

AGENDA ITEM NO. 8

COUNCIL

Date

19 DECEMBER 2013

Title

COUNCIL TAX SUPPORT – 2014 SCHEME

1. PURPOSE/SUMMARY

This report proposes a new Council Tax Support (CTS) scheme to take effect from 1 April 2014.

It gives more information about CTS and the context of the proposal with regards its financial impact on the Council.

2. KEY ISSUES

- Council Tax Benefit, a nationally prescribed scheme was abolished from 1 April 2013. It was replaced by Council Tax Support.
- CTS for customers of Pensionable Age remains a nationally set scheme.
- CTS for Working Age customers is set locally. With a reduction in Central Government funding, the maximum amount awarded was the amount calculated, less 8.5% for the year starting 1 April 2013.
- Additional grant to help reduce the effects of the cut in funding for 2013-14 will not be offered by Central Government again in 2014-15.
- The Council consulted residents on a 20% reduction in CTS for 2014-15; the feedback is detailed in this report.
- Demand for CTS has been modelled, after the first six months of the current scheme operation, together with the likely costs of awarding it and bad debt provision for non-payment. These show the amount of CTS awarded is falling. This means that the reduction in CTS for 2014-15 has now been revised to 14%.

3. RECOMMENDATIONS

It is recommended by Cabinet that Council approve:

- The Council Tax Support Scheme as set out in Section 11 and attached as Annex D of this report.

| | |
|--|--|
| Wards Affected | All |
| Forward Plan Reference No. (if applicable) | These proposals are included in the Forward Plan. |
| Portfolio Holder(s) | <p>Councillor Alan Melton Leader of the Council.</p> <p>Councillor Chris Seaton Deputy Leader of the Council.</p> <p>Councillor Michael Humphrey Portfolio Holder for Finance</p> |
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| Background Paper(s) | <p>Localising Support for Council Tax – A Statement of Intent Department of Communities and Local Govt 17 May 2012</p> <p>Localising Council Tax Support Report to Cabinet 26 July 2012</p> <p>Local Government Finance Act 2012</p> <p>Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012</p> <p>Council Tax (Prescribed Classes Of Dwellings) (England) (Amendment) Regulations 2012</p> <p>Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012</p> |
| Abbreviations used in this report | <p>‘CTB’ means Council Tax Benefit</p> <p>‘CTS’ means Council Tax Support</p> |

1. AN INTRODUCTION TO COUNCIL TAX SUPPORT

- 1.1 In its 2010 Spending Review the Coalition Government announced that it would localise support for Council Tax from April 2013, and at the same time reduce expenditure by 10%.
- 1.2 In 2011 the Welfare Reform Bill was published (since passed into law) allowing for the then Council Tax Benefit (CTB) scheme to be abolished from 2013.
- 1.3 Before April 2013, CTB was governed by legislation set by the Department for Work and Pensions (DWP). District and Unitary Councils administered it alongside Housing Benefit (HB) with a single, combined application and administrative process. CTB when granted, was offset against peoples' liability for Council Tax, reducing the amount they pay.
- 1.4 CTB was paid out by Councils, with the cost of it being reimbursed to them by the DWP. This system allowed for fluctuations in demand, so if Councils gave more CTB out, the DWP reimbursed the higher costs.
- 1.5 From April 2013, this system changed. CTB was "localised" and re-named Council Tax Support (CTS). This means that there is no longer a nationally governed CTB scheme. Councils set their own schemes. This is part of the Coalition's wider policy of localisation, giving Councils increased financial autonomy and a greater stake in the economic future of their local area.
- 1.6 Pensioners (of state pensionable age) are protected under these new arrangements. CTS for them will continue to be subject to national controls. They will not have their CTS reduced by these changes.
- 1.7 The Coalition is also committed to ensuring that the most vulnerable in society are supported and it has advised Councils to take the needs of these groups into consideration when devising local schemes for CTS.
- 1.8 At the same time as this shift to local control and accountability, the amount of funding for CTS was changed. It moved from demand-led arrangements to a fixed budget allocation each year from April 2013.
- 1.9 The headline reduction in funding was 10%. In reality it was closer to 12% for Fenland.
- 1.10 We needed to make budgetary provision for any increased demand, and resultant non-payment of Council Tax for this over and above the funding that we will receive.
- 1.11 Taking into account the expected funding reduction and allowance for growth, the funding shortfall was £1.35 million in 2013-14. Part of this was closed by making changes to Council Tax charged in respect of unoccupied properties, taking advantages of legislative changes that allowed Councils to do this from April 2013, as the table below shows.

