

Mayor and Cabinet			
Report Title	Council Tax Reduction Scheme 2018/19		
Ward	All	Item No.	
Contributors	Executive Director for Customer Services and Head of Public Services		
Class	Open	Date	6 December 2017

1. Purpose

- 1.1 To agree Lewisham's Council Tax Reduction Scheme (CTRS) for 2018/19.

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 At the end of the financial year 2016/17 the Council Tax collection percentage for customers in receipt of CTR was 82.76% an increase of 0.22% on the previous financial year and substantially better than the original estimate of 50% when the scheme was introduced. Year to date collection for 2017/18 is 45.11%, 0.46% above the 96% profile for all Council Tax debt.
- 2.3 It is proposed that no changes are made to the CTRS for 2018/19 and that the Council continues to pass on the government cut in funding to working age claimants. Consultation was undertaken with local residents, stakeholders and preceptor during August and September 2017.
- 2.4 The consultation sought views on the proposal that the Council continues to pass on the shortfall in government funding in 2018/19. The majority (62%) of those responding to the consultation agreed that the Council should continue to pass on the shortfall in government funding to deliver a CTRS for 2018/19.

3. Recommendations

It is recommended that the Mayor agrees to:

- 3.1 Note the outcomes of the consultation set out in appendix 1;
- 3.2 Retain a local CTRS from 1 April 2018 that passes on any reduction in government funding, reflecting the Council's financial position following the announcement of the Autumn Statement and the provisional Local Government Financial Settlement (LGFS) in December;

- 3.3 Continue to 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 background

- 5.1 In 2013/14, the Government allocated a total of £25.8m for CTR in Lewisham which was split between the Council (£19.9m) and the GLA (£5.9m). The allocation was £3.28m less than the 2012/13 funding and the Council agreed to pass on this cut in Government funding to 24,648 working age claimants.
- 5.2 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, commonly known as the Settlement Funding Assessment (SFA), 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. For 15/16, the budget available was reduced to reflect the SFA reduction for the Council for the previous year.
- 5.3 Consideration had been given to absorbing the cut in grant. The use of reserves was discounted as the majority of reserves are earmarked for other purposes with the remainder needed for any urgent one-off unavoidable expenditure. The alternative would have meant either making further savings from other services or raising

Council Tax for all payers, the impact of which was likely to be in excess of the threshold set by the Secretary of State beyond which a binding Council Tax referendum would need to be held.

- 5.4 As in previous years, the scheme agreed for 2017/18 was 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 33% towards their Council Tax for 2017/18.
- 5.5 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.
- 5.6 The 2017/18 caseload (households receiving an award of Council Tax Reduction) stands at 24,403. However, the breakdown between working age and elderly remains similar at 68% (16,642) and 32% (7,761) respectively when compared with the 72% and 28% in 2013/14.
- 5.7 The end of year collection rate for 2016/17 for those in receipt of CTR was 82.76% having collected £5.6m of the £6.8m due, an increase on the previous year. As at 30 September 2017 the Council has collected 45.11% of the amount due for the year, 0.46% above the expected profile.
- 5.8 To ensure the Council awards the maximum CTR and maintains council tax collection, the current CTRS will be amended to allow the Benefit Service to receive and process awards of CTR without the need for a claimant to submit an actual application. In future, the Council will be able to award CTR where we know someone would be entitled to support but has not claimed and we are able to validate their eligibility and circumstances through the availability of other information we are able to access elsewhere including housing benefit and universal credit claims, DWP, HMRC or any other source.
- 5.9 It should be noted that whilst the Council Tax collection rate gives an indication as to how well or not the CTRS scheme is working it's not a totally reliable indicator as it comprises of 'won't payers' as well as 'can't payers'. So far this year 19,000 reminder letters with a debt value of £1m have been sent to customers in receipt of CTR because of late or non-payment.
- 5.11 Unlike some other authorities the Council has received no challenges to the CTRS in the Courts or appeals about decisions to the Tribunal.
- 5.12 The Council worked 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.

6. Council Tax collection

- 6.1 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 CTR 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.
- 6.2 Outturn collection results for the majority of London authorities have been better than expected with many far exceeding the initial predicted levels. Action to recover outstanding debt from CTR recipients follows the same format as that of non CTR recipients in line with the Local Government Finance Act 1992.

7 Hardship Scheme

- 7.1 In 2015/16, the Council replaced the separate cash-limited pot with the existing provision under Section 13A(1)(c) of the 1992 Local Government Finance Act 1992 which gives it the power to provide support to any households encountering exceptional financial hardship. For 2017/18, a set of criteria was developed to ensure that any additional support was correctly targeted to those most in need. So far this year, 72 applications for support have been received and 62 awards made. It is proposed that this provision will remain in place for the CTRS in 2018/19.

