

WEST OXFORDSHIRE DISTRICT COUNCIL

FINANCE AND MANAGEMENT OVERVIEW & SCRUTINY COMMITTEE:

7TH DECEMBER 2016

CABINET: 14TH DECEMBER 2016

COUNCIL TAX SUPPORT SCHEME FOR 2017/18

REPORT OF THE GROUP MANAGER FOR THE REVENUES & BENEFITS SERVICE

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(The report is submitted to the Overview and Scrutiny Committee for information. The Cabinet's decision on this matter will be a resolution)

I. PURPOSE

To present the results of the public consultation on proposals for revising the current Council Tax Support scheme with effect from 1st April 2017.

2. RECOMMENDATIONS

- (a) That the Finance and Management Overview and Scrutiny Committee notes the information contained in the report
- (b) That the Cabinet recommends that the Council amends the current Council Tax Support scheme in relation to Working Age claimants for 2017/18, including any uprating, with the following amendments:
 - i) That the family premium is removed on all new claims for working age claimants in line with Housing Benefit;
 - ii) That backdating be reduced from 6 months to 1 month in line with Housing Benefit;
 - iii) That the period for which a person can be absent from Great Britain and receive Council Tax Support be amended to 4 weeks in line with Housing Benefit ;
 - iv) To limit the number of dependent children to 2 (with exceptions where there are multiple births) on new claims in line with Housing Benefit, Universal Credit and Tax Credits ;
 - v) That the number of extended weeks reduction be reduced from 13 weeks to 4 weeks in line with Housing Benefit;
 - vi) Disregard in full child maintenance payments for those customer in receipt of Universal Credit;
 - vii) That those defined as disabled (see [Appendix C, paragraph 2.5](#) on page 12) and those in receipt of War Widows Pension and/or War Disablement Pension be protected from all the above changes.

3. BACKGROUND

- 3.1. With effect from 1st April 2013, the previous support in relation to Council Tax Liability (Council Tax Benefit) was abolished for working age claimants and replaced with a provision for Billing Authorities to create their own local 'Council Tax Support' (CTS) scheme. These local schemes would no longer be covered by Benefits legislation but would become local Council Tax Discounts; with Pension age claimants being protected under a prescribed scheme that mirrors the previous Council Tax Benefit scheme.
- 3.2. The Government's stated policy intentions were:
 - To incentivise work - making work pay, while protecting those that cannot work;
 - To allow Local Authorities the flexibility to design schemes that meet local needs and conditions; and

- To reduce the overall expenditure on support for Council Tax by 10%.
- 3.3. The funding arrangements changed in 2013 from 100% benefit subsidy, to a grant based on 90% of the previous scheme (Council Tax Benefit) expenditure.
 - 3.4. In parallel with the localisation of Council Tax Support, reforms to certain classes of Council Tax exemption and discount (related to 'empty homes') meant that the Council also had local discretion to change the level of exemption/discount awarded. The Council decided to reduce the Class A exemption (unoccupied and undergoing major repair) from 100% to 50% for twelve months and the Class C exemption (unoccupied and unfurnished) from 100% to 25% for six months. Additionally, with effect from 1st April 2013, the Council decided to remove the 10% discount previously applied in respect of Second Homes. These changes meant potential increases in tax income that covered the Council Tax Support grant reduction losses for all precepting authorities.
 - 3.5. Further changes were made in 2014 our new Local Scheme was introduced which required a minimum of 8.5% of Council Tax charge for working age customers, excluding the protected groups.
 - 3.6. In July 2016, Officers proposed changes to the scheme for public consultation which sought to bring the scheme in line with recent changes to the housing benefit system. These proposals are detailed at **Appendix A** (page 6 & 7) and the consultation results are summarised at **Appendix B (page 8)**; with the full public consultation report attached at **Appendix C (pages 9 - 19)**. The purpose of this report is to provide information on each of the proposals, and an analysis of the consultation exercise, so that the Cabinet can recommend to the Council a Local Council Tax Support Scheme, to take effect from 1st April 2017.
 - 3.7. The following paragraphs explore the issues around each of the proposed changes. A more details explanation for each proposal is attached at **Appendix A (page 6-7)**. It should be noted that, in relation to any scheme changes, there is an over-arching proposal that people with disabilities (for the detailed definition of 'people with disabilities' see paragraph 3 of **Appendix C**) and those in receipt of War Widows and/or War Disablement Pension, would remain protected in the same way that Pension Age claimants are (i.e No change). The proposals are as follows:-

Removing the Family Premium on all new working age claimant

- 3.8. There was support for this change from CTS non-recipients and recipients, with overall responses to the consultation showing that 57% agreed with the change and 31% disagreed. One respondent commented that the impact on children in low income families should be considered and that any change that disproportionately impacts on children should not proceed. It should be noted that this would bring the scheme in line with Housing Benefit changes already made by Central Government and would only impact on those new working age claimants who are not in receipt of Universal Credit (UC), Income Support (IS), Income Related Employment and Support Allowance (ESA) or Income Based Job Seekers Allowance (JSA(IB)).

