

Open

Special Cabinet

Agenda

**6pm
Tuesday, 4th October 2016
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster**



Cabinet

The Cabinet Members and their responsibilities:-

Councillor M J Hart	Leader of the Council & Strategy
Councillor I Hardiman	Deputy Leader and Operational Services
Councillor T L Onslow	Planning and Economic Regeneration
Councillor N J Desmond	Resources
Councillor S Chambers	Health Well-Being and Housing
Councillor S Fearn	Transformation & Change

Scrutiny of Decisions of the Cabinet

The Council has one Scrutiny Committee that has power to investigate policy issues and question members of the Cabinet who have special responsibility for a particular area of the Council's activities. The Cabinet also considers recommendations from this Committee.

In accordance with Section 10 of the Council's Constitution, Overview and Scrutiny Procedure Rules, and Standing Order 2.4 of Section 7, any item on this agenda may be scrutinised by the Scrutiny Committee if it is "called in" by the Chairman or Vice-Chairman of the Overview & Scrutiny Committee and any other three non-Cabinet members.

The deadline for "calling in" Cabinet decisions is 5pm on Friday 14th October 2016

Councillors wishing to "call in" a decision on this agenda should contact Lynette Cadwallader, Committee Services Officer, Wyre Forest House, Finepoint Way, Kidderminster. Telephone: 01562 732729 or email lynette.cadwallader@wyreforestdc.gov.uk

Urgent Key Decisions

If the Cabinet needs to take an urgent key decision, the consent of the Scrutiny Committee Chairman must be obtained. If the Scrutiny Committee Chairman is unable to act the Chairman of the Council or in his/her absence the Vice-Chairman of the Council, must give consent. Such decisions will not be the subject to the call in procedure.

Declaration of Interests by Members – interests of members in contracts and other matters

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of the Council's constitution for full details.

Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

For further information

If you have any queries about this Agenda or require any details of background papers, further documents or information you should contact Lynette Cadwallader, Committee Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732729 or email lynette.cadwallader@wyreforestdc.gov.uk

Documents referred to in this agenda may be viewed on the Council's website - www.wyreforestdc.gov.uk/council/meetings/main.htm

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* Unless there are no reports in the open session.

Wyre Forest District Council

Cabinet

Tuesday, 4th October 2016

Council Chamber Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
3		
	<i>Cabinet Member for Transformation and Change</i>	
3.1	Council Tax Reduction Scheme Review for 2017-18 To receive a report from the Revenues, Benefits and Customer Services Manager which updates Cabinet on the national changes to Housing Benefit and Universal Credit as part of the Welfare Reform and Work Act 2016 that affect the Council's Council Tax Reduction Scheme and proposes a public consultation in order to align the schemes from 2017-18 onwards.	6
4.	To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.	
5.	Exclusion of the Press and Public To consider passing the following resolution: "That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of "exempt information" as defined in paragraph 3 of Part 1 of Schedule 12A to the Act".	

Part 2

Not open to the Press and Public

6.		
6.1	To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.	

WYRE FOREST DISTRICT COUNCIL

CABINET
4th OCTOBER 2016

Council Tax Reduction Scheme Review for 2017-18

OPEN	
CABINET MEMBER:	Councillor S Fearn, Cabinet Member for Transformation and Change
RESPONSIBLE OFFICER:	Revenues, Benefits & Customer Services Manager
CONTACT OFFICER:	Lucy Wright Ext 2948 Lucy.wright@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 – Draft consultation paper Appendix 2 – background information on development of the Council Tax Reduction Scheme in Wyre Forest Appendix 3 – illustrative examples of impact of proposed changes

1. PURPOSE OF REPORT

- 1.1 This report updates Cabinet on the national changes to Housing Benefit and Universal Credit as part of the Welfare Reform and Work Act 2016 that affect the Council's Council Tax Reduction Scheme and proposes a public consultation in order to align the schemes from 2017-18 onwards.

2. RECOMMENDATION

The Cabinet is asked to:

- 2.1 **AGREE** a consultation about proposed changes to the Council Tax Reduction Scheme from 2017-18;
- 2.2 **NOTE** that a further report outlining the results of the consultation will be presented to Cabinet in November when it will consider any recommendations that will go to full Council in December.

