

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Council Tax Support Scheme 2015/16

Meeting/Date: CMT – 17 November 2014
Overview & Scrutiny (Social Well-Being) - 2 December 2014
Cabinet - 11 December 2014
Council – 17 December 2014

Executive Portfolio: Councillor Barry Chapman

Report by: Benefits Manager

Ward(s) affected: All

Executive Summary:

The purpose of this report is to provide Members with details of a proposed change to the Council Tax Support scheme for 2015/16. The Council Tax Support scheme is means tested and gives financial assistance to people on low incomes in paying their Council Tax liability.

Within the current Council Tax Support scheme the first £10 of any child maintenance received is disregarded in the calculation. The remainder of child maintenance received is counted as income. The more income a person is treated as having will result in a lower entitlement to Council Tax Support.

Having carried out a review of the scheme, it is proposed to disregard all child maintenance in the calculation which will result in greater levels of Council Tax Support entitlement to those customers in receipt of this type of income.

This has a small budgetary impact to the Council (estimated to be c.£2K), but will make a difference to customers who receive child maintenance payments (estimated to be c.350). Council Tax Support is funded through the Revenue Support Grant. It is treated in the same way as Council Tax discounts and exemptions for the purposes of the Council Tax Base calculation. A more generous Council Tax Support scheme leads to a lower Council Tax base which means in turn less Council Tax income is raised.

Under the Local Government Finance Act, any changes to the scheme have to be approved at Council before 31 January in the year in which the changes are to take effect.

Recommendation(s):

Members are recommended to approve this change for the local Council Tax Support scheme with effect from 1 April 2015.

1. WHAT IS THIS REPORT ABOUT?

- 1.1 In April 2013, the national Council Tax Benefit scheme was abolished and was replaced by a requirement for each local authority to devise a localised Council Tax Support (CTS) scheme. Within certain parameters (including reduced government funding) each authority had to devise their own scheme based on local priorities for working age customers and protect pensioners from any changes.
- 1.2 The Huntingdonshire District Council (HDC) scheme is based on the following principles:
- Everyone of working age should pay something towards their Council Tax (except for the most vulnerable)
 - The scheme should provide some protection for the most vulnerable in society
 - The scheme should incentivise and support people moving into work and help those in low paid work
- 1.3 The basic provisions of the scheme remained the same for 2014/15, but a review of the scheme was undertaken this year to ensure that it continued to meet the criteria set by the Department for Communities and Local Government (DCLG) and also the priorities for HDC in both what is important to the local community and in terms of expenditure.
- 1.4 This report sets out the results of that review.
- 1.5 The Local Government Finance Act states that any revisions to a localised Council Tax Support scheme must be made no later than 31 January in the financial year preceding that for which the revision is to have effect.

2. BACKGROUND

- 2.1 The basis of the current HDC CTS scheme (Appendix A) is as follows:

For working age customers, the current scheme is broken down into three areas:

- Vulnerable: where the customer or partner qualify for the severe disability premium, or disabled child premium, CTS is assessed on 100% of their Council Tax liability
- Children under 5: where the customer has any dependants under the age of 5, CTS is assessed on 85% of their Council Tax liability
- Other: all other working age customers have their CTS assessed on 80% of their Council Tax liability

Once a customer is allocated to one of these three schemes, entitlement to CTS is means tested.

- 2.2 In addition to the above, the following factors are HDC specific and apply to all working age schemes:
- Child Benefit for the eldest child only is disregarded, i.e. it is not counted as income in the assessment (all Child Benefit is fully disregarded for pensioners)
 - The first £10 per week of any child maintenance received is disregarded (fully disregarded for pensioners)

- Some earnings are disregarded in assessing a person's liability, these amounts are small (typically £5-20).
- Deductions taken from CTS entitlement for any other adult living in the property at the rate of £7 per week if they work and £5 per week if they don't work (with modified rules for pensioners)

2.3 In carrying out the review of the scheme, regard was given to:

- Representation from Gingerbread who contacted HDC in October 2013 outlining their concerns that HDC was one of only 22 local authorities to include child maintenance in their CTS calculation (Appendix B)
- DCLG guidance published in February 2014 -'Localising Support for Council Tax, Vulnerable people – key local authority duties'. This document set out the legislation that local authorities must take account of when designing a localised CTS scheme. Reference is made to the Child Poverty Act and a local authority's duty to reduce and mitigate the effects of child poverty. It goes on to say that the payment of child maintenance helps to improve children's life chances and that authorities may wish to use their CTS schemes to help encourage separated parents to make child maintenance arrangements and maximise the money reaching children. They could do this by fully disregarding child maintenance when assessing eligibility for their schemes.
- Cambridgeshire Children's Trust Child Poverty Strategy 'Breaking the Cycle 2011 – 2014'

