

MAYOR AND CABINET			
Report Title	Council Tax Reduction Scheme 2015/16		
Ward	All	Item No.	
Contributors	Executive Director for Customer Services and Head of Public Services		
Class	Open	Date	17 December 2014

1. Purpose

- 1.1 To agree Lewisham's Council Tax Reduction Scheme (CTRS) for 2015/16.

2. Executive summary

- 2.1 On 1 April 2013 the Council implemented a local CTRS which passed on the government cut in grant of £3.28m in full to 24,648 working age households previously in receipt of Council Tax Benefit. Pensioners are protected from the changes under legislation maintaining their support at least in line with Council Tax Benefit levels.
- 2.2 Lewisham agreed a Discretionary Hardship fund of £100k to help those suffering exceptional financial hardship meet some of the shortfall in their CTR award.
- 2.3 A review of the 2013/14 CTRS was undertaken earlier this year which found that Council Tax collection was better than anticipated: 82.6% was collected in year from CTRS recipients. The review also found that the impact of the changes was across all groups with none being specifically disadvantaged, that there have been no challenges or requests for changes and that the Council has been able to maintain a "safety net" for those households suffering exceptional financial hardship.
- 2.4 It is proposed that no changes are made to the CTRS for 2015/16. An initial consultation was undertaken with local residents, stakeholders and preceptor during September and October 2014.
- 2.5 The initial consultation sought views on (1) the proposal that the Council continues to pass on the shortfall in government funding in 2015/16 and (2) the proposal that the Council continues to support those suffering exceptional hardship with a Discretionary Hardship Scheme and uses Section 13A(1)(c) of the 1992 Local Government Finance Act to administer the funding.
- 2.6 The majority (62%) of those responding to the initial consultation agreed that the Council should maintain the current CTRS for 2015/16. A further consultation exercise was carried out in November in response to a decision of the Supreme Court on 29 October 2014. The outcome of this additional consultation was that the most popular option remained passing on the shortfall in funding to those of working age claiming the CTR.

3. Recommendations

It is recommended that the Mayor agrees to:

- 3.1 Note and consider the outcomes of the two consultations set out in appendices 1 to 7.
- 3.2 Having considered all the matters set out in this report to retain a local CTRS from 1 April 2015 that passes on any shortfall in government funding, as set out in section 10 of this report.
- 3.3 Deliver additional support to the most vulnerable residents through use of the existing provision within Section 13A(1)(c) of the 1992 Local Government Finance Act.

4. Policy context

- 4.1 One of the primary functions of the Council is to promote the social, economic and environmental wellbeing of the borough and its people. In discharging this important role the Council has a specific duty to safeguard the most vulnerable from harm and to regulate access to public services and to provide social protection for those that might otherwise be put at risk.
- 4.2 As Council funding is provided through public resources (grants from central Government; Business Rates and Council Tax) the local authority must also demonstrate both responsibility and accountability in the stewardship of public resources.
- 4.3 The overarching policy and decision making framework for the discharge of the Council's many functions and duties is Lewisham's Sustainable Community Strategy. The Strategy contains two overarching principles which are:
 - Reducing inequality – narrowing the gap in outcomes; and
 - delivering together efficiently, effectively and equitably – ensuring that all citizens have appropriate access to and choice of high quality local services.
- 4.4 Also contained within this overarching policy framework are the Council's ten priorities. These priorities describe the specific contribution that the local authority will make to the delivery of the Sustainable Community Strategy.

5. Council Tax Reduction Scheme 2014/15

- 5.1 As in 2013/14, the scheme agreed for 2014/15 is based on the established Council Tax Benefit scheme which had been in use since 1993. However, there is one significant difference that enables the Council to continue to deliver a scheme that accounts for the cut in grant. This is that maximum awards of Council Tax Reduction do not meet the full Council Tax liability for working age households, who are expected to contribute a minimum 2.05% towards their Council Tax for 2014/15.

- 5.2 When Lewisham's 2013/14 CTRS was drafted, there were 33,875 households receiving Council Tax Benefit of which 24,648 were working age and 9,227 were pensioners.
- 5.3 The 2014/15 caseload (households receiving an award of Council Tax Reduction) has reduced to 30,421. However, the breakdown between working age and elderly remains similar at 71% (21,521) and 29% (8,900) respectively when compared with the 72% and 28% in 2013/14.
- 5.4 Although there has been a reduction in the number of households receiving support and the amount of support they receive there has been a minimal impact on overall collection rates. In fact, the in year collection rate of 82.6% for these cases exceeded the estimate of 50% when the scheme was introduced. The review the CTRS for 2013/14 is at appendix 8. More details on what the Council did to collect Council Tax from these cases is outlined in section 6. A review of the impact of the scheme, based on collection data, is also set out in the Equalities Implications in section 13.
- 5.5 Whilst collection rates give an indication of how well the CTRS worked, they are not a totally reliable indicator as there will be elements of 'won't pay' as well as 'can't pay'. In addition section 6 on collection sets out the action the Council had to take to achieve the 82.6% collection rate for these cases. For these reasons the review also considered some other factors.
- 5.6 Unlike some other authorities the Council received no challenges to the scheme in the Courts or appeals about decisions to the Tribunal. Nor did the Council receive any complaints about the scheme or requests from individuals or support groups about changes being made to the way it operated.
- 5.7 There was some concern that the rise in the use of the local food banks could be because of the scheme and the requirement for all working age Council Tax payers to contribute. However, enquiries have been made and it has been established that the main reason for the increase in the use of food banks is the sanction regime implemented by the Department of Work and Pensions in response to claimant failures to follow conditions set for them to find employment e.g. attending interviews.
- 5.8 The Council worked closely with the voluntary sector in the creation of the CTRS and continues to work closely with them on specific cases and how we administer the scheme. An earlier meeting with the Citizens Advice Bureau identified their concerns about the use of bailiffs and we are now working with them on the development of new protocols for the Council's internal enforcement service.

6. Council Tax collection

- 6.1 With the volume of claimants liable to pay council tax for the first time, as a result of the CTRS the decision was taken early on to introduce a range of additional steps in the billing and recovery process to ensure they were fully aware of their obligation to pay their Council Tax contribution. This included:

- sending two reminder notices prior to any court action taking place, rather than one as per the regulations;
 - Withdrawing enforcement action where a claimant agreed to pay by direct debit;
 - Where enforcement action did progress to the Magistrate Court and a liability order obtained, checking every case with the Department for Work and Pensions to ascertain if the claimant was in receipt of a qualifying benefit that would allow the Council to secure an attachment to their on-going benefit to repay their debt.
- 6.2 As the software used for the collection of Council Tax is not programmed to automatically facilitate any of the above activities, manual processes were introduced which diverted staff resources away from other essential collection activities and proved to be labour intensive.
- 6.3 At the commencement of the CTRS many local authorities had low expectations about the level of Council Tax that would be collected from claimants in receipt of Council Tax Reduction and were concerned about the impact it would have on the Council's overall budget position. Accordingly, many authorities set low in-year collection targets for this group, some in the region of 50-60% of the amount due for the year.
- 6.4 Outturn collection results for the majority of London authorities were better than expected with many far exceeding the initial predicted levels set in April 2013. In a recent survey where sixty four per cent of London authorities responded, collection results varied from 15% to 90%.¹
- 6.5 Lewisham's outturn collection results for those households in receipt of Council Tax Reduction was 82.6%, having collected £8.1m of the £9.8m due for the year. This is a far better than the 50% predicted at the commencement of the scheme and is in-keeping with the majority of collection rates when compared to those authorities who responded to the survey.

7. Hardship Scheme

- 7.1 In 2013/14, a fund of £100k was made available to households suffering financial hardship as a result of the introduction of the CTRS. To ensure that funds were allocated to those most in need, Lewisham introduced criteria based on consultation outcomes. Applicants had to demonstrate that they were experiencing exceptional hardship and be in one of three categories:
- disabled or responsible for a disabled child;
 - a lone-parent with a child under the age of 5;
 - over the age of 50 and long-term unemployed i.e. out of work for a period of 12 months or more.
- 7.2 Other applications were considered where an applicant was able to demonstrate they had suffered exceptional financial hardship but did not fall under one of the three vulnerable groups identified above.

¹ Survey of London Revenues Group, July 2014

- 7.3 The availability of the additional funding was promoted through a number of channels, including:
- Housing Benefit and Revenues officers briefed to pro-actively identify potential applicants and encourage applications online or by telephone;
 - Member briefings in March and September 2013;
 - Presentation and circulation of information during the Advice Lewisham event held in October 2013, attended by representatives of local advocacy groups and supporters of vulnerable residents;
 - Briefings to housing providers and landlords in the borough.
- 7.4 Despite the steps taken to publicise the Discretionary Hardship Scheme, only 196 awards were made during 2013/14 from around 24,500 affected households and all applications were successful.
- 7.5 As part of the review of Lewisham's 2013/14 scheme, benchmarking was undertaken with other London boroughs and of the 20 that responded only 8 had created a hardship fund. The remaining majority (60%) were all reliant on using the current provision within Section 13A(1)(c) of the Local Government Finance Act (1992) which allows councils to provide support to any households encountering exceptional financial hardship.
- 7.6 Although there was a limited take-up of the current Discretionary Hardship Scheme it was considered that there was a need to protect households from extreme financial hardship. However, instead of this continuing to be covered through a separate cash-limited pot, it is recommended that we use the existing provision under Section 13A(1)(c) of the 1992 Local Government Finance Act.
- 7.7 This was included as a recommendation in a report to Mayor and Cabinet on 3 September 2014 and the initial consultation exercise. This exercise concluded that 90.4% of respondents agreed that the Council should continue to provide additional support to those households facing exceptional hardship.

8. Consultation on the CTRS for 2015/16

- 8.1 An initial consultation exercise was undertaken in September 2014 based on Counsel's advice that it was required because there was a technical change to the scheme even though no change was proposed to the policy of passing on the government shortfall in funding in full. Our approach was to engage with a sample of Council Tax payers as well as those currently in receipt of CTR. This provided all those with an interest in this matter with an opportunity to share their feedback.
- 8.2 The consultation was intentionally proportionate in approach. The proposals for the 2015/16 scheme remain unchanged from the initial scheme that was introduced in 2013/14, for which a comprehensive consultation and Equalities Analysis Assessment were undertaken.
- 8.3 Responses to the consultation on the proposed CTRS for 2015/16 were promoted through the following methods:

- A self-completion survey was publicised across the Council's website (e.g. Council Tax, Housing Benefit and Do It Online pages).
- A hard copy format was made available upon request for those without access to the internet.
- A letter was sent out to 1,000 households - half to those in receipt of CTR and the other half to those not in receipt of CTR - inviting them to participate in the survey.
- Briefings were provided to Council Tax, Housing Benefits and Customer Service Centre staff to promote the survey during all relevant customer contacts.
- 150 paper surveys were distributed to customers waiting in AccessPoint, Laurence House during October 2014.
- The 'Homelessness Forum' hosted by King's Church on 24th September 2014, promoted the consultation to almost 20 voluntary and community groups in attendance, including advocates for key vulnerable groups.
- The consultation was directly promoted to at least 20 housing associations, including Hyde, London and Quadrant, Hexagon, Pinnacle and Metropolitan with a request that they disseminate to their tenants.
- A general press release from Communications promoting the survey was: posted as a news item on the Council website (24th September – 16th October); sent to South London Press and News shopper on 24th September; distributed via @lewishamnews twitter feed on 24th September; and included in Lewisham Life e-newsletter on 1st and 9th October.

