

Report of Assistant Chief Executive (Citizens and Communities)

Report to Executive Board

Date: 14th December 2016

Subject: Consultation outcomes on Local Council Tax Support scheme 2017/18

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|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| Are specific electoral Wards affected? If relevant, name(s) of Ward(s): | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Is the decision eligible for Call-In? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Summary of the main issues

- 1 Council Tax Benefit was abolished on 31st March 2013 and local Council Tax Support schemes came into effect from 1st April 2013. Each year the Council must agree a local Council Tax Support scheme. This needs to be done by 31st January each year and failure to propose, consult upon and agree a scheme by 31st January in any year will see the previous year's scheme rollover into the next year.
- 2 On 22nd June 2016, the Executive Board received a report providing information about the forecast costs of the current scheme and the potential for Government-driven welfare reforms to add costs to local schemes while driving down the Government's own costs.
- 3 Executive Board agreed to carry out a public consultation on a proposed scheme that would better align the scheme with Universal Credit and limit increases in scheme costs in the future. The main route for limiting increases in scheme costs would be by replacing the scheme of protections for certain groups with a discretionary hardship scheme instead.
- 4 This report provides information on the outcome of the consultation and recommends a Council Tax Support scheme for Executive Board to take to Full Council in January 2017.

Recommendations

- 5 That in considering the work of the Scrutiny Board (Citizens & Communities), Members of Executive Board:
 - a) Acknowledge the support of the Citizens and Communities Scrutiny Board to the proposed new changes to the Council Tax Support scheme as presented as part of its review;

- b) agree to undertake a further review of the new Council Tax Support scheme during the summer of 2018, when the number of Universal Credit claimants is expected to be more significant in Leeds and the Council will be in a good position to gauge the extent to which the new scheme is achieving its overall aim;
 - c) and agree to explore other potential scheme saving options when undertaking a wider review of the new Council Tax Support scheme during 2018.
- 6 That in considering recommendation 3 of Scrutiny Board and in noting the comments of the Assistant Chief Executive (Citizens and Communities) in paragraph 3.14 to 3.18, Members of Executive Board are recommended not to support the removal of projections for all customers on 1 April 2017.
- 7 Taking into account the consultation process undertaken, including the work of Scrutiny Board, and in light of the above recommendations, Members are asked to recommend to Full Council the adoption of a new Local Council Tax Support Scheme that:
- a) Replaces the current Council Tax Support scheme with a Council Tax Support that is aligned with Universal Credit as set out in appendix B;
 - b) Moves customers onto the new scheme when they are due to transfer to Universal Credit and maintains the current scheme in the meantime;
 - c) Replaces the scheme of automatic protections with a discretionary hardship scheme with the exception of customers in receipt of Armed Forces Compensation Payments;
 - d) Moves eligible customers off the scheme of automatic protections when they are due to transfer to Universal Credit;
 - e) Delegates the design and value of the discretionary hardship scheme to the Assistant Chief Executive (Citizens and Communities) with a requirement that the hardship scheme is taken to Scrutiny Board;
 - f) Aligns the treatment of changes in Council Tax Support with the treatment of changes in Housing Benefit, and;
 - g) Delegates the development of an operational policy for the treatment of fluctuating income to the Assistant Chief Executive (Citizens and Communities).
- 8 If Full Council supports the adoption of the proposed scheme, the decision will be implemented by the Assistant Chief Executive (Citizens and Communities) and will take effect from 1 April 2017. Implementation will commence as part of the 17/18 annual billing process in order for the new Scheme to be effective from 1 April 2017.

1. Purpose of this report

- 1.1 The report provides Executive Board with information to recommend a local Council Tax Support Scheme for adoption by Full Council by 31 January 2017. Scheme options have been set out that reflect both the consultation feedback and budget position facing the council. The requirement to adopt a local scheme by 31 January 2017 is contained within the Local Government Finance Act 2012. Failure to adopt a revised scheme by 31 January 2017 would see the 2016/17 scheme adopted by default.

2. Background information

- 2.1 Regulation 10(1)(2) of the Local Government Finance Act 2012 requires that each billing authority must put in place a Council Tax Reduction scheme. The deadline for adopting a scheme is set by regulation 4(6) of Schedule 1A to the Act which states that a default scheme will apply where billing authorities fail to adopt a scheme. The default scheme would be the previous year's scheme.
- 2.2 In 2013/14, the Government provided separate grant funding of £49.201m towards the cost of the local Council Tax Support scheme in 2013/14 with the funding proportionately split between the council and the major precepting authorities. Since 2013/14, funding has been incorporated into the Government's overall Financial Settlement to the council which has seen significant reductions since 2013.
- 2.3 The Council Tax Support scheme has evolved since 2013 with the aim of achieving the right balance between supporting residents who need help to pay their Council Tax and working within the wider financial restraints faced by the council as a result of reductions in Government funding. The last change occurred in 15/16 with the introduction of a mandatory requirement to engage in a Personal Work Support Packages for new Jobseekers Allowance cases. This has helped maintain the costs of the scheme at around £48m for both last year's actual spend and this year's latest forecast spend.
- 2.4 There are, however, increasing pressures on the current scheme.
 - The potential of annual 4% increases in Council Tax would add around £2m a year to the Council Tax Support costs;
 - The continued growth in the number of customers falling into protected groups adds to the costs of the scheme. The number now stands at just over 22,000 – an increase of 31% since the start of the 2014/15 financial year;
 - Government welfare benefit changes that see levels of national benefits reduced create costs pressures on the Council Tax Support scheme. The 2-child limit being introduced in Tax Credit and Universal Credit, and replicated within Housing Benefit, will lead to extra Council Tax Support payments under the current local scheme. Similarly, Universal Credit reductions will also see increases in local Council Tax Support scheme costs unless the current scheme is changed.
- 2.5 The roll out of Universal Credit also provides an opportunity to realign the local Council Tax Support scheme in order to simplify the claims process for residents, address operational issues caused by Universal Credit in relation to collection of Council Tax and better focus support on the least well off.

- 2.6 A report was taken to Executive Board in June 2016 that set out options for dealing with the increasing pressures on the Council Tax Support schemes and continued to reflect the financial challenges faced by the Council. Executive Board approved a public consultation on proposals to change the current scheme.
- 2.7 The consultation ran for 8 weeks from 26th August 2016 to 21st October 2016. A summary report of the findings can be found at appendix A along with a copy of the consultation documentation and questions.

3. Main Issues

3.1 Details of the draft scheme that formed the basis for the consultation is attached at appendix B. The key points of the draft scheme are:

- The proposed Council Tax Support scheme will base Council Tax Support on the Personal Allowances used in Universal Credit.
- All benefit income (including Universal Credit) is disregarded when working out Council Tax Support. This means that where a customer is entitled to maximum Universal Credit they will get the maximum Council Tax Support available (for most people this is currently 75% of their Council Tax liability)
- For customers who are entitled to less than the maximum Universal Credit, their CTS will be based on their *non-benefit income*
- Non-dependent deductions will no longer be part of the Council Tax Support scheme. This is because they are already taken into account in the Universal Credit assessment
- Similarly, the Council Tax Support scheme will not make any allowances for other factors such as the number of children in a household, whether childcare costs are incurred or where there is a disabled person in the household. Again, this is because these factors are taken into account in the Universal Credit assessment.

