

REPORT TO: Corporate Policy & Performance Board

DATE: 5th September 2017

REPORTING OFFICER: Strategic Director–Enterprise, Community & Resources

PORTFOLIO: Resources

SUBJECT: Council Tax Reduction Scheme

WARD(S): Borough-wide

1. PURPOSE OF REPORT

1.1 To outline proposed changes to the Council Tax Reduction Scheme for 2018/19, for which public consultation will be required.

2. RECOMMENDATION: That the changes to the Council Tax Reduction Scheme outlined in the report be recommended to Executive Board for public consultation.

3. SUPPORTING INFORMATION

3.1 The Local Council Tax Reduction Scheme was introduced in April 2013 replacing Council Tax Benefit, and is based on the national Housing Benefit scheme. This local scheme ensured that existing support for claimants with disabilities, claimants with children and claimants who are working were maintained. At the end of the Council Tax Reduction calculation a 21.55% reduction is made from every working age award to cover the shortfall in the Government grant allocation for Halton.

3.2 Since April 2013 the national Housing Benefit scheme has been amended by Government regulations, but the Local Council Tax Reduction Scheme has not been updated to reflect these changes.

3.3 The national Housing Benefit scheme has been adjusted to take account of changes to other national welfare benefits such as Tax Credits. It is therefore appropriate at this stage to consider broadly aligning the Council Tax Reduction Scheme with the Housing Benefit scheme to achieve a measure of consistency that previously existed in April 2013.

3.4 In 2015 the Chancellor announced that from April 2017 support provided to families through tax credits would be limited to two children, so any subsequent children born after April 2017 would not be eligible for further support. An equivalent change was made in the Housing Benefit scheme to restrict the young person allowance to two children to ensure consistency between both benefits.

3.5 During 2016 the Government removed the Family Premium from the calculation of new Housing Benefit claims. The Family Premium is part of how the needs of any claimant is assessed and is included in their “applicable amount” which is compared with their income.

4. PROPOSED CHANGES

4.1 In order to broadly re-align the Council Tax Reduction Scheme with the national Housing Benefit scheme, it is proposed to undertake public consultation with regard to making the changes indicated in Table 1 below for 2018/19. These changes will only affect “new” claimants from 1st April 2018. Existing working age persons currently receiving Council Tax Reduction and pensioners are not affected by the changes.

Table 1

(a)	To restrict the young person allowance to 2 children for any children born after 1 st April 2018.
(b)	To remove the Family Premium from the calculation of new claims made by working age persons from 1 st April 2018. The Family Premium is part of how we assess the needs of any claimant and is included in their ‘applicable amount’ which is compared with their income. The Family Premium rate is £17.45 per week, and if we followed the change then new claimants may lose up to £3.49 Council Tax Reduction each week. The Family Premium change will not affect those claimants on Universal Credit, Income Support, Income related Employment and Support Allowance or Income based Job Seekers Allowance.

5. FINANCIAL IMPLICATIONS

5.1 Introducing these changes to the Council Tax Reduction Scheme will result in a small saving to the Council. However, at this stage it is difficult to estimate the number of new claimants with the particular circumstances shown in Table 1, in order to calculate a meaningful figure.

6. IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

6.1 In 2016/17 the Council paid £9.3m in Council Tax Reduction to 13,145 claimants and these proposals will not impact upon this group of residents. In the longer term the changes will impact upon new claimants and this has the potential to affect all of the Council’s priorities.

7. RISK ANALYSIS

7.1 In the longer term these proposed changes will mean the Council will have to collect more council tax, but it is anticipated that the amount will not be significant.

- 7.2 The proposed changes to the Council Tax Reduction Scheme will require changes to the computer system used to administer the Scheme, however, these can be accommodated.

8. EQUALITY AND DIVERSITY ISSUES

- 8.1 If it is approved for the proposed changes to the Council Tax Reduction Scheme to go to public consultation then an Equality Impact Assessment will need to be undertaken.

9. LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

- 9.1 There are no background papers under the meaning of the Act.