

LONDON BOROUGH OF CROYDON

REPORT:	CABINET	
DATE OF DECISION	22nd February 2023	
REPORT TITLE:	Review of Council Tax Support Scheme – 2023/24	
CORPORATE DIRECTOR / DIRECTOR:	Jane West – Corporate Director of Resources and Section 151 Officer	
LEAD OFFICER:	Catherine Black – Head of Payments, Revenue and Benefits	
LEAD MEMBER:	Councillor Jason Cummings Cabinet Member for Finance	
KEY DECISION? [Insert Ref. Number if a Key Decision] <i>Guidance: A Key Decision reference number will be allocated upon submission of a forward plan entry to Democratic Services.</i>	No	
CONTAINS EXEMPT INFORMATION? <i>(* See guidance)</i>	NO	
WARDS AFFECTED:	All	These changes affect all wards but the impact is not significant in terms of overall numbers effected.

1 SUMMARY OF REPORT

- 1.1 Proposals to change the existing Council Tax Support Scheme (CTS) were considered by full Council on 1st February 2023 and the proposals were rejected. The reasons for not approving the proposals were due to the concerns around the cost-of-living crisis

and that at the time it was believed that increasing the income bands by CPI would result in increased support for residents. There were also questions raised about re-introducing non-dependant deductions for disabled not working claimants.

- 1.2 The Department for Levelling Up, Housing and Communities (DLUHC) publishing the Local Government Settlement, setting out the funding that the Government will provide to all councils for the next financial year 2023/24, as part of that settlement announcement, DLUHC set the level of increase in council tax. For most councils in the country the cap is a 5% increase to council tax bills. However the Government has given Croydon permission to increase council tax above the 5% cap, to a maximum of 15% cap.
- 1.3 Part of the CTS scheme proposals that were rejected included increasing CTS scheme income bands in line with the Council Tax increase.
- 1.4 In light of the recent developments, the Executive Mayor is asking Council to re-consider proposals to change the existing CTS scheme.
- 1.5 The purpose of this report is to seek approval to make changes to Croydon's Council Tax Reduction (Support) Scheme (CTS) which will take effect from 1st April 2023.
- 1.6 The Executive Mayor in Cabinet received a report in October 2022 which outline the principles of the proposed changes to the CTS scheme which were agreed, and that statutory consultation on the suggested scheme with residents and preceptors should take place.
- 1.7 The consultation ran between 14th October 2021 and 1st December 2021, and having now considered those responses, recommendations are now being made for approval to make changes to the existing CTS scheme with effect from 1st April 2023 and refines the proposal considering the consultation responses.

2 RECOMMENDATIONS

For the reasons set out in the report and its appendices, it is proposed that the Executive Mayor in Cabinet recommends to Council the following changes to the Council Tax Support Scheme:

- 2.1.1 Remove the application of the minimum income floor to households where the claimant or partner are disabled
- 2.1.2 Change the rate at which the income bands are increased annually from the level of CPI 10.1% to the amount Council Tax is increased for that year which could be up to 15% cap.
- 2.1.3 Introduce non-dependent deductions (NDD) to disabled not working households, except where the non-dependent is in receipt of

Employment Support Allowance or Limited Capability to Work, or in receipt of carers allowance for the claimant or partner.

- 2.2 to agree The Councils Council Tax Support Scheme is amended as set out above, from 1 April 2023

3 REASONS FOR RECOMMENDATIONS

- 3.1 In accordance with the Local Government Finance Act 1992, as amended, the Council was required to agree a local Council Tax Support scheme for working age residents who were on no or low income. The scheme replaced the Council Tax Benefit scheme which was administered by Local Authorities on behalf of the Department for Work and Pension.
- 3.2 The local scheme originally introduced on 1st April 2013, was reviewed last year, and changed to an income banded scheme from 1st April 2022. The scheme should be reviewed each year to ensure that it is an effective local Council Tax Support scheme, which will provide continued support to Croydon's most vulnerable residents and residents who are most in need of support.

