


Agenda Item No:	5	
Committee:	<b>OVERVIEW AND SCRUTINY PANEL</b>	
Date:	<b>24 NOVEMBER 2014</b>	
Report Title:	<b>COUNCIL TAX SUPPORT - 2015-16 SCHEME</b>	

## 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 2014 review and the resultant proposals for the CTS scheme to take effect from 1 April 2015.

## 2 Key issues

- We are currently in the second year of CTS. This is 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 we are proposing the same scheme as 2014-15, except that allowances and premiums (the amounts of income from state-administered benefits such as Jobseekers' Allowance) will be increased in line with other benefits such as Housing Benefit. This means that customers will be able to have a higher income before losing CTS.

## 3 Recommendations

The Panel is requested to:

- Note the attached report,
- Recommend any changes to the approach being taken prior to Cabinet and Council determining the 2015 CTS scheme at their meetings in December 2014.

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	This report is included in the Forward Plan
<b>Portfolio Holder(s)</b>	Councillor John Clark, Leader of the Council Councillor Chris Seaton, Portfolio for Finance
<b>Report Originator(s)</b>	Geoff Kent, Head of Customer Services Email: <a href="mailto:gkent@fenland.gov.uk">gkent@fenland.gov.uk</a> Tel: 01354 622290
<b>Contact Officer(s)</b>	Paul Medd, Chief Executive Email: <a href="mailto:paulmedd@fenland.gov.uk">paulmedd@fenland.gov.uk</a>  Rob Bridge, Corporate Director and Chief Finance Officer Email: <a href="mailto:robbridge@fenland.gov.uk">robbridge@fenland.gov.uk</a>  Geoff Kent, Head of Customer Services Email: <a href="mailto:gkent@fenland.gov.uk">gkent@fenland.gov.uk</a> Tel: 01354 622290
<b>Background Paper(s)</b>	N/a

#### 4 Introduction

- 4.1 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.
- 4.2 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.
- 4.3 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.
- 4.4 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.
- 4.5 The funding shortfall was further closed by a one-off transitional Government grant that applied in 2013-14 only.
- 4.6 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.
- 4.7 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 2015 for the scheme relating to 2015-16).

- 4.8 Regulations state that authorities must consult major precepting authorities (the bodies that it collects Council Tax on behalf of, i.e. the County Council), publish a draft scheme and also consult other persons likely to have an interest in the scheme; where they are seeking to revise their CTS scheme.
- 4.9 The Council is not seeking to revise the CTS scheme in itself, proposing that the 14% reduction for working age customers remains in place. However it is proposing to uprate some allowances and premiums that are taken into effect when assessing applications for CTS. This means that customers will be able to receive a higher income in many cases before their CTS is reduced in 2015-16. This is a minor, but beneficial change to customers.

## 5 Impact of CTS on Council Tax collection

- 5.1 2014-15 is the second year in the operation of a locally determined CTS scheme.
- 5.2 The table below shows how the amount of CTS awarded and numbers of customers claiming it have changed since the last annual review of CTS that was presented to Overview and Scrutiny in November 2013:-

CTS cases and amount awarded			
Date	CTS awarded	Working age claims	Pensioner claims
1/11/13	£7.68 million	4,682	4,727
1/4/14	£7.71 million	4,681	4,674
1/11/14	£7.49 million	4,641	4,539
Change since 1/11/13	-2%	-1%	-4%

- 5.3 With regards Council Tax collection, we have retained an overall annual collection rate target at 97.5% for 2014-15, the same as last year. To date, although collection rates have fluctuated during the year so far, they indicate that we will meet the above target:-

Council Tax collection rates in-year comparison		
Date measured	2013-14 Collection rate at this point	2014-15 Collection rate at this point
5 May	17.4%	16.8%
5 June	28.0%	27.4%
5 July	37.2%	35.6%
5 August	45.2%	44.8%
5 September	55.7%	53.5%
5 October	65.4%	63.6%
5 November	73.5%	73.9%

In-year target	97.5%	97.5%
In-year actual	97.9%	tba

- 5.4 This year we formally introduced a weekly payment facility for the first time, allowing customers to spread their Council Tax over 52 weekly payments. In addition we introduced a 12 month instalment scheme. Both of these initiatives have complemented the statutory instalment scheme which spreads payments over 10 months.
- 5.5 Despite the reduction in maximum CTS payable to customers changing from 8.5% last year to 14% this year, volumes of recovery actions have slightly reduced, indicating that customers are settling into the new CTS regime by budgeting more effectively for Council tax payments. The two tables below show comparative recovery totals for the last three years:-

