

Report to:	Cabinet Council	Date of Meeting:	11 January 2018 25 January 2018
Subject:	Council Tax Reduction Scheme 2018/19 & Council Tax Base 2018/19		
Report of:	Head of Corporate Resources	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

This report provides Cabinet with details of the consultation proposing various options for revising the existing Council Tax Reduction Scheme and makes recommendations to revise the scheme accordingly for 2018/19. The report also recommends an updated Council Tax Base for Sefton Council and each Parish Area for 2018/19.

The proposed changes do not affect any person of state pension credit age.

Recommendation(s):

Cabinet

- (1) That Cabinet notes the contents of the Council Tax Reduction Scheme 2017/18 review.
- (2) That Cabinet note the outcomes of the consultation process and the Equality Impact Assessment (EIA) both of which have informed the recommendations for the Council Tax Reduction Scheme 2018/19.
- (3) That Cabinet agree to revise the existing Council Tax Reduction Scheme as indicated in Section 5(Options 1 to 6) of this report, with effect from 1 April 2018, and for this to be recommended to Full Council on 25 January 2018.
- (4) That Cabinet delegate to the Head of Corporate Resources consideration and implementation of any minor textual changes to the Council Tax Reduction Scheme 2018/19.
- (5) That Cabinet recommends that Council approves the Council Tax Base for 2018/19 for Sefton Council and each Parish Area as set out in Annex A.

Council:

- (1). That Council approves the recommendation to revise the existing Council Tax Reduction Scheme for 2018/19 as indicated in Section 5 (Options 1 to 6) of this report with effect from 1 April 2018.
- (2). Council approves the Council Tax Base for 2018/19 for Sefton Council and each Parish Area as set out in Annex A of the report.

Reasons for the Recommendation(s):

Council Tax Reduction Scheme

Each financial year the Council must consider whether to revise or replace its Council Tax Reduction Scheme. The Council must approve and adopt the 2018/19 Council Tax Reduction scheme by the 31st January 2018 to take effect from 1st April 2018.

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.

There are two major drivers for changing the Council Tax Reduction Scheme (CTR) in 2018/19. Firstly, Government are making significant welfare reform changes between April 2016 and April 2019 and secondly the Full Service roll out of Universal Credit from October 2017. As the CTR Scheme operates within these frameworks, these changes will have an impact upon the operation and cost of the Council's local scheme.

As a result of these changes the Council has reviewed its local scheme with the following key objectives:-

- Align key welfare reform changes to the CTR scheme;
- Maintain fairness, consistency and at the same time cost of the CTR scheme;
- Work more effectively with Universal Credit, recognising that UC makes provision for children, disability, housing and caring responsibilities;
- Deliver administrative efficiencies where possible in support of the scheme.

Council Tax Base

In accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the Council is required to set a tax base for both Sefton Council and for each Parish Area for 2018/2019.

Alternative Options Considered and Rejected: (including any Risk Implications)

The Council could choose not to make any revisions to the current scheme. However, by maintaining the current scheme and not bringing it in line with key welfare reform changes would have an impact on the working age claimants, in particular those claiming Universal Credit. In addition, keeping the current scheme will have software and administrative implications.

What will it cost and how will it be financed?

(A) Revenue Costs

Council Tax Reduction Scheme 2018/19

Section 5.0 of this report proposes a number of options for change to the current Council Tax Reduction Scheme. The financial impact of each of the proposals is highlighted in the report.

Council Tax Base 2018/19

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 2018/19. It will also impact on the amounts due to the Police and Crime Commissioner, and the Fire and Rescue Service in the year.

When calculating the tax base it has been assumed that any changes to the current Council Tax Reduction Scheme will be offset by claimant reductions in 2018/19.

The following table shows the impact of the changes to the tax base based on the Band D Council Tax levels set for 2017/18:

Council Tax Income	Sefton Council £000	Police & Crime £000	Fire & Rescue £000	Total £000
Budget 2017/18	117,826	13,594	6,089	137,509
Forecast 2018/19	-119,312	-13,765	-6,166	-139,243
Increase (-) / Decrease (+)	-1,486	-171	-77	-1,734

(B) Capital Costs

There are no capital costs.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

The proposed options will deliver administrative efficiencies where possible in support of the scheme.

