

Report to:	Cabinet	Date of Meeting:	12 January 2017
	Council		26 January 2017
Subject:	Council Tax Reduction Scheme 2017/18 & Council Tax Base 2017/18	Wards Affected:	(All Wards);
Report of:	Head of Corporate Resources		
Is this a Key Decision?	Yes	Is it included in the Forward Plan?	Yes
Exempt/Confidential	No		

Purpose/Summary

This report seeks to provide Cabinet with details of the annual review of the Council Tax Reduction Scheme (CTRS) that has been completed. Following this review a Local Council Tax Reduction Scheme for 2017/18 will be recommended to Council in addition to an updated Council Tax Base for both Sefton Council and for each Parish Area for 2017/2018. This report is technical in nature however it is compulsory that it is completed before 31st January 2017.

The report contains the following Annex listed below:-

Annex A: Council Tax Base Report 2017/18

Recommendation(s)

Cabinet:

1. That Cabinet notes the contents of the Council Tax Reduction Scheme 2016/17 review.
2. That Cabinet recommend to Council no changes to the existing Local Council Tax Reduction Scheme for 2017/18 for working age claimants.
3. That Cabinet delegate to the Head of Corporate Resources consideration and implementation of any minor textual changes to the Council Tax Reduction Scheme for 2017/18
4. That Cabinet recommends that Council approves the Council Tax Base for 2017/18 as set out in Annex A.

Council:

1. That the Council approves the continuation of the existing Local Council Tax Reduction Scheme for 2017/18.
2. Council approves the Council Tax Base for 2017/18 as set out in Annex A of the report.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being	✓		
5	Children and Young People	✓		
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

Reasons for the Recommendation:

Council Tax Reduction Scheme

Each financial year the Council must consider whether to revise or replace its Local Council Tax Reduction Scheme. The Council must approve and adopt the 2017/18 Council Tax Reduction scheme by the 31st January 2017 to take effect from 1st April 2017.

Any decision to revise or replace the scheme would require compliance with statutory provisions in accordance with The Local Government Finance Act 2012 (Chapter 17), schedule 4.

The report comments on the impact of various changes made to the scheme for the current year 2016/17 together with the impact of the Government Welfare Reform changes. After consideration of the factors outlined in the report it is proposed that the Local Council Tax Reduction Scheme for 2017/18 remains unchanged for working age claimants.

Council Tax Base

In accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 1992, as amended, the Council is required to set a tax base for both Sefton Council and for each Parish Area for 2017/2018.

Alternative Options Considered and Rejected:

The Council revised its local Council Tax Reduction Scheme in 2016/17 following an extensive consultation process. Any change for the 2017/18 scheme would require financial modelling against potential impacts from the welfare reforms that are due to be introduced. Final details of the welfare reforms have yet to be agreed and disclosed by Department for Work & Pensions (DWP). As a result no alternative options for change have been considered for 2017/18.

What will it cost and how will it be financed?

(A) Revenue Costs

Council Tax Reduction Scheme: There would be no additional revenue implications as a result of a decision to retain the current scheme. The cost of the current council tax reduction scheme discounts has been reflected in the council tax base.

Welfare Reforms: The Government's proposed welfare reforms are expected to increase the cost of the council tax reduction scheme. The worst case scenario would indicate an increase of up to £0.766m. However, this is unlikely to be the case as the final regulations may have a smaller impact and claimant behaviour will change as a result of the reforms. Additional costs of £0.300m have been built into the council tax base set out in Annex A. It has been assumed that any further cost arising from welfare reforms will be offset by reductions in claimant numbers and the positive impact of other changes such as the increase in the national living wage.

Council Tax Base: Changes to the Council's tax base will have an impact on the level of Council Tax income transferred from the Collection Fund to the Council's General Fund in 2017/18. It will also impact on the amounts due to the Police and Crime Commissioner, and the Fire and Rescue Service in the year.

