



Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder, and Mark Billington, Service Director People and Places	Council	17 January 2019

Localised Council Tax Support

1. Purpose of report

- 1.1 To agree an updated Localised Council Tax Support Scheme to replace the existing scheme from 1 April 2019.

2. Outcomes

- 2.1 Improved incentives to work, ensuring resources are used more effectively, so reducing worklessness and ending a culture of benefits dependency.
- 2.2 To reduce the impact of the ongoing implementation of Universal Credit Full Service on the administration of Localised Council Tax Support.
- 2.3 Compliance with the Welfare Reform Act 2012 and specifically its provisions for the abolition of Council Tax Benefit and replacement with new localised schemes.

3. Recommendations

- 3.1 That the proposed introduction of a £10 per week income "cushion" (up or down) be agreed, therefore removing the need to re-calculate entitlement to Localised Council Tax Support in respect of low value changes to a claimant's weekly income.
- 3.2 That the proposed introduction of a flat-rate Localised Council Tax Support non-dependent deduction of £5 per week, to replace the current tiered non-dependent reduction rates, be agreed.
- 3.3 That the proposed discontinuation of the Second Adult-Rebate scheme be agreed.

- 3.4** That the current additional maximum deduction from entitlement to Localised Council Tax Support for working-age claimants be maintained at 8.5%.
- 3.5** That no other changes to the current Localised Council Tax Support scheme that were under consideration, be implemented at this time.

4. Background

- 4.1** As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished and in accordance with the Local Government Finance Act 2012 local authorities were required to introduce Localised Council Tax Support (LCTS) schemes from April 2013.
- 4.2** Support for Council Tax is now offered as reductions within the Council Tax system with claimants of state pension credit age receiving a discount of 100% thereby ensuring that they experience no reduction in support as a direct result of the reform.
- 4.3** Localisation provided local authorities with the flexibility to design Council Tax Support schemes for working age claimants taking into account the needs of vulnerable groups and the importance of supporting work incentives. Following a consultation exercise, the Council agreed at their meeting of 29 November 2012 to adopt a scheme which qualified for transitional grant for one year ensuring that:
- Those who would be entitled to 100% support under current Council Tax benefit arrangements pay no more than 8.5% of their net Council Tax liability;
 - The taper does not increase above 25%;
 - There is no sharp reduction in support for those entering work – for claimants currently entitled to less than 100% support, the taper will be applied to an amount at least equal to their maximum eligible award.
- 4.4** The council is required to review its LCTS scheme annually and the adoption of the scheme is a function reserved to full Council. If the LCTS scheme is to be revised or replaced the council must prior to that: (a) consult any major precepting authority which has power to issue a precept to it, (b) publish a draft of the revised scheme in such manner as it thinks fit, and (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 4.5** Wyre's current LCTS scheme for working-age claimants was purposely designed to closely mirror the former CTB scheme. There were a number of reasons for this, including the fact that any major deviations from the former scheme would have led to the council incurring substantial additional costs in procuring and developing a new software system. LCTS recipients were also familiar with the CTB scheme and the

requirements it placed upon them in terms of when they had to make a claim, or report changes in their circumstances.

- 4.6** As the roll-out of Universal Credit (UC) starts to gather pace it will have an ever increasing impact on the administration of LCTS, and the collection of council tax. In order to address this matter and keep administration costs as low as possible, some changes are proposed to the LCTS scheme. These changes were the subject of a consultation, more details of which can be found at Appendix A and in section five below.

5. Key issues and proposals

- 5.1** As at 30 November 2018 the council's LCTS working-age caseload numbered 4,666, many of whom are also in receipt of one of the heritage benefits that will at some point be migrated across to UC. These benefits are Job Seekers Allowance, Housing Benefit (HB), Employment Support Allowance, Income Support and Tax Credits.
- 5.2** There are currently already around 1,000 UC claimants living in Wyre, about a third of whom are currently also responsible for payment of council tax and therefore eligible to claim LCTS. This proportion is likely to increase as UCFS is expanded.
- 5.3** UC is a monthly paid benefit. Entitlement is also calculated on a monthly basis, largely via data-matching employment and income records held by Her Majesty's Revenue and Customs (HMRC) with UC records held by the Department for Work and Pensions (DWP). As a consequence of this monthly check the smallest of changes in income results in the re-calculation of entitlement to UC. In cases where the UC claimant is also known to be claiming LCTS, this in turn generates an electronic notification to the council advising us of the change in UC entitlement. On receipt of this notification the council re-calculate entitlement to LCTS and send the claimant a new council tax bill. For many UC claimants, e.g. those on variable hours contracts, this means that every month they receive a new council tax bill with new instalments asking them to pay their council tax over a decreasing number of months. On many occasions, before the date the first amended council tax instalment is payable (and certainly before the date any council tax reminder is subsequently issued), the claimant's UC entitlement changes again resulting in the issue of another council tax bill.
- 5.4** Evidence shows that owing to small fluctuations in their income an increasing number of LCTS claimants in Wyre, who are also in receipt of UC, are receiving a new council tax bill every month of the year. Only the final bill issued in each financial year does not get surpassed, by which time the amount on the bill is payable in one instalment and often the payer cannot afford to pay. This subsequently leads to the commencement of recovery action to collect the unpaid council tax, and to compound the problem further the following year's council tax bill is normally issued around the same time.

- 5.5** The numbers of LCTS recipients, who are also in receipt of UC, has begun to increase substantially following the commencement of the UC roll-out on the Fylde coast on 5 December 2018. The administrative burden associated with UC is also increasing and will continue to do so unless the LCTS scheme is amended in order to nullify the effect of small increases/decreases in earnings. It is therefore proposed that an income “cushion” is introduced so that changes of up to £10 per week in claimant’s income do not change the amount of LCTS they receive. Under the current scheme a change of income of £10 per week equates to a £2 per week change in LCTS entitlement (assuming that the claimant isn’t earning less at the point their claim is originally calculated than the minimum amount the Government considers that the claimant needs to live off).
- 5.6** The cushion would be applied on a cumulative basis, for example, an aggregate increase of £10 per week in the claimant’s earnings in month one would not result in the recalculation of their LCTS entitlement. A further £10 per week increase in month two would result in the recalculation of their LCTS entitlement at that point however, taking into account the additional £20 of income (£10 in month one and £10 in month two).
- 5.7** As part of the process to determine what changes (if any) to apply to the current LCTS scheme, a consultation was undertaken, which ran from 17 September to 13 November 2018. A copy of the report of the results of the consultation is attached at Appendix A. Of the 392 people who completed the survey, 273 (72%) either agreed, or strongly agreed with the proposal to introduce an income banded scheme such as the one proposed.
- 5.8** The council also commissioned the services of an external provider to provide an estimate of the costs associated with the move to a fully banded scheme, whereby income bands would be introduced for single households, couples with no children, and families. Whilst the introduction of this scheme is something that should be considered again in the future, uncertainty over the continuing roll-out of UC and the time it will take for the migration of the other heritage benefits to UC to be completed, means there is no guarantee that the projected costs of introducing such a scheme are accurate. It is therefore proposed to look again at a full-blown banded scheme once there is more certainty over the UC migration.
- 5.9** Before a claimant’s entitlement to LCTS can be calculated, the income of any non-dependents living in the claimant’s household is taken into consideration, with a deduction being made from the claimant’s LCTS entitlement to reflect the level of the non-dependents’ earnings. Current levels of non-dependent deduction are:
- In receipt of Job Seekers Allowance or Employment Support Allowance = £nil deduction.

- Gross income:
less than £203.99 = £3.60 per week
between £204 and £353.99 = £7.10
between £354 and £438.99 = £9.00
£439 and above = £10.80
- In cases where the claimant is in receipt of Personal Independent Payment or Disability Living Allowance (care component) no deduction is taken, regardless of the non-dependent's income.