4 BACKGROUND AND DETAILS

- 4.1 CTS scheme was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme, administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction the Government:
- 4.1.1 Placed the duty to create a local scheme for Working Age claimants with local authorities
 - 4.1.2 Reduced initial funding by the equivalent of 10% from the level paid through benefit subsidy to Local Authorities under the previous Council Tax Benefit scheme
 - 4.1.3 Prescribed that person of Pension Age would be dealt with under the existing regulations set by Central Government and not the Local Authorities local scheme
- 4.2 Since that time, funding for the CTS scheme has been absorbed into other Central Government grants paid to Local Authorities and within the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Central Government sources for the CTS scheme but that in real terms funding to the council has continued to reduce since 2013
- 4.3 The current CTS scheme created by the Council is divided into two schemes, with pension age claimants receiving support under the rules prescribed by Central Government, and the scheme for working age claimants being determined solely by the local authority (subject to certain criteria).

- 4.4 Pensioners, subject to their income, can receive up to 100% support towards their Council Tax. The Council has no powers to change the level of support provided to pensioners and therefore any changes to the level of CTS can only be made to working age scheme.
- 4.5 The working age CTS scheme was changed significantly from April 2022 and moved to an income banded scheme. The complexities of the old scheme, which was based mainly on the old council tax benefit rules, were removed and a simpler scheme was introduced
- 4.6 The principles of the existing CTS scheme (as locally adopted) for working age claimants are as follows:
- 4.6.1 Council Tax Support should be paid to those with minimal savings – residents who have Capital of more than £8,000 cannot claim (excluding Pensioners or disabled not working whose limit is £16,000)
 - 4.6.2 Council Tax Support should be property related – Residents can only receive Council Tax Support to a maximum of band D.
 - 4.6.3 Everyone should pay something - all residents will be asked to contribute something towards Council Tax unless they are in one of the protected groups i.e., pensioner or disabled not working.
 - 4.6.4 Everyone in the household should pay something – Other adults living in a household who are not the main taxpayer, or their partner will contribute to meeting the cost of Council Tax for the property
 - 4.6.5 Make Work pay – £50 income disregard for disabled working residents.
 - 4.6.6 Protecting the vulnerable – Residents who are working age residents who receive Disability Living Allowance, Personal Independence Payments or Employment and Support Allowance and not working receive 100% council tax support.

4.7 Details of the current scheme:

Resident Type	Pensioners	Disabled Not Working	Disabled Working	Income Band (All other residents)
Number of Residents in Scheme	7,917	7,378	757	10,465
Amount of Capital Before Nil Entitled	No Changes to this group of Residents	£16,000	£8,000	£8,000
Council Tax Band Cap		No Band Cap	Council Tax Band: D	

Incomes received by residents not counted for the purposes of an income band / Disregarded		100% of Child Care Costs 100% of Child Maintenance 100% of Universal Credit Housing Element 50% of Carer's Allowance 100% Personal independence payments/Disability living allowance 100% child benefit		
Earned Income not counted for the purposes of an income band / Disregard		N/A	£50 per week	Nil
Non-Dependant Deductions		No non-dep deductions	£5 per week non-working £10 up to £23,999 £30 for £24,000 over	
Self-Employed Min. Income Floor		£186.41 per week for Lone Parents £297.93 per week for single claimants and couples		

Amount of capital before nil entitled: The amount of capital claimants can have before they are not entitled to claim CTS. This is set to £16,000 for claims where the claimant or partner are disabled and not working, and £8,000 for every other working age claim.

Council Tax Band Cap: For all working age claims, excluding those for disabled not working groups, the amount of council tax liability used to calculate the maximum CTS award is capped to a band D.

Incomes not counted for purposes of the income bands: These are a list of incomes that are fully ignored when calculating the income of claimants to work out how much CTS they should be awarded.

Earned income not counted for the purpose of the income bands: This is the amount of earnings we will ignore when calculating the income of claimants to work out how much CTS they should be awarded. For those classified as disabled working, we ignore the first £50 of earned income. For all other working age claims we include all of the earnings.

