



Clr Southwood
Lead Member for Housing and Welfare Reform

Report from the Head of Customer Services Operations

Public Consultation on new Council Tax Support scheme for 2020/21

Wards Affected:	All
Key or Non-Key Decision:	Non-key Decision
No. of Appendices:	Appendix A – Principles governing new CTS scheme design, with pros and cons Appendix B – Proposed new CTS scheme Appendix C – Draft Communications plan Appendix D – Draft consultation documentation for text and questionnaire
Background Papers:	None
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1.0 Summary

- 1.1 Over recent months, the Council's Local Council Tax Support¹ (CTS) scheme has been reviewed and a new draft scheme developed, intended to take effect from 1 April 2020. The proposed change requires a public consultation.
- 1.2 This report summarises the proposed scheme to be put forward for public and stakeholder consultation between July and October 2019, and seeks Lead Member approval for the consultation to proceed.
- 1.3 The proposed scheme has two key elements:
- (1) a banded discount element based on the claimant's net earned income (with DWP benefits disregarded); and
- (2) revised charges for other adults (non-dependants) living in the claimant's property (particularly those non-dependants with significant earnings).
- 1.4 The proposed scheme also contains a number of other features and rules which are outlined in this report and its appendices.

¹ In legislation, the scheme is referred to as a Council Tax Reduction Scheme (CTRS). Council Tax Support (CTS) is the name given to Brent's current local scheme.

2.0 Recommendation

2.1 Lead Member to approve the consultation on the proposed Council Tax Support scheme as detailed in this report.

3.0 Detail

Background and drivers for review

3.1 There are a number of factors driving the proposal to review the CTS scheme for 2020/21:

- To design a scheme which is fit for future needs (in particular how residents in receipt of Universal Credit (UC) are treated)
- To address any elements of the current scheme which are unsustainable or undesirable in the long-term (primarily these relate to the assessment of claimants on UC and the criteria for exemption)
- To streamline administrative processes, and reduce complexity for claimants

Proposed scheme design

3.2 In order to apply a structured approach to the scheme review, 12 key principles were established against which to underpin and evaluate any proposed scheme against. These are listed in Appendix A (along with an evaluation of the proposed scheme against each of the principles).

3.3 The key feature of the revised scheme is the replacement of individual means tests to a discount award based on banded income levels, which are proposed in the draft scheme as follows:

Table 1: Proposed banded discount scheme

Weekly income²	CTS award (% of net liability)
£0 - £80	100%
£81 - £110	80%
£111- £150	50%
£151 - £250	30%

3.4 It will be seen that the highest level of discount is 100%, compared to 80% for most claimants (and 100% for exempt / protected claimants), under the current scheme.

² DWP benefits will be disregarded

3.5 The other key element of the proposed scheme is the simplification of non-dependant charges (reductions from a claimant’s maximum potential entitlement based on the status of other adults living in the household). There are currently five bands of non-dependant charges which are proposed to reduce to three, as shown below:

Table 2: Current and proposed non-dependant charges

Working Age – Non Dependant Weekly Income	Current deduction for CTS per week	Proposed deduction per week
Non Dep aged 18 or over – IS, ESA(IR)	Nil	£4.00
Non Dep aged 18 or over – Not Working	£6.60	
Non Dep aged 18 or over – JSA(IB), UC	£6.60	£8.00
Earning £0.00 - £182.99	£6.60	
Earning £183.00 - £315.99	£13.10	
Earning £316.00 - £393.99	£16.50	
Earning £394.00+	£19.80	£20.00

3.6 There are also a significant number of households where no charge is currently made because the *claimant* is exempt, regardless of the income of the non-dependant. With the removal of the exempt category, these non-dependants will also be charged in line with the proposed amounts above.

3.7 The main implications of these changes for claimants and non-dependants are shown in paragraph 4.1.

3.8 Other key features of the scheme which should be noted include: -

- All earnings from the claimant and any partner’s remunerative work is included in the calculation of the claimant’s CTS entitlement (see below for calculation).
- All income from DWP benefits is ignored for the purpose of the CTS calculation.
- Any capital or savings held by the claimant or partner will be disregarded if it totals less than £6000. Claimants and partners with more than £6000 capital will not be entitled to CTS.
- Claimants will only be required to provide evidence of their earned income, and in many cases not even this, as earnings and capital information will be taken from their Universal Credit claim where possible.
- The UC claim date will be accepted as the date of claim for CTS, and / or claims will automatically be backdated to an earlier date within the same financial year if the claimant’s circumstances have not changed between the earlier date and the date of

making their claim, to avoid claimants missing out on entitlement due to ignorance of the need to claim CTS separately from UC.