Legal Implications:

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.

Equality Implications:

The equality implications have been identified and mitigated.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: the options proposed will help maintain fairness, consistency and easier for the customer to understand.
Working more effectively with Universal Credit full-service implementation - aligns the provision for children, disability housing and caring responsibilities.

Facilitate confident and resilient communities: Not applicable

Commission, broker and provide core services: Not applicable

Place – leadership and influencer: Not applicable

Drivers of change and reform: Not applicable

Facilitate sustainable economic prosperity: help people out of financial hardship and support people into work.

Greater income for social investment: Not applicable

Cleaner Greener: Not applicable

What consultations have taken place on the proposals and when?

(A) Internal Consultations

There has been a 6 week public consultation on the draft proposals. Ongoing consultations have taken place with key officers from the Strategic Leadership Team and Cabinet Member for Regulatory, Compliance and Corporate Services, to also include the wider issues and impact from the Welfare Reform.

The Head of Corporate Resources (FD4978/17) and Head of Regulation and Compliance (LD4263/17) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

A public consultation ran for 6 weeks from 27th September 2017 to 10th November 2017. A summary report of the findings can be found at appendix B of this report.

The consultation questionnaire, background information and case study information was sent directly to a number of key stakeholders, partners and community organisations, asking for their comments. The Council received no comments from its Major Precepting Bodies about the proposed changes and other comments received are incorporated into the consultation report (see Annex B).

Publicity about the consultation was shared as follows:

- Local press
- Sefton website, Sefton Intranet and Twitter
- The borough's libraries (posters and hard copies of consultation documents).
- TV screens, Gov. Radio in the One Stop Shops
- Contact centre telephone message queues.
- Internal Council departments including Welfare Rights; Housing Benefit; Housing Options team.
- Housing associations operating in the borough, including One Vision Housing.
- Flyers/Mailshot with landlord's housing benefit payment schedules
- Voluntary sector organisations including the Sefton Citizens Advice Bureau.

The information was also available at a Sefton CVS Stakeholder event on the 19th October 2017 and to 12 members of the public at a focus group at Strand by me on 1st November. Information was also given to the Sefton Partnership for Older Citizens meeting held on Thursday 9th November 2017.

At the CVS Stakeholder Event, partner organisations were directed to the on line survey and most took a hard copy as well. The Easy Read documents and case study posters were particularly popular due to the vulnerability of the service users of those voluntary organisations present at the event.

The focus group at Strand by me event looked at the survey and the options. Comments and questions from the group were focused around whether people with mental health and stigma are going to be affected and whether people would still be able to pay

Council Tax over a 10 month period. Three members of the group also raised issues connected to their personal circumstances.

Following an Improving Information Group session held at Formby Library on 7 November 2017 a member of the group was later assisted by a Council Welfare Officer in completing a survey over the phone. Comments about the easy read supporting information document were that some of the detail had been taken out and people who have no knowledge of the system in general would have found the consultation confusing.

At the Sefton Partnership for Older Citizens meeting, the feedback received was in general positive. There was some confusion as to why there were different options. People thought that they could only vote for 1 option and that the survey should have been worded differently. Some commented that it was unfair to apply a minimum income level for self-employed (option 3) and disagreed in reducing the period that a person can be absent from Great Britain (option 4). Other than those 2 comments everyone at that meeting seemed happy with the proposals.

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 25 January 2018.

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Appendices:

The following appendix is attached to this report:
Appendix A: Council Tax Base Report 2018/19

The following documents can be reviewed by the following link:

www.sefton.gov.uk/counciltaxconsultation

Consultation findings.

Interim Equality Impact Assessment

Equality Analysis report

Background Papers:

There are no background papers available for inspection.

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 Council Tax Reduction Scheme is a discount awarded to those on a low income to help towards the cost of their council tax bill. It is based on a person's household and income. The local scheme rules only apply to

working age council tax payers. 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 must review and agree a Council Tax Reduction Scheme (CTRS) each year. The CTRS for 2018/2019 must be agreed by full Council by 31 January 2018.