8.4 The principle focus of the survey sought to clarify whether or not:

- a) The Council should maintain the current CTRS for 2015/16, where working age residents pay a contribution to their Council Tax bill to account for the cut in Government funding;
- b) The Council should continue to provide additional support to those households facing exceptional financial hardship (that are in receipt of Council Tax Reduction).

8.5 The headlines from the consultation were as follows:

- There were 53 respondents to the survey in total, of which 24.5% are currently receiving CTR in Lewisham.
- The majority (62.3%) of all respondents agreed that the Council should maintain the current scheme where working age residents pay a contribution to their Council Tax bill to account for the cut in Government funding.

- There was some variation in support for the proposal between those currently in receipt of CTR and those that were not. Less than half (46.2%) of those currently in receipt of CTR agreed that the Council should maintain the current scheme, compared to over two-thirds (67.6%) of those not currently in receipt of CTR.
 - Of those respondents that answered the question, the overwhelming majority (90.4%) agreed to some extent that the Council should continue to provide additional support to those households facing exceptional hardship (and that receive Council Tax Reduction).
- 8.6 In conclusion, the majority of consultation respondents agreed with the proposals that the Council should maintain the current CTRS scheme for 2015/16, and that additional support should be continued for households facing exceptional hardship (and that receive Council Tax Reduction).
- 8.7 A more detailed analysis of the September and October consultation results can be found within appendices 1 to 3.
- 8.8 In November 2014, a second, supplementary consultation exercise was undertaken following a successful legal challenge in the Supreme Court on 29 September against the London Borough of Haringey's consultation for their CTRS for 2013/14.
- 8.9 This consultation set out the proposals slightly differently and broadened the financial options available to the Council. In total there were 73 responses. Two of these responses were on behalf of the national charity Child Poverty Action Group and Zacchaeus 2000 Trust, a London-based charity addressing poverty issues.
- 8.10 In response to the three options for the Council to deal with a shortfall in Government funding for the Council tax Reduction Scheme for 2015/16:
- 36 (49.32%) of all respondents selected the option to continue to pass on the shortfall in funding to those of working age claiming the council tax reduction.
 - 19 (26.03%) of all respondents selected the option to increase all Council Tax bills for all Council Tax payers.
 - 16 (21.92%) of all respondents selected the option to reduce the amount of money the Council uses to fund other services.
 - 2 (2.74%) respondents chose not to answer this question.
- 8.11 Of the total number of respondents 49 (67.12%) indicated that they were a Council Tax payer in the borough of Lewisham, and 18 (24.66%) indicated that they were a resident that currently receives Council Tax Reduction.
- 8.12 In the joint response from Child Poverty Action Group and Zacchaeus 2000 there was no response to question 1 which asked how the Council should deal with the shortfall in government funding next year. However, in a separate independent response from Zacchaeus 2000 they selected the option to pass on the shortfall in funding to all Council Tax payers by increasing the Council Tax for all Council Tax payers.

- 8.13 If the Council were to decide to pass on the entire shortfall in government funding for CTR recipients to all Council Tax payers the impact would be likely to be in excess of the 2% threshold set by the Secretary of State beyond which a binding Council Tax referendum would need to be held.
- 8.14 A more detailed analysis of the November 2014 consultation results can be found within appendices 4 to 7.

9. Conclusion

- 9.1 Having considered the different options the Council has to deal with the shortfall in funding officers advise that the CTRS be retained in its current form for 2015/16.

10. Implementation timetable

Date	Action	Responsibility
17 December 2014	Mayor and Cabinet agree CTRS scheme for 2015/16	Customer Services
21 January 2015	Full council agree CTRS scheme for 2015/16 Testing for annual billing	Customer Services/Capita
22 January 2015	CTRS scheme agreed as part of budget process and before 31 January 2014	Council
26 February 2015	Council sets its budget	Council
March 2015	Council Tax bills issued	Customer Services

11. Financial implications

- 11.1 In 2013/14, the Government allocated a total of £25.8m for CTRS in Lewisham which was split between the Council of £19.9m and the GLA of £5.9m. The allocation was £3.28m less than the 2012/13 funding and the Council agreed to pass this on to 24,648 working age claimants.
- 11.2 As a part of the local government finance settlement for 2014/15, the Government announced that the resources for the CTRS would be rolled into the Council's overall formula grant from 2014/15 onwards. This means that it is no longer possible to establish individual authority allocations for CTRS. For 2014/15, it was assumed that the comparative shortfall would be at a similar level to the previous year.
- 11.3 The Council is required to reduce its general fund budget by £39m in 2015/16. Officers' draft budget savings proposals are currently being considered, the final package for which will be included in the Budget 2015 report to be presented to Mayor & Cabinet on 11 February 2015. It should be noted that any decision to fully fund affected residents for the impact of the reduced CTRS resources would require further budget savings over and above those existing proposals being considered to meet the existing £39m gap for 2015/16.

- 11.4 Like all local authorities, the Council is not in a position to determine the exact amount of the shortfall in funding for 2015/16 as the government are still to finalise the formula grant funding amount. The final local government settlement is not expected until January 2015.
- 11.5 It would not be prudent for the Council to consider the use of reserves as a way of dealing with any shortfall in funding as the majority of reserves are earmarked for other purposes with the remainder needed for any urgent one off unavoidable expenditure.

12. Legal implications

- 12.1 Section 33 of the Welfare Reform Act 2012 abolished Council Tax Benefit. The Local Government Finance Act 2012 amends the Local Government Finance Act 1992 to make provision for council tax support through locally adopted CTRSs.
- 12.2 Section 13A of the 1992 Act requires every local authority to adopt a CTRS. Paragraph 2 of s. 13A sets out the two principal factors which are determined by the CTRS; namely, "eligibility" and "reductions". A CTRS therefore defines the amount of council tax paid by residents of a local authority by reference to i) those persons who are defined as eligible for a reduction in council tax liability and ii) the extent of that reduction.
- 12.3 Paragraph 5 of Schedule 1A sets out the obligations imposed on the Council in respect of revising and replacing a CTRS. Para 5(1) "For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme. Para 5(2) provides that "The authority must make any revision to its scheme... no later than 31 January in the financial year preceding that for which the revision ...is to have effect."
- 12.4 Paragraph 3 of Schedule 1 contains obligations in respect of consultation. It applies to an authority when revising a scheme as it applies to an authority when making a scheme. (para. 5(5)). Para. 3 requires the authority, before [revising a] scheme to, "...a) consult any major precepting authority which has power to issue a precept to it, b) publish a draft scheme in such manner as it thinks fit, and c) consult such other persons as it considers are likely to have an interest in the operation of the scheme."
- 12.5 The recent Supreme Court Judgement *R –v- London Borough of Haringey* (29.10.14) is on point with the subject of this Report and it makes it clear that whilst consultation needs always to be proportionate, "even when the subject of the requisite consultation is limited to the preferred option, fairness may nevertheless require passing reference to be made to arguable yet discarded alternative options." (Lord Wilson Para. 28.)
- 12.6 By way of some assistance it is stated within the Judgment (at para. 41 by Lord Reed that "...a requirement to provide information about other options [does not] ...mean that there must be a detailed discussion of the alternatives or of the reasons for their rejection. The consultation required in the present context is in respect of the draft scheme, not the rejected alternatives; and it is important, not least in the context of a public consultation exercise, that the consultation documents should be clear and

understandable, and therefore should not be unduly complex or lengthy. Nevertheless, enough must be said about realistic alternatives, and the reasons for the local authority's preferred choice, to enable the consultees to make an intelligent response in respect of the scheme on which their views are sought."

12.7. The supplementary consultation in November 2014 was amended so as to accord with the recent Haringey decision. The Council's Head of Law sought Advice from Leading Counsel following the Haringey decision. That Advice has confirmed, in light of the Haringey Supreme Court decision this year, and the representations received during the November supplementary consultation, that the Council was right to undertake its consultation (due to technical changes as opposed to any changes of policy). In particular, it was noted that the Council, the same as for all other Councils, is unable to consult upon specific figures, given that it is not known the level of support that is to be actually provided from central Government for 2015/2016.

12.8 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

12.9 In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

12.10 The duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

12.11 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

12.12 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

1. The essential guide to the public sector equality duty
2. Meeting the equality duty in policy and decision-making
3. Engagement and the equality duty
4. Equality objectives and the equality duty
5. Equality information and the equality duty

12.13 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

13. Crime and disorder implications

13.1 There are no direct crime and disorder implications arising from this report.

14. Equalities implications

14.1 In the discharge of their functions, the Equality Act 2010 places a Duty on public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation;
- foster good relations between those who share a protected characteristic and those who do not share that characteristic; and
- advance equality of opportunity between those who share a protected characteristic and those who do not share that characteristic.

14.2 The Council's obligations under the Equality Duty have been considered as part of the overall consultation analysis on the CTRS for 2014/15. More specifically, appendices 2 and 3 include analysis of respondent characteristics.

14.3 A detailed Equalities Analysis Assessment was performed in 2012/13 for the current year's CTRS. As there is no evidence to date of particular groups being impacted by the scheme and no changes are proposed to the scheme for 2015/16, no further assessment is required at present.

15. Environmental implications

15.1 There are no environmental implications arising from this report.

16. Background papers and report author

16.1 There are no background papers.

If you require further information about this report, please contact Ralph Wilkinson, Head of Public Services, on 020 8314 6040.

Appendix 1 - Consultation report on CTRS 2015/16

Introduction

1. The CTRS (CTRS) consultation ran from 18 September 2014 to 16 October 2014. This report outlines the responses to the consultation survey from individuals and also the Greater London Authority.

