

To: City Executive Board
Date: 20 December 2017
Report of: Executive Director Organisational Development & Corporate Services
Title of Report: Council Tax Reduction Scheme 2018/19

Summary and recommendations	
Purpose of report:	To consider the feedback from the recent consultation on the proposed changes to the Local Council Tax Support Scheme and to agree the principles of the new scheme to be drawn up for approval by Council on 29th January 2018
Key decision:	Yes
Executive Board Member:	Councillor Susan Brown, Customer and Corporate Services
Corporate Priority:	Meeting housing need, Efficient, effective council.
Policy Framework:	Financial Inclusion Strategy.
Recommendations: That the City Executive Board resolves to:	
<ol style="list-style-type: none"> 1. Note the outcome of the consultation on the proposed Council Tax Reduction Scheme. 2. Instruct the Executive Director Organisational Development & Corporate Services to draft the details of the new Council Tax Reduction Scheme for 2018/19, including provision for uprating the proposed income band scheme, and submit the new Local Council Tax Support Scheme to Council for approval at its meeting on the 29th January 2018; 3. Recommend Council to resolve to adopt the new Local Council Tax Reduction Scheme. 	

Appendices	
Appendix 1	Impact of proposed changes to the scheme
Appendix 2	Response to consultation
Appendix 3	Risk Register
Appendix 4	Initial Equalities Impact Assessment

Introduction and background

1. Councils are required to review their CTR scheme on an annual basis and determine whether to revise it or not. Since the introduction of the CTR scheme there have been many changes to the benefits regime. Therefore, it is appropriate for the Council to revisit its existing arrangements to ensure they are aligned with relevant benefit legislation. In addition, Universal Credit has started to be rolled out to all customer types in Oxford from October 2017. This presents an opportunity to develop a separate CTR scheme for those customers, which is aligned to the new benefit.
2. In order to change its scheme a council is required by law to:
 - Consult with the major precepting authorities
 - Consult with other persons it considers are likely to have an interest in the operation of the scheme

The Council Tax Reduction Scheme itself must be adopted by Full Council, it cannot be delegated to an Officer or Committee.
3. Local Schemes must take account of and support:
 - Work incentives and in particular avoid disincentives for those moving into work
 - The Council's duties to protect vulnerable people (under the Equality Act 2010, The Care Act 2014, Child Poverty Act 2010, The Housing Act 1996)
 - The Armed Forces Covenant

Proposed changes to scheme

4. At its meeting on the 18 July 2017, CEB agreed to consult on a new CTR Scheme for 2018/19. Public consultation was undertaken from 31 July 2017 to 24 September 2017. The views of the major preceptors, Oxfordshire County Council and The Thames Valley Police Commissioner have also been sought. Table 2 below, summarises the proposed changes set out in the consultation.

Table 1

Option No.	Description of change	Cost/Saving in £'s
1	Create an income band scheme for Universal Credit customers	£33,535
2	Remove second adult reduction provision	-£8,370
3	Limit backdating to one month	-£3,896
4	Introduce a minimum income floor for self-employed claims	Not known
5.	Reduce period where someone can claim whilst abroad	Not known
6	Remove family premium for new claims	-1,508
	Total	£19,761

5. For options four and five, the savings are not known. This is partly due to data not being held in our systems, and partly as these measures are likely to drive behaviour changes. The benefits system does not currently hold data on people who have absences of between four and thirteen weeks from the UK. This year, a maximum of 380 self-employed claimants could have been impacted by the minimum income floor. However, it is unlikely that all would have been affected as some may be in the first year

of operation (and so exempt from the floor), some would seek to expand their business and some would give up self-employment.

6. Five of the six options represent minor amendments to the existing scheme. Option One, the introduction of an income band is a more significant change and will change the amount of support people receive. The implications of the options are set out in full in Appendix One attached.
7. Modelling has been carried out based on customers' existing income and household composition which has been used to calculate their entitlement under Universal Credit. Table 2 below shows how the income band scheme will affect existing recipients. Although the overall impact of the scheme is to increase the support provided, some people will receive more support, and some will receive less. Typically those who are affected are at the margins of a band. However, those people at the bottom of a band, receiving less support, will have more scope to increase their income without having to pay any additional Council Tax.

Table 2.

Gain/Loss	No. of customers
Gain over £10 per wk	451
Gain between £5 and £10 per wk	472
Gain between £1 and £5 per wk	456
Change of less than £1 per wk	3,912
Loss of between £1 and £5 per wk	216
Loss of between £5 and £10 per wk	408
Loss over £10 per wk	299

8. The introduction of the new income band scheme will enable the introduction of a simpler assessment process, a reduction in the number of changes to Council Tax bills, and less customer contact, thereby resulting in efficiency savings as Universal Credit is fully rolled out. The parameters of a banded scheme could subsequently be amended to deliver further savings, or increase the amount of support provided. However, additional support would need to be considered in the context of the Council's overall budget position.