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 including Universal credit roll out.
- Council Tax collection
- Attachment of Benefits.
- Review of scheme principles.
- Council Tax Exceptional Hardship fund

2.2 Claimant Caseload

2.3 The table below shows the caseload data at 31 September 2017 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	31.03.17	12,541	14,524	27,065	-1,027
2017/18	30.09.17	12,328	14,359	26,687	-378

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	31.03.17	2,193	12,331	14,524	-362
2017/18	30.09.17	2,062	12,297	14,359	-165

2.4 **Pensioner Claimants:** Since the initial implementation of the scheme in 2013/14 the number of Pensioner Claimants has declined in every year. The total change in pensioner claimant numbers between 2013/14 and 2016/17 was -2,114, which is reduction of -14.4%. Pensioner claimant numbers have continued to fall in 2017/18.

2.5 **Scheme Expenditure**

The following table shows the Council Tax Reduction Scheme Expenditure reported in the Revenue Outturn Return compared to the mid-year estimate for 2017/18:

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	RO Return	11,540	10,559	22,099	+444
2017/18	Estimate	12,656	9,876	22,532	+433

Notes:

1. 2013/14: Split of Pensioner and Working age costs included an estimated split on ceased cases so may not provide an accurate basis for comparison.
2. 2016/17: The increase in the total cost included 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.
3. 2017/18 Estimate: Total cost has been split pro-rata to the amounts reported in the CTB Return 2017.

Council Tax Base Return Data

The following table shows a snapshot of Council Tax Reduction Scheme expenditure analysed 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
2017	CTB Return	12,579	9,816	22,395	-26

2.6 Impact on the most vulnerable claimants

The scheme implemented for 2017/18 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 2.11)
- 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 Sefton Citizen Advice for advice on budgeting skills.
- Before cases are referred to Enforcement Agent Companies a vetting stage has been introduced and cases are dealt with under a separate debt recovery process to minimise potential increases in debt.
- A new role has been created within the Revenues team to monitor vulnerability issues and identify areas for improved processes. For example care leavers, also the issue of severe mental impairment, ensuring there is an effective communication process in place to provide awareness.

2.7 Welfare Reform Changes

The Government have implemented a series of welfare reform changes aimed at cutting the cost of welfare payments and providing more incentives to work. These changes have had an impact on a number of claimants and the value of the council tax reduction for claimants.

The scheme has been reviewed against the changes to the national Housing Benefit Scheme and Pensioner Council Tax Reduction Scheme.

The table below provides a summary of the key welfare reform changes considered for the CTRS 2018/19:

Summary of Key Welfare Reform Changes 2018/19

Key to abbreviations used:

- CTR – Council Tax Reduction
- DWP – Department for Work and Pensions
- ESA – Employment and Support Allowance
- GB – Great Britain
- HB – Housing Benefit
- LA – Local Authority
- UC – Universal Credit
- WLM – We Love Manchester

Description of the Government Welfare Reform	Who will be affected	Impact for CTR	Other comments
Assessed Income Period- for 6 months.	Customers where they or their partner are on UC and one of them is working	<p>By setting an assessed income period it means CTR entitlement will <u>not</u> need to be recalculated each month, revised CTR letters and Council Tax bills will not need to be sent out each month and Council Tax recovery / payments will not be delayed each time a new bill is issued and customers will not be confused receiving new documentation payment plans each month.</p> <p>Implementing this change will mean their will savings in Administration, Notifications/ Bills, Postage & Customer contact and it should assist in Council Tax collection.</p>	<p>Each month UC is recalculated based on actual earnings in the previous month; this means the revised notifications are sent to the LA for CTR assessments for all fluctuations in earnings regardless of how much. Some people's earnings change by pennies each month.</p> <p>As at 14/11/2017 there were 1328 CTR claims where they are on UC, of which, 303 (22%) have employed earnings. As UC full service is rolled out further this number is expected to increase to approx. 40%.</p>
Apply a minimum income floor for all CTR claims where they have been self-employed for more than 12 months	Non passported, working aged CTR claimants who have been self-employed for more than a year where their income is less than 35 hour at minimum wage	CTR would be calculated based on National Living Wage reducing entitlement generating savings to the CTR scheme. As at 14/11/2017, there were 592 live CTR claims where the claimant, partner or a non-dependant is self-employed.	Whilst we hold the data for number of self-employed claimants we currently do not hold data in order to determine how many of claimants have been in business for more than 12 months. This will require a manual process.
Temporary absence rules for Housing Benefit (HB) and Council Tax Reduction (CTR) for Pensioners for those leaving the	Anyone who leaves GB for a period of over 4 weeks (previously 13 weeks).	Savings for the CTR scheme are likely to be fairly low in financial terms as in most cases it would rely on the customer or other agency letting the LA know this had happened.	<p>This was effective for HB from 28th July 2016 and for pensioners (CTR) claimants from 1st April 2017</p> <p>The 4 week period can be extended by 4 weeks if absence is linked to death of close</p>