Effect on Council Tax recovery - Reminders						
Month	2012 Reminders	Value	2013 Reminders	Value	2014 Reminders	Value
Apr	3,002	£319k	4,453	£326k	4,147	£336k
May	828	£26k	2,306	£196k	2,007	£180k
Jun	1,413	£344k	2,009	£345k	2,114	£400k
Jul	194	£130k	1,695	£284k	1,531	£275k
Aug	1,228	£248k	1,714	£279k	1,256	£129k
Sep	1,042	£213k	1,275	£150k	1,271	£201k
Oct	1,109	£188k	1,142	£142k	1,081	£174k
(a)	8,816	£1.46m	14,594	£1.72m	13,407	£1.69m
Change			+66%	+18%	-8%	-2%

Note (a) These are totals for first seven months of financial year.

Effect on Council Tax recovery - Summonses						
Month	2012 Summonses	Value (b)	2013 Summonses	Value (b)	2014 Summonses	Value (b)
Apr	N/a	N/a	N/a	N/a	N/a	N/a
May	782	£749k	1,726	£1.1m	1,680	£1.1m
Jun	492	£394k	523	£290k	455	£264k
Jul	458	£300k	564	£306k	525	£319k
Aug	137	£88k	519	£264k	385	£220k
Sep	340	£194k	414	£197k	258	£138k
Oct	284	£132k	303	£137k	273	£120k
(a)	2,493	£1.85m	4,049	£2.29m	3,576	£2.16m
Change			+62%	+24%	-12%	-6%

Note (a) These are totals for first seven months of financial year.

Note (b) 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.

## 6 The proposed CTS scheme for 2015-16

- 6.1 The Council has undertaken an annual review of the CTS scheme.
- 6.2 This review has looked at the effects of the current scheme on Council Tax collection rates and also the number of customers that the Council has taken action against for non-payment of Council Tax, as detailed in the tables above.
- 6.3 We have also looked at the ongoing benefit trends. Although there has been a slight drop in both the value of CTS awarded and the numbers of customers claiming it, we should be cautious about future demand. The Department for Work and Pensions (DWP) published national state benefits caseload and expenditure data after the 2014 Budget that indicated that the numbers of state benefit cases will slowly decline over the next five years, albeit that the amount of benefit paid will increase. The table below shows this data:-

DWP projections – state benefits caseload and expenditure					
	2014-15	2015-16	2016-17	2017-18	2018-19
Cases (a)	46.5m	46.4m	45.9m	45.4m	45.2m
Spend	£167.9b	£169.5b	£169.9b	£171.0b	£171.7b
Cases change		-0.24%	-0.98%	-1.06%	-0.46%
Spend change		+0.94%	+0.28%	+0.62%	+0.40%
Note (a) this is instances of benefit granted. Each customer could receive multiple benefits and DWP statistics do not show individual overall claimant numbers.					

- 6.4 As the above data shows little change, it would be prudent for the Council not to make any major changes to its CTS scheme at present as the DWP statistics indicate demand for benefits will have minimal changes in the next five years.
- 6.5 The CTS scheme proposed for Fenland taking all of the afore-mentioned factors into account is proposed to remain as now, excepting the uprating in allowances and premiums used in calculating CTS.

## 7 Consulting for the CTS 2015 scheme

- 7.1 With a minor amendment to the scheme proposed, the public consultation this year was low key. We publicised the changes by:-
- Press releases,
  - Having an article on the front page of [www.fenland.gov.uk](http://www.fenland.gov.uk) with a link to an on-line survey form,
  - Writing to all 4,600 current recipients of CTS to explain the review and to invite them to comment using the on-line survey form.

- 7.2 There are no set legislative requirements for the type and duration of any public consultation that should accompany a minor amendment of a Council's CTS scheme. Fenland's consultation ran for five weeks from the month of October to conclude on 9 November 2014.
- 7.3 Information about the consultation was retained on the Council's website home page for a further week until 14 November 2014 to give customers who had received a letter explaining the review more time to comment. Officers will feedback any late responses received after this time to Members at the Overview and Scrutiny meeting.

