

Meeting: Executive / Council

Council Agenda Item: 3

Portfolio Area: Resources

Date: 19 January 2016 / 26 January 2016

FINAL COUNCIL TAX SUPPORT SCHEME 2016-17

KEY DECISION

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1. PURPOSE

- 1.1 To update Members on the local Council Tax Support (CTS) scheme implemented from April 2015.
- 1.2 To propose a local Council Tax Support (CTS) scheme for 2016/17.

2. RECOMMENDATIONS

- 2.1 That Council (26 January 2016) be recommended to adopt the 2016/17 CTS Scheme proposed within this report.
- 2.2 That Council be recommended to approve a review of the scheme in 2016/17 for the financial year 2017/18, including other discretionary discounts.

3. BACKGROUND

- 3.1 The Government made provision within the Local Government Finance Act 2012 to replace the current national Council Tax Benefit (CTB) scheme from 1st April 2013 with localised schemes for CTS devised by individual local authorities (LAs).
- 3.2 Prior to the introduction of the CTS scheme the Government would fully refund the Council for the eligible Council Tax benefit paid out. The new scheme however was a Council Tax discount based scheme (like single person discounts). The impact of the new scheme was to:
 - a) Reduce the taxbase and the Council Tax collected by SBC for itself and its preceptors.

- b) The Government provides a grant within the Revenue Support Grant (RSG) and Non Domestic Rates (NDR) baseline funding for the discount given for CTS.
- c) The grant in 2013/14 was to represent only 90% of the cost of Council Tax Benefit (CTB) paid via the housing benefit subsidy system.
- d) The shortfall of 10% in grant funding would either be met from the Council and its preceptors or the Council needed to devise a CTS scheme that delivered the 10% saving.
- e) The fixed grant from central Government representing 90% of the CTB payment meant that risk transferred to the preceptors if caseloads increased.
- f) Working age residents of Stevenage in receipt of benefit would now pay a proportion of their Council Tax bill for the first time.
- g) The Council must, in the following order, consult with major precepting authorities (i.e. Hertfordshire County Council and Police and Crime Commissioner for Hertfordshire), publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- h) A local CTS scheme cannot be revised for at least one financial year. A Billing Authority (SBC) must consider whether to revise or replace its scheme with another on an annual basis.
- i) Any revision to a scheme must be made by the Council by the 31 January, immediately preceding the financial year in which it is to take effect and will require consultation with those affected. Additionally, in future, consideration should be given to providing transitional protection where the support is to be reduced or removed.

3.3 CTS Scheme Attributes

3.3.1 Councils have a duty to run a local CTS scheme within their area that must contain the following:

- a) Protection for pensioner claimants from changes to the CTS scheme. The protection for pensioner claimants means the 10% reduction in grant falls disproportionately on working-age claimants unless it can be met through other arrangements.
- b) Schemes must support work incentives. The DCLG Policy Statement of Intent does not give a recommended approach to be taken, but indicates the scheme should not contain features which create disincentives for claimants finding employment.

- c) Councils must ensure that appropriate consideration has been given to provide support for other vulnerable groups, including those which may require protection under other statutory provisions including the Child Poverty Act 2010, the Disabled Persons Act 1986 and the Equality Act 2010, amongst others.

3.4 Stevenage Principles adopted for CTS Scheme

3.4.1 In setting the original CTS scheme in 2013 the Council agreed that the level of funding cuts which related to the pensioner group of CTB claimants should not be made at the expense of the remaining claimant population, however, any protections made to working age claimant groups would require the equivalent funding cuts to be met from the remaining unprotected working age claimants.

3.4.2 A number of options were considered:

- a) **Option one-** Replicate the current scheme, but reduce the amount of CTS paid to Working Age Claimants by 10%.
- b) **Option two -** As option one but with protection for Single parent or couple with the youngest child under five years of age.
- c) **Option three -** As option one but with protection for households with a disability premium on the benefit claim.
- d) **Option four –** As option one but with protection for Single parent or couple with the youngest child under five years of age households with a disability premium on the benefit claim.

3.4.3 The Executive agreed that option one was to be the preferred option but wanted to seek views via a public consultation on the other options relating to protections as well.

3.4.4 An equalities impact assessment was undertaken prior to the schemes inception, the main conclusion reached through the assessment being that the proposed CTS Scheme will have a negative impact on everyone receiving Council Tax Benefit, who is not of pensionable age. Everyone who is affected will have a reduction in the financial help they receive towards their Council Tax bills. This conclusion has not subsequently changed.

3.5 The Stevenage Scheme

3.5.1 Funding the Stevenage scheme was a combination of a review of exemptions and discounts offered and an 8.5% liability charge to working age claimants. A number of discounts were reviewed and reduced for second homes and empty

properties. This was estimated to provide income of £406,620. The actual additional tax yield in 2014/15 was £493,000 (2013/14 £545,283).

Table 1- Exemptions changed 1 April 2013

Type of discount / exemption and number of existing cases	Pre 1 April 2013	1 April 2013
Class A - uninhabitable	Max. 12 month exemption – 100% discount	Max. 12 month exemption – 10% discount
Class C - Unoccupied and unfurnished	Max. 6 month exemption – 100% discount	Max. 6 month exemption – 10% discount
Second Homes	10% discount	0% discount

- 3.5.2 Members agreed to reduce the liability charged and as a result of the reduction in discounts outlined above the cost borne by working age claimants was reduced from a 10% charge to 8.5%.

Table 2 – Scheme Design since 1 April 2013

	Scheme Proposal
1. Working age claimants to pay first 8.5% of Council	8.5%
2. Estimated Council Tax collection rate	70%

- 3.5.3. With all of the above changes taken into account a net surplus was forecast. This surplus was to be ring fenced to mitigate any increases in caseload (number of claimants and value) and a lower than anticipated collection rate.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Policy Work - Review of the Current Scheme (July 2015)

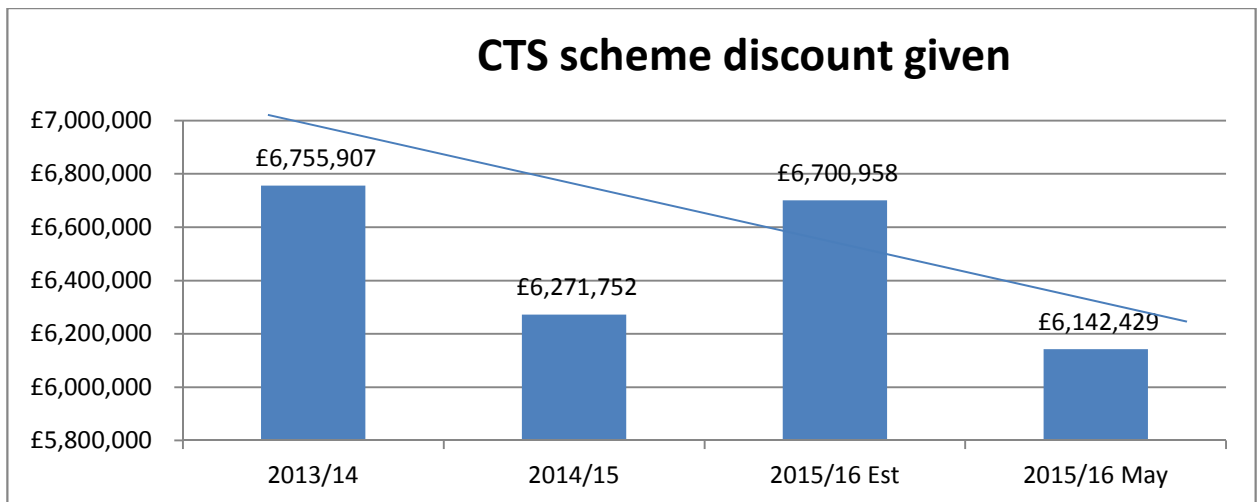
- 4.1.1 In July 2015 the Assistant Director (Finance) and the Benefits Manager from the Shared Revenue and Benefits Partnership made a presentation to the Resources Select Committee. This policy work was to determine whether any changes should be made to the current scheme as outline above and if so, to start consultation during the summer.

