

FAREHAM

BOROUGH COUNCIL

Report to Council

15 December 2016

Subject: **Council Tax Support Scheme 2017-18**

Report of: **Director of Operations**

SUMMARY

This report sets out a recommended local Council Tax Support scheme for adoption by the Council. This scheme will operate from 1 April 2017

RECOMMENDATION

That the Council approves:

- a) The Council Tax Support scheme; and
- b) That delegated authority is given to the Director of Operations to make any necessary minor amendments and to publish the final scheme prior to 1 April 2017.

BACKGROUND

1. The national Council Tax Benefit scheme was abolished by Central Government on 31 March 2013. Under that scheme, claimants on low incomes could get up to 100% of their council tax paid and Central Government reimbursed local authorities for this expenditure via the Council Tax Benefit subsidy arrangements. Since 1 April 2013, all billing authorities have been responsible for developing their own means-tested schemes, called Local Council Tax Support, to assist working-age people on low incomes pay their council tax. The Government has continued to prescribe in legislation the support to be provided to pensioner age claimants.
2. In introducing the changes, Central Government reduced the overall level of funding and this funding is now provided through the Revenue Support Grant to local councils rather than by direct reimbursement for costs incurred..
3. For 2013-14 Fareham Borough Council agreed, following public consultation, the following principles:
 - Every Working Age claimant should pay something towards their Council Tax – maximum support was reduced from 100% to 91.5%
 - The scheme should protect the most vulnerable claimants therefore providing the same level of assistance as the previous Council Tax Benefit Scheme
 - Make work pay by increasing the amount of income that working age customers can earn before it affects their level of Council Tax Support
 - Provide extra financial support to those suffering genuine hardship as a result of the changes
 - Provide funding to Fareham Citizens Advice Bureau to employ a Budgeting Advisor to assist claimants affected by the changes
4. For the subsequent three financial years and following public consultation, the Council agreed and implemented a scheme with the following principles:
 - Every Working Age claimant should continue to pay something towards their Council Tax – maximum support was reduced from 91.5% to 80%
 - The amount of Council Tax Support to be capped to a Band C for those claimants living in larger properties
 - All non-dependents (such as adult sons or daughters) should pay something towards the household's Council Tax bill
 - Continue to incentivise work by keeping the amount of income that working age customers can earn before it affects their Council Tax Support at the levels agreed for 2013/14
 - The scheme should continue to protect the most vulnerable claimants
 - Continue to provide extra financial support and budgeting advice to those suffering genuine hardship

PROPOSED COUNCIL TAX SUPPORT SCHEME 2017/18

5. For 2017-18, it is proposed to retain the key principles detailed above. However, as Central Government has announced changes to Housing Benefit, it is important to ensure our Council Tax Support scheme is aligned with these as far as possible to avoid undue confusion for claimants. These changes will automatically be included in the scheme for pension age claimants as these regulations continue to be prescribed

by Central Government.

6. When deciding a Local Council Tax Support scheme, Full Council should consider:
 - The results of the public consultation exercise
 - The overall financial impact of the scheme on the Council
 - The potential impact on claimants and their ability to pay more council tax as a result of a reduction in support
 - The Equality Impact Assessment

PUBLIC CONSULTATION

7. A consultation exercise ran between 11 October 2016 and 22 November 2016 seeking views on the following proposals:
 - I. **Reduce backdating of new claims to one month** – currently claims for Council Tax Support from working age claimants can be backdated for up to 6 months where an applicant shows they could not claim at an earlier time. The Government has reduced the period for Housing Benefit claims to one month. This is a simple alteration to our scheme which will be easy for claimants to understand when claiming Housing Benefit and Council Tax Support.
 - II. **Reduce the period for which a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks** – under our current scheme, claimants can be temporarily absent from their homes for up to 13 weeks without it affecting their Council Tax Support. The Housing Benefit rules have been changed so that if a person is away from Great Britain for more than 4 weeks, their benefit will cease. Again, this is a simple alteration to our scheme which will bring it in line with Housing Benefit and the prescribed Council Tax Support scheme for pension age claimants.
 - III. **The way in which we calculate a claimant's needs allowance should match that in other welfare benefits** – the amount of help a claimant receives is based on their household circumstances which establishes a series of allowances and premiums. The Government has introduced changes to how these allowances and premiums are applied to Housing Benefit and Universal Credit. Additionally, these changes are likely to be applied to the prescribed Council Tax Support scheme for pension age claimants therefore by amending our working age scheme, we will prevent confusion for claimants.
8. An analysis of the consultation responses can be seen at [Appendix A](#). In summary, there were 76 responses received and the majority of respondents:
 - Agreed that the current scheme is fair (74%) and should continue to protect the most vulnerable claimants (82%)
 - Agreed that the backdating of claims should reduce from 6 months to 1 month (84%)

- Agreed that the amount of time a claimant can stay outside of Great Britain before Council Tax Support stops should reduce from 13 weeks to 4 weeks (83%)
- Agreed that the way claimants' needs allowances are calculated should match the calculation in other welfare benefits (83%)

FINANCIAL IMPACT

9. There are currently 4459 households in the borough receiving Council Tax Support and the expected cost of support for the current financial year is £3.5 million. The caseload and associated expenditure can be seen below:

	Number of claimants	Cost of Council Tax Support
Pension-age caseload	2345	£1,957,044
Working-age caseload (vulnerable group)	753	£689,123
Working-age caseload (employed)	547	£286,237
Working-age caseload (other*)	814	£570,571
Total	4459	£3,502,975

* In receipt of an out-of-work benefit such as Job Seekers Allowance or Income Support

10. It is anticipated that the cost of the Local Council Tax Support scheme for 2017/18 will continue to be contained within available resources.

IMPACT ON CLAIMANTS

11. The proposed scheme for 2017/18 will provide a similar level of assistance and protection as the current scheme. Some claimants may see a small reduction in the level of support however the continued provision of additional financial support will mitigate the effects for experiencing exceptional hardship.

EQUALITY IMPACT ASSESSMENT

12. An equality impact assessment has been carried out which is based on the proposed scheme for 2017/18 and can be seen at [Appendix B](#)

PROPOSED SCHEME FOR 2017/18

13. A summary of the proposed scheme is set out at [Appendix C](#)
14. Members are invited to review all the documentation attached to this report and consider the proposals and implications so as to agree a Local Council Tax Support scheme for 2017-18.

Appendices:

- Appendix A Council Tax Support Scheme Consultation Analysis
- Appendix B Council Tax Support Scheme Policy Summary 2017/18
- Appendix C Equality Impact Assessment

Enquiries: For further information please contact Caroline Newman (Ext: 4645)