

TRAFFORD COUNCIL

Report to: Executive / Council
Date: 22 January 2014
Report for: Approval
Report of: Executive Member for Finance and the Director of Finance

Report Title

Changes to the Council Tax Support Scheme for 2014/15

Summary

Trafford's local Council Tax Support (CTS) scheme was formally approved by Council in 2013 and implemented from April 2013.

A report on the successful implementation was provided to the Overview & Scrutiny Committee in November 2013. As a result it is not intended to change the scheme in a material way, with four changes being recommended as set out below.

Recommendations

The Executive recommends that Full Council adopts the Council Tax Support (CTS) scheme currently in operation, with the four changes detailed below for 2014/15:

- 1) The applicable amounts are uprated by 1% to keep them in line with inflationary increases to Housing Benefit and other welfare benefits (appendix 1)
- 2) That the Non-dependant deductions are frozen at their current rate (appendix 2).
- 3) That the remaining funding allocated to the £50k discretionary fund (as a one off in year 1) is rolled over into 2014/15. This is estimated to be between £30K and £40k by the end of the year.
- 4) That the temporary extra steps built into the Council Tax recovery process for residents on CTS are removed and brought into line with existing processes.

Contact person for access to background papers and further information:

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Background Papers: None

Implications:

| | |
|---|---|
| Relationship to Policy Framework/Corporate Priorities | Uprating the scheme in line with inflationary increases (of other welfare benefits) will ensure the scheme remains fair and in line with national policy. |
| Financial | The 1% increase in applicable amounts will be largely offset by a corresponding 1% increase in income. The cost of uprating the scheme is minimal and will be absorbed by the difference between the forecasted and actual expenditure. |
| Legal Implications: | The changes to the CTS scheme need to be agreed by the Full Council by 31 January 2014, in order for the scheme to be formally adopted in April 2014. |
| Equality/Diversity Implications | The recommendations proposed by this report are not considered to have any significant effect on groups with protected characteristics |
| Sustainability Implications | None |
| Staffing/E-Government/Asset Management Implications | None |

Reasons for Recommendation

To ensure that the Council approves a local scheme by 31st January 2014 for the 2014/15 financial year.

Key Decision

This is a key decision currently on the Forward Plan: Yes

Other Options

The Council could continue with the current scheme without uprating Council Tax Support but this would penalise certain groups, especially those in work who may not receive an inflationary pay increase.

The Non-dependant deductions could be increased. However, this would require some form of public consultation and transitional protection arrangements would need to be considered.

Consultation

Finance Officer Clearance (type in initials)...ID.....

Legal Officer Clearance (type in initials).....MJ.....

DIRECTOR'S SIGNATURE (appended in hard copy)

1. Background

- 1.1 In April 2013, the Council implemented its new local Council Tax Support (CTS) Scheme, which was designed to reduce expenditure and contribute towards the £1.25m funding gap caused by a reduction in government grant. The new scheme was designed following an extensive 12 week consultation and has helped to reduce costs and protect the most vulnerable.
- 1.2 A review of the current scheme has shown it is operating effectively. In summary:
- The scheme has produced the necessary savings to pay for the recommendations in this report;
 - The scheme has not impacted on Council Tax collection rates which remain on target;
 - Demand for the discretionary payment scheme remain low;
 - There have been no appeals to the Valuation Office Agency against the local CTS scheme; and
 - The CTS scheme has helped more people back into work through the use of added work incentives.
- 1.3 It is important to note that the recommendations listed in this report apply to the local scheme only; meaning they apply to working age customers only. Pensioner legislation is decided nationally as part of the prescribed requirements.

2. Introduction

- 2.1 For each financial year, each billing authority must consider whether to revise its local CTS scheme or to replace it with another scheme. In November 2013 a report was prepared for the Overview & Scrutiny Committee outlining the successful implementation of the new scheme. As a result it is not intended to change the scheme in a material way, with four changes being recommended as set out below.
- 2.2 The revisions to the scheme will take effect from April 2014 and they must be approved by Council before 31 January 2014.

3. Recommended changes to the scheme for year 2

3.1 Recommendation 1

3.2 *The applicable amounts are uprated by 1% (to the figures shown in appendix 1) to keep them in line with inflationary increases to other welfare benefits and the prescribed CTS Scheme for Pensioners.*

3.3 An increase of 1% will largely be offset by a corresponding 1% increase in other welfare benefits. Therefore the group that will benefit most by this change is those in work with a pay freeze.