The following table shows the impact of the changes to the tax base based on the Band D Council Tax levels set for 2016/17:

Council Tax Income	Sefton Council £000	Police & Crime £000	Fire & Rescue £000	Total £000
Budget 2016/17	-110,718	-13,155	-5,890	-129,763
Forecast 2017/18	-112,226	-13,334	-5,970	-131,530
Increase (-) / Decrease (+)	-1,508	-179	-80	-1,767

(B) Capital Costs

No capital costs are planned for this change in system.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial

Legal

By Section 5 of Schedule 1A of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) for each financial year each billing authority must

- a. Consider whether to revise its Council Tax Reduction Scheme or to replace it with another scheme
- b. Make any revision to its scheme, or any replacement scheme, no later than 31st January in the financial year preceding that for which the revision or replacement is to have effect.
- c. If any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of person is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.
- d. Before revising its scheme or making a replacement scheme, an authority must:
 - i. Consult any major precepting authority which has power to issue a precept to it.
 - ii. Publish a draft scheme in such manner as it thinks fit and
 - iii. Consult other such persons as it considers are likely to have an interest in the operation of the scheme.

Human Resources		
Equality		
1.	No Equality Implication	<input type="checkbox"/>
2.	Equality Implications identified and mitigated	<input checked="" type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

By retaining the 2016/17 Local Council Tax Reduction scheme which includes reducing the amount of council tax that low income working age households have to pay, the Council will make administrative savings, with less customer contact for our Customer Services, reducing the need for debt advice and budgeting support.

What consultations have taken place on the proposals and when?

The Head of Corporate Resources (FD 4436/16) and the Head of Regulation and Compliance (LD3719/16) have been consulted and any comments have been incorporated into the report.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet recommendation to Council and approval by Council 26 January 2017.

Contact Officer:

Tel: 0151 934 4161

Email: christine.finnigan@sefton.gov.uk
Partnership & Local Taxation Manager

Background Papers:

The following paper is available for inspection on the Council website:

- Equality Impact Assessment – addendum to Equality Analysis Report 2013/14.
Link - <http://smbc-modgov-01/ieListDocuments.aspx?CIId=139&MIId=8057&Ver=4>

1. Introduction/Background

1.1 Local Council Tax Reduction Scheme

1.2. Local Council Tax Reduction replaced Council Tax Benefit (CTB) with effect from the 1 April 2013. The local scheme rules only apply to working age customers. Pensioners are protected by legislation and must be provided with the level of council tax support specified by the Government.

1.3 The total grant of £24.2m transferred to the Council, Police and Crime Commissioner, and Fire Service in 2013/14 to fund the local scheme was £3.0m (11%) lower than had previously been provided to fund council tax benefit in 2012/13. As a result, the Council had to introduce changes to the national default council tax support scheme in order to ensure that the local council tax support scheme was cost neutral. As the Council was unable to alter the pensioner scheme rules, the saving requirement was met by reducing the level of support provided to working age claimants and through technical changes to empty property discounts.

1.4 The Council is required by law to review the scheme each year irrespective of whether it is being amended.

1.5 The current local scheme has been in place since 1 April 2016. It is based on the Government's national default scheme with the following amendments:

- The calculation of the reduction is based on 84% of the Council Tax bill, rather than 100%. This means all non-pensioner claimants have to pay a minimum of 16% of the Council Tax due.
- The capital/savings limit has been reduced from £16,000 to £6,000 so those with capital exceeding £6,000 are required to make full payment of their Council Tax liability.
- The Council Tax second adult rebate for non-pensioner claimants has been removed. Claimants on low income can apply for Council Tax Reduction.
- Non-dependant deductions – flat rate deductions for working age claimants were introduced at £2 and £5. The reduced charges for non-dependants support households on low incomes by providing incentive to non-dependants to contribute to the council tax bill.

