

Report For:	Executive		
Date of Meeting:	07 December 2020		
Report Of:	Clive Jones Head of Revenue and Benefits		
Report Author:	Clive Jones Head of Revenue and Benefits		
Subject:	Revised Council Tax Reduction Scheme		
Lead Executive Member(s):	Cllr Malcolm		
Wards Affected:	All		
Consultations:	Councillors	<input checked="" type="checkbox"/>	
	Scrutiny	<input checked="" type="checkbox"/>	
	Stakeholders	<input checked="" type="checkbox"/>	
	Others	<input checked="" type="checkbox"/>	

Recommendations

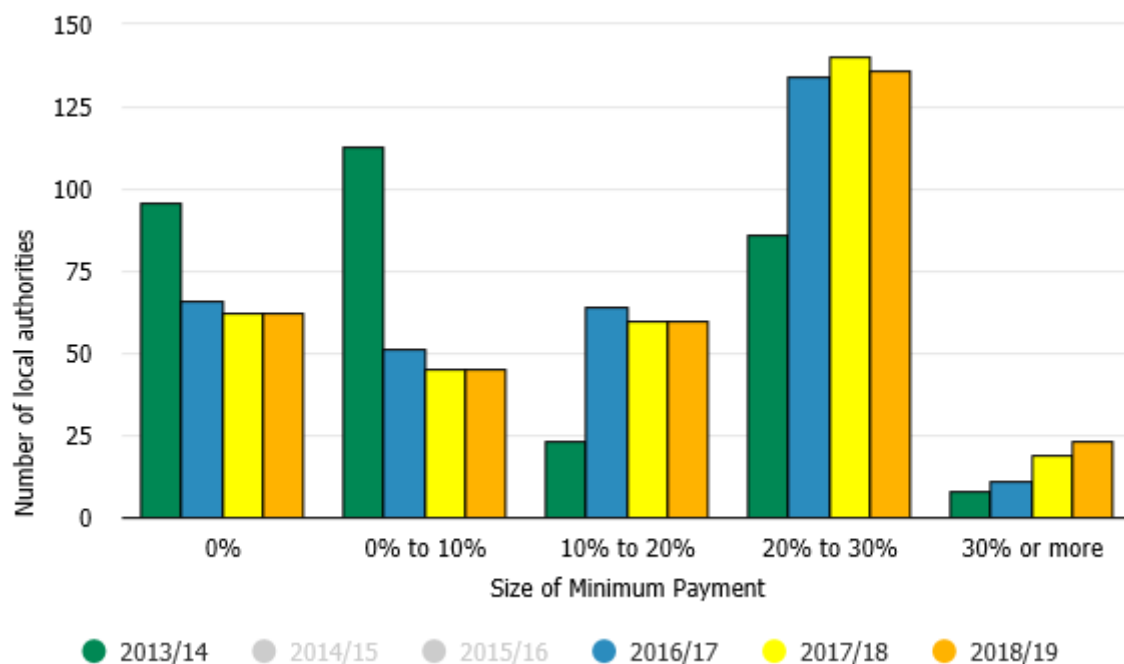
- Executive is recommended to Approve the proposed changes to the Council Tax Reduction Schemes (CTRS Working Age) and recommend Full Council to adopt from April 2021.**

Background

- The council is experiencing unprecedented pressure due to the Coronavirus pandemic. The COVID-19 Emergency has caused fundamental changes to the Council's budget. In addition to extreme pressures on many services such as care, homelessness and public health, it has dramatically affected the Council's commercial activity. On the 29 June 2020 the council agreed an emergency budget in response to the pandemic of £22.2m in savings. This included an agreement to reduce expenditure on our largest discretionary spend, (currently costing £13.5m) by £500k from CTRS.
- Proposals for a revised CTRS were created in response to the emergency budget and consultation on a revised CTRS for working age residents of Luton has been undertaken from the 1 September and completed on the 2nd November 2020.
- The changes if implemented would deliver a potential reduction in CTRS cost of approximately £0.649m as of August 2020 caseload.
- The costs of CTRS working age is predicted to rise significantly next year due to the impact of COVID-19 on the local economy and this may outstrip the proposed savings made by the scheme revision, making it more critical to make these savings if we are not to impact on future essential service provision.
- The mitigation through the flexible support fund that was provided when the scheme changed in April 2020 has proven to help those households that dropped out of the scheme by maximising their income and providing advice, skills and guidance.
- This report provides analysis of the survey results and outlines the proposed reduction of spend on CTRS and associated operational proposals that would be provided to mitigate the impact of the changes on residents of the revised CTRS, and in the medium to long term potentially improve the financial status of CTR claimants, lifting them out of poverty.

The Current Position

8. Our current CTRS by comparison to other areas is quite generous. Research from www.counciltaxreduction.org in 2018/19 showed most council's schemes were requiring a 20% minimum payment and our current scheme only requires a 10% minimum payment. The graph below shows the distribution of councils and their minimum payments over the period 2013/14 to 2018/19. Our proposals will put Luton in the largest group of local authorities at a minimum payment of 20% in excess income range 1.



