

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 15th December 2014

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WARD(S): All

PORTFOLIO: Councillor Rob Anderson, Commissioner for Finance & Strategy

PART I **KEY DECISION**

COUNCIL TAX SUPPORT SCHEME 2015-16

1. Purpose of Report

The Council approved a new Council Tax Support (CTS) scheme for 2013-14 following the abolition of Council Tax Benefit. The Council is required to have its own scheme and approve this annually.

2. Recommendation(s)/Proposed Action

The Cabinet is requested to resolve:

- (a) That the Council Tax Support Scheme adopted by Slough Borough Council for the 2014-15 financial year be continued and the relevant premiums, applicable amounts, non dependant deductions etc be up-rated in line with the statement from the Minister of Pensions.
- (b) That the Chief Executive and Section 151 Officer update the scheme to reflect such up-ratings of premiums, allowances and non dependent deductions as may be determined by the Department of Work and Pensions, and for other minor technical changes which may be required.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Corporate Plan

The Slough Joint Wellbeing Strategy (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

3a. Slough Joint Wellbeing Strategy Priorities

The Slough Joint Wellbeing Strategy (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in

conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

The report indirectly supports all of the Community Strategy priorities and cross cutting themes. The maintenance of good governance within the Council to ensure that it is efficient, effective and economic in everything it does is achieved through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

4. **Other Implications**

(a) **Financial**

This report should be cost neutral compared to the current Council Tax Support scheme. The uprating of the scheme with inflation (or the amount determined by the Minister of State for Pensions) should be broadly cost neutral as other benefits and income assessments are changed.

This is based on the assumption that the number of applicants will remain similar to 2014-15. The economic climate has an effect on the number of recipients of Council Tax Support and an increase in applications will see an increase in spend.

(b) **Risk Management**

Risk	Mitigating action	Opportunities
Legal		
Property		
Human Rights		
Health and Safety		
Employment Issues		
Equalities Issues	See EIA	
Community Support		
Communications		
Community Safety		
Financial – risk of increased costs through the CTS scheme	Income and applicable amounts to be uprated in line with DWP rates. An increase in CTS cases will be a financial pressure on the collection fund	A decrease in CTS claimants will be a financial benefit to the Council through reduced payments
Timetable for delivery		
Project Capacity		
Other		

(c) **Human Rights Act and Other Legal Implications**

The scheme has not been changed and is being updated in line with inflation / the amount determined by the DWP (and the constitution allows for fees and charges to rise with inflation + a %).

(d) Equalities Impact Assessment

Attached at Appendix B.

5. Supporting Information

- 5.1 The Local Government Finance Act paved the way for the implementation of localised council tax support schemes in England from April 2013. This required local councils to design their own schemes to administer council tax support, working within a framework set out in legislation. The Government has been clear that the elderly and the vulnerable should be protected, and that the changes should support incentives for people to find and stay in work.
- 5.2 It was estimated that the proposed funding mechanism for CTS would create a funding gap of at least £1.1m, based on Government passing the Council a reduced amount of non-ringfenced grant compared to the previously ring-fenced Council Tax Benefits amount. The Government has also been reducing the Housing Benefit and Council Tax Support administration grant made to the Council.
- 5.3 The Governments key aims were to:
- (a) give local authorities a greater stake in the economic future of their local area which supports the Governments wider agenda to encourage stronger, balanced economic growth across the country;
 - (b) provide local authorities with the opportunity to reform the system of support for working age customers;
 - (c) reinforce local control over council tax (Local decisions about what support is given i.e. council's are free to establish whatever rules they choose for working age customers);
 - (d) implement new schemes by April 2013 and;
 - (e) provide local authorities with a financial stake in the provision of support for council tax (The fixed grant will not be ring-fenced).
- 5.4 This is part of a wider set of reforms to the welfare system: designed to improve the incentives to work and ensuring resources are used more effectively, so reducing worklessness and ending a culture of benefit dependency. The Government also brought in levels of protection for certain claimants, primarily the elderly, through CTS schemes.
- 5.5 Slough's scheme sees a reduction of 20% in the previous Council Tax Benefit; i.e. all residents pay at least 20% of their Council Tax unless protected in the scheme. As can be seen below, the Council's scheme promotes probably the most equity within the limits of equitability of the current Council Tax arrangements.