3.4 The cost of implementing this change is low and can be absorbed by the difference between forecasted CTS expenditure and the grant settlement.

3.5 Recommendation 2

3.6 *That the Non-dependant deductions are frozen at their current rates (see appendix 2).*

3.7 Non-dependant deductions are made from an award of CTS where the claimant and / or their partner live with another adult in their property. This is usually a grown up son or daughter, but could include friends or an older relative etc. who are expected to contribute to household costs. The amount of the deduction depends on the non dependant's circumstances and earnings.

3.8 Non-dependant deductions were increased last year and it is recommended that the deductions for the working age scheme are frozen at their current rates (see appendix 2) for 2014/15. This measure will help extended families. The cost involved is minimal (estimated at less than £2k) and can be absorbed by the scheme.

3.8 Recommendation 3

3.9 *That the remaining budget allocated to the £50k discretionary fund (in year 1) is rolled over into 2014/15. This currently stands at around £40k.*

3.10 To help with the transition from Council Tax Benefit to CTS, Members agreed that a discretionary fund should be set up to help residents on a case by case basis. A fund of £50k was set aside for this purpose.

3.11 Although take up of the fund has been lower than expected, it has proved to be a useful tool, helping many residents in financial difficulties and debt to pay their Council Tax. As the effects of welfare reform and the increasing trend of rental arrears continues it is recommended that the remaining budget is rolled over into the next financial year.

3.12 Recommendation 4

- 3.13** *That the additional temporary steps built into the Council Tax recovery process for residents on CTS are withdrawn and brought into line with existing processes.*
- 3.14** Extra steps were built into the Council Tax recovery process for any household who received CTS but did not qualify for the full amount of support and therefore have something to pay. Additional reminder notices and a final notice were developed for issue prior to a summons which contained clear information as to the consequence of continued non-payment and also advice where to go for assistance. To date over 3,500 additional notices have been issued.
- 3.15** This measure was intended to help with the transition to CTS for year one only and it is recommended that the recovery processes for CTS claimants are brought back into line with the Council's standard recovery processes (for non CTS claimants) for year 2. This will help to reduce administration costs. The effects of this change will be mitigated by the roll-over of the discretionary fund into next year (see section 2.8).
- 3.16** Monthly on-going monitoring of the top 50 households affected by the CTS changes since April has taken place. As at 31 October, 31 cases were completely up to date and only 12 had required recovery proceedings. The others were either no longer liable or had partially paid. This shows that CTS claimants are getting used to the new support system. However, officers will continue to monitor these cases after the extra recovery steps have been removed, to ensure this recommendation remains effective.

Appendix 1 – Applicable amounts for 2014/15

| Working Age | Single | Couple |
|-------------------------------------|---------|---------|
| Allowances | | |
| Single Claimant under 18 | £57.35 | |
| Single claimant 18 to 24 | £57.35 | |
| Single claimant 25 or over | £72.40 | |
| Lone Parent under 18 | £57.35 | |
| Lone Parent 18 or over | £72.40 | |
| Couple both under 18 | £86.65 | |
| Couple one or both over 18 | £113.70 | |
| Child Allowance | £66.33 | |
| Young Person Allowance | £66.33 | |
| Premiums | | |
| Disability Premium | £31.85 | £45.40 |
| Enhanced Disability Premium | £15.55 | £24.08 |
| Severe Disability Premium | £61.10 | £122.20 |
| Disabled Child Premium | £59.50 | |
| Enhanced Child Disability Premium | £24.08 | |
| Carer Premium | £34.20 | £68.40 |
| ESA Work Related Activity Component | £28.75 | |
| ESA Support related component | £35.75 | |
| Family Premium | £17.45 | |

Appendix 2 – Non – Dependant Deductions (weekly)

| In remunerative work with gross weekly income of: | Working Age | Pensioners |
|---|-------------|------------|
| £401 per week or more | £11.88 | £10.95 |
| Between £322.00 and £401 per week | £9.90 | £9.15 |
| Between £186.00 and £322 per week | £7.86 | £7.25 |
| Under £186.00 per week | £3.96 | £3.65 |
| Non-dependant not in remunerative work: | | |
| On IS/JSA(IB)/ESA(IR) | £3.96 | Nil |
| Not in receipt of above benefits | £3.96 | £3.65 |