
Subject:	COUNCIL TAX REDUCTION SCHEME 2017/18
Meeting and Date:	Cabinet – 9 May 2016
Report of:	Director of Finance, Housing and Community
Portfolio Holder:	Councillor Michael Conolly, Portfolio Holder for Corporate Resources and Performance
Decision Type:	Non-Key
Classification:	Unrestricted

Purpose of the report: To agree the basis of consultation on a new Council Tax Reduction Scheme (CTRS) to operate from 2017/18 onwards.

Recommendation:

It is recommended that Members:

1. Approve the broad framework for public consultation on a number of modifications to the scheme including the options as indicated in Annex 1;
 2. Through the consultation, seek views on the introduction of an exceptional hardship scheme/policy;
 3. Through the consultation, seek views on other ways of meeting the costs identified in the report, such as increases in Council Tax, the use of balances or reductions in services;
 4. Give delegated authority to the Director of Finance, Housing and Community in consultation with the Leader and Portfolio Holder for Performance and Resources to approve amendments to the consultation, the material to be used and the consultation methodology;
 5. Give delegated authority to the Director of Finance, Housing and Community in consultation with the Leader and Portfolio Holder for Performance and Resources to agree with the major preceptors (Kent County Council, the Police and Crime Commissioner and the Kent and Medway Fire and Rescue Service) the basis for any future contribution from the major preceptors to the scheme administration costs and any tax base incentivisation scheme; and
 6. Note and take account of the contents of the first stage Equalities Impact Assessment appended to this report and confirm that a full Equalities Impact Assessment will be prepared and considered prior to any decision on the new CTRS.
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Summary

1. As Cabinet may recall, Council Tax Reduction (CTR) was introduced by the Department for Communities and Local Government (DCLG) in April 2013 as a replacement for the Council Tax Benefit (CTB) scheme administered on behalf of the Department for Work and Pensions (DWP).
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 each individual Billing Authority;
 - funding was reduced by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme; and
 - persons of Pension Age, although allowed to apply for Council Tax Reduction, would be dealt with under regulations prescribed by Central Government and not the authorities' local scheme. In other words, pension age applicants are 'protected'.
3. Across Kent, a common 'platform' approach was adopted for the design of local schemes, with the new schemes broadly replicating the former Council Tax Benefit scheme but with a basic reduction in entitlement for working age claimants. In East Kent the CTRS schemes adopted were virtually identical so in Dover, working age claimants must pay at least 6.0% of the council tax liability¹ (5% in Canterbury and 5.5% in Thanet). The contribution from claimants in East Kent is the lowest in the County, and is towards the lower end of the scale nationally. In the majority of Kent districts, claimants have been required to pay 18.5% of Council Tax.
4. The approach in East Kent was to protect, so far as possible, the vulnerable. Although it is not part of the CTRS, the decision was made at the same time to remove Council Tax discounts for empty properties and second homes in order to assist in meeting the costs of the new scheme following the 10% reduction in Government Funding.
5. The scheme is also 'underpinned' by the Kent-wide agreement, which recognises that all the Kent districts (as the billing authorities) will seek to have a common 'platform'. In return, the major precepting authorities (Fire, Police and the County) agreed to collectively pay to each district council an 'administration fee' of £125,000 each year, for three years, to assist with the costs of delivering and managing the scheme. This arrangement also reflects the fact that the administrative burden of the scheme falls upon the billing authorities, but the preceptors receive circa 85% of the Council tax collected.

¹ For a Band D property, in an average parish, the Council Tax is £1,592 per annum, so a 6% contribution is £95.52 per annum.

6. The original three year period ceased on 31 March 2016, but it was agreed with Kent County Council, Kent Police and Kent and Medway Fire & Rescue that the scheme (including the administration fee) would effectively 'roll on' for one more year into 2016/17.
7. A copy of the report that introduced the current scheme and which explains the scheme in more detail is available on the Council's web site in the Council agenda for 30th January 2013.
8. Since its introduction in April 2013, the Dover scheme has been 'refreshed' annually for data changes, but the core elements remain as were originally agreed. However, the '10% funding' that the government passed on to billing authorities through Revenue Support Grant (RSG) to support the costs of local schemes is not separately identified and has effectively been cut with the reductions in local government finance settlements. Therefore, although the 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 (Kent County Council, the Police and Crime Commissioner and Kent and Medway Fire and Rescue).
9. It is therefore now time to undertake consultation on a new scheme, to operate from April 2017 that:
 - ensures that the scheme remains affordable within reducing resources;
 - balances the demands on claimants with those on Council Tax payers, as fairly as possible;
 - continues to protect those of pensionable age;
 - is practical to administer;
 - does not generate Council tax bills that are uncollectable; and
 - has an acceptable impact on the preceptors.