3. BACKGROUND

- 3.1 Appendix 2 sets out background information on the Council Tax Reduction Scheme (CTRS) in Wyre Forest following its introduction in 2013.
- 3.2 Under paragraph 4 of Schedule 1A to the Local Government Finance Act 1992, the Council is required to consider whether to revise its scheme or to replace its scheme for the forthcoming financial year. This report discharges that duty. There is a separate duty to consult on any changes that the Council might propose to its scheme.

- 3.3 At the meeting held on 10 November 2015 Cabinet stated in their recommendation that the Council would not be minded to review the level of percentage contribution again before 2019-20, and this was agreed by Council. However as the 2016-17 scheme was being developed, the Government announced changes to the Housing Benefit Regulations which mean the Council Tax Reduction Scheme is no longer aligned with Housing Benefit. There are further elements that have been introduced within Universal Credit that also impact on the scheme and this report recommends consulting on those changes too. Consequently, the Council needs to consult on limited adjustments to the scheme but this is only in response to the changes made by the Government.
- 3.4 The Government's amendments to benefit regulations and the prescribed scheme for pension age recipients of the Council Tax Reduction Scheme are part of welfare reforms and reduce entitlement to support from the State.
- 3.5 If the Council does not copy these changes within the CTRS for working age people, it will or may have the following negative impacts for the Council:
- 3.5.1 There will be increased complexity for the Council in administering the Council Tax Reduction Scheme, as staff will have to operate two different sets of rules for the same customers. Depending on the number of cases where double-handling will be required, this could add to processing times and therefore delay decisions on applications. If the number of cases where double-handling is required turns out to be significant, it might even be necessary to employ additional staffing resources which would add to the Council's running costs;
- 3.5.2 There will be increased risk of confusion for working age applicants, most of whom also claim housing benefit or Universal Credit. Different rules will apply under the nationally determined benefits compared to those for the locally-determined CTRS, and it may be necessary to spend time explaining the difference to applicants. There is an associated risk from operating two sets of rules that staff may make errors in advising claimants about their position and what their entitlement might be;
- 3.5.3 There is a risk that moving away from a scheme that is aligned with housing benefit could result in additional software costs, as suppliers have to make changes to accommodate two schemes. While the software supplier used by the Council has not presently indicated an intention to make a charge, it raised the possibility in 2015 although ultimately pressure from councils led to no charges being imposed. This risk is heightened if the Council finds itself among a minority of councils that have not aligned their council tax reduction schemes with national benefits.
- 3.6 It is not possible to determine how much Government funding is received as the funding for local schemes is now included in the Revenue Support Grant, that will be completely phased out for Wyre Forest in 2019-20. It is therefore essential that the cost of the scheme is kept as low as possible to avoid the burden of additional costs on this Council that will widen the already significant funding gap. It is not the Council's role to make good the national welfare

reductions decided by the Government. It is certain that, if the Council does not align its scheme with benefit changes made by the Government, more households would be entitled to receive more council tax support from the Council. This is because the national benefits received by future claimants would be lower, as a result of the Government's welfare reforms, and therefore, because their assessed income would be lower, they would be eligible for a higher level of support under CTRS.

- 3.7 Making changes to the CTRS to align the scheme with changes that the Government has already introduced for nationally determined benefits would have a negative impact on future claimants from April 2017 onwards. **There would be no impact on existing claimants under CTRS if their circumstances remain unchanged.** However there may be impacts on them as result of Government changes to national benefits or the tax credit regime: these are not the responsibility of the Council. Existing claimants may or may not see a change to their CTRS award when they migrate to Universal Credit. The Government's current timetable for completed migration is 2022.
- 3.8 It is impossible to model the number of people who might be affected by changes to the Council's scheme as their identity and personal circumstances are, by definition, unknown. It is impossible therefore to say what the precise impact on them will be. This is particularly the case for those who are in employment as we cannot model the interaction with the tax credit regime.
- 3.9 Likewise it is not possible to know the income breakdown of claimants in receipt of passported benefits as this information is held by the Department of Work and Pensions. What is known is that the most vulnerable claimants who are in receipt of a passported benefit will be least affected as long as their circumstances do not change. Appendix 3 gives some illustrative examples of what CTRS claimants with certain personal circumstances would receive now and what future claimants would receive if the changes outlined below were to be made with effect from April 2017. Consistent with the Government's welfare reforms, the changes would reduce the amount of CTRS support for future claimants, depending on their circumstances. **The hardship fund would remain available to support anyone facing severe difficulty in paying their council tax bills.**