Reducing Backdating of new claims to one month

- 3.9. Again there was overall support for this change with overall responses to the consultation showing that 60% agreed with the change and 37% disagreed. By reducing backdating of new claims to one month would bring CTS in-line with Housing Benefit and simply the administration process

Reducing the period for which a person can be absent from Great Britain

- 3.10. There was overwhelming support for this change with overall responses to the consultation showing that 83% agreed with the change and 14% disagreed. There would be certain exemptions to this rule as there are within Housing Benefit temporary absence rules. Exceptions to the general temporary absence rule are specific to absences outside Great Britain. For these absences the period can be extended for example when a person is in a

hospital or similar institution as a patient or a person, their partner or dependent child is undergoing medical treatment, and/or medically approved convalescence in accommodation other than residential accommodation

Limit the number of dependent children to a maximum of two

- 3.11. This was one of the most controversial area of proposed change; however, the overall majority of responses showed that 69% agreed with the change and 20% disagreed. This proposed change would bring the scheme in-line with other welfare benefits as Central Government imposes the limitations from April 2017. There will be exceptions to this rule in certain circumstances, such as multiple births, adoption or blended families.

Reducing the number of week's for extended reductions to 4 weeks

- 3.12. This proposal would again align the scheme with Housing Benefit. Housing Benefit has been for many years capped at 4 weeks, as was also the previous Council Tax Benefit scheme. There was overall support for this proposed change with the majority of 71% of respondents agreeing with the proposal against 23% who disagreed.

Disregard in full Child Maintenance payments for customers in receipt of Universal Credit

- 3.13. This was the closest result in terms of the overall outcome of the consultation question. 46% respondents were in agreement with the proposal; whilst 43% respondents disagreed. There was only 1 written response relating to this specific proposal which questioned why child maintenance should be disregarded within the assessment of CTS. From an administrative point of view it would be unlikely that the Councils' Benefit Officers would know if a UC customer was in receipt of maintenance as DWP would not provide the income details used to assess UC.
- 3.14. The Council is legally required to have its scheme finalised by 31st January 2017 and must have conducted a public consultation, and had its scheme approved by the Council before that deadline. Therefore the key milestones are as follows:-
- July 2016 - direction from the Cabinet on the scheme principles on which we should consult (**achieved**);
 - August/October 2016 - public consultation period (**achieved**);
 - 14 December 2016 - consideration by the Cabinet of consultation results and approval of scheme (**the reason for this report**);
 - 18 January 2017 - Council approval;
 - 31st January 2017 - publish scheme and application process;
 - 1st April 2017 – new scheme effective date.

4. ALTERNATIVES/OPTIONS

The criteria for the Council Tax Support scheme are at the Council's discretion and, therefore, various alternatives and options are open to the Council.

5. FINANCIAL IMPLICATIONS

- 5.1. The Council administers a Council Tax Support scheme with an annual expenditure of £4.84 million. For 2013/14, the coalition government reduced the level of funding for the local scheme by 10%; effectively creating a grant reduction of £483,984 pa across all of the precepting authorities.

- 5.2. With effect from 2013/14 the scheme was funded through Formula Grant rather than direct subsidy and consequently the government has transferred the risk (and therefore the cost) of increased take up within the scheme to the local taxpayer from the national taxpayer. Any increase in cost will lead to a reduced tax-base and therefore reduced income to the precepting bodies.
- 5.3. As part of the four year settlement it is known that Formula Grant (RSG) is being phased out and, as a consequence funding for CTS falls to local taxpayers solely.
- 5.4. The proposed changes marginally decrease the cost of the Local Council Tax Support Scheme. This will be reflected in a small increase in the council tax base and council tax income recognised in the collection fund. The additional income will be spread proportionately across the major precepting authorities (Oxfordshire County Council, Thames Valley Police and Crime Commissioner and West Oxfordshire District Council). By making these proposed changes it will increase our total tax base by around 60 band D properties generating just over £108,000 of savings to the precepting bodies of which just under £6,500 relates to West Oxfordshire District Council.

