



Cabinet
15 October 2017

**Report from the Strategic Director
of Resources**

Review of Local Council Tax Support Scheme for 2019/20

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	One
Background Papers:	One: <ul style="list-style-type: none"> Overview of the current Brent Council CTS Scheme
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1.0 Purpose of report

- 1.1 Since April 2013 all Councils in England and Wales are required to operate a local Council Tax Reduction Scheme. These local schemes replace the former national Council Tax Benefit (CTB) scheme.
- 1.2 Brent introduced its current scheme ("Council Tax Support") in 2013 and it has remained in place with only minor changes since then. Councils are required to review and confirm or change their scheme each year. This report covers the review of the Brent scheme for 2019/20.

2.0 Recommendations

- 2.1 To agree that Brent's Council Tax Support ("CTS") scheme should remain unchanged in 2019/20.
- 2.2 To note the factors which will be relevant for consideration regarding the future of the local scheme beyond 2019/20.

3.0 Detail

- 3.1 CTS is a local scheme providing eligible Council Tax Payers with support by way of a reduction to their Council Tax bill dependent upon their income and circumstances. The current Brent scheme became effective from 1 April 2013 and has remained broadly unchanged with minor amendments since then.
- 3.2 Unlike the former national CTB scheme that was fully funded by the Department of Work and Pensions (DWP), the local CTS scheme, whilst demand-led, is funded by a fixed amount that is “rolled up” within the Council’s revenue support grant allocation and therefore not separately identifiable.
- 3.3 The Council has a statutory duty to provide a local CTS Scheme for working-age claimants within its area. Pension Credit-age claimants are subject to statutory provisions determined on a national basis that must be incorporated within each authority’s local scheme. The authority’s scheme must be reviewed each year and any revisions to the scheme made by Full Council by 11 March of the year preceding that in which the revisions will be made. The scheme cannot be changed mid-financial year. A decision to leave the scheme unchanged can be made by Cabinet.
- 3.4 A fundamental review of the current Brent scheme was undertaken in 2015, and concluded that in terms of legal, financial and equitable robustness, the current scheme can be considered as a success. There have been no legal challenges brought against the scheme, and no unforeseen impact was identified. There was no perceived appetite for radical change or a departure from the main principles governing the scheme at that time or since.

4.0 CTS scheme 2019/20

- 4.1 Many of the arguments for retaining the scheme when it was reviewed in 2015 and in subsequent years are still applicable for 2019/20; in addition, the introduction of Universal Credit (UC) is not expected to impact on CTS expenditure to a significant degree during 2019/20.
- 4.2 It is also desirable - both for residents and administratively - to take advantage of the current scheme’s structural similarity to the Housing Benefit (HB) scheme (which means that claimants can claim HB and CTS jointly at the same time), for as long as possible, and this advantage will continue to exist during 2019/20. However it should be noted that as more of the working-age caseload moves onto UC, in 2020/21 and beyond, this advantage will be lost as claimants will be required to claim UC from the DWP and CTS from the Council.
- 4.3 There are two key factors concerning the current scheme which need to be considered when contemplating any review of the scheme:-
 - 4.3.1 Under the current scheme, any claimants in receipt of UC gain a “maximum” (i.e. in most cases 80%) rebate regardless of whether they are unemployed or in work. For unemployed claimants this is no different to their treatment under UC’s legacy benefits (e.g. Job Seekers Allowance, Income Support, etc.), but it does treat working claimants slightly more generously if they are in receipt of UC rather than Working Tax Credit (as the latter would currently be subject to a means-test).

4.3.2 This difference is currently marginal in terms of impact on the individual, and on the overall cost of the scheme, and this will remain the case in 2019/20. However beyond this, as more claimants move onto UC, this aspect of the Brent scheme will increase CTS expenditure.

4.3.3 Secondly, Brent's scheme has frozen its applicable amounts, premiums and allowances at 2012/13 rates and therefore there is no inflationary uplift in the scheme each year. This does not affect any claimant receiving "maximum" rebate (either 80% or 100% of liability), but claimants subject to the means-test will not have an increase in their needs allowance, so if their other income increases, they see a small reduction in their CTS. It should be noted that almost all national benefit rates have been frozen since 2015/16 also.

4.4 Both of these factors are currently considered marginal in comparison to the potential effects of other factors faced by claimants (e.g. the impacts of UC and other welfare reforms), and the potential cost involved in changing the scheme, to say nothing of the risk of opening up the scheme as a whole to challenge from external organisations and pressure groups.

4.5 It is therefore proposed to retain the existing scheme for 2019/20.

5.0 CTS scheme 2020/21 and beyond

5.1 In due course, there will be a number of factors for consideration concerning Brent's scheme in 2020/21 and beyond. These include:-

5.1.1 The aforementioned built-in increase in CTS expenditure due to the treatment of working UC claimants (currently 7,336 claimants out of the total 27,631): this is expected to incur an additional annual cost of approximately £1.5M by 2022/23 if all working age claimants have moved onto UC by then as predicted by DWP (other factors remaining equal).