8. Consultation on the CTRS for 2018/19

- 8.1 A consultation exercise was undertaken between August and September 2017. Our approach was to engage with a sample of Council Tax payers not receiving CTR as well as those currently in receipt of CTR. This provided all those with an interest in this matter an opportunity to share their feedback.
- 8.2 The consultation was intentionally proportionate in approach. The proposals for the 2018/19 CTRS 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 2018/19 were promoted through the following methods:
- A self-completion survey was publicised across the Council's website;
 - A hard copy format was made available upon request for those without access to the internet;
 - A letter was sent out to 500 households inviting them to participate in the survey. This was done in proportion to whether or not people were in receipt of CTR - 25% to those in receipt of CTR and 75% to those not in receipt of CTR;

- Briefings were provided to Council Tax, Housing Benefits and Customer Service Centre staff who were encouraged to promote the survey during all relevant customer contacts;
- Paper surveys were available to customers visiting the Customer Service Centre at Laurence House during the period of the consultation;
- The consultation on the CTRS was promoted via the Council's website (August – 30 September 2017).

8.4 The principal focus of the survey sought to clarify:

- a) Whether or not the Council should maintain the current CTRS for 2018/19, where working age residents pay a contribution to their Council Tax bill to account for the cut in Government funding?
- b) If respondents disagreed with the proposal detailed above, what alternatives they thought the Council should use to deal with the shortfall in funding?
- c) Whether or not respondents agreed that the Council should only consult with them where there is a significant change in the scheme or a change in the amount they will be required to pay towards their Council Tax?

8.5 The headlines from the consultation were as follows:

- Around two thirds (62%) of respondents agreed that the Council should maintain the current CTRS where working age residents pay a contribution to their Council Tax bill to account for the cut in Government funding.
- 48% of respondents agreed that the Council should only consult in future where there are significant changes made to the CTRS or they will be required to pay significantly more towards their council tax.

8.6 A more detailed analysis of the consultation results can be found within appendix 1.

9. Council Tax Reduction Scheme review

9.1 A review was conducted in 2017/18 of the Council's CTR. The review considered what worked well and what could be improved. The outcome of the review is a recommendation to Mayor and Cabinet on 6 December 2017 to simplify the budgeting arrangements by:

- Setting a fixed % for the scheme (to avoid large increases and decreases as have happened to date)
- Agreeing the % as part of the budget setting process

- And considering on an annual basis any savings the Council might want to make to the budget by changing the % alongside other savings being considered.

9.2 This recommendation does not conflict with the recommendation in this report that the Council retains a local CTRS from 1 April 2018 that passes on any reduction in government funding, reflecting the Council's financial position following the announcement of the Autumn Statement and the provisional Local Government Financial Settlement (LGFS) in December. However, it simplifies how we calculate the amount that is passed on each year.

10. Implementation timetable

Date	Action
6 December 2017	Mayor and Cabinet agree CTRS scheme for 2018/19
17 January 2018	Full council agree CTRS scheme for 2018/19
January 2018	CTRS scheme agreed as part of budget process and before 31 January 2018
17 February 2018	Council sets its budget
March 2018	Council Tax bills issued

11. Financial implications

11.1 The Council set aside £20.5m for the CTRS in 2017/18. However, as noted, the cost of the scheme has varied from year to year since inception which has resulted in significant variations of the percentage passed on – starting with 14%, down to 2% and now up to 33%. For 2017/18 the scheme is currently forecasting an underspend.

11.2 Furthermore, in line with government policy for Councils to become self-financing, the current fixed alignment of the Lewisham scheme to government funding will lead to there being no scheme at all. It is therefore necessary to introduce a simpler way of budgeting to fund the scheme that delivers lower volatility for those entitled to apply. The approach proposed in this report and the Council Tax reductions review report to Mayor and Cabinet on 6 December 2017 does this and will help settle the budget impacts from year to year.

11.3 When setting the budget for 2018/19 and beyond, the Council will need to consider:

- Reductions in the council's budget resulting from the Autumn Statement and the provisional Local Government Financial Settlement (LGFS) in December;
- The impact of changes on demand brought about by changes to welfare regulations;
- The use of any surplus balance from 2017/18 that may be available;
- The longer term impact arising from the CSR in December.

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 CTRS"s..
- 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 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 explanation, it is stated within the said judgment (at para. 41 by Lady Hale and Lord Clarke) that while there need not 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 Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability,

gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

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.