2.4 On the whole the scheme works well, and little change is warranted. However following consultation with the Executive Councillor for Customer Services, and the points made in 2.3, it was felt appropriate to examine the case for making a small change to the CTS scheme. The proposal was to disregard all child maintenance in the calculation

3. ANALYSIS

3.1 HDC receives funding for the CTS scheme as part of the Revenue Support Grant (RSG). This funding is assessed prior to the start of the financial year and does not change when the amount of CTS changes, i.e. the funding is fixed and not demand led. Therefore, if more CTS than expected is awarded there is a cost to all precepting authorities and if less is awarded, there is a saving.

3.2 CTS is treated in the same way as Council Tax discounts and exemptions for the purposes of the Council Tax Base calculation. A more generous CTS scheme leads to a lower Council Tax Base which in turn means less Council Tax income is raised.

3.3 CTS feeds into the collection fund. HDC is one of the precepting authorities and our proportion of the total Council Tax charge is around 8% so HDC would be responsible for 8% of the cost of a more generous scheme.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

(Include, if available. If not, make reference to them being circulated separately)

4.1 TBA

5. KEY IMPACTS

- 5.1 Based on current caseload, this change will see around 350 customers (out of a total caseload of 8300) receive an increase in the amount of financial assistance they get towards paying their Council Tax liability.

6. TIMETABLE FOR IMPLEMENTATION

- 6.1 The proposed change will take effect from 1 April 2015.

7. LINK TO THE LEADERSHIP DIRECTION

- 7.1 This service supports 'Ensuring we are a customer focussed and service led council'.

8. CONSULTATION

- 8.1 Prior to revising a scheme, the Local Government Finance Act requires the authority to carry out a consultation exercise as follows:

- a) consult major precepting authorities
- b) publish a draft scheme in such manner as it sees fit
- c) consult such other persons as it considers are likely to have an interest in the operation of a scheme.

- 8.2 There were no responses from the major preceptors. The consultation exercise went ahead based on the original proposed change.

- 8.3 The consultation took place between 26 August and 31 October 2014 by way of an on-line survey on the Council website and through Shape Your Place. 120 local organisations and Town and Parish Councils were also contacted directly.

- 8.4 There was a limited response with only 66 responses being received. A report showing the analysis of the consultation and the comments can be found at Appendix C.

9. LEGAL IMPLICATIONS

- 9.1 The change enables the Council to meet its legal requirements to minimise child poverty by ignoring child maintenance contributions and recognising that is an important protective element for children at a time when single parent families are among the groups hardest hit by a stream of government changes to welfare benefits and tax credits.

10. RESOURCE IMPLICATIONS

- 10.1 The estimated total cost of disregarding all child maintenance payments in the calculation of CTS would be approximately £28,000 apportioned across all of the major preceptors via the Collection Fund. The net impact to the Council is estimated to be £2,200.

11. OTHER IMPLICATIONS

- 11.1 The proposed amendment to the existing CTS scheme takes account of a finding from the Equality Impact Assessment completed when the existing CTS scheme was developed, i.e. the proposal to take some Child Benefit and child maintenance into account in calculating the amount of CTS due would have a detrimental effect on those in receipt of these payments, many of whom are female.

- 11.2 The proposed amendment takes account of feedback from local residents, voluntary and community groups during recent consultation. The amendment also takes account of feedback provided by Gingerbread (charity for single parents) which sets out clearly why the council should reconsider taking child maintenance into consideration when calculating CTS.

12. REASONS FOR THE RECOMMENDED DECISIONS

12.1 In making this minor change to the Council Tax Support scheme, HDC will have taken account of the representation from Gingerbread, the guidance from DCLG and also continue to meet its legal requirements to help mitigate child poverty.

- 12.2 It is recommended Council:

Approve the amendment to the Council Tax Support scheme

13. LIST OF APPENDICES INCLUDED

Appendix A - Summary of current HDC CTS scheme
Appendix B - Gingerbread briefing to local authorities
Appendix C - Consultation analysis

BACKGROUND PAPERS

- Local Government Finance Act 2012
- DCLG document: Localising Support for Council Tax, Vulnerable people – key local authority duties'
- Cambridgeshire Children's Trust Child Poverty Strategy 'Breaking the Cycle 2011 – 2014'

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