

REPORT FOR: **CABINET**

Date of Meeting:	17 June 2015
Subject:	Review of the Council Tax Support (CTS) Scheme for 2016/17 Financial Year
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	No, as the decision is reserved to Council
Wards affected:	All
Enclosures:	Appendix 1 – Current Scheme Rules/Parameters

Section 1 – Summary and Recommendations

This report informs Members of the requirement to consider a review of the localised Council Tax Support Scheme which was introduced on 1/4/2013. Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as amended by schedule 4 of the Local Government Act 2012, requires the council to consider whether, for 2016-17, the scheme is to be revised or replaced.

Recommendations:

Cabinet is requested to make the following decision:

1. Note that the CTS scheme meets the Council's statutory duties and requires no changes.

Cabinet is requested to recommend the following decision to full Council:

2. After considering whether to review the local scheme, that there is no need to review, and to continue with the existing CTS scheme, as previously adopted by Full Council, for the 2016/17 financial year.

Reason: (For recommendations)

The current CTS scheme was based upon retaining the initial provisions for two consecutive financial years, 2013/14 & 2014/15, so long as key conditions remained unchanged. Thereafter, the scheme was to be reviewed annually.

There have been no significant fundamental changes, either in caseload, demographics or the economy, which would require the Council to consider reviewing or replacing the scheme as determined by Full Council.

Section 2 – Report

Introductory paragraph

- 2.1 From April 2013, Council Tax Benefit (CTB) was “localised”. There is no longer a nationally governed CTB scheme (except for pensioners). Councils now determine their own local “Council Tax Reduction Scheme” and CTB has been replaced by “Council Tax Support” (CTS).
- 2.2 Pensioners (those who have attained the qualifying age for state pension credit) are protected under the arrangements. CTS for them is still controlled nationally. This means CTS can still cover up to 100% of their Council Tax bill.
- 2.3 Full Council determined on the 21 January 2013 to introduce a CTS scheme. The scheme set out the reductions which were to apply in Harrow to specified classes of persons whom the authority considered to be in financial need. The scheme took effect for the financial year commencing 1 April 2013, with some changes phased in from 1 April 2014.
- 2.4 In June 2014, at the review of the scheme for 2015/16 financial year, Cabinet agreed to consultation on various draft scheme models. Cabinet subsequently decided not to change the scheme for the financial year 2015/16, and the Council agreed to continue with the existing scheme at the full Council meeting held on 22/01/2015.
- 2.5 The Council must consider whether to revise or replace its Council Tax Support scheme each financial year. As such it is necessary for Cabinet to consider whether the scheme requires reviewing for the 2016/17 financial year and this report requests that Members consider reviewing the scheme.

Council Tax Support Scheme Review

- 2.6 Harrow Council has a CTS scheme in place which sets out the reductions which are to apply in its area to specified classes of persons whom the authority considers to be in financial need.
- 2.7 Legislation requires the authority to consider whether, for 2016-17, the scheme is to be revised or replaced. The Council must consider whether the scheme requires changing and must do this in time to ensure it has sufficient time to consult and determine the scheme prior to the deadline set out in the legislation.
- 2.8 Modelling the current CTS caseload commitments and estimating 2016/17 expenditure, would suggest future expenditure in the region of £14m to £14.5 in the next financial year (dependant on any council tax inflation).
- 2.9 This is in line with budgeted expenditure. Additionally, Council Tax collection rates in 2014/15 for CTS recipients reached 89% in year which were also above the 70% profile anticipated, resulting in overall collection rates for Council Tax of 97.3% in year. Overall Council Tax collection rates were higher in 2014/15 than the 97% achieved in year for 2013/14. It would appear that collection rates are settling down as claimants get used to having to pay some Council Tax.
- 2.10 Statutory provisions require Harrow to consider annually whether it should change the scheme, and if so, in what way. The process to create a revised scheme would involve complex decisions and judgements regarding which groups of claimants would face changes in support. This would also require extensive consultation and approval of the changes before 31/01/2016, including consultation with the GLA, a publication of the draft scheme incorporating the changes and consultation with such persons as may be affected by the operation of the scheme. Having approved the scheme already in place, Cabinet is now being requested to consider reviewing its scheme.
- 2.11 Having reviewed the operation of the scheme, it is considered that the existing scheme, agreed by Full Council on 21st January 2013 and again on 22/01/2015, meets the Council's statutory requirements. It is therefore recommended that the scheme is not revised or replaced as no changes are required. It is therefore further recommended that the Council continue with the current scheme in place.
- 2.12 This view has been reached on the basis that currently (as @ May 2015) CTS expenditure for 2015/16 is approximately £14.2m. This is within the budgeted expenditure range for the parameter configuration for 2015/16 .