Summary of consultation

9. Appendix 2 provides details of the responses to the consultation on the proposed changes to the CTR scheme. Although only 18 responses were received, they included both people in receipt of CTR currently, and those who are not. As such a range of views and comments were received.
10. All the proposed changes were supported by a majority of respondents, although to differing degrees. For example, 94% agree or strongly agree to the reduction in the time someone can be out of the UK without losing their support (option 5). In contrast, 50% agree or strongly agree with removing the family premium (option 6), while 39% disagree or strongly disagree. It is therefore recommended that the Council's CTRS scheme is revised to incorporate all of the changes consulted on. These changes will only affect individuals when making a new claim or existing recipients who have a change in circumstances which affects their entitlement.

Implementation

11. There will be some administrative work required to implement the scheme and inform the public about the changes. This includes amending the functionality of the software used for administering CTR, designing a new application form, amending local processes, training staff and producing communications for customers. An expert in CTR legislation will be commissioned to draft the new scheme.

Financial Implications

12. Oxford City Council is one of only 37 Councils whose CTR scheme has maintained the same level of financial support as existed within the CTB scheme. Most Councils have reduced the cost of their schemes by providing a lower level of support. Oxford City Council's scheme will cost £1.2m for the current year, and from 2019 will cost a minimum of £1.8m. An increase in the number of CTR claims will increase this cost further.
13. The table below sets out the cost and caseload for the Council's CTR scheme since its introduction. The cost of the scheme is shared by Oxford City Council (16.3%), Oxfordshire County Council (74.3%) and Thames Valley Police (9.4%) in accordance with the proportion of Council Tax levied by each. The table shows that the gap between the net and gross cost to the Council is narrowing as government grant reduces.

14. Table 3

	2013/14	2014/15	2015/16	2016/17	2017/18
Cost of Pension Age	£3,567,670.00	£3,557,465.57	£3,326,141.95	£3,274,618.97	£3,344,383.31
Pension Age caseload	3,572	3,424	3,261	3,122	3,125
Cost of Working age (passported)	£4,325,799.47	£4,314,383.13	£3,900,289.58	£3,911,684.93	£4,003,114.83
Cost of Working age (non-passported)	£2,267,836.28	£2,171,003.49	£2,334,149.37	£2,445,567.77	£2,657,566.68
Working age caseload	6,434	6,121	5,963	5,841	5,853
Total cost	£10,171,311.75	£10,052,397.19	£9,569,804.90	£9,640,834.67	£10,014,042.82
Total Caseload	10,006	9,545	9,224	8,963	8,978
Gross Council cost	£1,712,631.22	£1,626,666.96	£1,575,328.94	£1,572,710.90	£1,626,327.03
Net Cost to Council	-£11,784.64	£193,395.98	£523,976.96	£875,604.26	£1,207,237.42

N.B. Passported cases are those whose main income is a welfare benefit such as Jobseekers Allowance, Income Support or Employment & Support Allowance. Such cases currently receive a 100% reduction on their Council Tax bill. Non-passported cases have another form of income, usually earnings from employment or self-employment.

15. The current cost of the CTR scheme has been factored into the Council's Medium Term Financial Plan, and so is budgeted for until 2021/22. However, due to the reduction in government grant, the Council will bear the full cost for its share of the scheme from 2019/20, and the cost of the scheme will increase year on year as a consequence of Council Tax increasing.
16. There is a cost to upgrade the Academy system in order to administer an income banded scheme. This includes a one off cost of £30,625 and annual maintenance of £6,125. Funding for the first year will be from grant provided by DCLG to support the administration of CTR. The cost of drafting the new scheme (£1,300) will also be met from this source.

17. As the County Council are the principal precepting authority, it is difficult for Oxford City Council to make significant savings in its cost of support, i.e. to save £1 an additional £6 must be raised.

Legal issues

18. In considering changes to the CTR scheme, the Council must take into account the provisions of The Council Tax Reduction Schemes (Prescribed Requirements) (England) 2012 and subsequent amendments.

Level of risk

19. A risk register is attached at Appendix Three.

Equalities impact

20. An Initial Equalities Impact Assessment is attached at Appendix Four

Report author	Paul Wilding
Job title	Revenues & Benefits Programme Manager
Service area or department	Welfare Reform Team
Telephone	01865 252461
e-mail	pwilding@oxford.gov.uk

Background Papers: None

This page is intentionally left blank