

LONDON BOROUGH OF CAMDEN	WARDS: ALL
REPORT TITLE Council Tax Reduction Scheme 2018/2019 (CS/2017/23)	
REPORT OF Cabinet Member for Finance and Transformation	
FOR SUBMISSION TO Resources and Corporate Performance Scrutiny Committee Cabinet Council	DATE 5 December 2017 6 December 2017 29 January 2018
<p>SUMMARY OF REPORT</p> <p>This report recommends a Council Tax Reduction Scheme for working age people for the year 2018/19 to help people on low incomes pay their Council Tax.</p> <p>By keeping the Council Tax Reduction Scheme at its current level, we are preventing further reductions in living standards for families receiving benefits meeting the Camden Plan's long term goal to eliminate child poverty in the borough and the Council's wider commitment to making Council Tax fairer.</p> <p>It also looks at how the Council Tax Reduction Scheme operated in 2017/18</p> <p>This report is coming to Cabinet because each financial year the Council must consider whether to maintain, revise or replace its scheme.</p> <p>Local Government Act 1972 – Access to Information</p> <p>The following document(s) have been used in the preparation of this report:</p> <ul style="list-style-type: none"> • Council Tax Reduction Scheme Data (Excel spread sheet) <p>Contact Officer: Alan Porter Head of Benefits Corporate Services 5 Pancras Square London WC1H 8NH</p> <p>Telephone: 020 7974 5565 Email: alan.porter@camden.gov.uk</p>	

WHAT DECISIONS ARE BEING ASKED FOR?

The Resources and Corporate Performance Scrutiny Committee is asked to consider the report and refer any comments to the Cabinet.

The Cabinet is asked to recommend to Full Council that no change is made to the Council Tax Reduction Scheme and that the scheme continues from 1 April 2018.

The Council is asked to agree that no change is made to the current Council Tax Reduction Scheme for the financial year 2018/19

Signed: Agreed by Mike O'Donnell, the Executive Director Corporate Services

Date: 24th November 2017

1. WHAT IS THIS REPORT ABOUT?

- 1.1. This report recommends that the Council Tax Reduction Scheme for working age people for the year 2018/19 continues with a maximum award of 100%. This enables the Council to further its commitment to make Council Tax fairer and supports the Camden Plan's long term aim of eradicating child poverty.
- 1.2. It also looks at how the Council Tax Reduction Scheme operated in 2017/18.
- 1.3. This report does not discuss the scheme for people of pension credit age as this is prescribed by law and cannot be changed.

2. WHY IS THIS REPORT NECESSARY?

- 2.1. Every year the Council must decide whether to keep the existing Council Tax Reduction Scheme or revise it.
- 2.2. The decision to adopt a scheme must be taken by Full Council.
- 2.3. If Full Council does not adopt a revised scheme by 31st January the existing scheme continues to apply for the following financial year.

3. OPTIONS

- 3.1. The Council could:
 - a) Retain the current scheme
 - b) Decide not to maintain the current scheme
 - c) Make alterations to the current scheme
 - d) Adopt a completely different scheme.

4. WHAT ARE THE REASONS FOR THE RECOMMENDED DECISIONS?

- 4.1 Camden's Council Tax Reduction Scheme (CTRS) has been in operation since April 2013 when the Government ceased the national Council Tax Benefit scheme. At the time, Camden faced a significant financial shortfall due to reduced government funding and required all working age recipients of CTRS to make a minimum contribution of 8.5% a year.
- 4.2 Due to increasing numbers of properties in Camden (the Taxbase) bringing in increased council tax receipts and the costs of collecting relatively small amounts of money from poor households, the Council explored the option of increasing the maximum amount of support to 100% for the 2017/18 year. This would ensure the poorest working age households in the borough received the same level of financial support as the poorest pensioner households. (The Government protected pensioners in law so they have always been entitled to a maximum of 100%)

