


Agenda Item No:	5	
Committee:	Overview and Scrutiny Panel	
Date:	28 November 2016	
Report Title:	Council Tax Support – 2017 scheme	

Cover sheet:

1 Purpose / Summary

Each year the Council is required to review its Council Tax Support (CTS) Scheme. This report advises Overview and Scrutiny of the progress of the 2016 annual review and the resultant proposals for the CTS scheme to take effect from 1 April 2017.

2 Key issues

- We are now in the fourth year of CTS; a locally set scheme that replaced the nationally set Council Tax Benefits (CTB) scheme from April 2013.
- In 2013-14 we were able to take advantage of a one-off Government grant that compensated in part for the reduction in Government funding that year. This meant that the maximum CTS awarded was the amount calculated, less 8.5% (Pensioners are protected by legislation and receive up to 100% CTS).
- In 2014-15, we initially proposed this reduction be increased to 20%. However a reduction in demand meant that we were able to revise this reduction to 14%.
- For 2015-16 and 2016-17 we kept the same scheme as 2014-15, except that allowances and premiums (the amounts of income from state-administered benefits such as Jobseekers' Allowance) were increased in line with other benefits such as Housing Benefit. This means that customers have a higher income before losing CTS.
- For the 2017-18 scheme we have consulted customers on a proposal to increase the CTS reduction for working age customers from 14% to 20% starting from 1 April 2017.

- Based upon feedback from customers, evidence that shows that the Council Tax collection rate is reduced, contact with Cambridgeshire County Council (CCC) and further research, Officers are now recommending a 14% reduction is retained for 2017-18.

3 Recommendations

The Panel is requested to:

- Note the attached report,
- Recommend any changes to the 2017 CTS scheme set out in this report so that Cabinet and then Council can take them into account when determining the final 2017 scheme at their meetings on 15 December 2016.

Wards Affected	All
Forward Plan Reference	This item is included in the Forward Plan
Portfolio Holder(s)	Cllr Chris Seaton – Portfolio Holder for Finance
Report Originator(s)	Geoff Kent – Head of Customer Services
Contact Officer(s)	Rob Bridge - Corporate Director and Chief Finance Officer Geoff Kent – Head of Customer Services
Background Paper(s)	None

Report:

1 Introduction

- 1.1 Before April 2013, Council Tax Benefit (CTB) was a nationally controlled scheme administered by District and Unitary Councils that give reductions from Council Tax to people on low incomes according to set criteria specified by regulations. The maximum reduction was 100% of a person's Council Tax bill.
- 1.2 The costs of CTB were fully reimbursed to the Council by the DWP, so that if demand rose or fell, the Council did not bear the costs of these changes.
- 1.3 CTB was localised and replaced by CTS in April 2013. At the same time, Government funding was reduced and CTS was localised, coming under the control of District and Unitary Councils. Whilst pensioners were protected and regulations specified that they must still receive up to 100% CTS, this protection did not apply to working age people.
- 1.4 Unlike CTB, the costs of CTS are borne by Councils. Funding is given by the Government, but this is fixed each year so that Councils bear the costs of an increase in demand but gain from reduced demand.
- 1.5 The implementation of CTS left Fenland with a funding gap, that potentially saw working age customers only being entitled to 80% CTS. However, Members considered the options available to help increase CTS and were able to implement a scheme in 2013-14 that saw working age customers be entitled to up to 91.5% of CTS; in two ways.
- 1.6 Members primarily met the funding shortfall by revising Council Tax exemptions on empty properties, permitted by regulations that changed in 2013. This meant that the Council would no longer give a Council Tax reduction for most empty domestic properties.
- 1.7 The funding shortfall was further closed by a one-off transitional Government grant that applied in 2013-14 only.
- 1.8 In 2014-15 this grant was not available. With demand for CTS not growing as much as was predicted for 2013-14, Members were able to revise the CTS scheme to feature a reduction of 14% CTS for working age customers.
- 1.9 Councils are required to review the operation of their CTS schemes annually. They are required to make any revisions no later than 31 January in the financial year preceding that for which the scheme will be revised (i.e. 31 January 2017 for the scheme relating to the 2017-18 financial year).