4.2 Principles

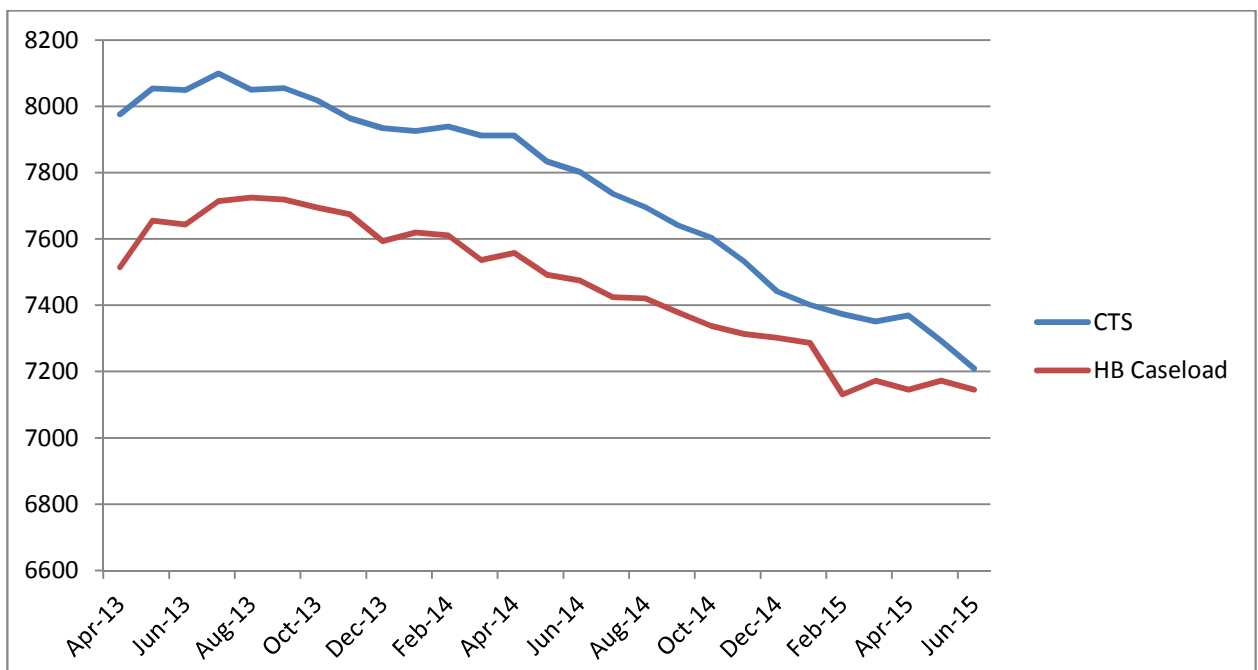
4.2.1 Members were asked to consider whether the principle of no protection for any particular groups, other than that required in law (pensionable aged claimants) was still valid. The Select Committee still agreed with this principle.

4.3 Caseload Assumptions

4.3.1 The 2015/16 caseload trends showed that the number and value of claimants was much lower than in previous years and also lower than projections for the current year. In 2013/14 the value of CTS granted was £6.7Million which reduced to £6.27Million in 2014/15. The 2015/16 estimate of £6.7Million was approved prior to the 2014/15 outturn position being known, however by May 2015 the value of the caseload was projected to be only £6.14Million, as shown in the chart below.



4.3.2 The committee was advised that both the CTS and the housing benefit caseload has reduced since April 2013 as shown in the graph below.

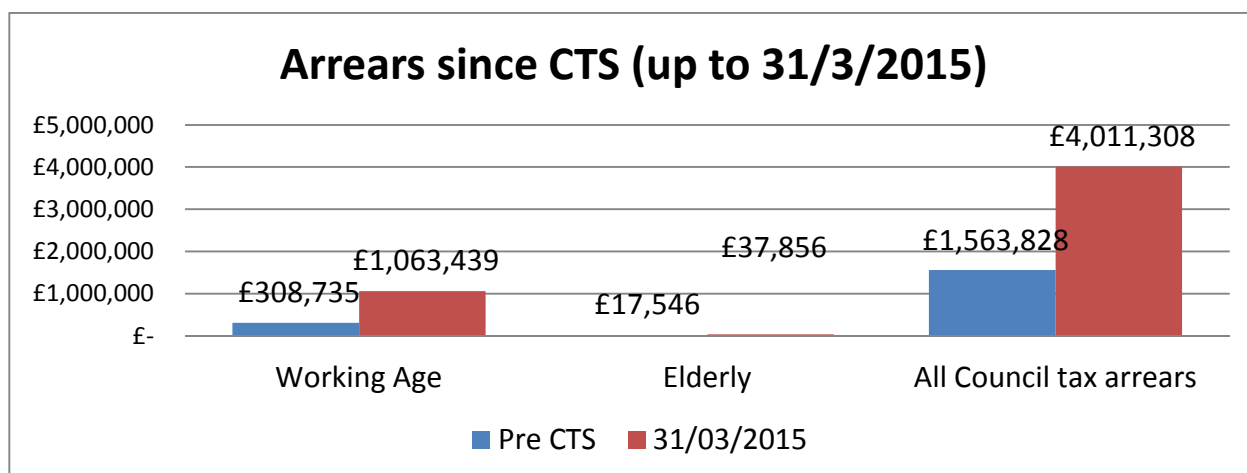


4.3.3 The committee was advised that there may be a number of reasons for the reduction which could include:

- Impact of welfare reforms reducing access to benefit for some groups, include the CAP, and the single room subsidy
- Increased variability in peoples income and circumstances taking them in and out of benefit at greater frequency
- Economy improving in some sectors providing access to work or training opportunities for some
- CTS claims are more likely to be eroded more quickly than HB claims as a result of an improvement in household income as the council tax liability is lower to start with.

4.4 CTS Arrears

4.4.1 An analysis was produced in July to show the level of arrears that CTS claimants had pre the introduction of the CTS scheme position and the position as at 31 March 2015. Since the inception of CTS working aged claimant arrears had increased from £308K to £1.063Million, an increase of £755K.