Chart 1.1: Local Government Association analysis

Council tax as a proportion of net household income after housing costs by income decile, under different council tax support schemes

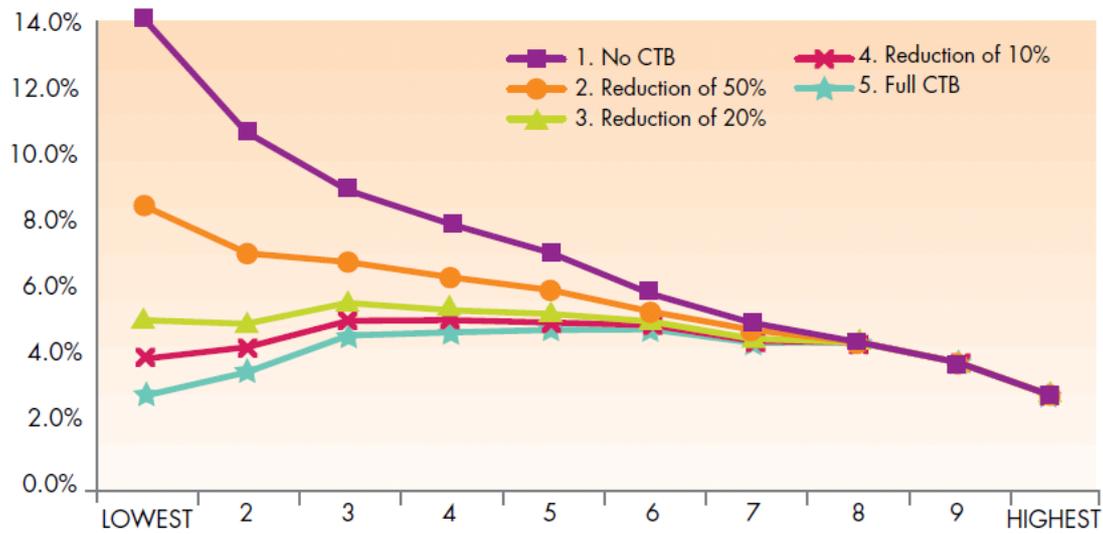
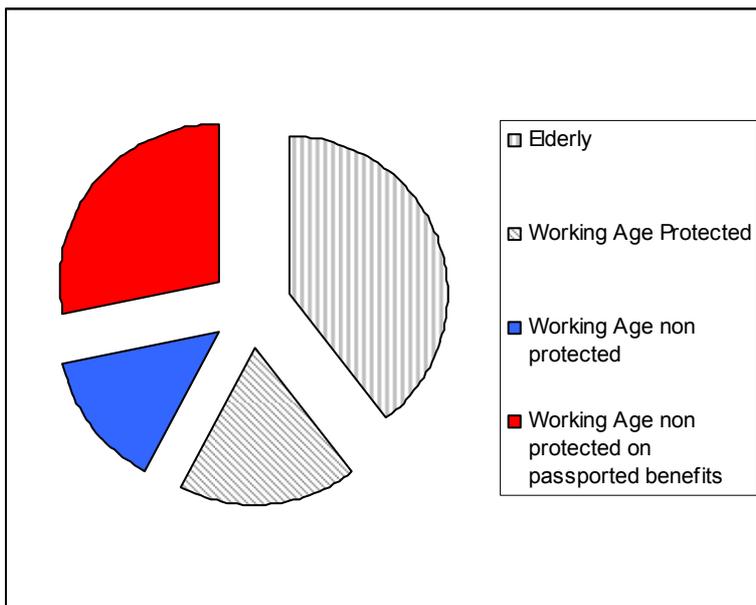
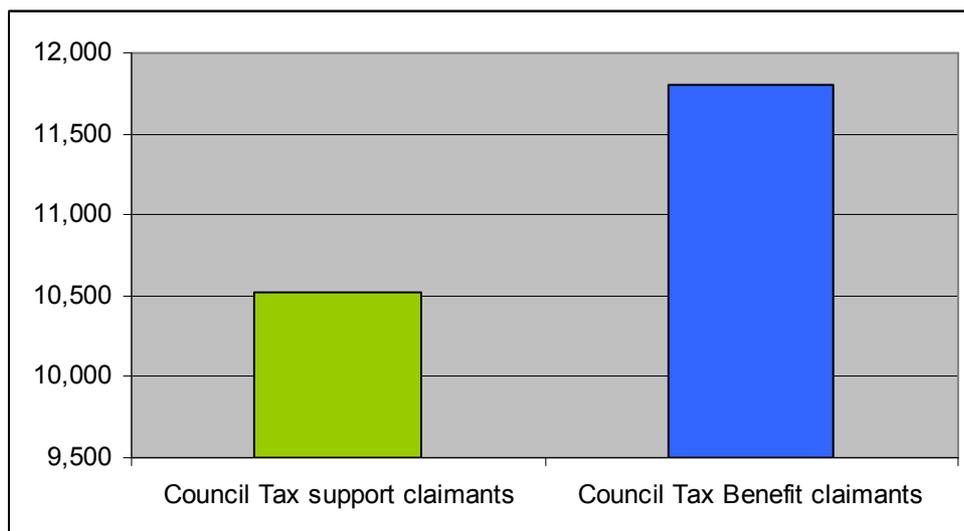


