

For General Release

REPORT TO:	CABINET 16 December 2013
AGENDA ITEM:	7
SUBJECT:	Annual Review Council Tax Support Scheme
LEAD OFFICER:	Graham Cadle – Director of Customer Services, Communication and Transformation.
CABINET MEMBER:	Cllr Sara Bashford CABINET MEMBER FOR CORPORATE AND VOLUNTARY SERVICES
WARDS:	All wards

CORPORATE PRIORITY/POLICY CONTEXT:

The Council is required to confirm its arrangements for a “Council Tax Reduction Scheme” for the coming financial year in accordance with the Local Government Finance Act 1992, as amended. In Croydon, this scheme is referred to as a **Council Tax Support Scheme** (CTS) and is referenced in this manner throughout this report.

FINANCIAL IMPACT

The Council implemented a local council tax support scheme (CTS) for 2013/14 in accordance with guidance from central government whilst continuing to protect the most vulnerable residents of our community.

The scheme was implemented in April 2013 and has achieved the level of cost avoidance originally intended of £2m

KEY DECISION REFERENCE NO.: This is not a key decision;

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to:

- 1.1 Note the impacts of the initial period of operation of the CTS scheme;
- 1.2 Agree the continuation of the existing Croydon Council Tax Support Scheme, on the current terms for 2014/15.

2. EXECUTIVE SUMMARY

- 2.1 As part of the Spending Review 2010, the Government localised council tax benefit (CTB) from 2013/14 (1st April) whilst reducing funding nationally by 10%. As a result of Croydon's growth in claims the impact of the reduction was much higher in Croydon and is currently expected to be a 16% reduction in funding.
- 2.2 These proposed changes represented a significant additional cost to the Council of £4.8m in 2013/14 with the expectation of further additional costs in future years if the increase in demand for support from within the community continued.
- 2.3 In order to understand how the limited funding could be best used to support local families in 2013/14 the council consulted on a number of options and used feedback to define its own local scheme for council tax support.
- 2.4 As part of the changes to the legislation the council is required to review its local scheme annually and determine whether there any changes are required. This report provides background to the original changes, how the CTS Scheme has performed this year and recommends that that the scheme continues unchanged with annual uprating for 2014.15.

3. Background

- 3.1 Until April 2013 there was a national CTB scheme which supported customers' on low incomes who need help to pay their council tax, this scheme was 100% funded by Government.
- 3.2 In April 2013 Croydon implemented its new a locally designed scheme CTS Scheme approved at Full Council in December 2012, with the local authority taking responsibility.
- 3.3 The CTS Scheme implemented in Croydon was built on 6 key principles:
 - **Principle 1: Council tax support should be paid to those with minimal savings**
 - **Principle 2: Council tax support should be property related, with no-one receiving more support than you would receive for a band D property**
 - **Principle 3: Everyone should pay something**
 - **Principle 4: Everyone in the household should contribute something**
 - **Principle 5: Work should pay**
 - **Principle 6: The vulnerable should be protected**
- 3.4 Consultation prior to the adoption of the scheme by Council, showed 9 out of 10 respondents agreeing to the changes to the current scheme, with over 2/3rds agreeing to the detailed proposals put forward forming part of the council's scheme.

4 THE IMPACT OF THE COUNCIL TAX SUPPORT SCHEME

- 4.1 The CTS Scheme was successfully implemented in March/April 2013. This followed a significant communications campaign where every customer affected by the reforms was contacted personally to ensure they understood what the reforms meant for them. In addition a billboard campaign and series of welfare reform events have sign-posted customers to resources that are able to support customers in making active decisions about their lives, and any changes they need to make.
- 4.2 **Feedback from customers** - has been generally neutral and has mirrored the responses to the consultation last year. Customers have generally recognised the financial constraints that the local authority is under. They have also referenced the efforts to link contributions to ability to pay, as well as the support available to help customers implement long term solutions to the benefit changes.
- 4.3 **Feedback from support organisations** – Support organisations were central to the development of Croydon’s Council Tax Support Scheme. Age UK, Mind, and the Citizens Advice Bureau amongst others were involved in the development of the local scheme. It is difficult to separate feedback on the CTS Scheme from the wider welfare reforms. However, 3rd sector groups have openly referenced the efforts the Council has made to support those affected by the reforms, and to involve support agencies in these arrangements. As part of our regular liaison meetings we have continued to review impacts with the feedback positive to date.
- 4.4 **Customer contact** – Demand in light of the changes to CTS and the overall welfare reforms has been monitored. Whilst there was a 10% increase in demand in April, May & June through telephone contact and correspondence it is difficult to reflect how much of this related directly to CTS or the various welfare reforms that had taken place in April 2013. However, from July contact reflected similar levels to the previous year and in October they were 2% below last year. Complaints have also been reviewed and the year to date figure at the end of October 2013 benefits showed 83 received and 89 in 2012, whilst revenues showed 129 received and 151 in 2012..
- 4.5 **Help available for those who need it** – During the development of the CTS Scheme, the need for hardship support was identified in a number of forums including at the the Scrutiny and Strategic Overview committee. Therefore as part of the design and implementation of the Councils new Croydon Discretionary Scheme (CDS) the local administration of the replacement for social fund and community care grants hardship for vulnerable customers formed part of the design. To date the Council have received a small number of applications although as part of the support programme it is directly canvassing all residents that have been affected by the changes to CTS and summonsed for non-payment of council tax to see if they require financial assistance.

