

**To:** City Executive Board  
**Date:** 13 June 2018  
**Report of:** Head of Financial Services  
**Title of Report:** Clarification of Council Tax Reduction Scheme

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To clarify the operation of the new Council Tax Reduction Scheme for recipients of Universal Credit
<b>Key decision:</b>	Yes
<b>Executive Board Member:</b>	Councillor Susan Brown, Leader Councillor Marie Tidball, Supporting Local Communities
<b>Corporate Priority:</b>	Meeting housing need, Efficient, effective council
<b>Policy Framework:</b>	Financial Inclusion Strategy
<b>Recommendations:</b> That the City Executive Board resolves to:	
<ol style="list-style-type: none"> <li>1. <b>Note</b> the clarification of the Council Tax Reduction Scheme;</li> <li>2. <b>Approve</b> a notice of clarification of the Council Tax Reduction Scheme to be published on the Council website; and</li> <li>3. <b>Instruct</b> the Head of Financial Services to ensure that all applications for Council Tax Reduction, for the financial year 2018/19, are calculated in accordance with the original intentions of Council.</li> </ol>	

<b>Appendices</b>	
Appendix 1	Notice of clarification of the Council Tax Reduction Scheme

## **Introduction and background**

1. On 29 January 2018, full Council adopted a new Council Tax Reduction Scheme. This had previously been agreed at a meeting of CEB on 19 December 2017. A recent review of the implementation of this scheme identified a drafting error in Schedule 6 of the Council's scheme which means that the intentions of CEB and Council are not being delivered. This report seeks to provide clarification of the CTR Scheme to ensure that these intentions are met.

## **Income Band Scheme**

2. One of the changes that have been made to the CTR scheme for 2018/19 is to introduce an income band scheme for recipients of Universal Credit. Schedule 6 of the Council's scheme makes provision for how the income band scheme applies to individual recipients. Appendix One of the December report to CEB clearly states how the appropriate income band should be determined. This states that the standard element of the Universal Credit award is the only element that should be taken into account when determining which income band applies. The financial modelling used to determine the income band levels was based on this approach. However the drafting of the definition of the Universal Credit award in Schedule 6 means that only the Housing Cost element of Universal Credit is disregarded, and not any of the other elements.
3. The impact of the existing wording of the CTR scheme means that some people in receipt of Universal Credit, who receive additional elements in their Universal Credit award, may be receiving less support with their Council Tax than Members intended. It was Members intention to disregard additional elements received in respect of children, caring and for people with limited capacity for work.
4. The modelling which was undertaken last year showed that in the new scheme some people would receive more support and some people would receive less support. However, the overall impact should be that there is a slight increase in the amount of support provided by the income band scheme.
5. Appendix One of this report contains the correct wording for the definition of the Universal Credit award, which will ensure Members intentions are delivered. All customers subject to the income band scheme have had recovery action suspended on their Council Tax accounts until this report is agreed by CEB. When that has happened any affected accounts can be corrected, and customers notified accordingly.
6. It is recommended that CEB notes this clarification, agrees to publish the note in Appendix One on the Council website and instructs the Head of Finance to ensure that all applications for Council Tax Reduction for 2018/19 are calculated in accordance with Member's original intentions.

## **Review of CTR Scheme**

7. The Council Tax Reduction Scheme will be subject to ongoing monitoring by officers throughout the year. It is intended to bring proposals for consultation on the 2019/20 scheme to CEB on 18 September 2018. Some changes to the scheme have resulted in a reduction in the support some people receive. Consultation proposals will focus on

understanding the impact of these changes, as well as considering any new changes that may be desirable.

8. In particular, representations by affected parties have been made to officers and Members in relation to the introduction of a minimum income floor for self-employed people. The floor was introduced to mirror the way self-employed people are treated in Universal Credit. Consultation for next year's scheme will seek to engage with this group. If anyone is facing hardship as a result of this measure, they can apply for a discretionary reduction in their Council Tax bill which is provided for by Section 13A of the Local Government Finance Act 1992. This is not awarded as a matter of course, as anyone applying for support needs to demonstrate that they are in genuine hardship. Details of this scheme are on the Council website:  
[https://www.oxford.gov.uk/info/20036/discounts\\_and\\_exemptions/936/council\\_tax\\_discretionary\\_discount](https://www.oxford.gov.uk/info/20036/discounts_and_exemptions/936/council_tax_discretionary_discount)

### **Financial implications**

9. There are no new financial implications for the cost of the CTR Scheme, as this report seeks to provide clarification of the scheme and ensure that the financial implications raised in the report to CEB on 19 December 2017, are realised.
10. Where discretionary support is provided under Section 13A of the Local Government Finance Act 1992, the Council bears 100% of this cost, compared to only 16% of the cost for support provided in the CTR Scheme. This is because the cost of the CTR scheme is shared among the major preceptors in proportion to their precept.
11. Any customer who has received less support with their Council Tax than intended, and has made a payment towards their Council Tax bill this year, will have any excess amount refunded or reduced from their ongoing liability.

### **Legal issues**

12. There are no legal implications arising from this report.

### **Level of risk**

13. There are no new risks arising from this report. A risk register was included in the Council Tax Reduction Scheme report to CEB on 19 December 2017.

### **Equalities impact**

14. An initial equalities impact assessment was carried out and submitted with the report Council Tax Reduction Scheme report to CEB on 19 December 2017.

<b>Report author</b>	Paul Wilding
Job title	Revenues & Benefits Programme Manager
Service area or department	Welfare Reform Team
Telephone	01865 252461
e-mail	<a href="mailto:pwilding@oxford.gov.uk">pwilding@oxford.gov.uk</a>

This page is intentionally left blank