

# Chichester District Council

THE CABINET

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## Determination of the Council Tax Reduction Scheme for 2019-2020

### 1. Contacts

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### 2. Recommendation

- 2.1. That the Cabinet recommends that the proposed Council Tax Reduction Scheme for 2019-20 be approved by the Council.**

### 3. Background

- 3.1. The Welfare Reform Act and Local Government Finance Acts of 2012 abolished the national council tax benefit (CTB) scheme and put in place from 1 April 2013 a framework for local authorities to create their own local council tax reduction (CTR) schemes.
- 3.2. The government has laid down the process by which a local council tax reduction scheme should be put in place and renewed each year. In accordance with that process, officers have consulted both West Sussex County Council (WSCC) and Sussex Police, published a draft scheme, consulted stakeholders and the community, and prepared the attached recommended scheme. This scheme must be approved by the Council before 11 March 2019 or the previous year's scheme will continue to have effect.
- 3.3. The cost of CTR is by way of deduction from the tax base, which has to be set by the December 2018 Cabinet meeting. Although the legislation permits the CTR scheme to be approved by 11 March 2019 it really needs to be considered and agreed before tax base can be set.
- 3.4. The cost of the scheme is shared between all precepting authorities. This Council's share is approximately 9% of the total scheme cost, with the rest being funded by Sussex Police, WSCC and the parish councils.
- 3.5. Roll out of Universal Credit Full Service (UCFS) for Chichester District commenced (in the main part) in July 2018. From this date Universal Credit (UC) replaced all legacy benefits, including Housing Benefit administered by the Council, for all new eligible working age claimants. It was anticipated that this change would increase the cost of administration of the scheme therefore in 2018 – 19 a new Class F was introduced to the scheme. This class was for claimants in receipt of UC, entitlement for this Class is determined in

accordance with income bands rather than the means test that applies to other working age classes in the scheme.

- 3.6. Since the introduction of local schemes the Council has aimed to support those that are financially vulnerable in its communities by maintaining levels of support to claimants in comparison with the National means-tested Council Tax Benefit scheme that it replaced. Across the country this has been a different story, of the 326 local authorities across England 277 have introduced a minimum amount.

#### **4. Outcomes Achieved**

- 4.1. The delivery of a scheme that is cost effective to administer while supporting those in the community that require financial assistance in the form of a reduction in their council tax.
- 4.2. As in previous years the schemes performance will be monitored in year with a view to informing the succeeding year's scheme.

#### **5. Proposal**

- 5.1. The proposed CTR scheme for 2019-20 is broadly unchanged from last year's scheme. Some minor amendments have been introduced aimed at simplifying the scheme and reducing the cost of administration. These are:
  - (a) Introduction of a flat rate non-dependant deduction of £3.90 per week for claimant's on the banded UC scheme (Class F in the scheme document). This will be applied for all non-dependants in the household for claimants on this scheme, where the non-dependant is in remunerative work.
  - (b) Realignment of the start date of CTR with the Housing Benefit scheme. When the scheme was introduced in 2013 the Council took the decision that entitlement to CTR would start on the date that an application is received, rather than the general principle of the following Monday. However the Revenues & Benefits software supplier Northgate Public Services has never been able to deliver this. This has resulted in manual processing. Therefore it is proposed that the start date be realigned to the HB scheme which is deliverable and reduces the cost of administration.
  - (c) Any changes that have occurred in HB will also be transferred across to the 2019-20 scheme, including uprated premiums, living allowances and non-dependant deductions (for non UC claimant's) supplied by the Department for Work and Pensions that will be published later in the financial year.
  - (d) The introduction of the banded scheme for UC claimants in 2018 could result in a reduced entitlement for some claimants this will be mitigated by the discretionary hardship policy that sits within the scheme which is sufficiently flexible to ensure that claimants in Working Age Class F are not disadvantaged by the banded scheme. This hardship policy has also been updated to ensure that Care Leavers under the age of 25 are also considered to be a vulnerable group and the Council will aim to engage and support this group should it be required.

