

TRAFFORD COUNCIL

Report to: Executive
Date: 19 December 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

This report summarises the current Council Tax Support Scheme and the proposed changes which will align the assessment criteria of scheme to those of the national benefits and then to maintain this alignment for any further national welfare reform changes in the future.

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 which will align the Council Tax Support scheme assessment criteria with those of the national benefits.

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	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 including presence at partnership meetings 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. The funding for the scheme was 10% less than the cost of the national CTB scheme.
- 1.2 Pensioners were, and still are, protected by legislation in that although local authorities could make changes, pensioners could be no worse off than they were under the previous CTB scheme. Therefore the only local discretion regarding reductions in CTS is to working age claimants.
- 1.3 There are 13.7k Trafford residents in receipt of CTS and spend is £10.1m per annum. 48% of CTS claimants are pensioners and therefore are protected from any changes introduced that would make them worse off when compared to the CTB scheme. The CTS pensioner spend is £5.1m per annum and the CTS scheme for pensioners already aligns with national pensioner schemes.

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 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.

1.5 In September 2016 the Executive approved a proposal to consult with the public on changes to the current CTS scheme, to bring it in line with national benefits now and in the future. The consultation ended on 7 November.

2.0 Trafford's CTS Scheme

2.1 When compared to the schemes within GM, Trafford is amongst the few to award 100% CTS to out of work claimants (subject to Band D cap and less any non-dependant deductions).

2.2 The main differences between Trafford's CTS scheme and the previous CTB scheme are that under the new scheme:

- The maximum award payable is equivalent to a band D property charge.
- Child Benefit (for children aged 5 years or older) is treated as income.
- No backdating of awards.
- The rate at which benefit is withdrawn (known as the income taper) has increased from 20% to 30%.
- Deductions relating to adults in the property (non-dependents) increased by 20% and a new deduction was introduced for adults who receive benefit.
- The minimum level of award is set at £5 per week.
- No Second Adult Rebate provision

2.3 Protection was identified and implemented for the following groups:

- Protect claimants of pension age in line with the legislation
- Protect claimants and/or their partners who receive the middle or high rate of Disability Living Allowance for Care or Mobility from all the above changes except for abolishing Second Adult Rebate and abolishing discretionary backdating rules.
- Protect households who have a dependent child under 5 years old from including Child Benefit as income.
- Continue to apply our local discretion to disregard War Pensions and War Widows Pensions as income, when calculating awards of Council Tax Support.

2.4 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 increased by 10% where parents are working and children are in approved childcare

2.5 To help with the transition from CTB to CTS, the Council 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, namely the Discretionary Housing Payments fund.

3.0 Drivers for change

3.1 Although the CTS scheme has worked as originally intended, it is no longer in line with other working age national benefits, including Housing Benefit (HB) which is administered alongside CTS on the same software system.

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

3.3 Currently, working age Trafford residents increasingly find themselves applying for support and getting their personal circumstances and income assessed differently, 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 differing 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 2.2 above. In addition, the Council intends to retain the extra support it put in place for workers as detailed in 2.3.

3.6 The changes the Council do propose is to align the scheme to bring it up to date with the changes that have occurred with national working age benefits already and then keep it in line with future changes as and when national legislation is implemented, subject to any scheme consultation requirements. Examples of the changes to date include those listed below:

- 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, and for existing claimants with new children, 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 (1100) will be affected in the first year of the scheme and this will rise over a 5 year period to approximately 13% (1700).
- 3.8 As national working age welfare reform changes tend to tighten the assessment criteria this will naturally mean that less CTS will be paid. The financial change is estimated to be a reduction of £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 into account any further unknown national benefit changes.
- 3.9 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-final-regs-2014-15.pdf>

4.0 Public Consultation

- 4.1 Although the proposed changes are minor, public consultation has taken place as required by law. A small proportion of existing claimants and new claimants will be worse off under the new scheme.
- 4.2 The consultation lasted for 6 weeks between 26 September and 7 November 2016. 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, Exchequer Services staff also attended partnership meetings and spoke to over 25 partnership groups across the borough. 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 only 59 responses recorded. 94% completed it on their own behalf with the remaining 6% completing it on behalf of an organisation or group. When asked about the individual proposed changes, with the exception of the family premium, the majority answered in favour of each of the changes proposed. It was an equal split in relation to the family premium. A summary of the responses can be found in Appendix A.
- 4.5 At the partnership meetings, the feedback tended to relate to individual circumstances rather than the scheme as a whole.