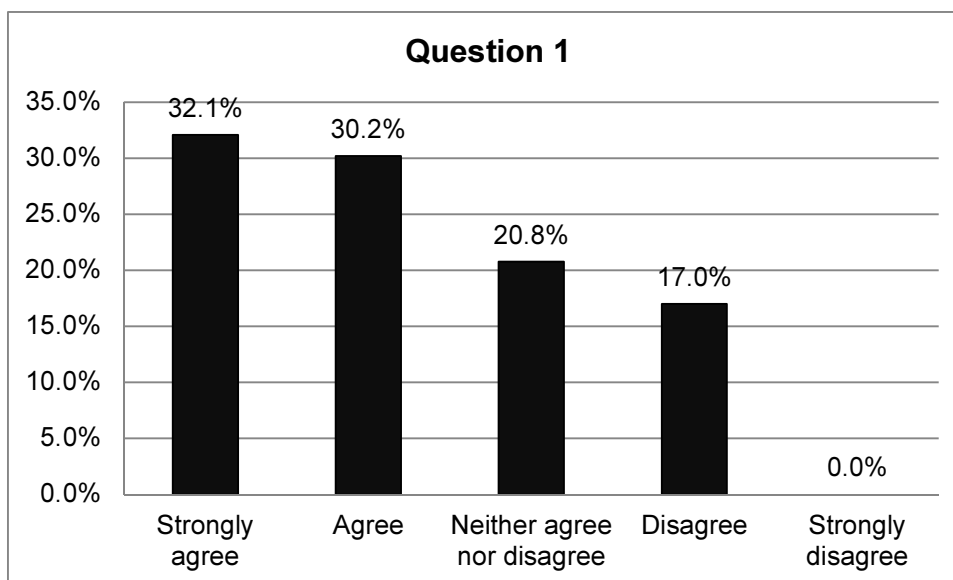
Summary of results

2. In total there were 55 responses to the local CTRS questionnaire. One duplicate submission was received and one test submission was made so analysis has been conducted with 53 responses. Of these, 33 (62.3%) of all respondents supported the proposal that the Council should maintain the current CTR scheme for 2015/16, where working age residents pay a contribution to their Council Tax bill to account for the cut in Government funding.
3. Of the total number of respondents 42 (79.2%) indicated that they were a Council Tax payer. Of these 66.7% were in support of the proposal.
4. Within the various sub-groups there was majority support for the proposal, with the exception of those that indicated that they are a resident that currently receives Council tax reduction, where those in agreement was less than half at 46.2%. It should be noted however, that many of these sub-groups are too small for their responses to be statistically robust.
5. As to whether the Council should continue to provide additional support to those households facing exceptional hardship (and in receipt of Council Tax Reduction), 90.4% of all respondents supported this proposal.
6. Further details regarding the survey responses and the consultation more broadly are presented below.

Overall survey responses

7. A breakdown of responses to the questions contained within the survey on the proposed CTRS for 2015/16 can be found below:

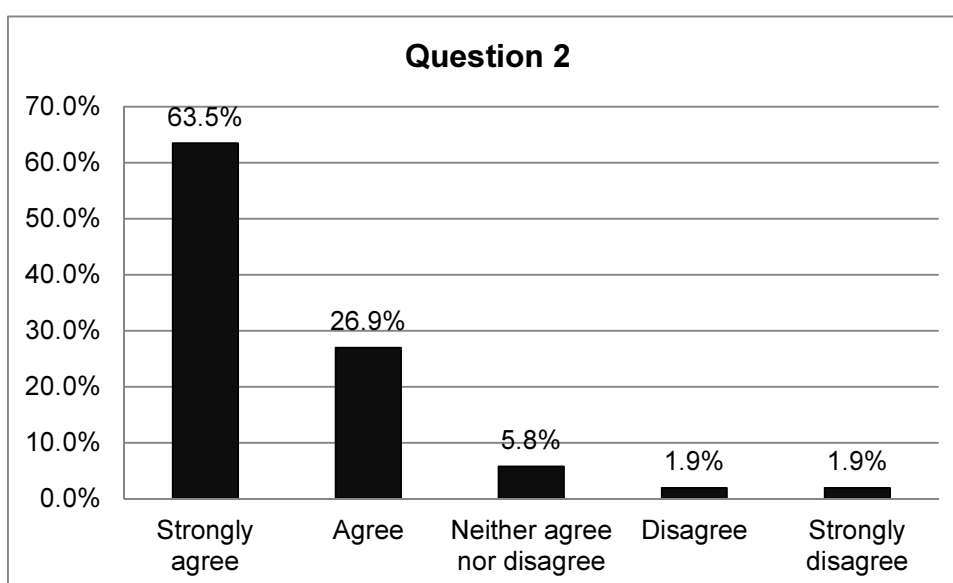
Q1) Please say how much you agree or disagree with the following statement? The Council should maintain the current scheme where working age residents pay a contribution to their Council Tax bill to account for the cut in Government funding.



	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	No response	Total
% total	32.1	30.2	20.8	17.0	0	0	100
% answer	32.1	30.2	20.8	17.0	0	0	100
Count	17	16	11	9	0	0	53

8. A total of 33 respondents (62.3%) agreed to some extent that the Council should maintain the current scheme. A total of 9 respondents (17%) disagreed to some extent.

Q2) [For households that receive Council Tax Reduction] To what extent do you agree or disagree that the Council should continue to provide additional support to those households facing exceptional hardship?



	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	No response	Total
% total	62.3	26.4	5.7	1.9	1.9	0	100
% answer	63.5	26.9	5.8	1.9	1.9	0	100
Count	33	14	3	1	1	0	52

9. Of those respondents that answered the question, 90.4% agreed to some extent that the Council should continue to provide additional support to those households facing exceptional hardship.

Q3) Do you have any other comments about Lewisham's CTRS for 2015/16?

10. Of the 53 respondents to the survey, 18 provided additional comments on the proposed CTRS for 2015/16. These responses have been grouped into the following themes:

Comment theme	Number of comments
Current system is fair/important to support most vulnerable	5
Current system is unfair/open to abuse	5
Those with reduced bill should contribute another way	2
Higher earners should pay more	2
Should not tax non-working residents	1
Other	3

11. The majority of comments provided were split evenly between those that think the current system is fair/important and those who think it is unfair/open to exploitation.
12. Of those who think that the current system is fair/important, 60% are CTRS recipients and 60% were aged between 30 and 34.
13. Of those who think the current system is unfair/open to exploitation all are Council tax payers that didn't indicate that they are in receipt of CTRS and 60% are aged between 45 and 49.
14. Overall across all the comments made, there was consistent support for the Council in continuing to provide assistance to the most vulnerable.

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“Lewisham Council is doing well to help people in need and should continue to help where possible.”

“Welcome Lewisham’s approach but feel very strongly that non-working vulnerable should receive all the support they need”

15. A number of comments were also made about how receiving a reduction in Council Tax could be conditional on an individual's contribution to the borough, such as helping to clean streets, volunteering or teaching wellbeing classes to the elderly.

Response from the Greater London Authority

16. The Greater London Authority (GLA) – as the local preceptor - was invited to comment on the proposed CTRS for 2015/16 as part of the consultation process, and provided a formal written response dated 14 October 2014.
17. Whilst they acknowledged that the determination of CTR schemes is a local matter for each London borough (under the provisions of the Local Government Finance Act), they also recognised that the GLA shares in the risks and potential shortfalls arising from CTR schemes, in proportion to its share of the Council Tax.
18. The GLA considered that before finalising their schemes, local authorities should have regard to the challenges which they will face in collecting relatively small sums of money from claimants on low incomes who may not be in a position to pay by direct debit or other automatic payment mechanisms.
19. The GLA also encourages the Council to consider the introduction of revised applicable amounts, personal allowances and non-dependent deductions in line with the up-rated amounts for the Housing Benefit scheme. The effect of this will be that the applicable amounts and personal allowances within the 2015/16 CTRS will increase in line with the Housing benefit increases. Where these up-rated amounts are introduced, CTRS claimants will be protected from a real cut in the level of support they receive.
20. The GLA also encourages the Council to respond to the Government-issued consultation document *Local Welfare Provision in 2015-16*, in which, following a judicial review, the Government is reconsidering its decision to cease funding for local welfare provision. This consultation went live on 10 October 2014.
21. Whether or not the funding for local welfare provision is ultimately withdrawn, the GLA has no specific comments as to whether Lewisham should continue to provide a hardship fund as it regards this as being a legitimate matter for local determination as part of its wider budget setting process, notwithstanding the need for the Council to consider the equalities impact of its final decision and the potential impact on vulnerable groups.
22. By 25 January 2015 the Council is required to notify the GLA of its forecast collection fund surplus or deficit for 2014/15, which will reflect the impact of the first two years of the localisation of Council Tax support. The GLA is

encouraging the Council to provide it with this information as soon as possible in order that it can assess the potential implications for the Mayor of London's budget for 2015/16.

Appendix 2 - Demographic breakdown of survey respondents

The demographic breakdown of the 53 survey respondents is presented below:

Age	% Total	% Answer	Count
Under 18	0	0	0
18-24	3.8	4.3	2
25-29	11.3	13.0	6
30-34	13.2	15.2	7
35-39	7.5	8.7	4
40-44	7.5	8.7	4
45-49	13.2	15.2	7
50-54	11.3	13	6
55-59	7.5	8.7	4
60-64	3.8	4.3	2
65+	7.5	8.7	4
Prefer not to say	5.7	6.5	2
No response	13.2	-	7
Total	100.0	100.0	53

Gender	% Total	% Answer	Count
Male	43.4	47.9	23
Female	41.5	45.8	22
Prefer not to say	5.7	6.8	3
No response	9.4	-	5
Total	100.0	100.0	53

Ethnic group	% Total	% Answer	Count
White	52.8	57.1	28
Mixed / multiple ethnic groups	0	0	0
Asian / Asian British	0	0	0
Black / African / Caribbean / Black British	18.9	20.4	10
Any other ethnic group	3.8	4.1	2
Prefer not to say	17.0	18.4	9
No response	7.5	-	4
Total	100.0	100.0	53

Disability	% Total	% Answer	Count
Yes	17.0	17.6	12
No	75.5	78.4	68
Prefer not to say	3.8	3.9	2
No response	3.8	-	2
Total	100.0	100.0	53

Relationship status	% Total	% Answer	Count
Married / Civil Partnership	28.3	29.4	15
Living as a couple	7.5	7.8	4
Single	45.3	47.1	24
Other	7.5	7.8	4
Prefer not to say	7.5	7.8	4
No response	3.8	-	2

Total	100.0	100.0	53
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Respondent type	% Frequency	Count
A resident in the borough of Lewisham	79.2	42
A Council Tax payer in the borough of Lewisham	79.2	42
A resident that currently receives Council Tax Reduction	24.5	13
A resident who has received CTR or CTB in the past	20.8	11
Full-time employed	37.7	20
Part-time employed	9.4	5
Self-employed	13.2	7
A person receiving state pension	7.5	4
A person receiving state pension credit	1.9	1
Full-time student	1.9	1
Unemployed	11.3	6
A paid carer for children or adults	1.9	1
An unpaid carer for children or adults	3.8	2
A lone parent	13.2	7
A representative of a charity based in Lewisham	1.9	1
A representative of a community group based in Lewisham	3.8	2
A landlord for properties based in Lewisham	0	0
Other	3.8	2
No response	0	0

(Note: respondents may have selected multiple options from the above list)

Appendix 3 – Survey analysis by respondent type

NOTE: The following analysis provides a lower level of detail regarding particular respondent characteristics. However, the small sample sizes in most instances should be clearly noted, and the following results are not statistically representative of this respondent characteristic in the wider population.

Responses by lone parents

23. Of the total number of respondents to the survey, seven identified themselves as being lone parents. Within this group, almost three-quarters (71.4%) agreed to some extent that the Council should maintain the current scheme where working age residents pay a contribution to their Council Tax bill to account for the cut in Government funding. This compares to 62.3% of total survey respondents.

24. The extent to which lone parents agreed that the Council should continue to provide additional support to those households facing exceptional hardship is detailed below:

Strongly agree / agree that the Council should continue to provide additional support to those households facing exceptional hardship:	% lone parents	% total
	100	90.4

Responses by disability

25. Of the total number of respondents to the survey, nine identified themselves as being disabled. Within this group, just over half (55.6%) agreed to some extent that the Council should maintain the current CTRS for 2015/16. This compares to 62.3% of total survey respondents.