Chart 1.2: Breakdown of CTS scheme claimants



5.6 Since the introduction of the Council Tax Support scheme, there has been a comparative reduction in the number of claimants of CTS compared to Council Tax benefit

Chart 1.3 Council Tax Support vs. Benefit claimants



Changes to the 2015-16 scheme

- 5.7 At the September 2014 Cabinet meeting, the cabinet approved for officers to review the existing scheme and to update the scheme in line with some overall percentage uplifts. Cabinet also resolved for officers to consider the impact of modelling some potential changes to the CTS scheme to see what the budgetary impact would be, and to discuss these with the Leader to consider going out to consulting on a revised scheme.
- 5.8 Review of the modelling has indicated that, there could be an overall financial benefit through changing the scheme.
- 5.9 The removal of the protection from disabled people and disabled children and retaining the protection for people with both enhanced and severe disability premium would reduce the CTS costs by £114k
- 5.10 Decreasing the capital allowance to £10k would yield a reduction of £19k
- 5.11 Increasing the non-dependent deduction from an average of £9.40 to £14 would yield a reduction in costs of £62k.
- 5.12 On review of the above, the majority of these changes would fall on those who have already suffered a reduction within the CTS scheme, and some individuals would see a reduction from more than one of the above strands. It is also important to consider the collection rate of the additional Council Tax required. The proposals above would require consultation, which would involve costs as well as further legal costs likely, as well as the administrative burden of changing the scheme.
- 5.13 Overall, it was concluded that a wider review of the CTS scheme, along with the potential advent of Universal Credit, would be more beneficial, as well as being simpler to administer and for claimants to understand, would be undertaken in time for the 2016-17 financial year.

The potential impact of Universal Credit (UC)

- 5.14 With UC due to rolled out across the country, there could be an impact on the CTS scheme for Slough. If a claimant is assessed under UC (potentially via another authority and the claimant comes to Slough), the Council will potentially have to do a recalculation as UC does not include CTS income.
- 5.15 The government has announced that UC will start rolling out from February 2015 and has announced the first 73 LA's that will be part of the February roll out, out nearest neighbours included in this roll out are Oxford City and West Oxfordshire Council. The roll out will begin with new claims from single persons and potentially couples with no children, to ensure that the most straightforward claims are implemented first. Once a customer is assessed for UC in any location they remain on UC no matter where they move to they do not go back to Housing Benefits and Income Support, this means that a customer from one of the "live" area's may move to Slough and we would not be assessing them for Housing Benefit but must assess them for Council Tax Support using UC as income. The CTS scheme in Slough needs to identify how UC will be treated as income in this instance.
- 5.16 SBC are currently awaiting advice and guidance on how to treat any income from UC. It is expected that income from UC will be treated in the same way that earned income is treated at present under the scheme. UC will include the Housing costs as customers will not be receiving Housing Benefit, it is therefore envisaged that UC income minus the Housing Costs award will be used in the calculation of CTS. It is envisaged that there will be minimal claims in Slough for CTS with UC as income during 2015-16 based on the claims that the pilots have received to date
- 5.17 This could have an impact on Slough's scheme through lower UC costs, but increasing the local CTS scheme costs to Slough taxpayers. This will be considered as part of the rollout of UC and for future schemes. As yet the DWP have not stated when UC will be rolled out to Slough Customer.