| <u>Detail</u> | <u>Savings</u> | <u>Customers affected</u> |
|---|-----------------------|----------------------------------|
| Class A exemption: Replace with 0% discount. | £51,422 | 74 |
| Class C exemption: Replace with 0% discount. | £440,290 | 808 |
| Second homes discount: Replace with 0% discount. | £11,036 | 96 |
| Long-term empty properties: Create 50% premium where empty over two years. | £136,746 | 140 |
| Total savings | £639,494 | |

- 1.12 The remaining shortfall was achieved by reducing CTS awarded to working age customers.
- 1.13 Taking into account additional revenue in respect of unoccupied properties detailed in section 1.11, the Council decided to close the remaining funding gap by reducing the CTS awarded to working age customers by 20%. However last October, the Government announced that additional funding would be available where Councils limited this reduction to 8.5%.
- 1.14 Therefore, the Council implemented a CTS scheme for 2013-14 that included an 8.5% reduction for working age customers.

2. THE IMPACT OF COUNCIL TAX SUPPORT IN 2013-14

- 2.1 CTS has now been in operation since April 2013.
- 2.2 The amount awarded this year and the numbers of customers claiming have remained fairly constant during the year so far, as the table below shows.

| CTS cases and amount awarded 2013-14 | | | |
|---|---------------------------|----------------------------------|--------------------------------|
| <u>Date</u> | <u>CTS awarded</u> | <u>Working age claims</u> | <u>Pensioner claims</u> |
| 1/5/13 | £8.05 million | 4,841 | 4,834 |
| 1/6/13 | £8.04 million | 4,809 | 4,807 |
| 1/7/13 | £8.01 million | 4,779 | 4,800 |
| 1/8/13 | £7.97 million | 4,757 | 4,782 |
| 1/9/13 | £7.93 million | 4,734 | 4,762 |
| 1/10/13 | £7.93 million | 4,734 | 4,755 |
| 1/11/13 | £7.92 million | 4,735 | 4,741 |
| 1/12/13 | £7.91 million | 4,742 | 4,736 |

- 2.3 However, the move from up to 100% CTB entitlement to in effect 91.5% CTS entitlement for working age customers has impacted upon both Council Tax collection, albeit that the Council has made an allowance for non-collection. This is evidenced with collection rates, as the table below shows.

| Council Tax collection rates in-year comparison | | | |
|--|---|---|---|
| <u>Date measured</u> | <u>2012-13 Collection rate</u> | <u>2013-14 collection - target</u> | <u>2013-14 collection - actual</u> |
| 5 May | 18.6% | 18.2% | 17.4% |
| 5 June | 26.6% | 26.2% | 28.0% |
| 5 July | 37.5% | 37.1% | 37.2% |
| 5 September | 56.2% | 55.8% | 55.7% |
| 5 October | 65.9% | 65.5% | 65.4% |
| 5 November | 74.2% | 73.8% | 73.5% |
| In-year target | 98.2% | 97.5% | 97.5% |

- 2.4 Council Tax recovery action has also seen more Reminders and Summons sent in respect of late and non-payment, as the table below shows.

| Effect on Council Tax recovery | | | | | | | | |
|---------------------------------------|-----------------------|--------------|-----------------------|------------------|-----------------------|--------------|-----------------------|------------------|
| Month | 2012 Reminders | Value | 2012 Summonses | Value (a) | 2013 Reminders | Value | 2013 Summonses | Value (a) |
| Apr | 3,002 | £319k | N/a | N/a | 4,453 | £326k | N/a | N/a |
| May | 828 | £26k | 782 | £749k | 2,306 | £196k | 1,726 | £1.1m |
| Jun | 1,413 | £344k | 492 | £394k | 2,009 | £345k | 523 | £290k |
| Jul | 194 | £130k | 458 | £300k | 1,695 | £284k | 564 | £306k |
| Aug | 1,228 | £248k | 137 | £88k | 1,714 | £279k | N/a | N/a |
| Sep | 1,042 | £213k | 340 | £194k | 1,275 | £150k | 519 | £264k |
| Oct | 1,109 | £188k | 284 | £132k | 1,142 | £142k | 414 | £197k |
| Nov | 847 | £140k | 294 | £117k | 1,182 | £252k | 303 | £137k |

Note (a) these values are much higher as when a summons is issued, the remainder of that years Council Tax becomes immediately due whereas for Reminders, they will normally relate to a single overdue instalment.