- 1.10 Further annual reviews determined that the CTS reduction remained at 14% again in 2015-16 and 2016-17.
- 1.11 We are now reviewing our CTS scheme for the 2017-18 financial year; the final scheme will be considered by Cabinet and then Council at their respective meetings; both on 15 December 2016.
- 1.12 Members asked Officers as part of the Council's Comprehensive Spending Review (CSR) to look at options for increasing the CTS reduction whilst understanding the effects of non-collection. Potential savings and the implications made from increasing the reduction in CTS are set out in the report below and could contribute towards CSR.

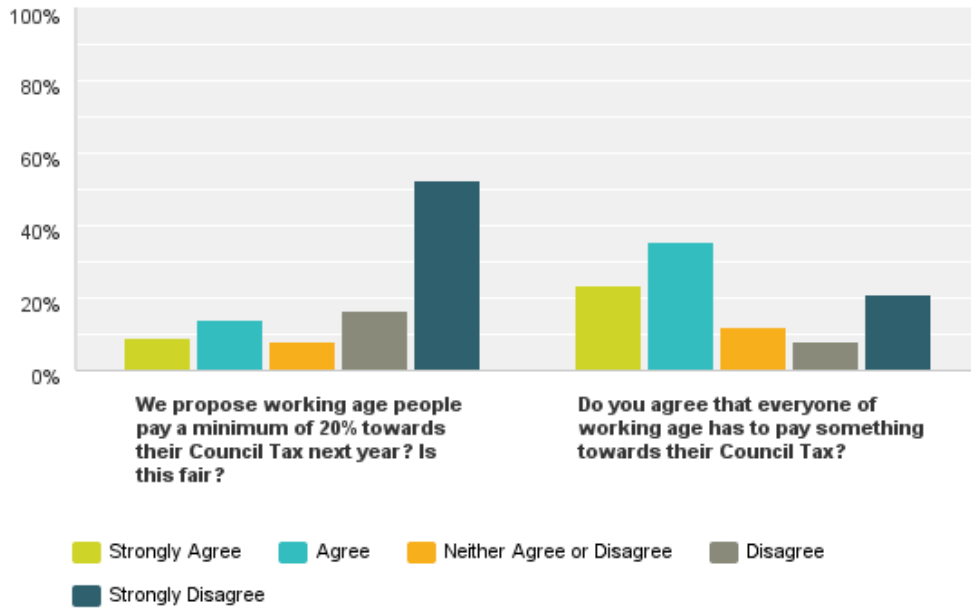
2 The 2016 review

- 2.1 Councils are required to review operation of their CTS schemes each year. Where a change is proposed, we are required to undertake customer consultation; the results of which assist in the final decision made by the Council regarding the CTS scheme next year.
- 2.2 Customer consultation is central to this review. We wrote to all 4,337 (at that time in July) working age recipients of CTS enclosing a short survey (attached to this report as Appendix 1). In addition we contacted 500 other residents who are not receiving CTS, chosen at random asking for their views. An on-line survey was also set up at www.fenland.gov.uk and publicised on our website and through social media.
- 2.3 Consultation was open for twelve weeks, from 25 July 2016 to 21 October 2016 inclusive.
- 2.4 We received 285 responses, a 6% response rate which although low, is consistent with the normal response rate to public consultation exercises.

2.5 The majority of respondents (69%) disagreed that asking CTS claimants to pay a minimum of 20% of their Council Tax next year was unfair. However the majority (59%) did agree that everyone of working age should pay some Council Tax:-

**Q1 Some questions about the proposals -
Please tick one answer in each row below.**

Answered: 281 Skipped: 4



2.6 The survey asked what groups of residents we should protect from these changes and why. Here is a summary of the comments made by theme*:-