- 4.3 The proposal was seen as another step towards making Council Tax fairer alongside the Council's previous decisions to exempt foster carers and increase charges for empty and second homes. It also contributes to the Camden Plan's long term aim of eradicating child poverty in the borough.
- 4.4 A consultation with local residents supported the proposal and it was brought in April 2017. It provided increased financial support for over 15,000 households, over 7,000 of which were families with children and 1800 with significant disabilities.
- 4.5 The scheme has operated efficiently and provided financial support to help those on low incomes and/or benefits pay their Council Tax. It has also seen a reduction in the number of households receiving court summons due to non-payment of council tax.
- 4.6 Keeping the maximum Council Tax Reduction at 100% will give stability to the household budget of claimants and will enable recovery to focus on those who are avoiding payment. Officers are therefore recommending that the Council does not make any changes to the current scheme.
- 4.7 The table below shows the number of working residents receiving CTRS at 100% of their Council Tax by each ward. Not all recipients of CTRS receive 100% support – a taper reduces the level of support in line with income.

Ward	100% CTRS
Belsize	460
Bloomsbury	301
Camden Town	583
Cantelowes	683
Fortune Green	551
Frognaal	199
Gospel Oak	750
Hampstead	180
Haverstock	810
Highgate	531
Holborn	701
Kentish Town	651
Kilburn	995
Kings Cross	561
Regents Park	805
St Pancras	1123
Swiss Cottage	363
West Hampstead	605
Total	10,852

- 4.8 The Council Tax Reduction Scheme will need to be redesigned for 2019/20 as claimants move from legacy benefits (Housing Benefit, Job Seekers Allowance, Income Support, Employment Support Allowance and Tax Credits) to Universal Credit. The current scheme relies on information provided in support of Housing Benefit Claims. As fewer claimants claim Housing Benefit, assessing Council Tax Reduction claims will become administratively more difficult. Universal

Credit is due to be rolled out in Camden for all new claimants from the September 2018, with most claimants moving to Universal Credit 12 to 18 months later.

- 4.9 The Council must comply with its general equality duty under the Equality Act 2010 and the obligations in the Child Poverty Act 2010, as well as having regard to the Department for Communities and Local Government (DCLG) guidance “Taking Work Incentives into Account (December 2012)”. The current scheme was designed to ensure that the Council met these obligations and will continue to do so. As can be seen from the Equality Impact Assessment, the decision to retain the current scheme eases the financial burdens faced by the poorest working age households in the borough including over 1800 households with significant disabilities and 7000 families with over 14,000 children who risk living in poverty. It also ensures intergenerational fairness as pensioners have always retained up to 100% financial support.

5 WHAT ARE THE KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

- 5.1 When adopting a local scheme, the Council needs to consider how the scheme will help to deliver local priorities within available resources. Any Council Tax Reduction has to be funded by the Council Tax payer therefore there is need to ensure that expenditure is controlled. Increasing unemployment and low income work could lead to increasing numbers of claims and increasing costs.

6 WHAT ACTIONS WILL BE TAKEN AND WHEN FOLLOWING THE DECISION AND HOW WILL THIS BE MONITORED?

- 6.1 The Council Tax Reduction scheme will be published on Camden’s website.
- 6.2 There will be no change to the way Council Tax Reduction is calculated.

7 LINKS TO THE CAMDEN PLAN OBJECTIVES

- 7.1 One of the long term goals of the Camden Plan is to ‘eliminate child poverty in the borough, by keeping the Council Tax Reduction Scheme at its current level we are preventing further reductions in living standards for families in receiving benefits.
- 7.2 In addition the Council has committed to making Council Tax fairer and to that end has introduced increased charges for empty homes and second homes in the borough whilst providing exemptions for foster carers. Retaining 100% financial support for Council Tax for the poorest working age households further supports this aim.

8 CONSULTATION

- 8.1 Local authorities are only legally required to consult if they are minded to change their scheme. As no changes are proposed, no consultation is required.