3. COUNCIL TAX SUPPORT FOR 2014-15

- 3.1 With the additional Government funding referred to in paragraph 1.12 above confirmed as not being available for 2014-15, the Council is required to address the further funding gap that this now presents.
- 3.2 There is a legal requirement to consult where a CTS scheme is proposed for change, however legislation does not specify the manner or time required to do so. We are also required to consult major precepting authorities (Cambs County Council, the Police and Fire authorities) and have done this in respect of the 2014-15 proposed scheme already.
- 3.3 Section 3 of this report details the consultation and section 4 the results.
- 3.4 The consultation undertaken was on the basis of a cut of 20% in CTS for working age customers, in effect reverting to the original proposals put forward last year.
- 3.5 Officers have now modelled the current demand for CTS, projected demand and the effects of non-payment of any additional Council Tax that customers are required to pay as a result of a change to CTS levels. The table below shows the amounts the Council needs to save.

| Savings in CTS expenditure required for 2014 | |
|---|-----------------|
| Detail | Savings |
| 2013-14 Government grant not available in 2014-15 | £195,000 |
| Non-collection allowance for additional Council Tax payable as a result | £20,000 |
| Total savings required | £215,000 |

- 3.6 Taking into account the current CTS awarded, it is now proposed that CTS is reduced by 14% and not the 20% originally proposed. The table overleaf shows this.

| Reduction in CTS awarded taking into account 14% cut | |
|---|-----------------|
| <u>Detail</u> | <u>Savings</u> |
| CTS projected to be awarded in 2014-15 | £7.925 million |
| CTS projected if cut by 14% | £7.710 million |
| Total saved | £215,000 |

- 3.7 It is therefore possible to lessen the effects of a cut in CTS next year, compared with those expected at the start of the consultation phase.
- 3.8 The effects of a 14% cut in CTS on working age customers receiving CTS is (based on current Council Tax levels) compared with the current 8.5% cut is shown in the table below:-

| Average weekly Council Tax increase: Working age CTS customers for 2014-15 | | |
|---|-------------------------|-------------------------------------|
| <u>Range of weekly increase</u> | <u>Average per week</u> | <u>Number of customers affected</u> |
| Up to £0.50 per week | £0.29 | 378 |
| £0.51 - £1 per week | £0.84 | 2,744 |
| £1.01 - £5 per week | £1.26 | 1,576 |
| £5.01 - £10 per week | £5.44 | 2 |

The average reduction in CTS overall is £48.72 per year, or £0.94 per week.

- 3.9 It should be noted that the amounts quoted in sections 3.5 and 3.6 above are the totals spread between precepting authorities; as the Council collects Council Tax both for its own spending and those of the County Council, Parish and Town Councils, Police and Fire authorities. Taking Council Tax that is paid on an “average” Band D property (this is the base point for calculating what Council Tax is paid, this is the split:-

| Savings distribution | | |
|-----------------------------|------------------------------------|--------|
| <u>Body</u> | <u>Share of Band D Council Tax</u> | |
| Fenland District Council | £245.61 | 15.47% |
| Cambs County Council | £1100.07 | 69.28% |
| Cambs Police | £177.93 | 11.20% |
| Cambs Fire | £64.26 | 0.40% |
| Average Band D tax | £1,587.87 | |

Note that the amount for individual Parishes is added to the above, and varies.

4. THE PUBLIC CONSULTATION PROCESS

- 4.1 We are required by law to devise, consult on and for Council to formally approve a local scheme before 31 January 2014, which will be implemented from 1 April 2014. If we fail to do this, the Government will impose a default CTS scheme upon us. This will mean that we would face a budget shortfall of over £1 million.
- 4.2 The Local Government Finance Bill 2012 gives these specific instructions with regards to the next steps:-
- That we publish a draft scheme in such manner as we see fit,
 - That we consult such persons we consider likely to have an interest in the scheme,
 - Having made a scheme, we publish it in a way that we see fit.
- 4.3 Public consultation about the proposed changes to CTS lasted for ten weeks, from 19 August 2013 to 31 October 2013.