4. KEY ISSUES

- 4.1 The original principles of the scheme that was set up in 2013 were as follows:

- Principle 1** Every household with working age claimants should pay something;
- Principle 2** The scheme should incentivise people into work;
- Principle 3** People with greater amounts of savings receive less support;
- Principle 4** Protection will be provided through a Hardship Fund to those who are least able to pay; and
- Principle 5** The scheme will be in support of the Council's Corporate Plan Priorities of an increased supply of good quality and decent homes in which people can afford to live.

- 4.2 The breakdown of the Council's CTRS caseload as at 1 August 2016 is shown below:

Total Council Tax Reduction caseload	8,764
Working-age Council Tax Reduction caseload	4,317
Pension-age Council Tax Reduction caseload	4,347
Working age claimants on a passported benefit	2,911
Working age claimants not on a passported benefit	1,506

A passported benefit is Income Support, Employment Support Allowance (income related), Job Seekers Allowance (income based) which give claimants maximum CTRS of 80%

Expenditure as at 1 August 2016:

Total Council Tax Support	£ 7,045,333
Working-age Council Tax Support	£ 3,184,161
Pension-age Council Tax Support	£ 3,861,172

- 4.3 The recommendations set out below comply with these principles. Given the changes introduced in April 2016, it is recommended that no *significant* changes are made to the existing Council Tax Reduction Scheme and only the five minor changes shown in paragraph 4.6 are being proposed.
- 4.4 If the scheme is to continue to be aligned with housing benefit, it is necessary to consult the public to make changes to the scheme as outlined in paragraph 4.6. A consultation with all major preceptors is also required. Alignment will reduce the costs of the scheme in respect of new claimants as well as simplify processes for claimants and for the council in administering the scheme, as explained in the background section.
- 4.5 Consideration has been given to a proposal to remove the additional earnings disregard for those claiming Universal Credit in order to reduce administration costs. As this option does not comply with our agreed principle of creating a scheme that incentivises people into work, this option is not being suggested as part of a public consultation.
- 4.6 The changes announced in the Summer Budget in 2015 that now form part of the Welfare Reform and Work Act 2016 are set out below. It is proposed to replicate changes that the Government has made to national benefits within Wyre Forest's council tax reduction scheme:

Removal of the Family Premium - *The Housing Benefit (Abolition of the family premium and limiting backdating) (Amendment) Regulations 2015* - From May 2016, the family premium of £17.45 per week will be removed from housing benefit for families who become newly responsible for a child after 30 April

2016. The Government has already made this change within the council tax reduction scheme regulations for pension age claimants. The proposed change is to remove this family premium for new working age CTRS claimants with effect from April 2017. There are 908 working age CTRS claimants on a non passported benefit with the family premium. It is not possible to determine if there is a family premium included in the needs allowance for claimants in receipt of a passported benefit. This proposal means current CTRS claimants will continue to receive the same level of CTRS support as long as their circumstances do not change.

Temporary Absence – *The Housing Benefit and State Pension Credit (Temporary Absence) (Amendment) Regulations 2016* – Introduced from 28th July, the temporary absence rule for housing benefit reduces from 13 weeks to 4 weeks for those travelling abroad. If the absence abroad is expected to last more than 4 weeks, housing benefit will cease. There are exceptions to this rule as outlined in the regulations. It is proposed to copy these arrangements within the council tax reduction scheme so that, generally, an absence overseas for more than 4 weeks will lead to cessation of the reduction. The number of claimants this is likely to affect cannot be predicted as information of those travelling abroad for more than 4 weeks is not known.

Removal of entitlement to Severe Disability Premium (SDP) – *The Universal Credit and Miscellaneous Amendments Regulations 2015* – It has long been the case that, when a person is paid Carers Allowance to look after a housing benefit claimant, the SDP is not included within the calculation of their needs for housing benefit (applicable amount). This is to avoid paying for the same care twice. The same approach is taken in the council tax reduction scheme. However with the introduction of the carers element within Universal Credit, a change needs to be made to the council tax reduction scheme so that persons who receive the Universal Credit (Carers Element) are treated in the same way as those receiving Carers Allowance i.e. they will not receive the SDP as well.