Non-dependant deductions: An amount deducted from the claimants CTS entitlement based on the income of any other adult living in the property, other than a partner. Deductions are taken for all working age claims other than those classed as disabled not working.

Self-employed minimum income floor: When a claimant has been self-employed for longer than a year and they declare lower than expected income, an assumed income is applied to CTS calculation for that self-employed resident.

4.8 The income bands used currently

Weekly income	Percentage of Council Tax Liability covered by CTS		
	Disabled non-working	Lone parents with a child under 5	All other claimants
£0 to 100.99	100%	80%	75%
£101 to 150.99	100%	70%	60%
£151 to 200.99	100%	60%	40%
£201 to 250.99	100%	50%	30%
£251 to 300.99	100%	40%	20%
£301 to 350.99	100%	30%	15%
£351 to 400.99	100%	20%	10%
£401+	100%	0%	0%

- 4.9 Since the introduction of the change to an income banded scheme in April 2022, there have been some elements of the scheme that have been highlighted as needing review to make the scheme fairer to some of the vulnerable groups of residents. i.e., removing the application of the minimum income floor to self-employed disabled working residents.
- 4.10 There is also a decision to be made regarding the level at which the income bands are increased each year. The unprecedented monthly increase in CPI means that the part of the scheme which links the increase in income bands to the level of CPI as of September needs to be reviewed.
- 4.11 Given the original intention that everyone in the household should contribute to the cost of Council tax there is an option to introduce non-dependant deduction to disabled not working households, excluding those non dependants who are in receipt of carers allowance.
- 4.12 The executive Mayor in Cabinet is asked to agree the following principles for the changes to the existing scheme: -

4.12.1 Remove the application of the minimum income floor to households where the claimant or partner are disabled

4.12.2 Change the rate at which the income bands are increased annually from the level of CPI 10.1% to the amount Council Tax is increased for that year which could be up to 15% cap.

4.12.3 Introduce non-dependent deductions (NDD) to disabled not working households, except where the non-dependent is in receipt of Employment Support Allowance or Limited Capability to Work, or in receipt of carers allowance for the claimant or partner.

- 4.13 **Removal of minimum income floor** – This will positively affect households that have been classified as disabled working, and where the claimant or partner are self-employed, and their income isn't disregarded already under permitted earnings. This change is proposed to acknowledge that where the person who is disabled is self-employed, or their partner, there may be reasons as to why they are unable to increase their hours or income, and as a result we should not use assumed income that may be unachievable in their circumstances.

4.13.1 An example of how this would affect a claim: Claimant is self-employed as a hairdresser and their income is £80 per week after expenses. If we applied the minimum income floor, we would use assumed income of £297.93 per week. If they had no other income the level of CTS they would get in each circumstance is very different. They would be awarded 20% of their CTS if we used the assumed income figure, but 75% if we used the £80 actual income.

4.14 **CPI change** – This change will affect all claimants equally. The proposal is to increase the income bands used within the scheme by the same percentage that we increase Council Tax. This won't be a set percentage but rather the scheme will state that the income bands will increase by how much London Borough of Croydon increases council tax each year. We will then not need to consult on this each year. As per the Local Government Settlement agreement made on 6th February 2023 confirmed Council Tax could increase by up to 15% cap without a referendum.

4.15 The current scheme states that the 50% band which is at £201.00 as of the 1st April 2022 will increase based on the Consumer Price Index as September (10.1%) of the preceding year. The bands must then continue to move at £50 intervals. The bandings at 10.1% would be as follows:

Weekly income	Percentage of Council Tax Liability covered by CTS		
	Pensioners and disabled non-working	Lone parents with a child under 5	All other claimants
£0 to £120.99	100%	80%	75%
£121 to £170.99	100%	70%	60%
£171 to £220.99	100%	60%	40%
£221 to £270.99	100%	50%	30%
£271 to £320.99	100%	40%	20%
£321 to £370.99	100%	30%	15%
£371 to £420.99	100%	20%	10%
£421+	100%	0%	0%

4.16 The proposal is to change the scheme to increase the income bands by the percentage by which Council Tax is increased, this could be up to 15% cap as per the Local Government Settlement on 6th February 2023. If the scheme was changed in the income bands would be increased to the following amounts:

