

Review and Replacement Runnymede's Council Tax Support Scheme (Ed Bowen, Customer, Digital and Collection Services)

Synopsis of report:

Following consultation, to approve a revised Council Tax Support scheme, for those of working age, ensuring it is up to date, relevant and incorporates the roll out of Universal Credit to Runnymede's residents.

To simplify the scheme so it is more transparent and easier for some of the Council's most vulnerable residents to receive financial assistance towards their Council Tax liability and align the Council Tax Support Scheme with Housing Benefit regulations.

Recommendation(s):

The Committee to recommend to full Council the preferred option for Runnymede's Council Tax Support scheme and agree the implementation of the revised scheme from 1 April 2023.

1. Introduction

- 1.1 In April 2013 Council Tax Benefit was replaced by a prescribed Council Tax Support (CTS) scheme for those of pension age. The prescribed scheme ensured that pensioners were not affected, at all, by the reduction in funding for CTS.
- 1.2 Each local authority was then required to adopt its own locally designed and funded scheme for Working Age customers.
- 1.3 Any changes to the Housing Benefit regulations will be reflected in this Council Tax Support Scheme, and changes can be made during the financial year with the approval of the Assistant Chief Executive in consultation with the Chair of the Corporate Management Committee.
- 1.4 If a local authority wishes to make fundamental changes to its Council Tax Support scheme, it needs to consult the public and other affected groups. The scheme also needs to be approved by Full Council by 11th March of the preceding financial year.

2. Background

- 2.1 When the council tax bills are created in February 2022, we awarded around £4.1 million in CTS, shown in the table below:

Claimant Group	Number of Claims	Total Annual Award.
Pensioners	1,437	£2,000,168
Vulnerable / Disabled Claimants	892	£1,233,734
Working Age & Employed	65	£65,650
Working Age Other	674	£789,234
Totals	3,068	£4,088,786

- 2.2 With Council Tax increasing each year (the increase accelerated recently by the SCC Adult Social Care funding rises) measures need to be in place to control the expenditure. There is an obvious impact on the amount that can be gathered in through Council Tax revenue, if the CTS scheme changes.
- 2.3 With the above in mind, it is timely that the CTS scheme be reviewed to ensure that:
- the scheme is affordable
 - that the scheme remains fair and equitable to all sections of the community
 - that the scheme keeps up to date with changes to national welfare schemes such as Housing Benefit and Universal Credit
 - allows future changes in Housing Benefit legislation to be incorporated to support vulnerable residents

3. The effect on the Council Tax Base:

- 3.1 The council tax base is used to calculate the amount of council tax charged per household and how much is raised for the preceptors (Surrey County Council, Police and Fire authority).
- 3.2 It is important to understand that as CTS increases the less Council Tax revenue becomes available and the shortfall has to be made up by the remaining council taxpayers.
- 3.3 Over the past few years we have chosen to increase the council tax by £5 on Band D. For every £5 increase in the council tax liability, 37 pence went to covering that increase in council tax liability, leaving £4.63 to be spent on other services.
- 3.4 The 2022/23 council tax raises £179.55 on each Band D for all our services, £9.82 of that goes towards the cost of CTS. Therefore, to provide a more generous CTS scheme, more of that revenue would be drawn away from other services.
- 3.5 A consideration has been the Council Tax collection rate. It would make no sense to reduce the level of CTS available if that resulted in a corresponding downturn in the Council Tax collection rate, leaving the Council with higher levels of arrears and increased collection costs.
- 3.6 The following table shows Council Tax collection percentages, across Surrey, by year:

Authority	2018-19	2019-20	2020-21	2021-22
Elmbridge	98.9	98.7	98.4	98.6
Epsom & Ewell	99.1	99.1	98.1	98.5
Guildford	98.9	98.6	97.5	97.5
Mole Valley	99.1	99.0	98.5	98.6
Reigate & Banstead	99.1	98.7	98.1	98.9
Runnymede	98.3	98.3	97.9	98.4
Spelthorne	98.4	98.3	96.8	97.1
Surrey Heath	99.2	99.2	98.7	98.4
Tandridge	98.5	98.2	97.3	97.4
Waverley	98.7	98.0	97.3	98.2
Woking	98.7	98.4	98.1	98.4
Kingston-upon-Thames	99.0	98.7	97.2	98.2
Shire Districts (av.)	97.9	97.7	96.9	97.2

3.7 Due to the Covid pandemic, collection in 2022-21 was lower as courts were closed and resources were diverted to support residents and businesses.