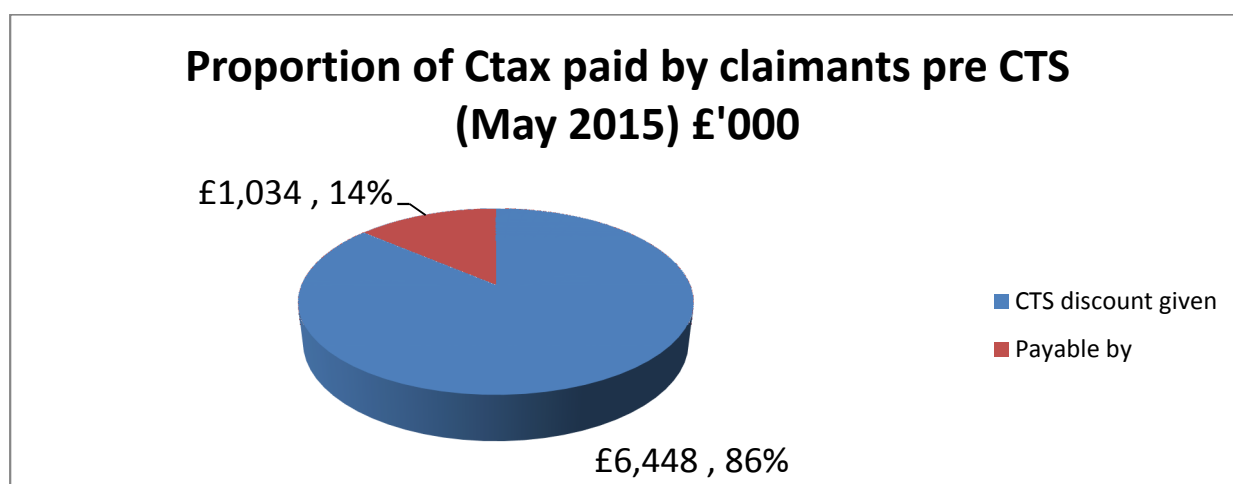
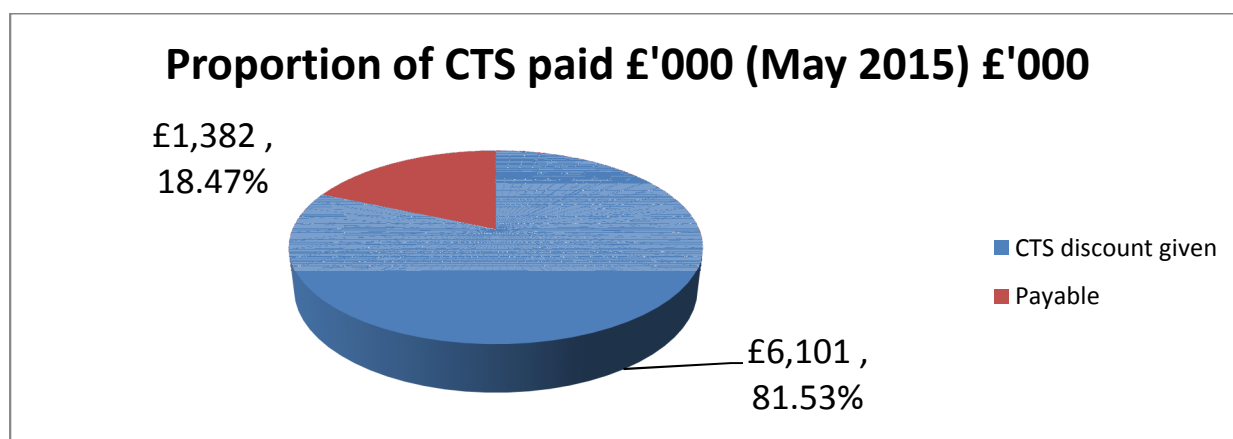


4.4.2 The committee were advised there were a proportion of working aged claimants that had not paid any council tax. Any revision to the scheme liability would have to consider the level of any increase in non- payment. Based on the numbers who had not paid anything as at 31 March 2015, (see below) an increase in the percentage charged would almost certainly mean an increase in the percentage assumed for bad debt.

- 820 of the 4,449 of all working age cases (18.4%) have an outstanding balance higher than the in year net liability – indicating no payment.
- The maximum discount CTS cases 678 of the 3,290 cases (20.6%) haven't paid anything.
- A 30% allowance for non-collection is currently assumed. (All cases 70.7%, maximum CTS 62.9%)

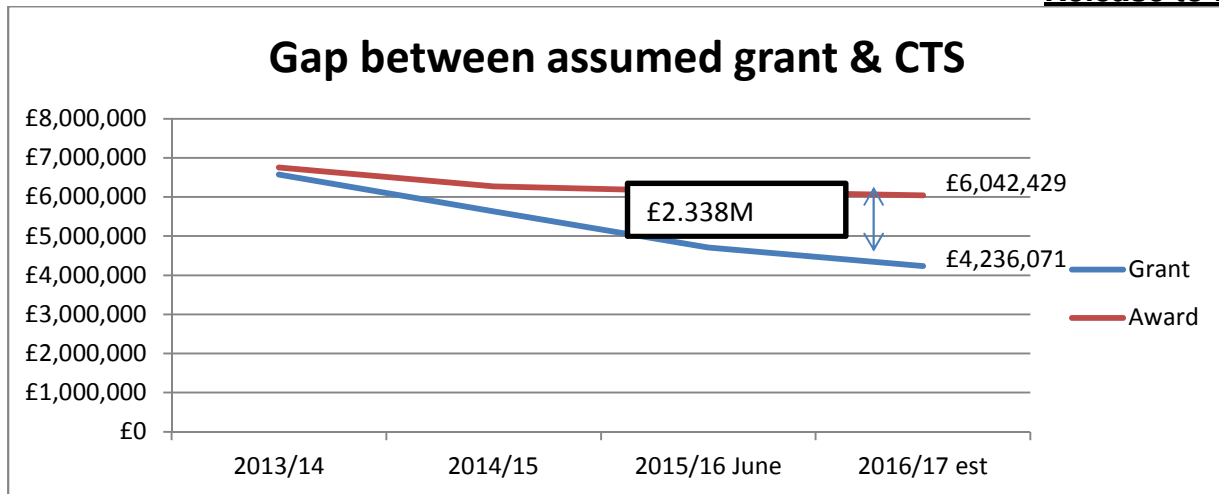
4.4.3 Some claimants may come on and off benefit and so some of the arrears above may relate to periods of time when no CTS was applied. An assessment has

been made of the amount paid by a claimant before and after the scheme was introduced (based on May 2015 data). This shows that under the CTB scheme claimants paid an average of 14% of their council tax bill, under CTS this has increased to 18.47%, an additional £348K as shown in the pie charts below.

