

<b>Report to:</b>	<b>EXECUTIVE CABINET</b>
<b>Date:</b>	28 August 2019
<b>Executive Member/Reporting Officer:</b>	Councillor Oliver Ryan Executive Member for Finance and Economic Growth Ilys Cookson Assistant Director Exchequer Services
<b>Subject:</b>	<b>COUNCIL TAX SUPPORT SCHEME 2020 TO 2021</b>
<b>Report Summary:</b>	This report details the procedural requirement in deciding if changes are required to the Council Tax Support scheme (CTS). If any changes are required then consultation must take place for the scheme to become effective from April 2020. The scheme cost and claimant numbers continue to decline and support for claimants remains in place. There appears to be no adverse equality impact assessment arising from the quarterly reviews that take place and further guidance, which may have a bearing on the scheme, from the MHCLG is not expected.
<b>Recommendations:</b>	That a RECOMMENDATION is made to Council that the Council Tax Support scheme for 2020/21 in principle remains the same scheme as that set effective from April 2019, subject to annual benefit uprating as detailed in the scheme and any further guidance which may be issued by MCHLG.
<b>Corporate Plan:</b>	The Council Tax Support (CTS) scheme assists the most financially vulnerable in the Borough by providing means tested financial support towards Council Tax costs.
<b>Policy Implications:</b>	In line with Council policy and guidance from DCLG.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	By its nature the cost of the Council Tax Support Scheme will vary from year to year, and indeed in-year, depending on the number of residents who qualify for support. This is illustrated in the tables in para 3.1 and 3.3 of the report.  No changes to the Scheme are being recommended and as such there are no financial implications over and above the normal in-year fluctuations.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	The Council must agree any changes to its discretionary scheme by 11 March each year, which must be in accordance with the Council Tax Reduction Scheme (Prescribed Regulations) (England) Regulations 2012 as amended, as must its appeal process. This includes whether there is to be nil change as proposed here.  An equality impact assessment in accordance with the public sector equality duty is continually undertaken every quarter.  Having set a discretionary scheme, the Council must also be mindful of recent case law (including R (Logan) v the London Borough of Havering – 6.11.15) when applying the scheme. In particular, it may not be considered reasonable to refuse hardship funding on the basis that the hardship fund is exhausted (paragraph 8.9 of this report). Any claim for hardship must be considered on its merits only and careful consideration should be

given to the impact of any restrictions on those of working age, and or those that have a disability.

**Risk Management:**

The scheme is legally compliant in the way it has been set and the decision to consider if the scheme needs to change, and any proposed changes are consulted upon, is part of the process to set the scheme for the future year.

**Access to Information:**

The background papers relating to this report can be inspected by contacting the report writer Ilys Cookson.

**Background Information:**

The background papers relating to this report can be inspected by contacting Ilys Cookson



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## **1 BACKGROUND**

- 1.1 The Welfare Reform Act 2012 contained provision to abolish Council Tax Benefit. The Government replaced it with a power for each local authority to have its own locally set council tax reduction scheme. The necessary primary legislation is included in the Local Government Finance Act, passed on 31 October 2012 which contained provision that Councils wishing to implement a local scheme must have the scheme approved by 31 January each year, which was later revised in 2016 to have the scheme approved by 11 March each year.
- 1.2 The local scheme was funded in the first year by way of a fixed grant which the Department of Communities and Local Government (DCLG) now Ministry of Health, Communities and Local Government, (MHCLG), determined as being 90% of the 2011/12 outturn for Council Tax Benefit expenditure. In real terms this reduction in funding equated to 17.3% for Tameside for 2013/14 and a local Council Tax Support (CTS) scheme was set taking into account the costing envelope available.
- 1.3 Tameside's own local CTS scheme was set at the Council meeting on 21 December 2012. The scheme was adopted to a challenging timescale additionally, the Universal Credit Regulations 2013, on which the principals of the CTS scheme were based, was not passed through parliament until 25 February 2013.
- 1.4 The 2013/14 CTS scheme, which had been in place since 01 April 2013, was revised after consultation had been carried out with the public between 14 September 2015 and 30 November 2015. The following elements were introduced to the scheme from 01 April 2016:
  - Capping support to a Band A property.
  - Reduce the maximum CTS award to 75%.
  - Align deductions for non-dependents of working age to the same level as those in the prescribed scheme for claimants of pensionable age.
  - Non-dependent deductions are disregarded for CTS claimants in receipt of a Staying Put payment.
- 1.5 A further revision took place effective from April 2018 after consultation had been carried with the public from 19 September 2018 to 22 November 2018 and the following elements were introduced:
  - Award a two week run on for claimants moving from benefit to work
  - Apply an earnings disregard to self-employed working age claimants
- 1.6 In consideration of setting the local CTS scheme for 2019/20 this reports sets out:
  - What the Council is required to do
  - The CTS scheme in operation