4.6 Throughout the consultation the main point of disagreement with the new scheme was the protection afforded to pensioners. However, changes in this area are largely prevented by national legislation

Other Options

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

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 align the local scheme with national benefit regulations 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)

Key Decision: Yes

If Key Decision, has 28-day notice been given? Yes

Finance Officer Clearance NB

Legal Officer Clearance mrj

CORPORATE DIRECTOR'S SIGNATURE



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?

Answer Choices	Responses	
Own behalf	94.92%	56
Behalf of an organisation or group	5.08%	3
Total		59

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: 57

Q3 Removal of family premium the family premium is part of how we assess the 'needs' of any applicant. Family premium is normally awarded in addition to other premiums when there is at least one dependent child residing in the house. Removing the family premium will mean a family would have less premiums. From May 2016 Central Government removed the family premium for new claims for HB. Do you agree with this change to the scheme?

Answer Choices	Responses	
Yes	43.40%	23
No	43.40%	23
Unsure	13.21%	7
Total		53

Q4 Limit the number of dependent children within the calculation for CTS to a maximum of two. Within the current scheme, customers who have children are awarded a dependant's addition per child within their applicable amount and there is no limit to the dependant additions that can be awarded. From April 2017 Central Government will be limiting dependant's additions to some other benefits, including HB, to a maximum of two. Do you agree with this proposed change to the scheme?

Answer Choices	Responses	
Yes	56.60%	30
No	39.62%	21
Unsure	3.77%	2
Total		53

Q5 The Council proposes that where UC is the only income then maximum CTS is awarded subject to existing reductions within the present scheme. Do you agree with this proposed change to the scheme?

Answer Choices	Responses	
Yes	71.74%	33
No	8.70%	4
Unsure	19.57%	9
Total		46

Q6 The Council proposes that where those in receipt of UC and other income, such as wages etc., then the award of CTS is calculated using the total income. Do you agree with this proposed change to the scheme?

Answer Choices	Responses	
Yes	80.43%	37
No	10.87%	5
Unsure	8.70%	4
Total		46

Q7 The Council proposes that where those in receipt of UC receive either the Housing and/or Child care element of UC then these elements are disregarded when calculating CTS. Do you agree with this proposed change to the scheme?

Answer Choices	Responses	
Yes	71.74%	33
No	15.22%	7
Unsure	13.04%	6
Total		46

Q8 In order to align CTS with UC, the Council is considering an option to use a minimum level of income for those who are self-employed. This would be in line with the National Living Wage (or National Minimum wage if you are under 25) for the hours worked per week. Any income above this amount would be based on the actual amount earned. This would not apply until after one year from the start of the business. Do you agree with the proposal to set income for self-employed earners with a minimum earned income for their claim?

Answer Choices	Responses	
Yes	67.39%	31
No	15.22%	7
Unsure	17.39%	8
Total		46

Q9 The period for which a person can be temporarily absent from home and still receive CTS is currently 13 weeks. To align with HB it is proposed to reduce this time limit to 4 weeks. Do you agree with this change to the temporary absence rule?

Answer Choices	Responses	
Yes	73.91%	34
No	15.22%	7
Unsure	10.87%	5
Total		46

Q10 The Council proposes that those who are not entitled to claim other national welfare benefits including HB should not be able to claim CTS. Do you agree with this change?

Answer Choices	Responses	
Yes	54.35%	25
No	26.09%	12
Unsure	19.57%	9
Total		46

Q11 The Council proposes that the CTS scheme is aligned to and updated as and when required to keep in line with national welfare reform changes For example the Council proposes to be able to amend the CTS scheme to take into account changes like those relating to the family premium and limiting dependents allowance to two children as detailed above without further public consultation. Do you agree with this change?

Answer Choices	Responses	
Yes	52.17%	24
No	34.78%	16
Unsure	13.04%	6
Total		46

Q12 The scheme presently allows an eight week “run on” of previous entitlement for the long term unemployed starting work, double the entitlement awarded within the HB scheme, and higher child care costs are also disregarded. Do you agree the extra support for new workers should remain?

Answer Choices	Responses	
Yes	73.81%	31
No	21.43%	9
Unsure	4.76%	2
Total		42

Q13 Do you agree protection from reductions in CTS should remain in place for those where the claimant or partner receive the middle or higher rate of Disability Living Allowance for Care or Mobility (or Personal Independence Payments equivalent)?

Answer Choices	Responses	
Yes	73.81%	31
No	19.05%	8
Unsure	7.14%	3
Total		42

Q14 Do you understand how the proposed changes may affect how your CTS is calculated?