26. The extent to which respondents who were disabled agreed that the Council should continue to provide additional support to those households facing exceptional hardship is detailed below:

Strongly agree / agree that the Council should continue to provide additional support to those households facing exceptional hardship:	% disabled people	% total
	88.9	90.4

Responses by age

27. Of the total number of respondents to the survey, four identified themselves as aged 65+ years. People aged 65+ years were split 50/50 between agreeing that

the Council should maintain the current CTRS for 2015/16 and having no opinion, i.e. neither agree nor disagree.

28. Of the total number of respondents to the survey, 12 identified themselves as aged between 50-64 years. Of these 83.3% agreed to some extent with this statement.

29. Of the total number of respondents to the survey, 15 identified themselves as between the ages of 18-34 years. Of these nearly two-thirds (60.0%) agreed to some extent that the Council should maintain the current scheme.

30. The extent to which respondents (by age band) agreed that the Council should continue to provide additional support to those households facing exceptional hardship is detailed below:

Strongly agree / agree that the Council should continue to provide additional support to those households facing exceptional hardship:	% 18-34 yrs	% 35-49 yrs	% 50-64 yrs	% 65+ yrs	% total
	93.3	86.7	50	75	90.4

31. As can be seen from the table above, those aged 50-60 years are the least likely to agree to some extent that the Council should provide additional support to those households facing exceptional hardship.

Responses by gender

32. Of the total number of respondents to the survey, 23 identified themselves as being male. Of all male respondents, 16 (69.6%) agreed to some extent that the Council should maintain the current CTRS

33. Of the total number of respondents to the survey, 22 identified themselves as being female. Of all female respondents, 12 (54.5%) agreed to some extent that the Council should maintain the current CTRS.

34. The extent to which male and female respondents agreed that the Council should continue to provide additional support to those households facing exceptional hardship is detailed below.

Strongly agree / agree that the Council should continue to provide additional support to those households facing exceptional hardship:	% male	% female	% total
	91.3	90.9	90.4

Responses by ethnicity

35. Of the total number of respondents to the survey, 28 identified their ethnicity as White. Almost three-quarters (71.4%) of White respondents agreed to some extent that the Council should maintain the current CTRS.
36. Of the total number of respondents to the survey, 21 identified themselves as from other ethnic groups. Over half (52.4%) of these respondents agreed to some extent that the Council should maintain the current CTRS.
37. The extent to which respondents (by ethnic groups) agreed that the Council should continue to provide additional support to those households facing exceptional hardship is detailed below.

Strongly agree / agree that the Council should continue to provide additional support to those households facing exceptional hardship:	% White	% Mixed	% Asian	% Black	% prefer not to say	% Other	% total
	85.7	0	0	100	77.8	100	90.4

Responses by employment status

38. Full-time employees (70.0%) and the Unemployed (66.7%) were most likely to agree that the Council should maintain the current CTRS. More than half (57.1%) of those respondents that are Self-employed also agreed to some extent.

Employment status (base)	% agree to some extent that the Council should maintain the current CTRS	% neither agree nor disagree that the Council should maintain the current CTRS	% disagree that the Council should maintain the current CTRS
Full-time employed (20)	70.0	10.0	20.0
Part-time employed (6)	50.0	50.0	0.0
Self-employed (7)	57.1	28.6	14.3
A person receiving state pension (4)	50.0	50.0	0.0
A person receiving state pension credit (1)	0.0	100.0	0.0
Full-time student (1)	0.0	0.0	100.0
Unemployed (6)	66.7	16.7	16.7
A paid carer for children or adults (1)	0.0	0.0	100.0
An unpaid carer for children or adults (2)	50.0	50.0	0.0

39. The extent to which respondents (by employment status) agreed that the Council should continue to provide additional support to those households facing exceptional hardship is detailed below.

Employment status (base)	% strongly agree / agree that the Council should continue to provide additional support to those households facing exceptional hardship
Full-time employed (20)	95.0
Part-time employed (6)	100.0
Self-employed (7)	57.1
A person receiving state pension (4)	75.0
A person receiving state pension credit (1)	100.0
Full-time student (1)	100.0
Unemployed (6)	83.3
A paid carer for children or adults (1)	100.0
An unpaid carer for children or adults (2)	100.0

40. Excluding the categories that had just one respondent, those who are in part-time employment and full-time employment, were the most likely to agree to some extent that the Council should continue to provide additional support to those households facing exceptional hardship. Self-employed respondents were the most likely to disagree.

Responses by relationship status

41. Of the total number of respondents to the survey, 15 identified their relationship status as married/civil partnership. Two-thirds of these (66.7%) agreed to some extent that the current CTRS should be continued for 2015/16.

42. Of the total number of respondents to the survey, 24 identified their relationship status as single. These respondents were the most likely to disagree with the statement (20.8%) that the current CTRS should be continued for 2015/16.

43. The extent to which respondents (by relationship status) agreed that the Council should continue to provide additional support to those households facing exceptional hardship is detailed below.

Strongly agree / agree that the Council should continue to provide additional support to	% married / civil partnership	% living as a couple	% single	% prefer not to say	% other	% total
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those households facing exceptional hardship:	73.3	100.0	91.7	100.0	100.0	90.4
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Responses by whether respondent is paying Council Tax and not currently in receipt of Council Tax Support.

44. Of the total number of respondents to the survey, 34 identified themselves as Council Tax payers, who are not currently in receipt of Council tax support in Lewisham (i.e. just less than one third (64.2%) of respondents).
45. Two-thirds (67.6%) of those respondents who pay Council Tax and are not currently in receipt of Council Tax Support agreed to some extent that the Council should maintain the current CTRS. Less than one-fifth (17.0%) of Council Tax payers disagreed to some extent with this statement.
46. The extent to which respondents that indicated they were Council Tax payers, but not in receipt of Council Tax Support, agreed that the Council should continue to provide additional support to those households facing exceptional hardship is detailed below.

Strongly agree / agree that the Council should continue to provide additional support to those households facing exceptional hardship:	% Council Tax payer	% total
	85.3	90.4

Responses by current receipt of Council Tax Reduction (CTR)

47. Of the total number of respondents to the survey, 13 identified themselves as currently in receipt of Council Tax Reduction (i.e. just less than a quarter of all respondents).
48. Of those respondents currently receiving CTR, just less than half (46.2%) agreed to some extent that the Council should maintain the current CTRS. Over one-fifth (23.1%) of current CTR claimants disagreed to some extent with the statement.
49. The extent to which respondents (by their status as CTR claimants) agreed that the Council should continue to provide additional support to those households facing exceptional hardship is detailed below.

Strongly agree / agree that the Council should continue to provide additional support to those households facing exceptional hardship:	% CTR claimants	% total
	100	90.4

Appendix 4 - Supplementary consultation (CTRS 2015/16)

Introduction

1. In November 2014, a second, supplementary consultation exercise was undertaken in Lewisham. This followed a successful legal challenge against the London Borough of Haringey's consultation for their CTRS for 2013/14. This ruling was announced in late September 2014 by the Supreme Court.
2. This supplementary Council Tax Reduction Scheme (CTRS) consultation ran between 12-26th November 2014, as the original intention was to present the results at Mayor and Cabinet on the 3rd December 2014.
3. The consultation adopted the following approach:
 - an online consultation on the Council's website;
 - paper surveys upon request;
 - a letter to 750 Council Tax payers;
 - a letter to 250 Council Tax Reduction recipients; and
 - targeted communication with local groups.
4. The consultation set out the proposals slightly differently from the first consultation and broadened the financial options that the Council could consider.
5. The survey asked the following two questions:
 - i. There are three ways the Council can deal with a shortfall in Government funding for the Council Tax Reduction Scheme next year. Do you think the Council could (*please tick ONE box only*):
 - a) Continue to pass on the shortfall in funding to those of working age claiming the council tax reduction?
 - b) Increase all Council Tax bills for all Council Tax payers?
 - c) Reduce the amount of money it uses to fund other services?
 - ii. Do you have any other comments about Lewisham's Council Tax Reduction Scheme for 2015/16?
6. Further details on these results can be found within the rest of appendix 4 below.

Summary of results

7. In total there were 73 responses to the supplementary CTRS questionnaire.
8. Two of these responses were on behalf of the national charity Child Action Poverty Group and Zacchaeus 2000 Trust, a London-based charity addressing poverty issues.
9. In response to the three options for the Council to deal with a shortfall in Government funding for the Council tax Reduction Scheme for 2015/16:
 - 36 (49.32%) of all respondents selected the option to **continue to pass on the shortfall in funding to those of working age claiming the council tax reduction.**
 - 19 (26.03%) of all respondents selected the option to **increase all Council Tax bills for all Council Tax payers.**
 - 16 (21.92%) of all respondents selected the option to **reduce the amount of money the Council uses to fund other services.**
 - 2 (2.74%) respondents chose not to answer this question.
10. Of the total number of respondents 49 (67.12%) indicated that they were a Council Tax payer in the borough of Lewisham, and 18 (24.66%) indicated that they were a resident that currently receives Council Tax Reduction.

Overall survey responses

11. A breakdown of responses to the questions contained within the survey on the proposed CTRS for 2015/16 can be found below:

Q1) There are three ways the Council can deal with a shortfall in Government funding for the Council Tax Reduction Scheme next year. Do you think the Council could:

Options	% Total	% Answer	Count
Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	49.32%	50.70%	36
Increase all Council Tax bills for all Council Tax payers	26.03%	26.76%	19
Reduce the amount of money it uses to fund other Council services	21.92%	22.54%	16
No response	2.74%	-	2
Total	100.00%	100.00%	73

12. In the joint response from Child Action Poverty Group and Zacchaeus 2000 Trust on 19 November 2014, there was no response to Question 1. However, in the second, and independent, response from Zacchaeus 2000 Trust on 25 November 2014, they selected the option to “increase all Council Tax bills for all Council Tax payers” in Question 1.

Q2) Do you have any other comments about Lewisham’s Council Tax Reduction Scheme for 2015/16?

13. Of the 73 respondents to the survey, 17 (23.29%) provided additional comments on the proposed CTRS for 2015/16.
14. Two of these responses came from national charities, and are detailed separately in paragraph 18 below.
15. The table below groups the comments under broad themes. Where the comments could not be classified under one of these themes they are placed in the *Other* category.

Comment theme	Count
A fair system requires all residents of working age to contribute	4
Suggestions of other areas where Lewisham Council could make service or staff cuts	4
Council Tax policy must support the most vulnerable	2
More background information requested	2
Other	3

16. Just over a quarter of the comments received suggested areas which the council could cut services. For example:

“Do less. Share legal and HR services with neighbouring boroughs. Reduce council staff salaries. Allow more private companies to buy and develop land rather than the council doing it. Finally, get rid of the local assembly budgets”

17. Another quarter of the comments suggested that the only fair system is one which requires all working age residents to pay something:

“... It is unfair that all Council Tax payers should foot the bill for a cost cut which the Government is no longer prepared to support. Many of us who pay the full Council tax bill, are also struggling to do so, (living on a single income in my household) – nevertheless, we do pay it, and any increase resulting from the above is unfair and unjust to those of us who do struggle to work and pay you bills. It is also unfair to pass the cost to other Council Services, as over the years, a reduction in funding has seen Council services reduced gradually with more cuts to follow.”