1.6 The scheme must be approved by Council and adopted no later than the 31st January in the preceding financial year.

2. Review of the Local Council Tax Reduction Scheme 2016/17

2.1. Areas Covered by the Scheme Review

In order to satisfy the requirement to review the Council Tax Reduction Scheme the following key areas were evaluated:

- Claimant caseload
- Scheme expenditure.
- Impact on the most vulnerable claimants.
- Welfare reform changes.
- Council Tax collection
- Attachment of Benefits.
- Review of scheme principles.
- Council Tax Exceptional Hardship fund

2.2 **Claimant Caseload**

The table below shows the caseload data at 31 October 2016 compared to caseload data at the end of each year since the Council Tax Reduction Scheme was introduced in 2013/14.

Year	Date	Pensioners	Working Age	Total	Change
2013/14	03.04.14	14,655	16,025	30,680	n/a
2014/15	01.04.15	13,925	15,349	29,274	-1,406
2015/16	31.03.16	13,206	14,886	28,092	-1,182
2016/17	31.10.16	12,823	14,641	27,464	-628

The working age caseload can be split further:

Year	Date	Employed	Other	Total	Change
2013/14	03.04.14	2,874	13,151	16,025	n/a
2014/15	01.04.15	2,748	12,601	15,349	-676
2015/16	31.03.16	2,504	12,382	14,886	-463
2016/17	31.10.16	2,244	12,397	14,641	-245

2.2.1 **Pensioner Claimants**: Since the initial implementation of the scheme in 2013/14 the number of Pensioner Claimants has declined in every year. The total reduction in pensioner claimant numbers has been -1,832 (-12.5%) between 2013/14 and 2016/17.

2.3 **Scheme Expenditure**

2.3.1 Scheme expenditure data is reported to the Government in both the Revenue Outturn (RO) Return and also in the Council Tax Base (CTB) Return. The data recorded in the RO Return is the total cost recorded for the year. The data reported in the CTB Return is based on the weekly payments recorded on a single day at the beginning of October each year. The amount of expenditure for each year would increase in-line with annual council tax increases and decrease as a result of reductions in claimants. The cost of the scheme also increased in 2016/17 as a result of reducing the minimum payment required from working age claimants.

2.3.2 Revenue Outturn Return Data

2.3.3 The following table shows the Council Tax Reduction Scheme expenditure reported in the Revenue Outturn Return compared to the latest estimate for 2016/17:

Year	Source	Pensioners £000	Working Age £000	Total £000	Change £000
2013/14	RO Return	13,305	9,907	23,212	n/a
2014/15	RO Return	12,152	10,364	22,516	-696
2015/16	RO Return	11,895	9,760	21,655	-861
2016/17	Estimate	12,419	9,851	22,270	+615

Notes:

1. 2013/14: The split of Pensioner and Working age costs included an estimate based on ceased cases.
2. 2016/17 Estimate: Total cost has been split pro-rata to the amounts reported in the CTB Return 2016.
3. 2016/17 Estimate: Change figure (+615) reflects the position as at 31/10/2016. This includes (a) the impact claimant reductions since 1 April 2016, (b) the cost of reducing the minimum claimant contribution, from 20% in 2015/16 to 16% in 2016/17, and (c) the impact of the Council Tax increase of 3.69% in 2016/17.

2.3.4 Council Tax Base Return Data

2.3.5 The following table provides a view of the Council Tax Reduction Scheme expenditure based on weekly payments recorded in early October as reported in the Council Tax Base Return:

Year	Source	Pensioners £000	Working Age £000	Total £000	Change £000
2013	CTB Return	12,602	10,214	22,816	n/a
2014	CTB Return	12,491	10,260	22,751	-65
2015	CTB Return	11,991	10,033	22,024	-727
2016	CTB Return	12,503	9,918	22,421	+397

Notes

1. 2016 CTB return: The change figure (+397) reflects both the impact of the reduction in claimant contribution, from 20% in 2015/16 to 16% in 2016/17 and the Council Tax increase of 3.69% in year.