Background

10. When the new scheme started in April 2013, it meant that approximately 3,441 households (of working age) within the Dover district were paying some council tax for the first time. Approximately 2,228 other households who received partial assistance saw increases in the proportion of their Council Tax bills that they were required to pay.
11. Collection of the council tax balances has been challenging, however with a focus on these accounts, and with some changes to recovery procedures, the scheme has been successful and collection rates have been broadly maintained, with over 80% of the Council Tax collected from claimants in-year, and ultimately over 90% collected.
12. The administrative support funding from the major precepting authorities has been essential in assisting with the costs of processing applications and in the recovery of

debts and has been used to employ 3 extra staff working on DDC Council Tax collection.

13. The overall level of applicants, both working age and pension age, has fallen since the introduction of the local scheme with 9,884 applicants as at March 2016 compared to 10,808 applicants as at April 2013. As a result, therefore, the total cost of the scheme has fallen since inception.
14. However, as previously explained, the '10% funding' that the government passed on to billing authorities through Revenue Support Grant (RSG) to support the costs of local schemes has effectively been cut with the reductions in local government finance settlements. Therefore, although the 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 main catalysts for the review.
15. A group of Finance Officers from the Kent districts and major precepting authorities have been working together in setting the objectives of the review, and maintaining a common approach to the overall design of the local schemes. A consultant has been appointed by Ashford Borough Council on behalf of the Kent districts and major precepting authorities, and the costs are being shared. Thus far, the consultant has been assisting in the evaluation of alternative scheme models and will, in due course, assist us with the public consultation process.
16. The objectives of the working group have been:
 - (a) having regard to the reductions in grant and the financial pressures we face, to make the scheme(s) less costly (if possible) and more efficient in terms of its operation; and
 - (b) to have regard to the impact such changes may have on vulnerable residents.
17. It has been recognised by the Kent Finance Officers' group that the contributions that the major precepting authorities pay towards the administration of the scheme are essential. Changes to the local scheme could potentially lead to a need to collect even more council tax from individuals who may find it difficult to pay; as well as those individuals finding the resultant changes difficult to comprehend.
18. Therefore, in parallel with the review of the local schemes, representatives from the Kent district councils are working with the major precepting authorities to formulate a new funding 'model' for assistance towards the administrative costs. At the time of writing the work is at an early stage, but it is likely that the model will include a 'flat rate' grant topped up by a share of any additional proceeds as a result of our taxbase increasing.
19. Clearly, the arrangements will need to be sufficient to incentivise the districts to undertake the additional work, and it will be essential that the arrangement is broadly consistent across all districts and there are long term arrangements to ensure certainty of funding. Discussions are underway in this regard, but Members are assured that the major preceptors are committed to working with us towards a mutually acceptable solution.

Identification of Options Upon Which to Consult

20. The first consideration is whether the scheme should be changed at all.
21. In view of the financial pressures upon the billing and precepting authorities, they will inevitably have to make significant savings over the coming years. If changes are not to be made to the scheme, then there are three options to consider to fund the scheme:
 - (a) increase the level of Council Tax beyond that assumed in the Medium Term Financial Plan to fund the CTRS;
 - (b) use Council balances / reserves to fund the scheme; or
 - (c) make reductions to services over and above the savings required in the Medium Term Financial Plan.
22. These are not currently recommended options, but for completeness they should be included in the consultation.
23. If changes to the CTRS are to be considered, then there are six option. These are:
 - (d) Increase the level of support to 100%. Effectively, cease charging claimants a 6.0% proportion of Council Tax.
 - (e) Introduce a "Total Income Discount (Banded)" Scheme
 - (f) Introduce a "Passported and Income Discount (Banded)" Scheme
 - (g) Introduce a "Simplified Means Test" leading to a Discount Band Scheme
 - (h) Introduce a "Total Household Income" Scheme.
 - (i) Retain the current scheme but with a number of changes.