9. A full consultation was undertaken. All households in Luton were contacted via either email or letter. The consultation consisted of a request to all residents to complete the online survey questions on the proposed CTRS scheme. Consultation closed on the 2nd November 2020.
10. There were 1022 surveys returned which is slightly lower than the 1,392 received in the previous consultation in 2019.

Goals and Objectives

11. The goal of this report is to provide enough information on the consultation results to enable Executive to recommend to Full Council that the proposed CTRS changes be adopted in 2021.
12. The objective of this report is to define the CTRS changes and obtain approval from Executive to propose Full Council adopt in April 2021.

Proposal

13. The proposed changes to the CTR working age scheme were explained in the consultation document attached as Appendix 2. They can be summarised as:

- a. Changing from six excess income ranges to four.
- b. The excess income range 4 is proposed to change from £80 to £50 excess income above the applicable amount per week. If you have £50 or more weekly excess income, you will receive no support. This will apply to all household types except for those with a disabled resident or have a carer present. These households will receive 15% support for an excess income range of £50 to £69.99 and will receive no support with an excess income range of over £70.
- c. The council is proposing to increase the level of support in excess income range 1 from 75% to 80% for single and couples with no children households. Current analysis shows that these households are in more financial crisis than others on CTR. By bringing existing support levels down for other households from:
 - i. excess income range 1 from 90% to 80%;
 - ii. excess income range 2 from 70% to 60%; and
 - iii. excess income range 4 from 15% to 0%,

the council can make the necessary savings and target some extra protection at those who are currently most adversely impacted by the existing council tax reduction scheme. Those households, with a carer or disabled resident will continue to receive 15% support in excess income range 4.

- 14. The impact on the households affected by these proposed consultation changes is show in Appendix 5.
- 15. Caseload examples of what the impact on claimants is of the proposed changes are given in Appendix 6
- 16. The consultation survey analysis is contained in the attached PowerPoint presentation, Appendix 3. The key feedback from the consultation can be summarised as:
 - a. 26.8% agree to the proposal that the existing excess income ranges five and six are removed and therefore, unless someone in your household is disabled or has carer responsibilities, you drop out of CTR if you have an excess income of £50 or more per week.
 - b. 30.7% agree with the principle that the council should be looking at the council tax reduction (CTR) scheme to make savings to fund essential local services.
 - c. 34.9% agree that the maximum excess income you can have to receive CTR support is reduced from £80 to £50 for all households except disabled and carers where this will reduce form £80 to £70.
 - d. 32.5% agree with the proposal to change the percentage support given from 90% to 80% in excess income range 1 and from 70% to 60% in excess income range 2.

- e. 40.3% agree with the proposal to change the percentage support given from 75% to 80% in excess income range 1 for working age single and couples without children households.
 - f. 75.54% agree that households with a carer or disabled resident should continue to receive additional support of 15% in excess income range 4, £50- £69.99 above the applicable amount per week?
 - g. Overall, approximately two thirds of the respondents were not in favour of the scheme being changed.
17. It is important to note that the CTRS changes in April 2020 had broad support because of the mitigation through the flexible support funding arrangements that accompanied the change in scheme. The mitigations became operational in April 2020. The impact of the changes was felt by households immediately and for that reason in the first year, the profiling of funding was on immediate support such as the hardship fund and crisis support. As the additional skills and employment training funding starts to change the financial resilience of households, more of the flexible support funding as detailed below will be allocated to this activity in the following years.
18. It should be noted that the changes to the scheme, whilst delivering the savings as part of the emergency budget, are supported by less than a third of the respondents in the consultation survey. Given COVID is impacting on peoples household finances making it more challenging, it is not surprising that a minority were in favour of the proposed change. However, what the consultation didn't cover is the flexible support scheme which is in place and acts as some mitigation to these proposals.
19. The flexible support and funding arrangements remain in place and comprise of:
- a. Detailed individual assessment of household ability to manage the reduction in CTR. Support, through budget management and/or income maximisation.
 - b. Allocation of £100k to maintain the Luton Crisis Support Scheme.
 - c. Allocation of £200k-£300k for practical training and support. Commissioning of additional employment/skills support services where gaps in provision exist. (Initially on a bespoke case by case basis but with intent to move towards block provision of this support by April 2022)
 - d. Allocation of an additional £240k to the Council Tax Exceptional Hardship Scheme. Provision of short-term discretionary financial support to households unable to manage reduction in CTR, despite engagement with the above (to be paid as a deduction to council tax).
20. The impact of COVID-19 has yet to be fully understood but will have a significant impact on the affected cohort and the mitigation proposed. In particular, the landscape in terms of employment availability has changed dramatically since February 2020.
21. Despite this, the interventions and support being provided do appear to be having a positive impact on the cohort and recovery rates. A total of 1,776 households were affected by the CTR changes which took effect in April 2020. As of September 2020, 20% of these households had a nil balance on their council tax account for 20/21

(meaning they have paid the bill in full) and overall 73% of council tax for the cohort (1,776 households) has been paid to date.

