

Council Meeting	
Meeting Date	14 November 2018
Report Title	Council Tax Support Scheme 2019/20
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
SMT Lead	Nick Vickers
Head of Service	Nick Vickers
Lead Officer	Zoe Kent
Key Decision	Yes
Classification	Open
Recommendations	1. That the Council Tax Support scheme for 2019/20 is kept the same as 2018/19 and the CTS continues as a maximum reduction of 75%

1 Purpose of Report and Executive Summary

- 1.1 The Council Tax Support Scheme (CTS) was introduced by the Ministry of Housing, Community and Local Government (MHCLG) in April 2013 as a replacement for Council Tax Benefit (CTB) administered on behalf of the Department for Work and Pensions (DWP). The local scheme must be approved by Full Council by 11 March 2019.
- 1.2 The purpose of this report is to analyse the current scheme's effects on collection and benefit claimants, and to consider the percentage reduction that should be set for 2019/20.

2 Background

- 2.1 Prior to the introduction of the scheme in April 2013 the Kent authorities worked together to design a CTS scheme. A common approach was adopted across Kent, with the new scheme broadly replicating the former CTB scheme, but with a basic reduction in entitlement for working age claimants.
- 2.2 As part of its introduction, central government set out a number of key elements:
 - the duty to create a local scheme for working age applicants was placed with billing authorities;
 - government funding was reduced initially by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous CTB scheme;

- and persons of pension age, although allowed to apply for CTS, would be dealt with under regulations prescribed by central government, and not the authorities' local scheme.
- 2.3 In Swale, under the current scheme working age claimants must pay at least 25% of their Council Tax liability. Although there is a common approach across Kent, local schemes at district level have been tailored to local needs, so in other parts of Kent the percentage varies. Since its introduction in April 2013, our own local scheme has been reviewed annually; however, the core elements remain as were originally agreed.
 - 2.4 Under the Kent-wide agreement the major precepting authorities agreed to collectively pay a grant to each district authority to assist with the cost of the delivery of the scheme. It has been recognised by the Kent Finance Officers Group that the contributions that the major precepting authorities make towards the administration of the scheme are essential. It was therefore agreed to base the administration fee on the size of the caseload. Swale has been allocated £141,600 administration fee for 2018/19, the second highest award in Kent. The administration fee will be reviewed by the precepting authorities prior to the 2019/20 scheme.
 - 2.5 In April 2018, changes in the scheme resulted in approximately 3,400 working-age households within the Borough paying 25% of their Council Tax liability. In addition, approximately 2,600 other households who receive partial assistance pay more than 25% of their Council Tax liability.
 - 2.6 Collection of the council tax balances from the working-age households has been challenging. However, with focus on these accounts and some changes to recovery processes, the scheme has been successful. The administrative fee paid by the major preceptors has been essential in assisting with the recovery of these debts.
 - 2.7 The overall level of applicants, both working and pension age, has fallen from 13,381 in April 2013 to 8,924 in April 2018. This is mainly due to a continued reduction in unemployment, the rise of the pension age and changes brought into the scheme in April 2017 and April 2018.
 - 2.8 The initial '90%' funding that the government passed on to authorities through Revenue Support Grant to support the costs of local schemes has been cut as part of the wider reductions in local government financial settlements. Therefore, although costs have reduced due to a lower claimant base, the outcome is that a greater share of the cost burden is falling on the billing authorities and the other major precepting bodies. This outcome has been one of the major catalysts to the significant changes that were made to the scheme in April 2017 and April 2018. The table below shows CTS expenditure by calendar year since 2013/14. The annual amount is made up of all CTS awards made to claimants during the year, the cost of this expenditure is borne by the council and the major preceptors.

Table 1: CTS expenditure by year

Year	Expenditure
2013/14	£10,712,895
2014/15	£9,940,783
2015/16	£9,801,120
2016/17	£9,723,402
2017/18	£8,950,857
2018/19	£8,716,524

3 Proposals

- 3.1 In April 2018 the minimum amount that working age claimants had to pay towards their council tax increased to 25%. There is evidence that there is a tipping point of around 25% where the amount payable towards council tax liability becomes unachievable for many claimants and they either stop paying or are unable to meet their instalments on a monthly basis. This year there has been a reduction in the monthly collection rate both on the overall collection rate and the CTS collection rate. Not only have working age claimants had to budget for the changes to the CTS scheme, there has also been an increase in the base council tax charges which has particularly been affected by the inclusion of the social care charges. Collection of council tax from working age claimants since the commencement of the scheme is shown in table 2 below.