3.8 The table above shows that Council Tax collection rates across Surrey are consistently high. They are also above the national average for shire districts. The concern that a less generous scheme introduced in 2019 would lead to lower collection rates has not been borne out.

4. Options for Change

4.1 A number of options for a revised CTS scheme were considered to meet the following objectives:

- simpler to understand
- stabilise council tax support entitlement so reducing the need to rebill customers every time there is a small change in household income
- use Universal Credit data to streamline the claiming process for the customer
- increase take-up of an underclaimed benefit by proactively supporting people to claim and target those in need
- simplify administration
- redeploy existing staff to overpayment recovery and data matching to ensure awards are correct

4.2 Within the benefits application software, there is the ability to model the financial impact on expenditure of a number of different potential changes to the CTS scheme. Whilst it has not been possible to model all potential revisions to the scheme, the impact of more significant changes has been calculated.

4.3 Based on the CTS caseload as of 28 September 2022, total expenditure for 2022/23 was calculated to be £4,049,408. This is slightly lower than the figure reported as of February 2022 as the caseload is in a constant state of flux. The breakdown of the expenditure figure was:

Claimant Group ^{RRV317}	Number of Claims	Total Annual Award.
Pensioners	1,437	£1,984,510
Vulnerable / Disabled Claimants	892	£1,322,809
Working Age & Employed	65	£49,972
Working Age Other	674	£692,117
Totals	3,068	£4,049,408

- 4.4 With the determination of a reference expenditure figure of £4,049,408, it has been possible to compare the cost of alternative CTS schemes and identify what savings, if any, might be made.

5. Runnymede's current CTS scheme for working age people

PENSION AGE CLAIMANTS

- Pensioners are fully protected and continue to receive up to 100% relief towards their Council Tax

VULNERABLE CLAIMANTS

- Working Age Vulnerable will have to pay a minimum of 10% towards their Council Tax
- The amount of CTS awarded is limited to Band D
- The minimum CTS that will be awarded is £5.00 per week
- The savings/capital limit has remained at £16,000

OTHER WORKING AGE CLAIMANTS

- Working Age Employed and all Others will have to pay a minimum of 20% towards their Council Tax
- The amount of CTS awarded is limited to Band D
- The minimum CTS that will be awarded is £10.00 per week
- The savings/capital limit has remained at £10,000

- 5.1 Four options for change were presented to the Corporate Management Committee on 23 June 2022. Of these, two were identified by officers as preferred options. The preferred options were seen to be those that balanced the need to simplify the scheme and stabilise entitlement but not create a financial burden on all residents of the Borough, whilst continuing to provide financial support to as many residents as possible.

- 5.2 Options two and four were approved for consultation with some additional elements suggested at the meeting on 23rd June. The consultation was undertaken with our precepting authorities and residents of the borough, and deliberately sought the views of a cross section of residents.

6. **Option 2:** Stabilise entitlement for residents in receipt of Universal Credit by simplifying what happens when CTS changes by small amounts during the financial year.

- 6.1 Introduce a de minimis amount where any change of circumstances would result in an increase or decrease in a working age claimant's entitlement of less than £3.25 per week, then no change in CTS will occur until the total changes cumulatively amount to at least £3.25 per week.

- 6.2 Where this does occur, the change will be effective from the date of the last change.
- 6.3 The de-minimis level would be gross income changes of less than £16.25 per week.
- 6.4 Since January 2022, we have looked at the number of claims that have had a change of £3.25 or less. On average around 30% of claims with a change would be affected by this measure, and the numbers with a decrease is broadly similar to the number who have an increase.
Appendix 1 summarises these findings.
7. **Option 4:** Automate most of the claiming process and reporting changes for those in receipt of Universal Credit. Change the minimum weekly entitlement, align uprating and the CTS scheme with HB regulations.
- 7.1 By using as much Universal Credit data as possible we will be able to calculate accurately any entitlement and if necessary, request minimal additional information. This will provide residents with the CTS they are entitled to with a simplified claiming process and much less burdensome.
- 7.2 Currently, CTS is underclaimed in part because of the frequent changes and the broken link to Housing Benefit claims. We propose taking the UC data and treating that as a claim for CTS. However, the data that is shared does not provide all the information we need to make a decision under the current scheme.
- 7.3 To keep the burden on residents to a minimum and provide an accurate assessment of their entitlement, we propose introducing a flat rate non-dependent deduction and removing the additional earnings disregard (AED). These changes will allow us to use the UC data without the cost and delay of gathering additional information.
- 7.4 To help our residents with the current pressure on household budgets, we propose changing the minimum weekly entitlement for all working age customers to £5.00.
- 7.5 Should any residents not qualify and need assistance on hardship grounds we have the ability to remit council tax on under Section 13A of the Local Government Finance Act 1992, taking into consideration the impact on all taxpaying residents.
- 7.6 Using existing records of claims that fall below the £10 minimum we have been able to estimate the number of claims who would continue to receive CTS if the minimum were lowered to £5.00.
- 7.7 This is estimated to cost an additional £50,000 if it were applied to all groups. Appendix 2 shows the potential changes to a £5 minimum between April and September 2022. 33 residents in the 'Other' group and 38 in the 'Employed' group would retain some entitlement over £5 per week.
- 7.8 It should be noted though, that for every £5 increase in council tax liability, 37 pence went to covering that increase in council tax liability, leaving £4.63 to be spent on other services and currently of the £179.55 on each Band D for all our services, £9.82 of that goes towards the cost of CTS. To cover the additional estimated £50,000 for changing the minimum to £5 for all groups would cost .33 on the average band D.
- 7.9 Had these changes been in place in April 2022, the cost of CTS would have been £10.15 on the average Band D charge.