## **2 INTRODUCTION**

- 2.1 In considering setting a CTS scheme the Council must adhere to a number of procedural requirements which are detailed as follows:
  - Set a CTS scheme no later than 11 March before the start of the financial year to which the scheme applies.
  - Adopt the prescribed requirements which must apply to all schemes, which includes local schemes, the prescribed scheme for persons of state pension credit age and default schemes (the same as the previous council tax benefit scheme).
  - Ensure that claimants of state pension credit age continue to receive the same support under the scheme as they receive in council tax benefit.
  - Consider the statutory public sector equality duty in adopting a scheme and the child poverty strategy.

- Consult all major precepting authorities.
  - Consult generally on changes to the scheme.
- 2.2 The procedural requirements are contained in the Local Government Finance Act 2012. Paragraph 5(1) of Schedule 1A to the 1992 Act states that;  
*‘For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.’*
- 2.3 The purpose of this report is therefore to consider the following:
- a) That the current CTS scheme remains in place in 2020/21 or;
  - b) That the current CTS scheme is revised for 2020/21.
- 2.4 Where a CTS scheme is to be revised then legislation is clear on the requirements to consult the public and precepting bodies prior to any changes to the scheme. Full consultation has taken place prior to previous revisions to the scheme. Any changes to the CTS scheme for any future years are subject to a decision by Full Council.
- 2.5 In considering whether there should be revisions to the current scheme, the current operation and costs of the scheme should be considered, in addition to any guidance released by central government or by direction of the Valuation Tribunal Service which consider appeals for local CTS schemes.

### 3 CURRENT OPERATION AND COSTS

- 3.1 The number of claimants and cost of the scheme has reduced steadily over the years as detailed below:

**Table 1: Claimant numbers by year from April 2013**

<b>Total claimants April 2013</b>	<b>Total claimants April 2014</b>	<b>Total claimants April 2015</b>	<b>Total claimants April 2016</b>	<b>Total claimants April 2017</b>	<b>Total claimants April 2018</b>	<b>Total claimants April 2019</b>
23,716	23,231	22,029	20,889	20,087	19,636	18,635

- 3.2 Claimant caseload fluctuates on a daily basis and overall there has been a downward trend on claimant numbers from 01 April 2013. The caseload has continued to fall even though the scheme changed from April 2016 and residents had more to pay in Council Tax, due to the Council Tax rises in April 2016, 2017 and 2018. This decline appears to follow the pattern from previous years. The fall is unlikely to be attributed to the changes introduced to the scheme which became effective from 01 April 2016 because, while the changes affected the majority of existing claimants by way of a reduced amount of CTS awarded, it did not change the eligibility criteria.

- 3.3 **Table 2 Costs of CTS scheme by year**

<b>April 2013</b>	<b>April 2014</b>	<b>April 2015</b>	<b>April 2016</b>	<b>April 2017</b>	<b>April 2018</b>	<b>April 2019</b>
£16.6m	£15.94m	£14.9m	£14.3m	£13.7m	£13.7m	£14.3m

- 3.4 The actual scheme costs have reduced year on year up to April 2019. Although claimant numbers continued to fall in 2018/19 the costs of the scheme have increased which is attributed to the 5.56% increase in Council Tax bills including the mayoral precept and the adult social care precept. The higher the Council Tax charge, the more the CTS scheme will cost, unless claimant numbers fall significantly.