Answer Choices	Responses	
Yes	64.29%	27
No	11.90%	5
Unsure	23.81%	10
Total		42

Q15 Do you believe the proposed changes would simplify the application process when applying for support and understanding your entitlement?

Answer Choices	Responses	
Yes	57.14%	24
No	33.33%	14
Unsure	9.52%	4
Total		42

Q16 Do you agree with all the proposed changes to the scheme?

Answer Choices	Responses	
Yes	33.33%	14
No	52.38%	22
Unsure	14.29%	6
Total		42

Q17 Please use this space to make any other comments on this scheme.

- The changes to the scheme clearly target the vulnerable, low income earners and those in receipt of state benefits.
- anyone in receipt of a sickness benefit e.g. ESA, PIP should automatically get a reduction in CT
- I think that the vast majority of the proposed changes disadvantage those who struggle the most in our society who should be supported the most.
- I receive a discount because I am a FT student- would this cease? I know it is a Central Gov rule I think the Pensioner Projected for "richer" pensioners needs to end. We should take a hit of Welfare Reform fairly. The Welfare Reforms have hit the same groups again and again, single parents and low income families who do work.
- Maximum number of children should be raised to 3 instead of 2. CTS run on should be reduced to around 6 weeks to ensure first wage slip is received before entitlement reduces
- I believe that some of the changes, such as the reduction in family premium and restriction on number of child premiums should be time restricted. e.g. enforced only after the claimant has been claiming more than 12 months as this will then not penalise those people who find themselves requiring to claim for only short periods

Q18 Please use the space below if you would like the Council to consider any other options (please state).

- Increasing the council tax of those in larger, more expensive homes.
- Anyone in receipt of a benefit for illness e.g. ESA, PIP, should automatically get a reduction or exemption from Council Tax.
- Students get discount, also can't see anything about sole adults discount being retained.

- i only think that the claimant or partner on DLA should be included. not other household members
- include reductions from pensioners CTS

Q19 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.

No comments

Q20 Are you, or someone in your household, getting Council Tax Support at this time?

Answer Choices	Responses	
Yes	9.52%	4
No	85.71%	36
Unsure	4.76%	2
Total		42

Q21 what is your sex?

Answer Choices	Responses	
Male	28.57%	12
Female	57.14%	24
Prefer not to say	14.29%	6
Total		42

Q22 what is your age?

Answer Choices	Responses	
16-18	0.00%	0
19-24	2.38%	1
25-39	23.81%	10
40-60	57.14%	24
Over 60	7.14%	3
Prefer not to say	9.52%	4
Total		42

Q23 Do you consider yourself to be disabled?

Answer Choices	Responses	
Yes	9.52%	4
No	73.81%	31
Prefer not to say	16.67%	7
Total		42

Q24 what is you ethnic group

Answer Choices	Responses	
White British	78.57%	33
White Irish	0.00%	0
Other white background	0.00%	0
White & black Caribbean	0.00%	0
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	0.00%	0
Asian or Asian British Bangladeshi	0.00%	0
Other Asian background	0.00%	0
Black or black British Caribbean	0.00%	0
Black or black British African	0.00%	0
Other Black background	0.00%	0
Chinese	0.00%	0
Any other background	0.00%	0
Gypsy Traveller	0.00%	0
Arab	0.00%	0
Prefer not to say	21.43%	9
Total		42

Appendix B – Proposed CTS Wording Changes

The paragraphs proposed for change are listed below, the wording changes are underlined:

Clarification of protected persons

protected categories means applicants or partners of applicants, or their family of the applicant or partner of the applicant within the meaning of regulation 6 of this scheme who receive the middle or high rate of disability living allowance for care or mobility or its subsequent equivalent personal independence payment

Temporary absence rule

For those absences where the person is absent outside Great Britain then the allowable period of temporary absence shall generally be limited to 4 weeks and will be calculated in accordance with the same criteria within the Housing Benefit and State Pension Credit (Temporary Absence) (Amendment) Regulations 2016 (S.I. 2016/624). Where those regulations extend the allowable period of temporary absence beyond 4 weeks the extended period will apply.

Classes of person excluded from this scheme

The classes of person described in paragraphs 21 to 23 are not entitled to a reduction under this scheme. In addition any person who is not entitled to claim other national welfare benefit nationally available in the United Kingdom shall not be entitled to a reduction under this scheme.

Updating applicable amounts to limit to two children/young person and family premium

(b) an amount in respect of any child or young person who is a member of his family (determined in accordance with paragraph 2 of that Schedule) where he has been continuously entitled to a reduction under this scheme in respect of that child or young person on or before 31 March 2017 onwards; where he has not been or becomes not so entitled the total amount in respect of the children or young persons shall be limited to no more than two such amounts.