Weekly income	Percentage of Council Tax Liability covered by CTS		
	Pensioners and disabled non-working	Lone parents with a child under 5	All other claimants
£0 to £130.99	100%	80%	75%
£131 to £180.99	100%	70%	60%
£181 to £230.99	100%	60%	40%
£231 to £280.99	100%	50%	30%
£281 to £330.99	100%	40%	20%
£331 to £380.99	100%	30%	15%
£381 to £430.99	100%	20%	10%
£431+	100%	0%	0%

:

4.17 Non-dependent deductions - One of the principles of the CTS scheme is that everyone in the household should pay towards council tax. Non-dependents are other adults that live in the property, excluding any partners. In all other groups within the scheme a deduction is taken from the level of CTS entitlement based on the non-dependent's income. To implement the 'everyone in the household should pay' principle across all residents we are proposing to introduce non-dependent deductions to disabled not working claims. The rate of the weekly deductions are £5 if the non-dependent is not working, £10 if earning up to £23,999 and £30 if earning £24,000 or over. There are currently 2115 claims within the disabled not working scheme that have non-dependants living with them. Once we remove those claims where the claimant or partner are in receipt of Personal Independence Payments daily living rate, Disability living allowance Care, or Attendance Allowance there are 440 claims remaining which could be affected by this change.

4.18 An example of how the proposed change will affect entitlement for disabled not working claims is as follows, based on income of £260 per week, a Band C property with liability of £33.60 per week and a non-dependent in the property who is not working:

Disabled not working claims: For disabled not working claims no matter how much their weekly income is and what income band they fall in too they will get 100% of their council tax liability covered via CTS. So, they will be awarded £33.60 per week. Under the proposed changes a deduction of £5 would be taken off this award for the other adult in the property, reducing the CTS award to £28.60

Disabled working claims: For disabled working claims the total income for the claimant and their partner is added up and using the income bands the percentage of CTS award can be calculated. There is a £50 disregard for disabled working claims, meaning we would use a weekly income of £210. A weekly income of £210 would mean they fall in to the 30% CTS award income band. 30% of their weekly council tax liability of £33.60 would be £10.08.

Income banded claims: For income banded claims there are no income disregards meaning we would use the full £260 as weekly income for the claim. Weekly income of £260 equates to an award of CTS of 20% based on the income bands. 20% of £33.60 would be an award of £6.72

	Current CTS entitlement	Entitlement after proposed changes
Disabled not working	£33.60	£28.60
Disabled working	£10.08	no change
Income band	£6.72	no change

4.19 Neighbouring authorities Merton, Sutton and Bromley all take non-dependent deductions within their CTS schemes.

4.20 The proposed changes are still designed to protect the most vulnerable residents including disabled residents not able to work.

4.21 Any income disregarded (i.e., not counted) under the current scheme will continue to be disregarded under the new scheme, e.g., Disability benefits such as Disability Living Allowance and Personal Independence Payments. Any disregards on war pensions and war disablement pensions will continue.

4.22 A hardship scheme consisting of a total £650k was already agreed for 2023/24 as part of the move to an income banded scheme in 2022/23. This amount has been ring-fenced and does not affect the levels of savings proposed for 2023/24 based on the options above. The hardship scheme will continue to be administered by the Benefits team who are best placed to understand household circumstances and resident's ability to pay Council Tax

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 Consideration has been given to changing the non-dependent deductions from set amounts to a percentage of council tax liability. In practice the way the processing system is set up means that it is unable to tie the deductions directly to the liability amount and having a set figure means we can update the amount once a year and all claims will be updated. Changing the deductions to a percentage of council tax would mean that a non-dependent in a band A property would be paying much less than a non-dependent in a band D property, even if they had the same level of income which would make the scheme complex and unfair. The deduction should be based on the income of the non-dependent and not the property situation.

