

TRAFFORD COUNCIL

Report to: Executive
Date: 23 July 2018
Report for: Decision
Report of: Executive Member for Finance

Report Title

Council Tax Support (CTS) Scheme for 2019/20 – Proposed Changes to increase support to low income households

Summary

The Council is required to set its CTS scheme each year. The Council are proposing to consult with the public on changes to the scheme to increase support to low income families through:

- a) **removing the minimum award of £5 per week meaning all awards will be paid regardless of value**
- b) **removing the weekly non-dependant deduction where the adult is 18-24 years old and in receipt of benefits/out of work/on apprenticeships**
- c) **Treating a Universal Credit (UC) notification from the Department of Work and Pensions (DWP) as a claim for CTS**
- d) **Amend the wording in the scheme to make clear that those out of work and in receipt of UC shall qualify for full CTS**

Recommendation(s)

That the Executive agrees to the Council consulting with the public on amending the Council Tax Support scheme as detailed above

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, Services focused on the most vulnerable people and ensuring that recovery action is not taken on small debts for those on Benefits
Financial	The existing Council Tax Support scheme is already funded by the Council. The proposed changes will increase the funding required by c£140k or 1.3%. The funding required will be expected to rise as cases migrate to UC, but it is anticipated that simultaneously the overall caseload will reduce. This change will have a small impact on the overall council taxbase and need to be considered when setting the budget in future years.
Legal Implications:	The Council has to formally set its local CTS scheme before 11 March 2019, in order for the scheme to be formally adopted for 2019/20. 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 a cross section of the Trafford population as well as key stakeholders and partners 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. This scheme has been updated annually since this date.

1.2 There are 12,700 Trafford residents in receipt of CTS and spend is £10.7m per annum. 47% of CTS claimants are pensioners and therefore receive CTS based on the previous CTB scheme as in accordance with the legislation they are a protected group.

1.3 Many Authorities passed the reduction in funding directly onto working age claimants through a maximum award scheme whereby every claimant is required to pay

something towards their Council Tax. Trafford has retained its 100% maximum award scheme since 2013.

1.4 Each year, the Council has to formally approve its CTS scheme for the following financial year and any changes to the CTS scheme require public consultation.

2.0 Trafford's Current CTS Scheme

2.1 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 and a new deduction for those not working and under 25 was introduced.
- 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, including directors, 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 into account.
- War Pensions and War Widows Pensions are 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 When the Council designed its scheme from April 2013 the key aims were that those least able to pay would receive full CTS support and that those unable to work due to disability would be protected from any reduction under the new scheme. The Council's scheme is now the only scheme in Greater Manchester and where those least able to pay receive full CTS with no Council Tax to pay. The Council remains committed to a scheme that is adaptable and ensures that those who can't pay don't pay.

3.2 As part of this on-going commitment, the Council have carried out analysis of the impacts of Welfare Reform changes as well as review Council Tax recovery for low income households and has identified that minimal changes to the scheme at low cost will continue the Council's original intention. Those changes are:

- **To remove the a minimum award of £5 per week** – as UC numbers have increased in Trafford since the roll-out to Live service in July 2017, cases have been identified whereby the combination of UC income and earned income is resulting in the calculation of CTS assistance being under the £5 minimum for more low paid families resulting in no award under the current system. Whilst the amount is low, even these small reductions make a difference in terms of the disposable income available in the household and it is therefore the Council’s intention to remove this floor to the current benefit. The cost to the Council is estimated at £60k annually but this could rise as more claimants move on to UC, however it is anticipated that the overall caseload of recovery of debts will simultaneously reduce which may enable a saving on staffing costs.

- **To removing the non-dependant deduction for young adults (18-24) in receipt of benefits/out of work/on apprenticeships** – through staff, customer and stakeholder feedback it has been recognised that this change is impacting on families as often out of work residents are having to attempt to collect a contribution to the Council Tax from an unemployed or low earner in the household which, if remains unpaid often results in recovery from the resident through a deduction of their benefit or earnings. The non-dependant deduction at aged 25 and above will remain in place as this aligns the scheme to national benefits. This change is estimated to cost the Council £80k annually.

- **Amend the wording in the scheme to make clear that a UC notification can be treated as a start date for UC and if out of work, maximum CTS shall be awarded** – since the introduction of UC the Council have worked hard to try and ensure that it applies its scheme fairly and as intended, but as this is a new combined benefit received by residents both in and out of work, it has been an impossible task to predict the implications in every case when the roll-out programme and levels of UC have been unknown (it is a DWP administered benefit), but we have adapted the scheme where unintended consequences have been identified. Following feedback from staff, customers, partners and stakeholders, it has been identified that there are gaps in CTS start dates for UC customers as they do not always realise that they need to make a separate CTS claim and income previously disregarded for out of work claimants is no longer. The Council intends to amend the wording of the scheme accordingly. There is no cost to this change as this is CTS that has been budgeted for out of work claimants. Discretionary CTS payments are currently being made in identified cases.

4.0 Public Consultation

- 4.1 Although all the proposed changes will increase CTS entitlement it is proposed that a consultation takes place immediately following the decision if approved not only to ensure transparency as there is a cost to the Council but to also gain vital feedback from the public, stakeholders and partners to ensure the changes are going to have the impact intended and to establish if there are other changes to consider.

Other Options

The Council could decide not to propose changes to the CTS scheme however this would mean it is not adapting to the practical consequence of the roll-out of UC and retaining the original intent of the scheme which was to ensure those that can't pay, don't pay.

Reasons for Recommendation

The Council must adopt a local CTS scheme 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 ensure the local scheme is fair and consistent.


Key Decision: No

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

Finance Officer Clearance GB

Legal Officer Clearance DS

[CORPORATE] DIRECTOR'S SIGNATURE

(*electronic*).....

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