country for more than 4 weeks.			relative or to 26 weeks in certain other specified circumstances
Reform of Bereavement benefits Bereavement support payment is disregarded for all other DWP benefits, including Housing Benefit	Anyone under state pension age who loses their spouse on or after 6/4/2017, whether they have children or not	If this is replicated and disregarded for CTR the cost will be minimal as there were only 2 live CTR claims as at 15/11/2017 which would cost the LA £480 a year in total	Current CTR scheme had to be approved by Council by 31/1/2017, but details of new system of bereavement benefits were only made public in March 2017 (too late to include in 2017/8 CTR scheme).
New ESA claimants from 3/4/2017 who are put in the Work Related Activity Group will only get same as JSA recipients	Anyone found to have limited work capability. HB rules have been amended so that their HB entitlement is not made more generous than what they would have received before the change in rules	Not replicating the change could lead to additional CTR of up to £5.81 per week (£303 a year) but the likely numbers of claimants affected will be low due partly to the impending roll-out of Full Digital UC from October 2017	In September 2017 no one is affected from April 2017 in our current caseload.
Replicate Income / Capital disregard rules for money received from WLM / London Emergency fund etc.	Any people affected by the terror attacks.	Income/Capital not taken into account.	

2.8 Council Tax Collection

Department for Communities & Local Government national data for 2016/17 indicated that Council Tax collection rates remain high (97.2% average in year), however, £2.8 billion of debt remained uncollected (all years) at 31 March 2017.

Sefton Council Tax Collection 2016/17

The table below shows the amount of Council Tax billed and collected during 2016/17:

Recorded at 31 March 2017	Liability Raised £000	Received In Year £000	Collection Rate %
CTRS Cases - Working Age	3,592	2,555	71.1%
CTRS Cases - Pensioner Age	1,770	1,777	100.4%
Other Council Tax Payers	129,523	125,554	96.9%
Total	134,885	129,886	96.3%

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, 96.2% in 2015/16 and 96.3% in 2016/17. This is despite the proactive work officers have undertaken with people affected by the Council Tax Reduction Scheme.

Sefton Council Tax Collection 2017/18

At the beginning of November 2016 the collection rate was 48.6%, at the beginning of November 2017 the rate has increased to 48.9%.

2.9 Attachment of Benefits (AOB)

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.

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.

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

- 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.

- 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 Sefton Citizen Advice. 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.
- 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.

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% from a minimum 20% contribution at the commencement of the scheme. 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.

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 01.04.16	As at 01.04.17	As at 31.10.17
AOB in Payment	£927,049	£890,256	£961,880
No. of Cases	5,847	5,395	5,492
AOB Pending	£2,292,812	£2,632,588	£3,296,146
No. Of Cases	9,809	11,496	14,605

Cases in payment will take an estimated 47 weeks to clear all years, assuming circumstances remain unchanged from the 31.10.17

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

Principle	(CTRS) Scheme working for non-pensioner claimants?
The Council will continue to support work incentives	<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>
The Council will continue to recognise the additional needs of our most vulnerable residents.	<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> <p>The Council has also chosen not to mirror the changes made to Housing Benefit which restrict the amount of support given to families with more than 2 children within its CTR scheme.</p>
<p>The Council supports households staying together to make better use of housing in Sefton and reduce homelessness.</p>	<p>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.</p>
<p>The Council will continue to have due regard to the Armed Forces Covenant</p>	<p>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.</p>

2.11 Council Tax Exceptional Hardship Fund (EHF)

A key feature of the local Council Tax Reduction 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 reduction scheme 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.