2.4 Impact on the most vulnerable claimants

2.4.1 The scheme implemented for 2016-17 continues to address the Council's priorities to minimise the impact on the most vulnerable, by seeking to strike a balance between dealing with Council priorities whilst supporting the financially vulnerable. The Council, having recognised the impact on communities, has introduced a range of mitigating actions, including:

- Provision of an Exceptional Hardship Fund (see Section 2.9)
- Maintenance of core aspects of the Government Housing Benefit scheme that provides additional assistance where there are children, disability and caring responsibilities.
- Council Tax collection – 12 month instalment payments continues to be offered to council tax payers.
- Enforcement action – a sensitive approach was adopted to take into account the potential vulnerability of Council Tax support claimants. Processes and correspondence continue to be reviewed and court costs were minimised to external charges only. Customers are sign posted for debt advice and appointments can be arranged with Citizen Advice for advice on budgeting skills.
- Before cases are referred to Enforcement Companies a vetting stage has been introduced and cases are dealt with under a separate debt recovery process to minimise potential increases in debt.

2.5 Welfare Reform Changes

2.5.1 Over the past 18 months the Government have announced their intention to implement a series of welfare reform changes aimed at cutting the cost of welfare payments and providing more incentive to work. They have also introduced a new higher rate national living wage that provides more income to lower paid council tax benefit claimants in employment. These changes are expected to have an impact on the number of claimants and the value of the council tax reduction scheme for claimants.

The table overleaf provides a summary of these changes:

Date	Description of Reform	Who is affected	Impact on CTRS	Comments
April 2016	Universal Credit (UC) allowances removed for non-disabled childless claimants and reduced for the rest of claimant.	Any working UC claimant with earnings above their current work allowance	CTRS entitlement will increase by up to 20% of the reduction in UC. Numbers will start small and increase over time as UC is expanded further.	The numbers of affected claimants will start off small but will increase over time when UC roll out expands further. Full service for Sefton due October 2017 Initial cost as follows: June 2016 – 161 CTRS customers in work and on UC – costing £501pw in additional CTRS August 2016 – 180 customers costing an additional £560pw in CTRS October 2016 – 219 customers – costing an additional £689pw in CTRS
April 2016	National Living Wage (NLW) of £7.20 per hour introduced. Will increase to £7.50 per hour in April 2017.	Anyone working and aged 25 or over.	Will reduce the amount of CTRS discounts awarded to claimants who are aged 25 and over and are working. Claimants will also see reduction in housing benefit.	The Benefits service issued approx. 2,440 letters for NLW. Based on a sample undertaken; <ul style="list-style-type: none"> • On average HB entitlement has reduced by £7.58 per week. • On average CTR entitlement has reduced by £1.35 per week. Approximately 6% have been cancelled due to never responding to request for information to renew claim.
April 2016	Removal of savings credit.	Persons who reach state pension age on or after April 2016.	Potential to increase the expenditure for CTRS if DCLG do not make relevant changes to the pensioner prescribed scheme.	Initial estimate that cost could be £13k a year (£26k in second year, £39k in third etc.)