Evaluation of Options

24. Annex 1 provides a commentary on each of these options and a recommendation for consultation or not, but, in brief, options (a) to (c) should be included in the consultation for completeness.
25. Option (d) would both be more expensive than the current scheme.
26. Options (e) to (h) are complex to operate and, so far, only two authorities are believed to have implemented any of these options.
27. For these reasons, options (d) – (h) are not recommended .
28. Option (i), with the appropriate elements and variations, can ensure that the scheme remains financially viable, fair to claimants and tax payers, protects the vulnerable and is administratively practical.
29. It is recommended that the consultation proposes to maintain the overall structure of the current scheme but consults on the variations indicated in Annex 1,

30. It should be stressed that, at this stage, the new CTRS is not being designed. The consultation is taking place to ensure that the design of the new scheme takes into account the views of the consultees.

Resource Implications

31. There are no significant cost implications. The costs of the consultancy for this project has been shared by all Kent billing and major precepting authorities and Dover District Council's share of the cost is less than £500.
32. The costs of the consultation itself will be minimal. The costs of the CTRS itself will depend on its future configuration and cannot be determined until the consultation has been completed and any changes to the CTRS have been considered.
33. A summary of the proposed consultation approach is provided at Annex 2.

Consultation Process and Legal Considerations

34. During the next few weeks all Kent districts will consider similar reports, and seek authority to proceed with consultations.
35. Prior to the implementation of any change to the CTRS, authorities are required to consult with the public. There have been a number of legal challenges to CTRS consultations and it should be noted that a recent judgment handed down by the Supreme Court has defined what is meant by 'good consultation'.
36. The guiding principles which have been established through case-law for fair consultation are:
- The consultation must be carried out at a stage when proposals are still at a formative stage;
 - Sufficient information on the reasons for the decision must be provided to permit the consultees to carry out intelligent consideration of the issues and to respond;
 - Adequate time must be given for consideration and responses to be made; and
 - The results of the consultation must be properly taken into account in finalising any decision.
37. The Kent Finance Officers' group are currently working closely with the consultant in order to prepare robust and consistent consultation material that can be individually 'branded' by each district council within Kent. Ideally it is hoped that all district councils will go out to consultation at around the same time. The project timetable agreed by all authorities at the start of the review anticipates consultation commencing in June and completing at the end of August, thus allowing 12 weeks for members of the public and other relevant stakeholders to comment.

38. At the time of writing, the draft consultation material is not complete and so it has not been included for Member approval. Given the tight timescales delegated authority is sought so that the Director of Finance, Housing and Community can finalise the consultation material in liaison with the Leader and Cabinet Member for Performance and Resources.
39. It is anticipated that the consultation will be primarily web-site based, but it will be important to write to claimants to draw their attention to the consultation and encourage them to participate. Additionally, it will be important to involve stakeholder groups such as the CAB, local debt advice agencies, registered social landlords and other organisations with a significant interest, to obtain their views.
40. There is also a duty to consult with the major preceding authorities (County Council, Fire and Police) who are statutory consultees. Work has already commenced with the major precepting authorities and will continue throughout the project.

Legal Implications

41. The Council has a statutory duty to consult on a proposed scheme. As mentioned above, case-law has determined the guiding principles for fair consultation which we will follow.
42. Due regard needs to be paid to the need to follow the principles on consultation in particular the need to set out alternative choices within the consultation². These choices are set out in the paragraphs above and in Annex 1.

Equalities Impact Assessment

43. An equalities impact assessment has been undertaken and is attached at Annex 2.

Corporate Implications

44. Comment from the Section 151 Officer: The Director of Finance, Housing and Communities has been involved in the production of this report and has no additional comments to make (MD).
45. Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.
46. Comment from the Equalities Officer: In preparation for the report a preliminary Equality Impact Assessment has been carried out highlighting the potential impacts on those who share a protected characteristic. It is proposed that a comprehensive consultation exercise will be undertaken with the view to engage with interested parties and stakeholders. A full EIA will be completed incorporating the feedback from the consultation which will identify any necessary actions and form the design of the proposed scheme. Members are reminded that, in discharging their responsibilities they are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>.

