
REPORT FOR: CABINET

Date of Meeting:	21 April 2016
Subject:	Review of the Council Tax Support (CTS) Scheme for 2017/18 Financial Year
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources and Commercial
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	Yes
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 2017-18, 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 that

no changes are proposed.

2. Agree that 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 2017/18 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.

The scheme has been reviewed annually since 2014, and to date has not been changed. 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 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.
- 2.2 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 In previous reviews, Cabinet agreed to continue with the existing scheme. This is the current scheme in operation and last adopted at the full Council meeting held on 22/01/2015.
- 2.4 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 2017/18 financial year and this report requests that Members consider reviewing the scheme.

Council Tax Support Scheme Review

- 2.5 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.
- 2.6 Legislation requires the authority to consider whether, for 2017-18, 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.
- 2.7 Modelling the current CTS caseload commitments and estimating 2017/18 expenditure, would suggest future expenditure in the region of £13.6m to £13.9 in the next financial year (dependant on any council tax inflation).
- 2.8 This is in line with budgeted expenditure. Additionally, Council Tax collection rates in 2015/16 for CTS recipients reached 90% in year which were also above the 80% profile anticipated, resulting in overall collection rates for Council Tax of 97.3% in year. Council Tax collection rates in year have been excellent and, for the latest year that we have data available, 2014/15, above both the national average of 97% and above the average achieved in London of 96.5%.
- 2.9 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 31/01/2017, 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.
- 2.10 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.
- 2.11 This view has been reached on the basis that CTS expenditure for 2016/17 is approximately £13.4m, and the expenditure for 2017/18 is expected to be £13.6m to £13.9m, depending on council tax inflation. This is within the CTS budgeted expenditure range for 2017/18.

Conclusion / Recommendation

- 2.12 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.

- 2.13 The cost of the CTS scheme could still be subject to fluctuations taking into account the uncertainty regarding claimant numbers.
- 2.14 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

- 2.15 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.
- 2.16 This report recommends that the scheme is not revised or replaced.

Financial Implications

- 2.17 The local CTS funding is part of the Local Government Finance settlement and, as it is not ring fenced, 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.
- 2.18 For 2017/18, estimated expenditure is largely in line with budget provision of between £13.6m to £13.9m. 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

- 2.19 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. 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).

- 2.20 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

- 2.21 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: Sharon Davis	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 04 February 2016		
Name: Sarah Inverary	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 09 March 2016		

Ward Councillors notified:	NO
EqIA carried out:	No
EqIA cleared by:	N/A

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:

None

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

NOT APPLICABLE

[Call-in applies]

Appendix 1 - Current Scheme Rules/Parameters

Liability cap- (this is the percentage liability used in calculation of CTS) is:

- 86% for working age customers who fall into the vulnerable group (see below)
- 70% for all working age customers who do not fall into the vulnerable group
- 100% for all pensioners

- 30% taper- For every £1 that the customer receives over their applicable amount, they will have to put 30p towards the council tax bill
- £2 minimum weekly Council Tax support award-this means that anyone who is entitled to less than £2.00 in CTS will not receive any support
- No tariff income-this means that nothing is added to the weekly income if customer has capital over £6,000 (16,000 capital limit still applies)

Vulnerable group- a working age customer falls into the vulnerable group if

- A household with an applicant, a partner or a dependent child receiving
 - Disability Living Allowance (any component)
 - Employment Support Allowance (Support group),
 - Incapacity Benefit,
 - Mobility Supplement,
 - Severe Disablement Allowance,
 - Personal Independence Payment or Armed Forces Independence Payment (AFIP)
 - or has an invalid vehicle supplied by the National Health Service or gets Department of Work and Pensions payments for car running costs;
- or a disability banding reduction has been granted for the property;
- or the applicant or partner is registered blind ;
- or the applicant or partner receives a War Pension

Non dependant deductions (weekly reduction in CTS based on the income of other adult occupants of the household)- see table below;

Non Dep Deductions

Non Dep Income	Housing Benefit	CTS Pensioner	CTS Working age
○ Aged under 25 and on IS or JSA(IB) or ESA(IR) assessment phase	Nil	Nil	£3.30
○ Aged 25 or over and on IS/JSA(IB),	£14.55	Nil	£3.30
○ Aged 18 or over and not in remunerative work	£14.55	£3.74	£6.60
○ In receipt of main phase ESA(IR)	£14.55	Nil	£3.30
○ In receipt or ESA (C)	£14.55	£3.74	£3.30
○ In receipt of JSA (C)	£14.55	£3.74	£6.60
○ In receipt of Pension Credit	Nil	Nil	£3.30
○ gross income less than £129.00	£14.55	£3.74	£6.60
○ gross income not less than £129.00 but less than £189.00	£33.40	£3.74	£6.60
○ gross income not less than £189.00 but less than £246.00	£44.85	£7.52	£13.10
○ gross income not less than £246.00 but less than £328.00	£75.05	£7.52	£13.10
○ gross income not less than £328.00 but less than £408.00	£85.45	£9.49	£16.50
○ gross income not less than £408.00	£93.80	£11.36	£19.80