**POLICY AND RESOURCES COMMITTEE**

**7 NOVEMBER 2017**

**PART I – NOT DELEGATED**

**7. LOCAL COUNCIL TAX REDUCTION SCHEME** (LCTR)(DoF)

1. **Introduction**
   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.
   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. The current scheme does not appear to have impacted council tax collection rates which have consistently attained target.
  2. At Policy & Resources Committee (P&R) on 12 June 2017 it was agreed to consult on possible changes to the current scheme and this report provides members with the outcome. A full consultation summary report can be found in Appendix 1.

1. **Background**
   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. It is proposed that following P & R if it is agreed to change the current scheme a report will be presented to Full Council on 12 December 2017.
   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.
  1. There are now only 37 out of 326 authorities have decided to maintain 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 (as per Three Rivers District Council)
* Setting a minimum award level;
* Changes the excess income taper;
* Reducing the overall Capital Limits (as per Three Rivers District Council);
* Limiting the amount of the reduction by Band; and
* Changing Non-Dependant Deductions (as per Three Rivers District Council).
  1. The table below illustrates the estimated caseload for both working age and pension age recipients in 2017/18:

|  |  |  |
| --- | --- | --- |
| **Working Age** | **Pension Age** | **Total** |
| 2484 | 1800 | 4284 |

* 1. The estimated expenditure of the scheme for working age applicants as at 16 October 2017 is £2,551,519.95.
  2. The average weekly entitlement to council tax reduction for a working age recipient is £19.72.
  3. 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 |

* 1. It is clear from the apportioning of council tax collection that the County Council would financially benefit the most from any reduction in LCTR expenditure.
  2. The data has been remodelled post consultation on each of the proposed changes and, where possible, updated impacted figures have been incorporated. The updated modelling report can be found in Appendix 2.

1. **Consultation** 
   1. The public consultation was open from 17 July 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. 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.
   3. 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
   4. Additional information regarding Option 1’s new rules was provided for consultees to consider. The new rules could incorporate:-
   5. Introduce a fixed assessment period
   6. Mirror changes that have been made to Housing Benefit. These are as follows:
      1. Remove the Family Premium
      2. Only backdate claims for 1 month
      3. Freeze applicable amounts in line with Housing Benefit
      4. Withdraw Council Tax Reduction if a person leaves the UK for 1 month or more
      5. Limit the number of dependents’ additions to a maximum of two for all cases where dependents are born on or after 1 April 2018
      6. Remove the Employment and Support Allowance (ESA) Work-Related Activity Component from applicants
      7. Disregard Post-Graduate Master’s Degree Loan and Special Support Loans (for student living expenses)
      8. Disregard in full any Bereavement Payments
   7. Minimum Income Floor
   8. Details of additional comments made by responders can be found in the consultation summary report.
   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.
   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.
   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%.
  1. 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. The consultation summary document provides Members with a complete breakdown of each question, summarises the comments made by respondents.
  3. In deciding whether to adopt any changes to the CTR scheme from April 2018 Members should also consider if a ‘transitional’ hardship scheme should be developed to reduce the impact of any changes on those affected.
  4. Any transitional hardship scheme would be funded from Three Rivers District Council’s budget.
  5. Members are reminded of their statutory duty, in the exercise of their functions to have due regard to the need to:
  6. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act 2010;
  7. Advance equality of opportunity between persons who share a protected characteristic and persons who do not share it;
  8. The Equality Act has identified negative impact in relation to the majority of protected characteristic groups. This is because the changes would, in most cases, reduce entitlements.
  9. 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.
  10. A full equalities impact assessment has been undertaken and can be found in Appendix 3.

1. **Recommendations**
   1. Following consideration of all the information Members can make any of the following decisions:

* maintain the current scheme, not make any changes and instruct officers to prepare a report for Council to this effect
* change the current scheme, adopt all the proposed changes and instruct officers to prepare a report for Council to this effect
* change the current scheme, adopt some of the proposed changes and instruct officers to prepare a report for council to this effect

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**Appendices**

Appendix 1 - Consultation summary report

Appendix 2 - Modelling report

Appendix 3 - Equalities Impact Assessment

**Background Papers -** Consultation document