Primary legislation has been passed for the following changes as part of the Welfare Reform and Work Act 2016 and awaits secondary legislation:

Removal of Employment Support Allowance (ESA) work related activity component – There is an additional component within ESA for individuals who are deemed to be capable of working and fall into the ESA (work related activity group). From April 2017 all new applicants who fall into this group will no longer receive this component either in their ESA or when calculating housing benefit. It is proposed to copy this approach in the council tax reduction scheme. If an individual is deemed not to be capable of working, they will not be affected and will keep their additional component (support component). It is not possible to determine the number of working age claimants that will be affected by this change however those in receipt of CTRS will not be asked to pay more council tax as a result of this proposal.

Number of dependent children additions are limited to two – From April 2017 new housing benefit, Universal Credit and tax credit claimants will be limited to a maximum of 2 children when being awarded a dependant's addition of £66.90 per child within their calculation of their needs (applicable amount). It

is proposed to adopt the same approach in the council tax reduction scheme for new claimants with effect from April 2017 i.e. a limit of two dependants' additions in respect of children. The current number of working age claimants with more than 2 children is 609.

Out of the 609 claimants, 313 are in receipt of a passported benefit

Out of the 609 claimants, 296 are not in receipt of a passported benefit

Assuming an even distribution of age of children and that rates of births among potential claimant families will not change as a result of the welfare reforms (i.e. that people will not refrain from having more than 2 children), the data suggest that about 30-35 potential claimant families a year would have a 3rd child and therefore be affected by the change to the additions for the number of dependent children

4.7 Subject to consideration of this report, the next steps would be as follows:

Public consultation (5 weeks)	5 October to 7 November 2016
Consideration by Overview & Scrutiny Committee	3 November 2016
Consideration of consultation responses and Overview & Scrutiny Committee's advice by Cabinet and agree final recommendations to Council	22 November 2016
Decision by Council on any changes to council tax reduction scheme for 2017-18	14 December 2016 (Any decision to change the scheme must be agreed by full Council by 31 January 2017)
Scheme takes effect	1 April 2017

5. FINANCIAL IMPLICATIONS

5.1 It is not possible to put a value against the proposals listed in this report as the changes would apply only to new claimants with effect from April 2017. It is known that as household income reduces, eligibility for and the cost of the CTRS will be higher for new claimants if the changes are not implemented. Aligning Wyre Forest's scheme so the same rules apply would not only reduce confusion for customers but would also reduce the cost of the scheme in respect of new claimants. Depending on their individual circumstances, they may have to pay a slightly higher proportion of their council tax bills than current claimants: illustrative examples are in Appendix 3. If these changes were not incorporated into the scheme, the cost of CTRS to the Council and all preceptors would be higher than if the changes were made although it is impossible to estimate both the number of new claims made and the precise impact as that depends on the personal circumstances of future claimants.

5.2 It is not possible to determine how much Government funding is received as the funding for local schemes is now included in the Revenue Support Grant, that will be completely phased out for Wyre Forest in 2019-20. It is therefore essential that the cost of the scheme is kept as low as possible to avoid the

burden of additional costs on this Council that will widen the already significant funding gap.

- 5.3 There is a risk that moving further away from the current scheme (as aligned with housing benefit) could result in additional software costs as suppliers have to make changes to accommodate two schemes. There are also administrative advantages of operating the same rules for the council tax reduction scheme as apply for housing benefit – it reduces administration and the risk of incorrect advice being given to future claimants.
- 5.4 If the changes were made, new claimants would have to pay a higher proportion of council tax bills. The evidence shows that the collection rate for those receiving CTRS is lower than the average. The changes might therefore reduce the collection rate further. However most people receiving CTRS support pay all or most of their bills and therefore, overall, the Council and major preceptors are expected to receive some extra council tax income.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The report discharges the requirement to decide whether to review or replace the Council's council tax reduction scheme. Council is required to consult on any proposed changes and case law, determining how the consultation should take place, will be followed.

7. EQUALITY NEEDS IMPACT ASSESSMENT

- 7.1 There are not believed to be any issues that affect the protected characteristics under the Equality Act. An equality impact assessment will be undertaken before final decisions are taken. The results will be presented in the report to Cabinet in November.