Date	Description of Reform	Who is affected	Impact on CTRS	Comments
May 2016	Removal of the family premium of Housing Benefit for all new claims	<p>Any new claimant to HB who is not in receipt of a passported DWP benefit</p> <p>Regulations have been laid before parliament ready for implementation</p>	<p>For 2016/17 CTR working age claimants have not been affected as the scheme did not replicate the provision.</p> <p>New claims for pensioners will be affected by this change as the Government aligned the CTR regulations to HB. Only a few pensioner claimants will be affected by this change.</p>	This change could also affect existing claimants if they move home or have a change in their circumstances.
May 2016	Backdating of Housing Benefit restricted to 1 months for working aged customers who can demonstrate good cause	Any new claimant of HB	Backdating remains part of the CTRS feature for 3 months if claimant can demonstrate good cause. This assists claimants who move onto UC and DWP delay informing the Council.	<p>Cost of backdating is included in the cost of expenditure for the current scheme.</p> <p>CTR Backdating more than 1 month cost £1,630 (total of 19 cases for the period 1/4/2015 to 26/10/2016 (approx. £1,030 per year)</p>
<p>November 2016 for existing claims.</p> <p>December 2016 for new claims</p>	Benefit Cap Reduced from £26,000 to £20,000 per couple (Outside London).	Non-working families where there are no disabilities or caring responsibilities, mostly impacts on those with 3 or more children.	Claimants will find it more difficult to pay their council tax, which could reduce collection rates and increase arrears.	September 2016 scan indicated 320 affected families – various correspondence has been issued to claimants for support and advice. Working group established with key stakeholders to support claimants and provide advice.

Date	Description of Reform	Who is affected	Impact on CTRS	Comments
April 2017	Child tax credits and Housing Benefit will be limited to a maximum of 2 children where the child or children are born after April 2017 or they make a new claim for tax credits or Housing Benefit.	<p>Most new claimants of child tax credits.</p> <p>Similar rules will be brought in for HB and UC.</p>	<p>Will reduce working family incomes which would increase CTRS entitlement.</p> <p>The worst case scenario has been estimated at £0.470m per annum.</p>	Still awaiting legislation to assess the impact for CTR and HB.
April 2017	Family element of Child Tax Credits abolished (£545 per annum)	Any new claimant of Child Tax Credits, whether working or not.	<p>Could increase the cost of CTRS discounts by £109 per annum per family that is not on passported benefits.</p> <p>The worst case scenario has been estimated at £0.296m per annum.</p>	This change is likely to push up HB expenditure for non-passport HB claimants as family income will reduce.

2.5.2 The impact of the reforms introduced in April 2016 is already reflected in the forecast cost of the scheme reported in section 2.3 of this report. It is highly unlikely that the worst case estimates given in the table above for changes from April 2017 will apply in full in 2017/18. For example, there will be some mitigation between the child tax credit changes that will limit the total financial impact. An allowance £0.300m has been made for the additional costs in the council tax base 2017/18.

2.6 Council Tax collection

2.6.1 Department for Communities & Local Government national data for 2015/16 indicated that Council Tax collection rates remain high (97.1% average in year), however, £2.7 billion of debt remained uncollected (all years) at 31 March 2016.

2.6.2 Analysis by the Institute for Fiscal Studies in 2014 showed that arrears among Council Tax Support claimants increased most where minimum payments were set highest. Councils who chose not to introduce a minimum payment saw a smaller increase in arrears than those who opted for a minimum payment. The larger the minimum payment meant Council's saw a bigger increase in arrears.

2.6.3 The table below provides an analysis of the number of Councils requiring a minimum payment at various levels based on figures published by the New Policy Institute:

Minimum Payment level	Count of Local Authorities			
	2013/14	2014/15	2015/16	2016/17
0%	96	80	75	66
8.5% and under	113	65	56	51
More than 8.5% and less than 20%	23	65	66	65
20%	53	69	76	77
More than 20%	41	47	53	67
Total	326	326	326	326

2.6.4 Sefton's Minimum Payment Requirement

2.6.5 Sefton's Council Tax Reduction Scheme (CTRS) required working age claimants to pay a minimum of 20% of the Council Tax between 2013/14 and 2015/16. The minimum payment requirement was reduced to 16% from 2016/17. This puts Sefton in the mid-range of minimum payments with 168 Billing Authorities requiring a lower percentage payment and 156 requiring a higher percentage payment.