22. The Council Tax Exceptional Hardship Fund (CTEH) is available to households having difficulty paying council tax. The scheme was extended in April 2020 to allow those affected by CTR changes to access the fund, only where other options have been exhausted.
23. With the number of households claiming CTR going up, due to the impact of COVID on the local economy, overall the costs of the scheme may continue to rise and may negate the £0.649m predicted savings. Members will have to review the scheme costs in February 2021 and through the budget setting process decide if any of the savings above the budgeted £500k can be allocated to the flexible support fund to provide additional support to families impacted by the proposed changes.

Key Risks

24. The key risks with reducing the CTRS financial support to citizens are well documented and include;
 - a. Financial - Some claimants being worse off under UC and increasing the demand on local discretionary funding such as Council Tax Reduction.

Mitigation – Close monitoring of UC caseload.
 - b. Financial - The reduction in CTR support may cause some households to default on their council tax payments.

Mitigation – The flexible support fund is designed to mitigate this impact.
 - c. Financial - Availability, quality and/or lack of customer engagement with interventions may mean they are ineffective at completely eradicating the impact on all households.

Mitigation – Specialist support officers are trained to support residents and proactively contact those hard to reach groups.
 - d. Operational – The claimants negatively impacted by the scheme changes may seek assistance through other service offerings of the council

Mitigation – The specialist support officers will contact this cohort impacted by the changes and offer advice and support.

Consultations

25. The public were consulted by online survey that commenced on the 1 September 2020 and closed on the 2 November 2020.

Alternative options considered and rejected (please specify)

26. There are many alternative options that were considered for changing the Council Tax Reduction scheme. The main ones that were rejected were:
 - a. Leaving the scheme as existing. Rejected as this would not enable the council to deliver any savings.

- b. Reducing the amount of support equally across all excess income ranges. Rejected because this would impact the most financially vulnerable in excess income ranges 1 and 2 that the council wishes to protect these as much as possible.
- c. Maintaining six income ranges and lowering the support in excess income ranges 3-6. Rejected because this would not provide enough savings.
- d. The deletion of excess income ranges 3-6 altogether. Rejected as this would remove 40% support from households in excess income range 3.

Appendices Attached

Appendix 1 - Integrated Impact Assessment
 Appendix 2 - CTR Consultation Document
 Appendix 3 - CTR analysis of results presentation.
 Appendix 4 - CTR Working Age revised policy.
 Appendix 5 - Proposed weekly impact.
 Appendix 6 - Examples of CTR cases.

List of Background Papers - Local Government Act 1972, Section 100D

There are no background papers to the report.

Implications - an appropriate officer must clear all statements

For CLMT only Legal and Finance are required

Required

Item	Details	Clearance Agreed By	Dated
Legal	Provided that the requirements of the Council Tax Reduction Scheme Regulations and any other relevant financial regulations have been complied with then Luton Borough Council has the power to do this. It is noted an Integrated Impact Assessment has been carried out to identify and mitigate any equalities issues.	Paul McArthur, solicitor	9 November 2020
Finance	Savings will be closely monitored to ensure the affordability of the scheme. If the estimated total savings of £0.500m is not achieved, there will be an impact on the Council's budget in year, which will need to be addressed by the service. COVID-19 impact will be significant and this makes it more essential to make savings at this time.	Darren Lambert, Finance Business Partner	25 th November 2020
Equalities / Cohesion / Inclusion (Social Justice)	Universal Credit is known to have a financial impact households with children and in particular those on low incomes renting from the private rented sector more than other households. This will impact on CTR.	Sandra Hayes Service Manager	09/11/2020

Item	Details	Clearance Agreed By	Dated
	<p>Those who could be negatively affected by loss of council tax reduction are individuals with an excess income that places them in range 3 or above.</p> <p>This loss on its own may, or may not, be a manageable loss to an individual – each person has individual circumstances. However, these losses are part of an ongoing change to welfare reform, which will have an impact on people's finances. To mitigate, A new flexible support fund that will help households and people with disabilities to obtain the skills and support they need to increase their household income and reduce or remove the need for them to access CTR altogether.</p>	Strategic Community Services Luton Borough Council	
Environment	There are no direct impacts on the environment for this report. However given the link between poverty and wellbeing considered below, indirectly this could potentially impact on travel behaviour of residents.	Keith Dove, Strategic Policy Adviser	9 th November 2020
Health	There is no direct impact on health but it is well documented that poverty is a contributor to poor health and therefore households with children may have worsening health outcomes as a result of being on universal credit instead of legacy benefits.	Lucy Hubber MFPH Deputy Director of Public Health Service Director – Healthy Lives and Children's Integrated Commissioning Public Health and Wellbeing	11 th November 2020

Optional

Item	Details	Clearance Agreed By	Dated
Community Safety			

Item	Details	Clearance Agreed By	Dated
Staffing			
Other			