

TRAFFORD COUNCIL

Report to: Executive
Date: 29 October 2018
Report for: Decision
Report of: Executive Member for Finance

Report Title

Council Tax Support (CTS) Scheme for 2019/20 – Proposed Changes to the CTS scheme for those for who qualify for an amount below the present £5 per week threshold, for those with a non-dependant on benefits under 25 and for those in receipt of Universal Credit (UC).

Summary

This report summarises the current CTS Scheme and the proposed changes which have been consulted on.

The current scheme has a number of elements that can lead to relatively small debts being accrued by those with a limited ability to pay. The collection of these debts often leads to further recovery action and costs as well as a disproportionate resource costs to recover the debt.

The proposed changes seek to remove these elements to ensure that the CTS scheme remains fit for purpose and adapts to the impact of UC.

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 19/20.

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 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	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 local Council Tax Support (CTS) Scheme for working age claimants. This scheme has been updated annually since this date as required by the legislation.
- 1.2 There are 12.6k Trafford residents in receipt of CTS and spend is £10.7m per annum. 46% 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 March. Any changes to the CTS scheme require public consultation.
- 1.4 In August 2018, the Executive agreed to the Council consulting on minor changes to the existing scheme. The consultation took place between 10 August and 5 October 2018.

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 and Company 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 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 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 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 can adjust to wider welfare reform impacts.

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. 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 costs associated with recovering small debts.

- **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.

3.3 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 The proposed changes will increase CTS entitlement.

4.2 The consultation lasted for 8 weeks between 10 August and 5 October 2018. 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.

- 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 very low, with only 72 people completing it. 79% completed it on their own behalf with the remaining 21% 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 the £5 per week threshold, more than 75% agreed with proposed changes regarding the non-dependent deduction for those on benefits aged under 25 and more than 90% agreed with the change regarding treating a UC notification as a claim for CTS. A summary of the responses can be found in Appendix A.

Other Options

The Council could decide not to change the scheme for 19/20. However, this would mean the continuation of elements within the local scheme that are no longer fit for purpose in relation to those affected by the £5 threshold, those with a non-dependent under 25 on benefits and those in receipt of UC.

Reasons for Recommendation

The Council must adopt a local CTS scheme no later than 31 March 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).

Key Decision: No
If Key Decision, has 28-day notice been given? N/A

Finance Officer Clearance NB
Legal Officer Clearance DS

[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?

ANSWER CHOICES	RESPONSES	
Own behalf (go to question 3)	79.17%	57
Organisation or Group	20.83%	15
TOTAL		72

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: 6 Skipped: 66

Q3 Removal of the minimum award of £5.00 per week. At present you only receive CTS if it is above £5 per week. If your CTS is assessed as being below that figure then you will not be paid. We are proposing abolishing this and paying CTS regardless of the value. Do you agree with this proposed change to the scheme?

ANSWER CHOICES	RESPONSES	
Yes	76.39%	55
No	16.67%	12
Unsure	6.94%	5
TOTAL		72

Q4 Removal of the non-dependent 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 having an impact on poorer households where a contribution cannot be taken from the young person, who is often in low paid work or unemployed. When this happens, and the payment is unpaid, the deduction is taken directly from the homeowner's benefits or earnings which can cause them hardship. We are proposing to abolish this deduction. Do you agree with this proposed change to the scheme?

ANSWER CHOICES	RESPONSES	
Yes	76.39%	55
No	15.28%	11
Unsure	8.33%	6
TOTAL		72

Q5 To treat Universal Credit (UC) notification letter as a claim for CTS. Following feedback from staff, customers, partners and stakeholders, we have discovered there are delays in CTS being paid to people receiving UC. UC customers do not always realise they need to make a separate claim for Council Tax Support. The Council wishes to treat a notification letter, from the Department of Work and Pensions, as a claim for CTS. This should help anyone who is moving to Universal Credit from getting in to debt or suffering further hardship. Do you agree with this proposed change to the scheme?

ANSWER CHOICES	RESPONSES	
Yes	91.67%	66
No	6.94%	5
Unsure	1.39%	1
TOTAL		72

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

ANSWER CHOICES	RESPONSES	
Yes	75.00%	54
No	11.11%	8
Unsure	13.89%	10
TOTAL		72

Q7 Do you believe the proposed changes would simplify the application process when applying for support and understanding your entitlement?

ANSWER CHOICES	RESPONSES	
Yes	79.17%	57
No	8.33%	6
Unsure	12.50%	9
TOTAL		72

Q8 Do you agree with all the proposed changes to the scheme?

ANSWER CHOICES	RESPONSES	
Yes	68.06%	49
No	19.44%	14
Unsure	12.50%	9
TOTAL		72

Q9 Please use this space to make any other comments on the scheme.