- 4.4 We publicised the proposed changes to the community in these ways:-
- Press releases,
 - Having an article on the front page of www.fenland.gov.uk,
 - Writing to all 4,700 customers potentially affected to advise them personally,
 - Sending information out with Council Tax Bills during October to encourage feedback from a wider customer base, including those people not currently awarded CTS.
- 4.5 The central part of the consultation was a survey, in which we asked for views about the proposals. This was available at www.fenland.gov.uk/CTS2014. Hard copies were also available at our Fenland @ Your Service Shops.
- 4.6 The letter and additional information we sent to all 4,700 customers potentially affected by these proposals is attached as Annex A.
- 4.7 All the information that was sent to customers and available in hard-copy form in our Fenland @ Your Service Shops is shown in this table:-

| Annex | Description | Sent out | Hard-copy |
|--------------|---|-----------------|------------------|
| A | Letter sent to working age people currently receiving CTS | Yes | Yes |
| B | Survey Form | Yes (1) | Yes (1) |
| C | Letter sent to other random customers during October 2013 | Yes | Yes |

Note (1) A hard-copy of the form was sent to customers currently awarded CTS, whereas those written to that are not on CTS were referred to our on-line survey.

- 4.8 Customers were able to seek information and advice from us in these ways:-
- By ringing us on our normal Customer Services number of 01354-654321,
 - By emailing a dedicated email address at localcounciltaxbenefit@fenland.gov.uk,
 - By writing to us using our existing Council Tax postal address,
 - By visiting any of our Fenland @ Your Service Shops,
 - By our special pages on www.fenland.gov.uk/CTS2014

5. THE CONSULTATION RESULTS

- 5.1 175 survey forms were completed (this is a much higher return rate than last year, when only 74 responses were received from the on-line survey and survey forms). Of these 115 were hard-copy forms and the other 60 were on-line responses. Those completed using hardcopy forms were input on-line after receipt.
- 5.2 The results of the survey by question follow.
- 5.3 Respondents understood the proposals. They did not agree that everyone should pay Council Tax. They agreed that vulnerable people should get more help paying than others, as the data overleaf shows.

| Some questions about the proposals - Please tick one answer for each question below. | | | | | | |
|---|------------------------------|---------------------|---|------------------------|---------------------------------|---------------------|
| <u>Answer Options</u> | <u>Strongly Agree</u> | <u>Agree</u> | <u>Neither Agree or Disagree</u> | <u>Disagree</u> | <u>Strongly Disagree</u> | <u>Total</u> |
| Do you understand the Local CTS scheme being proposed? | 24 | 72 | 19 | 18 | 42 | 175 |
| The proposals mean everyone (except Pensioners) must have to pay some Council Tax. Do you agree with this? | 9 | 46 | 17 | 31 | 68 | 171 |
| Vulnerable groups (such as the disabled and families with young children) will be helped by getting more benefit than those without a disability or young children. Do you agree with this? | 59 | 52 | 25 | 19 | 19 | 174 |

5.4 The second question asked for comments about our proposed scheme.

5.5 These are summarised in the following table. Where comments were very similar, the main issue is quoted with the number of customers mentioning this issue noted as a number in brackets next to it.

| What comments do you have about the scheme being proposed? | | |
|---|---|--|
| | <u>Customer comments</u> | <u>How we mitigate these</u> |
| 1 | It will make me worse off (66) | Noted |
| 2 | No comment made (28) | N/a |
| 3 | The vulnerable should be protected more (22) | CTS is already structured to give more support to those with lowest income |
| 4 | The Council should be more efficient instead (11) | Noted |
| 5 | Disagree with proposals (10) | Noted |
| 6 | Means not having enough money to live on (8) | Any change could have this effect |
| 7 | People should contribute more (5) | This will have that effect |
| 8 | Pensioners should not be protected (4) | They are protected by Government regulations |
| 9 | The increase is too high (3) | Noted |
| 10 | Not enough information to comment (3) | No contact details given to help us contact them and understand more |
| 11 | There are political reasons for this (3) | Noted |
| 12 | It will increase levels of debt (2) | This is correct if Council Tax unpaid |
| 13 | Agree with proposals (1) | Noted |
| 14 | Each case should be assessed individually (1) | CTS already does this |
| 15 | It causes a poverty trap (1) | Noted |
| 16 | It will cost more to collect (1) | It is not possible to quantify this at this stage |
| 17 | Waste of time asking for comments (1) | Noted |

| What comments do you have about the scheme being proposed? | | |
|---|--|-------------------------------------|
| | <u>Customer comments</u> | <u>How we mitigate these</u> |
| 18 | Most affects the unemployed (1) | It will do so by definition |
| 19 | No objection to it (1) | Noted |
| 20 | Not relevant to them (1) | Noted |
| 21 | Property too expensive in area (1) | Not clear what this person means |
| 22 | Understands scheme needs to be affordable to Council (1) | Noted |