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”.

The Policy replaced 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.

The following is a breakdown of awards for period 01.04.2017 – 31.10.2017

- 998 claimants received an award
- Total Amount Awarded = £91,009
- Average award £91.19
- Average length of award = 6 months
- 571 claimants receiving an award have received an award previously
- 248 claimants have received an award on 3 or more occasions
- 102 claimants have received an award on 5 or more occasions
- Highest number of awards = 8
- 421 claims have been refused

3. Summary of local Council Tax Reduction Scheme Review 2017/18

- 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 2017/18. By 31 September 2017 the number of claimants had reduced to 26,687 (12,328 pensioner age and 14,359 working age).
- 3.3 The forecast cost of the scheme has increased by £0.433m (2.0%) in 2017/18 to £22.532m (at 30/09/17). This is due to the impact of an average council tax increase of 4.5% and the offsetting impact of a reduction in claimant numbers.
- 3.4 Welfare Reform Changes introduced since 1 April 2017 are expected to increase the cost of providing council tax support in 2018/19. The financial impact will depend on the number of claimants affected and any amendments made to the scheme.
- 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 96.3% being achieved in 2016/17.
- 3.6 There are signs that the Council’s collection rate has improved in 2016/17 (+0.1%), however, outstanding debt subject to attachments to benefits (AOB) and AOB pending have continued to increase.
- 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. Equality Impact Assessment

The 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)

A detailed equality assessment was undertaken and published as part of the design and implementation of CTRS for 2013/14. This assessment has been reviewed in the context of the proposed options for 2018/19 and found there was no disproportionate impacts as the mitigating actions put in place for the 2013/14 scheme remained.

The addendum to the original assessment is available on the Council Website to review. <http://smbc-modgov-01/mglIssueHistoryHome.aspx?Ild=42533>

An Interim Equality Impact Assessment was undertaken as part of the consultation and engagement process on the proposed changes to the 2017/18 Council Tax Reduction Scheme. The outcomes of the consultation and engagement are contained in the “Consultation Report on the proposed changes to the Sefton Council Local Council Tax Reduction Scheme 2018-19”, which can be viewed on the following link www.sefton.gov.uk/counciltaxconsultation together with the Interim Equality Impact Assessment and the Equality Analysis Report based on the proposed revisions to the current scheme.

5. Proposed revisions to 2017/18 local Council Tax Reduction Scheme for 2018/19

A number of proposed changes to the Council Tax Reduction Scheme 2017/18 went out to consultation on 27 September 2017. The scheme proposals will align key welfare reform changes maintaining fairness, consistency and recognising that Universal credit makes provision for children, disability, housing and caring responsibilities. Each of the options for change are outlined below.

Option 1– Applying a fixed income period to avoid multiple changes in circumstances.

The roll out of Universal Credit is now a particular key factor that needs to be taken into account when looking at the CTR Scheme for 2018/19. Many people in low-paid work with fluctuating earnings will see their monthly Universal Credit payment vary and, as things stand, this will lead to monthly changes to the level of CTR with further implications for Council Tax payment dates and liability orders. Currently 40% of UC case load is in receipt of earned income.