8. RISK MANAGEMENT

- 8.1 Any changes to the Council Tax Reduction Scheme must be consulted on. The consultation must be meaningful and allow an appropriate period of time as failure to do so could result in a challenge.

9. CONCLUSION

- 9.1 Cabinet is asked to agree that consultation should be undertaken. The results will be reported to Cabinet in November for final recommendation to Council in December.

10. CONSULTEES

- 10.1 Cabinet and Corporate Leadership Team

11. BACKGROUND PAPERS

- 11.1 Council Tax Benefit Reform, Overview and Scrutiny Committee 8 November 2012

- 11.2 Council Tax Benefit Reform, Cabinet 12 November 2012
- 11.3 Council Tax Benefit Reform, Council 21 November 2012
- 11.4 Welfare Support Fund, Cabinet 23 June 2015
- 11.5 Review of Council Tax Reduction Scheme, Cabinet 10 November 2015
- 11.6 Council Tax Reduction Scheme Review 2016-17, Council 9 December 2015

Detailed information on the current council tax reduction scheme can be found at www.wyreforestdc.gov.uk/counciltax

Wyre Forest District Council
Council Tax Reduction Scheme 2017/18 Consultation Questionnaire

Background to the consultation

What is this consultation about?

Each year the Council has to decide whether to change the Council Tax Reduction scheme for working age applicants in its area. This year the Council has decided that changes should be made to bring the Council Tax Reduction scheme in line with the changes made by Central Government in Housing Benefit and Universal Credit.

What is Council Tax Reduction?

Council Tax Reduction is a discount for Council Tax. The level of discount is based on the income of the household. Currently the maximum discount is 80% of Council Tax for working age households and up to 100% for pensioners.

Why is a change to the Council Tax Reduction scheme being considered?

In April 2013, the Government made local Councils responsible for replacing Council Tax Benefit with a local scheme. As the Council is keen to keep the Council Tax Reduction scheme aligned with major benefits such as Housing Benefit and Universal Credit to assist in administration, this means that, as those benefits change, similar changes need to be made to the Council Tax Reduction scheme. Each of the changes may affect certain applicants. The changes to both Housing Benefit and Universal Credit are to encourage work and reduce the levels of benefit available in some cases. This will be reflected in the Council Tax Reduction scheme if the changes are made.

Who will this affect?

Working age households in the District who currently receive, or will apply for Council Tax Reductions.
Pension age households will **not** be affected as Central Government prescribe the scheme.

Are there any alternatives to changing the existing Council Tax Reduction scheme?

We have also thought about other alternatives to changing the scheme. These have not been completely rejected and you are asked about them in the questionnaire, but at the moment we do not think we should implement them for the reasons given.

We have considered:

1 Continuing with the current scheme

This would mean higher administration costs and scheme costs generally. This would increase the costs for all council tax payers in the District paying towards the scheme if funded by increasing council tax. However the Council has agreed to freeze council tax in 2017-18 and thus any additional costs from continuing with the current scheme is likely to result in impacts on spending on other services.

2 Reduce funding to other Council services

Keeping the current Council Tax Reduction scheme will mean less money available to deliver other Council services; or

3 Use the Council's savings to keep the Council Tax Reduction scheme

Using savings would be a short-term option. Once used they will no longer be available to support and invest in other Council services.

Questionnaire

Have Your Say on the Council Tax Reduction Scheme

Q1.

I have read the background information about the Council Tax Reduction Scheme:

Yes No

This question must be answered before you can continue.

Paying for the Scheme

Q2.

Should the Council keep the current Council Tax Reduction scheme? (Should it continue to administer the scheme and have the same level of support as it does at the moment?)

No Yes

Q3.

Please use the space below to make any comments you have on protecting the Council Tax Reduction Scheme from these changes.

Options to change the current Local Council Tax Reduction scheme

As explained in the background information, the Council is primarily consulting on the following proposals to change the existing Council Tax Reduction Scheme from 1st April 2017, which would reduce the cost of the scheme generally and importantly align the scheme with Housing Benefit and Universal Credit to help in its administration. Your responses are a part of this consultation. Set out below are the proposals being considered.