- Claimants will only be required to inform the Council of changes to their income or the occupants of the household
- Retrospective changes in circumstances will result in a debit or credit to the claimant's CTAX account in all circumstances, thereby increasing or reducing the amount of Council Tax due.
- There will be scope for discretionary awards to be made under s13A of the Local Government Finance Act 1992

3.9 As will be appreciated, the proposed changes will result in the claiming process being considerably simplified, hopefully providing increased understanding of the scheme for claimants.

3.10 A full summary of the proposed scheme is provided in Appendix B. This document will be made available on the Council's website as part of the public consultation.

4.0 Impacts on claimants and non-dependants

4.1 Below is a summary of the main impacts of the proposed scheme.

- Generally, claimants with larger incomes still receive less entitlement and will be expected to pay more Council Tax than those on lower incomes
- However, currently exempt claimants will retain their 100% discount under the new scheme (subject to any non-dependant charges)
- Also, "passported" claimants (IS, JSA etc) currently receiving 80% will now receive 100% (subject to any non-dependant charges)
- Most working claimants have marginal increases or decreases (subject to any non-dependant charges)
- The net effects of discounts increasing from 80% to 100%, coupled with higher non-dependant charges, leave a net marginal impact in many cases
- Lowest non-dependant charges are now £4.00 pw and the highest £20.00 (currently zero / £6.60 and £19.80 respectively)

5.0 Consultation

5.1 The Council is required to consult with the GLA over its proposed scheme; to publish its draft scheme; and to conduct a public consultation.

5.2 Best practice advises that a 12-week consultation is preferable, especially given the scale of the planned changes, and this is proposed to be held between 19 July and 10 October. Planned consultation activities include:-

- Questionnaire on Council website promoted via email / SMS messages, including when residents claim benefit or have a change of circumstances

- Stakeholder forums to obtain feedback and input from voluntary sector and community organisations, and faith groups
- Social media
- Use of Brent Connects and other established forums
- Brent Magazine and other targeted publicity

5.3 The questionnaire will broadly seek resident and stakeholder feedback in three areas, namely:-

1. Whether the key principles guiding the scheme are the right ones
2. Whether the proposed scheme meets the key principles
3. Any other comments (freeform responses)

5.4 There will also need to be an explanation during the consultation process as to why the Council has decided not to continue with the current CTS arrangements for 2020/21.

5.5 Appendix C contains the draft communications plan. Appendix D contains the draft text and questionnaire which will form the consultation via the Council's website.

6.0 Financial Implications

6.1 It has been agreed via CMT and PCG that the scheme change should be cost-neutral in overall expenditure.

7.0 Legal Implications

Consultation

7.1 The Local Government Finance Act 2012 states that the Council must consult with the GLA, which is a precepting authority, when amending a Council Tax Reduction Scheme and that thereafter, the Council must publish a draft amended Council Tax Reduction Scheme and then consult with other such persons who are likely to have an interest in the operation of such a scheme.

7.2 The four basic requirements of consultation are set out in the case of *R v Brent LBC ex parte Gunning (1986) 84 LGR 168*:

- (i) consultation must be at a time when proposals are at a formative stage;
- (ii) the proposer must give sufficient reasons for any proposal to permit intelligent consideration and response;
- (iii) adequate time must be given for consideration and response;
- (iv) the product of consultation must be taken conscientiously taken into account in finalising any proposals.

7.3 The decision to confirm the commencement and details of the consultation process has to be made by the Lead Member in consultation with the Leader pursuant to clause 13 of Part 3 of the Council's Constitution and such a decision can take place after consideration by PCG.

- 7.4 In the 2014 Supreme Court case of *R (on the application of Moseley) v London Borough of Haringey*, the Court confirmed in its judgment that the demands of fairness in the consultation process are likely to be greater when an authority proposes to deprive someone of an existing benefit than when considering a potential future benefit and that fairness may require that interested persons should be consulted not only on the preferred option but also on discarded options. In that specific case, the Supreme Court ruled that Haringey Council's consultation process regarding its Council Tax Reduction scheme was unlawful as it failed to outline alternative options and methods of dealing with the shortfall and cuts to funding.

8.0 Diversity Implications

- 9.1 The draft Council Tax Support scheme is being reviewed for its effect on groups with protected characteristics under the Equality Act, and a detailed draft Equalities Assessment produced and presented as part of the public consultation documentation.