5.6 The third question asked if there are any other people that we should protect from these changes.

5.7 These are summarised in the table below. Where comments were very similar, the main issue is quoted with the number of customers mentioning this issue noted as a number in brackets next to it.

| Are there any other people we should protect from these changes and why? | | |
|---|--|---|
| | <u>Customer comments</u> | <u>How we mitigate these</u> |
| 1 | No comment made (65) | N/a |
| 2 | People on low incomes (50) | CTS is designed to offer the most help to the worst off |
| 3 | Disabled people (20) | CTS gives more help to those with other disability-related benefits as these people already have a higher income |
| 4 | No Groups should be protected (10) | Noted |
| 5 | Families with children (7) | Child Benefit is disregarded (not counted) income in our scheme, whereas many Councils do not do this. This means that in Fenland, families are able to retain more of their income than in many Council areas. |
| 6 | People who cannot work (4) | These people will normally receive other benefits to reflect this, which are often disability-related such as Employment Support Allowance. |
| 7 | Everyone's needs are different (3) | CTS already takes this into account |
| 8 | We already know this information so should not ask (3) | It is not clear what is meant here |
| 9 | Armed forces (2) | CTS would take account of their income and they may not be entitled anyway as their income may be above the CTS threshold. |
| 10 | Carers (2) | Carers who live with someone getting certain disability-related benefits and provide care for 35 hours a week can claim a reduction from Council Tax separately |
| 11 | Pensioners (2) | Pensioners are not affected by these changes where the household is only comprised of pensioners |
| 12 | The unemployed (2) | CTS is designed to offer the most help to the worst off |
| 13 | Don't penalise the poor (1) | |
| 14 | Everyone should pay less (1) | |
| 15 | People living in villages (1) | |
| 16 | Single parents (1) | |
| 17 | Young people (1) | |

- 5.8 The fourth question asked if our proposals affect any individuals or groups more than others, and if so how we deal with them.
- 5.9 These are summarised in the table below. Where comments were very similar, the main issue is quoted with the number of customers mentioning this issue noted as a number in brackets next to it.

| Will these proposals affect any individuals or groups more than others, and if so how can we deal with this? | |
|---|---|
| | Customer comments |
| 1 | Rethink approach to those with lowest incomes (19) |
| 2 | Disabled (12) |
| 3 | Don't know (8) |
| 4 | Don't ask vulnerable people for more (8) |
| 5 | Help people on benefits (7) |
| 6 | Talk to people to understand their needs (7) |
| 7 | Do not increase Council Tax (6) |
| 8 | Look harder to find other savings (6) |
| 9 | Unclear answer, not able to capture sense of comments being made (5) |
| 10 | Not give CTS to Pensioners (4) |
| 11 | Deal with cases individually but you have to balance the books (3) |
| 12 | Everyone should pay their way (3) |
| 13 | Will lead to confusion and civil unrest (2) |
| 14 | Don't help people not wanting to work 2) |
| 15 | People suffering from depression /long-term illness should be protected (2) |
| 16 | We should know answer without asking (2) |
| 17 | Current proposal will help worst affected (1) |
| 18 | Do not charge people most at risk (1) |
| 19 | Families with older children (1) |
| 20 | Have weekly payments (1) |
| 21 | Increase the minimum wage (1) |
| 22 | Larger properties should pay more (1) |
| 23 | Lobby Government for more funding (1) |
| 24 | Only understand how affected personally (1) |
| 25 | Rollout as a pilot scheme first (1) |
| 26 | Treat all groups equally (1) |
| 27 | We will make change regardless of feedback (1) |

- 5.10 There was a mixture of different circumstances of those completing the survey, albeit that not everyone completed all the questions relating to this. It may be that where a person is receiving CTS now, they do not think that they pay Council Tax to us.