Groups to protect	No'	Why we should protect them - examples of feedback given	
No comment	93		
Disabled	44	Fees and charges going up	Should pay less
		Can't work	Shouldn't have to pay
		Circumstances don't change	Stress of money worries
		Everyone else should not be protected	Struggling to cope
		Harder to find a job	Income falling /inflation rising
		Have life threatening disease	They can't afford increase
		Life tough already	They cant control their pain
		May not understand changes	They don't have a choice
		Means test it	Things cost more for the disabled
		No control over income	Will need more help from Social Services
On low incomes	25	On low income	Worry of another bill
		Rather pay for heating	
		Additional burden	Reduced quality of life
		Anti-social behaviour cost shouldn't have to pay for it	Should be means-tested
		Benefits claimants should work to earn benefits	Shouldn't have to pay
		Cause greater hardship	Struggling to cope
		Find it hard	They can't afford increase
		Increase will cause hardship	They struggle already
Vulnerable people	24	Most vulnerable	Why kick them again
		No control over income	Why make it worse for them
		No money left after shopping	Worry of another bill
		Affect mental health	Should be exempt
		Council should protect them	Sinking into debt
		Fees and charges going up	Struggling to cope
		Have heath issues	They can't afford increase
None	22	How do we expect them to find money	Too much stress
		No control over income	Will have to cut food to pay
Can't work	19	Not fair for people who can't afford it	
		Illness	No choice
Pensioners	11	Need to be looked after	
		Need money to heat home	Small pension increase annually
Families	10	Shouldn't have to pay	They've worked all their life
		Poor health and attainment	Unable to increase income
Low wage earners	10	Struggling to cope	
Chronic illness	3	Hard to get food on table	Money worries can worsen illness
Everyone on CTS	3	Can't work	They qualify for a reason
Students	3	Lower income	Usually funded by loans
		Puts demand on housing	
People like them	2	So don't pay too much	
Single parents	2	Hard to get food on table	
British citizens	1		
Cancer sufferers	1	Don't use our services	
Depends?	1	Take individual needs into account	
People living alone	1		
Mental health	1	Be on their mind	
Minimum wage	1		
Not layabouts	1	They live off the Government	
Over 50s	1		
People who struggle	1	Don't make them suffer	
With health issues	1	Why should they pay	
The genuine	1		
With few resources	1		
Unemployed	1	Sacrifice most proportionately	
Young /elderly	1	Need to be free of worry	

* Note that in the number column above the number shown is the total comments for that theme overall.

2.7 The survey asked what groups of residents would be affected more than others, and how we should deal with this:-