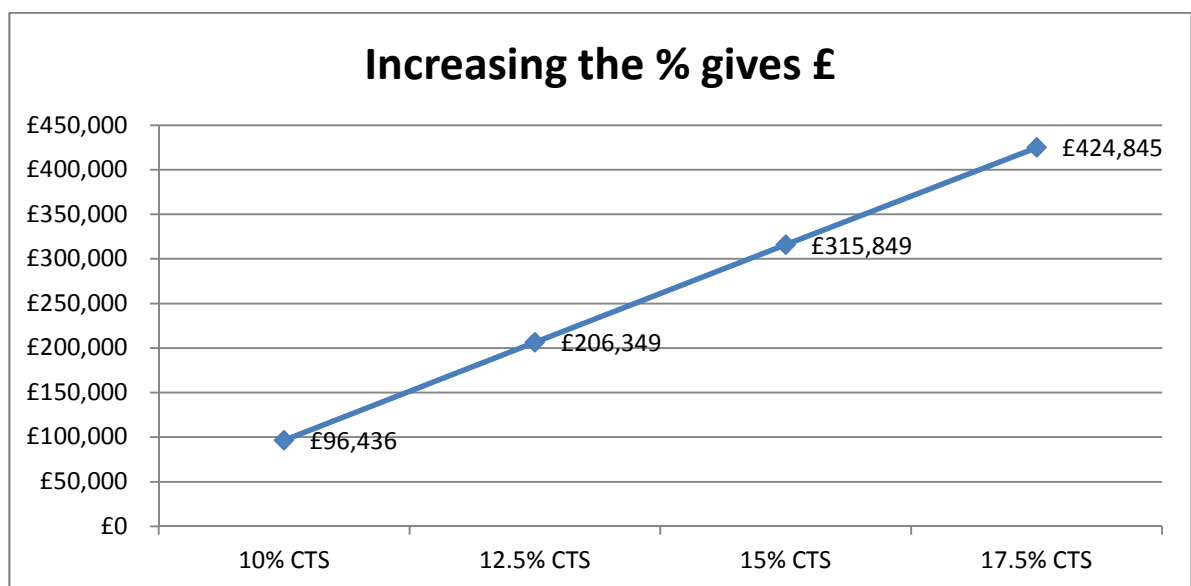


4.5 CTS Scheme Costs

4.5.1 Assessing the cost of the CTS scheme versus the CTS grant given by the governments is now almost impossible to compare as the grant has been subsumed within total RSG and NDR figures. However, if the amount of government support reductions were £1 for £1 a reduction in the CTS grant assumed, then by 2016/17 the grant would be **£4.236Million a reduction of £2.338Million**. This is in contrast to the additional income raised of **£348K for the 8.5% liability**. The assumed gap that has opened up between grant and award of CTS is shown in the graph below.

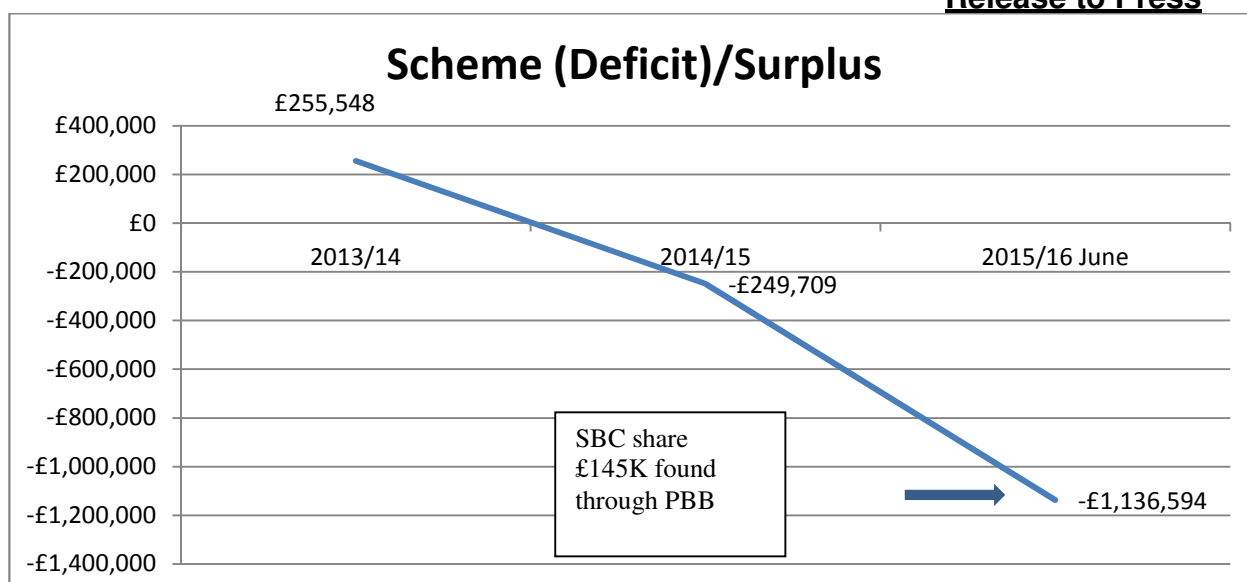


4.5.2 Clearly, the reduction in CTS grant in paragraph 4.5.1 could not be fully recovered by increasing the scheme percentage liability and the committee were advised (based on May data) how much additional income would be raised by increasing the working age claimant liability payable. Increasing the percentage to 17.5% would only generate an additional £424K of the £2.338Million estimated grant loss and that is before any assumptions around non-payment. This is shown in the graph below.



4.5.3 In considering the impact of grant loss it should be noted that preceptors have made budget decisions as a result of reducing RSG funding, including SBC through its Priority Based Budgeting approach. Therefore previous years estimated grant loss has been excluded from the 2016/17 CTS schemes costs.

4.5.4 To illustrate this, scheme losses in for 2015/16, (based on May data) was £1.137Million of which £145K was Stevenage's share.



4.5.5 In compiling the presentation to Members in July information was also gathered from other sources including the Roundtree report published in 2015. This concluded that:

- In the first year, many LA's had a transition scheme of a minimum payment of 8.5 per cent or less for all CTS claimants.
- Certain councils had considered removal of exemptions on second or empty homes(including SBC).
- Over 100 councils have changed their schemes in the last two years. Minimum payments have mostly risen; the most common is 20 per cent. However, a few councils have reduced their minimum payment
- Some with a minimum payment of around 20 per cent anticipated that requiring CTS claimants to pay more council tax would backfire, resulting in higher arrears and lower collection.
- For councils setting the harshest schemes the increase in arrears/fall in collection rates has not been as bad as expected.
- However, councils now have residents owing two or more years of Council Tax, and arrears are beginning to mount. The cost-benefit equation on using summonses is starting to change.