Option 1 – Removing the Family Premium for all new working age applicants

The removal of family premium from 1st April 2017 for new claims will bring the Council Tax Reduction scheme in line with Housing Benefit. The family premium is part of how we assess the 'needs' (Applicable Amounts) of any applicant which is compared with their income. Family Premium is normally given when an applicant has at least one dependant child living with them. Removing the family premium will mean that when we assess an applicant's needs it would not include the family premium (currently £17.45 per week). This change would **not** affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

The benefit of this is:

- It brings the working age Council Tax Reduction Scheme in line with Housing Benefit changes proposed by Central Government. The change has already been introduced for pension age applicants by Central Government;

The drawbacks of doing this are:

- New working age claimants may see a reduction in the amount of support they receive.
- Some households with children will pay more

Q4.

Do you agree with this change to the scheme?

Yes No

Q5.

If you disagree what alternative would you propose?

Option 2 - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to 4 weeks

Within the current scheme, applicants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting the Council Tax Reduction. This replicated the rule within Housing Benefit. Housing Benefit has been changed so that if a person is absent from Great Britain for a period of more than 4 weeks, their benefit will cease. It is proposed that the Council's Council Tax Reduction scheme is amended to reflect the changes in Housing Benefit. There will be exceptions for certain occupations such as mariners and the armed forces.

The benefits of the Council doing this are:

- The treatment of temporary absence will be brought into line with Housing Benefit
- It is seen as fair
- There are exceptions for certain occupations including the armed forces and mariners.

The drawback of this is:

- If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Council Tax Reduction will cease from when they leave the Country. They will need to re-apply on return

Q6.

Do you agree with the change to the temporary absence rule?

Yes No

Q7.

If you disagree what alternative would you propose?

Option 3 - To remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants.

From April 2017, all new applicants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in either their ESA or within the calculation of Housing Benefit. It is proposed that the Council's Council Tax Reduction scheme is amended to reflect the changes.

The benefits of the Council doing this are:

- The treatment of ESA will be brought into line with Housing Benefit
- It avoids additional costs to the Council Tax Reduction scheme.
- Persons receiving ESA will not experience any reduction in Council Tax Reduction.

There are no drawbacks to this change

Q8.

Do you agree with this change to the scheme?

Yes No

Q9.

If you disagree what alternative would you propose?

Option 4 - To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of two

Within the current scheme, applicants who have children are awarded a dependant's addition of £66.90 per child within the calculation of their needs (Applicable Amounts). There is no limit to the number of dependants' additions that can be awarded. From April 2017 Central Government will be limiting dependants' additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two. This will only affect households who have a third or subsequent child on or after 1st April 2017. It is proposed that the Council's Council Tax Reduction scheme is amended to reflect the changes in Housing Benefit and Central Government Benefits. There will be exceptions where: there are multiple births after 1st April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children or where households merge.

The benefits of the Council doing this are:

- Council Tax Reduction will be brought into line with Housing Benefit, Universal Credit and Tax Credits
- It is simple and administratively easy

The drawbacks of doing this are:

- Applicants who have a third or subsequent child after 1st April 2017 (and are not excepted from the rules) may receive less Council Tax reduction than applicants who have three or more children born before 1st April 2017

Q10.

Do you agree with this change to the scheme?

Yes No

Q11.

If you disagree what alternative would you propose?

Option 5 – To remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carer’s Element) to look after them

Currently when another person is paid Carer’s Allowance to look after a Council Tax Reduction applicant, then the Severe Disability Premium is not included when working out their needs (Applicable Amounts). The reason for this is that it avoids paying for the same care twice. This proposed change will align the scheme with Housing Benefit by treating persons who receive the Universal Credit (Carer’s Element) in the same way as anyone receiving Carer’s Allowance

The benefit of this is:

- Council Tax Reduction will be brought into line with Housing Benefit;
- It is simple and administratively easy

The drawbacks of doing this are:

- There are no drawbacks to this change as persons receiving Universal Credit (Carer’s Element) will be treated in the same way as those receiving Carer’s Allowance who look after any person who claims Council Tax Reduction

Q12.

Do you agree with this change to the scheme?

Yes No

Q13.

If you disagree what alternative would you propose?

