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**REPORT FOR: CABINET**

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**Date of Meeting:** 11 July 2019

**Subject:** Authority to consult on changes to the Council Tax Support (CTS) Scheme re 2020/21 Financial Year

**Key Decision:** Yes

**Responsible Officer:** Charlie Stewart,  
Corporate Director of Resources

**Portfolio Holder:** Adam Swersky, Portfolio Holder for Finance & Resources

**Exempt:** No

**Decision subject to Call-in:** Yes

**Wards affected:** All

**Enclosures:** None

## **Section 1 – Summary and Recommendations**

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 to revise or replace its localised Council Tax Support scheme on an annual basis and if it is proposed to revise or replace it, to consult on an amended draft scheme. It is proposed that the scheme is revised to ensure it remains fit for purpose as Universal Credit rolls out in Harrow. Legislation only permits the working age scheme to be amended by the local authority, so pensioners will not be affected.

This report sets out the reasoning for the proposal to revise the scheme and

asks Members for authority to consult.

### **Recommendations: That**

- The Corporate Director of Resources, following consultation with the relevant Portfolio Holder, is authorised to:
  - consult with the Greater London Authority on proposed changes to the scheme;
  - finalise the details and publish a draft scheme;
  - and consult with interested parties.
  
- A report to be submitted to Cabinet in the Autumn with the outcome of consultation and a recommendation to full Council in relation to any alternative scheme.

### **Reason: (For recommendations)**

The localised Council Tax Support (CTS) scheme was determined by Full Council and implemented on the 1/4/2013 after extensive consultation designed to ensure that residents within Harrow were given the opportunity to comment and help shape the final scheme provisions.

Universal Credit (UC) is now being rolled out in Harrow and this will be fully implemented locally for all working age claimants by 2023. Due to the roll out of UC, it is proposed to consult on revising the scheme in relation to working age claimants. If the Council Tax Support scheme is not changed as Universal Credit rolls out, there is a risk that it will reduce the number of people claiming Council Tax Support in the borough, become more complex for claimants to understand their entitlement due to the impact of frequent changes to their Universal Credit award, affect the council's ability to collect council tax and cost the council more to administer. Proposals are therefore being made to address these risks.

Leaving the scheme unchanged therefore increases the risk of detrimental impact to working age claimants and the council from the rollout of Universal Credit. Universal Credit also brings opportunities to improve the Council Tax Support scheme to make it more accessible to residents, easier to claim and less complex to understand.

Pensioners are legislated for by Ministry of Housing, Communities and Local Government under a prescribed national Council Tax Support scheme. The council is therefore not making any changes to the pensioner scheme. This report refers to working age claimants only.

## **Section 2 – Report**

### **Introductory paragraph**

2.1 Council Tax Benefit (CTB) was previously funded by Central Government via grant, with the Council being responsible for the administration of it alongside Housing Benefit (HB).

- 2.2 From April 2013, this system changed with the introduction of a locally determined system of council tax support (CTS). There is no longer a nationally governed CTB scheme, although certain aspects of the localised scheme are prescribed by regulations.
- 2.3 Pensioners (of state pensionable age) are still protected under these arrangements. CTS for them is still controlled nationally. This means CTS can still cover up to 100% of their Council Tax bill if the individual meets certain prescribed criteria.

## **Background**

- 2.4 Universal Credit recipients see frequent fluctuations to their entitlement. This in turn will result in changes to the level of Council Tax Support awarded under the current scheme, making it difficult for claimants to know how much Council Tax they are required to pay and to manage their finances effectively. Furthermore a high level of change to individual Council Tax Support claims can impact on the Council's ability to collect Council Tax as well as resulting in increased administration costs.
- 2.5 Historically Housing Benefit has been administered alongside Council Tax Support so retaining a scheme that was aligned to Housing Benefit made the administration of Council Tax Support simpler and cheaper for the council and residents. As housing costs for most working age residents is now transferring into Universal Credit, there is an opportunity to change the Council Tax Support scheme for example to address the impact of multiple changes to Universal Credit entitlement.
- 2.6 The consultation allows the council to consider other ways of simplifying the scheme, mitigating risk to rising administration costs as it is no longer aligned to Housing Benefit processing, and maximise use of information provided to the council by the Department for Work and Pensions (DWP) in respect to Universal Credit entitlement.
- 2.7 Since Universal Credit full service began to rollout in Harrow in July 2018, the council has seen a faster reduction in the Council Tax Support caseload than prior to Universal Credit rollout. This national trend is as a result of residents not submitting a claim to the council for Council Tax Support when they claim Universal Credit. Changing the Council Tax Support scheme gives an opportunity to address this reduction in claims and therefore increase take up for working age households who may be entitled.
- 2.8 Consulting now will provide Harrow with the opportunity to introduce a scheme that is fit for purpose whilst ensuring it is in place in good time before full migration to the DWP of all non pensioner housing benefit cases occurs by 2023.

- 2.9 As such, it is appropriate and necessary for Cabinet to allow a consultation to take place now to ensure Harrow has the flexibility to change the scheme if it chooses to do so for the financial year 2020/21.

### **Council Tax Support Scheme Review & Consultation**

- 2.10 Legislation requires the Council to consider annually whether the Council's CTS 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.
- 2.11 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 considers to be in financial need. The scheme took effect for the financial year commencing 1 April 2013.
- 2.12 However we are now faced with Universal Credit being rolled out in Harrow, and following review of the current Council Tax Support scheme it has been identified that if the scheme is not aligned to cater for this change then there is risk of detrimental impacts for residents and the council.
- 2.13 It is therefore appropriate that the views of the GLA are sought on options to revise the scheme and if appropriate, a draft scheme is published and subject to public consultation. This will allow the Council to consider the views of interested parties on the impact of any draft scheme and consider whether it addresses the issues identified by the introduction of UC.
- 2.14 Consulting now will provide full Council the option of adopting a revised scheme later on, benefitting from the input of current data as well as taking into account the feedback from a new public consultation.
- 2.15 If authorisation is granted, the Director of Resources will obtain sign off from both the Finance & Resources and Community Engagement & Accessibility Portfolio holders before consulting with the GLA and then subject to its views, will finalise the details of a draft scheme which meets the aims set out above, to allow this to be published for public consultation.