² Supreme Court Ruling in the case of R(on the application of Moseley) v London Borough of Haringey (2014).

Appendices

Annex 1 – Council Tax Reduction Scheme Options

Annex 2 – Equalities Impact Assessment

Background Papers

None.

Contact Officer: Mike Davis

**Review of Council Tax Reduction Scheme – Options
Considered by Kent Finance Officers’ Group**

Ref	Option	Commentary/Context	Estimated / Indicative (Costs) / Savings ³	Preferred Option?	Recommended for consultation ?
	<u>Alternatives to Reducing the Costs of the Scheme</u>				
	Maintain current scheme (and make no other changes)	This option does not meet the primary objective of ensuring the scheme remains affordable. In addition, there are changes in Housing Benefit (HB) coming which would mean the CTR and Pension Age CTR / HB schemes would diverge	Nil.	x	x
	<u>Alternative Sources of Funding</u>				
A	Increase the level of Council Tax	This proposal would probably mean increasing the level of Council Tax above the level that would trigger a referendum (currently 2%).		x	✓

³ Note – the savings shown relate to the CTRS in the Dover District and are based on the information currently available but will vary over time depending upon the claimant base. It should also be noted that the savings are not additive. Some may overlap, and so the total savings will not be equal to the sum of all the individual savings.

The savings figures are based on the changes in the amount of total Council Tax billable. Collection rates on these billable amounts are currently circa 85% “in year” and are expected to be over 90% over 2 or more years.

Of the total collected, 10.83% is retained by Dover District Council, 71.20% by Kent County Council, 9.56% Police and Crime Commissioner, 4.52% Kent and Medway Fire and Rescue and 3.89% (on average) Towns and Parishes.

To put these figures in context, a 1% increase in Council Tax by Dover District Council generates an additional £62k. A 1% increase by Kent County Council would generate circa £410k.

Ref	Option	Commentary/Context	Estimated / Indicative (Costs) / Savings ³	Preferred Option?	Recommended for consultation ?
B	Find savings from reduced net spend on other Council services.	Savings targets are currently £1m per annum for 2017/18, 20148/19 and 2019/20. This would increase the targets.		x	✓
C	Use the Councils savings (reserves and balances).	Without achieving the savings identified above the Council's General Fund balance is projected to be exhausted by 2019/19.		x	✓
	<u>Alternatives to the Current Scheme</u>				
D	Increase the level of support available to Working Age claimants to previous Council Tax Benefit Levels (up to 100% for all applicants)	<p>This option would increase the affordability pressures of the current scheme and would have a significant impact upon the preceptors. It would also diverge from the current HB scheme.</p> <p>However, it would be easier to administer</p> <p>Over 70 authorities nationally still allow up to 100% support for working age claimants.</p>	(£293k)	x	✓
E	Total Income Discount (Banded) Scheme	<p>Calculate total income of applicant and partner (where applicable) and put in an income 'band'. Bands to be determined.</p> <p>Would make it simpler from claimants point of view, and there could be less ongoing changes to entitlement.</p> <p>Currently no authority has a similar scheme in operation.</p> <p>Would require additional information to be gathered from claimants.</p>	Not possible to model at this stage.	x	✓

Ref	Option	Commentary/Context	Estimated / Indicative (Costs) / Savings ³	Preferred Option?	Recommended for consultation ?
		Would need to pay for software changes (likely to be expensive).			
F	Passported and Income Discount (Banded) Scheme	<p>Identical to the previous scheme, however any applicant who receives a 'passported' benefit from DWP will automatically be placed in most generous band, cutting down on administration.</p> <p>Only one scheme like this in operation nationally.</p> <p>Relatively simple to understand. However as a high proportion of claimants would receive a passported benefit so automatically default to a single band the attractions of this scheme are diluted.</p>	Not possible to model at this stage.	x	✓
G	Simplified Means Test leading to a Discount Band	<p>As per the current system but translate means test into a discount band.</p> <p>Thus if claimant were to change their earnings they may remain in the same band and changes to entitlement would not be needed. Potential to reduce some administration costs.</p> <p>Unclear whether software can be adapted.</p> <p>If it can, likely to be costly. No other council running this scheme.</p>	Not possible to model at this stage.	x	✓
H	Total Household Income scheme	Include all non-dependant (e.g. adult child) income in means test based on ethos that the whole household should contribute towards Council Tax.	Not possible to	x	✓