3.2 Appendix C provides a more detailed analysis of the impact of having a scheme based around the Universal Credit assessment. The table below provides an overview of the impact based on claimants income levels. This shows that claimants with no income other than benefits are, on average, better off by £0.21 a week, those with non-benefit income of less than £75 a week are better off, on average by £1.08 a week and those with non-benefit income of between £75 and £100 a week are better off, on average by £0.40 a week. Those with higher incomes lose more.

| Weekly non-benefit Income: | Cases | Average award under current CTS scheme | Average award under proposed scheme | Average gain or loss |
|----------------------------|--------|----------------------------------------|-------------------------------------|----------------------|
| Over £150 | 2,951 | £8.51 | £3.62 | -\$4.89 |
| £125.01 - £150 | 3,039 | £8.06 | £6.43 | -\$1.63 |
| £100.01 - £125 | 1,745 | £8.13 | £8.00 | -\$0.13 |
| £75.01 - £100 | 1,685 | £10.44 | £10.84 | +\$0.40 |
| £75.00 and under | 1,723 | £ 11.96 | £13.04 | +\$1.08 |
| No income | 33,441 | £13.50 | £13.71 | +\$0.21 |
| Total weekly scheme cost | 44,584 | £553,536 | £545,424 | |

- 3.3 The consultation asked respondents whether they agreed that the new scheme is fairer in the way it distributes the limited money available.
- 59.95% either agreed or strongly agreed that the proposed scheme is fairer;
 - 10.36% either disagreed or strongly disagreed that it is fairer
- 3.4 The consultation also asked respondents whether we should change to the new scheme even though some people will get less than they do now and some will get more than they do now.
- 41.45% agreed or strongly agreed that we should change to the new scheme;
 - 21.92% disagreed or strongly disagreed that we should change to new scheme.
- 3.5 The adoption of the scheme set out in this report removes the need to for the Council to change the amount of Council Tax Support every time there is a change in a person's Universal Credit award. This is because the proposed scheme does not take Universal Credit into account as an income. This is beneficial but requires that there is an operational policy around how changes in earnings are treated. One option is to base Council Tax Support awards on average earnings. It is intended to develop an operational policy around this and it is recommended that the development of this policy is delegated to the Assistant Chief Executive (Citizens & Communities).
- 3.6 According to the Department for Work and Pensions, the roll out of Universal Credit is now expected to take until 2022 to complete. This means that, if we adopt a Council Tax Support scheme based around the Universal Credit assessment, we would run 2 schemes until everyone had moved onto Universal Credit. Administratively, this does not present any particular challenges. It should be noted that 61.1% of respondents either agreed or strongly agreed that we should keep the existing scheme until people move onto Universal Credit with only 7% disagreeing.
- 3.7 Alongside the proposal to adopt a scheme that bases Council Tax Support around the Universal Credit assessment, the consultation included a proposal to replace the scheme of protections with a discretionary hardship scheme. Under the current scheme, the following groups are protected from reductions in their Council Tax Support:
- customers who qualify for a severe or enhanced disability premium;
 - lone parents with a child under 5
 - customers in receipt of a War Widow(er)s Pension or War Pension
 - carers
- 3.8 The key points of the proposed scheme in relation to the removal of protections are:
- the scheme of protections would be replaced by a discretionary scheme targeted at those who would be least able to cope following the proposed changes; and
 - current protections for individual cases would be removed once the customer had moved onto Universal Credit. This is because analysis shows that a number of customers with a disability will be better off under Universal Credit. Some, however, will be worse off under Universal Credit – though not at the point of transfer to Universal Credit under transitional protection rules – and the discretionary scheme is intended to help in a number of these cases.
- 3.9 As part of the consultation exercise, respondents were asked about the proposal to replace the scheme of automatic protections for certain groups with a discretionary hardship scheme.

- 34.6% agreed that we should replace the scheme of automatic protections with a discretionary hardship scheme
 - 22% disagreed that we should replace the scheme of automatic protections with a discretionary hardship scheme.
- 3.10 Although the consultation set out a proposal which would see automatic protection for the specified groups removed when people moved onto Universal Credit, respondents were asked about removing automatic protection earlier.
- 34.7% preferred the automatic protection scheme to be removed from 1.4.17 for everyone
 - 29.8% preferred the automatic protection scheme to be removed from 1.4.17 for new customers only and move existing customers onto the new scheme when they move onto Universal credit
 - 30.5% preferred to move everyone onto the new scheme only when they move onto Universal Credit (the proposed option)
- 3.11 Included in the consultation was a proposal to align the way we treat changes in circumstances in Council Tax Support to the way we treat changes in Housing Benefit. This would mean that customers would need to report changes to the council within one month of the change where this would mean they would get more CTS. 51% of respondents agreed with this proposal and 8% disagreed.

Scrutiny Board (Citizens & Communities)

- 3.12 Scrutiny Board (Citizens & Communities) carried out an in-depth inquiry into the proposals to change the Council Tax Support scheme. A copy of the Board's final report is attached at appendix D. The Board's inquiry has helped develop the understanding around the impacts of the proposals and there are a number of specific recommendations relating to the ongoing development of the scheme. A number of the recommendations are for Executive Board to consider with the other recommendations falling to the Assistant Chief Executive to consider.
- 3.13 Scrutiny Board has made the following recommendations for the Executive Board to consider.
- Recommendation 1: That the Executive Board:
 - (i) Acknowledges the support of the Citizens and Communities Scrutiny Board to the proposed new changes to the Council Tax Support scheme as presented as part of its review;
 - (ii) Agrees to undertake a further review of the new Council Tax Support scheme during the summer of 2018, when the number of Universal Credit claimants is expected to be more significant in Leeds and the Council will be in a good position to gauge the extent to which the new scheme is achieving its overall aim.
 - Recommendation 3: That the Executive Board:
 - (i) supports the option to remove protections entirely from 1st April 2017 for the majority of protected groups and only maintain protections for War Pensioners;
 - (ii) endorses the need to ring-fence an appropriate proportion of the cost savings arising from the removal of the protections scheme in order to secure sufficient funding for a new discretionary hardship scheme.

- Recommendation 5: That, linked to recommendation 1(ii), the Executive Board agrees to explore other potential scheme saving options when undertaking a wider review of the new Council Tax Support scheme during 2018.

- 3.14 The Assistant Chief Executive (Citizens & Communities) supports recommendations 1 and 5 and is grateful for the assistance provided by Scrutiny Board in helping to develop this scheme. However, the Assistant Chief Executive would ask Members to consider carefully the adoption of recommendation 3.
- 3.15 A key principle of the proposed new scheme was to provide for Council Tax Support arrangements that are very clearly linked to the implementation of Universal Credit and the fact that many customers who are currently in receipt of protections would be better off under Universal Credit.
- 3.16 In developing the proposed scheme it therefore made sense to only remove protections when customers move onto Universal Credit. To adopt recommendation 3 from Scrutiny Board would move away from this key principle and see many customers worse off, potentially for a long period of time as customers are transitioned to Universal Credit, the timetable for which is still uncertain.
- 3.17 Whilst this could potentially be managed through the creation of a more significant hardship scheme, the reality is we would expect most people to claim for hardship support on the basis that all of those affected would see an immediate loss in support with little or no means to address that shortfall. Therefore any potential savings would be significantly offset by the need for a sizeable hardship scheme as well as the administrative burden of managing such a scheme for all customers.
- 3.18 Therefore, on balance and having considered all of the issues carefully, the Assistant Chief Executive (Citizens & Communities) would recommend that Members of Executive Board agree to the removal of protections only when customers move onto Universal Credit.
- 3.19 The other recommendations in the Scrutiny Board report are for the Assistant Chief Executive (Citizens & Communities) and they are all accepted.

Recommended scheme

- 3.20 It is suggested that Executive Board recommend to Full Council the following scheme:
- A Council Tax Support scheme that is based on the Universal Credit assessment as set out in appendix B with maximum support continuing to be limited to 75% of Council Tax liability;
 - Retention of the existing Council Tax Support scheme for individuals until they are required to move onto Universal Credit;
 - Replacement of the automatic scheme of protections with a discretionary hardship scheme from when individuals move onto Universal Credit with automatic protections remaining in place until individuals move onto Universal Credit;
 - Agreement to a sum of money being set aside for a discretionary hardship scheme.