<p>Commentary</p>	<p>This option will allow the authority to set ‘assessment periods’ during which any changes in universal credit (UC) entitlement will not be actioned.</p> <p>Traditionally fixed periods of this sort have been 6 months (previously used within Family Credit).</p> <p>The assessment period will only relate to earned income and the UC award.</p> <p>If there is a change in household and capital – the claim would be reassessed.</p> <p>The fixed period approach cannot be made to the pension age CTR scheme which is prescribed by Central Government.</p>
<p>Recommendation following consultation</p>	<p>Yes – mitigation included in the Equality Analysis Report</p>
<p>Additional Information</p>	<p>Fixed Period Assessments</p> <p>This option will enable the authority to calculate or recalculate a person’s entitlement to Council Tax Reduction every 6 months. Currently, every change to a person’s income or capital will potentially generate a change in their Council Tax Reduction leading to changes in their Council Tax instalments.</p> <p>By fixing the assessment period, this will avoid multiple changes, be less confusing, avoid the constant recalculations of Council Tax instalments and will aid administration.</p> <p>The benefit of this is:</p> <ul style="list-style-type: none"> • It is a clear and simple change to the current scheme; • It is administratively simple and will potentially make administrative savings; and • It may benefit some applicants as changes that may decrease Council Tax Reduction for a person would not be taken into account until the new assessment period. <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • It may disadvantage some applicants as changes that may increase Council Tax Reduction for a person would not be taken into account until the new assessment period.

Revenue Implications	<p>The financial impact of the proposed change is difficult to assess as it will depend on the number of individual changes in income that would have impacted on CTRS awards and whether there are more CTRS claimants gaining an advantage or a disadvantage in terms of the amount of CTRS discounts that would have been awarded.</p> <p>The proposed change will result in a saving in administration costs as the number of assessments will be reduced as a result of this change.</p>
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Option 2 - Application of a Minimum Income Floor for Self Employed cases in line with Universal Credit approach

Commentary	<p>The Minimum Income Floor (MIF) has been introduced by a number of authorities in line with the introduction of Universal Credit. It sets an ‘income floor’ or minimum income level after the person has been in business for 12 months.</p> <p>If their income does not reach the MIF, then the MIF is used as their income. It is normally based on 35hrs x National Minimum Wage / National Living Wage (as appropriate). Exceptions to MIF include where:</p> <ul style="list-style-type: none"> • There are caring responsibilities; • Disablement; or • Where the claimant also undertakes employment as an employed earner.
Recommendation following consultation	Yes – mitigation included in the Equality Analysis Report
Additional Information	<p>Using a set income for self-employed earners after 1 year’s self-employment</p> <p>In order to align Council Tax Reduction with Universal Credit, the Council proposes to use a minimum level of income for those who are self-employed. This would be in line with the National Living Wage (or National Minimum Wage if you are under 25) for 35 hours worked per week. Any income above this amount would be taken into account based on the actual amount earned. The income would not apply for a designated start-up period of one year from the start of the business.</p> <p>The benefits of this are:</p> <ul style="list-style-type: none"> • The treatment of income for self-employed applicants for Council Tax Reduction will be brought

	<p>broadly into line with Universal Credit;</p> <ul style="list-style-type: none"> • It should encourage self-employed working age applicants to expand their business. <p>The drawback of this is:</p> <ul style="list-style-type: none"> • Where a working age applicant is self-employed and continues to run a business where their income is below the minimum living wage level, the Council will assume they earn at least the minimum level (based on a 35-hour week, regardless of the hours they work).
Revenue Implications	<p>The financial impact of the proposed change is difficult to assess. It is expected to reduce the cost of the CTRS as those self-employed claimants earning less than the minimum income level would receive a lower level of CTRS discount.</p> <p>There will also be a saving in administration costs as the number of assessments will be reduced as a result of this change.</p>

Option 3 - Amending the Temporary Absence rules for working age CTR in line with changes made to Housing Benefit and Council Tax Reduction for Pension Age cases

Commentary	<p>Housing Benefit (working age and pension age) and CTR (pension age) rules have been amended so that temporary absence from Great Britain will end entitlement to either benefit or reduction if it is more than 4 weeks.</p> <p>The Housing Benefit rules were changed in 2016 and CTR (pension age) rules were changed from April 2017.</p> <p>This change will bring the working age CTR scheme into line with the other benefits / reduction. It will be effective from 1st April 2018 and cannot be retrospectively applied.</p>
Recommendation following consultation	Yes – mitigation included in the Equality Analysis Report
Additional Information	<p>The benefits of doing this are:</p> <ul style="list-style-type: none"> • The treatment of temporary absence will be brought into line with Housing Benefit; • It is seen as fair; and • There are exceptions for certain occupations including the armed forces and mariners.