Ref	Option	Commentary/Context	Estimated / Indicative (Costs) / Savings ³	Preferred Option?	Recommended for consultation ?
		<p>One authority has implemented a similar scheme.</p> <p>More complicated to administer as details of all household incomes would need to be collected. Software currently would not allow for this information to be entered automatically and so this would become a manual process.</p> <p>More administration for staff. However potential for more income to be included in the means test - and thus likely to deliver savings within total scheme cost.</p>	model at this stage.		
I	<u>Retain Current Scheme but consider changes set out below :-</u>				.
I.1	Increase the minimum % payable	<p>DDC currently requires working age claimants to pay a minimum of 6.0% towards council tax.</p> <p>The level of contribution varies significantly over the country. 76 councils having a nil contribution rate with 52 schemes having rates over 20%.</p> <p>Medway Council will be highest in Kent (and possibly nationally) at 35% for 2016/17.</p> <p>There is evidence of a “tipping point” somewhere between</p>		✓	✓

Ref	Option	Commentary/Context	Estimated / Indicative (Costs) / Savings ³	Preferred Option?	Recommended for consultation ?
		<p>20% and 25% after which collection rates are affected significantly. Increasing the minimum % that a working age claimant needs to pay beyond a “tipping point” could be counter-productive and unrealistic.</p> <p><u>Consult on increasing the minimum % to :</u></p> <p style="text-align: center;"><u>10%</u></p> <p style="text-align: center;"><u>15%.</u></p>	<p>£191k</p> <p>£440k</p>	<p>?</p> <p>?</p>	
I.2	Reduce Capital limit	<p>Currently claimants are allowed to have capital (excluding property) of up to £16,000 and still be eligible to claim.</p> <p>This limit could be reduced and it is suggested that this should be reduced to £6,000 or roughly 4 years’ worth of council tax. This level is used in a number of schemes around the country and is relatively simple to administer and is compliant with the system. This will have the effect of removing the entitlement of some claimants.</p> <p><u>Consult on reducing capital limit to £6,000</u></p>	£35k	✓	✓
I.3	Include currently disregarded incomes in calculation of total income	<p>Certain incomes are currently disregarded in full when calculating entitlement for CTR. These include Child Benefit, Child Maintenance, Disability Living Allowance and</p>	£308k		

Ref	Option	Commentary/Context	Estimated / Indicative (Costs) / Savings ³	Preferred Option?	Recommended for consultation ?
		<p>Personal Independence Payments.</p> <p>Child Benefit and Child Maintenance</p> <p>These were included (i.e. were not disregarded) within Council Tax Benefit Schemes until as recently as 2009. Nationally twenty two schemes have reverted to including this income within the assessment.</p> <p>Disability Living Allowance (DLA) and Personal Independence Payments (PIP).</p> <p>These incomes are currently considered when calculating discretionary housing payments but not included within the calculation of Housing Benefit and Council Tax Support. There has however been recent controversy at a national level in respect of the government's proposal to curb PIP in order to deliver savings, and the proposal has been withdrawn. Could also impact on vulnerable groups.</p> <p><i>Note - For completeness we should consult on the option of including child benefit and child maintenance payments in the assessment of income, but explain that we are not currently minded to proceed with this option unless the results of the consultation suggest we should re-consider.</i></p>		<p>x</p> <p>x</p>	<p>✓</p> <p>x</p>
I.4	Introduce changes to non-dependant charges	Introduce a standard charge for non-dependants who live in a property.	£99k	✓	✓