Table 2: Percentage collected by year

Year	Minimum % paid by working age claimants	Percentage collected
2013/14	8.5%	87.59%
2014/15	15%	81.80%
2015/16	15%	85.30%
2016/17	15%	85.80%
2017/18	20%	86.10%
2018/19	25%	47.20%*

*2018/19 figure as at 24.09.2018

- 3.2 Prior to the first year of the scheme Swale accepted a grant from MHCLG which limited the amount claimants had to pay to a minimum of 8.5%, leading to a highest collection rate for 2013/14. There was a dip in collection in 2014/15 when the amount to be paid doubled. Annual collection since then has risen as claimants have adjusted to budgeting for this amount.

- 3.3 As at 24 September 2018 the collection rate for working-age claimants was down by 0.2% compared with the same week in 2017/18. It is likely that if the amount to be paid by working age claimants was increased, collection could continue to fall increasing the cost of recovery.
- 3.4 The conclusion is that the most practical option would be for the Council Tax Support scheme for 2019/20 to be kept the same as 2018/19 and to continue as a reduction of 75%.

4 Alternative Options

- 4.1 Changes could be made to the CTS scheme for 2019/20 either increasing or reducing the amount payable by working age claimants. Increasing the amount is not recommended because this is likely to affect the collection rate, this would then increase the costs of recovery within the council tax section. Reducing the amount payable would affect the budgets of the council and the major precepting authorities so could therefore have an affect on the services currently provided.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has been carried out between the Kent districts and the major preceptors. The majority of Kent districts have decided not to make changes to their schemes this year. A major review will be carried out for 2020/21. As it is recommended that there will be no change to the scheme a public consultation has not taken place. Appendix I shows the results from the consultation carried out in 2017 prior to the implementation of the 2018/19 scheme.

6 Implications

Issue	Implications
Corporate Plan	<p>Running an effective and efficient CTS Scheme contributes to the Council priority of being 'A Council to be proud of'. It also contributes to the priority of 'A Community to be proud of', as it supports the most vulnerable whilst creating incentives to work for those who are able to.</p> <p>The changes introduced through the Welfare Reform agenda and Local Council Tax Support Scheme are aimed at providing greater work incentives, which have the potential to positively impact on the economic prosperity of those returning to employment, as well as the wider community. Data shows that the number of working age claimants has reduced, which results at least in part from movement of benefits claimants into work.</p> <p>Performance is measured through BV9 Percentage of council tax</p>

	collected in year.
Financial, Resource and Property	<p>The costs of awards made under the CTS scheme impact on the declared tax base, and thereby the council tax yield. If the cost of awards were to be reduced, this would mean that the Council's tax base would increase, and overall council tax income could increase. If the cost of awards were increased, the Council's tax base would reduce and overall council tax income would reduce.</p> <p>Any increase to council tax income is shared through the Collection Fund with major preceptors.</p>
Legal, Statutory and Procurement	<p>The Council has a statutory duty to consult on a proposed scheme under the Local Government Finance Act 2012 and Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (as amended).</p> <p>Consultation was carried out during 2017/18 before the current scheme for 2018/19 was approved. This consultation took regard of the needs to be made to the rules around consultation laid out through the Supreme Court ruling in the case of R (on the application of Moselely) v London Borough of Haringey (2014), and in particular, the need to set out alternative choices within the consultation.</p>
Crime and Disorder	No implications.
Environment and Sustainability	No implications.
Health and Wellbeing	Residents who have difficulty in paying their Council Tax can put in a claim for a Section 13A discretionary award. Those whose health appears to be affected will be signposted to appropriate advice.
Risk Management and Health and Safety	If consultation is not carried out appropriately, there is a risk of challenge once a decision is taken.
Equality and Diversity	A full consultation was carried out prior to the 2018/19 scheme being approved. As it is not recommended that any changes should be made to the 2019/20 scheme a further consultation has not been carried out.
Privacy and Data Protection	Approval of the proposed recommendation will not raise any additional Privacy and Data Protection implications to those that are already being addressed under the implementation of the current scheme.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: CIA CTS Scheme 2018-19