2.6.6 Sefton's Council Tax Collection 2015/16

2.6.7 The table below shows the amount of Council Tax billed and collected during 2015/16:

Recorded at 31 March 2016	Liability Raised £000	Received In Year £000	Collection Rate %
CTRS Cases - Working Age	4,064	2,816	71.5%
CTRS Cases - Pensioner Age	1,905	1,905	100.0%
Other Council Tax Payers	123,095	119,455	97.0%
Total	129,064	124,176	96.2%

2.6.8 The total collection rate has fallen from 97.2 % in 2012/13 before Council Tax support was localised, to 96.2% in 2013/14, 96.3% in 2014/15 and 96.2% in 2015/16. This is despite the proactive work officers have undertaken with people affected by the Council Tax Reduction Scheme.

2.6.9 Sefton's Council Tax Collection 2016/17

2.6.10 The reduction in the minimum payment appears to be having a positive impact on collection rates for Working Age CTRS Claimants. At the beginning of November 2015 the collection rate was 45.6%, at the beginning of November 2016 the rate has increased to 48.3%.

2.7 **Attachment of Benefits (AOB)**

2.7.1 Since the introduction of the Council Tax Reduction Scheme in April 2013 the number of working age Council Tax support claimants falling into arrears grew. One recovery option open to the Council in respect of benefit claimants is to apply for an attachment of benefits (AOB) via the courts. Under this option the Court can require a payment of up to £3.70 per week to be made by the DWP directly from the claimant's benefits in order to meet Council Tax arrears.

2.7.2 Payments by AOB do provide some certainty to both the Council and the debtor, For the Council the payments do guarantee regular income from the debtor. For the debtor there is the security of knowing that a debt is being paid by a deduction from their benefit.

2.7.3 However, AOB is not a perfect solution to the problem of growing debt for the following reasons:-

- At the commencement of the scheme the maximum deduction of £3.70 was lower than the minimum weekly Council Tax charge for all property bands. The minimum contribution of 20% towards the Council Tax was greater than the amount that could be collected within the year by AOB. This created a problem of debt being carried forward to the following year. Therefore, whilst debt payments are being collected regularly the amount of debt at the end of each year kept growing.
- An AOB cannot be applied without first having taken the debtor to court to obtain a Liability Order. Due to the need to follow the correct legislative timeline for obtaining a Liability Order payment by AOB cannot commence until part way through the year. Typically for a bill issued in March the first payments would not be made by the DWP until August of the same year. This

means that debt has already accrued to a level that will leave arrears outstanding before a payment is made.

- Many debtors have arrears outstanding for multiple years Council Tax. An AOB can only be used to collect one debt at a time. In addition current legislation does not allow the Council to take any other form of debt recovery (e.g. use of Enforcement Agents) whilst an AOB is in place. In an attempt to mitigate this, people on AOB have been issued letters asking them to contact the Council for advice, to make alternate payment arrangements or seek financial advice from CAB. However, this initiative met with only a few people contacting the Revenue Service to make arrangements to pay.
- Collection of Council Tax debt by way of AOB is not the highest priority of debt administered by the DWP. Therefore, the level of recovery will be affected when people have multiple debts e.g. rent and energy debts are given a higher priority.
- Many new claimants for Council Tax Reduction have already accrued debts before an AOB can be considered.

2.7.4 To try and break the cycle of debt the Council Tax Reduction Scheme was amended with effect from 1st April 2016 to reduce the minimum contribution rate to 16%. This rate was calculated so that the AOB payment of £3.70 per week was more than would be due from Council Tax for the majority of claimants. The impact and potential success of the change in contribution rate will not be known until the end of the full year collection cycle.

2.7.5 Below is a snapshot of the amount of debt being recovered under AOB and the amount of debt still waiting recovery by AOB

	As at 01.04.15	As at 01.04.16	As at 31.10.16
AOB in Payment	£940,177	£927,049	£967,623
No. of Cases	5,846	5,847	5,830
AOB Pending	£1,752,474	£2,292,812	£2,708,159.18
No. Of Cases	7,174	9,809	11,800

2.7.6 Cases in payment will take an estimated 45 weeks to clear all years, assuming circumstances remain unchanged from the 31.10.16

2.7.7 Cases pending the payment of AOB will not commence recovery until other priority or older Council Tax debts are paid.