12.8 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed at above.

12.9 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

12.10 The Equality and Human Rights Commission has 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: <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

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

- [The essential guide to the public sector equality duty](#)
- [Meeting the equality duty in policy and decision-making](#)
- [Engagement and the equality duty: A guide for public authorities](#)

- [Objectives and the equality duty. A guide for public authorities](#)
- [Equality Information and the Equality Duty: A Guide for Public Authorities](#)

12.12 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:

<https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>

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 2017/18. More specifically, appendices 2 and 3 include analysis of respondent characteristics.

14.3 A detailed Equalities Analysis Assessment was performed in 2012/13 for that years 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 2017/18, 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 Mayor and Cabinet Report, 6 December 2018, Council Tax reduction review.

16.2 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 2018/19

Introduction

1. The Council Tax Reduction Scheme (CTRS) consultation ran between August and September 2017. This report outlines the responses to this consultation survey.

Summary of results

2. In total there were 21 responses to the questionnaire. Of these, 13 (62%) respondents agreed with the proposal that the Council should maintain the current CTRS for 2018/19, where working age residents pay a contribution to their Council Tax bill to account for the cut in Government funding.
3. Of the remaining 8 respondents, 6 did not agree and were asked to indicate which of the following four options they thought the council should use to deal with the shortfall instead: increase all Council Tax bills; use reserves to deal with the cut in government funding; spend less on other services; something else;
4. Further details regarding the survey responses and the consultation more broadly are presented below.

Question One. The Council's preferred approach is to continue to pass on the shortfall in government funding to all those of working age receiving council tax reduction. This will mean that everyone of working age will have to contribute towards their Council Tax. To what extent do you agree or disagree with this approach?

	%	Count
Number of Responses	-	21
Strongly agree	33.3%	7
Agree	28.6%	6
Neither agree nor disagree	9.5%	2
Disagree	4.8%	1
Strongly disagree	23.8%	5
Total	100.0%	21

Question Two. Do you think the Council should consult with you each year or only consult with you when there is a significant change or a change in the amount you will be required to pay towards your Council Tax?

	%	Count
Number of Responses	-	21
The Council should consult me each year	52.4%	11
The Council should only consult me where there is a significant change or a change in the amount that I am required to pay towards my Council Tax	47.6%	10
Total	100.0%	21

Sample Profile (fieldwork, August-September 2017). (excluding one non-response)

	%	Count
Number of Responses	-	20
A resident in the borough of Lewisham	95.0%	19
A Council Tax payer in the borough of Lewisham	65.0%	13
A resident that currently receives Council Tax reduction	30.0%	6
A resident who has received Council Tax Reduction or Council Tax benefit in the past	10.0%	2
A person receiving state pension credit	5.0%	1
A person receiving state pension	25.0%	5
A full-time student	0.0%	0
A full-time employee	20.0%	4
A part-time employee	13.3%	3
Self-employed	10.0%	2
Unemployed	5.0%	1
A lone parent	5.0%	1
An unpaid carer for children or adults	5.0%	1
A representative of a charity based in the borough of Lewisham	0.0%	0
A representative of a community group based in the borough of Lewisham	5.0%	1
A landlord for properties in the borough of Lewisham	0.0%	0
Other (please specify below)	0.0%	0

Sample Profile: Gender (excluding three non-responses)

	%	Count
Number of Responses	-	18
Male	66.7%	12
Female	22.2%	4
Prefer not to say	11.1%	2
Total	100.0%	18

Sample Profile: Age (excluding three non-responses)

	%	Count
Number of Responses	-	18
Under 18	0.00%	0
18-24	0.00%	0
25-29	5.6%	1
30-34	11.1%	2
35-39	0.00%	0

40-44	0.00%	1
45-49	16.7%	3
50-54	5.6%	1
55-59	22.2%	4
60-64	0.00%	0
65+	27.6%	5
Prefer not to say	5.6%	1
Total	100.0%	18

Sample Profile: Ethnic Group (excluding three non-responses)

	%	Count
Number of Responses	-	18
White	66.7%	12
Mixed / multiple ethnic groups	0.0%	0
Asian / Asian British	0.0%	0
Black / African / Caribbean / Black British	11.1%	2
Any other ethnic group (please specify below)	8.3%	1
Prefer not to say	22.2%	3
Total	100.0%	18

Sample Profile: Ethnic Group (excluding four non-responses)

	% Answer	Count
Number of Responses	-	17
Yes	17.6%	3
No	70.6%	12
Prefer not to say	11.8%	2
Total	100.0%	17