5.2 Disabled not working claim if non-dependent deductions were introduced as a percentage of council tax liability (assumed a 20% deduction):

Band A property

Non-dependent income £15,000 – deduction set at 20% of weekly liability

Deduction would be 20% of £25.21 = £5.04

Band D property

Non-dependent income £15,000 – deduction set at 20% of weekly liability

Deduction would be 20% of £37.80 = £7.56

This methodology is therefore not recommended.

Instead we are proposing to add to the scheme that the level of the cash deduction is increased annually by the same percentage that the non-dependent deductions are increased for Housing Benefit. The increased figure would be updated in the system in one place and all the claims would be updated. All figures are reviewed annually and this will form part of that process.

5.3 The option of doing nothing is one that has been rejected as elements of the scheme such as the application of the minimum income floor need to be amended so that groups of residents are not adversely affected.

6. CONSULTATION

6.1 It is important that residents and other partner's views are taken into account and reflected in the final design of any changes to the CTS scheme. A full and comprehensive consultation allowed us to seek feedback and explore options and to further mitigate any negative impacts of the changes to the income banded CTS scheme.

6.2 The statutory consultation ran between 14th October 2022 and 1st December 2022. A full copy of the response to the consultation can be found in Appendix 1

6.3 Section 13A of the Local Government Act 1992 requires the Council as the billing authority to make a localised Council Tax Support scheme in accordance with section 1A of the Act. Each financial year the council must consider whether it wants to revise the scheme, leave as is or replace it. Consultation must occur on any option required to change the scheme prior to introduction, and is set out in Schedule 1A (3) of the Local Government Finance Act 1992:

- Consult any major precepting authority which has power to issue a precept to it;
- Publish a draft scheme in such a 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

6.4 When consulting the following guiding principles for a fair consultation must have been adhered to

- At a time when the proposal are at a formative stage;
- Include sufficient reasons to enable those consulted to give consideration and respond;
- Awareness of the factors which are of decisive relevance to the decision;
- Adequate time for consideration and response; and
- The result of the consultation should be conscientiously considered by the decision makers when the decision is made.

6.5 Consultation took place with the following:

- Major Precepting Authorities – a formal request has been made for comments on the proposed scheme. This was done through writing to the GLA. They have acknowledged the receipt of the notification to proceed to consultation, and to date we have received no further formal feedback on the proposed changes.
- Public – an open invitation has been given to all residents of Croydon to comment on the proposed new scheme, irrespective of whether they are in receipt of Council Tax Support or not. We have contacted CTS recipients both working age and pension age residents, and we have encouraged them to respond, although it should be noted that the scheme for pension age claimants is prescribed by Central Government. The Council can only change the working age Council Tax Support scheme; and
- An online survey was made available via the Council's website, and a new web page was developed, we also had a comprehensive communications plan to ensure as much feedback as possible.

The link to the webpages and consultation is [here](#)

6.6 The consultation has been publicised using our social media accounts as well as being publicised in community newsletters.

6.7 Residents in receipt of Council Tax Support were contacted to advise them about the proposed changes to the Council Tax Support scheme.

6.8 Other partners contacted to promote the consultation:

Age UK Lead – Disability Croydon & Croydon Vision;

o Citizens Advice Bureau (CAB);

o MIND;

o Purley Cross Community Information Centre;

o Royal Association for Deaf (RAD) People; and

o John Whitgift Foundation / Carers Information Service

o Asian Resource Centre

o South West London Law Centre

o Money Advice Service

6.9A partner's engagement session was held face to face in the Town Hall on Tuesday 8th November 2022, further details of the outcome of this meeting can be found further down this report in point 8.0.

6.10 Approval to commence consultation by officers was agreed by Cabinet in October 2022, to enable adequate consideration of proposals resulting from the consultation by December 2022, being the year prior to the scheme being implemented.