(c) if he is a member of a family of which at least one member is a child or young person, and he has been continually entitled to a reduction under this scheme on or before 31 March 2017 onwards, an amount determined in accordance with Part 2 of that Schedule (family premium);

Updating polygamous marriages applicable amounts to limit to two children/young person and family premium

(c) an amount determined in accordance with paragraph 2 of that Schedule (applicable amounts) in respect of any child or young person, where he has been continually entitled to a reduction under this scheme in respect of that child or young person on or before 31 March 2017 onwards, for whom he or a partner of his is responsible and who is a member of the same household; where he has not been or becomes not so entitled the total amount in respect of the children or young persons shall be limited to no more than two such amounts.

(d) if he or another partner of the polygamous marriage is responsible for a child or young person who is a member of the same household, and he has been continually entitled to a reduction under this scheme on or before 31 March 2017 onwards, the amount specified in Part 2 of that Schedule (family premium);

Non-dependant deductions: pensioners and persons who are not pensioners

(8) No deduction is to be made in respect of a non-dependant
(c) is not residing with the claimant because he is a member of the armed forces away on operations

(9) In the application of sub-paragraph (2) [(2) In the case of a non-dependant aged 18 or over to whom sub-paragraph (1)(a) applies, where it is shown to the appropriate authority that his normal gross weekly income is]

there is to be disregarded from the non-dependant's weekly gross income—

(a) any attendance allowance, disability living allowance, Armed Forces independence payment or personal independence payment received by him;

Updating self employed earnings minimum income

(3) Where an applicant's earnings have been calculated in accordance with sub paragraph (2) above 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 change of circumstances is to take effect

105.—(1) Except in cases where paragraph 59 (disregard of changes in tax, contributions, etc.) applies and subject to the following provisions of this paragraph and paragraph 105(a) and (in the case of applicants who are pensioners) paragraph 106, a change of circumstances which affects entitlement to, or the amount of, a reduction under this scheme (change of circumstances), takes effect from the first day of the reduction week following the date on which the change actually occurs.

105 (A) Effective date of beneficial changes of circumstances notified late, persons who are not pensioners

105 (A) For the purposes of determining the date on which a superseding decision is to take effect, in a case where-

(a) the change of circumstances that is required by paragraph 113 of this scheme to be notified,

(b) that change of circumstances is notified more than one month after it occurs, or such longer period as may be allowed if there is good cause for late notification, up to a maximum of 13 months after the date the change occurred.

(c) the superseding decision is advantageous to the claimant
the date of notification of the change of circumstances shall be treated as the date on which the change of circumstances occurred.

Making an application

(8) For the avoidance of doubt where an applicant does not qualify for a reduction under this scheme on the entitlement date as defined in regulation 104 of this scheme, but a change of circumstances occurs which means that the applicant would now qualify for such a reduction, the applicant must make a new application to qualify for that reduction.

Information and evidence

111.—(1) Subject to sub-paragraph (3), a person who makes an application for a reduction under this scheme must satisfy sub-paragraph (2) in relation both to himself and to any other person in respect of whom he is making the application.

(4) Subject to sub-paragraph (5), a person who makes an application, or a person to whom a reduction under this scheme has been awarded, must furnish such certificates, documents, information and evidence in connection with the application or the award, or any question arising out of the application or the award, as may reasonably be required by the authority in order to determine that person's entitlement to, or continuing entitlement to

a reduction under this scheme and must do so within one calendar month of the authority requiring him to do so or such longer period as the authority may consider reasonable. Failure to comply with such a requirement will result in the termination of the entitlement to council tax reduction from:

(a) the date that the Authority requested the information.

(b) such earlier or later date as the authority considers appropriate having regard to the lack of information requested to satisfy itself of the person's continuing entitlement to a reduction under this scheme.

Decisions by authority

114 (1) The authority must make a decision on an application for a reduction under this scheme within 14 days of paragraphs 108 and 111 and Part 1 of Schedule 1 being satisfied, or as soon as reasonably practicable thereafter.

114 (2) An original decision may be revised or further revised by the authority which made the decision, at any time by that authority, where that decision—

(a) arose from an official error; or

(b) was made in ignorance of, or was based upon a mistake as to, some material fact and as a result of that ignorance of or mistake as to that fact, the decision was more advantageous to the person affected than it would otherwise have been but for that ignorance or mistake.

Amendments to the Scheme

19. The Authority may maintain this Scheme in line with changes to other national welfare benefits available in the United Kingdom subject to consultation requirements.