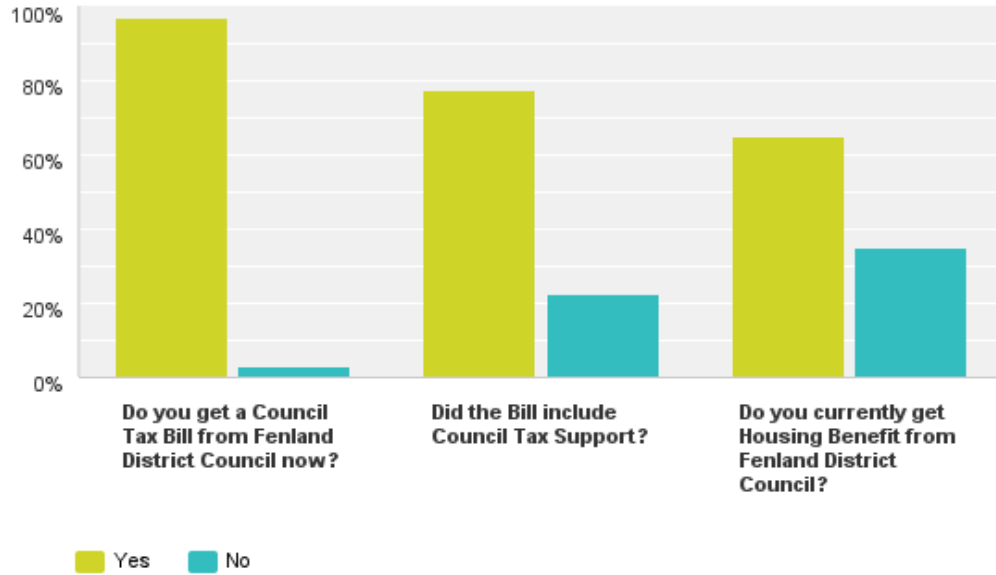
Group	No'	How can we will deal with this - examples of feedback given.	
No comment	142		
Yes	34	Abolish Council Tax	Find other ways to save money
		Band D increase their Council Tax	Help people who really need our help
		Be fair on people poor through no fault	how can they afford it
		Bring back Traffic Wardens	Keep it as now
		Budgeting is key	Means-test it
		Charge Band E more	People can't find the money
		Charge richer people more	Reduce number of Councillors
		Didn't understand question	Save money elsewhere
		Don't change it	Struggle to live already
		Don't overcharge for bins or Council Tax	This consultation wasted money
		Encourages saving and earning more	Treat each case individually
		Exclude some groups	You'll ignore our views anyway
Disabled people	21	Charge richer people more	Leave as now
		Don't make them pay anymore	No way of getting extra income
		Don't make changes	Pay less than 20%
		Give more help with money	Too ill to work
Low income groups	21	Don't do it to these people	Shocking we're proposing this
		Give them longer to pay	Struggle to live already
		how can they afford it	Suffering the most already
		Reduce or make free for this group	Treat each case individually
		Save money elsewhere	
People on benefits	9	Cut their taxes	Reduce or make free for this group
		Keep Council Tax as low as possible	Struggle to live already
		Maybe a sliding scale	Tell the Government this is unfair
		Overhaul links between agencies	
Disabled, benefits, low income	6	Face to face interview would help	Reduce or make free for this group
		Increase for people who can afford it	
Poor	6	Find out what people can afford	People earning £16k+ pay more
		High handed proposals already decided	Reduce or make free for this group
No groups	5	Assess everyone on their affordability	Take court action against non-payers
		Put right people in charge /section	Vary percentage by circumstances
Families	5	Charge more Business Rates	Exempt them
		Children lose out	Charge more Business Rates
Don't know	4		
Not sure	4		
People with low income	3	Not sure how to overcome problem	Pay a lower amount
Vulnerable people	3	Council does not protect them	Signpost to agencies who can help
Single occupiers	2	Don't increase it	
Single parents	2	Leave as now	
Working people	2	Tell the Government this is unfair	
Everyone already getting CTS	2		
Disabled, single parents	1		
Elderly	1	Consider them for relief	
Learning disabilities	1		
N/a	1		
No	1		
No idea	1		
None	1	People should pay their way	
People stressed about finances	1	Abolish Council Tax	
People in debt	1	No point increasing their debt	
People sanctioned by JCP	1	Look at each case on its merit	
People with depression	1	Do it in stages	
Single divorcees	1		
Those living on overdrafts	1	Council should save this money	