Responses
Those who are not in work and have payment of UC are by definition the poorest people of all. Not to disregard Child Benefit to all families in receipt of UC fails the objective of assisting the poorest residents. [In] effect the children in these families are subsidising the Council Tax System. [Consideration] of the actual amounts paid to these families and the continuation of austerity as a government policy means these people are getting poorer and poorer and Trafford are determined to continue to punish them
The changes around Universal Credit claims are most welcome. This will remove confusion and hopefully prevent residents getting into avoidable debt
N/A
I cannot really understand the full consultation as it's too in depth. Why are you not doing an easy read version as this survey is not accessible?
My partner is only earning minimum wage and I am not working as I look after my 3year old. We live in a private rented house and do get a little help with rent but no

council tax support. We are in band b council tax so it's over £1,100 a year. We have to pay over 12 months as we can't afford to pay over 10 months and we still have to pay £99.00 per month. Some help for us would be appreciated.

Prefer it to stay as it is.

I don't know how these changes will impact me as a lone parent working full time. Is there a certain quota after which these changes will impact me.

The proposed changes look fine. This survey isn't great though. Question 1 doesn't make sense and there's no "this doesn't affect me directly" or similar answer for those of us not currently claiming benefits or who won't be affected by the changes. If non-claimants' opinions are not relevant that should have been clear from the outset. If they are relevant then there should be answer options to reflect non-claimants.

The continuation of austerity cuts since 2007 only impacts on the most vulnerable in society, the very people that the welfare system was set up to protect in 1945. The impact of this only leads to increased homelessness and mental health issues of which we have seen an explosion. Continued cuts on support mechanisms for those in need of help simply increases the burden on other services, increasing the cost to the Trafford 'pound'. I welcome any increased support to those who need it most.

Q10 Please use the space below if you would like the Council to consider any other options (please state)

Responses

Disregard Child Benefit for all families not in work and receiving Universal Credit as this is the main way to prevent an increase in child poverty

I would suggest that it would speed up and simplify the claiming process further if we followed the UC assessment/award on the CTS scheme so further information was not required from customers I would suggest child benefit was ignored as income on all CTS claims, as I feel the current policy does not offer the work incentive that the council intended with their original policy.

N/A

It is fair as it is now.

Very unhappy about the garden waste cost and think it should be overturned

I think it should be made clear how this will impact people who pay full council tax

People who are a couple and 1 works 24hrs and other person doesn't work and there on a low income

Q11 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.

Responses

Disregarding the not in work families will simplify Trafford work load

N/A

Very unhappy about the garden waste cost and think it should be overturned

Do customers still get the higher disregards for child care costs, helping working

families with children, when they are in receipt of Universal Credit?

Q12 Are you or someone in your household, getting Council Tax Support at this time?

ANSWER CHOICES	RESPONSES	
Yes	16.67%	12
No	83.33%	60
Unsure	0.00%	0
TOTAL		72

Q13 What is your sex?

ANSWER CHOICES	RESPONSES	
Male	31.94%	23
Female	61.11%	44
Prefer not to say	6.94%	5
TOTAL		72

Q14 What is your age?

ANSWER CHOICES	RESPONSES	
16-18	0.00%	0
19-24	1.39%	1
25-39	19.44%	14
40-60	56.94%	41
Over 60	13.89%	10
Prefer not to say	8.33%	6
TOTAL		72

Q15 Disability: Do you consider yourself to be disabled?

ANSWER CHOICES	RESPONSES	
Yes	11.11%	8
No	77.78%	56
Prefer not to say	11.11%	8
TOTAL		72

Q16 What is your ethnic group?

White British	86.36%	57
White European (please specify below)	0.00%	0
White Non-European (please specify below)	0.00%	0
White European	1.52%	1
Gypsy/Traveller	0.00%	0
Mixed Dual White and Black African	0.00%	0
Mixed Dual White and Black Caribbean	1.52%	1
Mixed Dual White and Asian	0.00%	0
Other Mixed Dual background (please specify below)	0.00%	0
Black or Black British African	1.52%	1
Black or Black British Caribbean	1.52%	1
Other Black background (please specify below)	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
Asian or Asian British Chinese	0.00%	0
Asian or Asian British Vietnamese	0.00%	0
Other Asian background (please specify below)	0.00%	0
Prefer not to say	7.58%	5
TOTAL		66

Appendix B – Proposed CTS Wording Changes

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

PART 6

Applicable amounts for the purposes of calculating eligibility for a reduction under this scheme and amount of reduction

DELETE:

(8) If an applicant who is a person who is not a pensioner qualifies for less than £5.00 per week in Council Tax Support, then this amount will not be awarded. However, if an applicant who is a person who is not a pensioner falls into or has a partner who falls into a protected category, this lower limit will not apply.

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

29.—(1) Subject to the following provisions of this paragraph, the non-dependant deductions in respect of a day referred to in paragraph 28 shall be 20% higher than those in the Government's default Council Tax Reduction Scheme applicable at the time the deduction is calculated and are—

(c) in respect of a non-dependant aged 25 or over to whom sub-paragraph (a) does not apply, and who is on universal credit, income support, an income based jobseeker's allowance, or an income related employment and support allowance, £4.68 x 1/7.

PART 14

Applications (including duties to notify authority of change of circumstances)

Making an application

ADD

(9) The Local Authority shall be able to treat any official notification regarding Universal Credit as a claim for a reduction under this scheme.