6.11 In addition to formal consultation, the Council will provide information on its website as to the proposed changes.

6.12 The Council will contact any Council Tax payers affected by these changes.

6.13 RESPONSES TO CONSULTATION

The consultation period resulted in 144 responses to the proposed changes. When Croydon Council consulted in 2021 on changing the scheme to an income banded scheme, 594 responses were received. It should be noted that the scale of the change being proposed during the previous consultation was much larger than the changes being proposed this time

6.14 Percentage of respondents currently in receipt of Council Tax Support

69% of respondents are currently in receipt of Council Tax Support, we can be confident that those who completed the survey will potentially be affected by any proposed

changes. 31% of responders were not in receipt of Council Tax Support, which indicates a certain level of engagement from those who do not rely upon financial support to pay their Council Tax.

6.15 Removing the Minimum income floor for disabled self-employed residents.

When asked during the consultation if they agree or disagree with removing the minimum income floor for self-employed disabled claims 54% of people said they strongly or somewhat agreed. 26% of people said they strongly or somewhat disagreed with removing the minimum income floor, and 19% said they neither agreed nor disagreed with the proposal.

6.16 Comments:

Comments supporting the proposal

- It would be more fair to disabled, self-employed residents who cannot increase their income
- It seems fair to base support on actual income rather than 'supposed' income. I don't think it will affect me as I'm not disabled and my benefit is based on me being on Universal Credit at present; but it's good to know you might help the most disadvantaged with realistic assessments.
- This will assist Disabled Self Employed resident's especially with the Cost of Living Crisis

Comments in opposition to the proposal

- Disabled people are more than capable of working more than 35 hours per week.
- It's unfair for the employed
- I prefer keeping the old system. The new proposals will create many issues

6.17 Proposal to change the rate the income bands are increased annually

When asked how strongly they agree or disagree with the proposal to change the income bands by the same rate as council tax, rather than by the level of consumer price index 42.5% of the respondents either strongly or somewhat agreed with the proposal. 36.9% either strongly or somewhat disagreed and 20.6% neither agreed, nor

disagreed. It should be noted that the example figures used as part of the consultation were 9.4% for CPI and 3% for Council Tax.

6.18 Comments:

Comments supporting the proposals

- This seems reasonable, given that the council needs to cut costs. But it would be fairer to increase it by the same percentage that council tax increases.
- Yes, I think this is reasonable. The world financial crisis is not the fault of the Council and even though your change may mean less benefit, I appreciate you have limited budgets too and it seems fair to make the benefit proportional to the actual council tax. It's hard to know at this point how it will affect me. It seems I'll get less benefit but it seems fair
- would make life easier

Comments in opposition to the proposal

- It is only normal to increase the council tax to match cpi
- Especially during the current climate, we need any support we can get, so by removing support only makes matters more stressful
- CPI is a better reflection of overall increase in life.

6.19 Proposal to introduce deductions for other adults in the household for disabled not working claims

When asked how strongly they agreed or disagree with the proposal to apply a deduction to the amount of CTS provided to households of disabled residents where there are other adults 40.9% strongly or somewhat agree with the proposal. 40.1% strongly or somewhat disagree with the proposal and 19% neither agree nor disagree.

6.20 It is worth noting that deductions have been taken in this scenario when council tax benefit was in payment prior to 2013, and in Council Tax Support from 2013 to 2021.

6.21 Comments:

Comments supporting the proposals

- *If adults are earning money they should all be responsible for the amount that is paid*

as a family

- *We should all pay something. We get the service, at times not great*
- *any other household income should be taken into account*

Comments opposed to the proposals

- *What if the other adults don't work or can't work very unfair.*
- *Young people may choose to move out leaving the disabled person facing lack of support and financial pressure*

6.22 **Demographic responses**

6.23 Age

Out of the 144 respondents, 142 answered the questions regarding to the age of the respondent. 1.4% were between 18-25, 35.9% were between the ages of 26-45, 26.1% were between the ages of 46-55. 23.2% were aged 56-65, and 9.9% were aged 66 or over 3.5% preferred not to declare their age. As the changes to the scheme affect residents of working age, the proportion of responses reflects those who would be affected by any changes.

6.24 The largest group of respondents were aged between 26-45, the council tax support caseload indicates that 34% of those who claim are between the age of 26-46 and this the biggest group. This indicates that response to the consultation closely mirrors those who would be affected.

