

Mayor and Cabinet			
Report Title	Council Tax Reduction Scheme – consultation proposal for 2016/17		
Ward	All	Item No.	
Contributors	Executive Director for Customer Services and Head of Public Services		
Class	Open	Date	15 July 2015

1. Purpose

- 1.1 To propose a Council Tax Reduction Scheme for 2016/17 that the Council should consult on.

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. The Council also implemented a Discretionary Hardship Scheme to help those suffering exceptional financial hardship.
- 2.2 The Council continued to pass on the government cut in grant for the Council Tax Reduction Schemes in 2014/15 and 2015/16. However, some administrative changes were made to the Discretionary Hardship Scheme for 2015/16.
- 2.3 This report recommends that the Council consult on a Council Tax Reduction Scheme for 2016/17 that continues to pass on the government cut in funding and maintain a Discretionary Hardship Scheme to help those suffering exceptional financial hardship. Pensioners continue to be protected by legislation from the cuts in government funding.

3. Recommendation

It is recommended that the Mayor agrees to:

- 3.1 Consult on a local Council Tax Reduction Scheme for 2016/17 that passes on a cut in government funding to working age claimants.

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% (£3.28m) and made a fixed amount available. Previously the Council Tax Benefit scheme funding had been 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 From 1 April 2013, the funding for the Council Tax Reduction Scheme was included in the Council's revenue support grant. Since then the revenue support grant has been reduced by 18.6% in 2014/15 and by 29.5% in 2015/16. Subject to any change in the chancellor's forthcoming budget, a further reduction of 21.5% is expected for 2016/17.

5.4 The Council Tax Reduction Scheme for 2014/15 and 2015/16 also passes on the cut in government grant to those of working age. The Council has also continued to support the most vulnerable residents with a Discretionary Hardship Scheme although from 2015/16 the Council has used the provisions of Section 13A (1)(c) of the Local Government Finance Act 1992 to administer it instead of having a separate fund.

5.5 This report proposes to carry out a proportionate consultation on the Council Tax Reduction Scheme for 2016/17.

6. Proposed Council Tax Reduction Scheme for 2016/17

6.1 The Council has the following options when developing its CTRS for 2016/17:

- To pass on the cut in government grant to those of working age as the Council has done in the three previous years.
- To absorb the cut in government grant. However, the Council is having to make £45.4 savings over the next 2 years so absorbing further cuts in government grant it is not considered possible.
- To use reserves to deal with the cut in government grant. It is not considered prudent to use reserves as a way of dealing with any shortfall in government funding as the majority of reserves are earmarked for other purposes with the remainder needed for any urgent one-off unavoidable expenditure.
- To spend less on the services it delivers. The Council is already having to review and in some cases reduce what it spends on service delivery.
- To increase Council Tax. If the Council were to deal with the shortfall in funding by increasing the Council Tax for everyone, the impact would be likely to be in excess of the 2% threshold set by the Secretary of State beyond which a binding referendum would need to be held.

6.2 The Council's financial position has not changed and is likely to get worse with further cuts in grant expected. Having considered the different options the Council has to

deal with, given the shortfall in funding, officers advise that the Council Tax Reduction Scheme be retained in its current form for 2016/17. It is recommended that the Council carry out a consultation on that basis.

6.3 The consultation will be proportionate in approach and 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 – some being council tax payers and the remainder 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 2016/17.

6.4 It is anticipated that this consultation will be undertaken between 3 August and 27 September 2015.

7. Proposed implementation timetable on the Council Tax Reduction Scheme 2016/17

Date	Action	Responsibility
December 2015	Mayor and Cabinet agree Council Tax Reduction Scheme for 2016/17	Customer Services
January 2016	Testing for annual Billing	Customer Services/Capita
January 2016	Council Tax Reduction Scheme agreed as part of budget process and before 31 January 2016	Council
January 2016	Council Tax base set	Customer Services
February 2016	Council sets its budget	Resources
March 2016	Council Tax bills issued	Customer Services

8. Financial implications

8.1 There are no financial implications at this stage as the recommendation is only to consult on the proposed Council Tax Reduction Scheme for 2016/17.

9. Legal implications

9.1 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.

9.2 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.

9.3 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.”

- 9.4 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.”.
- 9.5 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,)
- 9.6 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.”
- 9.7 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.
- 9.8 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.
- 9.9 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.
- 9.10 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/>

9.11 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

9.12 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/>

10. Crime and disorder implications

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

11. Equalities implications

11.1 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.

11.2 A full analysis was done in 2013/14. 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.

11.3 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.

11.4 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.

11.5 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.

- 11.6 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).

12. Environmental implications

- 12.1 There are no environmental implications arising from this report.

13. Background papers and report author

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

- 13.2 The Council Tax Reduction Scheme for 2015/16 can be found at:
<http://www.lewisham.gov.uk/myservices/benefits/council-tax-reduction-scheme/Documents/Lewisham%20CouncilTaxReductionScheme2015-16.pdf>