4.6 Other Factors

4.6.1 In July 2015 the committee also considered other factors which would impact on the scheme and any changes which were:

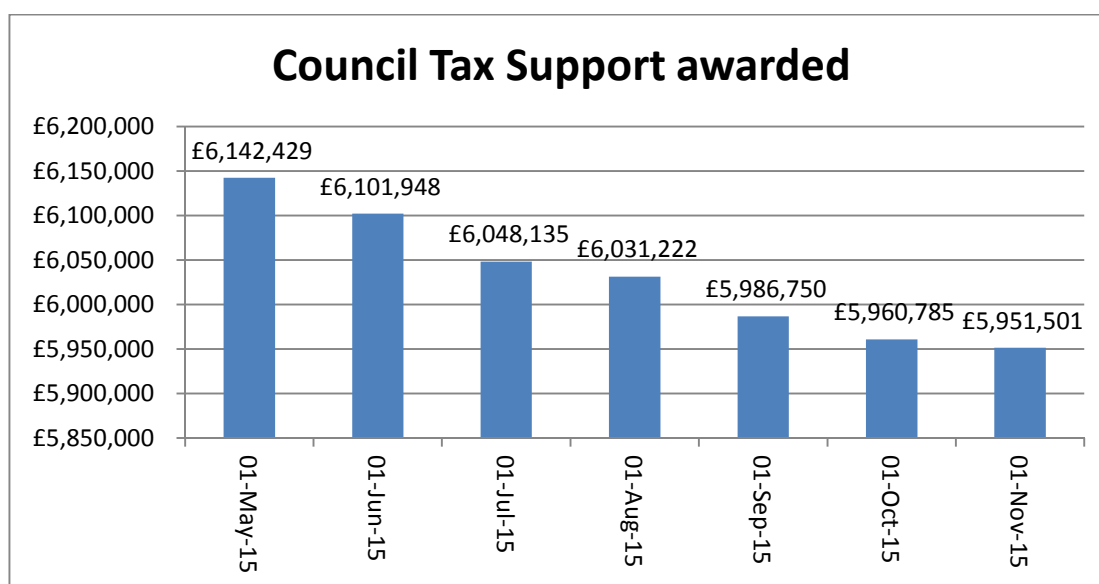
- The government may be looking to make it a true 'discount scheme – so no admin subsidy would be payable to SBC for administration (not announced as at time of writing the report).
- Will welfare allowances be frozen (as part of £12Billion government welfare cuts) so reducing the amount CTS payable to claimants? Or will it increase the amount?

4.6.2 The impact of the anticipated 2016/17 welfare reform changes made it very difficult to determine the impact of the scheme on claimants and therefore carry out meaningful consultation that needed to be completed during the summer, if any changes were going to be made to the scheme by January 2016.

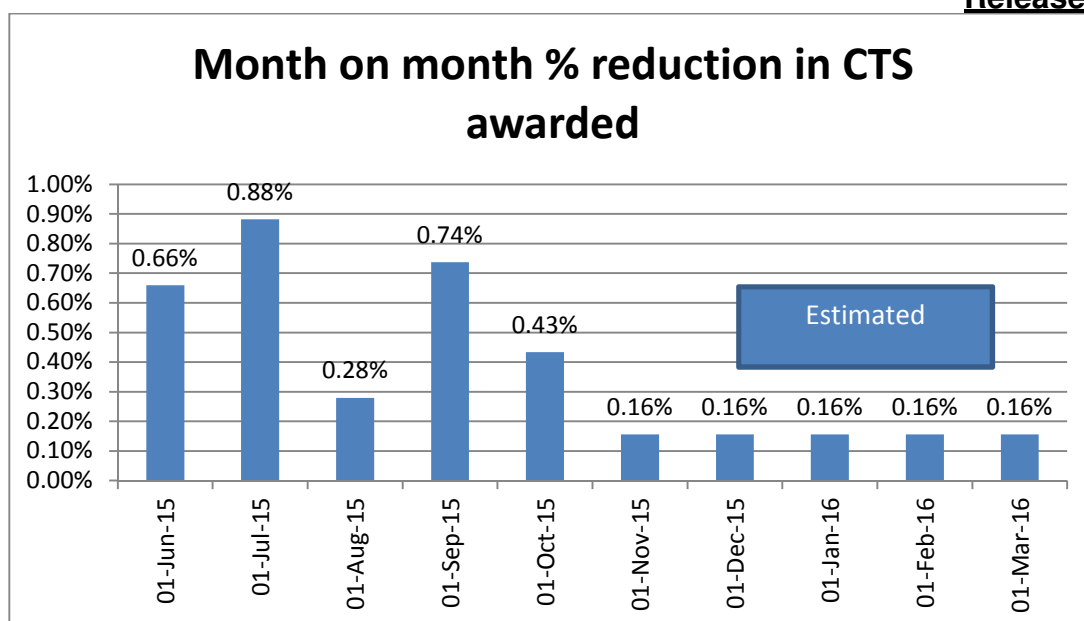
4.6.3 The Committee was also advised that if the spend was estimated at £6.042Million for 2016/17 (July 2015) together with changes to empty homes exemptions estimated to be £400K , in total this was £940K lower than the original grant of £6.576Million (2013/14). It is impossible to know how much of the grant has been removed from government support however the level of CTS award is reducing and that combined with the uncertainty around the impact of future welfare reform cuts on the CTS scheme led the committee to conclude that the scheme should remain at 8.5% liability for 2016/17.

4.7 Update on the Scheme since July 2015

4.7.1 The estimated cost of the scheme in 2016/17 has been updated based on the latest data available. The level of CTS granted has continued to reduce from the projections reported to the committee in July (£6.142Million, May2015 data). The November CTS value given is £5.951Million a reduction of 3.15% since May 2015 as shown in the graph below. Assuming a further 0.16% reduction per month for the remainder of the year would give a projected total of £5.764Million for 2015/16.



4.7.2 This is much lower than the original 2015/16 assumption of £6.7Million and as a result the taxbase is higher and there is an estimated surplus in the Collection Fund, which will be returned to preceptors in 2016/17. The month on month reduction of CTS granted for the year (since May 2015) has not been a straight line reduction. However the November 2015 reduction of 0.16% has been assumed to the end of the year. The starting point for calculating the 2016/17 award is estimated to be £5.964Million based on the following month on month reductions.



4.7.3 In building up the baseline assumption for 2016/17 a number of factors have been considered:

- Caseload changes
- Assumptions about Welfare reforms and tax credits
- Council Tax increases by preceptors

4.7.4 Caseload changes - The value of award has been estimated at £5.964Million for 2016/17 as a starting point before welfare reform changes are considered.

4.7.5 **Assumptions about Welfare reforms and tax credits**- Based on the current caseload the difference between the amount current working aged claimants pay over and above the 8.5% liability in 2015/16 was £596,347 (July data). If ALL working aged claimants were affected by changes to welfare reform and as such were entitled to the maximum amount of CTS, the council would award a further £596,347 in discount. A percentage of this has been included as a working assumption (20%) which will be awarded as result of changes to peoples income (from welfare reforms), increasing the 2016/17 award by **£119,270**.

4.7.6 Council Tax increases by preceptors- A working assumption has been made that Council tax will increase by 1.99%, this would increase the CTS award by £120,072 or 1.99%.

4.7.7 The total assumed award for 2016/17 of CTS is estimated to be **£6,153,851** (unchanged from the December report). The estimated level of CTS for 2016/17 (excluding the social precept and including a budgeted 1.99% council tax increase for all preceptors) is summarised in Table 3 below.