6.25 **Gender**

141 residents answered the question regarding gender, of which 63.8% confirmed they identified as being female, 26.2% identified as being male, 0.7% confirmed they identified as being non-binary, 9.2% preferred not to say what they identified their gender to be.

6.26 Data on gender identity is not routinely captured. A person's innate sense of their own gender, whether male, female or something else may or may not correspond to the sex assigned at birth.

6.27 **Disability**

140 respondents confirmed whether or not they considered themselves having a disability. 41.4% considered themselves having a disability, 44.3% answered no and 14.3% preferred not to say.

6.28 84 of the above went on to declare the disability that was identified.

- 8.3% were visually impaired;
- 7.1% declared a hearing impairment;
- 44% identified having a mobility disability;
- 7.1% declared a learning disability;
- 2.4% had communication difficulty;
- 22.6% had a hidden disability; and
- 32.1% preferred not to say
- 13.1% stated they identified as having another disability

6.29 Within the current caseload 31% of claimants are within a disabled scheme, this indicates that either the claimant or their partner are disabled. As 41.4% of respondents identified as having a disability the response to the consultation reflects those that may be effected by the changes

6.30 **Formal Consultation Responses**

Following engagement with our external partner's we received official responses, details of which can be seen below

6.31 **Greater London Authority – GLA**

To date we have received no formal response from the GLA to our consultation.

6.32 **Partner engagement session**

6.33 The session was attended by representatives from MIND, South West London Law Centre and The Carer's information service.

6.34 There were concerns raised regarding the introduction of non-dependant deductions for disabled non-working households as there was a concern that the non-dependant could be the carer for the disabled claimant or partner. And taking a deduction for them would be penalising them for having caring responsibilities. There is the option to exclude non dependant carers from the introduction of the non-dependant deductions.

6.35 It was asked what the rationale was behind no non-dependant deductions being taken on disabled not working claims from April 2022, when they had been taken prior to that. It is understood that the thinking behind the decision was to 100% protect disabled residents who were unable to work.

6.36 A further comment was regarding situations where the non-dependant is the person within the household who is disabled, and it is the claimant or partner who is self-employed. A suggestion was made that where it is the non-dependant that is disabled rather than the claimant or partner that the minimum income floor should also be removed. In this scenario the CTS scheme would be classified as a standard income banded claim, and not disabled and therefore it would not be possible to isolate these claims to consider not applying the minimum income floor.

6.37 **OUTCOME FROM THE CONSULTATION**

The consultation period ended at midnight on 1st December 2022. The outcome has shown that in all cases, excluding the respondents who neither agreed nor disagreed, the majority of people agreed with the proposed changes, although in some cases more strongly than others

6.38 With respect to the proposed change to remove the minimum income floor over half of the respondents agreed with this proposal, mainly sighting that they felt it was the right thing to do in respect of disabled claimants.

6.39 The majority of respondents said they agreed with the proposal to increase the income bands by the same rate as council tax rather than by CPI with the main theme of those in agreement being that it is understandable for the CTS level to match that of the council tax increase.

6.40 Although the majority of respondents were in favour of introducing deductions for other adults in disabled not working claims, it was only by a margin of 0.8% with 19% of people advising they neither agreed nor disagreed with the proposal. The main theme in the comments from those who supported the change was that they felt it was right for everyone in the household to contribute

6.41 **REVIEW OF CONSULTATION RESPONSES AND RECOMMENDED CHANGES TO PROPOSED CTS SCHEME**

Following feedback from the consultation, there has been a change made to the changes being recommended. To exclude the introduction of non-dependant deductions where the non-dependant is in receipt of carers allowance for the claimant or partner.

