

Agenda Item No:	6	
Committee:	Overview and Scrutiny Panel	
Date:	10 December 2018	
Report Title:	Council Tax Support – 2019-20 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 2018 annual review and the resultant proposals for the CTS scheme to take effect from 1 April 2019.

2 Key issues

- No changes are being proposed to the CTS scheme for 2019/20.

3 Recommendations

- For Overview and Scrutiny to comment on the 2019-20 CTS scheme set out in this report so that Cabinet and then Council can take them into account when determining the final scheme at their meetings on 13 December 2018.

Wards Affected	All
Forward Plan Reference	This item is included in the Forward Plan
Portfolio Holder(s)	Cllr Mrs Anne Hay – Portfolio Holder for Finance
Report Originator(s)	Sam Anthony – Head of HR & OD
Contact Officer(s)	Kamal Mehta – Interim Corporate Director and Chief Finance Officer Sam Anthony – Head of HR & OD
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%.
- 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 Further annual reviews determined that the CTS reduction remained at 14% in 2015-16 and 2016-17.

- 1.10 As part of the FDC-CSR1 process, Members asked Officers to look at the option of increasing the reduction from 14% to 20%. This option was considered by Overview and Scrutiny Panel on 28 November 2016 as part of the review of the CTS scheme for 2017-18. Members decided to retain the 14% reduction for 2017-18 and this was formally approved by Council on 15 December 2016.
- 1.11 The annual review for 2018-19 retained the 14% CTS reduction.

2 Reviewing the current CTS scheme

- 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 The existing scheme has provision to incorporate DWP welfare reforms and to uprate allowances etc in line with DWP so as to achieve harmonisation with the prescribed national LCTRS scheme for Pensioners as well as HB. Officers have reviewed the existing scheme and are recommending that it does not change for 2019-20.
- 2.3 The small changes made to the current scheme during the review for 2018-19 have worked well – harmonising to DWP welfare reforms and uprating, as well as removing the stipulation that customers must make a separate claim for Council Tax Support when claiming Universal Credit, thereby making the scheme compatible with the introduction and planned expansion of Universal Credit.
- 2.4 Continuing with the existing scheme enables compliance with DWP benefits and the introduction and planned expansion of Universal Credit.
- 2.5 Consequently we are proposing not to change the existing 14% reduction level.

3 Consulting about our proposals

- 3.1 As there are no changes proposed to the CTS scheme for 2019-20, there is no requirement for any customer consultation .

4 The impact of CTS to date

- 4.1 CTS with its associated gap between Council Tax payable and the maximum help working age people can receive has been in operation now for four full years and we are mid-way through the fifth year of its operation.
- 4.2 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
1/11/17	£6.97 million	4,170	3,920
1/11/18	£7.05 million	4,232	3,702
Change in last year	+1.15% +£0.08 million	+1.49% +62	-5.56% -218

- 4.3 The reduction in pensioner claims above and increase in working age claims is primarily a result of the gradual increase in the state retirement age, resulting in there being fewer pensioners.

5 Next steps

- 5.1 This report has given the Panel an update on progress of the annual review of the Council's CTS scheme.
- 5.2 Officers will then take the proposed 2019 CTS scheme to Cabinet and then Council at their respective meetings, both on 13 December 2018 for Members to formally determine the scheme.