5.10 Many claimants struggle to obtain their non-dependent's income details and as a consequence a maximum non-dependent deduction of £10.80 is subsequently applied to their LCTS award. In order to resolve this issue, simplify the LCTS scheme, and at the same time reduce administration costs, it is proposed that a flat rate deduction of £5 per non-dependent be applied. The deduction would apply to all non-dependents, apart from those on a recognised (under council tax legislation) full-time course of further education.

5.11 Currently, LCTS claimants who are in receipt of certain disability benefits, predominantly Disabled Living Allowance (care component), do not have any non-dependent deductions taken from their LCTS entitlement if they have a non-dependent living with them. Under the proposed move to a flat-rate non-dependent deduction these claimants would have a deduction taken. It is recognised that this may in some cases cause financial hardship and with this in mind it is proposed to include provision for the award of discretionary hardship relief in appropriate cases within the 2019/20 LCTS scheme. This issue is referred to in the Equality Impact Assessment (attached at Appendix B) conducted in respect of the proposed changes to the scheme.

5.12 The second adult rebate scheme allows single adults who would receive a 25% single person council tax discount if they lived on their own, to make a claim for assistance with payment of the council tax if any non-dependents who live with them are in receipt of a low income. This scheme has been disregarded by many other local authorities. As at 30 November 2018 there were 58 second-adult rebate claims in payment. It is proposed that from 1 April 2019, this scheme be discontinued.

5.13 The primary focus of the proposed changes to the LCTS scheme is to simplify the scheme and reduce the costs associated with administering it. Other potential changes to the scheme were included in the consultation and are also under consideration by other local authorities. It is recognised, that if implemented, these changes would impact negatively on those who are most in need of support from the LCTS scheme to pay their council tax, the same residents who are likely to be impacted on by the introduction of UC. It is therefore proposed that the additional maximum deduction from entitlement to council tax support remain at its current level of 8.5%, and that the other changes that have been

considered are not progressed further at this point in time. This will also allow for the impact of the ongoing roll-out of UC to be fully considered.

- 5.14** This also ensures that Wyre will continue to protect the most vulnerable in our society by limiting the maximum contribution to LCTS for those on full benefit to 8.5%. Our neighbouring Councils of Blackpool and Fylde already ask their residents to pay up to 27.11% (13.56% in respect of “pass-ported” benefit claimants) and 22.7% respectively. At the start of the 2018/19 financial year fewer than 50 local authorities across the country had a maximum contribution figure of 8.5% or less, making Wyre’s Scheme one of the most financially beneficial to claimants in the country.

Financial and legal implications																							
Finance	<p>The Council was previously reimbursed by the DWP for expenditure in relation to correctly awarded CTB but as part of the welfare reforms, expenditure on Localised Council Tax Support was reduced by 10%. The Local Government Finance Settlement included £8,077,777 for Council Tax Support in 2013/14 and of this, £963,119 was retained by Wyre.</p> <p>The Government claimed that in 2014/15 the total level of localised council tax support funding has remained unchanged in cash terms although there is no separately identifiable amount for localised council tax support at local authority level since it was subsumed within the Revenue Support Grant and Baseline Funding. It is also worth remembering that the Council suffered a reduction in grant funding of £1.022m or 13.6% in 2014/15.</p> <p>Inflating the 2018/19 anticipated expenditure on LCTS of £8,495,572 by 5.59%, Wyre’s average council tax increase in 2018/19, indicates that the estimated cost of the scheme for 2019/20 would be approximately £8,970,474. Applying the indicative start-up funding allocation of £8,077,777 leaves an unfunded gap of approximately £892,697 to be met by each precepting body as follows:</p>																						
	<table border="1"> <thead> <tr> <th><u>Preceptor</u></th> <th><u>%</u></th> <th><u>£</u></th> </tr> </thead> <tbody> <tr> <td>Wyre Council</td> <td>11.1</td> <td>99,090</td> </tr> <tr> <td>Parish/Town Councils*</td> <td>1.0</td> <td>8,927</td> </tr> <tr> <td>Lancashire Combined Fire Authority</td> <td>3.9</td> <td>34,815</td> </tr> <tr> <td>Lancashire Police Authority</td> <td>10.1</td> <td>90,163</td> </tr> <tr> <td>Lancashire County Council</td> <td>73.9</td> <td>659,702</td> </tr> <tr> <td>TOTAL</td> <td>100.0</td> <td>892,697</td> </tr> </tbody> </table>	<u>Preceptor</u>	<u>%</u>	<u>£</u>	Wyre Council	11.1	99,090	Parish/Town Councils*	1.0	8,927	Lancashire Combined Fire Authority	3.9	34,815	Lancashire Police Authority	10.1	90,163	Lancashire County Council	73.9	659,702	TOTAL	100.0	892,697	
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	The financial implications of the minor amendments to the scheme are expected to be minimal based on the modelling undertaken by Policy in Practice. The main impact is expected to be on reducing internal administration and contributing towards the ongoing efficiency savings as part of a future service review.
Legal	<p>The Council has complied with the legislation and statutory guidance surrounding the implementation of its updated scheme.</p> <p>It has consulted on changes to its LCTS Scheme and carried out an Equality Impact Assessment that has satisfied legal requirements and provided essential information. This information has been considered and used to develop the final recommendations.</p>

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	✓
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x

Processing Personal Data

If the decision(s) recommended in this report will result in personal data being processed, a privacy impact assessment (PIA) will have been completed and signed off by the council's Data Protection Officer before the decision is taken (as required by the General Data Protection Regulations 2018).

report author	telephone no.	email	date
Peter Mason	01253 887530	Peter.mason@wyre.gov.uk	12/12/2018

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix A – Council Tax Support Scheme Consultation 2018

Appendix B – Equality Impact Assessment

Link to Draft LCTS Scheme www.wyre.gov.uk/draftcts

dem/cou/cr/19/1701pm1

Council Tax Support Scheme Consultation 2018

Introduction

The Cabinet report from 5 September 2018 proposed that a consultation should be held with key stakeholders and the public before any decision is made.

From 17 September to 12 November 2019 Wyre Council, as the administrating body of the localised council tax support scheme (LCTS), undertook a public consultation with its residents and directly with those receiving benefits regarding proposals to amend the scheme.

The consultation was carried out to obtain local opinion on a number of proposals covering a range of new and revised benefit calculations based on:

- An income banded scheme
- The minimum amount of council tax people have to pay
- The amount of savings that people are able to have before they can claim
- A non-dependent deduction
- Removal of the family premium
- The number of children taken into account
- A minimum self-employed weekly income figure
- The discontinuation of the 2nd Adult Rebate scheme.

The consultation further included questions about the respondent so as to identify demographical data and whether the respondent claims benefit /exemptions or not. The consultation also gave people the opportunity to leave comments and provided contact details for further help with council tax queries.

Approach

The agreed approach for this consultation was to use:

1. An **online questionnaire**. Online questionnaires are used as the default method for consulting and collecting opinions. They are often accompanied by other methods of collecting responses. Benefits include free 24 hour access for the public along with the acknowledgement of submission. It enables an appropriate amount of linked and supporting information to be included in a structured questionnaire, helping to ensure that residents can source further information and context conveniently and immediately.
2. A **letter** sent out to benefit recipients who were registered on the council's database at the time of posting. The letter directed recipients to the consultation web link and also offered a contact number to receive a hard copy should they be unable to access online services.

The printed version of the questionnaire can be accessed via **Appendix 1**.

Promotion and communication

The consultation was promoted in the following ways:

- E-alerts, sent to subscribers of the council's email marketing service. These featured hyperlinks to further information about the consultation and the questionnaire itself.
- Information was provided to the media to help them cover the consultation. This resulted in coverage via
- A link to the consultation was included on the council website home page under 'have your say' page for the duration of the consultation and featured on the main news banner of the homepage.

- Emails were sent to a range of stakeholder organisations including Lancashire Fire & Rescue, Police and Crime Commissioner for Lancashire, Lancashire County Council and Parish and Town Councils
- The council’s Facebook and Twitter accounts were used to signpost people to the consultation information and questionnaire.

Consultation respondents

In total **395** members of the public responded to the CTSS consultation, and in addition, Lancashire County Council and Lancashire Fire and Rescue commented on their position.