18. Zacchaeus 2000 Trust responded to the consultation twice. In the first instance this was a joint response with the Child Action Poverty Group. In both instances the comments provided were the same. These are detailed below in Appendix 5 of this report.

Appendix 5 – Joint response by Child Action Poverty Group and Zacchaeus 2000 Trust

The following details comments were provided in a joint response by Child Action Poverty Group and Zacchaeus 2000 Trust to Question 2 of the consultation:

- Z2K and CPAG do not believe that the burden of the funding shortfall should fall on the shoulders of unemployed and disabled residents. We therefore support an increase in overall Council Tax if this shortfall cannot be made up from savings elsewhere in the authority's budget. Z2K and CPAG would like to use this opportunity to call for a reduction in the minimum payment required under Lewisham's Council Tax Reduction (CTR) Scheme. Our research on the impact of the localisation of Council Tax Benefit has shown that the minimum payment required by the council's CTR scheme is already pushing Lewisham's most deprived residents deeper into poverty. Continuing the scheme in its current form would only serve to entrench this.
- Benefits are supposedly calculated on the basis of providing the minimum necessary to live on, yet they fall far short of Minimum Income Standards (the amount required for a minimum acceptable living standard, for more information see <http://www.jrf.org.uk/topic/mis>). For a single person over the age of 25 the £72.40 weekly Job Seekers Allowance is only 39% of their minimum income standard and for a couple with two children their benefits only provide 57% of what is required for an acceptable standard of living. Working households are also struggling. Recent CPAG research found that even families where both parents are working full time at the national minimum wage are 18 per cent shy of the income required to support two children at a minimum level (<http://www.cpag.org.uk/content/cost-child-2014-0>).
- In Lewisham all working age residents are expected to pay a minimum of 14.6% of their council tax bill, regardless of their level of income. For over two thirds of CTR claimants in Lewisham this minimum payment has to come out of benefits, which are already insufficient to provide for the basics of life, and in many cases have already been reduced by other welfare reforms. This includes groups of people who would not otherwise be expected to work, such as people with disabilities or caring responsibilities. This means that just over 24,000 residents have been placed in the impossible situation of trying to cut down their food, utility bills or other essential costs in order to pay their council tax.
- In the review of 2013/14 CTR scheme dated 3rd September it states that the collection rate for taxpayers in receipt of CTR is 82% and this is a sound basis for continuing with the current scheme. We believe that this is a misguided approach as it fails to take into account the impact that paying has on claimants. In our experience those who pay only just manage to meet the payments by cutting down on other areas of essential expenditure.

- Despite the claimed 82% collection rate our evidence shows that many Lewisham residents struggle to meet the minimum payment. For example in 6,751 Lewisham residents receiving CTR were issued with a court summons for non-payment in 2013/14. This means that almost 27% of working age CTR claimants in Lewisham failed to keep up with payments in 2013/14. Our experience supporting vulnerable debtors tells us that the majority aren't refusing to pay, they simply can't. Unfortunately this impact is not referred to in the consultation materials, preventing residents from making an informed response.
- We are also concerned about the impact of these changes on children living in the borough. Lewisham has the eighteenth highest levels of child poverty in the country with 34 per cent of children living in poverty (End Child Poverty coalition). Council tax minimum payments take money out of households already in poverty and struggling to afford essentials for children.
- It should also be noted that, unlike other authorities with a comparable level of minimum payment, Lewisham's scheme does not exempt vulnerable groups such as disabled people or single mothers with children under the age of 5 from the minimum payment.
- Any assessment of the proposals contained within the consultation should be undertaken on the basis of the fullest possible information. It is important the council takes into account the experience of the first year of the scheme using evidence on arrears rates, cost of collection, other impacts on claimants and comparison with other local schemes.
- In addition no information is provided in the consultation documents as to what 'continuing to pass on the shortfall' means to the CTR scheme in practice. The 3rd September report to the Mayor and cabinet states that only 'technical' changes will be made and these are: "...[changes to] the percentage used in the calculation to pass the cut on in full and the annual up rating of applicable amounts, income disregards and non-dependant deductions using in working out the awards". Without providing full information as to what this means in practice to claimants (alongside information on the impact of the scheme in 2013/14) the authority has prevented Lewisham residents from making an informed decision in their consultation responses. We can only hope that such evidence and information is provided to councillors in a thorough impact assessment of the 2013/14 scheme before they make the decision on the proposals.
- We believe that where an authority insists on continuing with a minimum payments scheme they should put in place additional support to help those in genuine need who are unable to pay. We are therefore pleased to see that

Lewisham proposed to continue its Discretionary Hardship Scheme to offer a reduction or waiver of some claimants Council Tax bills.

- However we note that in 2013/14 only £15,283.18 of the £100,000 fund was awarded to 193 claimants. Given that almost 7,000 households receiving CTR were issued a court summons for non-payment, this suggests that people in need are not accessing the scheme. This could be due to poor targeting, advertising or overly restrictive eligibility criteria. The hardship scheme is poorly targeted and poorly advertised and potentially overly tight eligibility criteria. In our experience, this problem could be avoided by advertising the scheme to CTR claimants who have fallen behind on payments prior to a court summons is issued.

- Although we understand that financial pressure of the 10% funding cut has placed Lewisham in a difficult situation, experience elsewhere in London shows it is possible to find a way not to pass this cut on to the borough's poorest residents. CPAG and Z2K therefore, not only oppose both proposals outlined in the consultation, but also call for Lewisham to abolish the minimum payment and reinstate 100% council tax support as has been done in the City of London, Hammersmith & Fulham, Kensington & Chelsea, Merton, Tower Hamlets, Wandsworth and Westminster.

Appendix 6 - Demographic breakdown of survey respondents

The demographic breakdown of the 73 survey respondents is presented below:

Age	% Total	% Answer	Count
Under 18	0.00%	0.00%	0
18-24	0.00%	0.00%	0
25-29	5.48%	5.80%	4
30-34	10.96%	11.59%	8
35-39	10.96%	11.59%	8
40-44	10.96%	11.59%	8
45-49	8.22%	8.70%	6
50-54	9.59%	10.14%	7
55-59	10.96%	11.59%	8
60-64	5.48%	5.80%	4
65+	13.70%	14.49%	10
Prefer not to say	8.22%	8.70%	6
No response	5.48%	-	4
Total	100.00%	100.00%	73

Gender	% Total	% Answer	Count
Male	43.84%	47.76%	32
Female	39.73%	43.28%	29
Prefer not to say	8.22%	8.96%	6
No response	8.22%	-	6
Total	100.00%	100.00%	73

Ethnic group	% Total	% Answer	Count
White	57.53%	60.87%	42
Mixed / multiple ethnic groups	1.37%	1.45%	1
Asian / Asian British	0.00%	0.00%	0
Black / African / Caribbean / Black British	16.44%	17.39%	12
Any other ethnic group	4.11%	4.35%	3
Prefer not to say	15.07%	15.94%	11
No response	5.48%	-	4
Total	100.00%	100.00%	73

Disability	% Total	% Answer	Count
Yes	10.96%	11.76%	8
No	73.97%	79.41%	54
Prefer not to say	8.22%	8.82%	6
No response	6.85%	-	5
Total	100.00%	100.00%	73

Relationship status	% Total	% Answer	Count
Married / Civil Partnership	30.14%	34.38%	22
Living as a couple	8.22%	9.38%	6
Single	31.51%	35.94%	23
Prefer not to say	17.81%	20.31%	13
No response	12.33%	-	9
Total	100.00%	100.00%	73

Respondent type	Frequency	Count
A resident in the borough of Lewisham	82.19%	60
A Council Tax payer in the borough of Lewisham	67.12%	49
A resident that currently receives Council Tax Reduction	24.66%	18
A resident who has received CTR or CTB in the past	9.59%	7
Full-time employed	36.99%	27
Part-time employed	4.11%	3
Self-employed	9.59%	7
A person receiving state pension	15.07%	11
A person receiving state pension credit	4.11%	3
Full-time student	1.37%	1
Unemployed	9.59%	7
A paid carer for children or adults	0.00%	0
An unpaid carer for children or adults	1.37%	1
A lone parent	8.22%	6
A representative of a charity based in Lewisham	0.00%	0
A representative of a community group based in Lewisham	0.00%	0
A landlord for properties based in Lewisham	4.11%	3
Other	8.22%	6
Total	100.00%	209

(Note: respondents may have selected multiple options from the above list)

Appendix 7 – Survey analysis by respondent type

NOTE: The following analysis provides a lower level of detail regarding particular respondent characteristics. However, the small sample sizes in most instances should be clearly noted, and the following results are not statistically representative of this respondent characteristic in the wider population.

Responses by lone parents

Of the total number of respondents to the survey, six (8.22%) identified themselves as being lone parents.

Respondents who identified as lone parents selected the following options to deal with the shortfall in Government funding for the Council Tax Reduction Scheme next year:

Options	% total	% lone parents	Count
Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	49.32%	83.33%	5
Increase all Council Tax bills for all Council Tax payers	26.03%	0.00%	0
Reduce the amount of money it uses to fund other Council services	21.92%	16.67%	1

The most commonly selected option amongst this respondent type was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Over four-fifths (83.33%) of lone parents selected this option, compared to just under half (49.32%) of total respondents.

Responses by disability

Of the total number of respondents to the survey, eight (10.96%) considered themselves to be a disabled person.

Respondents who identified themselves as disabled selected the following options to deal with the shortfall in Government funding for the Council Tax Reduction Scheme next year:

Options	% total	% disabled people	Count
Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	49.32%	62.5%	5
Increase all Council Tax bills for all Council Tax payers	26.03%	25%	2
Reduce the amount of money it uses to fund other Council services	21.92%	12.5%	1

The most commonly selected option amongst this respondent type was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Over three-fifths (62.5%) of disabled respondents selected this option, compared to just under half of total respondents (49.32%).

Responses by age

Of the total number of respondents to the survey, ten (13.70%) identified themselves as aged 65+ years. The most commonly selected option amongst these respondents was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Over half (55.56%) of respondents aged 65+ years selected this option, compared to just under half of total respondents (49.32%).

Of the total number of respondents to the survey, nineteen (26.03%) identified themselves as aged between 50-64 years. The most commonly selected option amongst these respondents was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Over half (57.89%) of respondents aged between 50-64 years selected this option, compared to just under half of total respondents (49.32%).

Of the total number of respondents to the survey, thirty-four (46.58%) identified themselves as aged between 25-49 years. The most commonly selected option amongst these respondents was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Half (50%) of respondents aged between 25-49 years selected this option, which is comparable to the number of total respondents (49.32%).

There were no respondents to the survey aged under 25 years, where information regarding age has been provided.

Respondents by age bracket selected the following options to deal with the shortfall in Government funding for the Council Tax Reduction Scheme next year:

Options	% total	% 25 - 49 yrs	% 50 - 64 yrs	% 65+ years
Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	49.32%	50%	57.89%	55.56%
Increase all Council Tax bills for all Council Tax payers	26.03%	32.35%	15.79%	22.22%
Reduce the amount of money it uses to fund other Council services	21.92%	17.65%	26.32%	22.22%

Responses by gender

Of the total number of respondents to the survey that provided information on their gender, thirty-two (43.84%) identified themselves as male and twenty-nine (39.73%) as female.

