

TRAFFORD COUNCIL

Report to: Executive
Date: 19 September 2016
Report for: Decision
Report of: Executive Member for Finance and Chief Finance Officer

Report Title

Council Tax Support Scheme for 2017/18 – Proposed Changes to align with national benefits

Summary

To summarise the current Council Tax Support Scheme and propose changes for public consultation which will align the scheme to national benefits and then follow welfare reform changes.

Recommendation(s)

That the Executive agree to the Council consulting with the public on aligning the Council Tax Support scheme with national benefits regulations

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 increase the funding required.
Legal Implications:	The Council has to formally set its local CTS scheme before 31 January 2017, in order for the scheme to be formally adopted for 2017/18. This is in accordance with the Local Government Act 2012.
Equality/Diversity Implications	None as at consultation stage
Sustainability Implications	None as at consultation stage
Resource Implications e.g. Staffing / ICT / Assets	Resources required to carry out the public consultation can be absorbed within current staffing levels
Risk Management Implications	None
Health & Wellbeing Implications	The public consultation will include stakeholder events to ensure elderly and vulnerable residents are represented.
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.
- 1.2 There are 13,700 Trafford residents in receipt of CTS and spend is £10.1m per annum. 48% of CTS claimants are pensioners and they are protected by legislation from any changes arising as a result of the abolition of CTB and the move to CTS. The CTS pensioner spend is £5.1m per annum
- 1.4 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 which are proposed by the council require public consultation. Trafford has made no changes to its CTS scheme (other than to increase amounts in line with national uprates) since its introduction in 2013.

2.0 Trafford's CTS Scheme

- 2.1 When the CTS scheme was introduced protection was identified and implemented for the following groups:
- Claimants of pension age - protected in line with the legislation

- Claimants and/or their partners who receive the middle or high rate of Disability Living Allowance for Care or Mobility – protected from all changes except for the abolition of Second Adult Rebate.
- Households who have a dependent child under 5 years old – protected from including Child Benefit as income.
- The council agreed to continue to apply its local discretion to disregard War Pensions and War Widows Pensions as income, when calculating awards of Council Tax Support.

2.2 Additions to the scheme to help those starting work were introduced:

- Eight week ‘run on’ of previous entitlement for the long term unemployed starting work, this is double the four week entitlement in the previous CTB scheme
- Child care disregard costs were increased

2.3 To help with the transition from CTB to CTS, Members agreed that a discretionary fund should be set up 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 Although the CTS scheme has worked as originally intended, it is no longer in line with other national benefits, including Housing Benefit (HB) which is administered alongside CTS on the same software system.

3.2 A variety of welfare reform changes have been implemented since April 2013 and this trend is intended to continue, in particular with the increasing numbers of claimants now receiving Universal Credit (UC).

3.3 Currently, Trafford residents increasingly find themselves applying for support and getting their personal circumstances and income assessed differently for different benefits, quite often this can be by the same Council officer. Explaining this to claimants, quite a high proportion of who are vulnerable is difficult and often leads to confusion.

3.4 Similarly, it adds an administrative burden to the council to operate different assessments and criteria for different schemes.

3.5 Fundamentally, it is proposed that the current CTS scheme remains largely the same, with out of work claimants receiving maximum support (up to a band D) and protection still in place for the most vulnerable groups as described in 2.1 above. In addition, the Council intends to retain the extra support it put in place for workers as detailed in 2.2.

3.6 The changes the council would like to propose to the public via a consultation exercise would align the scheme to bring it up to date with the changes that have occurred with national benefits already and then keep it in line with future changes

as and when national legislation is implemented. The key changes to date to be consulted on include:

- The introduction of UC in Trafford. The treatment of UC income is not explicitly defined in the CTS scheme;
- Capping the support available for new claimants with families to a maximum of 2 children;
- Removing the family premium allowance for new claimants with families;
- Applying a national minimum wage assumption to self-employed claimants who have been trading for more than 12 months and continue to declare no or little profit;
- Ensure residents who have no right to claim national benefits cannot claim CTS;

3.7 As most of the changes relate to new CTS claims, the Council is unable to accurately identify the number of affected claimants. However, based on expected numbers, looking at historical data, it is anticipated that approximately 10% of working age claimants (approximately 1100) will be affected in the first year of the scheme and this will rise over a 5 year period to 13% (approximately 1700).

3.8 As the driver for welfare reform is to reduce the spending in this area, this inevitably will mean less CTS will be paid. This is estimated to be £160k (1.6% of total spend) in the first year, rising over a 5 year period to £320k (3.2% of total spend) - although that does not take in to account any further unknown national benefit changes.

4.0 Public Consultation

4.1 Although the proposed changes are minor, public consultation would be required as a small proportion of existing claimants and new claimants will be worse off under the new scheme.

4.2 The consultation will help to shape how the changes are reflected to best align to national benefits.

4.3 It is proposed that a 6 week consultation takes place running from the end of September to early November. In addition to the consultation being available on the website, Trafford will hold events for members of the public, stakeholders and partners to ensure the proposed changes are captured by all audiences.

Other Options

The Council could decide not to propose any changes to the scheme and propose to Council the existing scheme for 17/18. However, this would mean the continuation of a local scheme that is no longer fit for purpose and increasingly more difficult to understand.

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 change is to keep at large the existing scheme but adopt changes that align the local scheme with national benefit both now and in the future. In order to be able to make any changes to the existing scheme the council must first consult on the proposed changes to the scheme.

Key Decision: No

If Key Decision, has 28-day notice been given? No

Finance Officer Clearance **GB**

Legal Officer Clearance **JL**

CORPORATE DIRECTOR'S SIGNATURE : 

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