* Note that in the number column above the number shown is the total comments for that theme overall.

2.8 Most respondents are receiving CTS now:-

Q7 Respondents and their CTS status

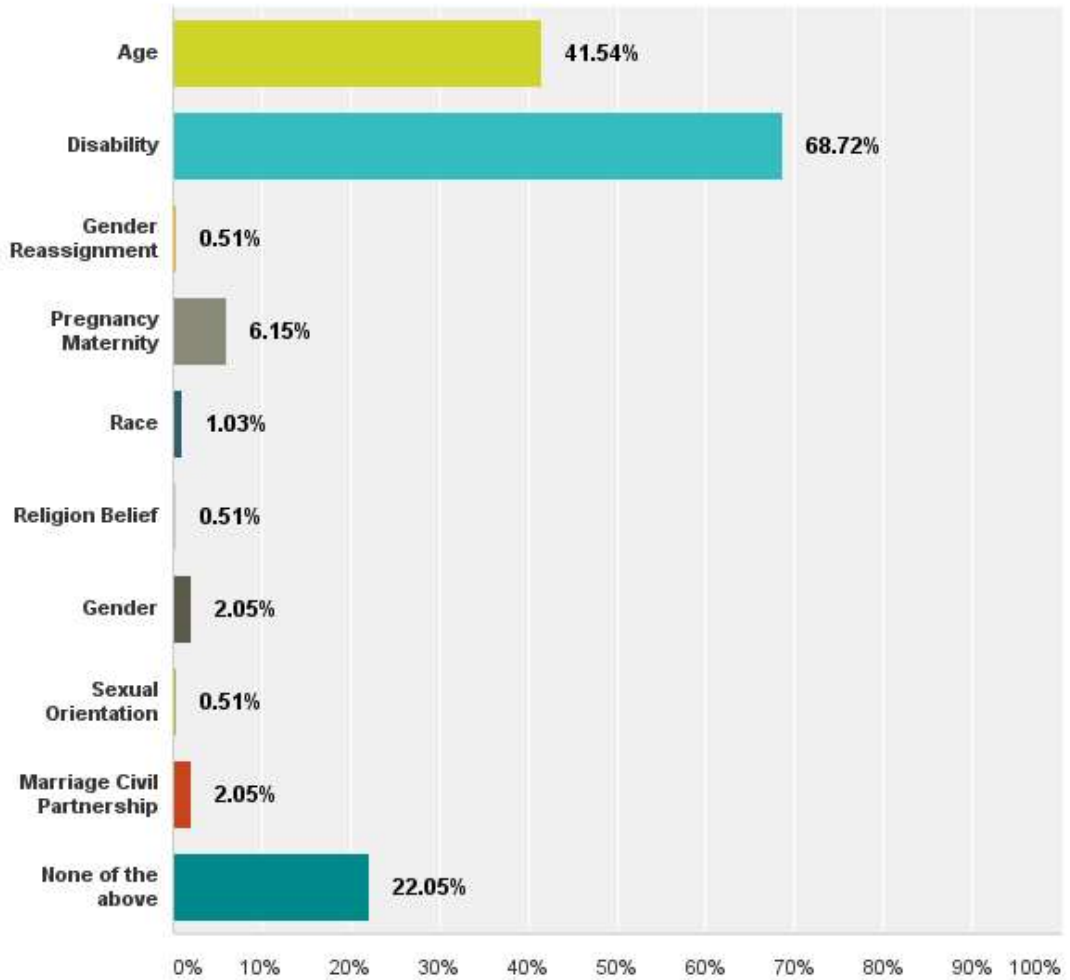
Answered: 250 Skipped: 35



2.9 We then asked residents to tell us if any groups covered by our equality factors (known as “protected groups” in equalities legislation) would be harder hit by these proposals than others:-

Q8 Do you feel any of the following have been a factor in the issue you have raised?

Answered: 195 Skipped: 90



2.10 For consultees who identified issues with the protected groups above, we asked why they thought that:-

Protected Groups	No'	Factors affecting them - examples of feedback given	
None ticked (no comment made)	176		
Disabled	51	Bedroom Tax	Reduce bill for disabled
		Get reduction if funded property adaptations	Stress of these changes
		Have no choice as thrust upon them	Struggle financially
		Not on-line	Unable to work and increase income
		People who can work should be charged 20%	Understand people with mental health issues
None ticked (but comment made as shown)	21	Act within equality considerations	People who have no intention of paying
		Fees and charges going up	Social inequality is biggest problem
		Discriminates against poor, elderly, disabled	Stop wasting money
		Everyone should be treated equally	Struggle financially
		Not on-line	
Multiple groups ticked	14	Easy to pick on vulnerable	Raise money through Dog Licences
		Everyone should be treated equally	Struggle financially
		I lived with a partner	Treated different if difficulties speaking English
		Income should be deciding factor	Villages don't get investment
		No point as you don't listen	
Pensioners	13	Cannot increase their income	Over 60s should be exempt
		Don't need more pressure	Struggle financially
		Live alone	Those affected by retirement age increase
		Low income	Unable to work and increase income
Long term illness	2	Unable to work and increase income	
Vulnerable	2	Ask rich people for more	Don't understand information sent to them
Young people	2	Cannot afford own place	Only get shared accommodation LHA rate
Dyslexia	1		
Ill-Health	1	Struggle financially	
Personality disorder	1	Need Plain English, not on-line	
Single parents	1		

* Note that in the number column above the number shown is the total comments for that theme overall.

2.11 The above feedback shows that the overwhelming reaction to the proposals was negative, with the theme being that customers affected would find paying their bills more difficult than now.

3 The impact of CTS to date

3.1 CTS with its associated gap between Council Tax payable and the maximum help working age people can receive has been in operation now for three full years and we are mid-way through the fourth year of its operation.

3.2 The table below shows how the amount of CTS awarded and numbers of customers claiming it have changed since CTS was introduced in 2013:-

CTS cases and amount awarded			
Date	CTS awarded	Working age claims	Pensioner claims
1/11/13	£7.68 million	4,682	4,727
1/11/14	£7.49 million	4,641	4,539
1/11/15	£7.33 million	4,487	4,281
1/11/16	£7.10 million	4,063	4,064
Change 2015 to 2016	-3.13% -£0.23 million	-9.44% -424	-5.06% -217

3.3 The following four tables show recovery action that is taken in respect of Council Tax arrears, showing the movement in overall values of arrears and numbers of associated Reminder Notices and Summonses that have been served.