2.8 **Review of Scheme Principles**

2.8.1 The local Council Tax Reduction Scheme is based on 5 principles and the review is summarised below:

Principle	(CTRS) Scheme working for non-pensioner claimants?
<p>The Council will continue to support work incentives</p>	<p>Yes – The council continues to operate a system which disregards certain amounts of money from customers earnings through employment (and self-employment) when calculating entitlement.</p> <p>This results in some additional support to those customers receiving Universal Credit (UC) who are in low paid work, following the removal of UC work allowances from April 2016</p>
<p>The Council will continue to recognise the additional needs of our most vulnerable residents.</p>	<p>Yes – The council continues to make additional allowances and give additional support to those receiving certain DWP sickness benefits, disability benefits and benefits for Carers when calculating entitlement.</p> <p>Additionally, the council continues to disregard certain disability benefits as income when calculating entitlement</p> <p>Procedures were reviewed for the collection of non-payment of Council Tax to ensure non-disproportionate impact on the most vulnerable households. Also financial budgeting skills and advice is made available to all claimants.</p> <p>The Council Tax Exceptional Hardship Fund – is available to those in the greatest financial need with fair and transparent criteria for awards.</p>
<p>The Council will continue to recognise the additional needs of families with children</p>	<p>Yes – Child Benefit and Child Maintenance payments are not taken into account as income when calculating entitlement to CTRS.</p> <p>Additional allowances are given when calculating entitlement for where there is a disabled child in the family.</p> <p>The CTRS scheme also mirrors provisions in the Housing benefit scheme by taking child care costs into account for low income working families</p> <p>The Council will continue to include the Family Premium when calculating the Council Tax reduction. This was removed for all new housing benefit claims from May 2016.</p>

The Council supports households staying together to make better use of housing in Sefton and reduce homelessness.	Yes - The amount of Council Tax Reduction taken away from a customer when other adults live in the household (known as a non-dependant deduction), was reduced in 2013 and still remains at those lower levels.
The Council will continue to have due regard to the Armed Forces Covenant	Yes – War Disablement and War Widows pensions in calculating CTRS, including any Armed Forces compensation in accordance with the covenant is disregarded. This also includes the service attributable element of the armed forces pension could also be disregarded as income when calculating entitlement.

2.9 Council Tax Exceptional Hardship Fund (EHF)

2.9.1 A key feature of the local council tax support scheme was the creation of an exceptional hardship fund with an annual budget of £150,000 to help mitigate hardship issues for vulnerable working age council tax support claimants. The fund is used to reduce council tax bills when an individual is judged to be facing particular hardship. The fund is administrated within a set of agreed policies and procedures approved by Cabinet Member for Regulatory, Compliance and Corporate Services on 23 February 2016.

2.9.2 For the purposes of administration, the decision to grant any reduction in liability is considered under any one of three categories, which includes “Exceptional Financial Hardship - for Council Tax payers who have qualified for support under the Local Council Tax Reduction Scheme but who are still experiencing severe financial hardship”.

2.9.3 The Policy replaces the Council Tax Exceptional Hardship Scheme that has been in place since April 2013. That scheme was introduced by the Council to mitigate against potential issues that may have arisen as a consequence of the abolition of Council Tax Benefit and the introduction of the Local Council Tax Reduction Scheme.

2.9.4 The following is a breakdown of awards for period 01.04.2016 – 31.10.2016

- 824 claimants received an award
- Total Amount Awarded = £72,641
- Average award £88.15
- Average length of award = 6 months
- 557 claimants receiving an award have received an award previously
- 204 claimants have received an award on 3 or more occasions
- 50 claimants have received an award on 5 or more occasions
- Highest number of awards = 7
- 509 claims have been refused

2.9.5 Awards in previous years:

Year	£
2013/14	150,435
2014/15	136,789
2015/16	122,400

2.9.6 When residents are actively reminded and debt recovery commences through the court proceedings a larger volume of applications for EHF are received. This is reflected in the phasing of the payments falling into the 2nd half of the year.