Of the number above, 361 of the responses were completed online via the council’s consultation portal, 31 were received in hard copy and 1 representation was received by email.

All the questionnaire submissions that had at least one of the 8 proposal sections completed were included in the analysis.

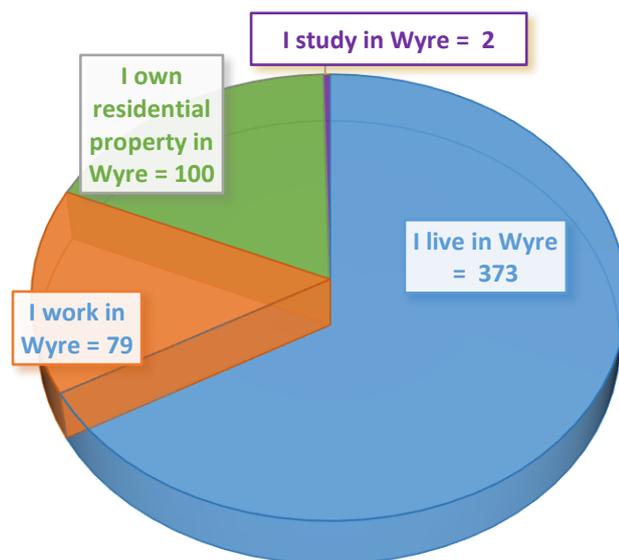
A limited amount of information was collected about the respondents as deemed appropriate and relevant to the consultation and analysis.

Figure 1 – Relationship of respondent with Wyre

Figure 1 shows the type of relationship the respondent has with Wyre. Of the 387 that answered the question, the majority representation group are those members of the public that **live in Wyre** (n=373) and the smallest group are those who are studying in Wyre (n=2).

A higher representation of **tenants** (61%, n=237) than homeowners (37%, 143) responded to the survey.

8 respondents (2%) said that they were either ‘Living with parents’ or selected ‘Other’. Of those that said ‘Other’, 3 were landlords and 1 was in a part ownership part rent scheme.

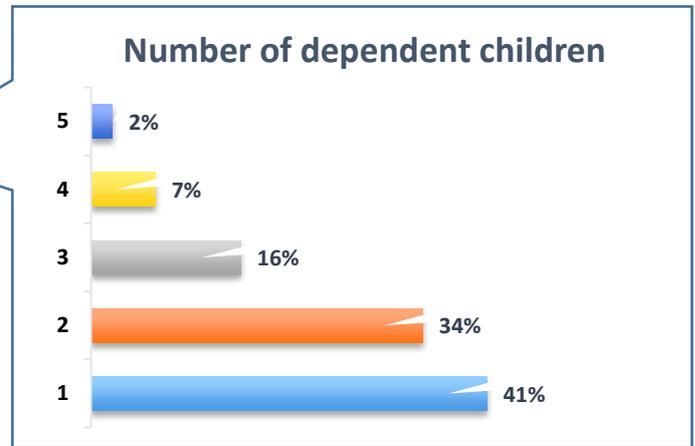


Please note: throughout the results data there will be total counts that add up to more than 392, using the example above to illustrate the point, a person may live AND work in Wyre therefore they will select both options and be double counted.

Table 1 below shows the breakdown of respondents 'Circumstances' according to a defined list:

Table 1

Circumstance	Number of respondents
Disabled	173
Single	138
Couple	107
Has dependent children	96
Employed	93
Carer	57
Lone parent	53
Other	53
Self-employed	28
Student	6
No response	4



Those that selected 'Other' were not asked to divulge what their circumstance/s were.

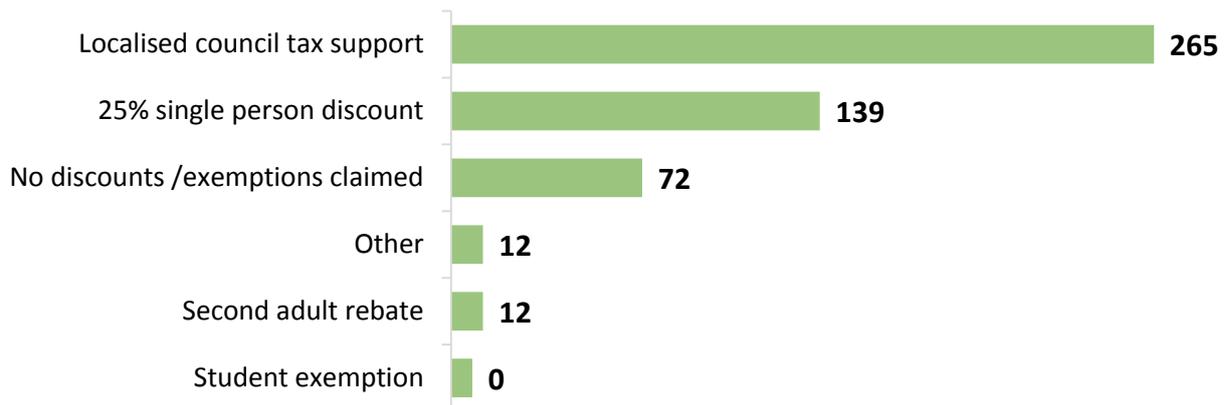
As can be seen above of the respondents who had dependent children three quarters of them had either 1 or 2 dependent children.

Discounts /exemptions in receipt.

The respondents were asked to identify if they were already on benefit.

Just over 2/3rds of respondents (n=265) receive localised council tax support. With a little over 1/3rd (n=139) of all respondents claiming a 25% single person discount.

Of the 265 claiming CT support, 105 (40%) also claimed the 25% single person discount.



Consultation results

Respondents were presented with 8 proposals covering the various benefits associated with the Council Tax Support Scheme. They were asked to share how strongly they felt /to what degree they supported each proposal. Consultees were given the opportunity to extend their views by commenting on each of the proposals. In this aspect the results will help the council understand further what issues and impact introducing each proposal might have, particularly on those who are in receipt of benefits currently.

Summary: Overall results

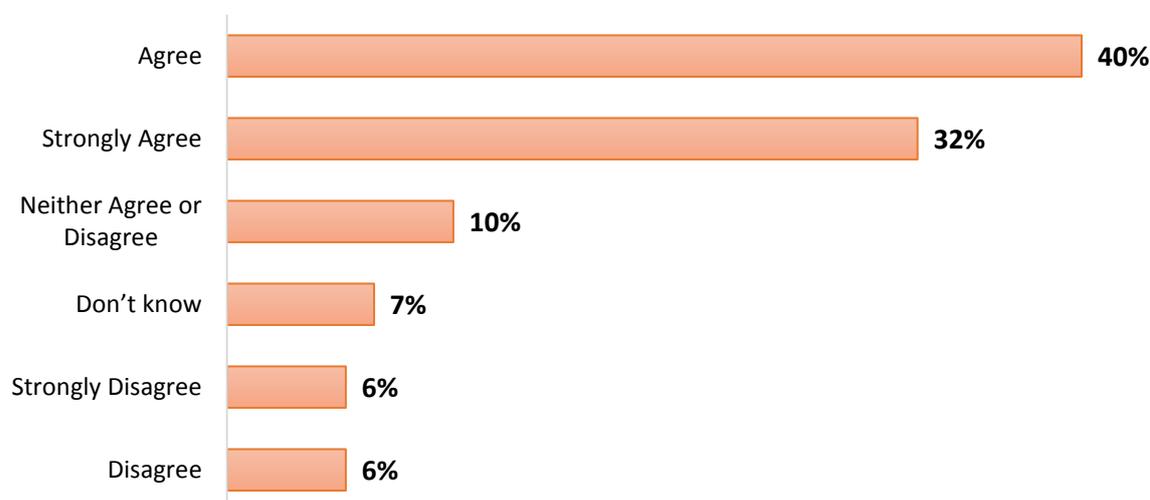
Question:	Response %		
	Agree	Disagree	Neither agree nor disagree
Proposal 1 – Introduce an income banded scheme	72%	12%	10%
Proposal 2 – Increase the minimum amount of council tax people have to pay to 10%.	34%	45%	17%
Proposal 3 – Lower the amount of savings that people are able to have before they can claim	44%	36%	15%
Proposal 4 – Introduce a standard £5 non-dependent deduction	38%	27%	26%
Proposal 5 - Removal of the family premium	25%	48%	21%
Proposal 6 – Restrict the number of children taken into account to 2	44%	32%	20%
Proposal 7 – Introduce a minimum self-employed weekly income figure	46%	22%	22%
Proposal 8 - The discontinuation of the 2nd Adult Rebate scheme	38%	29%	24%

Please note the above percentages have been rounded.

