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| Report for: | BUCKINGHAMSHIRE SHADOW EXECUTIVE |
| Meeting Date: | 29 October 2019 |

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| Title of Report | Harmonisation of Council Tax Reduction Schemes |
| Shadow Portfolio Holder | Councillor Katrina Wood |
| Responsible Officer | Richard Ambrose – interim s151 Officer |
| Officer Contact | Andy Green-01494 421001; andy.green@wycombe.gov.uk |
| Recommendations | That the Council Tax Reduction scheme, as proposed at the Shadow Executive on 23rd July 2019, is adopted as the new scheme for Buckinghamshire Council commencing 1st April 2020. |
| Corporate Implications | Financial implications are included in the report. |
| Options (If any) | Six options have been previously considered as outlined in the report to the Shadow Executive on 23 rd July 2019. |
| Reason (Executive only) | The scheme as recommended is believed to be as the best fit that balances costs and minimal impact on claimants in line with the defined Principles. |

1. Purpose of Report

- 1.1 The purpose of this report is to review the proposed Council Tax Reduction Scheme (CTRS), taking into consideration customer feedback as a result of public consultation.

2. Executive Summary

- 2.1 A harmonised Local Council Tax Reduction scheme was proposed by Shadow Executive in July 2019. Before a local scheme is set Local Authorities are required to consult with its residents. This report summarises the results of the customer feedback, reviews the financial impact of the proposed scheme in line with current CTRS caseloads and recommends that the proposed CTRS scheme is confirmed as the new scheme for Buckinghamshire Council from 1st April 2020.

3. Content of report

- 3.1 Council Tax payers who are on low income can apply for a local Council Tax Reduction to help them with their Council Tax. Entitlement to CTR is based on the circumstances and

income of the claimant's household. Billing Authorities are required to determine the CTRS that operates within their area for working age claimants.

3.2 Currently each of the four Districts has their own CTRS scheme. Whilst these are broadly similar, there are technical differences that need to be changed in order to achieve a single harmonised scheme for Buckinghamshire Council. These changes do not affect pensioners who are protected from changes to Local CTRS schemes in Legislation

3.3 **Principles**

The following principles have been used to arrive at the proposed scheme:

- The same scheme will apply to all working age residents in Buckinghamshire;
- The scheme will be developed by harmonising current schemes i.e. including features that apply to the majority of the current districts where possible;
- The aim is to deliver a scheme that is broadly cost neutral;
- The scheme can be administered using the current Revenues systems;
- The scheme will offer protection to residents classified as vulnerable in the context of the scheme.
- Council Tax payers will be required to make a contribution to their Council Tax (unless they are in a protected group).
- The proposed scheme aims to minimise negative impacts on customers whilst recognising there will be some changes.

3.4 The recommended scheme meets these principles

4. Financial implications

4.1 The aim of the harmonised scheme is to be broadly cost neutral when considered in conjunction with other Revenues and Benefits policies (Discretionary Rate Relief and Council Tax Premiums and Discounts). Based on current estimates cost neutrality is achieved with the proposed CTRS scheme.

4.2 CTRS caseloads fluctuate throughout the year as claimants' entitlement changes due to fluctuations in household income. For this reason the estimated expenditure has been remodelled based on up to date caseload data. The tables below shows a breakdown of the estimated current & modelled CTR scheme awards across Buckinghamshire

| Estimated cost of schemes in 2019/20 | | | | |
|---|---------------|---------------------|-------------------------|-------------------|
| | Caseload | Current Expenditure | Plus Discretionary Fund | Total expenditure |
| AVDC | 7,978 | 8,291,777 | 200,000 | 8,491,777 |
| CDC | 3,917 | 3,749,991 | 50,000 | 3,799,991 |
| SBDC | 2,558 | 2,908,966 | 15,000 | 2,923,966 |
| WDC | 7,845 | 8,278,000 | 50,000 | 8,328,000 |
| Total | 22,298 | 23,228,734 | 315,000 | 23,543,734 |

| | Proposed scheme |
|--------------------|------------------------|
| AVDC | 8,708,531 |
| CDC | 3,893,788 |
| SBDC | 2,909,000 |
| WDC | 8,539,139 |
| Total | 24,050,458 |
| Discretionary fund | 305,000 |
| Total | 24,355,458 |
| £ increase | 811,724 |
| % change | 3.4 |