6. Comments of Other Committees

n/a

7. Conclusion

This report proposes that the 2015-16 scheme is based on the 2014-15 and is uprate the relevant premiums, applicable amounts, non dependant deductions etc in line with the statement from the Minister of Pensions.

8. Appendices Attached

'A' - Council Tax Support scheme 2015-16

'B' - Equalities Impact Assessment

9. Background Papers

'1' - Council Tax Support Schemes 2013-14 and 2014-15

The Local Council Tax Benefit Scheme – Slough Borough Council

1. This document contains the Council Tax Support Scheme which the Council is required to produce under the provisions of Schedule 4 of the Bill. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 prescribe a number of matters which must be included in the scheme and the scheme is to be interpreted and applied in accordance with those regulations.
2. The scheme applicable to pensioners is defined in the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, Part 3, Schedules 1 to 6, which will be adopted within this scheme following their enactment.
3. The procedure for the operation of the Scheme summarised below is made in accordance with Schedules 7 and 8 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.
4. The scheme related to persons of working age is being proposed based upon the following Key Principles:

Principle 1: The core of the new local Council Tax support scheme will remain the same as the current Council Tax Benefit scheme

Principle 2: Every working age adult should pay something and therefore the reduction required to cover the Governments cut should be applied equally

Principle 3: There is no change for pensioners and protects those classed as vulnerable as instructed by Government

Principle 4: The scheme should incentivise work. The new scheme adopts the existing scheme as defined in the Council Tax Benefit Regulations 2006 as they stood on 21 July 2012 subject to the following amendment:

5. This scheme states that the principals and methods set out in those regulations be used to determine council tax support, except where amendments are set out in this scheme or by statute under the Local Government Finance Act and accompanying legislation.

That Regulation 57 in Part 6 of the Council Tax Benefit Regulations 2006 shall be taken to read as follows:

“57. (1) Subject to paragraphs (2) to (5), the amount of a persons maximum council tax benefit in respect of a day for which he is liable to pay council tax, shall be between 70% and 90%t of the amount A/B where –

- (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and

- (b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under regulation 58 (non-dependant deductions).”

6. This scheme is compliant with the following local operational principles:

- To protect the most vulnerable in society.
- To maintain the current protection for War Widows and War Disablement customers.
- Is simple to administer ensuring the Council will have available resources to operate it, reflecting the fact that the administration grant for CTS will soon be withdrawn by Government.
- That the attached hardship policy is adopted in order to ensure that there is a safety net for exceptional cases.
- Any change in benefit entitlement is collectable.
- Recovers as much as possible of the potential gap in funding

7. Principles of the Council Tax Benefit Replacement Local Support Scheme

As well as protecting pensioners' entitlement to their current level of council tax benefit the Government propose two additional principles to underpin local schemes which Slough will adopt:

- a. Local authorities should also ensure support for vulnerable groups;
- b. Local schemes should support work incentives, and in particular avoid disincentives to move into work.

8. Pensioners

Pensioner council tax support will not be reduced as a result of the local scheme. Therefore all pensioners and those who apply in the future will have their council tax support based on the current regulations.

9. Vulnerable Groups

Slough like all local authorities has a duty to protect vulnerable groups. While there is no agreed definition – in government or elsewhere – of what characteristics make an individual vulnerable the local authority has statutory duties in relation to:

- a. Children, and duties under the 2010 Child Poverty Act to reduce and mitigate the effects of child poverty;
- b. Disabled people, and duties under the 1986 Disabled Persons Act;
- c. Homelessness prevention, and duties under the 1996 Housing Act to prevent homelessness with a special regard to vulnerable groups.

10. It is the Government's intention to prescribe the criteria, allowances and awards for Council Tax Support to pensioners. This means there will be no flexibility on funding the shortfall for councils in respect of this element of the scheme.

Both this and the Governments wish to incentivise Customers into work and protection of the vulnerable is emphasised in the Government's response to the outcome of consultation published in December 2011.

11. The following scheme provides the way forward and is split into the following broad categories:

- A - Changes to Discounts and Exemptions for Council Tax
- B - Percentage Reduction in benefit.
- C - Reduction based around property band.
- D - Reduction based on income e.g. Child Benefit
- E - Removing Second Adult Rebate

A - Changes to Discounts and Exemptions for Council Tax:

Central Government legislation allows for changes to Council Tax Discounts and Exemptions which will come into effect from 1st April 2013. Slough Borough Council has chosen implement these changes.