Proposal 1– To introduce an income banded scheme that will reduce the number of occasions a claimant’s entitlement to LCTS changes.

Respondents were asked...How strongly do you agree with this proposal?

All 381 respondents answered this question. 273 people strongly agreed or agreed (72%) with the proposal.



On analysing the data further for differences between responses from respondents that indicated that they either claimed one or more discounts/exemptions or they claimed none, the results showed a similar pattern of majority agreement. See Table 2 below.

Table 2 – Responses by claimant type proposal 1

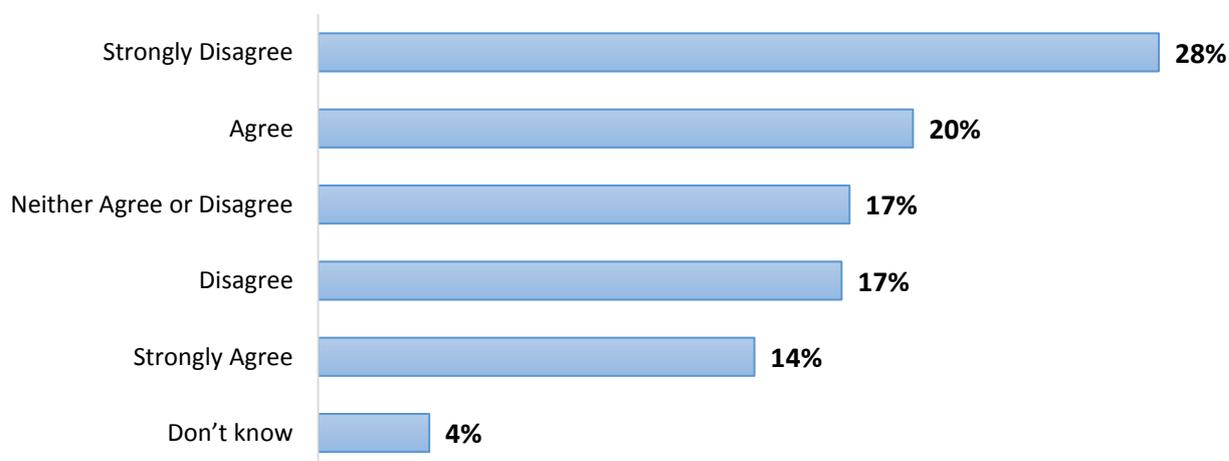
	Number of people responding	% Strongly agree	% Agree	% Neither Agree or Disagree	% Disagree	% Strongly Disagree	% Don't know
People are in receipt of one or more benefits/exemptions	311	31%	39%	11%	5%	5%	8%
People who are not claiming discounts/exemptions	70	37%	41%	7%	6%	7%	1%

Interestingly, close to 1/5th (n= 60) of those that claimed benefits/exemptions selected 'Neither Agree nor Disagree' or 'Don't know' which perhaps indicates that they are unsure as to how the changes are likely to affect them. The pattern of agreement was mirrored amongst the self-employed group for strongly agree and agree.

Proposal 2 – To increase the minimum amount of council tax that those residents in receipt of LCTS have to pay from 8.5% to 10%.

Respondents were asked...How strongly do you agree with this proposed change?

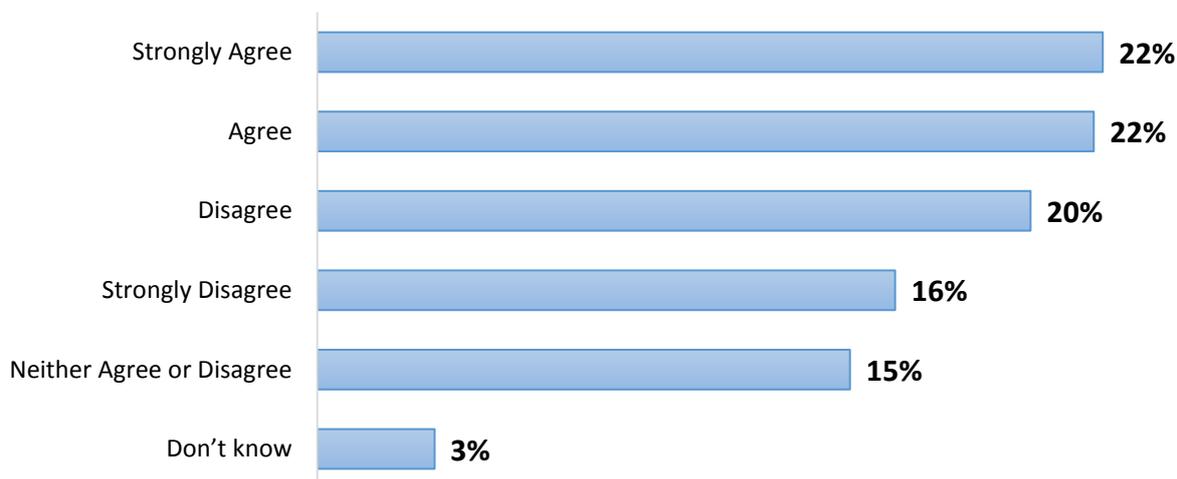
There was less agreement overall between the 383 responses and the choices were more spread across the agreement options than they were for proposal 1. The general consensus is however **disagreement** i.e. 45% strongly disagree or disagree against 34% who either strongly agree or agree.



Proposal 3 - Currently anyone with savings of more than £16,000 is disqualified from claiming LCTS. It is proposed that this amount be lowered.

Respondents were asked...How strongly do you agree with this proposal?

The results from the 388 respondents show that 44% agree with the proposal whilst 36% disagree to varying extents. 18% were not able to decide either way.



Interestingly when analysing the results further according to either those respondents receiving benefits/exemptions and those who are not, the results are as follows in Table 3:

Table 3 - by claimant type proposal 3

	Number of people responding	% Strongly agree	% Agree	% Neither Agree or Disagree	% Disagree	% Strongly Disagree	% Don't know
People are in receipt of one or more benefits/exemptions	316	19%	22%	16%	21%	17%	4%
People who are not claiming discounts/exemptions	72	36%	22%	11%	17%	14%	0%

As can be seen above, there is more divergence in agreement across the in receipt of benefit cohort, although as a whole 41% of this group agree with the proposal against 38% that disagree with it.

As part of this proposal section, respondents were also asked... If the upper capital limit were to be reduced, what level do you think it should be reduced to?*It was explained on the survey that £6,000 is the lowest capital limit that can be made due to legislation

As table 4 shows below there was a unanimous choice for the upper limit of £14,000. The five upper limit amounts and percentages shown below follow the same general order whether the respondents were claimants or non-claimants of benefits/exemptions.