## 8 The consultation results

- 8.1 17 responses have been received using the on-line survey, 3 of which were where customers without internet access contacted us and were guided through the survey verbally, with the answers noted and input into the on-line survey tool during the conversation.
- 8.2 The results of the survey follow below.
- 8.3 Customers indicated broad support for the proposals

Some questions about the proposals - Please tick one answer for each question below.						
Answer Options	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	Total
Do you agree that we should keep our scheme the same as this year, except for allowing for more income like the Government does for state benefits?	7	5	1	3	1	17
Do you agree that everyone (apart from Pensioners, who are protected by Government regulations) has to pay something towards their Council Tax?	6	2	0	5	2	15

- 8.4 The survey included a free-form comments facility. The table overleaf indicates the comments received, with the mitigation that can be made as indicated. Where a number in brackets is shown, it shows the number of customers making very similar comments:-

What comments do you have about the scheme being proposed?		
	Customer comments	How we mitigate these
1	Peterborough City Council applies a reduction of 30% compared to Fenland's 14%. People need to be responsible. Everyone should pay except Pensioners.	Noted.
2	Cuts to Benefits and the Benefits Cap mean less money for food.	Discretionary Housing Payment (DHP) is available to help customers affected by the Benefit cap and some other benefits changes. Unfortunately this customer did not leave their details so we are unable to contact them to offer DHP advice.
3	Fully agrees with proposals (2)	Noted.
4	People with only income from other Benefits can't afford to pay Council Tax.	CTS is already favourable with regards those on low income purely from state benefits and these are taken into account when it is calculated.
5	Rent increases when turns 35 next year so less money to pay Council Tax. Immigrants should not get CTS and those with children should pay the same as single people.	Courts have ruled that it is unlawful to exclude immigrants from receiving CTS as it is based on where a person lives (and their income and savings) on a daily basis linked to their Council Tax liability.
6	Disabled people should be exempt from the Council Tax.	The CTS scheme allows higher incomes from disabled people (the state benefits received to reflect their disability), which means that they are able to have higher incomes before their CTS entitlement reduces.
7	Worried there will be large increase in Council Tax next year that is unaffordable.	Noted.
8	Care worker needs as much CTS as possible to help them survive.	Those on the lowest incomes will gain the most from CTS but the 14% reduction will mean there is some Council Tax to pay.
9	As this is a Government scheme, Fenland is making the best of it possible.	Noted.

8.5 The survey asked which groups of people should be protected and why as shown overleaf:-

Are there any other people we should protect from these changes and why?		
	Customer comments	How we mitigate these
1	The physically and mentally unwell and people with severe learning difficulties, all who find it almost impossible to get a job.	We work with other agencies to ensure that these customers receive the maximum benefit (not just CTS but state benefits) possible.
2	Everyone including pensioners who are not blind or seriously disabled should pay Council Tax.  The disabled .....it's unfair to exempt the elderly yet penalise the disabled.	The CTS scheme allows higher incomes from disabled people (the state benefits received to reflect their disability), which means that they are able to have higher incomes before their CTS entitlement reduces.
3	Since a lot of people live below the poverty line, they really need your help.	All benefits schemes are designed to help the most vulnerable members of society and this includes CTS.
4	Single people under 35 who have no children	Families with children benefit more from all state benefits as well as CTS; this is a feature of these that allow families more income to take into account their greater financial needs.
5	Hard-working families will struggle if they are asked to pay the full Council tax.	Families on low incomes are likely to receive CTS and may not be asked to pay the full Council Tax.
6	There are a variety of vulnerable groups who are on their own and unable to work who should be protected	Unfortunately this respondent did not expand their answer so we cannot comment on its meaning.

8.6 The survey asked whether customers think our CTS scheme will affect any specific groups more than others as shown overleaf:-



Will these proposals affect any individuals or groups more than others, and if so how can we deal with this?		
	Customer comments	How we mitigate these
1	Simple, everyone pays except elderly and severely disabled, no one can afford to keep all these workless people any more	Working age people who are jobless do already pay something as their CTS is limited to a maximum of 86% of their bill.  The CTS scheme allows higher incomes from disabled people (the state benefits received to reflect their disability), which means that they are able to have higher incomes before their CTS entitlement reduces.
	Those people who have to live in constant pain and who are unable to work to earn money to pay their way in society.	
2	People may go hungry in order to pay their Council Tax.	The central principle of our scheme is that everyone (except Pensioners, who are legally excluded) pays something towards their Council Tax.
3	I think yes.	Not enough detail to comment.
4	Pensioners are fine as it is. People's situation needs to be considered	CTS looks at people's circumstances on an individual basis.
5	Protect the vulnerable members of society by exemption.	It would be very difficult to conclude an overall conclusion as to what "vulnerable" would mean to allow us to do this fairly.
6	No	Noted.
	Not that I can think of	
	Try and help those if you still can like I say "every little helps"	

8.7 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 get a Council Tax Bill from Fenland District Council now?	14	0
Does the Bill mentioned above include a reduction called "Council Tax Support" shown on it?	9	3
Do you currently get Housing benefit from Fenland District Council?	9	5

8.8 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 as the table overleaf shows:-

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.)