6. RISKS

There are three key risks to consider:

- That the benefit caseload increases significantly, resulting in expenditure exceeding the levels estimated within this report,
- That the development of a Council Tax Support scheme that reduces benefit expenditure, without being supported by robust principles and consultation, could be open to legal challenge on equalities grounds,
- That our administration, collection and recovery costs (including the cost of write-offs) could increase as a result of creating additional, and relatively small, liabilities.

7. REASONS

Having reviewed the current scheme and taken into account the outcome of the public consultation exercise, these proposals provide a fair and robust scheme that meets with the statute and the Council's obligations.

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Date: 8 November 2016

Background Papers:
None

Background Information for Consultation Proposals

The following table explains the proposed changes, provides the reasoning of the proposal and an estimated potential expenditure reduction (based on the Districts 6% portion of the collection fund):

#	Area of Change	Explanation	Reason for Proposal	Total Estimated Expenditure Reduction	Reduction for WODC based on 6%	Estimated No of Affected Claims
1	Removal of the family premium	The family premium is part of how we assess the 'needs' of the household. The premium (currently £17.45) is given when a claimant has at least one dependent child living with them. This change would not affect those customers on passported benefits, such as Income Support	The removal of this premium from 1 April 2017 on new claims will bring Council Tax Support in-line with Housing Benefit rules	£24,000	£1,440	132
2	Reducing backdating to 1 month	Working age customers can currently claim backdating on Council Tax Support for up to 6 months. Central Government have changed the Housing Benefit rules and reduced the period from 6 months to 1 month	Reducing the backdating will bring Council Tax Support in-line with Housing Benefit rules	£450	£27	10
3	Reducing the period in which a person can be absent from Great Britain	Customers can currently be temporarily absent from their homes for no specific time limit. Reducing the period to 4 weeks would be in-line with Housing Benefit rules. There will be exemptions within these rules for certain types of temporary absence, such as hospitalised whilst on holiday	Reducing the period will bring Council Tax Support in-line with Housing Benefit rules	£225	£13.50	Average of 5 per annum
4	Limiting the number of dependent children to 2 within the calculation	Within the current scheme claimants who have children are awarded a dependent's addition of £66.90 per child within the applicable amounts. Currently there is no upper limit. There will be exemptions within these rules for certain instances such as multiple births	Limiting the number of dependent children will bring Council Tax Support in-line with Housing Benefit, Universal Credit and Tax Credit rules	£70,000	£4,200	100
5	Reducing the number of weeks for extended	The current scheme allows a 13 week extended reduction for Council Tax Support purposes.	Reducing the number of weeks will bring Council Tax	£13,500	£810	35

	reductions to 4 weeks	Housing Benefit rules allow 4 weeks	Support in-line with Housing Benefit rules			
6	Disregard in full child maintenance payments for customers in receipt of Universal Credit	Currently child maintenance payments are included as part of the households income. It is proposed to retain this process for standard claims, but customers in receipt of Universal Credit it is proposed that these payments are disregarded	This would bring the scheme in-line with Universal Credit rules	Unable to estimate	-	Unknown quantity

Appendix B – Summary of Public Consultation Responses

The following table summarises the responses from the public consultation. There were a total of 35 responses to the public consultation; 0 of those was in response to postal surveys issued and 35 were on-line responses via the link on the website. The consultation ran for a period of 12 weeks (from 15 August 2016 to 28 October 2016). Of the total 35 respondents 7 indicated that they were currently in receipt of Council Tax Support (0 receiving full, 100% Council Tax Support and 7 receiving partial Council Tax Support) and 25 indicated that they were not in receipt of any Council Tax Support. 3 were answering on behalf of an organisation.

Statement within Consultation Survey	Overall Consultation Responses			Therefore, the majority views are:
	Agree	Neither	Disagree	Overall
We should remove the family premium	57.14%	11.43%	31.43%	Agree
We should reduce backdating	60.00%	2.86%	37.14%	Agree
We should reduce the period for absence from Great Britain	82.86%	2.86%	14.29%	Agree
We should limit the number of dependants	68.57%	11.43%	20.00%	Agree
We should reduce extended reductions	71.43%	5.71%	22.86%	Agree
We should disregard child maintenance for UC customers	45.71%	11.43%	42.86%	Agree

West Oxfordshire District Council
Council Tax Reduction Scheme 2017/18
Consultation

Report

October 2016

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Summary of agreement with proposed changes to the Council Tax Reduction Scheme for 2017/18

Proposal:		
To remove the family premium of all new working age claimant	% agree	57.14%
	% disagree	31.43%
To reduce backdating of new claims to one month	% agree	60.00%
	% disagree	37.14%
To reduce the period for which a person can be absent from Great Britain to 4 weeks	% agree	82.86%
	% disagree	14.29%
To limit the number of dependent children within the calculation to a maximum of 2 (with exceptions)	% agree	68.57%
	% disagree	20.00%
To reduce the number of weeks for extended reductions from 13 weeks to 4 weeks	% agree	71.43%
	% disagree	22.86%
To disregard in full child maintenance payments for customers in receipt of Universal Credit	% agree	45.71%
	% disagree	42.86%

I. Background

West Oxfordshire District Council is required by law to have a scheme to help people on low incomes pay their council tax. For people of pensionable age there is a prescribed scheme to follow but for people of working age, subject to a few prescribed requirements, the council is free to design such a scheme as they see fit.