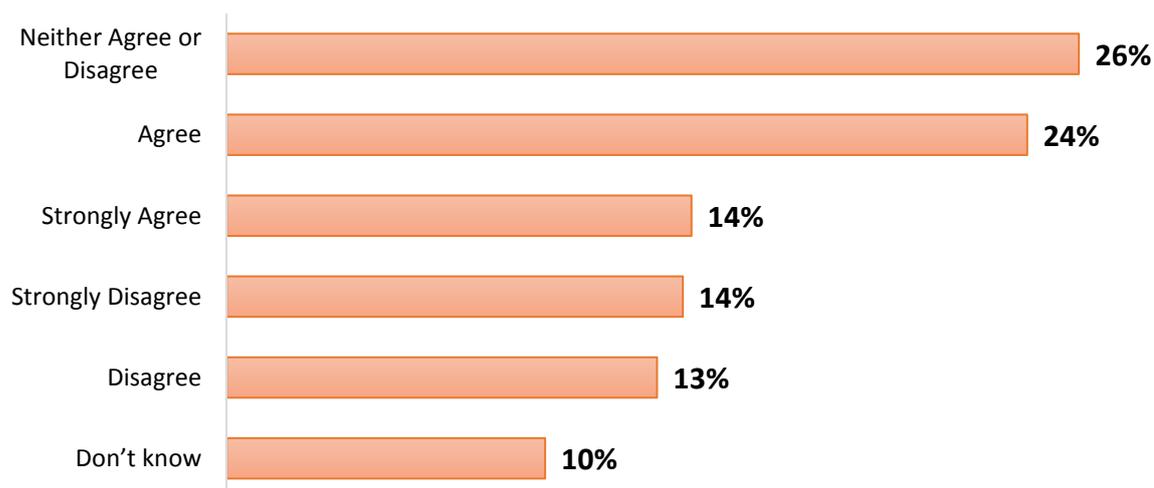
Table 4 – Upper capital limit options and response percentage

Upper limit	%
£14,000	40%
£6,000	21%
£10,000	21%
£12,000	9%
£8,000	9%

Proposal 4 – To introduce a standard deduction of £5 per non-dependent from the amount of LCTS a claimant is entitled to. The deduction would be made in respect of every non-dependent with the exception of full-time students.

Respondents were asked...How strongly do you support this change?

Of the 386 responses to this question, the majority selected ‘Neither agree nor disagree’ with this proposal (n= 99, 26%) followed by 93 respondents agreeing with it (24%).



If the results for proposal 4 are broken down into the two cohorts of those that are claiming benefits/exemptions and those that aren't (see Table 5 below) it shows that significantly more people that do not claim discount agree with the proposal (65%) than those who are claiming (32%).

Table 5 - by claimant type proposal 4

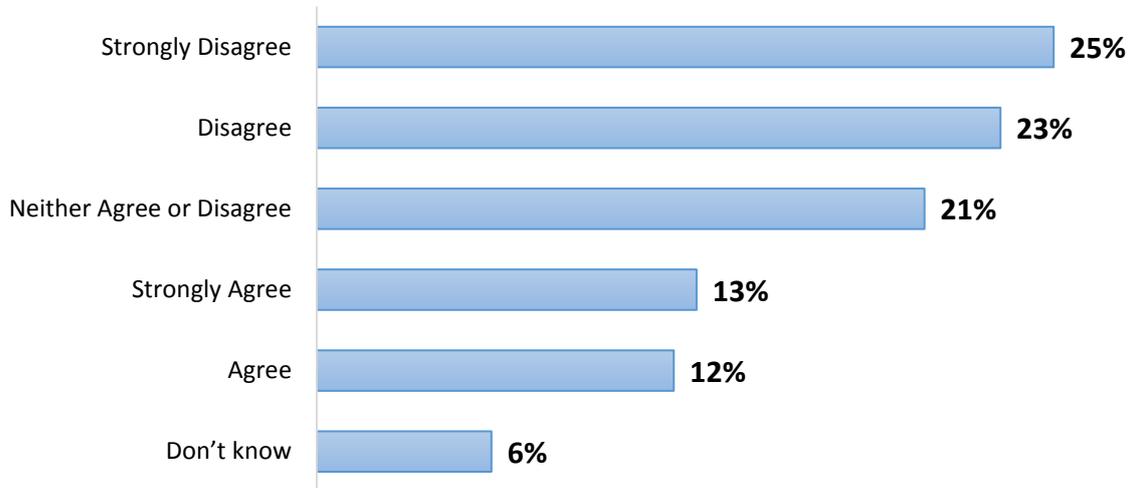
	Number of people responding	% Strongly agree	% Agree	% Neither Agree or Disagree	% Disagree	% Strongly Disagree	% Don't know
People are in receipt of one or more benefits/exemptions	316	9%	23%	28%	16%	15%	11%
People who are not claiming discounts/exemptions	70	34%	31%	14%	7%	9%	4%

Respondents were asked...

Proposal 5 – How strongly do you support the proposal to remove the family premium?

Of the total responses received (n=387), almost half were in disagreement with the proposal to remove the family premium (48%, n=187) with the majority strongly disagreeing with it (25%).

Of the 96 respondents that had dependent children 74% (n=71) disagreed with the proposal and 15% (n=14) agreed with it.



Looking at the breakdown across the claimant types the results highlight a clear disagreement to the proposal amongst the respondents that are in receipt of benefits/exemptions (50%, n=158). However the results are evenly split across the respondents not claiming discount, that is 41% agree and 41% disagree with the proposal.

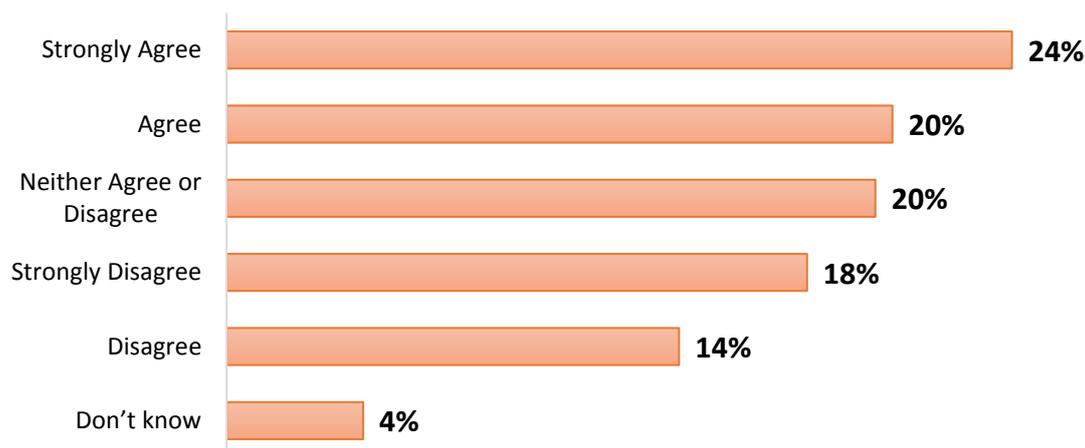
Table 6 – by claimant type proposal 5

	Number of people responding	% Strongly agree	% Agree	% Neither Agree or Disagree	% Disagree	% Strongly Disagree	% Don't know
People are in receipt of one or more benefits/exemptions	317	10%	11%	22%	25%	25%	7%
People who are not claiming discounts/exemptions	70	24%	17%	14%	17%	24%	3%

Proposal 6 – Restricting the number of children taken into account to two when calculating entitlement to LCTS

Respondents were asked...How strongly do you support the proposal to reduce the number of children taken into account when calculating LCTS entitlement to two?

The majority of respondents (44%) generally agreed with this proposal. However this result changes dramatically according to respondent circumstances. 383 respondents answered this question.



Of the respondents that answered this question and that don't claim benefits (n= 70), 66% are more likely to agree with the restriction, and of the 313 responses from claimants of benefits/exemptions the majority choice was to 'Neither agree nor disagree' (22%). See Table 7 below

On analysing the results according to individual circumstances, of the 94 respondents that had dependent children, 50% disagreed with the restriction and 17% neither agreed nor disagreed. For the 22 people who had three or more children, as could be expected, all bar one respondent strongly disagreed with the proposal.

Interestingly of the 66 respondents that stated they had only one or two children, 42% (n=28) agreed with the restriction against a third (n=22) who disagreed.