There are currently 23 classes of Council tax exemption and the changes will only affect three of these:

- Class A - A property which is undergoing or requiring major structural repairs or alterations.
- Class C - A new property or a property that has become empty. It must be unoccupied and substantially unfurnished. May last for a maximum of six months from the date last occupied and substantially unfurnished or the date of completion on new properties.
- Class L- A property that the mortgagee has taken possession of under the terms of the mortgage contract.

In addition the council will also implement a charge of a 50% Empty Home Premium on properties that have been empty longer than 2 years.

These changes affect discounts currently granted to properties not used as a main home.

This will impact mainly upon landlords and will include the council's own empty properties as well as housing association properties and possibly property developers.

B – A flat rate reduction from all existing working age CTB Customers:

The Government have made it clear that we cannot remove benefits from pensioners, and that we should look to protect the vulnerable. In the following the customers who are pensioners or receiving severe disability allowance, disability allowance, disability allowance for a child and receives a disability premium have been protected.

We will implement a flat rate percentage cut of 20% in benefit which will be applied to all current working age Customers

Reducing entitlements for all Customers slightly strengthens work incentives but imposes significant losses on even the poorest households. Such a policy would mean that all households, even those on the lowest incomes, would have to pay some Council Tax. The poll tax experience showed how difficult it can be to collect small amounts of tax from low-income households who are not used to paying it.

This reduction option would mean that those of working age would never be entitled to have all of their Council Tax rebated, meaning that the Council would have to collect some Council Tax from families with very low incomes.

C - Restricting Council Tax Support to the charge for a Band C Property:

We will restrict Council Tax Support to the liability of a Band C property. This means we will calculate Council Tax Support assuming that all customers who are in a higher band are in Band C. We acknowledge that while simple to administer this option pays no regard to the needs of the people who may happen to live in larger properties, such as large families.

Customer distribution by property band is as shown below:

Total Number of Council Tax Benefit Customers by council tax band	Number
Disabled A	2
A	452
B	3,137
C	5,207
D	2,305
E	410
F	93
G	7
H	0
Total	11,619

This shows:

- 76% of Customers live in band A, B or C properties in Slough.
- 96% of Customers live in band A, B, C or D properties in Slough.

The advantage of this option is that it sets a maximum support cap for all Customers of working age so could be perceived to be transparent and fair.

Reducing support for occupants of properties in higher Council Tax bands also involves starting to collect Council Tax from some households with little or no private income. But only households in higher-band properties are affected. Reforms of this kind slightly strengthen work incentives, and also affect people's incentives to occupy properties in higher Council Tax bands.

The Government have made it clear that we cannot remove benefits from pensioners, and that we should look to protect the vulnerable, in the above customers who are pensioners or receiving severe disability allowance,

disability allowance and disability allowance for a child have been protected.

D – Reduction Based on Income

We will use income in the calculation of Benefit that is currently disregarded.

The current Council Tax Benefit regulations mean that the following income is not used in the calculation of entitlement

- Child Benefit

This income will now be brought into the calculation of CTS, which would have the effect of increasing the income used in the calculation and reducing the amount of Benefit received

Child Benefit will no longer be disregarded in the calculation of Council Tax Support for all current working age Customers.

Customers who are pensioners or receiving severe disability allowance, disability allowance and disability allowance for a child have again been protected.

This option would proportionally disadvantage customers with children

This option may also increase the burden on other areas of the authority.

E - Remove Second Adult Rebate

Second Adult Rebate is claimed by the householder but on the basis of the “second adult” normally a non dependant in the household, the level of the Customers own income and capital (and that of any partner is irrelevant) the income and capital of the second adult is taken into consideration.

We will remove the calculation of second adult rebate

12. Supporting People into Work

There are also a number of small changes that could be considered at minimal cost and will support customers into work which is the other principal of the scheme. These include

- **‘Run-ons’**: Allowing the award to continue unchanged for a period after someone returns to work. We will allow the benefit to continue at the existing rate for four weeks after the Customer enters work to allow for them to receive their first monthly salary.

There would be minimal costs associated with this.

