

 <b>Executive 30<sup>th</sup> August 2018</b>		<b>Agenda Item No.</b> <b>5</b>
<b>Title</b>	Council Tax Reduction Scheme 2019/2020	
<b>For further information about this report please contact</b>	Andrea Wyatt. Ext 6831	
<b>Wards of the District directly affected</b>		
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Executive 5 <sup>th</sup> January 2017 Council 25 <sup>th</sup> January 2017	
<b>Background Papers</b>		

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

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Deputy Chief Executive	06.08.18	Andy Jones
Head of Service	06.08.18	Mike Snow
CMT	06.08.18	Chris Elliott; Andy Jones; Bill Hunt
Section 151 Officer	06.08.18	Mike Snow
Monitoring Officer	06.08.18	Andy Jones
Finance	06.08.18	Mike Snow
Portfolio Holder(s)	13.08.18	Peter Whiting
<b>Consultation &amp; Community Engagement</b>		
It is a requirement that any local authority wishing to change its council tax reduction scheme consults with its major preceptors and its tax payers.		
<b>Final Decision?</b>		No
<b>Suggested next steps (if not final decision please set out below)</b>		
A report will be submitted to full Council before the end of January following the consultation so a decision can be made about the council tax reduction scheme for 2019 and 2020.		

## 1. **Summary**

- 1.1 To consider proposed changes to the Local Council Tax Reduction scheme from April 2019.

## 2. **Recommendation**

- 2.1 To agree to a period of consultation with the public and major precepting authorities in respect of proposed changes to the Local Council Tax Reduction Scheme (LCTRS) from April 2019. The proposed changes are detailed in Appendix 1 of this report.

## 3. **Reasons for the Recommendation**

- 3.1 Warwick District Council is required to consult with the major precepting authorities and the public in respect of any changes made to the LCTRS. Since 2013/14, local authorities have been responsible for determining their own scheme; this replaced the former DWP Council Tax Benefit Scheme. Any changes must be approved by Full Council before implementation.
- 3.2 Universal Credit is gradually being rolled out across the country. It replaces a number of means tested benefits which includes Housing Benefit and will be administered by the Department for Work and Pensions (DWP). This provides this Council with the opportunity to review the current LCTRS, most claimants also claim help towards their rent and therefore claims are assessed jointly with Housing Benefit and broadly follow the same rules. Administration subsidy is received from the Government to assist authorities in the cost of administering Housing Benefit and the LCTRS, however over time this is reducing as Housing Benefit claims reduce. Eventually all working age Housing Benefit claimants will be in receipt of Universal Credit instead, and so will only be applying to the Council for LCTR.
- 3.3 The scheme is currently complex to administer, and the application process is cumbersome, evidence is required of the income and capital of all members of the household and this is prescribed by the regulations. In order to pay Universal Credit, the DWP will need to obtain this information. In future, the majority of customers who claim LCTR will be in receipt of Universal Credit and the DWP will notify the Council of the income and capital details of customers who have claimed Universal Credit. Therefore it would be sensible for the Council to use this information to determine entitlement to LCTR, rather than the Council independently seeking the supporting information.
- 3.4 The provision of Universal Credit information to the Council means that it is possible to continue with the current LCTRS. However, Universal Credit is assessed on a monthly basis using real time information, this means for many customers, that their income changes on a monthly basis. Under the current scheme, LCTR must be re-assessed resulting in some customers receiving revised council tax bills on a monthly basis which then is likely to result in confusion over what they must pay. Under a banded scheme, a customer will receive a percentage discount and this will remain the same whilst the calculated income remains within a certain tolerance. Many of the complexities in administration will be removed which will make the scheme both easier to administer and be clearer for the customer when claiming.
- 3.5 Locally, Universal Credit for new customers begins in October 2018 and for customers who have a relevant change of circumstance. All other customers

will gradually be required to claim Universal Credit, but as yet DWP have not issued any guidance about how the migration will be managed. Based on the experience of other local authorities we expect over half of our current caseload to transfer during 2019 and therefore we are proposing that all customers who claim LCTR and are in receipt of Universal Credit are paid under the new banded scheme from April 2019, with the remaining customers transferring in April 2020. Gradually moving customers to the new scheme will enable the Council to closely monitor the impacts, particularly for those who need to claim discretionary help.