- Pensioners will continue to be protected as required under the national prescribed scheme for pensioners;

3.21 When there are changes to the Council Tax Support scheme, there is a requirement to consider whether transitional arrangements should be put in place. The recommended changes, based around the roll out of Universal Credit, will take some time to be completed and this will provide an opportunity for people to prepare for the changes. The development of a hardship scheme to replace the automatic scheme of protections will provide an element of transitional protection.

3.22 The recommended scheme will reduce the overall costs of Council Tax Support by more than £4.6m a year but this reduction will not be fully realised until the full roll out of Universal Credit which is now expected to take until 2022 to complete. In the meantime, and assuming caseload numbers stay broadly the same, costs will increase by around £2m a year in the event of a 4% Council Tax increase. The table below shows the potential costs increases over the next 5 years based on assumptions around when claimants are likely to move onto Universal Credit.

| Scheme costs | 2016/17 £m | 2017/18 £m | 2018/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m |
|--------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Retain protections | £48.031 | £49.952 | £51.950 | £54.028 | £56.189 | £58.437 |
| Scheme proposal: Remove protections when move to Universal Credit | £48.031 | £49.952 | £51.265 | £52.007 | £51.291 | £53.298 |
| Alternative 1: Remove protections from 1.4.17 | £48.031 | £45.560 | £47.382 | £49.277 | £51.248 | £53.298 |
| Alternative 2: No protections for new claims and end protections for existing claims when move to Universal Credit | £48.031 | £49.296 | £50.447 | £51.644 | £52.290 | £53.298 |

3.23 Although the approach of removing automatic protections only when claimants move onto Universal Credit does not deliver significant savings immediately, retaining the link with Universal Credit means that many people currently getting protections will be no worse off when the protections are removed. This is because analysis shows that around 40% of the current caseload would be better off under Universal Credit.

3.24 Removing automatic protections ahead of a move onto Universal Credit will mean that all claimants currently being protected will be worse off and there is likely to be a greater call on a discretionary hardship scheme and this is likely to require a higher value discretionary hardship scheme.

Other options

3.25 The following options have also been considered

a) A fully funded scheme:

This would see no reduction in support but would require the council to find an additional scheme funding in excess of £5m per annum. The only options for funding

this would be by reducing funding for other services or by using cash reserves. Neither of these options is considered feasible. The council already faces significant reductions in funding that are likely to impact on service provision as well as potentially placing pressure on reserves. This scheme is not recommended.

b) Reducing the maximum support:

The Executive Board report in June 2016 set out some of the issues emerging in collection of Council Tax. It is felt that these issues could become more pronounced if the maximum support was reduced further at this time. The consultation exercise also sought respondents' views on this matter. Respondents were asked whether we should keep the maximum amount of Council Tax Support at 75%.

- 58.2% agreed that we should keep maximum support at 75%;
- 14.9% disagreed that we should keep maximum support at 75%.

c) Changing taper rates

Taper rates are the rate at which support is withdrawn when income starts to exceed personal allowances. Under the proposed scheme, taper rates would apply, in the main, to working claimants. Taper rates normally work in conjunction with earnings disregards i.e. the amount that can be earned before benefit starts to be withdrawn.

The current CTS scheme has a taper rate of 20% and earnings disregards starting at £5 a week.

The proposed scheme has a taper rate of 15% and no earnings disregards – this is because the scheme is aligned to the Universal Credit assessment and Universal Credit has an earnings disregard. This is a lower costs scheme than a scheme that retains the 20% taper with an earnings disregard. The proposed taper scheme reduces costs by £490k. The consultation did not seek specific views on the taper rate.

Reducing this taper further would add to the scheme costs because claimants would keep more of their Council Tax Support as their income increased; increasing the taper rate further would reduce scheme costs as claimants would see CTS withdrawn more quickly as they earned more. It is recommended that a 15% taper scheme is approved.

d) Applying non-dependent deductions

An important aspect of the proposed scheme is its alignment with Universal Credit and the simplifications this brings. There are no non-dependent deductions contained within the proposed scheme. This simplifies both the claim process for customers and the administration of the scheme.

The current scheme makes deductions from CTS awards because of non-dependents. However, of the 5,400 non-dependents, nearly 4,000 are not subject to a deduction because of their income levels or personal circumstances – only 121 have a high deduction. Retaining non-dependent deductions adds considerable complexity to the scheme, requires claimants to provide income details of non-dependents and can result in higher deductions being applied simply because claimants are unable to get information about their non-dependent's income.

The consultation did not seek specific views on the proposal to remove non-dependent deductions and it is not recommended that the scheme retains non-dependent deductions.

Corporate Considerations

4 Consultation and engagement

- 4.1 A public consultation ran for 8 weeks from 26th August 2016 to 21st October 2016. A summary report of the findings can be found at appendix A along with a copy of the consultation documentation and questions.

5 Equality and Diversity / Cohesion and Integration

- 5.1 A detailed impact analysis was carried out during preparations for 2013-14 and was updated in 2014-15. A further impact analysis on the recommended scheme has been undertaken and the current draft is attached at appendix E. The final version will be published with the scheme in January 2017. The documents referred to in the assessment will be published with the report and can be provided on request.

6 Council Policies and Best Council Plan

- 6.1 The local Council Tax Support scheme plays a key element in tackling poverty and deprivation. The scheme has developed over the years and now includes a wider offer of advice and personal support designed to:
- provide accessible and integrated services;
 - help people out of financial hardship; and
 - help people into work.
- 6.2 The recommended scheme recognises the need to better balance the support that different groups need to meet Council Tax liabilities with the wider implications arising from the roll out of Universal Credit.

7 Resources and Value for Money

- 7.1 The recommended scheme will, over time, reduce the costs of the scheme and the costs of administration. The report sets out a scheme recommendation that introduces simpler claim and administrative processes, replaces automatic protections with a discretionary scheme and sees the scheme aligned with Universal Credit and the wider welfare system in such a way that allows the scheme to absorb potential future Government welfare reforms without impacting on costs.
- 7.2 The reductions in proposed scheme costs will be offset to some degree by the value of the discretionary hardship scheme. It is recommended that the value and design of the discretionary hardship scheme is delegated to Assistant Chief Executive (Citizens and Communities) and that the scheme is taken to Scrutiny Board (Citizens and Communities) as recommended in that Board's report on the development of a Council Tax Support scheme.

8 Legal Implications, Access to Information and Call In

- 8.1 Councils are required to confirm existing scheme or adopt a new local schemes by 31st January each year and in order to do so need to undertake meaningful consultation with major precepting authorities, the public and groups with an interest in the scheme design. The outcomes of the consultation process are reported elsewhere in this report and both the West Yorkshire Police Authority and the West Yorkshire Fire and Rescue Service have responded to say they are content that the scheme proposals do not seek to increase costs to the council or the major precepting authorities.

9 Risk Management

- 9.1 The main risk arising from the recommended scheme relates to the timescale for delivery of the costs reductions. The scheme is dependent to a considerable degree on the roll out of Universal Credit. Universal Credit went live in Leeds in February 2016 for a limited group of claimants, mainly single people with no dependents amongst other things. The wider roll out of Universal Credit is expected to take effect in Leeds from the summer of 2018 and to be completed nationally by 2022. However, Universal Credit has already been subject to delays and there remains the possibility that there could yet be further delays. In this event, it would take longer still to deliver the costs reductions in the scheme.
- 9.2 To help mitigate this risk, and in line with Scrutiny Board recommendations, it is proposed to bring a further report to Executive Board in 2018 with more information about the roll out of Universal Credit and options for reducing scheme costs.
- 9.3 All schemes remain at risk of costs pressures caused by increases in caseload.

