

 Executive 5 January 2017		Agenda Item No. 2
Title	Local Council Tax Reduction scheme 2017	
For further information about this report please contact	Andrea Wyatt ext 6831	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	July 2016	
Background Papers	Consultation document	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes
Equality Impact Assessment Undertaken	Yes

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	12/12/2016	Chris Elliott
Head of Service	12/12/2016	Mike Snow
CMT	12/12/2016	CMT
Section 151 Officer	12/12/2016	Mike Snow
Monitoring Officer	12/12/2016	Andrew Jones
Finance	12/12/2016	Andrea Wyatt
Portfolio Holder(s)	12/12/2016	Cllr Whiting
Consultation & Community Engagement		
Invitations to participate in the consultation were sent to all working age residents currently in receipt of council tax reduction.		
Final Decision?		Yes – subject to full Council
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 This report provides the results of the consultation in respect of the proposed changes to the Local Council Tax Reduction Scheme (LCTRS) which ended on the 6th November 2016 and recommends changes to be agreed by Council to be implemented from 1 April 2017.

2. **Recommendation**

- 2.1 That members accept the following changes to the Council Tax Reduction scheme.
- 1) To amend the rules which will ensure that people with the same level of income will be treated equally whether they receive Universal Credit or other means tested welfare benefits from 1 April 2017.
 - 2) To remove the family premium in the calculation of Council Tax Reduction for all new claims made from the 1st April 2017.
 - 3) To remove the child premium in the calculation of Council Tax reduction for any 3rd or subsequent child born on or after the 1st April 2017.
 - 4) To review the applicable amounts, premiums, allowances and non dependant deductions annually so that they reflect those prescribed by the Government in the prescribed –pensioner scheme from 1 April 2017.
 - 5) To maintain the maximum 3 month backdate period.

3. **Reasons for the Recommendation**

- 3.1 The Government have made changes to other national welfare benefits, including housing benefit, and to the pension age Council Tax Reduction Scheme. The changes proposed will ensure that Council's Council Tax Reduction Scheme remains aligned with other means tested benefits. Failure to align with other Benefits will increase the amount a new claimant can receive in council tax reduction.
- 1) Recommendation 1 – Universal Credit is gradually being rolled out nationally and replaces a number of means tested benefits. The way that the reduction is currently calculated needs to be amended so that it remains fair to all working age claimants, and does not favour those claiming Universal Credit any more than those who are not. The majority of respondents agreed to this proposal.
 - 2) Recommendation 2 – The family premium was removed from the calculation of other welfare benefits in May 2016, including council tax reduction for pensioners, however the Council's local working age scheme did not change. This proposed change ensures our scheme remains aligned to other welfare benefits. The majority of respondents did not know whether this should be removed or not, however this will only be applied to new claims made after 31st March 2017.

- 3) Recommendation 3 – A person claiming welfare benefits, including pensioner council tax reduction, will no longer receive an increase in those benefits for any 3rd or subsequent child born after 1st April 2017. This change will ensure the scheme remains aligned to other welfare benefits. There was a mixed response to this, the majority of claimants agreed with this proposal.
- 4) Recommendation 4 - The amounts used to calculate reduction for pensioners are prescribed annually by Government. It is proposed that in future, the applicable amounts, premiums, allowances and non dependant deduction will be amended annually to align with those used in the Government pensioner council tax reductions scheme. This will ensure our working age scheme remains aligned with the pensioner scheme. The majority of respondents agreed with this proposal.
- 5) Recommendation 5 – The proposals suggested reducing the maximum period a claim could be backdated from three months to one month, however the majority of respondents did not think we should reduce this. Consequently this original proposal is not being recommended as a change to the Council's LCTRS.

4. **Policy Framework**

4.1 **Fit for the Future –**

The Warwick District LCTRS contributes to the Council's vision to make Warwick District a great place to live, work and visit ensuring that the most vulnerable people within the community receive help towards payment of their council tax.

4.2 **Impact Assessments**

An equality impact assessment has been carried out and this is attached at Appendix 1. The proposed changes do not adversely impact any of the equality strands, LCTRS is a means tested benefit based on financial circumstances only, and there are no proposals to change the additional allowances and premiums used in the calculation for persons with a disability. There are differences in premiums and allowances for pensioners but these are prescribed by Government.

5. **Budgetary Framework**

- 5.1 Any changes made to other welfare benefits directly impacts the amount of council tax reduction a claimant can receive. If the scheme is not changed to align with other benefits, the cost to the Council could increase as new claimants will be entitled to increased awards of council tax reduction.

6. **Risks**

- 6.1 If the scheme is not changed the costs to the Council could increase.
- 6.2 Tax payers continue to have the right of legal challenge against the scheme via Judicial review.

7. Alternative Option(s) considered

- 7.1 The Council could decide to reject the recommendations and retain the scheme in its current form.

8. Background

- 8.1 Following the July 2016 report, invitations to participate in the consultation were issued to all 3360 working age people currently claiming council tax reduction, advising them how they could participate and details were also promoted on the website. A total of 68 combined online and paper responses were returned. Details of the proposals were also issued to both the County Council and the Police and Crime Commissioner. The County Council have responded supporting the changes, however no comments have been received from the police and crime Commissioner.
- 8.2 Since our local council tax reduction scheme was last reviewed, there have been a number of changes to other welfare benefits schemes, including the council tax reduction scheme for pensioners and the housing benefit scheme both of which are administered by the local authority.
- 8.3 The majority of customers who claim working age council tax reduction also receive at least one other welfare benefit. Any changes made to other benefits affect the income a claimant receives and this then directly impacts upon the amount of council tax reduction a person is entitled to. Therefore it is important to review the scheme so that it aligns with other income related welfare schemes to prevent the cost of the scheme increasing whilst ensuring claimants still receive the help they need.
- 8.4 The changes to the scheme should not adversely effect anyone currently receiving council tax reduction, those who currently receive a family premium or an increase in reduction for any third or subsequent child will continue to do so for as long as they are continuously entitled to the reduction.
- 8.5 The proposed changes will not affect new claimants who apply for the reduction and receive Job Seekers Allowance (income based), Income Support, and Employment and Support Allowance (income related) and they will still be able to receive the maximum entitlement which will remain at 85% reduction.
- 8.6 Many other Local Authorities are proposing to make similar changes to their schemes to ensure that they continue to align with other welfare benefit schemes and to ensure the cost to the council does not increase.
- 8.7 The Council will continue to provide support to residents within the District through budgeting support, job clubs and discretionary payments for those claimaing housing benefit.