- 7.10 Align Housing Benefit uprating with Council Tax Support uprating and align the Housing Benefit disregard of all local welfare support payments and any future legislative changes, subject to agreement of the Assistant Chief Executive in consultation with the chair of Corporate Management Committee.
- 7.11 Fully aligning the CTS scheme with Housing Benefit regulations will make the CTS easier to understand and consistent with the other benefit. This will also allow the authority to react more quickly to deliver changes announced in Housing Benefit and align the CTS scheme to give the customer an equivalent entitlement.

8. Consultation Responses

- 8.1 An independent market research company undertook the consultation on behalf of Runnymede Borough Council. A total of 1,000 questionnaires were issued and the survey was available on the Council's web site. 92 responses were received.
- 8.2 The consultation group included a wide variety of customer and responses were received from those of working and pensionable age, those who are and are not economically active as well as those classed as 'vulnerable' within the current and proposed CTS schemes.
- 8.3 Officers carefully considered the responses to the consultation and reviewed the preferred options for a replacement scheme. As more than half of respondents supported the changes proposed, officers are recommending a revision to the existing scheme that incorporate elements that are affordable, simpler to understand, and can be delivered with the existing software while protecting the vulnerable in our community.
- 8.4 As a consequence officers confirm that the flat rate non-dependant deduction and removal of the additional earnings disregard affects those on Universal Credit and will not be extended to all working age groups.
- 8.5 For further clarity, the change to the £5 minimum and the disregard of local welfare provision payments affects all working age groups.
- 8.6 The report of the independent market research company, engaged to seek the reviews of residents, is attached to this report as Appendix 3.
- 8.7 We also consulted the precept authorities Surrey Police and Surrey County Council, both of whom supported the proposed changes Appendix 3A.
- 8.8 Citizens Advice said they supported the automation of claims using universal credit data and agreed with the change to the minimum amount.
- 8.9 At the time of writing, Surrey Welfare Rights had yet to comment.

9. Officer recommendation

- 9.1 Having looked at the various options, officers recommend amending the existing scheme with the measures set out and detailed above. These were referred to as Option 2 and 4 in the report to the Corporate Management Committee on 23 June 2022 to Councillors, and the additions made subsequently that the public found acceptable, and we can deliver using the existing software

9.2 By amending the current CTS scheme for those of working age, these changes are in summary:

- Stabilise entitlement for those in receipt of Universal Credit by ignoring changes of £3.25 or less in weekly entitlement.
- Use Universal Credit data to assess entitlement.
- Introduce flat rate non dependant deductions for claimants in receipt of Universal Credit.
- Remove the additional earnings disregard for those in receipt of Universal Credit.
- Change the minimum weekly entitlement to £5 for all working age groups.
- Align the scheme with Housing Benefit uprating annually and with any future legislative changes.
- Disregard local welfare payments for all working age groups

9.3 The revisions maintain a significant level of protection for a high number of vulnerable residents whilst ensuring that the Council does not overspend against the CTS budget especially in the current economic crisis and rising cost of living.