2.9.7 It is clearly recognised that the support provided is an important means by which vulnerable residents are provided with assistance to meet their Council Tax liability. It is also considered that the hardship scheme has met its aim of mitigating the impact of welfare reforms on vulnerable residents and that this should continue to be a feature of the current scheme.

2.9.8 Further details are covered in the Equality Impact Assessment addendum.

3. Summary of local Council Tax Reduction Scheme Review

3.1 From its inception in April 2013, the local Council Tax reduction scheme has delivered financial support to a significant number of vulnerable residents.

3.2 The number of claimants eligible for support has reduced in each year since 2013/14. The number of claimants has continued to reduce in 2016/17. By 31 October 2016 the number of claimants had reduced to 27,464 (12,823 pensioner age and 14,641 working age).

3.3 The forecast cost of the scheme has increased by £0.615m in 2016/17 to £22.270m. This is due to the impact of a council tax increase of 3.69%, a reduction in the minimum payment required from working-age claimants from 20% to 16%, and the offsetting impact of a reduction in claimant numbers.

3.4 Welfare Reform Changes are expected to increase the cost of providing council tax support in 2017/18. The final details of some of these changes have not yet been published by the DWP, so the actual impact cannot be assessed accurately at this time.

3.5 Council tax in year collection rates fell by 1% to 96.2% in 2013/14 after the replacement of council tax benefit with the local council tax support scheme. The collection rate has remained at a similar level since with a collection rate of 96.2% being achieved in 2015/16.

3.6 There are signs that the collection rate has improved in 2016/17, however, outstanding debt subject to attachments to benefits (AOB) and AOB pending have continued to increase. The long-term impact of reducing the minimum payment to 16% cannot be judged at this time.

3.7 The Exceptional Hardship Fund continues to operate within budget whilst helping mitigate the impact of the CTRS on the most vulnerable council tax payers.

4. Proposed revisions to 2016/17 Local Council Tax Reduction Scheme (CTRS) in 2017/18

- 4.1 The success of the local Council Tax reduction scheme to date and the various changes made in previous years indicates that there is no requirement to change the scheme in the next financial year.
- 4.2 Therefore, no changes to the existing scheme are proposed for 2017/18. This will allow more time to assess the longer term impact of the changes made in 2016/17. It will also allow the Council to measure the impact of future welfare changes and will provide a period of stability for council tax support claimants.

5. Council Tax Reduction Scheme 2017/18 - Consultation

- 5.1 The statutory provisions are silent on the consultation required when a council is not proposing to change its Council Tax reduction scheme.
- 5.2 Letters will be issued to the precepting authorities – Merseyside Police and Merseyside Fire and Rescue Service notifying them that no change is being proposed.

6. Equality Impact Assessment

- 6.1 Department for Communities and Local Government issued a report in February 2014 reminding local authorities of their key duties when deciding on Local Council Tax reduction Schemes:
- Public Sector Equality Duty (The Equality Act 2010)
 - Duty to mitigate the effects of child poverty (The Child Poverty Act 2010)
 - The Armed Forces Covenant
 - Duty to prevent Homelessness (The Housing Act 1996)
- 6.2 A detailed equality assessment was undertaken and published as part of the design and implementation of CTRS for 2013/14. This assessment had been reviewed in the context of the proposed options for 2016/17 and found there was no disproportionate impacts as the mitigating actions put in place for the 2013/14 scheme remained.
- 6.3 The addendum to the original assessment is available on the Council Website to review. <http://smbc-modgov-01/mglIssueHistoryHome.aspx?IId=42533>