

Report title	Local Council Tax Support Scheme	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Claire Nye, Director of Finance	
Originating service	Revenues and Benefits	
Accountable employee	Sue Martin Tel Email	Head of Revenues and Benefits 01902 554772 Sue.martin@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	26 June 2018

Recommendations for decision:

The Cabinet is recommended to:

1. Approve the publication of a draft local council tax support scheme for consultation, for 2019-2020 onwards, containing the following revisions:
 - a. A minimum change rule where changes in weekly entitlement of £3 or less are not applied.
 - b. Financial and household information used to assess entitlement to Universal Credit to be used to determine council tax support entitlement.
 - c. The notification of an award of specified benefits to count as a claim for council tax support.
2. Delegate authority to the Cabinet Member for Resources, in consultation with the Head of Revenues and Benefits, to approve the documents to be issued for consultation.

Recommendation for noting:

The Cabinet is recommended to:

1. Note that following the outcome of consultation a further report will be submitted to Cabinet on 23 January 2019 to enable a final scheme to be recommended to Council on 6 March 2019.

1.0 Purpose

- 1.1 This report is presented to Cabinet in order to seek the approval of changes to the Council's local scheme for council tax support; having considered options that could be incorporated.
- 1.2 Any changes to the scheme will be subject to public consultation prior to adoption by full Council. At this stage therefore, Cabinet is only asked to agree a draft revised scheme.

2.0 Background

- 2.1 In April 2013 the Council implemented its own local scheme to replace Council Tax Benefit. Government continues to set the rules for pensioners and so the local scheme applies only to working age households.
- 2.2 From December 2017 the housing benefit scheme closed for most new claims. Support with housing costs is now provided through Universal Credit, administered by the Department for Work and Pensions. The Council continues to provide assistance with council tax through its local scheme.
- 2.3 The number of housing benefit claims administered by the Council will decrease as people transfer to Universal Credit. Consequently, the amount of grant provided by Government to administer housing benefit will also decrease from 2019-2020 onwards.
- 2.4 The proposals in this report aim to address some of the expected impacts of the roll-out of Universal Credit on the administration of the local council tax support scheme.

3.0 Impact of Universal Credit

- 3.1 Based on national figures, the number of working age families receiving housing benefit is likely to decrease by 25% over the next 12 months as they move to universal credit with a corresponding decrease in government administration grant expected in 2019-2020.
- 3.2 It is not yet clear when the roll-out of Universal Credit will be completed however, based on recent announcements, it is unlikely to be before 2023. Data modelling suggests that in the future almost all working age recipients of council tax support will also be receiving Universal Credit.
- 3.3 Universal Credit entitlement is recalculated and could potentially change every month. If we do nothing, there would be a significant increase in workload from recalculating council tax support every time universal credit changes.
- 3.4 Each notification of Universal Credit entitlement includes details of the income and household circumstances used in the calculation. The data contains a breakdown of pensions, earnings and benefits and a summary figure for 'other income'. The current council tax support scheme requires the 'other income' figure to be disaggregated, meaning additional information has to be collected from customers.

- 3.5 Every change in income or circumstance of any member of the household triggers a reassessment of council tax support, regardless of whether it leads to a change in entitlement. Any change in entitlement, regardless of how small, triggers a revised council tax bill and potentially resetting of recovery action.
- 3.6 An option to address the scheme overheads in response to the impact of Universal Credit would be to introduce a minimum change rule. In this situation, all changes would continue to be applied to the claim, but only those that change the entitlement, up or down, by predefined tolerances would result in a change to the amount payable.
- 3.7 In addition, using the income data supplied with the Universal Credit notification would eliminate the need to make additional requests for information from customers.

4.0 Evaluation of alternative options

4.1 Three options have been considered and are summarised below:

Advantages	Disadvantages
Option 1 – do nothing	
On line claims process captures what is needed for assessment	Anticipated increase in administrative cost as universal credit caseload increases
Comparability with pensioner scheme, staff don't have to operate two sets of rules	Impact on recovery if council tax support award changes and action resets
Annual uprating follows rules for pensioner scheme and housing benefit	Complexity of scheme – difficult for customers to understand
Eligibility tapered based on every £1 of income – gradual withdrawal of support	High volume of information and evidence needed for assessment
Cost of scheme can be varied relatively simply through the maximum liability percentage.	Every change must be notified by customer
No software changes needed	
Option 2 – introduce a minimum change rule and use income data from Universal Credit calculation	
Retains existing scheme rules so as option 1 plus -	Nothing done to simplify scheme rules
Can be combined with new technology to reduce administration costs	
Eliminates revised billing for small changes	
Eliminates the need for additional information to be collected where Universal Credit is in payment	

Option 3 – develop a simplified scheme	
Can be designed to align with universal credit	Not enough information about the relationship with Universal Credit to design a new scheme with sufficient confidence about which groups might be better or worse off.
Simpler for customers to understand	Can create 'cliff edges' between bands
Less information needed for assessment therefore potential for reduced administration costs	
Customers need only report changes that move them to a different income band	

- 4.2 For the reasons set out above, option 2 is recommended and Cabinet is asked for permission to consult on amending the scheme by
- a. introducing a minimum change rule based on a de-minimis value of a £3 change in weekly entitlement
 - b. using the income and household data contained in the Universal Credit notification to calculate council tax support entitlement.
 - c. Simplifying the claim process by using notification of an award of Income Support, Jobseeker's Allowance (income-based), Employment and Support Allowance (income-related) or Universal Credit as a claim for council tax support.

5.0 Reasons for decisions

- 5.1 At this stage Cabinet is only being asked to agree a draft revision to the council tax support scheme that will be subject to public consultation.
- 5.2 The proposed revisions aim to reduce the administrative costs of the scheme without making major changes to the level of award under the scheme.
- 5.3 Responses to the consultation will help refine the final scheme that Council will be asked to approve.

6.0 Consultation

- 6.1 The Council has a duty to consult on any revisions to its local council tax support scheme which would reduce entitlement to support for any class of person, and to take account of the outcomes in making a final decision.
- 6.2 The Local Government Finance Act 2012 requires the Council to do the following in the order set out:
 - a. consult any major precepting authority which has power to issue a precept to it,

- b. publish a draft scheme in such manner as it thinks fit, and
- c. consult such other persons as it considers are likely to have an interest in the operation of the scheme

6.3 The requirement to consult as laid down in the Local Government Finance Act 2012 states that consultation must be carried out on the basis of a published draft scheme which incorporates the proposed changes.

6.4 A plan is currently being prepared that anticipates consultation running from late summer.

7.0 Financial implications

7.1 It is anticipated that government administration subsidy for housing benefit will reduce by up to £300,000 in 2019-2020. If option 2 is implemented, it is envisaged that the cost of administering the scheme will reduce. Whilst the cost of reduced administration cannot be forecast precisely at this time, it is hoped that it should go some way towards offsetting the reduction in government administration subsidy in 2019-2020.

[MH/29062018/P]

8.0 Legal implications

8.1 There are no legal implications at this stage however should a decision to revise the scheme be taken in the future then the Local Government Finance Act sets out requirements for consultation and decision making.

[RB/18062018/N]

9.0 Equalities implications

9.1 The proposals and outcome of the consultation will be subject to a full equality analysis.

10.0 Environmental implications

10.1 There are no environmental implications arising from this report.

11.0 Human resources implications

11.1 There are no human resources implications arising from this report.

12.0 Corporate landlord implications

12.1 There are no corporate landlord implications arising from this report.