### **Scheme to be considered via Consultation**

- 2.16 A draft scheme will be developed to address the issues that the review of the Council Tax Support scheme has identified as occurring as a result of the rollout of Universal Credit. The current scheme has three groups defined within it:

1. Pensioners – who are not affected by these changes
2. Working Age Disabled and War Pension recipients (working age) – which consists of households where the customer, a partner or a dependent child is physically or mentally disabled and receives one of the following: Personal Independence Payments, Disability Living Allowance, Employment Support Allowance (Support group), Incapacity Benefit, Mobility Supplement, Severe Disablement Allowance; residents who are registered blind; residents for whom a disabled person's reduction has been awarded; or anyone who is working age and receiving War Disablement Pension or War Widows Pension.
3. All other working age – this group is for residents who do not fall into either of the above categories.

2.17 Any draft scheme to be consulted on will meet with the Government's wider policy objectives of work incentives and protect the vulnerable. The proposed consultation on potential schemes therefore takes into account the following principles:

- *Consideration to the Council's statutory duties and requirements to protect vulnerable residents; and*
- *Local schemes should support work incentives, and in particular avoid disincentives to move into work and;*
- *Local schemes must adhere to the nationally set prescribed requirements which include a pensioner scheme that the local authority cannot alter.*
- *The scheme should support the introduction of universal credit so that it's neither detrimental to our Residents or the Council.*

## **Consultation**

2.18 For any changes to be made to the Council Tax Support scheme, consultation will be required.

2.19 The process to create a revised scheme which aligns to Universal Credit will involve complex decisions and judgements to ensure any scheme expenditure remains static. The legislation requires consultation with the GLA, publication of a draft scheme, followed by consultation with interested parties.

2.20 The Council will therefore be consulting with existing recipients of support, the GLA, and other interested parties in the community

including key representative bodies, to ensure a revised scheme is designed to reduce complexity and align with UC.

- 2.21 The report seeks delegated authority for the Corporate Director of Resources, in consultation with the relevant portfolio holder, to determine the details of the consultation, based on the content of this report. It is anticipated that an 8 week consultation will take place commencing on 29<sup>th</sup> of July.

### **Legal Implications**

- 2.22 Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, 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 11<sup>th</sup> of March in the preceding year to the year which the changes are to apply. If the authority considers the scheme should be revised or replaced, the council must consult with the GLA, publish a draft scheme and then consult with such persons are likely to have an interest in the operation of that scheme prior to determining the scheme before 11<sup>th</sup> of March. This report recommends that authority to consult is granted. If any proposed revision to the scheme is to reduce or remove a reduction to which a class of person is entitled, the revision must include such transitional provision as the Council sees fit. The decision on whether to revise or replace a council tax support scheme is reserved to full council by virtue of s.67 of the 1992 Act.

### **Options considered**

- 2.23 The Council could decide not to propose any changes, however this is not recommended due to its incompatibility with UC, risking frequent changes in financial support and the anticipated increased administration costs. The changes to the scheme are not intended to make financial savings, except in relation to administration costs.

### **Financial Implications**

- 2.24 The consultation will be carried out within existing resources so there are no financial implications from the consultation.

The proposals to consult too change the scheme in this report are simply about technical changes. It is therefore anticipated that any new scheme, (to be put forward to a future Cabinet for approval), will have a neutral impact on CTS expenditure; the overall cost of the scheme remaining the same rather than making the scheme more or less generous overall.

### **Performance Issues**

- 2.25 At this stage there are no performance issues.

## Risk Management Implications

- 2.26 If the Council Tax Support scheme is not consulted on and the scheme remains unchanged, there is potential that the scheme will not remain fit for purpose as working age claimants transfer onto Universal Credit. The level of change that Universal Credit brings to some claimant's Council Tax Support entitlement will make it harder for people to understand how much Council Tax they need to pay. This in turn could impact on Council Tax collection and potentially increase administration costs for the council.
- 2.27 Furthermore there could be reductions in the number of working age residents accessing assistance from Council Tax Support even if they would be entitled. This is because claimants may not be aware that they need to submit a claim to the council. This affects low income households but also impacts on the ability of the council to collect Council Tax from households who should be charged a reduced rate but haven't claimed it.

## Equalities implications

- 2.28 A detailed Consultation Strategy will be developed for approval by the Community Engagement & Accessibility Portfolio Holder to ensure the consultation is inclusive and captures the views of all potentially impacted groups. This will inform the Equality Impact Assessment that will be carried out as part of the consultation process.

## Procurement Implications

- 2.29 There are no Procurement Implications from the actions proposed.

## Council Priorities

- 2.30 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 Daniels	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 25 June 2019		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 19 June 2019		

Name: Nimesh Patel



on behalf of the \*  
Head of Procurement

Date: 20 June 2019

Name: Charlie Stewart



Corporate Director

Date: 20 June 2019

**Ward Councillors notified:**

**NO**, as it impacts on all  
Wards

**EqIA carried out:**

**NO**

**EqIA cleared by:**

An EqIA is not required  
as report simply asks for  
authorisation to consult.

**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](mailto:fern.silverio@harrow.gov.uk)

**Background Papers:**

None

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

**NO**