Alternatives to reducing the amount of help provided by the Council Tax Reduction Scheme

If the Council keeps the current scheme, it will be administratively more complex (as it will not align with Housing Benefit which is also administered by the Council) and it will cost taxpayers more. If this happens we will need to find savings from other services to help meet the increase in costs. The proposals set out in this consultation could deliver savings. The alternatives are set out in the background information.

Q14.

Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme? Please select one answer for each source of funding. Because the Council is committed not to increase council tax in 2017-18, the option of increasing the level of council tax is not offered.

Q14.1.

Find savings from cutting other Council Services

Yes No

Q14.2.

Use the Council's limited reserves (savings)

Yes No

Q15.

If the Council were to choose these other options to make savings, what would be your order of preference? Please rank in order of preference by writing 1 or 2 in the boxes below, where 1 is the option that you would most prefer and 2 is the least.

Reduce funding available for other Council Services

Use the Council's limited reserves (savings)

Q16.

Please use this space to make any other comments on the scheme.

Q17.

Please use the space below if you would like the Council to consider any other options (please state).

Q18.

If you have any further comments or questions to make regarding the Council Tax Reduction scheme that you haven't had opportunity to raise elsewhere, please use the space below.

About You

This information is completely confidential and anonymous. Your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

Q19.

Are you, or someone in your household, getting Council Tax Reduction at this time?

Yes No

Q20.

Do you live in Wyre Forest?

Yes No

Q21.

Age

18-24 25-34 35-44 45-54 55-64 65-74 75-84 85+ Prefer not to say

Next steps....

Thank you for completing the questionnaire. Progress reports on the consultation will be added to our website: www.wyreforestdc.gov.uk

You may submit further evidence, ideas or comments by email (worcestershirehub@wyreforestdc.gov.uk)

The consultation closes on 7 November 2016.

We will listen carefully to what residents tell us and take the responses into consideration when making a final decision on the 2017/18 scheme.

Following the decision, the full results from the consultation will be available on the Council's website.

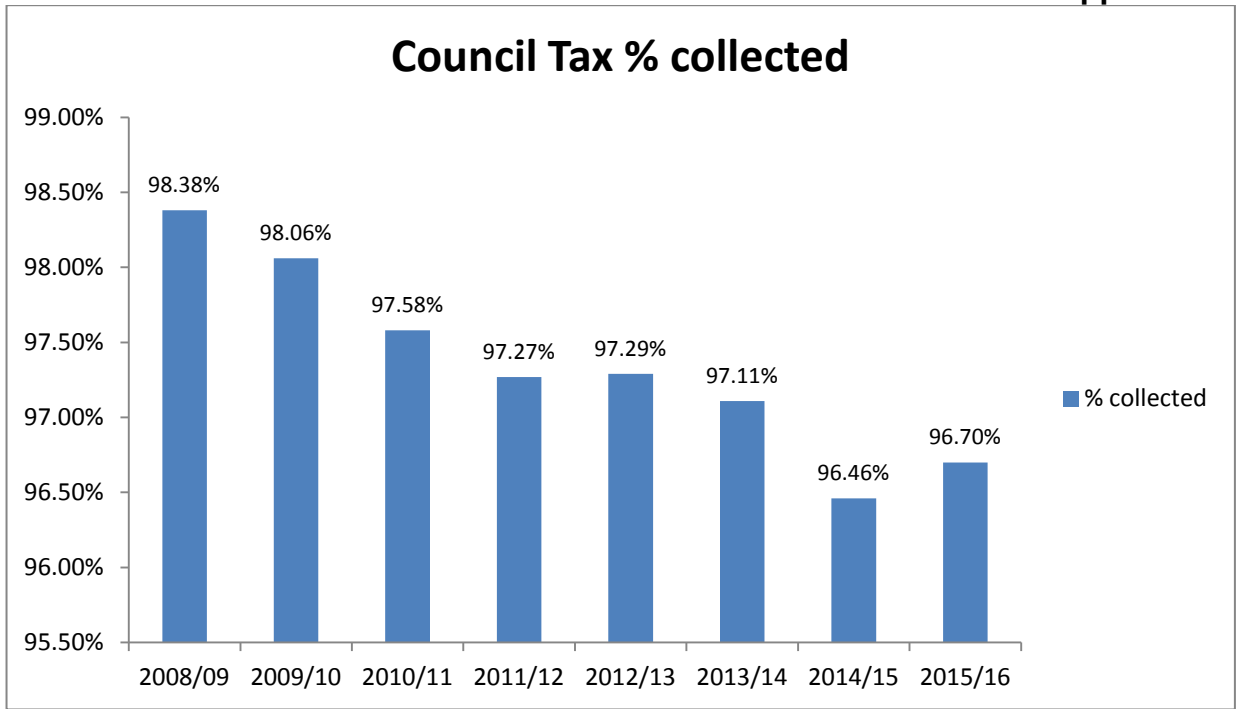
The new scheme will start on **1 April 2017**. The Council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.