## **6. Alternatives Considered**

- 6.1. Consultation included the proposal to leave the 2017-18 scheme unchanged for 2018-19. This is not favoured by Officers as it does not give the opportunity to make the minor changes that it feels are required to ensure that the scheme is as straightforward and cost effective to administer as possible.
- 6.2. The consultation also introduced the idea of extending the banded scheme to all working age claims and the concept *De Minimus* rules. The introduction of either of these options is aimed at reducing the volume of changes to entitlement as a consequence of minor income changes that some claimants with variable incomes experience during the billing year. Both of these principles were largely supported in the consultation. However for this financial year officers feel that they would like to have the opportunity to measure the performance of the banded scheme that was introduced in 2018. UC was due to roll out in April 2018, however this was delayed until July 2018, therefore at this time there is insufficient data to measure the effectiveness of the scheme in terms of both how it supports claimants and reduces the cost of administration.
- 6.3. Banded schemes and *De Minimus* rules do the same thing in a different way. Therefore longer term the Council needs to decide how they see the long term future of the scheme. The roll out of UCFS, in particular the next stage of this process, known as managed migration (when those on existing legacy benefits transfer across to UC) is scheduled to commence from 2019. This combined with the likelihood of continued reduction of administration funding in the form of grant funding from the Department for Work and Pensions means that decisions may need to be made regarding which of these options (if any) are favoured. Therefore officers propose that these ideas form the basis of the consultation for the 2020 – 2021 scheme with consideration given to how the introduction of a banded scheme for those of UC has impacted on both the cost of administration and the cost of support. This will be in full consultation with the Director of and the Cabinet Member for Residents Services.

## **7. Resource and Legal Implications**

- 7.1. The predicted spend on CTR when tax base was set in December 2017 for 2018-19 was £7,338,771.19. The revised 2018-2019 cost is now estimated to be £7,180,886.53 (as at the end of August). This compares with £6,782,628.88 actual CTR expenditure for 2017-18, against a tax base estimate of £6,990,172.53.
- 7.2. Future CTR expenditure is difficult to predict, however it has remained constant since the introduction of local schemes. However external factors could influence expenditure, such as an economic downturn, loss of a local employer including the impact of Brexit or extended welfare reform.

## **8. Consultation**

- 8.1. A consultation with stakeholders and the public on the draft scheme for 2019/20 was carried out during July and August. A total of 107 responses were received, this is an increase on previous years. The full report can be found at appendix 2.

- 8.2. 86.9% of respondents agree that Council Tax Reduction and Housing Benefit claims should start on the same day, 7.4% were uncertain or felt strongly neither way and 5.6% disagreed.
- 8.3. 37.1% of respondents said that non-dependant deductions for UC claims should remain the same as working age deductions, 37.1% agreed that they should be introduced at a flat rate and 22.9% were unsure.
- 8.4. 36.4% of respondents said that they thought the proposed flat rate of £3.90 was about right, with 30.8% said it was too low, 24.3% said they were unsure and 8.4% said that they thought it was too high.
- 8.5. Three quarters of respondents agree that the existing banded scheme should be expanded to include all working age claims. 44.9% of respondents agreed, and 22.9% strongly agreed that it should be expanded.
- 8.6. More than four out of five respondents said they would support the introduction of *De Minimus* parameters. Most respondents (55.3%) felt that £1.00 was a suitable amount, with 19.4% saying that they thought 50p and the remaining 25.2% saying other. Of those that said other most thought that £10 would be about right.
- 8.7. 35.5% were uncertain or had no strong feelings either way and a further 35.5% did not feel that the existing CTR scheme should be kept the same. 29% of respondents agreed that the current scheme should remain unchanged.

## 9. Community Impact and Corporate Risks

- 9.1. The corporate risk to the authority is setting a CTR scheme which is unaffordable. This risk is reduced by setting a scheme which is broadly in line with the existing one so expenditure can be predicted. Should there be a downturn in the economy there is a risk that the scheme will cost more than estimated.
- 9.2. The community impact is reduced by keeping the calculation of entitlement as close to the previous CTB scheme as possible.

## 10. Other Implications

	Yes	No
<b>Crime and Disorder</b>		No
<b>Climate Change and Biodiversity</b>		No
<b>Human Rights and Equality Impact</b>	Yes	
<b>Safeguarding and Early Help</b>		No
<b>General Data Protection Regulations (GDPR)</b>		No

## **11. Appendices**

11.1 Draft Council Tax Reduction Scheme 2019-2020

11.2 Council Tax Reduction Scheme Survey 2018

11.3 Council Tax Reduction Scheme 2019-20 Equalities Impact Assessment

## **12. Background Papers**

12.1 None