Male and female respondents selected the following options to deal with the shortfall in Government funding for the Council Tax Reduction Scheme next year:

Options	% total	% male	% female
Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	49.32%	41.94%	65.52%
Increase all Council Tax bills for all Council Tax payers	26.03%	32.26%	17.24%
Reduce the amount of money it uses to fund other Council services	21.92%	25.81%	17.24%

The most commonly selected option amongst male respondents was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Over two-fifths (41.94%) of male respondents selected this option, compared to just under half of total respondents (49.32%).

The most commonly selected option amongst female respondents was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Almost two-thirds (65.52%) of male respondents selected this option, compared to just under half of total respondents (49.32%).

Responses by ethnicity

Of the total number of respondents to the survey, 42 (57.53%) identified their ethnicity as White. The most commonly selected option amongst these respondents was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Almost half (48.78%) of White respondents selected this option, which is comparable with total respondents (at 49.32%).

Of the total number of respondents to the survey, 16 (21.92%) identified themselves as from other ethnic groups. The most commonly selected option amongst these respondents was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Over half (56.25%) of non-White respondents selected this option, compared to just under half of total respondents (49.32%).

Respondents by ethnicity selected the following options to deal with the shortfall in Government funding for the Council Tax Reduction Scheme next year:

Options	% total	% White	% Mixed	% Asian	% Black	% other	% prefer not to say
Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	49.32%	48.78%	0%	0%	58.33%	66.67%	54.55%
Increase all Council Tax bills for all Council Tax payers	26.03%	36.59%	100%	0%	0%	0%	18.18%
Reduce the amount of money it uses to fund other Council services	21.92%	14.63%	0%	0%	41.67%	33.33%	27.27%

Responses by relationship status

Of the total number of respondents to the survey, 16 (21.92%) identified their relationship status as married/civil partnership. The most commonly selected option amongst these respondents was to increase all Council Tax bills for all Council Tax payers. Half (50%) of respondents with a relationship status of married/civil partnership selected this option, compared to just under half of total respondents (49.32%).

Of the total number of respondents to the survey, 13 (17.81%) identified their relationship status as single. The most commonly selected option amongst these respondents was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Over three-fifths (61.54%) of respondents who identified their relationship status as single, selected this option, compared to just under half of total respondents (49.32%).

Options	% total	% married or civil p`ship	% living as a couple	% single	% prefer not to say
Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	49.32%	25%	40%	61.54%	37.5%
Increase all Council Tax bills for all Council Tax payers	26.03%	50%	20%	23.08%	25%
Reduce the amount of money it uses to fund other Council services	21.92%	25%	40%	15.38%	37.5%

Responses by employment status

Of the total number of respondents to the survey, 27 (36.99%) identified their employment as full time. The most commonly selected option amongst these respondents was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Two-fifths (40.74%) of respondents in full time employment selected this option, compared to just under half (49.32%) of total respondents.

Respondents by employment status selected the following options to deal with the shortfall in Government funding for the Council Tax Reduction Scheme next year:

Employment status (base)	Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	Increase all Council Tax bills for all Council Tax payers	Reduce the amount of money it uses to fund other Council services
% Full-time employed (27)	40.74%	37.04%	22.22%
% Part-time employed (3)	66.67%	33.33%	0%
% Self-employed (7)	42.86%	14.29%	42.86%
% A person receiving state pension (11)	45.45%	27.27%	18.18%
% A person receiving state pension credit (3)	33.33%	33.33%	
% Full-time student (1)	100%	0%	0%
% Unemployed (7)	42.86%	28.57%	28.57%
% A paid carer for children or adults (0)	0%	0%	0%
% An unpaid carer for children or adults (1)	0%	100%	0%

Responses by whether respondent is paying Council Tax and not currently in receipt of Council Tax Support.

Of the total number of respondents to the survey, 38 (52.05%) identified themselves as Council Tax payers, who are not currently in receipt of Council Tax Reduction in Lewisham (i.e. just over half (52.05%) of all respondents).

Council Tax payers, not currently in receipt of Council Tax Reduction in Lewisham, selected the following options to deal with the shortfall in Government funding for the Council Tax Reduction Scheme next year:

Options	% total	% Council Tax payer	Count
Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	49.32%	36.84%	14

Increase all Council Tax bills for all Council Tax payers	26.03%	34.21%	13
Reduce the amount of money it uses to fund other Council services	21.92%	28.95%	11

The most commonly selected option amongst this respondent type was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Just over one-third (36.84%) of Council Tax payers, not in receipt of CTR in Lewisham, selected this option, compared to just under half (49.32%) of total respondents.

Responses by current receipt of Council Tax Reduction (CTR)

Of the total number of respondents to the survey, 18 (24.66%) identified themselves as currently in receipt of Council Tax Reduction (i.e. just less than a quarter of all respondents).

Respondents, currently in receipt of Council Tax Reduction, selected the following options to deal with the shortfall in Government funding for the Council Tax Reduction Scheme next year:

Options	% total	% CTR recipients	Count
Continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction	49.32%	72.22%	13
Increase all Council Tax bills for all Council Tax payers	26.03%	11.11%	2
Reduce the amount of money it uses to fund other Council services	21.92%	16.67%	3

The most commonly selected option amongst this respondent type was to continue to pass on the shortfall in funding to those of working age claiming the Council Tax Reduction. Almost three-quarters (72.22%) of current Council Tax Reduction recipients selected this option, compared to just under half (49.32%) of total respondents.

Mayor and Cabinet			
Report Title	Council Tax Reduction Scheme: review of 2013/14 scheme and proposals for 2015/16.		
Ward	All	Item No.	
Contributors	Executive Director for Customer Services		
Class	Open	Date	3 September 2014

1. Purpose

- 1.1 To brief Mayor and Cabinet on the full-year review of the Council Tax Reduction Scheme and Discretionary Hardship Scheme for 2013/14.
- 1.2 To submit proposals for the Council Tax Reduction Scheme and Discretionary Hardship Scheme for 2015/16.

2. Executive Summary

- 2.1 On 1 April 2013 the Council implemented a local Council Tax Reduction Scheme which passed on the government cut in grant of £3.28m in full to 24,648 working age households previously in receipt of Council Tax Benefit.
- 2.2 A Discretionary Hardship Scheme was set up with a fund of £100k set aside to help those suffering exceptional financial hardship.
- 2.3 A review of the 2013/14 Council Tax Reduction Scheme has been undertaken which found that collection was better than anticipated with 82.6% collected in year from Council Tax Reduction Scheme recipients. Collection rates are currently at a similar level in 2014/15. The review also found that the impact of the changes was across all groups with none being specifically disadvantaged, that there have been no challenges or requests for changes and that the Council has been able to maintain a financial "safety net" for those households suffering exceptional financial hardship.
- 2.4 It is proposed that no changes are made to the Council Tax Reduction Scheme for 2015/16 and that the Council continues to pass on the government funding cut in full. Additionally, it is proposed that the Council continues to support those suffering exceptional hardship with a Discretionary Hardship Scheme and uses Section 13a of the 1992 Local Government Finance Act to administer the funding. Despite there being no proposed changes the Council is still required to consult on the proposals.

3. Recommendations

- 3.1 It is recommended that Mayor and Cabinet agrees to:
- 3.2 Note the outcomes of the review of the Council Tax Reduction Scheme for 2013/14 as detailed in sections 6, 7, 8, 9 and appendix A of this report.

- 3.3 Consult on a local Council Tax Reduction Scheme for 2015/16 that proposes to continue to pass on the government cut in grant in full as set out in section 11 of this report.
- 3.4 Continue to provide Discretionary Hardship Scheme for households in receipt of Council Tax Reduction who are suffering exceptional hardship via the existing provision within Section 13a of the 1992 Local Government Finance Act.

4. Policy context

- 4.1 One of the primary functions of the Council is to promote the social, economic and environmental wellbeing of the borough and its people. In discharging this important role the Council has a specific duty to safeguard the most vulnerable from harm and to regulate access to public services and to provide social protection for those that might otherwise be put at risk.
- 4.2 As Council funding is provided through public resources (grants from central Government; Business Rates and Council Tax) the local authority must also demonstrate both responsibility and accountability in the stewardship of public resources.
- 4.3 The overarching policy and decision making framework for the discharge of the Council's many functions and duties is Lewisham's Sustainable Community Strategy. The Strategy contains two overarching principles which are:
 - Reducing inequality – narrowing the gap in outcomes; and
 - delivering together efficiently, effectively and equitably – ensuring that all citizens have appropriate access to and choice of high quality local services.
- 4.4 Also contained within this overarching policy framework are the Council's ten priorities. These priorities describe the specific contribution that the local authority will make to the delivery of the Sustainable Community Strategy.

5. Background

- 5.1 The government abolished Council Tax Benefit on 1 April 2013, from which point local authorities were required to define their own local Council Tax Reduction Scheme. The government also reduced funding by 10% and made a fixed amount available. Previously the Council Tax Benefit scheme funding had not been limited and was fully covered by a government subsidy.
- 5.2 The Council agreed that Lewisham's 2013/14 Council Tax Reduction Scheme would pass on the £3.28m grant cut to 24,648 working age claimants. The Council also agreed a £100k Discretionary Hardship Scheme for those vulnerable groups facing exceptional hardship. Pensioners are protected by legislation and so continued to receive the same amount of help as before.

- 5.3 When Lewisham's Council Tax Reduction Scheme was introduced on 1 April 2013, working age claimants were asked to pay a minimum of £2.59 per week extra Council Tax. Of these households, two thirds previously received a full Council Tax Benefit award and had no Council Tax to pay, whilst the remaining third received a partial award of Council Tax Benefit and were already paying some Council Tax.
- 5.4 This report reviews the first full year of the Council Tax Reduction Scheme, the Discretionary Hardship Scheme and the national picture. The report also proposes the scheme for 2015/16.

6. Council Tax Reduction Scheme for 2013/14 – review of the Council's scheme

- 6.1 The scheme introduced in 2013/14 was based on the previous Council Tax Benefit scheme which had been in use since 1993 and worked well. However, two changes were introduced to enable the Council to pass on the government cut in grant to claimants. The changes were made following consultation and a detailed Equalities Analysis Assessment.
- 6.2 The first change was that under the Council Tax Reduction Scheme, maximum awards would no longer meet the full Council Tax liability for working age households as they would be expected to contribute a minimum 14.84% towards their Council Tax to make up the shortfall in government funding.
- 6.3 The second change was the removal of second adult rebate for the 51 working age households that were in receipt of it. The second adult rebate is an award based on the income and circumstances of other adult members of the household rather than the claimant's own circumstances.
- 6.4 When Lewisham's 2013/14 Council Tax Reduction Scheme was drafted, there were 33,875 households receiving Council Tax Benefit of which 24,648 were working age and 9,227 were pensioners.
- 6.5 The 2014/15 caseload (households receiving an award of Council Tax Reduction) has reduced to 30,931. However, the breakdown between working age and elderly remains similar at 70% (21,902) and 30% (9,029) respectively when compared with the 72% and 28% in 2013/14.
- 6.6 Although there has been a reduction in the number of households receiving support and the amount of support they receive there has been a minimal impact on overall collection rates. In fact, the in year collection rate of 82.6% for these cases exceeded the estimate of 50% when the scheme was introduced. More details on what the Council did to collect Council Tax from these cases is outlined in Section 7. A review of the impact of the scheme, based on collection data, is also set out in the Equalities Implications in Section 16.
- 6.7 Whilst collection rates give an indication of how well the Council Tax Reduction Scheme worked, they are not a totally reliable indicator as there will be elements of 'won't pay' as well as 'can't pay'. In addition Section 7 on collection sets out the action the Council had to take to achieve the 82.6%

collection rate for these cases. For these reasons the review also considered some other factors.