Table 7 - by claimant type proposal 6

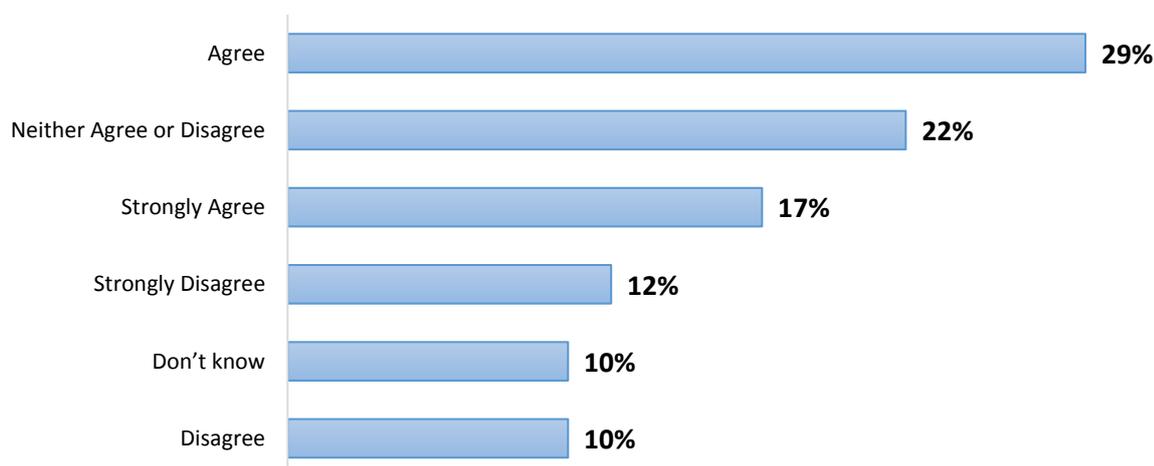
	Number of people responding	% Strongly agree	% Agree	% Neither Agree or Disagree	% Disagree	% Strongly Disagree	% Don't know
People are in receipt of one or more benefits/exemptions	313	19%	20%	22%	15%	19%	5%
People who are not claiming discounts/exemptions	70	46%	20%	11%	10%	11%	1%

Proposal 7 – Introduction of a minimum self-employed weekly income figure

Respondents were asked...How strongly do you support the proposal to use a minimum self-employed income in order to calculate entitlement to LCTS?

Of the 386 that answered this question a total of 46% supported the proposal against the 22% that disagreed with it. The most popular individual selection option was 'Neither agree nor disagree' (22%) this may be due to the low number of people that were self-employed responding to the survey.

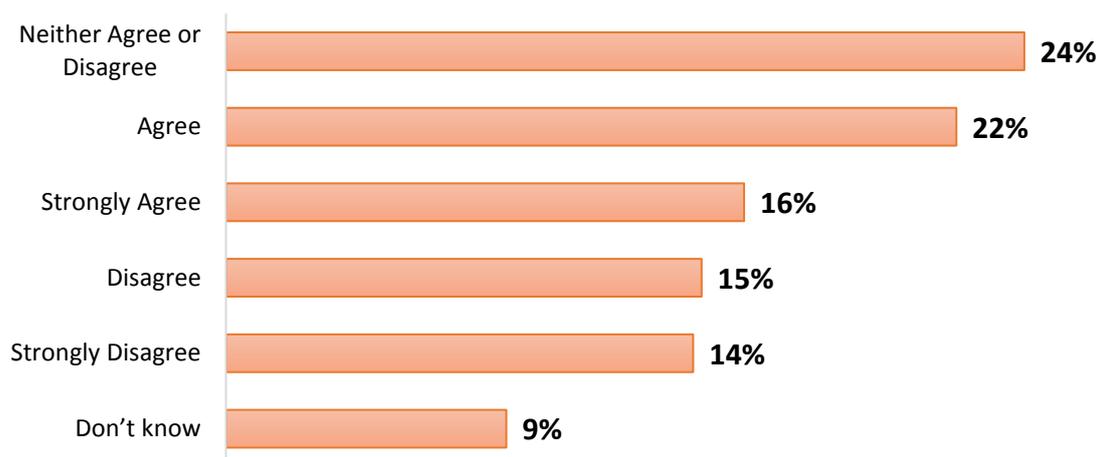
Of the 28 respondents that identified themselves as self-employed, 36% (n=10) agreed with the introduction whereas 57% (n=16) disagreed with the proposal and only 1 person responded neither agreed nor disagreed.



Proposal 8 – Discontinuation of the 2nd Adult Rebate scheme.

Respondents were asked...How strongly do you support the proposal to discontinue the 2nd Adult Rebate Scheme?

Of the 385 people that answered this, the majority selected 'Neither agree nor disagree' (n=94, 24%). Of the 12 that answered this question and that were claiming the second adult rebate as would be expected 67% disagreed and 17% neither agreeing nor disagreeing.



OTHER COMMENTS

When asked if respondents had any other comments 23% of them (n=90) answered however six were discarded:

- two were respondents specifying that they had no further comments,
- three entries were duplicate
- one was vexatious and slanderous and questioned the need to have such a consultation

The commentary was analysed and applied to a number of general themes as can be seen in Table 8. Some comments covered a number of aspects and therefore were counted according to the theme hence the total of comments in Table 8 adding up to more than 84.

Table 8 – Comments by general theme

General theme	Number of comments
Against changes /negative remarks	32
Concern about the impact	27
Mixed opinions	17
Comments regarding disability	17
Comments regarding family/children	13
Comments about the system/process	12
Confusion/lack of understanding about the scheme	10
Fully supportive/positive remarks	5
Comments regarding savings	3
Comments regarding self-employment	3
Comments regarding pensions	3

A few comments from the first 4 themes above have been presented below to cover the general variety and range of opinions presented.

Against proposals /negative remarks

- You are going to make people poor if they are on any benefits any amount of extra expenses can be devastating to them, what may seem to be only a few pound's to some maybe the difference between eating or not for people who need benefit .We must all remember not all people on benefits do it by choice some can't work due to ill health.
- Council Tax should be 0% for those entirely dependent on benefit as it deducts more from the already low minimum income requirements
- Some people genuinely cannot afford to pay more. The benefit is low enough & I know people who have to rely on food banks. This will cause further hardship through no fault of their own. People on ESA of working age also should get Council tax relief as it's not their fault / choice to become disabled. I believe genuine people are being penalised because of the ones who have made an informed choice to just have children in order to get houses & benefits. Our circumstances are genuine & I think it's wrong to lump everyone in the same book. There are genuine in both categories but this is going to cause financial hardship.
- This scheme may well cut administrative cost. It may even cut a few jobs. But in the long run actually reduces the assistance to people like myself long term unemployed because companies have ageist policies and increases the amount of Council Tax to pay on already FROZEN JSA benefits. This scheme will inflict more austerity on those who can least afford it and already have to rely on food banks, because their benefit is used to pay BILLS. I propose the STATUS QUO REMAIN TO AVOID MORE HARDSHIPS

Concern about the impact

- Whilst I understand your desire to reduce administration costs it seems that once again the most vulnerable in society will bear the brunt of this.
- I understand why these proposals are being considered but the majority of claimants who are on low incomes would be unable to afford the rises. £1.50 a week could mean the difference of eating or not
- The disabled and their carers are on fixed incomes dictated by Central Government as you know, and they have no capacity to change their situations. As a consequence I implore you to try to avoid anything that makes their already fragile and powerless lives more difficult than they are.
- We would find it impossible to pay any more we are finding it hard to make ends meet now
- I just hope that I can continue to get the full housing benefit and to still be able to get my Council tax discounts set out at the same rate as it is now., I have my son living at my home full time, so I am entitled to full housing benefit to my home.
- My husband recurved help with council tax because he is a war pensioner. This acknowledgement means a great deal to him and would have a deeply negative impact if it were to be removed.