Table 3 – Estimated CTS for 2016/17

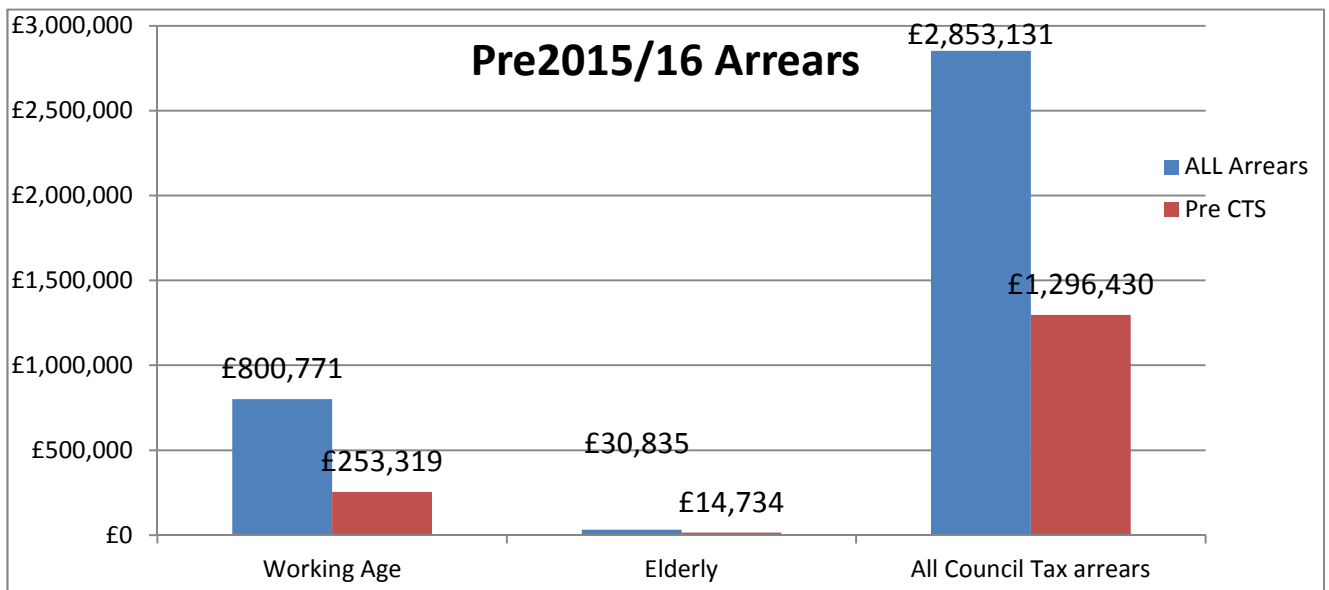
	2016-17 Estimate £
Council Tax Support:	
November 2015 award	5,951,501
assumed reduction for December to March	(36,992)
Base Line for 2016/17	5,914,509
Increase for changes to welfare reforms	119,270
Increase for changes to precepts	120,072
Total CTS award for 2016/17	6,153,851

4.7.8 This budgeted level of increase is also dependent on whether all preceptors increase council tax by 1.99%. In addition if the County Council introduce a social care levy of 2%, then this will increase the cost of CTS award (£92,213) and there will be an increase in the 8.5% liability payable by council tax payers. The table below shows the amount per council tax band for the current year, if a 1.99% council tax increase is approved by all preceptors in 2016/17 and finally if the County Council levy a social care precept of 2%.

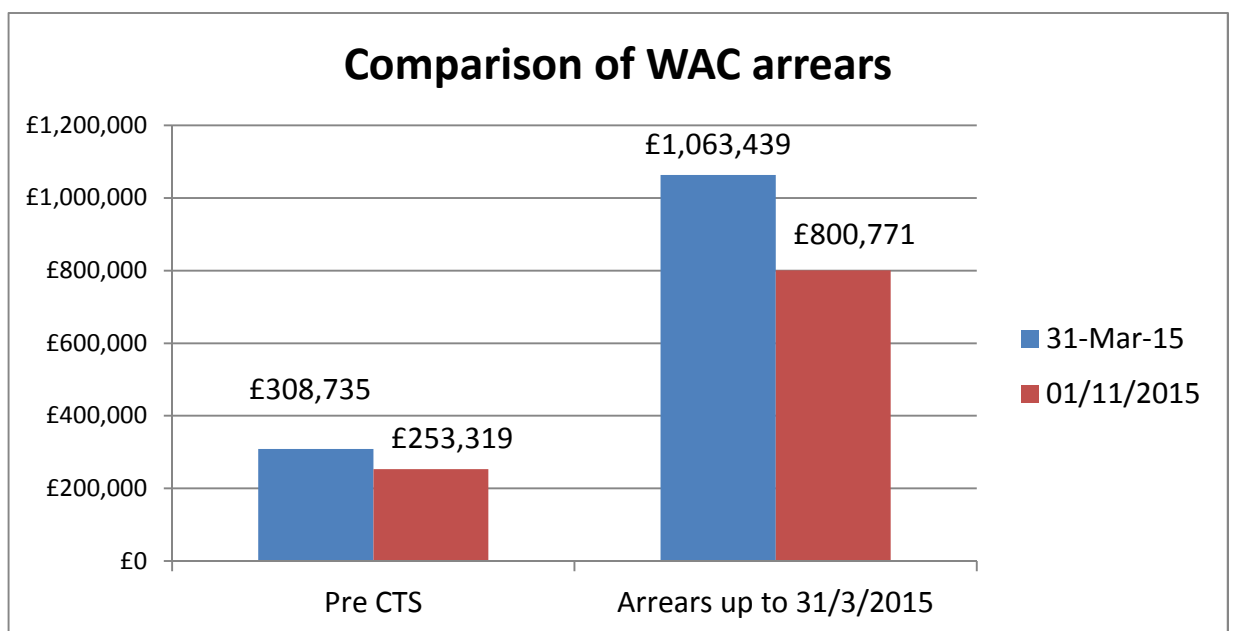
Table 3b – Estimate of 8.5% liability by council tax band 2015/16 and 2016/17

Tax Band	2015/16 8.5% liability	2016/17 8.5% (assuming 1.99% increase)	2016/17 8.5% (assuming 1.99%+2% social care precept increase)
Band A	£83.72	£85.39	£88.35
Band B	£97.67	£99.62	£103.07
Band C	£111.63	£113.85	£117.80
Band D	£125.58	£128.08	£132.52
Band E	£153.49	£156.54	£161.97
Band F	£181.40	£185.01	£191.42
Band G	£209.30	£213.47	£220.87