- 6.8 Unlike some other authorities the Council received no challenges to the scheme in the Courts or appeals about decisions to the Tribunal. Nor did the Council receive any complaints about the scheme or requests from individuals or support groups about changes being made to the way it operated.
- 6.9 There was some concern that the rise in the use of the local food banks could be because of the scheme and the requirement for all working age Council Tax payers to contribute. However, enquiries have been made and it has been established that the main reason for the increase in the use of food banks is the sanction regime implemented by the Department of Work and Pensions in response to claimant failures to follow conditions set for them to find employment e.g. attending interviews.
- 6.10 The Council worked closely with the voluntary sector in the creation of the Council Tax Reduction Scheme and continues to work closely with them on specific cases and how we administer the scheme. A recent meeting with the Citizens Advice Bureau identified their concerns about the use of bailiffs and we are now working with them on the development of new protocols to be introduced when the Council sets up its internal bailiff service.
- 6.11 As was anticipated there were individual cases where exceptional hardship was identified and the Discretionary Hardship Scheme was used to help. More details about this safety net are set out in Section 8.

7. Council Tax Reduction Scheme 2013/14 – collection and recovery

- 7.1 With the volume of claimants liable to pay council tax for the first time, as a result of the Council Tax Reduction Scheme the decision was taken early on to introduce a range of additional steps in the billing and recovery process to ensure they were fully aware of their obligation to pay their Council Tax contribution. This included:
- sending two reminder notices prior to any court action taking place, rather than one as per the regulations;
 - Withdrawing enforcement action where a claimant agreed to pay by direct debit;
 - Where enforcement action did progress to the Magistrate Court and a liability order obtained, checking every case with the Department for Work and Pensions to ascertain if the claimant was in receipt of a qualifying benefit that would allow the Council to secure an attachment to their on-going benefit to repay their debt;
- 7.2 As the software used for the collection of Council Tax is not programmed to automatically facilitate any of the above activities, manual processes were introduced which diverted staff resources away from other essential collection activities and proved to be labour intensive.

- 7.3 At the commencement of the Council Tax Reduction Scheme many local authorities had low expectations about the level of Council Tax that would be collected from claimants in receipt of Council Tax Reduction and were concerned about the impact it would have on the Council's overall budget position. Accordingly, many authorities set low in-year collection targets for this group, some in the region of 50-60% of the amount due for the year.
- 7.4 Outturn collection results for the majority of London authorities were better than expected with many far exceeding the initial predicted levels set in April 2013, as detailed in Appendix A. In a recent survey where sixty four per cent of London authorities responded, collection results varied from 15% to 90%.²
- 7.5 Lewisham's outturn collection results for those households in receipt of Council Tax Reduction was 82.6%, having collected £8.1m of the £9.8m due for the year. This is a far better than the 50% predicted at the commencement of the scheme and is in-keeping with the majority of collection rates when compared to those authorities who responded to the survey. Collection rates are on target to achieve a similar percentage level in 2014/15 .

8. Lewisham's discretionary hardship scheme

- 8.1 In 2013/14, a fund of £100k was made available to households suffering financial hardship as a result of the introduction of the Council Tax Reduction Scheme. To ensure that funds were allocated to those most in need, Lewisham introduced criteria based on consultation outcomes. Applicants had to demonstrate that they were experiencing exceptional hardship and be in one of three categories:
- disabled or responsible for a disabled child;
 - a lone-parent with a child under the age of 5;
 - over the age of 50 and long-term unemployed i.e. out of work for a period of 12 months or more.
- 8.2 Other applications were considered where an applicant was able to demonstrate they had suffered exceptional financial hardship but did not fall under one of the three vulnerable groups identified above.
- 8.3 The availability of the additional funding was promoted through a number of channels, including:
- Housing Benefit and Revenues officers briefed to pro-actively identify potential applicants and encourage applications online or by telephone;
 - Member briefings in March and September 2013;
 - Presentation and circulation of information during the Advice Lewisham event held in October 2013, attended by representatives of local advocacy groups and supporters of vulnerable residents;
 - Briefings to housing providers and landlords in the borough.

² Survey of London Revenues Group, July 2014

- 8.4 Despite the steps taken to publicise the Discretionary Hardship Scheme, only 196 awards were made during 2013/14 from around 24,500 affected households and all applications were successful.
- 8.5 As part of the review of Lewisham's 2013/14 scheme, benchmarking was undertaken with other London boroughs and of the 20 that responded only 8 had created a hardship fund. The remaining majority (60%) were all reliant on using the current provision within Section 13a of the Local Government Finance Act (1992) which already allows councils to provide support to any households encountering exceptional financial hardship.
- 8.6 Given the limited take-up of the current Discretionary Hardship Scheme it is recommended that future funding is made available using the existing provision under Section 13(a) of the 1992 Local Government Finance Act.

9. The national and regional picture

- 9.1 Of the 326 English authorities, 58 (18%) introduced a Council Tax Reduction Scheme in 2013/14 that maintained awards based on full Council Tax liability therefore having to make up the funding shortfall through savings or raising funds elsewhere. The remaining 268 authorities, including Lewisham, passed on the government funding cut in full and made all working-age households responsible for paying some of their council tax. Most of the 268 authorities based their scheme on the Council Tax Benefit scheme but some made adjustments to assist particular groups.
- 9.2 Some 2.4 million low-income families were required to pay on average £138 more in council tax in 2013/14. However, there was wide variation and council tax increases ranged from £100 a year or less for 1 million households to £300 a year or more for 150,000 households.
- 9.3 Cuts to means-tested benefits hit lower income households hardest with 78% of households affected by the changes having not been liable for council tax in the previous year. On average, councils have been required to start collecting £140pa. It is unclear how economical it has been for councils to pursue large numbers of low-income families for small amounts of money although Lewisham collected 82.6% against our initial projection of 50%. Nationally, levels of arrears and bailiff referrals linked to the non-payment of council tax increased whilst collection rates fell.
- 9.4 Benchmarking data from other London authorities has been collated from two separate self-completion surveys. These two surveys were undertaken on behalf of the London Revenues Group (in July 2014) and an independent survey by the London Borough of Waltham Forest. As these surveys were entirely voluntary, data has not been provided by all London Boroughs and for those that did respond, not all questions were completed. As such this data has provided some indicative rather than comprehensive benchmarking.
- 9.5 Based upon the responses received from London Boroughs, the current maximum Council Tax Reduction available on Council Tax bills for working age claimants ranges from 100% (where the Council did not pass on the cut) to 70% (i.e. the claimant has to pay at least 30% of their Council Tax bill). In Lewisham the maximum possible Council Tax reduction in 2013/14

was 85.16% of the bill and in 2014/15 is 97.95%. Further benchmarking details can be found in Appendix A although those authorities responding to our requests for information also requested that their details were anonymised.

- 9.6 In conclusion, the review of the Council's Council Tax Reduction Scheme suggests that no changes are necessary. This is because there is no evidence of any specific groups being disadvantaged, collection of council tax has proven to be better than we anticipated, there have been no challenges or requests for changes and we have been able to maintain a financial "safety net" for those households suffering exceptional financial hardship.

10. Lewisham's Council Tax Reduction Scheme for 2015/16

- 10.1 The current Council Tax Reduction Scheme has a fixed amount of financial support available. Any variation to the current scheme that awards additional support to a particular group would result in reduced awards being made to the remaining claimants. In addition protecting one or more particular group(s) against others would potentially be disproportionate and unfair and the review found no groups disproportionately affected.

- 10.2 For these reasons no change is proposed to the Council Tax Reduction Scheme for 2015/16 (i.e. the Council will continue to pass on the government cut in grant in full to working age claimants).

- 10.3 Despite this, the Council is still required to carry out a consultation exercise to comply with specific requirements in the legislation. This is because to pass on the cut in full technical changes are required and the legislation defines these as an actual change to the scheme which therefore requires consultation. The technical changes are the %'age used in the calculation to pass the cut on in full and the annual up rating of applicable amounts, income disregards and non-dependant deductions using in working out the awards.

11. Consultation on the Council Tax Reduction Scheme and Discretionary Hardship Scheme for 2015/16

- 11.1 The proposed approach to consultation is to engage with a sample of both council tax payers and claimants and to provide all those with an interest in this matter with an opportunity to share their feedback.

- 11.2 The consultation will be proportionate in approach. The proposal for the 2015/16 scheme remains unchanged from the 2013/14 scheme for which a comprehensive consultation and Equalities Analysis Assessment have already been undertaken.

- 11.3 The consultation on the proposed Council Tax Reduction Scheme for 2015/16 and hardship fund will consist of the following:

- A self-completion survey – promoted across the Council's website, and available in hard copy upon request;

- A letter sent out to a sample of households - half being council tax payers and half being in receipt of CTR - inviting them to participate in the survey;
- A general press release from Communications promoting the survey, which will be emailed to local media, blogs and websites;
- Targeted communication to local community groups representing the interests of those residents identified as most vulnerable to any of the proposed changes in the Council Tax Reduction Scheme 2015/16 and hardship fund.

11.4 The principle focus of the survey will seek to clarify whether or not:

- a) The Council should maintain the current Council Tax Reduction Scheme for 2015/16 where all working age residents pay a contribution to their council tax bill to cover the reduction in available funding received from the government;
- b) The council should continue to provide additional support to those facing exceptional hardship.

11.5 It is anticipated that this consultation will be undertaken between September and October 2014.

12. Proposed implementation timetable on the Council Tax Reduction Scheme 2015/16

Date	Action	Responsibility
3 December 2014	Mayor and Cabinet agree Council Tax Reduction Scheme for 2015/16	Customer Services
January 2015	Testing for annual billing	Customer Services/Capita
21 January 2015	Council Tax Reduction Scheme agreed as part of budget process and before 31 January 2015	Council
21 January 2015	Council Tax base set	Customer Services
25 February 2015	Council sets its budget	Resources
March 2015	Council Tax bills issued	Customer Services

13. Financial implications

13.1 Collection rates for Council Tax Reduction Scheme recipients exceeded expectations in 2013/14. The statistics for the first four months of 2014/15

suggest that the collection rate for this year will be of a similar level if not higher than last year. In view of this, the proposal to continue with the current scheme in 2015/16 will have no adverse effects on the Council's council tax income assumptions.

- 13.2 Support for those in extreme hardship under Section 13(a) of the 1992 Local Government Finance Act would take the form of writing off the debt where the appropriate criteria is met. Such write offs can be met from the Council's existing provision for bad debt.