| Please tick the boxes that apply to you. This will help us understand about the range of people commenting on our proposals. | | |
|---|------------|-----------|
| Answer Options | Yes | No |
| Do you pay Council Tax to Fenland District Council? | 140 | 5 |
| Do you currently get Council Tax Support from Fenland District Council? | 110 | 19 |
| Do you currently get Housing Benefit from Fenland District Council? | 116 | 26 |

- 5.11 In order to ensure that we took into account the views of different groups in the community, we asked if this was a factor in their answers. This is summarised on the next page.

| Do you feel any of the following have been a factor in the issue you have raised? (Please tick the relevant boxes and include any extra information if necessary.) | | |
|---|-----------------|----------------------|
| <u>Answer Options</u> | <u>%</u> | <u>Number</u> |
| Age | 26.2% | 16 |
| Disability | 60.7% | 37 |
| Gender Reassignment | 0.0% | 0 |
| Pregnancy and Maternity | 3.3% | 2 |
| Race | 2.2% | 1 |
| Religion or Belief | 3.3% | 2 |
| Gender | 0.0% | 0 |
| Sexual Orientation | 1.6% | 1 |
| Marriage and Civil Partnerships | 4.9% | 3 |
| None of the above | 34.4% | 21 |

5.12 These are summarised in the following table. Where comments were very similar, the main issue is quoted with the number of customers mentioning this issue noted as a number in brackets next to it.

| Do you feel any of the following [table 7.11 above] have been a factor in the issue you have raised? | |
|---|---|
| | <u>Customer comments</u> |
| 1 | The customer is in none of the mentioned groups (13) |
| 2 | Disabled people (13) |
| 3 | They will struggle more financially as a result of this change (13) |
| 4 | They are a vulnerable adult and are unable to cope with this change (3) |
| 5 | Long term illness means that they cannot increase their income (2) |
| 6 | Shop staff can help by being sympathetic to a person's needs and offer help to them (2) |
| 7 | Survey format did not allow for people not wishing to answer all questions as could not skip through it (1) |
| 8 | The Council is out of touch with the people affected by this (1) |
| 9 | Court costs for non-payment can be higher than the bill itself (1) |
| 10 | Daylight robbery! (1) |
| 11 | We should not protect Pensioners (1) |
| 12 | We should not give CTS to Migrants (1) |
| 13 | The people most affected by these proposals won't respond to our consultation anyway (1) |
| 14 | Need more information from us on how the Council Tax is spend (1) |
| 15 | Need more Police on the streets (1) |
| 16 | Pensioners shouldn't pay any Council Tax (1) |
| 17 | The self-service payment machine at the Chatteris Community Hub should be more private (1) |
| 18 | Some roads in the District are bad and need repairing (1) |
| 19 | Single people should be protected from these changes (1) |
| 20 | Some people claiming when not entitled to CTS (1) |

5.13 The comments detailed in this section of this report show the difficult balance that the Council needs to make, between making the required financial savings as a result of the effects of CTS funding; and the need to reduce the financial burden placed on the most vulnerable members of the community.

5.14 The combination of these comments, and the lower demand for CTS than was envisaged last year means that the Council is able to amend its proposals from a reduction of 20% in CTS paid to working age customers for next year down to a reduction of 14%.

6. EQUALITIES IMPACT ASSESSMENT

- 6.1 The Equality Act 2010 reminds all public bodies that they have “due regard” for the need to:-
- Eliminate unlawful discrimination,
 - Advance equality of opportunity,
 - Foster good relations.
- 6.2 The Act also identifies groups of people who share a common characteristic and must be “protected” under the terms of the Act. These groups have these characteristics:-
- Age,
 - Disability,
 - Gender reassignment
 - Pregnancy and maternity,
 - Race,
 - Religion or belief,
 - Gender,
 - Sexual orientation,
 - Marriage and civil partnerships.
- 6.3 Other legislation and best practice suggest that we should also extend these groups to include those people affected by these considerations:-
- Human Rights,
 - Socio economic factors.
- 6.4 A full Equalities Impact Assessment is being carried out. This is attached as Annex E. It is an updated version of that undertaken last year for the original CTS scheme. This is, however very much a “living document”. It is regularly examined and updated in the light of continued lessons learnt from the on-going operation of CTS. This enables us to continually revisit the Assessment and ensure that it is still relevant and has taken into account all new developments.