Answer Options	%	Number
Age	23.1%	3
Disability	30.8%	4
Gender Reassignment	0	0
Pregnancy and Maternity	0	0
Race	0	0
Religion or Belief	0	0
Gender	7.7%	1
Sexual Orientation	0	0
Marriage and Civil Partnerships	0	0
None of the above	38.4%	8

8.9 This table highlights the concerns they expressed:-

Are there any other people we should protect from these changes and why?		
	Customer comments	How we mitigate these
1	I feel I need a lot of support and encouragement to get through each day. Extra worry about and extra increase will increase my anxiety, possibly lead to more seizures and maybe more manic episodes.	These proposals will minimise the increase in Council Tax that we are asking people to pay next year.
2	When people are forced through age or disability to rely wholly on benefits there is nothing they can do to raise extra funds to pay towards their living expenses such as council tax and housing and the money used will come out of money given for food and utilities leaving them more vulnerable and at risk of illness adding to the pressure on the NSH and other services and/or into debt.	
3	Why do you have to be 35 before being you can receive full housing allowance? the housing benefit needs reviewing as you get £56 a week and they say you can get a room in shared accommodation which you can't as its at least £75.	These are comments about Housing Benefit. The factor mentioned is set by legislation.
4	My wife is disabled. I have worked all my life (and served in the army). When I had to give up work to care for her and look after the family it was a huge shock. We've lost everything we've worked for all those years	The CTS scheme allows higher incomes from disabled people (the state benefits received to reflect their disability), which means that they are able to have higher incomes before their CTS entitlement

Are there any other people we should protect from these changes and why?		
	Customer comments	How we mitigate these
	but I am very grateful for the help we get from the government. My only gripe is that when people get exempt from things the disabled often seem to be an afterthought. Even if it was set at a lower % for the disabled it would be something. That way people are still contributing something.	reduces.
5	I think people whom has a disability and it's proved that it affects them day to day should only pay the same each year of council tax.	

8.10 The comments in this section of this report show the difficult balance that the Council needs to make, between taking into account the effects of CTS funding; and the need to reduce the financial burden placed on the most vulnerable members of the community.

8.11 Bearing the above in mind, Officers are proposing that the CTS scheme remains unchanged with the exception of increased allowances and premiums that will be uprated in 2015 using the same inflation principle as state-administered benefits. The exact uprating amount will be notified by the Government in January 2015.

8.12 In 2014 the Government uprating was capped to 1% for working age benefits, and the Customer Price Index inflation (CPI) for disability related benefits which was 2.7% at that time. At this stage, we expect the uprating amounts to be similar in 2015.

## 9 Equalities Impact Assessment

9.1 The Equality Act 2010 obliges all public bodies to have "due regard" for the need to:-

- Eliminate unlawful discrimination,
- Advance equality of opportunity,
- Foster good relations.

9.2 The Act also identifies groups of people who share a common characteristic and must be "protected" under the terms of the Act. The characteristics are:-

- Age,
- Disability,
- Gender reassignment,
- Pregnancy and maternity,
- Race,
- Religion or belief,
- Gender,
- Sexual orientation,
- Marriage and civil partnerships.

9.3 Other legislation and best practice suggests that we should extend these groups to include these considerations as well:-

- Human Rights,
- Socio-economic factors.

- 9.4 A full Equalities Impact Assessment was first made in respect of CTS in 2012. This is regularly reviewed and updated. The latest version of this will accompany reports to Cabinet and Council in December when the 2015 CTS scheme will be formally determined.

## 10 **Next steps**

- 10.1 This report has given the Panel and update on progress of the annual review of the Council's CTS scheme, and the proposals for it to remain unchanged other than for allowances and premiums used in CTS calculations to be updated in 2015-16 in line with the rules for state-administered benefits.
- 10.2 Officers will then take the proposed 2015 CTS scheme to Cabinet and then Council in December 2014 for Members to formally determine the scheme.