Mixed opinions

- By all means simplify and reduce costs just please ensure it is not at the expense of struggling family households who do face higher costs and disabled person's especially those unable to work to change their circumstances.
- I agree cost cutting has to be made. I feel as with all things in the political environment we live in it is the poor who suffer. The first thing you need to review is the paperwork. If there is no change in a claimant's monthly allocation why send a notification of what is being paid and when?
- It would be COMPLETELY unfair to assume people who are self-employed are able to work 35 hours at £7.83. I am sure current figures will back this up based on estimates. People who are working for themselves should be assisted as much as possible till it is shown they have got established. I also feel the two child maximum could be adjusted as people who have children already should not be penalised, but there should not be a discount if you choose to have more children - one of the other questions. Basically I have noticed people are really struggling and I have had to work hard with them to help, I don't think there are many more reductions people can stand.
- Some questions are common sense and logical. However, there should be NO restrictions on numbers of children under 16 years of age as expenditure doesn't stop after the 2nd child.
- It should be based on how many incomes are coming in, as to deductions. And adding per child is encouraging people to have children as a career option. If a single person has illness, preventing the generating of any income or savings, then they should be allowed or actively encouraged to save, not become reliant solely on state as that's when poverty starts. Saving should always be encouraged, not penalised.

Comments regarding disability

- I am severely disabled and have to pay not only to my council tax, but also to the bedroom charge as I have two bedrooms. The second bedroom is used for carers and family to stay over, when I need extra support through the night. This is not a choice, like having children is or being in a wealthier position in having large amounts of money in savings. These people do need to pay more. Also I am disgusted as how an elderly person can have everything paid for them no matter how large their home is or how many un-used bedrooms they have. This is blatant discrimination against others with the same or lower incomes.
- I am a full time carer and rely on the current LCTS scheme to help deal with the uncontrollable situation I find myself in. I currently care for 1 disabled adult and 1 disabled child and I would seriously hope you would consider another proposal before punishing the disabled and carers by increasing their LCTS bills. I strongly agree that if you have savings of over 6000, then you should be liable to pay council tax at the full rate until savings have gone. For those people unfortunate enough to have no savings, then I believe the full discounted rate should remain.
- I feel that with the proposals, those on lower incomes and Benefits would be hit hard and they are the ones that cannot work to improve their income, so any loss to their amount of money left available to them, will have to come from money available to them for feel good items. The cost of everything is increasing apart from any money coming into the Household, but it is those on Benefits that cannot do anything to increase any income that there is and it is those that are Disabled that cannot even get work to improve that income.

- I cannot stress how strongly I disagree with these changes. As a disabled person with a family trying to survive on benefits, it is already exceptionally difficult to make ends meet, especially so after the recent cuts and reforms to other benefits, not to mention the amount of hoops one has to jump through to get most benefits. These may seem like minimal amounts to some, but to most people living in circumstances similar to ours, literally every penny counts. Whilst I understand the need and pressure to reduce costs, these cuts cannot keep coming from the poorest in society, those who are already being pushed further and further into poverty. I think it's appalling that these changes are even being suggested, and I sincerely hope you find other areas to make these savings. Things cannot continue this way for the already disadvantaged.

Other comments

Two responses were received from public sector partners:

Lancashire Fire and Rescue

Extracted from an email dated 9 November 2018, from the Director of Corporate Services

'Our concern as you point out is that our precept does not reduce as a result of any proposed changes. Based on the explanation you have given below it is impossible to know whether this will be the case, so I would be interested to know what the outcome of your costings is. However subject to there being no reduction in our precept we are happy to go with the outcome of your consultation'

Lancashire County Council

Extracted from a letter received from the Director of Finance, dated 6 November, 2018.

'It remains the strong view of Lancashire County Council that the proposed scheme for Council Tax Support must:

- Be affordable in terms of grant received, revenue loss and costs to operate;
- Be as fair as possible
- Be transparent, understandable to customers and practical to operate;
- Be feasible to implement within the constraints of the timescales and available software;
- Be simple in design, avoiding unnecessary complexity;
- Avoid the costs and risks associated with collecting additional data.

We understand the reasons for Wyre Borough Council proposing options which reduce administrative burden. As an authority we will always support attempts to streamline processes and remove any unnecessary administrative burdens.

However, in the current financial climate, as a major preceptor, facing huge unprecedented financial pressures in social care any potential loss of revenue to the County Council would be difficult to support. Without further information on the potential financial impact of these proposals on major preceptors we are unable to comment on which options would be preferable.

We appreciate the fact that Wyre Borough Council's aim with regards to the proposals is to make sure "the cost of the scheme as a whole doesn't increase outside of normal growth factors". We would ask that you consider that any increase in the cost of the scheme, whilst it may be a small amount to Wyre Borough Council, a significantly larger proportion falls on the County Council and ultimately have to be borne by the council taxpayers of Lancashire.

We thank you for the opportunity to take part in the consultation and are happy to discuss our response with you further should you wish.'

END

dem/cou/cr/19/1701pm1 Appendix A



Localisation of Council Tax Support - Equality Impact Assessment

Why are we changing the current scheme?

The current Localised Council Tax Support (LCTS) scheme has been in place since 01 April 2013, and was introduced after the Government, as part of its Welfare reform agenda, abolished Council Tax Benefit (CTB), instead requiring local authorities to devise their own LCTS scheme's for working-age claimants.

Wyre's LCTS scheme was purposely designed to mirror the former CTB scheme, as by doing so the council avoided the additional costs that would have been incurred had wholesale changes been required to council tax and benefits software systems. Mirroring the old CTB scheme also meant the claimants were able to quickly get used to the new LCTS scheme without difficulty, and were already aware of the requirements placed upon them to report changes in their circumstances as they occurred.

The recent introduction of Universal Credit Full Service (UC) to Wyre is having an increasingly detrimental impact on the LCTS scheme, and in order to reduce the escalating administration costs associated with this issue, changes are required to the scheme. Making these changes is necessary in order not just to keep the costs of the scheme lower, but also to make it easier to administer, in the process simplifying the claims process, reducing the volume of notifications claimants receive and removing some of the confusion around how much council tax they owe and when payments are due.

Who is affected by the changes?

As at 30 November 2018 there were 9,055 live LCTS claims in Wyre. Of these 4,389 (48.5%) were pension-age claims and 4,666 (51.5%) were in respect of working-age claimants. Pensioners are unaffected by the proposed changes to the LCTS scheme as they are protected and as such fall under a different LCTS scheme. The changes will, however, impact on the 4,666 working-age claimants.

The Government has stated that whilst there is no protection for vulnerable groups other than pensioners, the council must have regard to how revisions to the current LCTS scheme may impact on different people taking account of the Equality Act 2010, the Child Poverty Act 2010 and the Housing Act 1996. These acts give guidance on the duty of an authority to consider their responsibility to treat everyone fairly, to protect children from poverty and to prevent homelessness.

Aims and objectives of the revised scheme

In modelling the proposed LCTS changes, a number of factors have been taken into account:

- It must be affordable in terms of grant received, revenue loss and costs to operate;
- It must be as fair as possible
- It must be transparent, understandable to customers and practical to operate;
- It must be feasible to implement within the constraints of the available software;
- It must be simple in design avoiding unnecessary complexity;
- It should avoid the costs and risks associated with collecting additional data.

The revised scheme and its impact on vulnerable groups

Three changes are proposed to the current LCTS scheme:

1) The introduction of a £10 per week (up or down) income cushion that will remove the requirement to re-calculate entitlement to LCTS in respect of small changes in income.

The cushion will operate on a cumulative basis i.e. from the date a claimant's income increases/decreases by more than £10 per week from the point it was first assessed their entitlement to LCTS will be recalculated. The introduction of the £10 per week income cushion will nullify the impact of the majority of monthly changes to UC entitlement. Once the claim has been recalculated the £10 per week income cushion will begin again from the date the claim is recalculated using the new entitlement figure.

Based on the volume and value of changes received since UC came into force in Wyre, it is expected that this change will have the impact of reducing by up to 50% the number of occasions LCTS claims need recalculating once in payment.

Impact on vulnerable groups

Age – Pension age LCTS claimants are unaffected by any of the changes proposed above as they fall under a separate protected scheme.

This change will impact specifically on those working-age claimants who are in employment and employed on variable hours contracts, and also those who work some overtime hours, regardless of the protected group they fall into. The impact will be negative or positive depending on whether or not the claimant's income has decreased or increased. The negative impact will be reduced by the fact that the income cushion will be applied on a cumulative basis meaning that cumulative decreases in income over the £10 threshold will result in the re-calculation of LCTS entitlement from the date the threshold was breached.