Ref	Option	Commentary/Context	Estimated / Indicative (Costs) / Savings ³	Preferred Option?	Recommended for consultation ?
		<p>Currently, non-dependant deductions can vary from £0.00 to £11.45 depending on level of income. A standard charge would be easier to administer and could contribute to savings within the scheme. Suggestion from group is £10 per week.</p> <p><u>Consult on introducing a standard of £10 per week for non-dependant deduction</u></p>			
I.5	Introduce Minimum income floor for self-employed claimants	<p>Currently self-employed claimants are asked to declare their own level of income, and it is not unheard of for it to be declared as nil (or close to nil) after taking into account expenses. Claims are difficult to administer and challenging self-declared income levels can be protracted and time consuming.</p> <p>The Universal Credit assessment criteria includes a clause whereby a self-employed claimant is allowed to declare nil income in their first year of operation and then after that initial period to establish the business they are then assessed at either their declared income or at a minimum income floor calculated at 35 hours per week times the living wage. It may be necessary to consider an alternative for people who are unable to work full time (primarily single parents with young children).</p>	<p>£308k</p> <p>(The precise value will depend upon how self-employment is defined.)</p>	✓	✓

Ref	Option	Commentary/Context	Estimated / Indicative (Costs) / Savings ³	Preferred Option?	Recommended for consultation ?
		<u>Consult on introducing an assumed minimum level of income for self-employed claimants, based upon the living wage, at 35 hours per week for full time or 16 hours a week for part-time workers.</u>			
I.6	Align Scheme with HB and Pension Age CTR changes	<p>Central Government has announced significant changes to HB including the removal of certain premiums, a limitation on the number of dependants that can be included in the calculation, and the limiting of backdating.</p> <p>If we are to retain a scheme similar to the current one, it will be important to ensure it is aligned with HB as far as possible to aid understanding as well as efficiency of processing. These changes will form part of the prescribed requirements for the Pension Age CTR scheme.</p> <p><u>Consult on aligning regulations of 'base' CTR scheme with HB and (prescribed) Pension Age CTR scheme.</u></p>	Not possible to model at this stage.	✓	✓
I.7	Change income tapers to incentivise work	The current taper for assessing CTR claims is 20%, consistent with the previous CTB scheme. Changing this would affect all claimants and would be similar to increasing the minimum % payable.	Not possible to model at this stage.	✓	x
I.8	Cap the discount at Band C or Band D	<p>Cap the discount offered at Band C or Band D, so that claimants in higher banded properties only receive the discount to a value equal to the cap, and therefore to the same value as claimants in a Band C or Band D property.</p> <p><u>Consult on capping the discount offered at Band C or Band</u></p>		✓	✓

Ref	Option	Commentary/Context	Estimated / Indicative (Costs) / Savings ³	Preferred Option?	Recommended for consultation ?
		<u>D level.</u> <u>Band C</u> <u>Band D</u>	£67k £39k	? ?	
I.9	Exceptional Hardship Scheme	<p>Under Section 13A(1)(c) Local Government Finance Act 1992 the Council has the ability to reduce the council tax on any dwelling by such amount as it thinks fit. Currently, East Kent Services grants relief under this section on a case by case basis but only in exceptional circumstances and where other eligible discounts, reliefs and exemptions have been considered. The option would introduce a scheme or policy whereby, although individual cases would be looked at on their own merit, there would be criteria against which applications would be assessed. This would provide greater flexibility to the Council to help those that need it most and enable a safety net for those households suffering exceptional hardship.</p>	Not possible to model at this stage.	✓	✓

Equalities Impact Assessment

**First Stage Equality Impact Assessment
Council Tax Reduction Scheme 2017/18**

Table of Contents

Name of Policy/Strategy/Service/Function Proposal.....	19
The Aims, Objectives and Expected Outcomes:.....	19
Changes since 2013	19
The Proposed Scheme for 2017/18	19
Scope of the Equality Impact Assessment.....	20
Method of Consultation	21
Analysis and Assessment	21
First Stage – Potential Impacts	22

Name of Policy/Strategy/Service/Function Proposal

The Council Tax Reduction Scheme for 2017/18

The Aims, Objectives and Expected Outcomes:

Since 1st April 2013, the Council has maintained a local Council Tax Reduction scheme. This replaced the national Council Tax Benefit scheme, which ended on 31st March 2013. Council Tax Reduction helps provide support to council taxpayers who have a low income. It supports the taxpayers by providing a reduction in the actual amount in Council Tax payable.

The Council has the ability to determine the level of support given to working age applicants only. The scheme for pension age applicants is determined by Central Government and therefore the ability of the Council to vary that part of the scheme is limited and can only enhance the national scheme in any event.