14. Legal implications

- 14.1 Section 33 of the Welfare Reform Act 2012 abolished Council Tax Benefit. The Local Government Finance Act 2012 amends the Local Government Finance Act 1992 to make provision for council tax support through locally adopted Council Tax Reduction Schemes, ("Council Tax Reduction Scheme").
- 14.2 Paragraph 5 of Schedule 1A sets out the obligations imposed on the Council in respect of revising and replacing a Council Tax Reduction Scheme. Paragraph 5 provides "(1) For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme. (2) The authority must make any revision to its scheme, or any replacement scheme, no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect. (3) The Secretary of State may by order amend sub-paragraph (2) by substituting a different date. (4) If any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit. (5) Paragraph 3 applies to an authority when revising a scheme as it applies to an authority when making a scheme. (6) References in this Part to a scheme include a replacement scheme."
- 14.3 If there is to be a revision to the scheme, or a replacement scheme, this must be made by 31 January in the financial year preceding that to which it is to have effect – therefore for this Council, it means by 31 January 2015 for the financial year 2015 – 2016.
- 14.4 Paragraph 3 of Schedule 1 contains obligations in respect of consultation, and requires the authority, before making or revising a Scheme to, in the following order: "consult any major precepting authority which has power to issue a precept to it, publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme".
- 14.5 The consultation exercise undertaken in the first year (for 2013 /14) was relatively extensive in scope given the need to consult on the principles underlying the new Council Tax Reduction Scheme. The extent of the consultation exercise required this forthcoming year for 2015/16, shall appropriately reflect the relevant extent of the revision that is proposed; namely, for 2014 /15 it concerns the anticipated revision to the percentage reduction in liability for that period.

14.6 The decision to maintain a Council Tax Reduction Scheme which is unchanged from the 2013/14 Scheme, with a revised hardship fund to be provided for and subject to the current statutory powers provided by section 13a of the Local Government Finance Act 1992, (rather than from a discretionary hardship fund), would constitute the exercise of a “function” for the purposes of section 149 of the Equality Act 2010.

14.7 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

14.8 In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

14.9 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

14.10 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>

14.11 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

1. The essential guide to the public sector equality duty
2. Meeting the equality duty in policy and decision-making
3. Engagement and the equality duty
4. Equality objectives and the equality duty
5. Equality information and the equality duty

14.12 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:

<http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

15. Crime and disorder implications

15.1 There are no direct crime and disorder implications arising from this report.

16. Equalities implications

16.1 In the discharge of their functions, the Equality Act 2010 places a Duty on public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation;
- foster good relations between those who share a protected characteristic and those who do not share that characteristic; and
- advance equality of opportunity between those who share a protected characteristic and those who do not share that characteristic.

16.2 A detailed Equalities Analysis Assessment was performed in support of the Council Tax Reduction Scheme 2013/14 prior to implementation. The Council's obligations under the Equality Duty have also been considered as part of the review of the Council Tax Reduction Scheme 2013/14 (section 5 of this report).

16.3 Equality implications of the proposed Council Tax Reduction Scheme 2015/16 will also be considered as part of the forthcoming consultation analysis. This additional analysis will be included in the report to Mayor and Cabinet in December 2014.

16.4 A full analysis has been done of the first full year of data (2013/14) for the Council Tax Reduction Scheme. To build a picture of Council Tax Reduction (CTR) claimants' propensity to pay their liability, Council Tax accounts were matched with CTR benefit accounts where possible. Across the two data sets it was possible to match 87% of all the records. Thus analysis was done for comparator purposes and only to indicate if any of the claimant types have been disproportionately impacted by the scheme.

16.5 Accounts were also flagged as having a zero, credit or debit balance (account status) and the assumption was made that an account with either a zero or credit balance contains no outstanding Council Tax liability.

16.6 It is important to note that the applicants receiving CTR today may not be the same as those receiving it in a months time, or their award may be greater or less depending on how their circumstances change. This analysis has also only taken CTR into account and it is worth bearing in mind that a

number of these claimants may also be in receipt of additional benefits which may have been subject to caps or changes as part of Welfare Reform.

16.7 Claimants that are in receipt of other benefits are known as passported and may either be of working age or they or their partner may be in receipt of state pension credit. Claimants that are only in receipt of CTR are known as non-passported and again can either be of working age or they or their partner may be in receipt of state pension credit.

16.8 The key findings from the analysis are below:

- Overall those claimants types that are passported i.e. in receipt of more than 1 benefit appear to have a slightly lower propensity to pay than those who only receive CTR.
- There is very little difference between male and female applicants when it comes to their propensity to pay.
- The highest proportion of claimants are over 65 and the lowest proportion are under 24. Under 30s have the lowest percentage of zero and credit balance accounts.
- All claimant types whether passported or non-passported, working age or elderly, that either have a level of disability or are in receipt of a disabled child premium have a high propensity to pay (over 75%).
- Working age carers are slightly less likely to pay their new Council Tax liability than elderly carers.
- Nearly three quarters of all lone parents have either zero or credit balance accounts.
- Those in receipt of a family premium (regardless of the number of children) also have a high propensity to pay, 74%.

16.9 There are very few CTR claimant types that have not settled their Council Tax liability to a satisfactory level once the award has been applied. Therefore the Council Tax Reduction Scheme appears to be working well and has not had an adverse impact on any particular group or equalities characteristic (where data is available).

17. Environmental implications

17.1 There are no environmental implications arising from this report.

18. Background papers and report author

18.1 There are no background papers to this report.

18.2 If you require further information about this report, please contact Ralph Wilkinson, Head of Public Services, on 020 8314 6040.

Appendix A – London Authorities Benchmarking

The information below is collated from data provided by two separate self-completion surveys. These two surveys were undertaken on behalf of the London Revenues Group (July 2014) and an independent survey undertaken by the London Borough of Waltham Forest. As these surveys were entirely voluntary, data has not been provided by all London Boroughs and for those that did respond, not all questions were completed. This data is intended to provide some indicative rather than comprehensive benchmarking.

[1] Source	[2] What percentage of Council Tax did you collect from those in receipt of CTR for 2013-14?	[3] Current claimant contribution rate	[4] Are you reviewing your scheme for 2015-2016?	[4a] Are you changing your scheme next year?	[5] Are you likely to increase the contribution rate?	[6] What level of contribution are you looking at increasing to?	[7] Any exclusions/ special considerations in your scheme?	[8] Are you considering including child benefit as income (if not included in your scheme already)?	[9] Did/do you have a hardship scheme?	[10] Amount (£) awarded via hardship scheme or, if no scheme, S13a?
London Borough 1	15%	15%	Yes	Possibly	Yes	20%	No	Yes	No	N/A
London Borough 2		8.5%				We're awaiting a decision from members. The options are: 1. Leave it as it is (i.e. 8.5% contribution), 2. Increase to 15%, 3. Increase to 20%				
London Borough 3	70%	10%	Yes	Not sure at the moment although we suspect not	Yes	To leave the required contribution for 2015/16 as originally planned at 15%; To increase the amount from 15% to 20% / 25% / 30%. Awaiting decision - likely to be 15%.	No	No	Yes	£18k during 2013/14 although we expect this to rise to £50/£60k in the current year given the increase in contribution required of the working aged in 2014/15, and as a result of the greater awareness of the fund.
London Borough 4	82%	20% - unless protected	Not yet formally agreed	Don't know, reviewing it over next 2 months	Not yet formally agreed	Likely to remain at 20%	Customers in receipt of certain benefits are protected from the 20% minimum contribution (but are still affected by an increase in the taper to 30% and the capital cut off which is set at £6,000).	No	No but we do have a sec 13a policy	None
London Borough 5						It covers the three possible options: leave the scheme as it is until UC rolls out, make the scheme more generous or increase the amount everyone has to pay. Waiting to see which approach members agree.				
London Borough 6	86.61% excluding pensioners and 91.06% including pensioners			Yes - but not sure of extent of changes					We have a discretionary scheme (CDS)	£300k in CDS awarded
London Borough 7		19.50%	Yes		No	N/A	War widows, high rate DLA, carers, foster carers	No		

[1] Name of LA	[2] What percentage of Council Tax did you collect from those in receipt of CTR for 2013-14?	[3] Current claimant contribution rate	[4] Are you reviewing your scheme for 2015-2016?	[4a] Are you changing your scheme next year?	[5] Are you likely to increase the contribution rate?	[6] What level of contribution are you looking at increasing to?	[7] Any exclusions/ special considerations in your scheme?	[8] Are you considering including child benefit as income (if not included in your scheme already)?	[9] Did/do you have a hardship scheme?	[10] Amount (£) awarded via hardship scheme or, if no scheme, S13a?
London Borough 8	Estimated 83% (based upon in house SQL)			Probably, but not yet decided - may be only small changes whilst HB still in place					Yes	Circa £5k
London Borough 9	84.05%	19.80%	Yes	Yes - we are planning to go to Cabinet on 16/09/14 to get approval on our proposals for consultation.	No	Looking at changing to something higher so that claimants pay less but are still working out finances at this stage.	N/A	N/A	No	No Section 13a granted
London Borough 10	86.5% in year	14% disabled working age, 30% working age other	Yes	Yes	Yes - for disabled working age	Consulting on between 20% - 30%	Disabled group	Yes	Yes - Harrow's Emergency Scheme or equivalent of Social Fund	£123k in 2013/14
London Borough 11	No separate records held			Don't know					Section 13a only	None
London Borough 12	84.08%	8.5%	Yes	Don't know	To be decided by members	To be decided by members	No	TBC	We consider all 13a requests and have also made payments through local welfare provision, though we have temporarily removed this from the list of payments we will consider	Minimal through LWP
London Borough 13	Approx 90%			No					Yes	None
London Borough 14	78.80%			Don't know					No	None
Lewisham Borough 15	82.60%	2.05%	Yes		No	N/A	Ended 2AR	No		
London Borough 16	84%	20.0%	Still thinking on 15/16	No	N/A	N/A	N/A	N/A	No covered within 13a	None
London Borough 17	All CTRS 91.47%, CTRs Working Age only 86.36%	5%	Yes	Not decided yet	Unknown - consulting with members	Unknown - consulting with members	No	No	Yes for current year - CTRS hardship and DHP 2013-14	CTRS hardship £97,646 paid out from a budget of £150,000 DHP £1,532,262 paid out from a budget of £1,620,804

[1] Name of LA	[2] What percentage of Council Tax did you collect from those in receipt of CTR for 2013-14?	[3] Current claimant contribution rate	[4] Are you reviewing your scheme for 2015-2016?	[4a] Are you changing your scheme next year?	[5] Are you likely to increase the contribution rate?	[6] What level of contribution are you looking at increasing to?	[7] Any exclusions/ special considerations in your scheme?	[8] Are you considering including child benefit as income (if not included in your scheme already)?	[9] Did/do you have a hardship scheme?	[10] Amount (£) awarded via hardship scheme or, if no scheme, S13a?
London Borough 18	78%	15%	No	Yes	Not known	Not known	A number of exemptions exist	Not known	Yes	Separate hardship scheme
London Borough 19	Did not pass on the reduction and do not record separate figures			Don't know yet					No	Zero
London Borough 20	80.90%	15.00%	Yes	Yes	Yes	Having discussion with Leader - around 27.5%	Ending 2AR	Yes	Yes	Zero
London Borough 21		0%	Yes		Not known	Not known	Under consideration	No		