

Council Tax Reduction Scheme for 2018 - 2019

1. Contacts

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2. Recommendation

- 2.1. That the Head of Finance and Governance Services be authorised, following consultation with the Cabinet Member for Finance and Governance Services, to prepare and consult upon a draft 2018-2019 council tax reduction scheme options as proposed in appendix 1, to be brought back to Cabinet in November 2017 for recommendation to the Council.**

3. Background

- 3.1. The Welfare Reform Act and Local Government Finance Acts of 2012 abolished the national council tax benefit scheme and put in place a framework for local authorities to create their own local council tax reduction (CTR) schemes from April 2013. The funding regime also changed with the introduction of localised schemes, with administration being funded by the Department of Communities and Local Government (DCLG).
- 3.2. The Government legislated that people of pensionable age would continue to receive support based on national rules so local schemes only apply to working age claimants.
- 3.3. Since its introduction Chichester District Council's local scheme has broadly followed the rules of the council tax benefit scheme that existed prior to April 2013 and the current Housing Benefit (HB) scheme. This has meant that applicants for support have been supported as much as they had been under the previous scheme arrangements. Since 2013 a significant number of Local Authorities have amended their schemes so that most CTR claimants have some council tax to pay. In general this has been achieved by restricting the amount of CTR to a maximum award or calculating entitlement based on a restricted council tax band.
- 3.4. Chichester's CTR scheme has remained unchanged since April 2013, apart from the annual uprating of applicable amounts and state benefits in line with the HB scheme, as well as mirroring any legislative changes made to HB in the preceding year. This has meant that people on the lowest incomes in the district have been

protected and are still able to claim a reduction that covers the full cost of their council tax.

- 3.5. In 2013 Universal Credit (UC) was introduced in pathfinder Local Authorities, with roll out for the first phase of Local Authorities commencing in October 2013. In the Chichester District we have rolled out with UC for single people of working age. To date this has had minimal impact as generally this group do not have housing costs. Although we currently have around 50 active claims for people in receipt of UC, compared to 40 claims active at the same point last year.
- 3.6. Full roll out of UC for Chichester District will commence in April 2018. From this date UC will apply for all working age claimants. Therefore we anticipate a significant increase in the number of claimants moving from HB to UC. As we are still responsible for CTR claims we will see a drop in HB claims but our CTR caseload will remain generally the same.
- 3.7. The nature of UC means that our CTR claimants will have regular minor changes in their income which will result in regular changes in CTR entitlement if we retain our current scheme. It is anticipated that the Council will see a significant increase in the cost of administration as a result of all these minor income changes.
- 3.8. To date the cost of administering a CTR claim has been minimised because it is processed along with the HB claim using the same computer system and documentary evidence to calculate entitlement. As HB claims migrate onto UC the average cost of administering CTR claims will increase.
- 3.9. The level of funding received from the DCLG to cover the costs of administering the scheme has fallen by 4.6% since the introduction of local CTR schemes in 2013.
- 3.10. The combination of the factors referred to above has prompted us to consider a simplified CTR scheme that keeps the cost of administration to a minimum whilst providing maximum support for those on the lowest incomes.
- 3.11. There is also the fact that the way that UC is currently calculated by our local CTR scheme is not providing consistent levels of support to our communities. There is an anomaly in the current assessment process whereby a claimant who is working with housing costs included in their UC award may get more CTR than an applicant with the same level of earnings without housing costs. This anomaly has not presented as an issue at present as the UC caseload (50 live claims) is relatively small in comparison to the CTR caseload. However as UC rolls out with full service from April 2018 this may present as more of an issue in terms of costs of the scheme. Therefore the way that UC is considered by the local CTR scheme is something that requires consideration for the 2018/19 scheme.

4. Outcomes to be Achieved

Preparation of and consultation on a CTR scheme that continues to support those that require assistance in our communities while being cost effective in terms of its administration with a view to the fact that UC will roll out in the District from April 2018.

5. Proposal

- 5.1. That officers consult on a CTR scheme options as proposed in appendix 1.
- 5.2. That the 2018-2019 scheme is reported to the November 2017 of the Cabinet for recommendation to the Council.

6. Alternatives Considered

- 6.1. Even if the Council choose to continue with the current scheme there are some amendments as a result of changes to the HB scheme that will still require consultation.

7. Resource and Legal Implications

- 7.1. The introduction of a local CTR scheme has meant a switch from a fully funded scheme to one where the funding forms part only of the central grant. The level of funding has not been protected at its previous level. In order to retain levels of support for claimants this deficit has been offset by council tax charged on second homes and empty properties.

8. Consultation

- 8.1. Consultation on the CTR scheme will be required with West Sussex County Council and Sussex Police and Crime Commissioner as our major preceptors and with other members of the community, both individuals and organisations.

9. Community Impact and Corporate Risks

- 9.1. No implications for the CTR scheme at this stage. If, following consultation, the scheme is changed then there will be a financial impact on most or all working age claimants in the district. This could be mitigated by creating a discretionary hardship fund.
- 9.2. Since April 2013 we and the precepting authorities have seen a reduction in tax base resulting from the implementation of the council tax reduction scheme. The income generated from locally defined discounts has helped to off-set this loss.

10. Other Implications

	Yes	No
Crime and Disorder		X
Climate Change		X
Human Rights and Equality Impact Equalities impact assessment not required at this stage but will be required before the scheme is finalised.	X	
Safeguarding		X

11. Appendices

- 11.1 Proposed changes to the CTR scheme for the 2017-2018 financial year