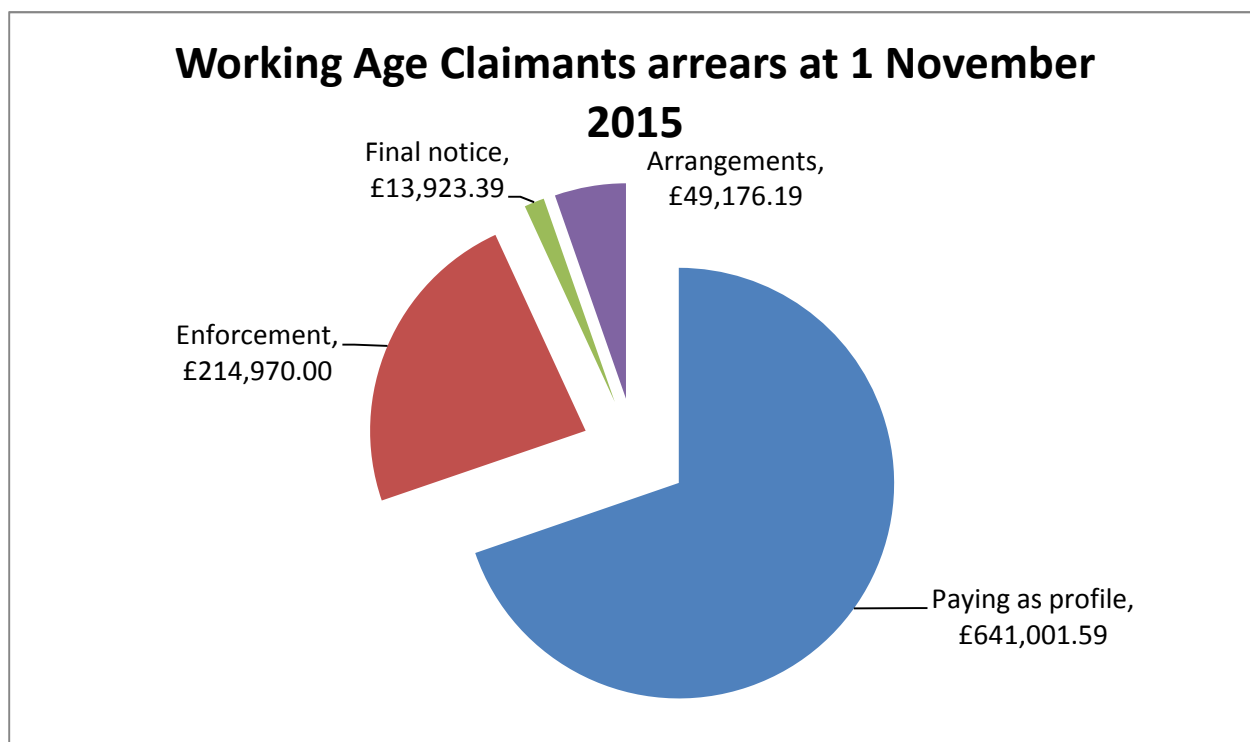
4.7.9 A review of the level of pre 2015/16 arrears, (as at 1 November 2015) shows that working aged claimant arrears have increased by £547,452 since the introduction of CTS (2013/14). The level of arrears for all council tax payers has increased by £1,556,701 for all council tax arrears, of which 36% relate to those on CTS.



4.7.10 Comparing this to the March 2016 position, (as shown in paragraph 4.4.1) prior year arrears for working age claimants (WAC) in receipt of CTS are being collected and all WAC pre 2015/16 arrears have reduced by £262,668 or 24.6%, however a proportion may have been written off.



4.7.11 When looking at WAC accounts for the 2015/16 council tax liability 78% of claimants are paying in line with instalments or on arrangement. However due to the level of prior year arrears and any potential changes to benefits as a result of welfare reforms the estimated collection rate of 70% remains unchanged for 2016/17.



4.7.12 An analysis of the caseload and the ratio between working age and pensioner caseload has also been undertaken. The data below shows that the ratios remain broadly unchanged over the last four years. A risk would be if pensioner caseload was to rise disproportionately this would reduce the amount of liability collectable (8.5%) and increase the cost of the scheme.

Table 4 – Percentage of caseload between Working Age and Pensionable 2012-13 to 2015-16

Claimant Group	November 2012	November 2013	October 2014	November 2015
Working Age	59.41%	59.97%	60.19%	59.6%
Pensionable	40.59%	40.03%	39.81%	40.4%
Total	100.00%	100.00%	100.00%	100.00%

4.7.13 Taking all the assumptions in the paragraphs above would give a cost of the scheme (before the CTS grant) of **£5,893,817** which is £419,501 lower than the 2015/16 original scheme cost. The 2016/17 scheme costs are shown in the tables below.

Table 5 – Original assumptions and estimated costs

	2014-15 Actual £	2015-16 Original £	2015-16 Revised £	2016/17 Est £
Cost of Council Tax Support:				
Support discount given	6,271,752	6,700,958	5,968,041	6,153,851
Cost of lower collection rate (70%)	104,680	105,706	98,015	99,966
Total Cost	6,376,432	6,806,664	6,066,056	6,253,817
Savings from exemptions				
Reduction in exemptions for empty properties and second homes	(492,119)	(493,346)	(360,000)	(360,000)
Cost of scheme before grant (in RSG)	5,884,313	6,313,318	5,706,056	5,893,817

	2014-15 Actual £	2015-16 Original £	2015-16 Revised £	2016/17 Est £
SBC share of costs before grant	750,838	805,579	728,093	752,051
Original grant included in RSG (SBC) 2013/14	(851,966)	(851,966)	(851,966)	(851,966)
SBC surplus/Deficit before grant cuts	(101,128)	(46,387)	(123,873)	(99,915)
Estimated Grant Cut 2016/17				83,157
Estimated surplus 2016/17				(16,758)

- 4.7.14 SBC's share of the CTS scheme costs for 2016/17 is £752,051, this is LESS than the original SBC CTS grant (£851,966), giving a surplus of **£99,915** if the exemptions for empty properties are also included. However this calculation does not include or assume any of the RSG grant cuts since 2013/14 even though central support grant has been significantly reduced since the scheme was introduced.
- 4.7.15 2016/17 central funding reduced overall by 15.57% but more of CTS grant was originally included in RSG (rather than NNDR), meaning the revised estimate of 2016/17 CTS grant loss (based on the provisional settlement) is **£83,157 (draft report assumed £61,550)** . This calculation however does EXCLUDE any prior year grant losses (see also 4.7.14). The draft report to the December Executive assumed a surplus of £38,365.
- 4.7.16 The impact of the CTS scheme on the council tax base for 2016/17 is to reduce the tax base by 4,083.97 Band D equivalent properties. The estimate for 2015/16 (included in the taxbase for that year) was 4,535.55 Band D properties.

4.8. Consultation

4.8.1 The Local Government Finance (LGF) Act states that the Council must consult with the County Council and Police Authority, which are precepting bodies, when preparing a CTS scheme and that thereafter, the Council must publish a draft CTS scheme and then consult with other such persons who are likely to have an interest in the operation of such a scheme. Thereafter, the Council (i.e. Full Council) has to adopt a CTS scheme by 31 January 2016 and publish that scheme, failing which a default scheme will be imposed on the Council. The Assistant Direct (Finance) has written to the preceptors to advise them that the Council was intending to retain its current CTS scheme. At the time of writing HCC and the Police Commissioner had responded to the consultation and are in agreement with continuing the current scheme. The 2016/17 scheme and easy guide will be published on the Council's website as soon as the scheme has been up rated for the new eligible allowances and legislation.

4.9 Executive

4.9.1 The December Executive meeting recommended that a full review be undertaken of the CTS Scheme for 2017/2018. This should include a review of Council Tax premiums on empty properties. The Executive agreed that a full review was due as the current scheme had been in place for four years without major change.

4.10 Overview and Scrutiny

4.9.1 The LGF Act 2012 prescribes that the decision to make a CTS Scheme must be made by Council by 31 January 2016. At the Overview and Scrutiny Committee on the 16 July 2015 a presentation was given of the current scheme as outlined in section 4.1 and the recommendation that the current scheme (subject to up rating and legislation) remains in operation for 2016/17. The Members of the Committee agreed with this approach.

4.9.2 At the December Executive (draft Council Tax support Scheme report) the Overview and The Committee was reminded that the report was before them as a Budget and Policy Framework item and any comments made would be incorporated into the final report that the Executive would consider for recommendation to Council in January.