7. PROPOSED REVISED NEXT STEPS

- 7.1 The steps for implementing our CTS 2014 scheme from now onwards are:-

| Key milestones for implementing CTS revised scheme | | |
|---|---|------------------|
| <u>Action</u> | <u>Detail</u> | <u>Dates</u> |
| Cabinet | Cabinet examine and recommend scheme to Council. | 19 December 2013 |
| Council | Council examine and agree scheme. | 19 December 2013 |
| Final publicity | | January 2014 |
| Informing the change | New 2014-15 Council Tax Bills sent with the amended CTS amount. | March 2014 |
| New scheme starts | The new rules take effect. | 1 April 2014 |

8. RISKS TO THE COUNCIL

- 8.1 The amount of CTS awarded this year has been stable and declined slightly, albeit not by the 2% reduction in customers receiving CTS that the DWP forecast last year would happen.
- 8.2 In recommending a CTS scheme for 2014-15, Officers have taken into account the amounts of CTS paid and numbers of customers claiming CTS since April 2013 as detailed in section 2.2, which show a levelling-off of demand for CTS. The Office for National Statistics has also published data showing the number of people nationally claiming Jobseekers' Allowance which also is showing a downward trend in unemployment of 0.6% in the last year.
- 8.3 Therefore, Officers believe that there is not a requirement to build in an allowance for growth in CTS for 2014-15.

9. OVERVIEW AND SCRUTINY

- 9.1 As part of the process of major change such as that in this report, the progress so far and proposals for consideration at subsequent Cabinet and Council meetings were scrutinised by the Overview and Scrutiny Panel at its meeting on 12 November 2012.
- 9.2 The Panel asked a number of questions at its meeting, as detailed in the Minutes of that meeting. It also noted progress of the preparations for Council Tax Support and the Council Tax discount and exemption changes to date.

10. THE FINAL COUNCIL TAX SUPPORT SCHEME

- 10.1 The Council is required under the Local Government Finance 2012 to make a Council Tax reduction scheme each year. The Council will refer to this scheme as a **Council Tax Support Scheme**.
- 10.2 The scheme for 1 April 2014 onwards for determination by Council is attached as Annex E to this report.
- 10.3 If the Council did not set its own scheme by 31 January 2014, the "default scheme" would be imposed upon it by the Government. This is, in effect a CTS scheme that has no reduction for working age people, which would therefore have significant cost to the Council, as well as precepting authorities.
- 10.4 The default scheme is detailed in the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012. This is available on-line at: - <http://www.legislation.gov.uk/ukxi/2012/2886/contents/made>
- 10.5 The default scheme also forms the legal basis for pensioners to be protected in that their entitlement to CTS must be assessed in the same way as it was for CTB, meaning that we cannot apply a further cut to their CTS entitlement in the same way that we are proposing to do for working age people.
- 10.6 However in order to simplify administration of Fenland's Council Tax Support Scheme the Council will use the default scheme but with these specific additions:-

- After calculation of the CTS amount, a deduction of 14% of the amount awarded will be made for working age people.
- War pensioners will have their war pension completely disregarded as now.

10.7 As with CTB, there will be a work incentive incorporated into the CTS scheme. It also retains what are now called “extended payments” (now called “extended reduction” from April 2013). These mean that when a person moves back into work or increases their wages, they may be eligible to have their CTS paid at the level it was before the change, for up to four further weeks.

11. CONCLUSION AND RECOMMENDATIONS

11.1 Nearly one year since the implementation of CTS, the Council is now required to make its CTS scheme for 2014-15. Taking into account the levels of CTS currently paid together with removal of the transitional grant, Officers recommend that the reduction in CTS is amended for working age customers as below.

11.2 Cabinet have recommended that Council agree the below matters and make a determination that brings them into effect from 1 April 2014, as detailed in section 17.3 below:-

11.3 That the Council adopts its Council Tax Support Scheme as attached in Annex D to this report. The scheme is the “default scheme” as detailed in the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 with the specific additions shown in the above scheme:-

- After calculation of the CTS amount, a deduction of 14% of the amount awarded will be made for working age people.
- War pensioners will have their war pension completely disregarded as now.

ANNEXES TO THIS REPORT

These are separate PDF documents that are referred to, and circulated with this report. They are:-

- Annex A Letter sent to working age people currently receiving CTS
- Annex B Survey Form
- Annex C Letter sent to other random customers during October 2013
- Annex D Council Tax Support Scheme to be effective from 1 April 2014
- Annex E Equality Impact Assessment for Council Tax Support