9 LEGAL IMPLICATIONS (comments from the Borough Solicitor)

- 9.1 The legal provisions covering the requirement to have a Council Tax Reduction Scheme are set out in the introduction to the draft scheme (Appendix B)
- 9.2 There is a statutory obligation on the Council to have a scheme. Each financial year the Council must consider whether to revise or replace its scheme and any revision or replacement must be made by 31 January in the preceding financial year to that which it is to take effect. The statutory requirement to consult applies to the Council when revising or replacing the scheme. There is however no statutory obligation to consult when the Council is not either revising or replacing the scheme, but merely maintaining the scheme that has already been decided upon.
- 9.2 The DCLG guidance “Localising Support for Council Tax: Vulnerable people-key local authority duties”(February 2014) outlines the duties local authorities need to consider in relation to vulnerable groups in designing their schemes (other than those of state credit pension age who receive statutory protection) and these were taken into account when the current scheme was agreed in January 2017. These are, in summary:
- a) the public sector Equality Duty (The Equality Act 2010). The need for the local authorities to consciously consider this duty as an integral part of the decision making process and ensure it has sufficient information to do so is reiterated as is the need to take into account disabled peoples disabilities when making decisions about policies or services and the impact of their schemes on disabled people. This is a continuing duty and members are referred to paragraph 9.3 below
 - b) the duty to mitigate effects of child poverty (The Child Poverty Act 2010). The relevant provisions were repealed by the Welfare Reform and Work Act 2016 in May 2016 and the Act renamed the Life Chances Act 2010 and replaced with a new duty on the Secretary of State to report levels of educational attainment and worklessness. However it is noted the guidance also referred to the fact that authorities may wish to use their scheme to help encourage separated parents to make child maintenance arrangements and maximising the money reaching children for example by fully disregarding child maintenance when assessing eligibility. Locally reducing child poverty is still a key ambition in the Camden plan. This is part of the current Camden scheme.
 - c) The duty to prevent homelessness (The Housing Act 1996). Authorities will want to consider how information about their scheme is made available to homeless households once they are secured accommodation and when taking into the equality duty, have regard to vulnerable individuals for whom it secures accommodation, or who are at risk of becoming homeless- for example, young people or individuals suffering from mental illness.
- 9.3 The public sector equality duty is a continuing duty and Cabinet Members must take into account in coming to any decision the Councils equality duties. In summary these legal obligations require the Council, when exercising its

functions, to have 'due regard' to the need to 1. Eliminate discrimination, harassment, victimisation, and other conduct prohibited under the Act; 2 to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; 3. Foster good relations between people who share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim only i.e. reducing discrimination, etc the protected characteristic of marriage and civil partnership is also relevant. In this case, for this decision, the attached EIA concludes that there is no potential for discrimination and all appropriate opportunities to advance equality and foster good relations have been taken.

10. RESOURCE IMPLICATIONS (finance comments of the Executive Director Corporate Services)

- 10.1 The paper proposes keeping the Council Tax Reduction Scheme at its current level in 2018/19 following an increase from 91.5% to 100% for 2017/18. Due to the increase in Council Tax and the change to the 100% scheme, projected reduced income for 2017/18 was £1.85m from the previous year. With no changes to the scheme there is not expected to be a significant change in 2018/19. It should also be noted that by increasing the CTRS level to 100% last year, the revised scheme decreased the need to chase small debts with the effect of increasing the collection rate as officers' time was freed up to focus on chasing more material arrears and thus decreasing the net costs of the 100% scheme.
- 10.2 The costs of the scheme are shared with the Greater London Authority, as the Council Tax payable by residents is composed of Camden and GLA element, therefore the cost is not be fully borne by the Council.
- 10.3 Camden's Council Tax base has been increasing steadily in the past few years – by 6% from 2014/15 to 2017/18. This has increased the funding available to the Council, and makes the continuation of the 100% level more affordable than had the base plateaued.

11. APPENDICES

- Appendix A Equalities Impact Assessment
- Appendix B Council Tax Reduction Scheme (2018 – 2019)