4.9.3 A number of questions were asked including the projected scheme deficit/surpluses, the Committee was advised that the cost of the scheme going forward would be incorporated into the full review of the CTS Scheme scheduled for 2017/2018.

4.9.4 The Committee did not wish for any comments to be incorporated into the final report.

5. IMPLICATIONS

5.1 Financial Implications

5.1.2 The financial implications of the scheme are shown in section 4.7 above.

5.1.3 One of the major issues with the on-going viability of the scheme is the nature of the government grant. The grant is included within each Preceptor's Local Government Support settlement but the amount for CTS is not detailed separately.

- 5.1.4 The value of award and the caseload has significantly reduced since the scheme was started in 2012/13, however the impact of welfare reforms on the scheme is unknown. An increase in the level of award has been assumed within the overall estimated cost (see paragraph 4.7.5).
- 5.1.5 To support customers with the scheme, an easy guide to the CTS scheme has been made available on the website (<http://www.stevenage.gov.uk/benefits/84926/>). The easy read guide will be updated for the 2016/17 scheme. The 2016/17 scheme will also be made available on the website.

5.2 Risks and assumptions considered

5.2.1 The following risks and assumptions have been identified:

- a) **Exemptions and Discounts Forecasts** - The 2016-17 projections are in line with the current scheme costs. The level of exemptions and discounts will vary each year depending on customer behavior and cannot be relied on.
- b) **Caseload Forecasts** - Actual future caseload and expenditure growth can only be based on the profiles of current expenditure and caseload and making an assumption about the impact of welfare reforms.
- c) **Collection Rate Forecasts** - The current estimate for collection of Council Tax for those in receipt of CTS is currently 70% (paragraph 4.4.2. The collection rate of 70% has been assumed for 2016/17, even though those paying on arrangement is currently higher the cumulative impact of the CTS scheme and for the claimants affected by the changes may worsen as other welfare reforms are introduced which impact on low income families.
- d) **Impacts of Universal Credit** - The impact and effects of Universal Credit (UC) are unclear, especially for Year 3 and beyond. The scheme proposes that claimants in receipt of Universal Credit will be liable to pay the first 8.5% of their Council Tax liability.
- e) **Collection Fund** – An increase in the impact of welfare reforms over and above that assumed in the 2016/17 estimates could result in a Collection Fund deficit position at the end of a financial year, particularly as precept payments at present have to be paid to the County Council and Police Authority at an agreed monthly rate, irrespective of Council Tax sums collected. If the case load continues to fall and there is no impact from welfare reforms then a surplus would be generated on the Collection Fund and returned to preceptors in 2017/18.
- f) **Bad Debt Provision** - A potential risk is a drop in Council Tax collection rates and hence an increase in bad debt provision. Reductions to budgeted collection rates also affect the level at which the Council Tax base is set, this in turn is used to determine the Band D Council Tax level.
- g) **Failure to Agree Scheme** If an authority fails to make a revision to or replace their scheme by 31 January 2016 then their existing scheme remains in force for the financial year 2016/17. No change is being

proposed to the scheme for 2016/17, other than uprating the scheme elements in line with the DWP up rating notice. The easy read guide will be published on the Council's website as soon as it is ready and the draft 2016/17 scheme is available in the Members library and on the website.

- h) **Discretionary Discounts** - The use of Section 13A discounts under the Local Government Finance Act 1992 may increase as a consequence of the recommended changes and the wider welfare reforms and will need to be met by the General Fund. As at the 31 October 2015 £255.12 had been granted on the grounds of exceptional hardship.

5.3 Legal Implications

5.3.1 The Local Government Finance (LGF) Act came into force on 31 October 2012.

5.3.2 Details as to what is set out in the LGF Act in relation to local authorities setting up Council Tax Support / Reduction schemes are set out below.

5.3.3 Requirements of Council Tax Support scheme - The Local Government Finance Act 2012 prescribes the content of a CTS scheme. Under the Act a CTS scheme must state the following:

- (1) A scheme must state the classes of persons who are to be entitled to a reduction under the scheme;
- (2) A scheme must set out the reduction to which persons in each class are to be entitled, and different reductions may be set out for different classes;
- (3) A scheme must state the procedure by which a person may apply for a reduction under a scheme;
- (4) A scheme must state the procedure by which a person can make an appeal against any decision of the authority which affects (a) the person's entitled to a reduction under the scheme, or (b) the amount of any reduction to which the person is entitled;
- (5) A scheme must state the procedure by which a person can apply to the authority for a reduction.

As for stating the classes of people who are to be entitled to a reduction under a scheme, classes may be determined by reference to the following:

- (1) The income of any person liable to pay council tax on the authority in respect of a dwelling;
- (2) The capital of any such person;
- (3) The income and capital of any other person who is a resident of the dwelling;
- (4) The number of dependants of any person within paragraph (2) or (3) above;
- (5) Whether the person has made an application for the reduction.

As for stating the reduction to which persons in each class are to be entitled and if different reductions are set out for different classes, a reduction may include the following detail:

- (a) A discount calculated as a percentage of the amount which would be payable apart from the scheme;
- (b) A discount of an amount set out in the scheme or to be calculated in accordance with the scheme;
- (c) Expressed as an amount of council tax to be paid (lower than the amount which would be payable apart from the scheme) which is set out in the scheme or is to be calculated in accordance with it; or
- (d) The whole amount of Council Tax (so that the amount payable is nil).

The LGF Act states that for each financial year, Councils must consider whether to revise its CTS scheme or replace it with another scheme and that such decisions need to be made by 31 January in the financial year preceding that for which the revision or replacement scheme is to take effect. If the Council does not make a CTS scheme by 31 January 2016, the current scheme will be implemented for the year.

4.7 Equalities Impact

- 4.7.1 Public Sector Equality Duty - The public sector equality duty, as set out in section 149 of the 2010 Equality Act, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic.
- 4.7.2 An Equality Impact Assessment (EqIA) was developed as part of setting up the CTS scheme in November 2012. This identified that the CTS scheme has an on-going adverse impact on certain groups of people who receive CTS, most notably people with disabilities and those with children under five years of age. Officers do not believe that the equalities related impact of the current scheme has materially changed since the 2012 assessment. As the recommendation is that the current scheme should continue unaltered, a further EqIA is considered unnecessary as the 2012 assessment is still valid for the purposes of this report. However, in setting the scheme the council must have due regard to the Public Sector Equality Duty informed by that assessment and related information in this report.
- 4.7.3 A significant consideration in reaching that recommendation is the affordability of the scheme. Officers have explored alternative funding sources within the Council’s General Fund budget, but have failed to identify any acceptable alternative budgets that could be diverted to support the scheme.
- 4.7.4 Steps have been put in place to help mitigate the impact on residents claiming CTS. These have included the provision of additional funding to the Citizens Advice Bureau, the provision of additional resources in the Customer Service Centre and additional resources in the Revenues and Benefits Shared Service. All of which are specifically targeted at addressing the issues facing customers who are experiencing the impact of welfare reforms, including the CTS scheme.

BACKGROUND PAPERS

- BD1 – Draft Council Tax Support Scheme (Executive 11 December 2015)
- BD2 – Equalities Impact Assessment 2013/2014 Scheme