

COUNCIL - 12 DECEMBER 2017

PART I - DELEGATED

6. COUNCIL TAX REDUCTION SCHEME - 2018/2019

1. Summary

1.1 In April 2013, as part of the national welfare reform, the government changed the way financial support for council tax was managed. This meant the national council tax benefit system, which helped people with a low income meet their council tax obligations, was replaced by new local council tax reduction schemes designed, administrated and managed by Local Authorities.

1.2 Three Rivers District Council's current scheme replicates the previous Council Tax Benefit scheme with the following amendments:

- A limitation on the amount payable based on the band of the property;
- Changes to capital levels;
- The removal of Second Adult Rebate; and
- Increases in Non-Dependant deductions

1.3 The current scheme does not appear to have impacted council tax collection rates which have consistently attained target.

1.4 Following a number of options considered by Policy and Resources it was agreed to consult on possible changes to the current scheme on 12 June 2017.

1.5 At the Policy and Resources Committee meeting on 7 November 2017 it was agreed, following the delivery of a report on the outcome of the public consultation, to recommend to Council that all the proposed changes to the scheme be adopted from April 2018. The full consultation summary report can be found in Appendix 1.

1.6 Any changes made to the scheme would not affect pension age recipients as their rules are set annually by central government.

2. Details

2.1 Any new scheme adopted by Three Rivers District Council must be agreed by Full Council before 31 January 2018 for introduction in April 2018.

2.2 Some of the key considerations that have been taken into account during the review are:

- Pensioners of pension credit qualifying age are fully protected. This principle in effect means there is no discretion in relation to people over pension age and entitlement rules for this group are set nationally.
- Vulnerable groups should be protected as far as possible. There is no definition given to local authorities regarding which groups should be counted as 'vulnerable' so this can be determined locally.
- Work incentives should not be undermined. Local schemes should be designed to support work incentives and, in particular, avoid disincentives to move into work.

2.3 There are only 37 out of 326 authorities maintaining support at 100% for working age applicants, the level previously available under Council Tax Benefit. The changes most commonly adopted by councils are:

- Requiring a minimum payment;
- Removing Second Adult Reduction (Three Rivers District Council)
- Setting a minimum award level;
- Changes the excess income taper;
- Reducing the overall Capital Limits (Three Rivers District Council);
- Limiting the amount of the reduction by Band; and
- Changing Non-Dependant Deductions (Three Rivers District Council).

2.4 The table below illustrates how every £1 of Council Tax is apportioned between Hertfordshire County Council, Three Rivers District Council and the Police and Crime Commission.

Hertfordshire District Council	Three Rivers District Council	Police and Crime Commission	Parish
77p	10p	10p	3p

2.5 The public consultation was open from 17 July 2017 to 8 October 2017. The survey was made available both online and in paper forms. A copy of the questionnaire is available in the background papers.

2.6 A consultation letter was sent by post to all current working age LCTR recipients who were likely to be affected by the proposals inviting them to respond and give their views.

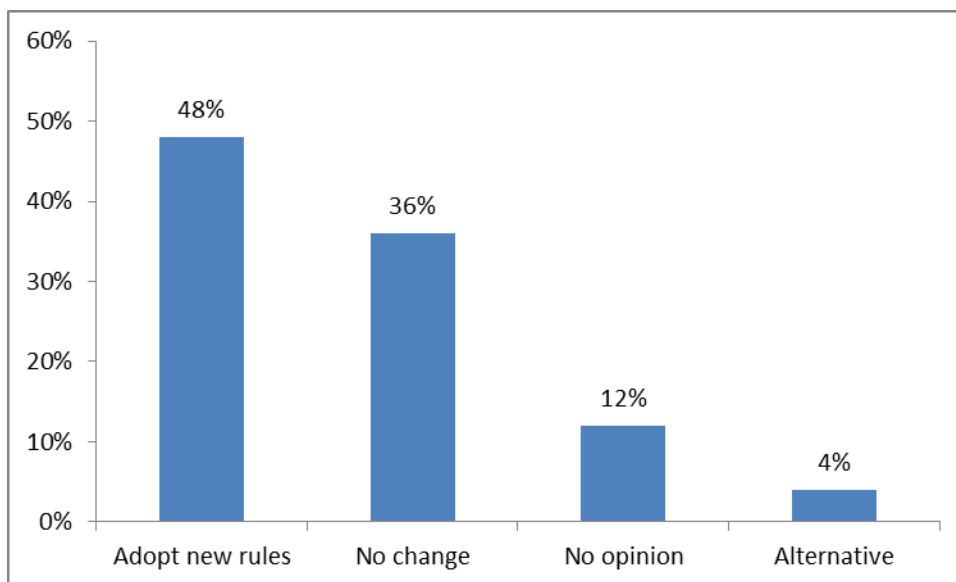
2.7 Consultees were provided with 4 options, these being:

- Option 1: Adopt additional new rules for the scheme
- Option 2: Do not change the scheme
- Option 3: I do not have an opinion on the changes
- Option 4: My alternative proposal

2.8 Additional information regarding Option 1's new rules was provided for consultees to consider. The new rules could incorporate:

- a. Introduce a fixed assessment period
- b. Mirror changes that have been made to Housing Benefit. These are as follows:
 - i. Remove the Family Premium
 - ii. Only backdate claims for 1 month
 - iii. Freeze applicable amounts in line with Housing Benefit
 - iv. Withdraw Council Tax Reduction if a person leaves the UK for 1 month or more
 - v. Limit the number of dependents' additions to a maximum of two for all cases where dependents are born on or after 1 April 2018
 - vi. Remove the Employment and Support Allowance (ESA) Work Related Activity Component from applicants
 - vii. Disregard Post-Graduate Master's Degree Loan and Special Support Loans (for student living expenses)
 - viii. Disregard in full any Bereavement Payments
- c. Minimum Income Floor

2.9 In total 340 survey responses were received of which 7 were by post. Of the 340 responses 73% completed the equalities monitoring information. The responses to the options consulted on and described in paragraph 15 above are detailed in the table below.