This requirement replaced the national council tax benefit scheme that had been in operation since 1993. The costs of the council tax benefit scheme were more or less met in full by the Government. For the new local schemes, however, the Government had reduced the amount of funding available by approximately ten per cent. For West Oxfordshire this meant approximately £46,200.

Following public consultation in 2013 and full Council approval its CTS scheme for working age claimants was amended for 2014/15 as follows:

- I. That the entitlement be reduced to 91.5%,
- II. That the maximum capital limit be reduced to £6,000 and the first £3,000 be disregarded for the purposes of calculating the tariff income,
- III. That the Second Adult Rebate entitlement be removed,
- IV. That Maintenance payments be treated as earned income,
- V. That Support be calculated using a maximum liability of Band E,
- VI. That extended payments are increased from four to thirteen weeks,
- VII. That those defined as disabled and those in receipt of War Widows Pension and/or War Disablement Pension be protected from all the above changes.

These amendments will still apply to the CTS scheme for 2017/18; however, there are amendments to IV (maintenance payments), and VI (extended periods) which are being proposed within the report.

2. METHODOLOGY

A postal and online survey was carried out between 15 August and 28 October 2016.

2.1 Postal survey

A consultation questionnaire was sent to the following groups:

1. All Parish/Town Councils within the district of West Oxfordshire
2. All major precepting authorities
3. Cottsway Housing Association
4. Citizens Advice Bureau

2.2 Online consultation

An online version of the same questionnaire was made available via the council's website. The online consultation was promoted via the website, press releases and other local publicity.

2.3 Response rates

In total 35 responses were received (0 postal returns and 32 online responses). The profile of response is detailed in section 3.

2.4 Analysis and reporting

This report highlights and comments on the key findings from the consultation. Full tabulations of the results have been provided under separate cover.

3. Definition of a 'person with disabilities'

People with disabilities are defined, by West Oxfordshire District Council, as persons in receipt of the following:

- Disability Premium,
- Enhanced Disability Premium,
- Severe Disability Premium,
- Disability Premium for Dependants,
- Enhanced Disability Premium for Dependants,
- Disability Earnings Disregard,
- Council Tax Disability Band Reduction,
- Employment Support Allowance (any rate).
- Personal Independent Payments (PIP)

3.1 PROFILE OF RESPONDENTS

The majority of respondents were individuals responding on their own behalf. [Table 3.1]

7 of the 32 consultation respondents (20.00%) claimed to be in receipt of a Council Tax Reduction. Of these 0 said they receive a full reduction and 7 claimed to receive a partial reduction. Around a quarter of reduction recipients responding were pensioners or people with disabilities, who are protected from the impact of the proposed scheme.

Table 3.1: Sample profile – Type of respondent

	<i>No. of respondents</i>	<i>% of respondents</i>
All respondents		100%
Responding as (Q1/Q2):		
On own behalf		85.71%
On behalf of someone else		-
A landlord		2.86%
Voluntary organisation		-
Housing Association		2.86%
Parish Council		5.71%
Other		2.86%
- family members		
- other organisations		
Not stated		-
Receipt of council tax reduction (Q4/Q4a):		
Any reduction		
- 100% Full reduction		-
- Partial reduction		20.00%
Recipients in protected groups (Q4b):		
Any protected group		
- Pensioner		11.66%
- Person with disabilities		15.62%
- Recipient of War Widows Pension		-
- Recipient of War Disablement Pension		-
-Recipients not in protected groups		72.72%

The demographic profile of reduction recipients responding to the consultation was relatively mixed (34.62% aged under 45, 61.54 aged 46 – 65 years and 3.85% aged 66 or over)

Table 3.2: Sample profile – Demographic

	<i>recipients</i>
TOTAL	<i>100%</i>
Gender:	
Male	<i>22.86%</i>
Female	<i>77.14%</i>
Not stated	-
Age:	
Under 18	-
19 to 25	-
26 to 45	<i>42.86%</i>
46 to 65	<i>51.53%</i>
66 and over	<i>5.71%</i>
Health problem or Disability:	
Yes	<i>17.14%</i>
No	<i>82.86%</i>
Not stated	-
Household composition:	
Single person	<i>5.71%</i>
Lone parent	<i>8.57%</i>
Couple with children	<i>42.86%</i>
Couple with no children	<i>34.29%</i>
Other	<i>8.57%</i>
Not stated	-

4. FULL DETAIL OF PROPOSALS

Proposed change number 1:

Remove the family premium of all new working age claimants.