	<p>The drawback of this is:</p> <ul style="list-style-type: none"> • If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Council Tax Reduction will cease from when they leave the country. They will need to re-apply on return
Revenue Implications	<p>Savings to the CTR scheme are likely to be fairly small as the number of claimants absent from Great Britain for more than 4 weeks is expected to be low and in most cases the Council would have to rely on the customer or other agency letting the Council know this has happened.</p>

Option 4 – Amend CTR to disregard Bereavement Support payments in line with changes to Housing Benefit

Commentary	<p>A minor amendment which would allow the Council Tax Reduction scheme for working age to disregard the new Bereavement Support payment. This will replicate the changes in Housing Benefit which took effect from April 2017.</p> <p>Failure to make the change would mean that any payment received would be taken into account as income within the CTR scheme.</p>
Recommendation following consultation	<p>Yes – mitigation included in the Equality Analysis Report</p>
Additional Information	<p>The benefit of this is:</p> <ul style="list-style-type: none"> • It brings the working age Council Tax Reduction Scheme in line with Housing Benefit changes made by Central Government; and • The change will be fairer to applicants who have recently lost a partner <p>The drawbacks of doing this:</p> <ul style="list-style-type: none"> • It is expected to be cost neutral.
Revenue Implications	<p>Bereavement Support payments replaces bereavement allowance and widowed parents allowance which are disregarded in the current CTR Scheme so the financial impact is expected to be broadly cost neutral. There could be a saving in the long-term as the new bereavement support payments are paid for a shorter period.</p>

Option 5 – Amending CTR to not grant ESA Work Related Activity Component for all new ESA claims in line with the changes to Housing Benefit.

Commentary	<p>From 3rd April 2017, new Employment and Support Allowance claimants who fail to be treated under the Work Related Activity Group will not get the Work Related Activity Component (WRAC). Existing Work Related Activity Group claimants will continue to get the component as will all Support Group cases (who receive the Support Component), whether they are new claimants or not.</p> <p>The removal of the ESA WRAC will require the working age Council Tax Reduction scheme to be amended to ensure that no component is granted within the Council Tax Reduction applicable amounts. The change would only take effect from 1st April 2018.</p>
Recommendation following consultation	<p>No – The Council has chosen not to mirror the changes made to Housing Benefit as a consequence of the changes to ESA from April 2017, in the CTR scheme. Further details are in the Equality Analysis Report</p>
Additional Information	<p>The benefits of the Council doing this are:</p> <ul style="list-style-type: none"> • The treatment of ESA will be brought into line with Housing Benefit • It avoids additional costs to the Council Tax Reduction scheme. • Persons receiving ESA will not experience any reduction in Council Tax Reduction. <p>The drawbacks: Some new CTRS claimants will receive a lower level of discount, but the likely number of claimants affected is expected to be very low following the roll out of Universal Credit.</p>
Revenue Implications	<p>This change is likely to result in a small cost saving as a result of removing the assumed income premium in the CTRS calculations in-line with the actual ESA awards. Currently no one in Sefton would be affected by this change.</p>

Option 6 – Treatment of payment from the We Love Manchester Emergency Fund and London Emergencies Trust.

Commentary	<p>On 20 June 2017 the Government issued guidance to Local Authorities on the treatment for the purposes of local Council Tax Reduction schemes of payments made from the charitable fund which has been established to provide financial assistance to victims and relatives affected by the attacks that occurred in Manchester on 22 May and in London of 22 March and 3 June.</p>
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	Local Authorities are encourage to consider using their discretionary powers to disregard fully payments awarded from both funds to those injured or bereaved as a result of these incidents when assessing eligibility or their schemes.
Recommendation following consultation	Yes – mitigation included in the Equality Analysis Report
Additional Information	<p>The benefits of the Council doing this are:</p> <ul style="list-style-type: none"> • Persons receiving payments awarded from both funds to those injured or bereaved will not experience any reduction in Council Tax Reduction. • It brings the working age Council Tax Reduction Scheme in line with Housing Benefit changes made by Central Government; and the prescribed Council Tax Reduction Scheme for pension age claimants <p>The drawbacks of doing this are the low cost to the Council for the CTR scheme.</p>
Revenue Implications	The cost to the CTR scheme is expected to be low as the number of CTR claimants in Sefton receiving payments from these funds is expected to be small.