- 3.6 The specific changes proposed to the scheme are considered in detail within the Appendix 1, the proposed consultation document. Some examples of the difference between the old and new scheme are attached at Appendix 2, however, it should be noted that LCTR is assessed based on individual circumstances and due to changes in the scheme, their circumstances may be treated differently depending on when they applied.

#### 4. **Policy Framework**

##### 4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels
<b>Impacts of Proposal</b>		
The council tax reduction scheme assists customers on low income to pay their council tax. This helps to prevent customers from falling into debt and therefore assists in preventing health	N/A	The scheme helps customers on a low income including those in employment.

conditions which may arise due to debt problems.		
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
<b>Impacts of Proposal</b>		
Administering the current scheme requires a lengthy training programme and it can be 12 months or more, until staff are fully competent in the administration. Removing the complexities of the scheme will make it easier for staff to administer.	Customers will be clearer about entitlement. Removing the complexities should speed up processing time for claims.	The revised scheme is not intended to reduce the amount of reduction available.

## 4.2 **Supporting Strategies**

There are currently circa 63,000 tax payers within Warwick District, and of these there are 3,350 people of working age who claim Council Tax Reduction. It is important to ensure that help continues to be available to those who most need it whilst maintaining a cost effective scheme if we are to re-assure all of our tax payers that we continue to provide value for money. To remove the help people currently receive in assistance to pay their council tax could result in plunging some of the most vulnerable people in society further into poverty. This would contravene the Council's vision to make Warwick District a great place to live, work and visit. However, the work of Warwick District Council, the County Council and the Police Authority is also important in achieving this vision and it is important to minimise funding cuts wherever possible to help maintain and improve the level of services provided to the whole of the District.

## 4.4 **Changes to Existing Policies**

This will replace the current LCTRS.

## 4.5 **Equality impact**

An equality impact assessment is attached at Appendix 3; a further assessment will be undertaken following the consultation.

## **5. Budgetary Framework**

- 5.1 The cost of the Local Council Tax Reduction scheme in 2018/19 is estimated at £6.1m, with £2.9m for working age customers. This cost is shared with the precepting authorities through the Collection Fund, this being proportionate to the council tax. Warwick District Council's share is £560,000 (9.2%), whilst WCC bare £4.7m (77.6%).
- 5.2 Under the current scheme, all claimants have to pay a minimum of 15% of their total council tax.
- 5.3 The new proposals are expected to be cost neutral. The changes are intended to reduce the level and cost of administration, the Council is not looking to reduce the total overall level of support available.
- 5.4 Although the assistance of some claimants will reduce from current levels, the intention is to protect as many customers as possible. Where a customer experiences exceptional hardship, they will be able to apply for additional support from the Council under the proposed Exceptional Hardship Payment Scheme. This scheme will operate similar to the Discretionary Housing Payments Scheme (which applies in respect of rent as part of the Housing Benefits Scheme), whereby the customers will need to apply and demonstrate hardship. It is proposed that £20,000 is initially allocated to this scheme, with that cost shared between the precepting authorities.
- 5.5 The proposal to move to a banded scheme should make the administration of Council Tax Reduction simpler and more efficient. In due course, this should enable savings to be made in its operation. As yet it is too early to suggest what these savings may be. The Benefits Team will still need to administer Housing Benefits and Council Tax reduction for pension age claimants (currently 3,100). The impact and phasing of the rollout of Universal Credit is currently unknown. During 2020/21 it should be possible to assess the position and review how the service is administered.

## **6. Risks**

- 6.1 The cost neutral approach to revising the scheme means that entitlement will reduce for some claimants. In order to mitigate this, a discretionary fund will be available to assist those most affected.

## **7. Alternative Option(s) considered**

- 7.1 The scheme could remain in its current format but this it is felt offers no opportunity to improve the efficiency of the scheme nor the customer experience.

## **8. Background**

- 8.1 The Council is required to have in place a local council tax reduction scheme for working age customers to assist those on low incomes with their council tax liability; this replaced the national council tax benefit scheme from April 2013. Although changes have been made to our own local scheme, it has continued to be based on the old benefit scheme. This scheme is complex to administer and confusing for customers to understand. The roll out across the District of universal credit provides the opportunity to rectify this since the majority of our working age customers will receive universal credit.