Constraints of financial modelling

- 4.3 It is important that some of the limitations of the modelling are taking into account when considering the proposed options. The cost of the scheme quoted is indicative and can be affected by a number of issues:
- The Districts do not currently use the same software and the modelling software across systems does not calculate in the same way. The system used by Aylesbury and Wycombe forecasts likely future changes to claimants' Council Tax Reduction. The Chiltern and South Bucks software models are based on today's values.
 - Figures are based on current caseload. Future demand cannot be predicted;
 - Future applications from claimants that do not currently qualify for relief are not included in these figures as it is not possible to calculate who might apply in the future. For example, in South Bucks and Wycombe there may be new claimants who may qualify in the future because the Capital limit has increased.
- 4.4 The existing Districts currently use 3 different software systems to administer Revenues and Benefits. Plans are being drawn up to merge these systems into a single system over the next 2 to 3 years.

5. Legal implications

- 5.1 Customer consultation is a legal requirement for the Council Tax Reduction Scheme setting process.

6. Other Key Risks

- 6.1 None

7. Dependencies

- 7.1 None



8. Consultation

8.1 The consultation results are attached at Appendix 1.

8.2 In summary 136 responses were received. Feedback was sought on each of the proposals with the majority of respondents supporting all of the proposals, summarised as follows:

| Summary of survey questions | Agree | Disagree | Neither agree or disagree | Proposal supported |
|--|-------|----------|---------------------------|--------------------|
| Q1. Do you agree or disagree with the proposal to reduce CTR by £5 for every non-dependent adult in the household | 76% | 18% | 6% | Yes |
| Q2. Do you agree with earnings disregards that are designed to incentivise people to work | 67% | 13% | 20% | Yes |
| Q3. Do you agree that earnings disregards should be variable in line with the previous Council Tax Benefit scheme? | 60% | 21% | 19% | Yes |
| Q4. Do you agree that additional support should apply to low income lone parents with children under 5 | 60% | 27% | 13% | Yes |
| Q5. Do you agree that additional support should apply to low income households with children under 5 | 47% | 38% | 15% | No clear majority |
| Q7. Should vulnerable residents be offered up to 100% CTR? | 63% | 24% | 13% | Yes |
| Q8. Do you agree that CTR should not be capped at a particular property band? | 52% | 29% | 19% | Yes |
| Q9. Do you agree that backdating is not allowed | 57% | 28% | 15% | Yes |

| Funding question - linked to Q5 | Increased council tax | Reduced funding for other services | Other | No response |
|---|-----------------------|------------------------------------|-------|-------------|
| Q6. If extra support was extended to all low income households with children under 5, how should this be funded | 31% | 25% | 26% | 18% |

8.3 Respondents agreed with the proposed recommendations. There was one question where there was no clear majority - Question 5 asked if there should be additional support for all low income households with children under 5. Less than half (47%) of respondents felt there should be. This is in line with the proposed scheme which recommends extra support for low income lone parents with children under 5, but not low income households with children under 5. This group can still qualify for CTR that will be calculated in accordance with household income levels, however this recommendation means that they will not automatically get 100% relief by virtue of being a low income household with children under 5. Automatic relief was considered in July in the original report to the Shadow Executive. This option was ruled out at that stage based on cost, as the extra cost was estimated at £200,000.

8.4 One of the existing District schemes does currently offer extra support (90%) for this group. It is worth remembering that whilst there may be a negative impact on some customers these could be offset by other changes within the scheme that positively affect the claim. The Discretionary Award scheme is also available to give more help to claimants that need it.

8.5 The majority of respondents support the Council Tax Reduction scheme as proposed, and as such it is recommended that the proposed scheme is adopted for Buckinghamshire Council. As explained above

9. Communications Plan

9.1 None required

10. Equalities Implications

10.1 The Equalities Impact Assessment is attached in Appendix 2.

11. Data Privacy Implications

11.1 Not required – No personal data is disclosed as part of this policy setting process.

12. Next Steps and Key Dates

12.1 With the agreement of the Shadow Executive the Proposed Council Tax Reduction Scheme will be adopted as the scheme for the new Authority and will be included in the budget setting papers for approval of Full Council in February 2020.

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| Background Papers | None |
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