3.4 Initially there was a surge in action in 2013; the first year of CTS. However as the scheme has settled down with a 14% reduction being applied for 2014-15, 2015-16 and 2016-17. This is mirrored in volumes of recovery action as customers become familiar with new amounts due and the associated payments:-

Effect on Council Tax recovery – Reminders issued (numbers)					
* for months shown only					
Month	2012	2013	2014	2015	2016
Apr	3,002	4,453	4,147	5,603	4,799
May	828	2,306	2,007	2,218	2,318
Jun	1,413	2,009	2,114	1,779	1,758
Jul	194	1,695	1,531	1,248	1,241
Aug	1,228	1,714	1,256	1,145	1,282
Sep	1,042	1,275	1,271	1,087	1,062
Oct	1,109	1,142	1,081	811	993
Total*	8,816	14,594	13,407	13,891	13,453
Change		+66%	-8%	+4%	-3%

Effect on Council Tax recovery – Reminders issued (value)					
* for months shown only					
Month	2012	2013	2014	2015	2016
Apr	£319k	£326k	£336k	£571k	£423k
May	£26k	£196k	£180k	£216k	£234k
Jun	£344k	£345k	£400k	£180k	£170k
Jul	£130k	£284k	£275k	£138k	£134k
Aug	£248k	£279k	£129k	£123k	£147k
Sep	£213k	£150k	£201k	£128k	£125k
Oct	£188k	£142k	£174k	£104k	£136k
Total*	£1.46m	£1.72m	£1.69m	£1.46m	£1.37m
Change		+18%	-2%	-14%	-6%

Effect on Council Tax recovery – Summonses issued (numbers)					
* for months shown only					
Month	2012	2013	2014	2015	2016
Apr	N/a	N/a	N/a	N/a	N/a
May	782	1,726	1,680	1,553	1,134
Jun	492	523	455	369	410
Jul	458	564	525	353	314
Aug	137	519	385	327	323
Sep	340	414	258	322	254
Oct	284	303	273	267	388
Total*	2,493	4,049	3,576	3,191	2,823
Change		+62%	-12%	-11%	-12%

Effect on Council Tax recovery – Summonses issued (value)					
* for months shown only					
Month	2012	2013	2014	2015	2016
Apr	N/a	N/a	N/a	N/a	N/a
May	£749k	£1.1m	£1.1m	£1.2m	£1.0m
Jun	£394k	£290k	£264k	£238k	£122k
Jul	£300k	£306k	£319k	£213k	£207k
Aug	£88k	£264k	£220k	£184k	£194k
Sep	£194k	£197k	£138k	£170k	£141k
Oct	£132k	£137k	£120k	£126k	£217k
Total*	£1.85m	£2.29m	£2.16m	£2.13m	£1.88m
Change		+24%	-6%	-1%	-12%

4 Feasibility of changes to CTS for 2017

- 4.1 Changing the CTS reduction for working age customers from 14% to 20% will raise additional savings to the Council of £15,000 based on the numbers of CTS claimants as at July 2016. This amount would contribute towards the Council's Comprehensive Spending Review (CSR).
- 4.2 In addition, it would generate significantly more savings to CCC, in the same way that CCC receives a much higher proportion of Council Tax receipts overall. The following table shows the split between authorities (amounts for Parish Councils are not shown for clarity):-

How Council Tax allocated is split	
Authority	%
Cambridgeshire County Council	69.96
Cambridgeshire Fire Authority	3.93
Cambridgeshire Police & Crime Commissioner	11.09
Fenland District Council	15.02

- 4.3 Cabinet at its meeting on 21 July 2016 asked Officers to consult on these proposals to increase the CTS reduction for working age customers from the current 14% to 20% from 1 April 2017.
- 4.4 Cabinet also asked Officers to contact CCC to request a contribution towards resourcing the recovery of additional Council Tax that will be collected if the 2017 CTS scheme is implemented.
- 4.5 Officers calculated that an extra member of staff would be required to undertake recovery work in respect of additional arrears that would accrue from working age customers having payment difficulties as a result of the proposed changes:-

Council Tax collectable (at 1 November 2016)	£48,990,048
0.42% of this**	£205,758
Cost of an additional member of staff***	£24,500

Notes:-

** See section 4.8 for how this percentage is derived

*** Estimated costs of a Recovery Officer, including on-costs

- 4.6 There is also a risk that the reduction in Council Tax collected is more than that shown above, as this is only an estimate of the effects.