10 Conclusions

- 10.1 The need to balance costs of supporting customers with their Council Tax, addressing the financial pressures faced by the Council and responding to wider welfare reforms, means that Council Tax Support schemes costs need to be carefully monitored. The roll out of Universal Credit provides an opportunity to put in place a Council Tax Support scheme that a) builds on the changes made since Council Tax Support was localised in 2013 and b) develops a scheme that better reflects the implications of the wider roll out of Universal Credit. In particular, Universal Credit provides an opportunity to review the automatic scheme of protections to better reflect gains made by some customers under Universal credit and to introduce a simpler scheme for customers and administrators alike.
- 10.2 The proposal to replace the automatic scheme of protections with a discretionary scheme, offers the opportunity to support those who are most affected by the changes. The timescale for the replacement of the automated scheme of protections allows more time for customers to make adjustments.

11 Recommendations

- 11.1 That in considering the work of the Scrutiny Board (Citizens & Communities), Members of Executive Board:
- d) Acknowledge the support of the Citizens and Communities Scrutiny Board to the proposed new changes to the Council Tax Support scheme as presented as part of its review;
 - e) agree to undertake a further review of the new Council Tax Support scheme during the summer of 2018, when the number of Universal Credit claimants is expected to be more significant in Leeds and the Council will be in a good position to gauge the extent to which the new scheme is achieving its overall aim;
 - f) and agree to explore other potential scheme saving options when undertaking a wider review of the new Council Tax Support scheme during 2018.
- 11.2 That in considering recommendation 3 of Scrutiny Board and in noting the comments of the Assistant Chief Executive (Citizens and Communities) in paragraphs 3.14 to 3.18, Members of Executive Board are recommended not to support the removal of protections for all customers on 1 April 2017.
- 11.3 Taking into account the consultation process undertaken, including the work of Scrutiny Board, and in light of the above recommendations, Members are asked to recommend to Full Council the adoption of a new Local Council Tax Support Scheme that:
- a) Replaces the current Council Tax Support scheme with a Council Tax Support that is aligned with Universal credit as set out in appendix B;
 - b) Moves customers onto the new scheme when they are due to transfer to Universal Credit and maintains the current scheme in the meantime;
 - c) Replaces the scheme of automatic protections with a discretionary hardship scheme with the exception of customers in receipt of Armed Forces Compensation Payments;
 - d) Moves eligible customers off the scheme of automatic protections when they are due to transfer to Universal Credit;
 - e) Delegates the design and value of the discretionary hardship scheme to the Assistant Chief Executive (Citizens and Communities) with a requirement that the hardship scheme is taken to Scrutiny Board;
 - f) Aligns the treatment of changes in Council Tax Support with the treatment of changes in Housing Benefit, and;
 - g) Delegates the development of an operational policy for the treatment of fluctuating income to the Assistant Chief Executive (Citizens and Communities).
- 11.4 If Full Council supports the adoption of the proposed scheme, the decision will be implemented by the Assistant Chief Executive (Citizens and Communities) and will take effect from 1 April 2017. Implementation will commence as part of the 17/18 annual billing process in order for the new Scheme to be effective from 1 April 2017.

Background documents

None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

List of appendices:

Appendix A: consultation report

Appendix B: draft scheme

Appendix C: analysis of impact of proposed scheme

Appendix D: Scrutiny Board report

Appendix E: Equality Impact Assessment

Summary report on the consultation on Council Tax Support Local scheme revisions for 2017-18

1.0 Purpose of this report

This report sets out key findings from the consultation by Leeds City Council on proposals to revise the local Council Tax Support scheme.

2.0 Background information

In June 2016, the Executive Board were presented with a report that highlighted the likely increase in costs of the current Council Tax Support scheme over the next 5 years. The report also identified other factors that could impact on the cost of the scheme and delivery issues that the authority will face due to planned national welfare reforms. The report presented options for limiting the increase in costs and a proposal to simplify the way that support is delivered.

The Board approved the development of a revised Council Tax Support Scheme based around the needs assessment within Universal Credit and agreed that a consultation should be undertaken on detailed proposals. The Executive Board also agreed to consult on replacing the scheme of automatic protections with a discretionary hardship scheme.

A draft proposed scheme for 2017-18 has been developed that would:

- Introduce a new simpler Council Tax Support scheme for Universal Credit claimants based on the claimant's ability to pay Council Tax from their non-benefit Income;
- Move existing claimants over to the new scheme when they become eligible for Universal Credit;
- Replace the current scheme of protected groups with a new discretionary scheme which would focus on those least able to cope with the removal of automatic protections;
- Align the rules on how changes are dealt with in Council Tax Support with Housing Benefit rules until claimants move over onto the new scheme.

The proposed scheme has been subject to an inquiry by Scrutiny Board (Citizens & Communities) and the Board's recommendations will also be presented to the Executive Board for consideration.

3.0 The Consultation

The consultation was split into 2 parts. The first part considered the option of moving to a simpler scheme based on the Universal Credit needs assessment and proposals to align the treatment of changes in circumstances that affect Council Tax Support with the way changes in circumstances are treated within Housing Benefit. The second part considered options to limit the increase in costs over the next five years.

A consultation document and survey was produced with information on the proposed changes to the scheme to allow people to have their say. All 42,301 working age recipients of Council Tax Support were sent a full paper questionnaire and invited to respond to the consultation.

The survey was also available for the general public to respond to on the leeds.gov.uk website and this was promoted on the council's home web page.

Posters were also displayed in One Stop Centres, Libraries and Housing Offices, Neighbourhood Networks, Children Centres and Adult Social Care Offices. Leeds Advice Network were also informed of the consultation by e.mail and invited to respond. A list of those invited to respond is enclosed at Appendix A of this report

The consultation ran for 8 weeks from 26 August 2016 to 21 October 2016.

5,017 paper responses to the survey were received from Council Tax Support claimants.

184 on-line responses were received from 105 Council Tax Support claimants and 79 non-claimants.

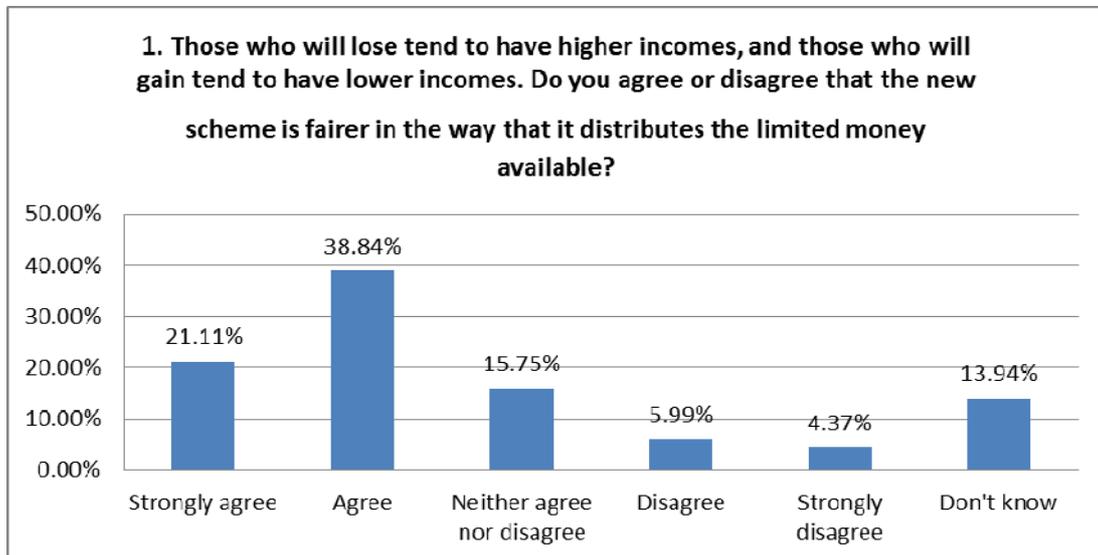
Equality data in respect of respondents is provided at Appendix B of this report

4.0 Summary of key findings

4.1 The charts that follow set out key findings from the questions in the survey, followed by a table, showing thematically-grouped results from the 'open-response' questions in the survey, where respondents were free to write their responses.