7. CONTRIBUTION TO COUNCIL PRIORITIES

- 7.1 The recommended changes will contribute to the Council priorities detailed in the Executive Mayors business plan. It will help the council balance its books, specifically supporting the priority of getting a grip on the finances and making the council financially sustainable.
- 7.2 By providing additional savings it will contribute to achieving a balanced budget and by changing the rate at which the income bands are increased it will make the scheme more sustainable in the future by managing the increased costs of CTS.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

- 8.1.1 The current CTS scheme costs £28.4m of which 80% or £22.72m is borne by the Council. The remaining 20% or £5.68m is attributed to the GLA.
- 8.1.2 The impact of a possible increase in council tax of up to 15% will increase CTS spend. Increasing the income bands in line with council tax could mean an additional £684k in expenditure to the council through increased benefit payments if the banding rise by 15%. Removing the minimum income floor will result in further increased expenditure of £15k. Introducing non dependant deductions alongside increasing the income bands by 15% would decrease the expenditure to the council by £493k.
- 8.1.3 If these proposals are not agreed and we do not change the current scheme, the council tax income bandings will increase by 10.1%, which is the level of CPI as at September 2022, and assuming council tax is increased by 15%, the increase in cost to the Council is £222k compared to the proposed scheme.
- 8.1.4 As we are asking some residents to pay more towards their Council Tax there is a risk that they may struggle to make the requested payments. To mitigate this risk, the Council will implement a hardship scheme to support those most in need or unable to pay their Council Tax. This will provide transitional support to bridge the gap for residents who have seen a reduction in their Council Tax Support entitlement as the result of the changes. In addition to this the Council have close working partnerships with welfare agencies e.g., Citizens Advice Bureau and Money and Pension Service to further support residents in need.

Comments approved by Lesley Shields, The Head of Finance for Assistant Chief Executive and Resources on behalf of the Corporate Director of Resources.
(17/01/2023)

9 LEGAL IMPLICATIONS

- 9.1 The Head of Litigation and Corporate Law and Deputy Monitoring Officer comments on behalf of the Director of Legal Services and Monitoring Officer that the Council is required, under the Local Government Finance Act 1992 ('the 1992 Act'), for each financial year, to consider whether to revise or replace its CTS scheme. The Council's substantive review, detailed in this report, complies with this requirement.
- 9.2 The 1992 Act provides that a billing authority's Council Tax Reduction Scheme must include prescribed matters set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012. Therefore, the Council is required, without any exercise of discretion, to amend the CTS Scheme, to reflect any changes made to those regulations.
- 9.3 Under the 1992 Act, a decision to revise a billing authority's scheme is required to be made by the authority, not its executive. This is outlined at paragraph 2.6 of the report.
- 9.4 When a billing authority decides to revise or replace its scheme it is required to comply with the preparation requirements set out in Schedule 1A of the 1992 Act. This includes consulting any major precepting authority, publishing the draft scheme and consulting upon it. In addition, paragraph 2 of Schedule 1A and the 2012 Regulations specify matters which must be included in schemes, and make detailed provision as to the calculation of income and capital etc.
- 9.5 The authority must make any revisions to its scheme no later than 11 March in the financial year preceding that for which the revised scheme is to have effect. If any revision to a scheme has the effect of removing or reducing a reduction to which any class of persons is entitled, the revision must include such transitional provision relating to that reduction or removal as the authority thinks fit.

Insert at the end of the legal section: Comments approved by Sandra Herbert The Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (Date 12/01/2023)

10 EQUALITIES IMPLICATIONS

- 10.1 An equalities impact assessment has been completed based on the recommendations in this report and the outcome of the consultation.
- 10.2 The council needs to review its scheme whilst ensuring that groups more affected by the changes are provided with support.

10.3 The Council recognised that some people may be affected more than others. The groups listed below were identified by the Council to be affected by the proposed changes:

- Self-employed disabled residents
- Disabled non-working households with a non-dependent resident
- Residents aged between 26 -46 were more likely to be affected
- Residents aged over 66 were not affected by the proposals

10.4 The Council have provided a hardship fund for those affected by the changes in order to ease the transition between the old scheme and the new scheme.

10.5 Comments approved by Denise McCausland The Equalities Manager. (Date 10/01/2023)

OTHER IMPLICATIONS

11 No additional implications

12 APPENDICES

1. *Full consultation results*
2. *Draft council tax support scheme document*
3. *EQIA*

13BACKGROUND DOCUMENTS

13.1 None

14URGENCY

14.1To be presented at full council on 01 March 2023.