When Council Tax Reduction was first introduced, Central Government provided a specified level of grant, which was approximately 10% lower than the amounts previously given (pre 1st April 2013). This has now been replaced by a general duty to provide a scheme and funding is not separately identified within the grants given to the Council.

After the original consultation, the Council decided to introduce a Council Tax Reduction scheme that differed from the original Council Tax Benefit in that instead of granting a maximum level of support of 100% it would limit the maximum support to 81.5%;

Changes since 2013

Since the introduction of Council Tax Reduction, the overall scheme adopted by the Council has remained broadly the same, with only applicable amounts and non-dependant charges being uprated as well as minor changes being made to mirror changes to the Housing Benefit scheme. Central Government has also continued to uprate changes to applicable amounts for pension age applicants, again to mirror the changes in Housing Benefit.

The Proposed Scheme for 2017/18

It has now been decided by the Council that a full review should be undertaken as to the effectiveness of the current Council Tax Reduction scheme and a public consultation should be undertaken to gather views as to whether the current scheme should be changed. The Council is minded to make changes to the working age scheme to meet the following:

- The more accurate targeting of support to those working age applicants who most need it;
- The need to change the scheme, not only to align with proposed changes to Housing Benefit, but also to align the scheme with the approach taken by the Department for Work and Pensions in the creation, introduction and roll out of Universal Credit; and
- To address potential shortfalls in funding due to the continued reduction in Central Government grants.

As part of the Kent Districts' Council Tax Reduction Group, the Council has identified a number of proposed changes and that these will form part of an extensive public consultation. Please note that the changes, if made, would only apply to the working age scheme although the consultation will be open to all Council Taxpayers.

The main options for the Council to adopt, effective from 1st April 2017, are set out below.

The Council will consult on whether it should maintain the current scheme for working age applicants. This option would require additional finance for the scheme and the options upon which to consult are:

- A. Increasing the Council Tax; or
- B. Finding the additional income by cutting other services; or
- C. Using reserves to provide the income.

The potential changes to the scheme upon which the Council will consult are:

- 1.1 Should an increase be made in the minimum payment? Views will be obtained as to whether the current minimum payment of 6.0% should be increased, possibly to 10% or 15%.
- 1.2 Should the Council Tax Reduction scheme have a maximum level of capital at £6,000? Currently the limit is set at £16,000;
- 1.3 Whether Child Benefit and Child Maintenance payments which are currently disregarded in the calculation of CTR, should be included as income?
- 1.4 Should the scheme introduce a standard charge for non-dependants who live in a property.
- 1.5 Should the scheme set a minimum level of income for all Self Employed claimants (after a start-up period of one year)? This could be equivalent to National Minimum (Living) Wage multiplied by 35 hours per week.
- 1.6 Should the scheme align with HB and Pension Age CTR changes, in particular:
 - that the Family Premium will not be granted for all new claims and for any 'new' families?
 - reduce backdating for working age cases to 1 month?
 - change the temporary absence rules in line with Housing Benefit, to limit the timescale for Council Tax Reduction to be paid where an applicant leaves Great Britain for a period of greater than 4 weeks? Certain exceptions would be applied for armed forces personnel, mariners, continental shelf workers and for certain cases where an applicant is receiving care;
 - restrict the number of dependants additions granted in the calculation to a maximum of two? This change will have specific exceptions and will only affect those applicants who have a third or subsequent child on or after 1st April 2017.
 - in line with Housing Benefit and Employment and Support Allowance, the Work Related Activity Component will not be granted when calculating Council Tax Reduction for all new claims to Employment and Support Allowance on or after 1st April 2017?
- 1.8 Whether to limit the amount of Council Tax Reduction granted based on the band of the premises. The consultation will include the proposals to limit Council Tax Reduction to Band D or Band C?
- 1.9 Whether there should be a targeted (Exceptional Hardship) scheme/policy that would provide applicants with the ability to request additional Council Tax Reduction if they can demonstrate that they are suffering exceptional hardship.

Scope of the Equality Impact Assessment

A full Equality Impact Assessment will be produced after consultation and will examine the potential effects of each of the changes if any of the options were to be considered by the Council.

Please note that Pensioner protection will be achieved by keeping in place national rules, which broadly replicate the current council tax benefit scheme, which existed prior to 1st April 2013.