4.6 **Collection rates & recovery**– When the current CTS Scheme was devised there were assumptions made with regard to collection rates, this was integral in testing the viability of the Scheme. The original assumption reflected 75% collection and current collection to date equates to 81%. There has however been an increase in the number of summonses issued by 20% on the previous year. Whilst the increase includes customers that have experienced changes with the amount of support they receive from CTS it also reflects the effect across the Borough of other welfare changes and the economy more generally. Of the 16,121 affected by the changes 13,058 are currently meeting their original instalment plan.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 The current estimated cost of the scheme for 2013/14 is within the original budget, after taking into account the reduced government grant and changes to council tax discounts, as agreed by Cabinet when the scheme was approved.

5.2 The estimated cost of the scheme will continue to be contained within the overall available funding in 2014/15 and is fully aligned with the Councils Medium Term Financial Strategy and budget plans for 2014/15. Therefore no amendments to the scheme are proposed,

6. RISKS

6.1 There are a number of risks that are being managed as the scheme continues to impact local residents:

- Council tax collection rates are negatively impacted causing a further pressure on council finances and causing residents financial hardship. In order to manage this the Council have and will further consider overall household income in individual cases when agreeing suitable repayment arrangements. We are also directly canvassing those that have fallen into arrears to see if they are entitled to additional from our discretionary fund
- Current projections are incorrect with regard to case load and/or collection. We now have much more confidence on our predictions as we are now over half way through the financial year and all of the trends to have remained consistent.
- There is an ongoing financial risk to the Council due to potential increases in demand for Council Tax Support but with no expected increase in Government funding. Offset against this risk is the improving national economic picture that may result in a reduction in demand in Croydon as employment and pay prospects improve.

Approved by: Richard Simpson, director of finance and assets

7. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

7.1 The Council Solicitor comments that while the original CTS scheme required Council approval, insofar as no changes are proposed to be made to the Scheme for 2014/15, this can be approved by Cabinet.

Approved by: Gabriel Macgregor, Head of Corporate Law on behalf of the Council Solicitor and Monitoring Officer

8 HUMAN RESOURCES IMPACT

8.1 There are no impacts to the council work force or resourcing.

Approved by Gloria Lau on behalf of the Director of Workforce, Equality & Community Relations

9. EQUALITIES IMPACT

9.1 A full equalities impact assessment was completed for the original scheme and as the scheme is not changing we have not revisited the original findings.

10. ENVIRONMENTAL IMPACT

10.1 There are not any expected impacts

11. CRIME AND DISORDER REDUCTION IMPACT

11.1 There are not any expected impacts.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION TO CONTINUE WITH THE CURRENT SCHEME

12.1 The reasons for recommending the current scheme be continued into 2014.15 are:

- Collection levels have exceeded initial estimation;
- The amount of CTS awarded is at the levels expected;
- Customer and partner feedback has generally been positive;
- The financial modelling has confirmed the current scheme is sustainable for as further 12 months;
- Further support is available and being provided to those that need it, this is through general welfare support and more directly the CDS policy.
- The council will be in a much better position to review the scheme for 2015/16 once we have a full years understanding of local impacts

13. OPTIONS CONSIDERED AND REJECTED

13.1 As part of the review consideration was given as to whether any revision or replacement of the CTS Scheme was required.

13.2 Feedback to date has been generally positive and in line with initial expectations. Therefore, at this point it is sensible to hold a further review of the scheme until a full years understanding of the impacts to both local people and the council is understood. Information from the monitoring which started in April 2013, has confirmed from the outset that the Scheme is performing in line with original estimates. This, combined with the feedback referred to in para.4 of this report, indicates that at this point in time, no revision of replacement of the Scheme is necessary.

CONTACT OFFICER: Mark Fowler, Head of Income & benefits, ext 88470

Background Documents: None