The removal of the family premium from 1st April 2017 for new claims will bring the Council Tax Reduction scheme in line with Housing Benefit. The family premium is part of how we assess the 'needs' of any claimant, which is compared with their income. The Family Premium is normally given when a claimant has at least one dependent child living with them. Removing the family premium will mean that when we assess a claimants needs it would not include the family premium (currently £17.45 per week). This change would not affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

The benefit of this is:

- It brings the Council Tax Reduction Scheme in line with Housing Benefit changes already made by Central Government

The drawbacks of doing this are:

- New working age residents may see a reduction in the amount of support they receive
- Some households with children will pay more

Proposed change number 2:

Reduce backdating of new claims to 1 month.

Currently claims for Council Tax Reduction from working age claimants can be backdated for up to 6 months where an applicant show they could not claim at an earlier time. Central Government has reduced the period for Housing Benefit claims to 1 month. It is proposed that the Council's Council Tax Reduction Scheme be aligned with the changes for Housing Benefit.

The benefit of this is:

- It is a simple alteration to the scheme which is easy to understand when claiming Housing Benefit and Council Tax Reduction.

The drawback of this is:

- New working age residents may see a reduction in the amount of support they receive if they are unable to claim on time

Proposed changed number 3:

Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to 4 weeks. Within the current scheme, applicants can be temporarily absent from their homes without it affecting the Council Tax Reduction. This replicated the rule within Housing Benefit. Housing Benefit has been changed so that if a person is absent from Great Britain for a period of more than 4 weeks, their benefit will cease. It is proposed that the Council's Council Tax Reduction scheme is amended to reflect the changes in Housing Benefit. There will be exceptions for certain occupations:

The benefit of this are:

- The treatment of temporary absence will be brought into line with Housing Benefit
- It is seen as fair
- There are exceptions for certain occupations

The drawback of this is:

- If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Council Tax Reduction will cease from when they leave the Country. They will need to reapply on their return.

Proposed change number 4:

To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of two.

Within the current scheme, claimants who have children are awarded a dependent's addition of £66.90 per child within their application amounts. There is no limit to the number of dependent's additions that can be awarded. From April 2017 Central Government will be limiting dependent's additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two. It is proposed that the Council's Council Tax Reduction scheme is amended to reflect the changes in Housing Benefit and Central Government Benefits. There will be exceptions where: there are multiple births after 1st April 2017 (and the household is not already at their maximum of two dependants within the calculations); adopted children or where households merge.

The benefit of this are:

- Council Tax Reduction will be brought in line with Housing Benefit, Universal Credit and Tax Credits
- It is simple and administratively easy

The drawbacks of doing this are:

- Claimants who have a third or subsequent child after 1 April 2017 (and are not exempt from the rules) may receive less Council Tax reduction than a claimant who has more children born before 1st April 2017

Proposed change number 5:

Reducing the number of weeks for extended reductions from 13 weeks to 4 weeks

The Council's current Council Tax Reduction scheme allows a 13 week extended reduction on those claimants whose entitlement to a qualifying income-related benefit has ceased and they have commenced employment as an employed or self-employed. The Housing Benefit extended period is 4 weeks. It is proposed that the Council's Council Tax Reduction scheme be aligned with Housing Benefit.

The benefits of this are:

- Council Tax Reduction will be brought in line with Housing Benefit
- It is simple and administratively easy

The drawbacks of doing this are:

- New working age residents will see a reduction in the amount of support they receive

Proposed change number 6:

Disregard in full child maintenance payments for those customers in receipt of Universal Credit

The benefits of this are:

- Council Tax Reduction will be brought in line with Universal Credit
- Customers in receipt of Universal Credit will see an increase in the amount of support they receive

The drawbacks of doing this are:

- Residents on standard Housing Benefit Claims and in receipt of maintenance will not be disregarded

5. Other comments

At the end of the consultation respondents were asked if they had any other comments about the proposed changes to the scheme.

There were few common themes, although a few issues were raised by a number of respondents:

- The scheme should be in-line with other government welfare policies
- Concern that the proposed scheme may put undue pressure on low income families with children with no impact on the elderly
- An appreciation of the need to reduce funding