- **Advance claims**: Allowing customers to submit claims for council tax support in advance of being liable for paying council tax, which may encourage some customers to take up short term employment opportunities. This would ensure that they would not need to take time away from work to claim their benefits, there would be no cost to this.

- **Retaining ‘information stubs’ about customers for a fixed period after eligibility is lost:** Providing for simplified claim procedures when a customer reclaims within a specified period of their previous claim provided there has been no change in their circumstances only their income

13. Applications for Council Tax Support

This part applies to both pensioners and working-age applicants

The following procedure is in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, referred to as the Regulations below and shall be implemented in accordance with those Regulations.

Entitlement to CTS is dependent on an application being made in the following way.

An application may be made:

- (a) In writing
- (b) By means of an electronic communication or
- (c) By telephone following publication by the Council of a number for this purpose.

The form provided by the Council for this purpose must be properly completed, and the Council may require the applicant to complete the form in the proper manner, and will require that information and evidence is provided by the applicant.

An application will be defective if the applicant does not provide all of the information the Council requires.

Applications made by telephone will only be valid if the applicant provides a written statement of their circumstances in the format required by the Council.

The Council will provide applicants making their applications with an opportunity to correct any defects in their application.

Applications may be made by those persons set out in paragraph 6 of Schedule 8 of the Regulations.

14. Evidence and Information

Any person who makes an application or any person to whom a reduction under the Councils scheme has been awarded shall furnish such certificates, documents, information and evidence in connection with the application or award, or question arising out of it as may reasonably be required by the Council in order to determine the person’s entitlement.

Where the Council requests information it shall inform the applicant or person of their duty to notify the Council of any change of circumstances and shall indicate the kind of changes of circumstances which are to be notified.

Matters related to the electronic communication of information, proof of delivery and content of information will be determined in accordance with Part 4 of Schedule 7 of the Regulations. 5

Where the person is a pensioner paragraph 7(4) (5) (6) and (7) of Schedule 8 of the Regulations apply which specify matters relevant to evidence and information related to pensioners.

15. Amendment and withdrawal of applications

Any person who has made an application may amend it at any time before a decision had been made by serving a notice in writing to the Council in accordance with paragraph 8 of Schedule 8 of the Regulations.

16. Decisions by the Council

The Council will make a decision in respect of any application for a reduction under this scheme in accordance with the criteria set out within the Council Tax Benefit Regulations 2006 (subject to the amendment made to regulation 57 referred to above), and in accordance with Schedules 7 and 8 of the Regulations.

The date upon which the Council is deemed to have received the properly completed application shall be determined in accordance with paragraphs 6 of Schedule 1, paragraph 7 and Part 1 of Schedule 7 of the Regulations being satisfied, or as soon as reasonably practicable thereafter.

The Council will notify the applicant or any person affected by its' decision under the scheme in writing forthwith, or as soon as reasonably practicable.

Any person affected to whom the Council sends or delivers a notification of a decision may, within one month of the notification of the decision, request in writing from the Council a statement setting out the reasons for its decision on any matter set out in the notice.

Where an award or payment of reduction is made the time and manner of granting the reduction under the scheme will be in accordance with Part 5 of Schedule 8 of the Regulations.

17. Change of circumstances

For persons who are not pensioners the date on which changes of circumstances are to take effect will be determined in accordance with paragraph 4 of Part 2 of Schedule 8 of the Regulations.

18. Procedure for making an appeal

Any applicant who is not in agreement with the decision of the Council has taken under this scheme may service a notice in writing on the Council setting out their reasons and grounds upon which they believe the Council has made the wrong decision.

Following receipt of an appeal in writing the Council will:

- 1) Consider the appeal
- 2) Notify the applicant in writing of the following:
 - a. Any decision not to uphold the appeal and the reasons for that; or
 - b. That steps are being taken to proceed with the appeal and set out what steps.

Where an applicant remains dissatisfied following receipt of any written notice sent by the Council in response to their appeal, they may within two months of the service of that notice, appeal to the valuation tribunal.

19. Transition Arrangements

The regulations will state that a person who is in receipt of Council Tax Benefit immediately before 1st April 2013 then they will be treated as having made an application for a reduction under the local scheme.

A review process may be implemented by the Council for new and existing awards, this time period will be determined by the Council and failure by the Customer to fulfil and request during the review of their award may result in the termination of that award.