Background information on development of the Council Tax Reduction Scheme in Wyre Forest

- A.1 The Council Tax Reduction Scheme replaced Council Tax Benefit with effect from 1 April 2013. In transferring responsibility to councils, the Government reduced funding by 10% initially and has reduced it further since as the funding support is not provided as a specific grant. The Government has protected claimants of pensionable age, and they continue to receive support up to 100% of their council tax bill depending on their personal financial circumstances. It is open to councils to require a contribution from people of working age.
- A.2 Wyre Forest District Council's local scheme mirrors many aspects of Housing Benefit. However all working age claimants are expected to pay a small percentage of council tax as shown below:

	Minimum contribution required from people of working age
2013-14	8.5%
2014-15	10%
2015-16	10%
2016-17	20%

- A.3 As part of the annual scheme review in 2015 Cabinet agreed to undertake a public consultation regarding various suggested changes to the scheme. Cabinet made a recommendation to Council based on the consultation results and the scheme for 2016-17 was formally agreed in December 2015.
- A.4 The main changes to the scheme introduced in 2016-17 were to:
- increase the minimum payment required by all working age claimants from 10% to 20%
 - lower the capital limit from £16,000 to £12,000
 - retain the existing Hardship Fund
 - reduce the minimum award entitlement from £5.00 per week to 50p per week
 - allow backdating claims at management discretion
 - make technical changes to the scheme with regard to how the claims are assessed
- A.5 The cost of the Council Tax Reduction Scheme across all preceptors for both working age and pension age claimants in April 2013 was £8,113,000. The cost of the scheme in August 2016 has reduced to £7,045,000.
- A.6 Since the scheme was introduced; council tax collection rates have reduced. Overall collection rates for 2015-16 were 96.70%, up slightly on the previous year. However the figure for 2015-16 for working age claimants in receipt of CTRS was lower at 92.26%



Illustrative examples of impact of proposed changes

Illustrative examples

Example One

**Couple with 3 children, not working, no savings, on passported benefit
Council tax, Band B property in Stourport = £1,261.85 a year (full charge)**

What such a household would receive in council tax reduction scheme support in 2016-17
£1,009.48

Council tax bill to pay £252.37 (=£4.85 a week)

What such a household would receive in council tax reduction scheme support in 2017-18
£1,009.48

Council tax bill to pay £252.37 (=£4.85 a week)

Additional council tax to pay compared to current scheme £0.00 a year (£0.00 a week)

Example Two

**Couple, no children, one adult works 15 hours a week, earning £6,000 a year, no savings.
The couple go overseas to stay with relatives for a 10 week period each year.
Council tax, Band D property in Bewdley = £1,621.88 a year**

What such a household would receive in council tax reduction scheme support in 2016-17
£1,297.50

Council tax bill to pay £324.38 (=£6.23 a week)

What such a household would receive in council tax reduction scheme support in 2017-18 if they
went overseas for 10 weeks £1,047.98

Council tax bill to pay £573.90 (=£11.04 a week)

Additional council tax to pay compared to current scheme £249.52 a year (£4.80 a week)

Example Three

**Single claimant, on Employment Support Allowance (with work related activity
component)
Council tax, Band C property in Kidderminster = £1,081.31 a year (after single person
discount applied)**

What such a household would receive in council tax reduction scheme support in 2016-17
£865.05

Council tax bill to pay £216.26 (=£4.16 a week)

What such a household would receive in council tax reduction scheme support in 2017-18
£865.05

Council tax bill to pay £216.26 (=£4.16 a week)

Additional council tax to pay compared to current scheme £0.00 a year (£0.00 a week)