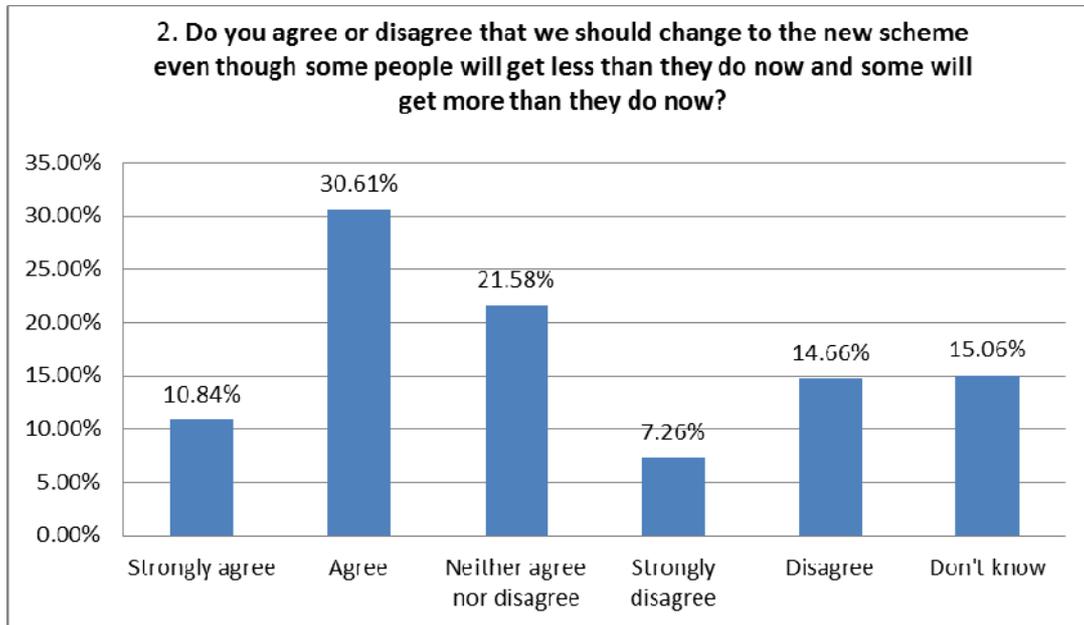
4.2 Respondents were asked whether they agreed that the new scheme is fairer in the way it distributes the limited money available.

59.95% agreed that the proposed scheme is fairer compared to 10.36% who disagreed



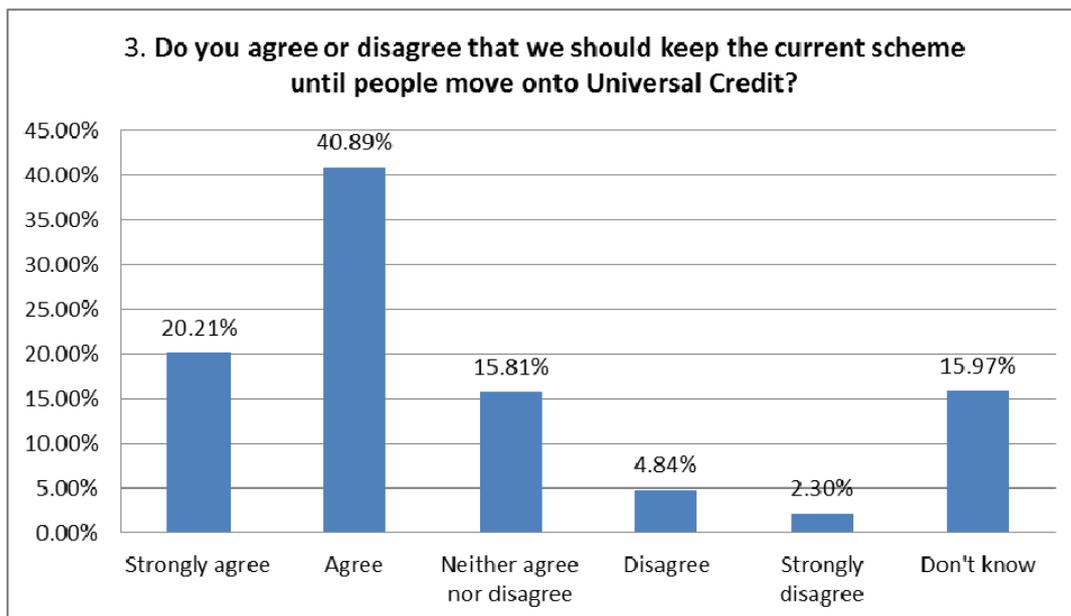
4.3 Respondents were asked whether we should change to the new scheme even though some people will get less than they do now and some will get more than they do now.

41.45% agreed that we should change to the new scheme compared to 21.92% who disagreed that we should change to the new scheme.



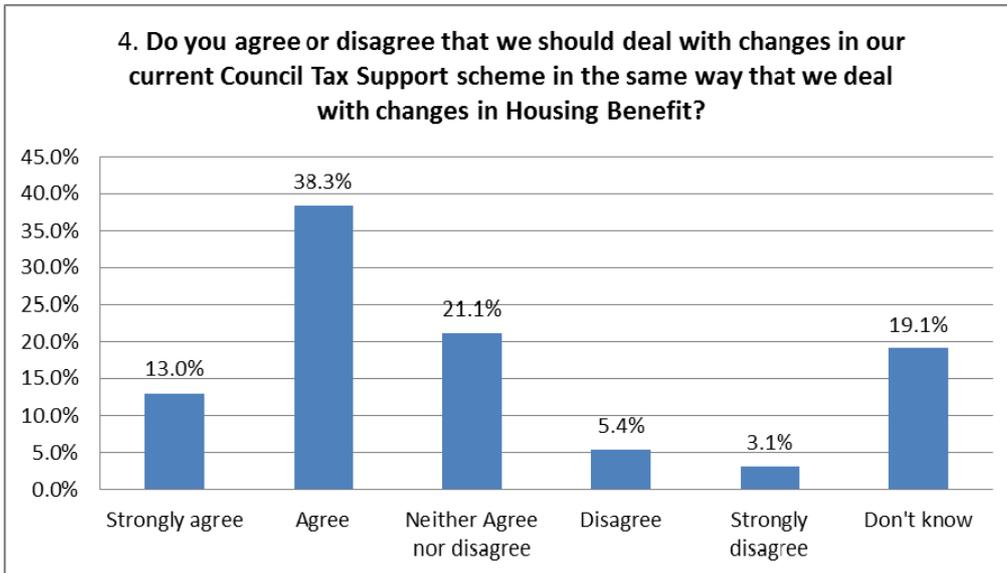
4.4 Respondents were asked whether we should keep the current scheme until people move onto Universal Credit.

61.1% agreed that we should keep the current scheme until people move onto Universal Credit compared to 7.14% who disagreed that we should keep the current scheme until people move onto Universal Credit.