10. Mechanism for Revising the CTS Scheme

10.1 Before the RBC CTS scheme can be revised, there must have been consultation with major preceptors and the general public on the possible options for change. The consultation ran between Friday 12th August and Friday 23rd September, giving sufficient opportunity for interested parties to comment. To try and obtain as broad a range of consultation responses as possible, it was decided to include a sample of the current CTS working age caseload as well as some residents not in receipt of CTS. Officers engaged an independent market research company, tasking them to seek the views of approximately 1,000 residents. The total number of responses to the consultation was 92.

10.2 Now the consultation responses are known, and a proposed revised scheme is in place, it needs to be agreed by the Council on 8 December 2022. This will ensure that a revised, replacement scheme is agreed before the legislative deadline of 11 March 2023, enabling adoption and implementation from 1 April 2023.

11. Financial implications

11.1 The introduction of the £5 minimum entitlement for all working age groups will lead to an increase in annual CTS expenditure for approximately £50,000 in each year.

11.2 As the scheme is looking to increase take-up, there will also be a slight increase in CTS expenditure of around £10,000.

11.3 The cost and analysis of the consultation was £4,635.

12. Legal Implications

12.1 When Council Tax Support was introduced, local authorities were obliged to have a scheme in place by the 11 March preceding the start of the following financial year. If a changed scheme is not approved, then the current scheme would continue for another year.

12.2 On 23 June 2022 Corporate Management Committee considered proposed changes to the CTS scheme for 2023/24 prior to a period of consultation on the suggested

scheme amendments.

- 12.3 This report asks the Corporate Management Committee to approve a revised CTS scheme for 2023/24. The report sets out the responses to the consultation exercise carried out with interested parties between 12 August 2022 and Friday 23 September 2022.
- 12.4 Schemes need to be adopted by full Council, with prior consultation undertaken with stakeholders such as the county council, police authority etc.
- 12.5 Schedule 1A, paragraph 5 of the Local Government Finance Act 1992 states:
- 12.6 For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme
- 12.7 The above is understood to mean that for every financial year since 2013, local authorities need to have considered whether to amend/revise or keep the same their local scheme. Best practice suggests that, as part of any review of a local scheme, consultation with stakeholders be undertaken. As with the initial Council Tax Support scheme from April 2013, the decision to maintain or revise a scheme needs to be made by full Council.
- 12.8 In addition to any local variations, each year the Government issues regulations amending the default scheme. Amendments in respect of pensioners *must* be incorporated into any local scheme. Whether these amendments need to be included in a local scheme for working age residents are for each local authority to decide.

13. Equality implications

- 13.1 Councillors need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty, as set out in Section 149 of the Equality At 2010, as part of the decision-making process. The three aims the authority must have due regard for are:
 - eliminate discrimination, harassment and victimisation
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - foster good relations between persons who share a relevant protected characteristic
- 13.2 The Council must pay due regard to any obvious risk of such discrimination arising from the decision before them. There is no prescribed manner in how the equality duty must be exercised though producing an EIA is the most usual method. An EIA for the proposed 2023/24 scheme has been completed.
- 13.3 The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including ethnic or national origins, colour or nationality), religion or belief, sex or sexual orientation.
- 13.4 Councillors will need to consider the effect that implementing any changes to the CTS scheme will have on equality before making a final decision at the Council meeting of 8th December 2022. The EIA will assist with this. If it is apparent that CTS policy would have an adverse effect on equality, then adjustments should be

made to seek to reduce that effect and this is known as mitigation. The options and proposals consulted on in revising our CTS scheme will go some way to help mitigate the impact on vulnerable groups.

14. Environment, Sustainability and Biodiversity implication

- 14.1 The stabilisation of CTS entitlement will lead to a reduction in printing and postage costs, as will the use of Universal Credit data which will mean less need to contact customers and ask for additional information and evidence.

15. Conclusion

- 15.1 The Committee to recommend to full council the preferred options for Runnymede's Council Tax Support scheme and agree the implementation of the revised scheme from 1 April 2023.
- 15.2 Subject to Committee approval, a members' briefing explaining the changes will be held on 28 November 2022 ahead of the 8 December full council meeting.

(To resolve)

Background papers:

Appendix 1 – Ignore small changes CTR605 analysis

Appendix 2 – £5 minimum

Appendix 3 – Council Tax Support Scheme Consultation

Appendix 3a – Consultation response from Preceptors

Appendix 4 – Equalities Screening Assessment

Appendix 5 – Council Tax Reduction Scheme

(Appendices 3, 4 and 5 have not been included within the agenda pack but are available on the Council's website - [Agenda for Corporate Management Committee on Thursday, 24th November, 2022, 7.30 pm – Runnymede Borough Council](#))