2.10 Of the 330 respondents who completed the above question on the consultation document, 159 (48%) identified Option 1: Adopt new rules as their preferred option.

2.11 Four percent (13) of respondents made an alternative suggestion to the options provided. These suggestions focused on:

- Charging people who can afford it, more
- Reduce complexity of the scheme.
- Revaluation of Bands.
- Make everyone contribute at least 10%.

2.12 In response to the question which of the Housing Benefit rules should be adopted of the 302 people who responded to this question 35% stated 'all of them' as their preferred option whilst 30% answered 'none of them'.

2.13 The consultation summary document provides Members with a complete breakdown of each question, summarises the comments made by respondents.

3. **Options**

3.1 Council can choose one of two options:

- To adopt all the proposed changes to the LCTR scheme
- To make no changes to the LCTR scheme

4. **Policy Reference and Implications**

4.1 The current policy is entitled Council Tax Reduction Scheme and was agreed on 8 January 2013.

<http://www.threerivers.gov.uk/egcl-page/council-tax-support-scheme-2013>

5. **Financial Implications**

5.1 There are no financial implications at this time.

6. **Legal Implications**

6.1 There are no specific legal implications at this time.

7. **Equal Opportunities Implications**

7.1 **Relevance Test**

Has a relevance test been completed for Equality Impact?	Yes
Did the relevance test conclude a full impact assessment was required?	Yes

7.2 **Impact Assessment**

7.3 Members are reminded of their statutory duty, in the exercise of their functions to have due regard to the need to

- a. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act 2010;
- b. Advance equality of opportunity between persons who share a protected characteristic and persons who do not share it

7.4 The EqIA identified a negative impact in relation to the majority of protected characteristic groups. This is because the changes would, in most cases, reduce entitlements.

7.5 This negative impact will be greater for females as the demographic of the current case load shows more females than males i.e. 68% of the current case load are women.

7.6 A full equalities impact assessment has been undertaken and can be found in Appendix 2.

8. **Staffing Implications**

8.1 There are no staffing implications at this time

9. **Environmental Implications**

9.1 There are no environmental implications at this time.

10. **Community Safety Implications**

10.1 There are no community safety implications at this time.

11. **Public Health implications**

11.1 There are no public health implications at this time.

12. **Customer Services Centre Implications**

12.1 There are no customer service centre implications at this time.

13. **Communications and Website Implications**

13.1 The website will need to be updated to existing scheme, communications issued to all existing recipients who may be affected.

14. **Risk Management and Health & Safety Implications**

14.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

14.2 The subject of this report is covered by the Revenues & Benefit service plan. Any risks resulting from this report will be included in the risk register and, if necessary, managed within this plan.

14.3 The following table gives the risks if the recommendation is agreed, together with a scored assessment of their impact and likelihood:

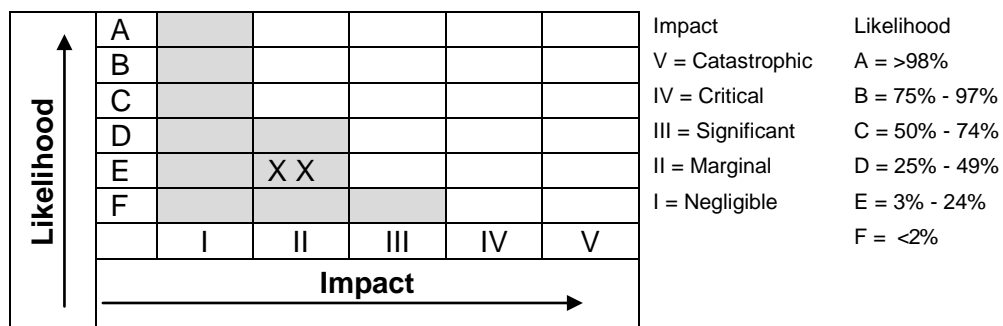
Description of Risk		Impact	Likelihood
1	Council Tax collection rate could temporarily reduce as the changes bed in and recipients need to contribute more to their council tax	III	E
2	Recipients may not understand the changes to their entitlement to LCTR	II	E

14.4 There are no risks to the Council in rejecting the recommendation.

14.5 Of the risks above the following are already included in service plans:

Description of Risk		Service Plan
No	CTAX Collection Rates	Revenues & Benefits

14.6 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.



14.7 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

15. **Recommendation**

15.1 That Three Rivers District Council adopt all the proposed changes to the Local Council Tax Reduction Scheme

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Background Papers

Modelling Report October 2017
P & R Report June 2017

APPENDICES / ATTACHMENTS

Appendix 1 – Consultation Summary Report
Appendix 2 – Full Equalities Impact Assessment