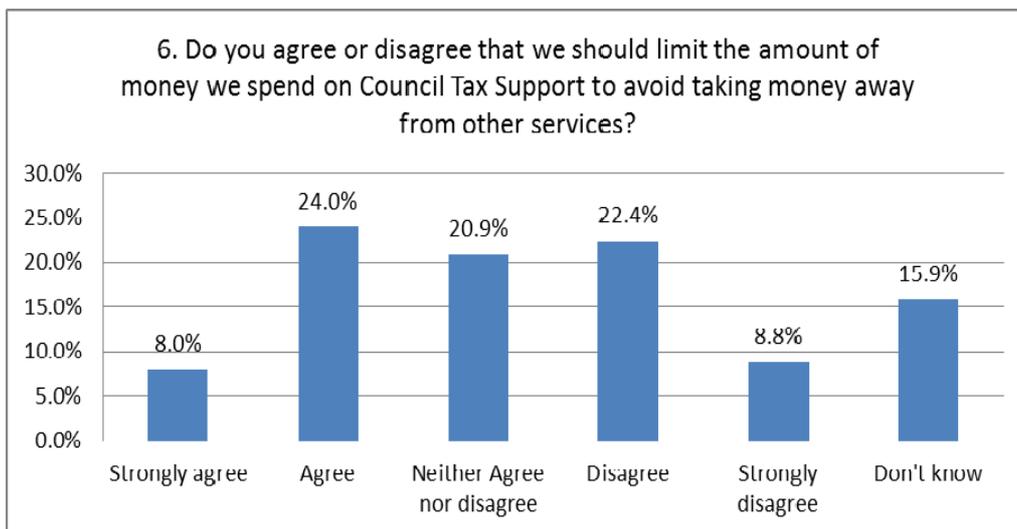
4.5 Respondents were asked whether we should deal with changes in our current scheme in the same way that we deal with changes in Housing Benefit.

51.3% Agreed that we should deal with changes in the same way that we deal with them in Housing Benefit compared to 8.5% who did not agree.



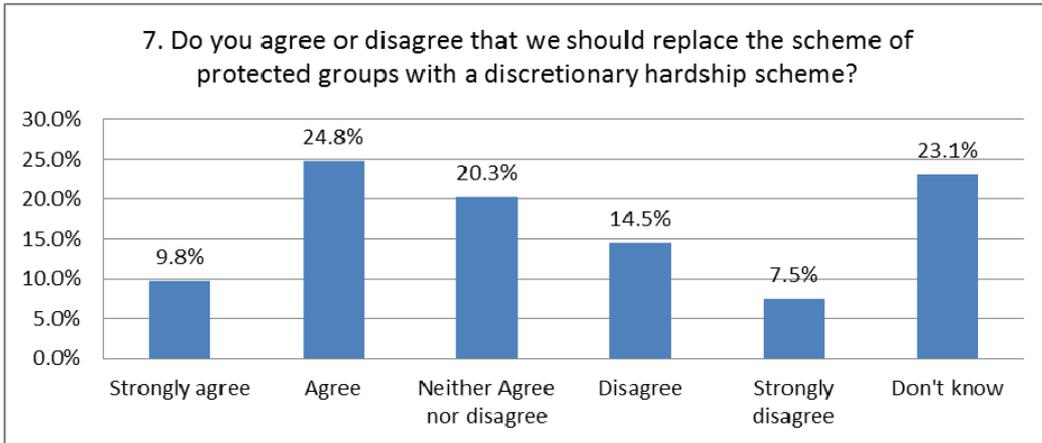
4.6 Respondents were asked whether we should limit the amount of money we spend on Council Tax Support to avoid taking money away from other services.

32% agreed that we should limit the amount of money we spend on Council Tax Support to avoid taking money away from other services compared to 31.2% who disagreed that we should limit the amount of money we spend on Council Tax Support to avoid taking money away from other services.



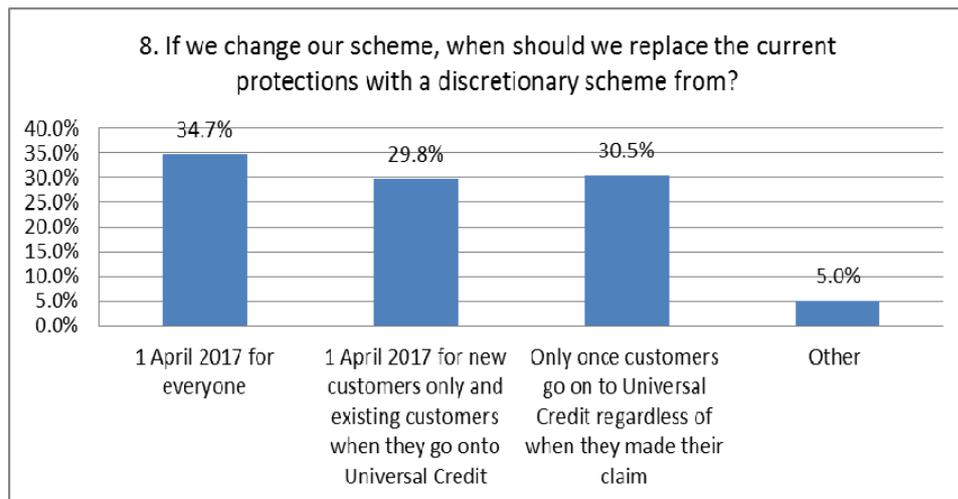
4.7 Respondents were asked whether we should replace the scheme of protected groups with a discretionary hardship scheme.

34.6% agreed that we should replace the scheme of protected groups with a discretionary hardship scheme compared to 22% who disagreed that we should replace the scheme of protected groups with a discretionary hardship scheme.



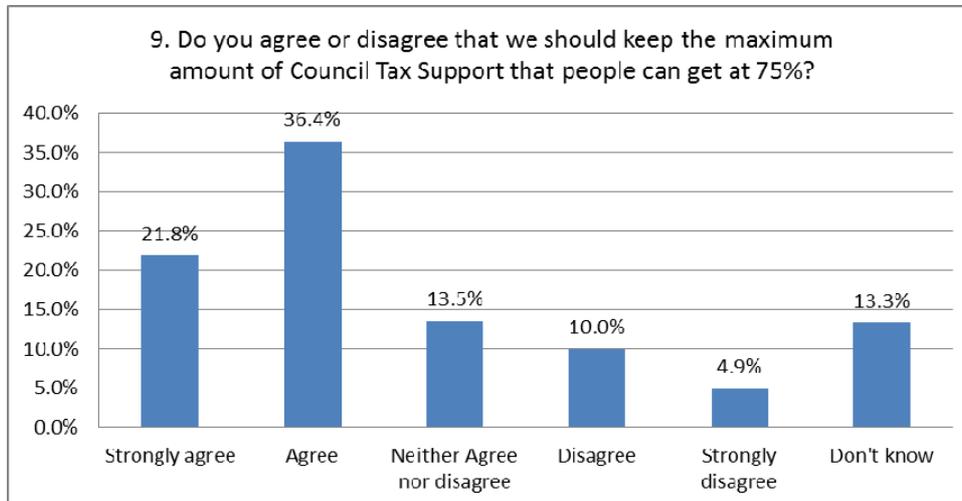
4.8 Respondents were asked if we do change our scheme, from when should we replace the scheme of protected groups with a discretionary scheme.

- 34.7% preferred 1.4.17 for everyone
- 29.8% preferred 1.4.17 for new customers and move existing customers onto the new scheme when they move onto Universal credit
- 30.5% preferred to move everyone onto the new scheme only when they move onto Universal Credit (the proposed option)
- 5% preferred other option. The most popular responses from those who preferred another option suggested “never “ or expressed a view that people should have adequate advance warning of when they would be affected.