5.1.2 Based on the DWP's current proposed UC rollout, in which Brent goes live (for most new claims and certain changes in circumstances) from November 2018, it is estimated that this will have a significant impact on CTS expenditure from 2020 onwards, and thus provides one impetus for reviewing and potentially revising the scheme for the 2020/21 financial year.

5.1.3 In addition, as more working age claimants move onto UC, there will be less of an argument to retain a CTS scheme which so closely resembles the HB scheme. The ability to claim both CTS and HB together will disappear for working-age claimants (except those in Temporary Accommodation, who are currently excluded from UC). Equally the administrative benefits of processing HB and CTS jointly will reduce (for working-age claimants, although pensioner HB / CTS claims will remain).

5.1.4 Further, the current Revenues contract with Capita ends on 30 April 2019 and the service is being brought back to in-house provision. Although the two functions are not co-dependant, once the service has been safely brought back, it may be sensible to review the CTS scheme composition

and its delivery bearing in mind decisions taken regarding the administration of future Council Tax collection.

5.2 In order to devise and implement a new scheme whilst minimising risk, an 18-month lead-in time is recommended, and it is therefore proposed to review potential options for a revised scheme in 2019/20, over the period November 2018 to May 2019.

5.3 It should also be noted that whenever the scheme is changed, a public consultation of up to 12 weeks will be necessary during the preceding year. If necessary this will be undertaken during summer 2019.

6.0 Financial Implications

6.1 The current CTS scheme has expenditure of £25m per annum. The (partial) introduction of UC in November 2018 will tend to increase some CTS awards, as set out in section 4, although it is difficult to predict this with complete accuracy and it is any case not expected to be any more significant in 2019/20 than other variables affecting caseload which arise from local and national factors.

7.0 Legal Implications

7.1 The Local Government Finance Act 2012 requires that for each financial year, the Council must consider whether to revise its Council Tax Support scheme or replace it with another scheme and that such decisions need to be made by 11 March in the financial year preceding that for which the revision or replacement scheme is to take effect. Only Full Council has the power to make or amend a Council Tax Support Scheme as set out in section 67(2)(a)(aa) of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012). However, as this report's recommendations propose the retention of the existing scheme for 2019/20, this matter can be considered by Cabinet.

7.2 The default position is that if the CTS scheme is not revised or changed by Full Council by 11 March 2019, the CTS scheme for 2019/20 will be the same as the current CTS scheme in 2018/19 subject to any amendments to prescribed rates (e.g. for persons of pension credit age) that are made by central Government.

7.3 In addition to the Public Sector Equality Duty, which is discussed below, the Department for Communities and Local Government has advised that the following should also be taken into account when setting up a Council Tax Reduction Scheme:

- Child Poverty Duty under the Child Poverty Act 2010;
- Homelessness Act 2002;
- Armed Forces Covenant;
- Chronically Sick and Disabled Persons Act 1970,
- Disabled Persons (Services, Consultation and Representation) Act 1986; and
- The Children Acts 1989 and 2004.

7.4 The above-mentioned legislation was referred to and considered in the report to Full Council on 10th December 2012 when Full Council decided to make and approve the proposed local Council Tax Support scheme for 2013/14 and when Full Council amended the scheme for 2014/15 and 2015/16. The CTS Scheme was not changed for the 2016/17, 2017/18 and 2018/19 financial years. As it is

proposed that the scheme will not be changed for 2019/20, the legal implications regarding the above-mentioned legislation as set out in the report to the Full Council meeting of 10th December 2012 will not be repeated in this report.

7.5 Public Sector Equality Duty

7.4.1 The public sector equality duty, as set out in section 149 of the 2010 Equality Act, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics covered by the Equality Duty are as follows:

7.4.2 Age, disability, gender reassignment, marriage and civil partnership (but only in respect of eliminating unlawful discrimination), pregnancy and maternity, race (including ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex and sexual orientation.

7.4.3 There is no prescribed manner in which the equality duty must be exercised, though producing an Equality Impact Assessment is the most usual method through which a Local Authority can demonstrate that due regard has been paid to the PSED, in case of a legal challenge.

8.0 **Equality Implications**

8.1 A decision to retain the current CTS scheme in 2019/20 would have no adverse implications on claimants. A small number of claimants would be slightly better off due to the treatment of UC under the current CTS scheme. The recipients of this advantage are likely to be spread across the caseload proportionately to the representation of protected characteristics within Brent’s demographic. Any future changes to the CTS scheme will be subject to a full Equality Impact Assessment.

9.0 **Consultation with Ward Members and Stakeholders**

9.1 This is not necessary in regards to the scheme for 2019/20 for which no changes are proposed. Any proposed future changes to the scheme will be subject to full consultation with the public as well as Members and other stakeholders.

10.0 **Human Resources/Property Implications (if appropriate)**

10.1 None in respect of the decision to retain the current scheme into 2019/20. However there will be a requirement to identify and allocate resources to any future scheme review and these will be determined at the relevant time as appropriate.

Report sign off:

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