As part of the any changes, the Council will to give consideration to the effects on working age claimants only and in particular any vulnerable groups in the design of any new system.

Central Government has not been prescriptive in how it does this but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.

Method of Consultation

The Council will use the following methods to obtain the view of taxpayers

Stakeholders	Methodology
1.Existing claimants (both working age and pensionable age)	Web based questionnaire. Claimant to be directly notified of the consultation. Hard copy documents to me provided as necessary.
2.Council taxpayers and service users generally	Web based questionnaire. Hard copy documents to be provided as necessary.
3. Interested organisations and groups.	Web based questionnaire. Organisations with significant interest to be directly notified of the consultation. Hard copy documents to me provided as necessary.
4. The major preceptors.	The major preceptors will be invited to respond to the consultation. They have been involved in developing the current options, with which they are content, and will also continue to be involved in the project.
General Awareness	
Provision of information and awareness raising of changes and proposals	Press releases Face to face communication at customer service points Information in libraries, The Council's Facebook and Twitter sites (weekly promotions)

Timescale

It is proposed to align the consultation period with other districts in Kent, starting in June 2016 (the precise dates are yet to be confirmed) and ending in August and allowing a period of 12 weeks.

Analysis and Assessment

A full analysis and assessment will be made after public consultation. Details of responses will also be provided as part of the second stage Equality Impact Assessment

First Stage – Potential Impacts

Area of impact	Is there evidence of negative positive or no impact?	Could this lead to adverse impact and if so why?	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or any other reason?	Please detail what measures or changes you will put in place to remedy any identified impact (NB: please make sure that you include actions to improve all areas of impact whether negative, neutral or positive)
Age	Negative Impact	There may be a reduction in support given to certain working age groups based on the changes. This will be subject public consultation	<p>The council will ensure that we operate within a lawful and balanced budget. The financial impact on the council due to the reduction in the grants received from central government require the council to adopt a local scheme that takes into account the need to protect the most vulnerable in our community and all local taxpayers. The introduction of this scheme will provide the council with the opportunity to apply the principles to ensure that the council meets the public sector equality duty under the Equality Act 2010.</p> <p>The reduction in financial support is necessary to protect the interests of taxpayers general and to preserve the overall finances of</p>	<p>Should any of the proposals be adopted there will need to be safeguards. This will take the following forms:</p> <ul style="list-style-type: none"> • The existing means tested scheme will be maintained and the most support will be given to those on lowest income. • Certain groups will continue to receive addition help under the scheme through the provision of premiums and allowances, e.g. Disability Premium, Severe Disability Premium, Enhanced Disability Premiums etc.; • The Council is proposing the adoption of an exceptional hardship scheme/policy to assist those claimants in most severe financial need

Area of impact	Is there evidence of negative positive or no impact?	Could this lead to adverse impact and if so why?	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or any other reason?	Please detail what measures or changes you will put in place to remedy any identified impact (NB: please make sure that you include actions to improve all areas of impact whether negative, neutral or positive)
			the council and services it provides	
Disability	Negative Impact	Certain applicants may experience a reduction in overall support (as with other working age applicants) due to the changes in the scheme		The council is under no obligation to offer protection to those of working age who are in receipt of any disability benefits. All applicants will be able to request additional assistance under the exceptional hardship scheme/policy should they experience exceptional hardship.
Gender Reassignment	No impact	Other than that for working age claimants generally		

Area of impact	Is there evidence of negative or positive or no impact?	Could this lead to adverse impact and if so why?	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or any other reason?	Please detail what measures or changes you will put in place to remedy any identified impact (NB: please make sure that you include actions to improve all areas of impact whether negative, neutral or positive)
Marriage & Civil Partnership	No impact	Other than that for working age claimants generally		
Pregnancy & Maternity	No impact	Other than that for working age claimants generally		
Race	No impact	Other than that for working age claimants generally		
Religion / Belief	No impact	Other than that for working age claimants generally		
Sex (male or female)	No impact	Other than that for working age claimants generally		
Sexual Orientation	No impact	Other than that for working age claimants generally		
HR & workforce issues	Not known at this stage		The council will, in any event, monitor the overall impact of work and resource accordingly if the preferred scheme is adopted and undertake a full EIA screening on the impact of HR workforce issues.	
Human Rights implications if relevant	n/a			