4.9 Respondents were asked whether we should keep the maximum amount of Council Tax Support at 75%.

58.2% agreed that we should keep the maximum amount of Council Tax Support at 75% compared to 14.9% who disagreed that we should keep the maximum amount of Council Tax Support at 75%.



4.10 Respondents comments

There were two open response questions inviting comments about the proposed scheme and the proposal to limit the amount of money that the council spends on Council Tax Support.

Respondents were also given space at the end to add any additional comments.

Over 1,565 views were provided to these open questions and these have been grouped into themes and are set out in the table below:

| Table 1 - Open-response question results | Total |
|-------------------------------------------------|--------------|
| Worry about finances and debt | 173 |
| Support for low income households | 160 |
| Support for disabled people | 135 |
| Disagreement with reducing support | 123 |
| Sceptical about new scheme | 102 |
| Support for the new scheme | 84 |
| Fear about benefit changes generally | 84 |
| Support for vulnerable people | 80 |
| Support for benefit claimants | 79 |
| Suggestion that support should be higher | 76 |
| Support for workers | 56 |
| Suggestion that no changes should be made | 50 |
| Support for a means tested calculation | 49 |
| Acceptance that change is required | 35 |
| Support for people with mental health issues | 31 |
| Support for lone parents | 31 |
| Suggestion about how else savings could be made | 27 |

| | |
|------------------------------------------------------------------------------|-------|
| Suggest that people from abroad should get less support | 25 |
| Suggestion that everyone should contribute | 25 |
| Suggestion that benefit claimants pay more Council Tax | 24 |
| Support for maintaining other services | 21 |
| Support for families | 19 |
| Suggestion that more should be done to identify fraud | 18 |
| Negative comment about Council Tax | 14 |
| Recommendation to allow time to make changes | 12 |
| Concern about the costs of recovering Council Tax (courts and bailiffs) | 11 |
| Suggestion that Council Tax for others should increase | 9 |
| Concern that vulnerable would have difficulty claiming discretionary support | 7 |
| Suggestion that the capital limit should be lowered | 4 |
| Support for carers | 1 |
| | 1,565 |

5.0 Consultation with the Major Precepting Authorities

The West Yorkshire Police and Fire Services have been consulted have also been consulted on the proposals and have stated their preference for a scheme that does not have financial implications for their service.

6.0 Conclusions

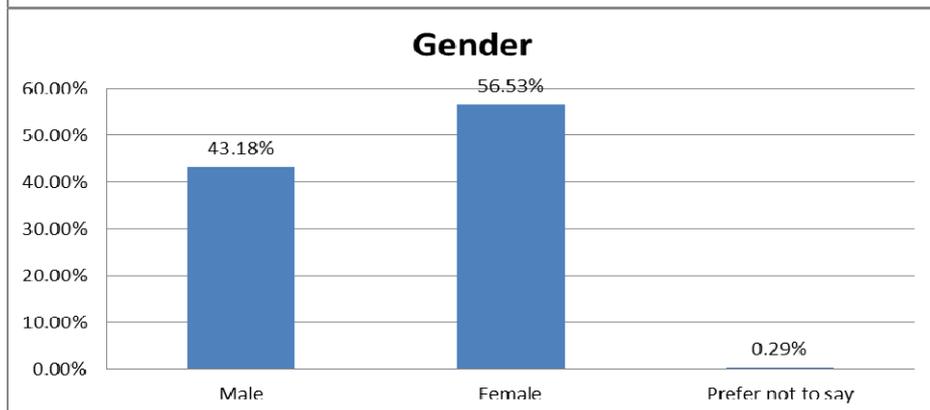
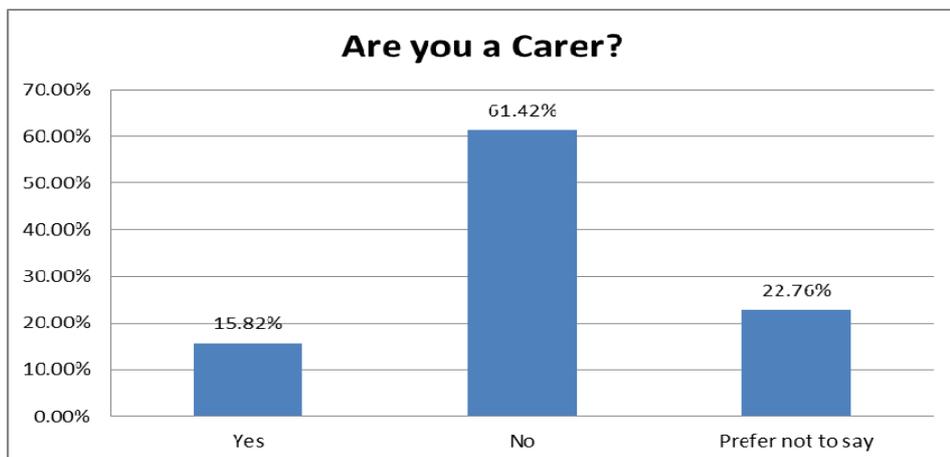
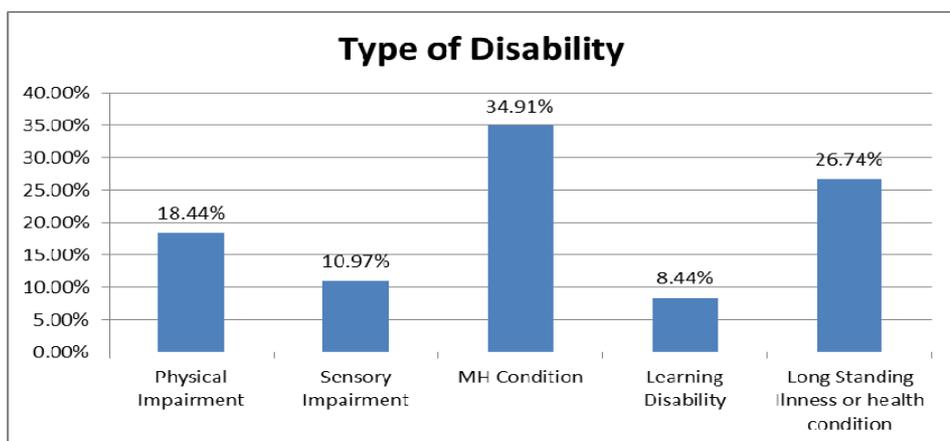
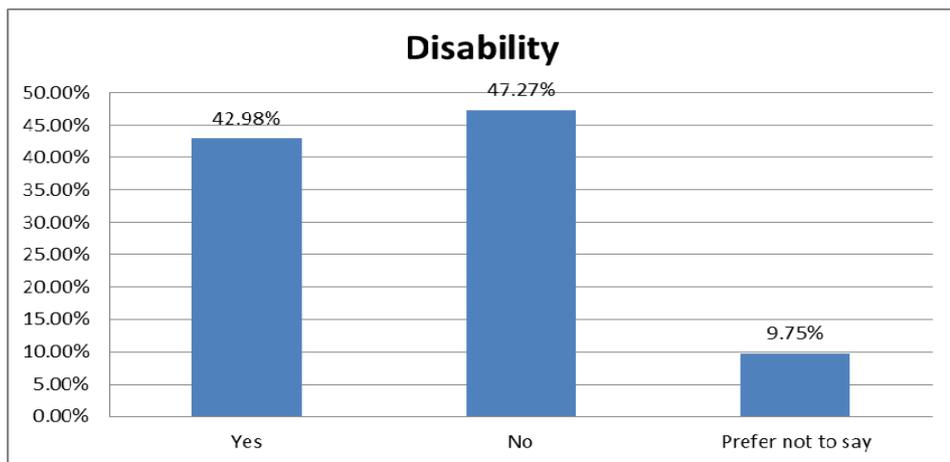
- 6.1 The consultation exercise showed strong support for moving to the new scheme when claimants move onto Universal Credit even though it would mean that some people will get less support than they get now and other will get more support.
- 6.2 There is clear support for dealing with changes in the current scheme in the same way that changes are dealt with in Housing Benefit
- 6.3 There is no clear support either way for limiting the money that is spent on Council Tax Support to avoid taking money away from other services.
- 6.4 There is more support for replacing protected groups with a discretionary scheme than there is for keeping the existing protected groups. But there is no clear preferred option for when the change is made if it goes ahead. There were a number of recurring concerns raised. These include:
- Fear about welfare benefit changes generally particularly Universal Credit
 - Worry about paying bills and increasing debts due to reduced national benefit levels and increased Council Tax
 - Opposition to increasing the amount people have to pay
 - Support for ensuring people are better off in work than receiving benefits
 - Concern that vulnerable claimants who lose protection will have difficulty claiming discretionary support

There were also a large number of responses that showed claimants lacked understanding of the changes and that changes need to be communicated in more simple terms.