SETTING THE COUNCIL TAX BASE FOR 2018/19

1. Setting the Council Tax Base

- 1.1 The Council Tax Base is the link between the Council’s budget and the level of Council Tax. The tax base will be used to calculate the Council Tax in Sefton, once the Council’s budget has been agreed. The Council is required to calculate its own tax base as well as the tax base for each parish council within its boundary and have them approved by the 31 January 2018.
- 1.2 The calculation of the Council Tax Base takes into account many factors such as the rate of new building and the trends in people living on their own (Sole Occupier Discount).
- 1.3 The tax base calculation assumes a collection rate of 98.25% in 2018/19, which is unchanged from 2017/18. This reflects long-term collection rates.

2. Council Tax Base for Sefton Council in 2018/19

- 2.1 The tax base for 2018/19 is 82,939.5 Band D equivalent dwellings for Sefton Metropolitan Borough Council. This is an increase of 1,032.7 in comparison with the tax base for 2017/18. An analysis of the changes between the 2017/18 and the 2018/19 tax base is provided in the table below:

Tax Base for Sefton Council		Band D Equivalents		
		2017/18	2018/19	Change
H	Dwellings on the Banding List	109,899.0	110,342.6	443.6
Q	<u>Exemptions and Discounts</u>			
	Exempt Dwellings	-1,895.8	-2,007.1	-111.3
	Disabled Persons Reductions	-151.9	-152.6	-0.7
	Sole Occupier & Status Discounts	-9,919.3	-9,930.6	-11.3
	Empty Property – Discounts	-283.4	-281.5	1.9
	Total	-12,250.4	-12,371.8	-121.4
E	Empty Homes Premium	260.5	254.9	-5.6
J	Adjustments	-658.8	-647.0	11.8
Z	Council Tax Support Scheme	-13,891.7	-13,169.0	722.7
B	Collection Rate Adjustment	-1,458.8	-1,477.2	-18.4
	MOD Properties	7.0	7.0	0.0
	Council Tax Base	81,906.8	82,939.5	1,032.7

2.2 The main reason for the changes in the tax base are:

Dwellings on the Banding List: The number of properties on Banding List has increased by 550 (0.4%) in the year.

Exempt Dwellings: The number of dwellings subject to a specific exemption (Codes A to W) has increased by 138 (5.8%). This includes increases in the number of unoccupied dwellings owned by a charity (Class B), unoccupied dwellings which were previously the sole or main residence of a person who has moved into a hospital or care home dwellings (Class E), dwellings occupied by students (Class N), and dwellings occupied by persons who are severely mentally impaired (Class U).

Council Tax Support Scheme (CTRS): The number of claimants has continued fall in 2017/18. The amount included in the 2018/19 tax base is based on the forecast cost recorded on 7 December 2017. The 2017/18 tax base included an adjustment adding 187 Band D equivalents (worth approximately £300,000) to allow for the impact of welfare reforms announced by the DWP. This adjustment has not been included in the 2018/19 tax base as these costs are expected to be offset by further reductions in claimant numbers.

3. Council Tax Base in Parish Areas for 2018/19

3.1 There are also new tax base figures for each parish area in 2018/19. The following table provides details of the new tax base for each parish compared to 2017/18:

Tax Base for Parish Areas	Band D Equivalents		
	2017/18	2018/19	Change
Parish of Aintree Village	2,019.2	2,037.0	17.8
Parish of Formby	9,054.2	9,125.5	71.3
Parish of Hightown	846.6	864.6	18.0
Parish of Ince Blundell	163.6	162.6	-1.0
Parish of Little Altcar	322.9	330.9	8.0
Parish of Lydiate	2,037.3	2,047.8	10.5
Parish of Maghull	6,492.2	6,545.4	53.2
Parish of Melling	980.6	999.6	19.0
Parish of Sefton	231.2	236.5	5.3
Parish of Thornton	762.7	763.2	0.5

3.2 The tax base calculation for each of the parish areas is based on the same assumptions made in the calculation for Sefton Metropolitan Borough Council.