or is treated as made.

(2) Where a person is otherwise entitled to a reduction under this scheme and becomes liable for the first time for the authority's council tax in respect of a dwelling of which he is a resident in the reduction week in which his application is made or is treated as made, he shall be so entitled from that reduction week.

(3) Where the person is in receipt of Universal Credit then their entitlement to a reduction under this scheme shall begin on the date that their entitlement to Universal Credit began irrespective of the date of their application for the reduction.