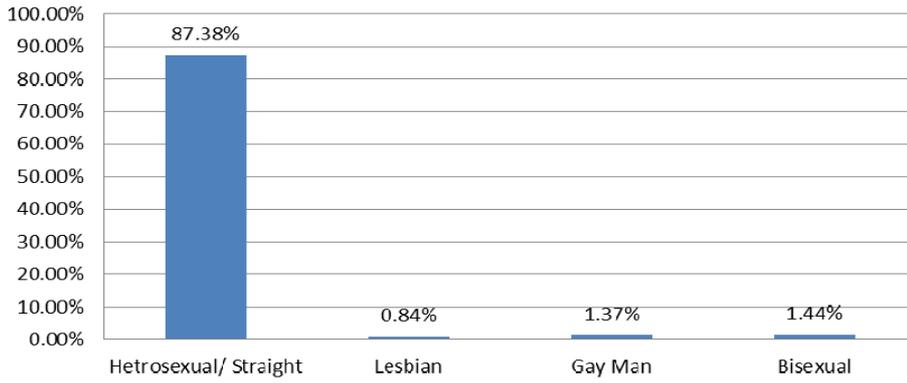
Appendix A - Groups that were contacted and invited to respond to the consultation.

| | |
|----------------------------------------------------|--------------------------------------------------|
| Action for Blind People | Leeds Black Elders Association |
| Action for Gipton Elderly | Leeds Chinese Community |
| Age UK Leeds | Leeds Community Foundation |
| Aireborough Voluntary Services to the Elderly with | Leeds Federated Housing Association |
| Amberton Court | Leeds Gypsy and Traveller Exchange |
| Anchor Trust (Sheltered Housing) | Leeds Involvement Project |
| Armley Helping Hands | Leeds Irish Health and Homes |
| Association of Blind Asians | Leeds Jewish Welfare Board |
| BARCA-Leeds | Leeds Older Peoples Forum |
| Barnardo Services Ltd | Leeds Older People's Forum |
| Barnardo's Yorkshire | Leonard Cheshire Disability |
| Belle Isle Elderly Winter Aid | Manorfield House Care Home |
| Belle Isle Elderly Winter Aid Luncheon Club | Middleton Elderly Aid |
| Billing View Community Group | Moor Allerton Elderly Care (MAECare) |
| Bramley Elderly Action | Morley Elderly Action |
| Burmantofts Senior Action | Neighbourhood Action in Farnley, New Farnley & |
| Carers Leeds | Neighbourhood Elders' Team |
| Caring Together in Woodhouse & Little London | North Seacroft Good Neighbours Scheme |
| Catholic Care | Older People's Action in the Locality |
| Citizens Advice Bureau | Older Wiser Local Seniors (OWLS) |
| Cloverleaf (Advocacy) | Otley Action for Older People |
| Community Action for Roundhay Elderly | Otley Care Resource Centre |
| Company | Richmond Hill Elderly Action |
| Connect In The North | Richmond House Care Home |
| Crossgates & District Good Neighbours Scheme | Rothwell & District Live at Home MHA Care Home |
| Dolphin Manor | Shantona Women's Centre |
| East Sheltered Housing | South Leeds Live at Home |
| Epilepsy Action | South Seacroft Friends & Neighbours Scheme (MHA) |
| Farsley Live at Home Scheme | South Sheltered Housing |
| Feel Good Factor | Springfield Day Centre Care Home |
| Frederick Hurdle Day Centre | Stanningley & Swinnow Luncheon Club |
| Halton Moor & Osmondthorpe Project for Elders | Suffolk Court Care Home |
| Hamara Healthy Living Centre | Swarcliffe Good Neighbours Scheme |
| Harry Booth House | Tenfold |
| Hawksworth Older People's Support | The Shaw Trust |
| Holbeck Elderly Aid | United Response |
| Home Lea House | Vale Circles Day Centre |
| Homeshare North | Voluntary Action Leeds (VAL) |
| Horsforth Live at Home | West Indian Family Counselling Service |
| Housing 21 | West Sheltered Housing (Independent living) |
| Independent Age | Wetherby in Support of the Elderly (WiSE) |
| Knowle Manor Care Home | Wheatfields Hospice |

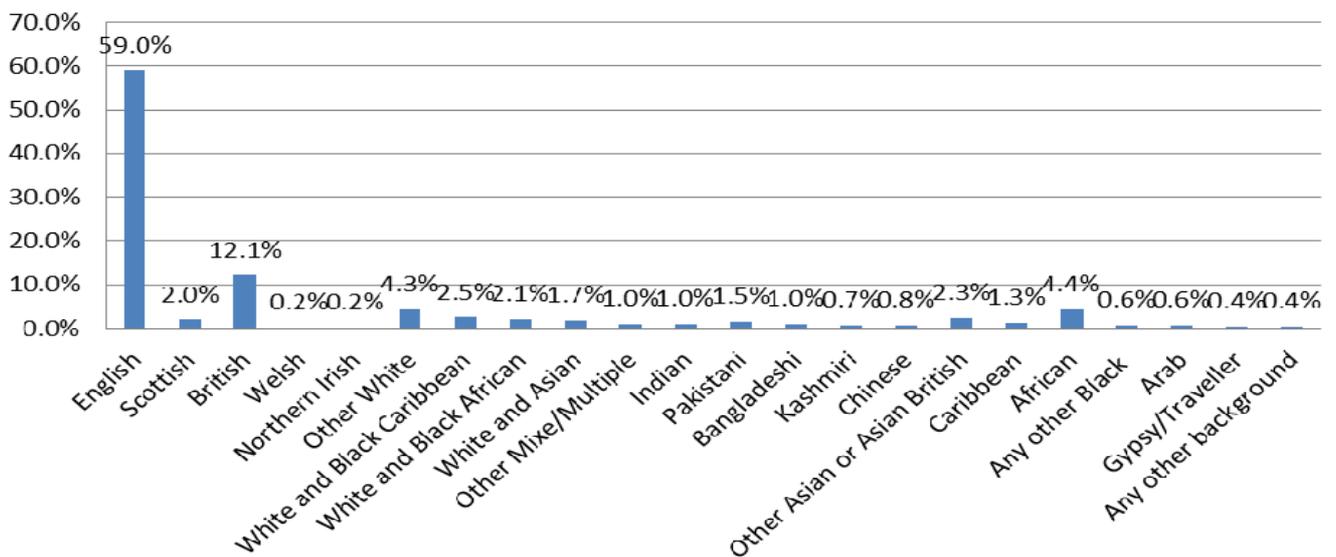
Appendix B - Equality Data provided by respondents



Sexual Orientation



Ethnicity



Religion

