

Customer, Community & Partnership and Finance & Enterprise Scrutiny Committees

Scrutiny Response to the Consultation on the Council Tax Support Scheme

Members of the Customer, Community & Partnership and Finance & Enterprise Scrutiny Committees met on 5 October 2015 to consider the options for the Council Tax Support (CTS) scheme for 2016/17 as part of the 12 week consultation.

Also present were Cllr. Cllr. Lee Carter, Cabinet Member for Council Finance & Service Delivery, Angie Astley, Assistant Director Neighbourhood & Customer Services and Lee Higgins, Benefit Service Delivery Manager.

Agreed

Members unanimously support **Option A**, the recommended option, as a balanced proposal for Council Tax Support customers, other Council Tax payers and with regard to the Council's budget.

Summary of the key points discussed

Members considered each section of the consultation document, including the principles of the scheme, details of the current scheme (including protected groups) and the range of options under consultation:

- Option A, the recommended option, proposing:
 - The retention of the 21% CTS reduction rate for affected working-age groups
 - The introduction of a £20,000 benefit cap
 - The introduction of a minimum earnings figure after 12 months of self-employment
 - The removal of the Family Premium from assessment of entitlement
 - The intention to only consult on the CTS scheme every four years unless further changes are proposed
- Option B, to continue with the current scheme unchanged
- Option C, to return to providing 100% CTS at an additional cost of £870,991
- Option D, to cut CTS from 21% to 25% affecting over 7,000 households, saving £458k

Members also considered the following issues:

- Cabinet's approach to developing the proposals through a working group which included the lead Members for finance, welfare reforms, children and young people and adult care so that proposals could be balanced between affordability for the Council and the impact and affordability for affected groups. The key principles were fairness and affordability.
- The local context including: the need for the Council to make further on-going savings of £35m, changes to the way CTS is funded in that the ring-fenced grant had been removed and funding had been absorbed into the overall grant settlement; the current caseload; actual and projected cost of the scheme.
- The national context, primarily the issue of reviewing the scheme at a time of uncertainty about the impact of other welfare benefit and tax credit changes on the same people who may be affected by the proposals.
- The savings to date (over £500k) from the on-going review of claimant circumstances. Members were assured that once the full review had been completed, there were plans for more systematic checks on high-risk claimants in future.

- The impact of the current scheme on Council Tax collection rates for 2014/15 which showed some groups had struggled. The lowest collection rate was for working age claimants not in employment, many of whom were first time payers when the scheme was introduced, but members were assured that different methods and cycles of payment had been offered to help customers and that the hardship fund could be used to support people who were genuinely struggling. This was a relatively small group in proportion to all claimants and Members heard that the final outturn collection rate overall was 99% and the amount of Council Tax collected was higher than ever before.
- The claimant trend, including the projected savings that would occur naturally from a reducing claimant count and the additional cost of working age customers (required to pay 21% Council Tax) reaching pension age (in a protected group) making an overall net saving.
- Members were presented with information about the range of options considered by Cabinet relating to the rate of reduction in Council Tax Support and the financial implications of increasing the current 21% reduction rate to 22%, 23%, 24%, 25%, 30%, 35% or 40%. Figures were presented to show the impact of an increase on affected working-age groups (how much more a single person over 25 on JSA would need to pay each week) and on the Council's budget (how much more would be saved by each % increase). Members weighed the benefits of making the additional savings against the risks of unaffordability and disincentive to work on people affected, the potential impact on Council Tax collection and the time and cost of collecting additional tax which people simply may not be able to afford to pay and the added pressure on the crisis fund. Members agreed that on balance it was right to retain the 21% rate of reduction.
- Detailed consideration of the two key recommended proposals:
 - The introduction of the £20k benefit cap: Members considered the rationale for introducing the cap (to align with the national income cap for Housing Benefit), the overall fairness of the cap in relation to income levels of working families (the amount of salary that would need to be earned to net £20k per year), the amount of savings that would be delivered, the number of households that would be affected which was relatively small at around 100 and the ease of administration. Members asked how the affected households would be supported and were assured that they would be offered individual support and advice from the Council or from the CAB which provides budget management and debt advice.
 - The introduction of a minimum earnings figure after 12 months of self-employment: Members considered the rationale for the proposal in terms of the number of people affected, the potential for savings and the ways in which the existing scheme is open to exploitation. Members agreed that the change would strike a fair balance between not dis-incentivising work by allowing a period of 12 months self-employment before introducing the minimum income figure and the need to close a loophole to prevent exploitation of the scheme.
- The design of the on-line survey was considered for ease of use and fair presentation of the options. There was a concern that some people may have found the survey difficult to understand and they may have given up without submitting a response, but Members acknowledged the work that had gone into presenting the options clearly and fairly within national guidelines, and that every effort had been made to mitigate the risk of challenge.
- The promotion of the survey. Members were pleased to hear that households that would be affected by the changes had been contacted individually and invited to take part in the

consultation, as well as letters to all benefit claimants, and wider promotion including in the Voice to reach non-claimant Council Tax payers to get a balanced view.

- The number of respondents to date and the risks around a low response rate. Members were assured that sufficient returns had already been received for the consultation to be deemed meaningful and would remain open until 23 October.
- The proposal to only consult on CTS every four years (unless changes were being made) was discussed but it was noted that the likelihood was that further revisions would be required for 2017/18 (requiring further consultation) because of the changing welfare landscape. Members suggested targeted consultation on specific proposals may be a sufficient and less expensive option than a full-blown consultation.
- The provision of crisis funding to help people in genuine hardship, and spending year to date against budget. Members were pleased that the provision for crisis funding would continue for 2016/17 as demand was uncertain, but reassured that stringent measures are in place to ensure awards are only made in cases of genuine hardship.

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