- 4.7 CCC considered the Council's requests for part-funding the above post's costs. However after considering the severe financial constraints that they are under, with the need to make significant savings, CCC felt that it would not be possible to agree to the funding request.
- 4.8 Previous experience as set out in the tables shown in section 3.3 above shows that when a significant change in the level of support given, there is a spike in the level of recovery action and also the amount that becomes outstanding. The last change of this nature was between 2012 (the last year of the old CTB system) and 2013 (the first year of the new CTS system) when the minimum working age customer's Council Tax contribution increased from zero to 8.5%.
- 4.9 Looking at national trends, it is clear that an increase in the CTS reduction percentage adversely impacts Council Tax collection rates:-

Effects of changing CTS reduction percentages			
	2013-14 to 2014-15	2014-15 to 2015-16	2016-17 to 2017-18
Number of Councils reducing CTS	76	26	N/a
Average increase in CTS reduction level	8.6%	9.4%	N/a
Fenland increase in CTS reduction level	5.5%	0%	6%*
Average change in Council Tax collection rates	-0.07%	-0.05%	N/a
Fenland change in Council Tax collection rate	-0.42%	-0.05%	-0.42%*

Note * this is the increase in reduction proposed; from 14% to 20%. The effect on collection rates shown is equated to known effects of the change between 2013-14 and 2014-15 at Fenland.

- 4.10 It can be seen that there is a reduction in Council Tax collection rates after the reduction in CTS is increased. However the collection rate effects could be caused by other factors; Officers are undertaking research in order to understand links between CTS levels, number of benefit claims and deprivation.
- 4.11 Bearing in mind the consultation results, the financial constraints that prevent CCC from supporting the funding of additional recovery resources, together with data that suggests a further change in the CTS reduction at Fenland will adversely affect collection performance, Officers are recommending that the CTS scheme for 2017-18 incorporates the same 14% reduction for working age customers as the current 2016-17 scheme.

5 Customer Impact

5.1 The Equality Act 2010 reminded all public authorities of their duty to have 'due regard' to the need to:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act,
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- Foster good relations between people who share a protected characteristic and people who do not share it.

5.2 Authorities must consider the needs of "protected groups" when making policy decisions, and undertake a Customer Impact Assessment (CIA) to understand the effect of such decisions upon such groups. In doing this, we are required to take the appropriate actions when making changes that may impact negatively on these groups.

5.3 As part of the final decision regarding the approval of the 2017 CTS scheme, Cabinet and Council will consider a full CIA at their meetings on 15 December 2016. The table below shows the initial CIA:-

Customer attribute	Impact	Effects	Mitigating action
Race	Neutral		
Sex	Neutral		
Gender reassignment	Neutral		
Age	Neutral		
Sexual orientation	Neutral		
Religion /belief	Neutral		
Pregnancy /maternity	Neutral		
Marriage /civil partnership	Neutral		
Human rights	Neutral		
Disability	Neutral		

Customer attribute	Impact	Effects	Mitigating action
Socio economic	May adversely impact	<p>Working age households may have to pay more Council Tax after CTS is taken into account.</p> <p>This means that they may have less money to spend in the local economy as a result.</p>	<p>As well as the statutory 10 instalments, we now offer 12 monthly and 52 weekly instalments to help customers better budget to pay their Council Tax. Weekly payments are particularly helpful for social housing tenants who pay their rent weekly.</p> <p>Our Council Tax Discretionary Relief scheme gives potential extra help to customers in exceptional circumstances who cannot pay their Council Tax.</p> <p>By keeping the reduction at 14% for a further year we are helping budget for their Council Tax payments effectively again.</p>

6 Next steps

- 6.1 This report has given the Panel an update on progress of the annual review of the Council's CTS scheme, and the proposals for it to remain unchanged.
- 6.2 Officers will then take the proposed 2017 CTS scheme to Cabinet and then Council at their respective meetings, both on 15 December 2016 for Members to formally determine the scheme, which Officers recommend should be the same as the current 2016 scheme.