Conclusion / Recommendation

- 2.13 The expenditure estimate assumes no increase in caseload and assumes no disproportionate increase in persons of pension credit age that would be protected from the effects of the scheme; although there

is risk here as Harrow has proportionally less pensioners claiming CTS than the national average.

- 2.14 The cost of the CTS scheme could still be subject to fluctuations taking into account the uncertainty regarding claimant numbers.
- 2.15 In conclusion, there are currently no fundamental reasons to change the existing scheme. Case load is currently static or decreasing, (notwithstanding the above comments), Council Tax collection rates are high and holding, and whilst there is a risk of pensioner numbers increasing and therefore increasing expenditure, this risk is felt to be low. As financial forecasts are similar to target expenditure, this report recommends that the CTS scheme continues in its current format.

Legal Implications

- 2.16 Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as inserted by Schedule 4 to the Local Government Finance Act 2012, requires the authority to consider whether, for each financial year, the CTS scheme is to be revised or replaced. Where the scheme is to be revised or replaced the procedural requirements in paragraph 3 of that schedule apply. Any revision/replacement must be determined by 31 of January in the preceding year to the year which the changes are to apply. The council must therefore consider whether the scheme requires revision or replacement and if so, consult with the GLA, publish a draft scheme and then consult with such persons as may be affected by the operation of that scheme prior to determining the scheme before 31st January.
- 2.17 This report recommends that the scheme is not revised or replaced.

Financial Implications

- 2.18 The local CTS funding is not ring fenced and it is entirely for Harrow, as a Local Authority, to determine how much it is prepared to spend in light of the Council's overall financial position.
- 2.19 For 2015/16, estimated expenditure is largely in line with budget provision of between £14m to £14.5m. If the scheme was to award higher support amounts this would increase expenditure and would have a detrimental impact on the Collection Fund which would have to be addressed in the following years budget setting process. On the other hand, if the scheme was to award lower amounts, a positive impact would feed into the follows year's budget setting process.

Equalities implications / Public Sector Equality Duty

- 2.20 Retaining the existing CTS scheme is supported by the original EqIA undertaken for the scheme and carried out at the time of consultation. This highlighted the impacts on residents and on which mitigation packages were developed and implemented. The existing scheme also supports the most vulnerable members of our community as it contain more generous provisions for protecting disabled residents (which is applied to any applicant in receipt of Disability Living Allowance or Personal Independence Payment – PIP).

2.21 When making policy decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups. Due regard should therefore be had to the Public Sector Equality Duty when giving consideration to a review of the scheme and the recommendations in this report. The Council's original completed equality impact assessment still applies and members should consider its contents in making their decision.

Corporate Priorities

2.22 The Harrow Council Tax Support Scheme reflects the aims of our corporate priorities thus ensuring we concentrate on supporting those who are financially vulnerable.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 11 May 2015		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 11 May 2015		

Ward Councillors notified:	NO , as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	N/A
	N/A as EqIA, cleared at the time of original scheme implementation, still applies

Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

Appendix 1 – Current Scheme Rules/Parameters

Full CTS current scheme available @

http://www.harrow.gov.uk/info/200206/council_tax_support/1258/council_tax_support_scheme_review

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

*[Call-in does not apply as the
decision is reserved to Council]*