Council Tax increased in 2016/17, 2017/18, 2018/19 and 2019/20 included an adult social care precept, and mayoral precept from 2018/19. The reduction in costs from 2016 could be partly be a consequence of the CTS scheme change requiring that all claimants pay at least 25% of their Council Tax liability.

- 3.5 Scheme costs, claimant numbers and equalities data is monitored every quarter. This regular monitoring has not highlighted any real impacts from the changes as detailed above and the scheme is currently operating as expected.
- 3.6 Hardship relief continues to be available to any person who is experiencing financial hardship as a result of the CTS scheme. The purpose of the Hardship Fund is to mitigate the potential risk that some claimants may, in exceptional circumstances, suffer severe financial hardship as a result of the introduction of the scheme or changes to the scheme and may apply for additional monies to help pay their Council Tax. The Hardship Fund totals £50k in 2019/20. Hardship funding is identified from existing budgets and is currently administered via the Tameside Resettlement Scheme. However this amount does not exclude approved applications being granted should the maximum allocated funding being exceeded.
- 3.7 Residents may also obtain advice and assistance on the Hardship Fund and CTS scheme from the Council's Benefits Service, Citizens Advice Bureau, Tameside Welfare Rights Service and other local advice services such as MiNT.
- 3.8 A total of 13 applications for Hardship Relief were received in the 2018/19 financial year however none were eligible and no Hardship Fund monies were paid out.
- 3.9 Tameside Council is committed to maximising the wellbeing of the people of Tameside and it is clear that the Governments welfare reform agenda is having an impact on financially vulnerable people.
- 3.10 All claimants have to pay at least 25% of their Council Tax liability. The Council continues to face significant financial challenges in how much the Council has to spend on services. Cuts in funding from Government have a significant impact on how much the Council has to spend as Government funding provides the greater proportion of the Council's finance and the money raised from Council Tax paid by local residents makes up only one third of the Council's funding.
- 3.11 It is clear given the financial challenges we face that a local CTS scheme must be set taking into account the finances that are available as any increase in costs of the CTS scheme is borne by Council Tax payers

#### **4.0 FACTORS TO BE CONSIDERED**

- 4.1 In considering whether any revisions to the CTS scheme are appropriate it is important to take into account current costs, caseload, external influences such as changes in legislation, changes directed by a Tribunal, funding and scheme wording.
- 4.2 The Council is committed to maximising the wellbeing of the people of Tameside in providing support to them as much as possible as welfare reform is rolled out nationally. The full effects of Universal Credit are not yet known and support takes different forms such as financial advice and support as detailed in Section 3.7 and consideration has been given to the current cost of the scheme which is £14.3m and the maximum support available to CTS claimants. The current maximum award is set at being 75% of a claimants Council Tax liability subject to income and circumstances such as the Council Tax band of the property. Should Council Tax levels increase or the caseload increase in future years then the cost of the scheme will increase.

- 4.3 Cuts in funding from Government continue to have a significant impact on how much the Council has to spend on vital services. Government funding provides the greater proportion of the Council's finance and the money raised from Council Tax paid by local residents makes up only one third of the Council's funding. It is clear given the financial challenges the Council continues to face that a local Council Tax Support scheme must be set taking into account the finances that are available.
- 4.4 The Valuation Tribunal Service considers appeals by any resident with regard to Council Tax Support schemes. The Tribunal Service is independent of the Council. On occasion the Valuation Tribunal may advise a Local Authority to reconsider elements of the scheme which can be for a number of reasons and, bearing in mind that each Local Authority will set its own scheme, any decision of the Tribunal can only be directed to the Local Authority scheme being considered at appeal. Tameside has not received any direction from the Valuation Tribunal Service in 2018/19.
- 4.5 The Ministry for Housing, Communities and Local Government (MHCLG) have not issued any guidance on what Local Authorities should consider including in their local scheme for the forthcoming financial year. Should MHCLG release guidance at a future date then this would be included in a revision to the scheme to be set in February 2020.
- 4.6 Given the above factors no revisions to the scheme are to be made save for the annual upratings of welfare benefit amounts and urgent changes to legislation which are not anticipated.