Working-age claimants who are currently in receipt of pass-ported benefits including Job Seekers Allowance (IB) or Income Support, and whose income varies little, will largely remain unaffected by this change even at the point they are migrated from the pass-ported benefit they currently receive onto UC.

Example of the impact of the introduction of the £10 income cushion

A claimant in receipt of UC whose LCTS entitlement begins on 01 April

On 01 May the council receive a notification from the DWP advising that the claimants UC has been adjusted to take account of a £5 per week increase in earnings. As the £5 per week increase is under the thresholds of the £10 income cushion no adjustment is made to the claimants LCTS claim.

On 01 June the council receive a further notification from the DWP advising that the claimant's earnings have now dropped by £10 per week. Again, there is no adjustment made to the LCTS entitlement as the change takes the claimant's income to £5 per week less than the figure used to calculate entitlement originally, which is within the £10 income cushion threshold.

On 01 July the council receive a further UC notification from the DWP advising that the claimant's earnings have now increased by £16 per week. This change in income increases the claimants earnings by £11 over the original figure used to calculate LCTS entitlement and as such breaches the £10 per week up or down income threshold. As a result the claimant's entitlement to LCTS is recalculated from 01 July including the additional £11 increase in income. The claimants revised LCTS entitlement then becomes the figure that the £10 per week income cushion is based on going forward and the process repeats itself.

2) The introduction of a flat rate non-dependent deduction of £5 per non-dependent will be applied in respect of every non-dependent living in a claimant's household apart from those non-dependents who are undertaking an approved (in accordance with council tax legislation) course of further education.

The introduction of a flat rate non-dependent deduction will remove the requirement placed upon claimants to obtain their non-dependents earning details and will also substantially reduce the administrative burden associated with the verification of LCTS claims.

Impact on vulnerable groups

Disability - This change will impact negatively on the disabled, and also on those claimants in other groups whose households include non-dependents in receipt of pass-ported benefits, or those whose income is below £203.99. The table below shows current numbers of non-dependent's and the deductions that should be applied:

Non-dependent income	Non-dependent deduction	No of deductions
In receipt of Job Seekers Allowance, Income Support or Employment Support Allowance	£0	210
Gross income less than £203.99	£3.70	417
Gross income £204 - £353.99	£7.30	149
Gross income £354 - £438.99	£9.25	63
Gross income £439 +	£11.10	<u>241</u>
		870

Within the 870 non-dependents identified above there are currently 272 living in the households of LCTS claimants who are in receipt of certain disabled benefits, including Disability Living Allowance (DLA) Care component. No non-dependent deduction is currently applied in respect of these cases. The introduction of a flat rate deduction across all non-dependents will therefore have a larger negative impact on the disabled cohort. To combat this, in the LCTS scheme for 2019/20 the council has retained the increased allowances and premiums used to calculate the LCTS entitlement of disabled claimants. If a claimant is in receipt of a pass-ported benefit, for example Income Support, then they are automatically considered to be entitled to "maximum" LCTS, less any applicable non-dependent deductions. If the claimant is not in receipt of a pass-ported benefit, then, In order to calculate LCTS entitlement, the Council must first establish the claimants "applicable amount". This is the minimum amount of income it is considered that the claimant needs to live off, given their

circumstances. The applicable amount is made up of allowances and premiums, which mirror those used to calculate housing benefit entitlement, just as they were used in the old CTB scheme.

For example, the entitlement to LCTS of a single unemployed LCTS claimant, aged over 25, with no dependents, will be calculated using an applicable amount of £73.10. This is made up of the single person allowance, but no premiums.

If the same claimant was in receipt of a disability benefit however, their applicable amount would be increased to £106.65, with the increase of £33.55 being due to the award of a Disability Premium.

If the disability benefit the claimant is in receipt of is paid at a higher rate, for example, they receive the highest rate of DLA, then an Enhanced Disability Premium of £16.40 is also added to their applicable amount, thus increasing it to £123.05.

Once calculated, the claimant's applicable amount is compared to their income in order to work out how much LCTS they are entitled to. If the claimant is working, then an income disregard is applied to their earnings amount with the amount of the disregard being based on the claimant's circumstances. Using the same example of the single claimant with no dependents, their earned income disregard is £5. For a disabled claimant with earned income the disregard is increased to £20.00.

While the introduction of a flat rate £5 non-dependent deduction does impact negatively on the disabled, the decision not to remove any of the additional disability premiums and earnings disregards from the LCTS scheme continues to impact positively compared to other vulnerable groups.

In addition to the additional allowances and disregards referred to above, there is provision within the LCTS scheme for those adversely affected by the changes to the scheme to apply for additional payments of LCTS due to financial hardship. The LCTS hardship scheme is also open to applications from those whose current levels of non-dependent deduction are lower than the £5 flat-rate deduction.

There are currently 453 non-dependents whose earnings are such that under the present LCTS scheme they attract a deduction in excess of £5 (assuming that the claimant is not in receipt of DLA care component in which case no deduction is currently taken). The impact of the introduction of a £5 flat non-dependent deduction will have a positive impact on these claimants. This is particularly the case for a number of those who are currently having a maximum non-dependent deduction of £11.10 per week taken from their LCTS entitlement as a consequence of being unable to provide their non-dependents income details – as previously stated this change will remove the need to provide non-dependent income details as part of the LCTS application process, thus simplifying the scheme.

3) Discontinuation of the second adult rebate scheme

This scheme currently allows single people who cannot claim LCTS in their own right because their income is too high, to make a claim for a council tax reduction of up to 25% in respect of any non-dependents who may live with them and are on a low income.

Impact on vulnerable groups

This change will impact equally across all vulnerable groups. There are currently 55 second adult rebate cases in payment. Though the council tax payer claiming the reduction on behalf of their non-dependent cannot claim LCTS in their own right due to their income levels, they can apply for council

tax hardship payments if the impact of the removal of the second adult rebate scheme causes them financial hardship.

Consultation on the changes

To better understand the impact of the proposed changes on different groups of people the council undertook an eight week consultation which ran from 17 September – 13 November 2018 and was available to complete online, or via a paper based form, which was provided on request. As part of the consultation the council wrote to all current working-age LCTS recipients and asked them to give their views. A total of 395 people completed the consultation.

During the consultation representations were made from two of the council tax preceptors i.e. the Lancashire Fire and Rescue Service and Lancashire County Council. Both commented that they did not want any reduction in the amount of income generated via the collection of council tax.

The results of the consultation show that:

72% of responders supported the introduction of a banded scheme like the one that will provide the £10 income cushion. 12% of responders did not agree with the introduction of such a change.

The proposal to introduce a flat rate of non-dependent deduction was supported by 38% of responders while 27% disagreed.

The proposal to discontinue the second adult rebate scheme was supported by 38% of those responding with 29% disagreeing with this proposal.

A copy of the consultation report will be published on the council website in due course.

Other proposed changes that are not being adopted

A number of other proposed changes were also consulted on. These were:

An increase in the minimum additional deduction of 8.5% from LCTS entitlement

Removal of an additional income disregard of £17.95 given to families when calculating entitlement to LCTS – this is called the family premium

Removal of the third child (onwards) allowance – an additional income disregard of £66.90 per child

A reduction in the maximum capital (currently £16,000) a claimant can hold before being disqualified from receiving LCTS

The introduction of a self-employed minimum income floor i.e. a minimum earnings level for the calculation of entitlement to LCTS.

After consideration it has been decided not to pursue these changes any further at this time. Whilst, with the exception of the proposal to remove the family premium, the results of the consultation show broad support for making the changes, it is recognised by the council that the impact of doing so would be to place many LCTS claimants in further financial hardship at the same time that they are being migrated from their current benefits across onto UC. A decision has therefore been taken to delay making any further changes at this time.

Peter Mason
Head of Contact Centre
18 December 2018

dem/cou/cr/19/1701pm1 Appendix B