## **5.0 EQUALITIES REVIEW**

- 5.1 The Equality Act 2010 makes certain types of discrimination unlawful on the grounds of:

Age	Gender	Race	Gender reassignment
Disability	Maternity	Sexual orientation	Religion or belief

- 5.2 Section 149 of the Equality Act 2010 places the Council and all public bodies under a duty to promote equality. All public bodies, are required to have regard to the need to
- Eliminate unlawful discrimination.
  - Promote equal opportunities between members of different equality groups.
  - Foster good relations between members of different equality groups including by tackling prejudice and promoting understanding.
  - Eliminate harassment on the grounds of membership of an equality group.
  - Remove or minimise disadvantages suffered by members of a particular equality group.
  - Take steps to meet needs of people who are members of a particular equality group.
  - Encourage people who are members of an equality group to participate in public life, or in any other area where participation is low.
  - This specifically includes having regard to the need to take account of disabled people's disabilities.
- 5.3 The Act therefore imposes a duty on the Council which is separate from the general duty not to discriminate. When a local authority carries out any of its functions, including deciding what CTS scheme to adopt, the local authority must have due regard to the matters within the section of the Act outlined above. The Courts have made it clear that the local authority is expected to rigorously exercise that duty.

- 5.4 A review of equalities information takes place every quarter to ensure that the CTS scheme is operating as expected and to ensure that no one equalities group is adversely affected. The equalities groups considered are by age, gender, disability and maternity. The categories of gender reassignment, sexual orientation and religion or belief are not considered as this information is not required to be held when processing Council Tax Support which is a means tested benefit.
- 5.5 The last quarterly review in June 2019 revealed that there continues to be no adverse impact on any specific equalities group. Detailed equalities analysis will be included in the annual CTS reporting document which is to be considered by the Executive Cabinet when setting the scheme.
- 5.6 The population of Tameside is estimated at 225,197 based on the latest mid-year population (2018 stats). Trends show an ageing population. Tameside has 18,365 CTS claimants as at June 2019 and of these 7,986 have reached pension credit age and are therefore fully protected under legislation contained in the prescribed scheme and will not see any change in their benefit entitlement.
- 5.7 In addition to considering the key characteristic groups it is important to consider that the scheme in place remains largely the same as that in place from 2013/14 with the revisions detailed in Section 1 of this report.

## **6 RISKS**

- 6.1 The decision as to whether to change the CTS scheme for the forthcoming year carries the risk of MHCLG issuing guidance which Local Authorities must take into account in implementing any future scheme. MHCLG are aware of the legislative timescale within which a local scheme must be set. Therefore should MHCLG wish to issue guidance to be included in a future year's scheme then every Local Authority would be in the same position of a tight timescale within which to consult and redraft the scheme. The same applies with an outcome arising from a Tribunal decision however such matters cannot be foreseen.
- 6.2 In making a decision as to whether or not the scheme as set from April 2019 should continue in April 2020 is complying with the procedural matter as set in Paragraph 5(1) of Schedule 1A to the 1992 Local Government Finance Act.
- 6.3 Equality reviews on the scheme currently takes place every quarter and an equality impact assessment will be included in the later report to set the scheme for 2020/21.

## **7.0 CONCLUSIONS**

- 7.1 At the present time there does not appear to be any external influences or internal requirement to revise the scheme for any reason. The scheme is operating as expected when the scheme was set in December 2018 to take effect from April 2019.
- 7.2 Should any revisions be considered then a full consultation would take place on the scheme change with members of the public and presenting bodies in accordance with guidance issued from DCLG (now MHCLG). The Councils Executive Cabinet would be requested to consider the findings prior to the scheme for 2020/21 being set and which would take effect from 01 April 2020.
- 7.3 The costs of the CTS scheme have increased in line with increased amount of support provided due to Council Tax levels increasing. The overall claimant numbers continue to

fall, and hardship relief and other support methods continue to be available to the public. The Valuation Tribunal has not recommended a revision to Tameside's CTS scheme.

- 7.4 MHCLG have not issued further guidance to Local Authorities in respect of designing local Council Tax Support schemes, and, at the present time, further instructions on setting a local scheme are not expected.

## **8 RECOMMENDATIONS**

- 8.1 As set out on the front of this report.