

**Report to** Cabinet  
07 February 2018  
**Report of** Director of business services  
**Subject** Council tax reduction scheme 2018-19

**Item**

**8**

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## **Purpose**

To consider and recommend to council a council tax reduction scheme for 2018-19.

## **Recommendation**

To recommend council to make the following changes to the council tax reduction scheme (CTRS) for 2018-19 by continuing with the 2017-18 scheme with the following modifications:

- (1) increase the applicable amounts of CTRS 2018-19 should have reference to the composite rate of council tax increase, excluding social care.
- (2) increase the non-dependant deduction income brackets and level of non-dependant deductions by the composite rate of council tax increase, excluding social care; and that this should be based on level of income rather than the hours worked.
- (3) include Universal Credit applicants where it has been awarded without earned income as a non-dependant status in the group where no deduction is made.
- (4) the level of income brackets used to decide entitlement to 'second adult reduction' should be increased by the 2018-2019 composite rate of council tax, excluding social care.
- (5) align treatment of Bereavement Support Payments (BSP) with housing benefits and fully disregard BSP payments for working-age applicants.
- (6) amend the CTRS to mirror minor regulation changes to the new Employment and Support Allowance (ESA) for working-age applicants placed in work-related activity groups resulting in positive outcomes for working-age applicants in receipt of CTR or housing benefit.
- (7) allow automatic notification by the Department of Work and Pensions to the city council of UC awards, therefore removing the requirement for the customer to make a separate CTRS application.

**Corporate and service priorities**

The report helps to meet the corporate priority a fair city.

**Financial implications**

As detailed in Appendix 1.

**Ward/s:** All wards

**Cabinet member:** Councillor Davis - social inclusion

Councillor Kendrick - resources

**Contact officers**

Anton Bull – director of business services

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**Background documents**

None

# Report

1. Since 1 April 2013 the council has operated a council tax reduction scheme (CTRS), which replaced council tax benefit.
2. On 1 December 2017 there were 14,979 recipients of CTR. Total caseload can be broken down to:
  - Pensioners = 5,359
  - Working-age employed = 2,188
  - Working-age 'other' income = 7,432
3. As pensioners have been protected by the government any changes to CTRS will only impact working age claimants. Therefore the council can only control the cost of CTRS in relation to working age claims.
4. The council adopted the government's default CTRS in 2013, having made various changes since then but maintaining the principle of a full support (100% discount) scheme. The government has been reducing its financial support to local authorities for the cost of the scheme therefore changes to the council tax discounts and exemptions have been made to try and address any shortfall.
5. There will be no revenue support grant to help cover the cost of the scheme from 2020-21. The reduction in the funding has already been incorporated into the MTFS.
6. The council tax reduction scheme cross party working group met on 11 September 2017 to review in detail options. A copy of the papers considered at that meeting is attached as Appendix 1.
7. The options reviewed were:
  - Retain or not a 100% support scheme
  - The increase or not of applicable amounts
  - Restrict or not the CTR personal allowance for dependent children to two children only to mirror changes to housing benefit.
  - The increase or not of the non-dependant deduction income brackets and level of non-dependant deductions
  - To include or not Universal Credit applicants where it has been awarded without earned income as a non-dependant status in the group where no deduction is made.
  - To increase or not the level of income brackets used to decide entitlement to 'second adult reduction'
  - To align or not treatment of Bereavement Support Payments (BSP) with housing benefits and fully disregard BSP payments for working-age applicants.

- To amend or not the CTRS to mirror minor regulation changes to the new Employment and Support Allowance (ESA) for working-age applicants placed in work-related activity groups resulting in positive outcomes for working-age applicants in receipt of CTR or housing benefit.
  - To retain or not the maximum period for backdating working-age CTR application for a period of two months.
  - To allow or not automatic notification by the Department of Work and Pensions to the city council of UC awards, therefore removing the requirement for the customer to make a separate CTR application
8. The council tax reduction scheme cross party working group resolved, unanimously, to recommend the Council Tax Reduction Scheme 2018-2019 to cabinet for consideration for public consultation and adoption by council based on the following principles. Each principle also has a comment next to it to indicate if this requires consultation or it is status quo and therefore no change requiring consultation.

(1) The scheme should remain as a 100 per cent of a working-age applicant's council tax liability (status quo).

(2) The increase the applicable amounts of CTRS 2018-19 should have reference to the composite rate of council tax increase, excluding social care (consultation) .

(3) The CTRS should not restrict the CTR personal allowance for dependent children to two children only to mirror changes to housing benefit (status quo).

(4) Increase the non-dependant deduction income brackets and level of non-dependant deductions by the composite rate of council tax increase, excluding social care; and that this should be based on level of income rather than the hours worked (consultation).

(5) Include Universal Credit applicants where it has been awarded without earned income as a non-dependant status in the group where no deduction is made (consultation).

(6) The level of income brackets used to decide entitlement to 'second adult reduction' should be increased by the 2018-2019 composite rate of council tax, excluding social care (consultation).

(7) To align treatment of Bereavement Support Payments (BSP) with housing benefits and fully disregard BSP payments for working-age applicants (consultation).

(8) To amend the CTRS to mirror minor regulation changes to the new Employment and Support Allowance (ESA) for working-age applicants placed in work-related activity groups resulting in positive outcomes for working-age applicants in receipt of CTR or housing benefit (consultation).

(9) That the maximum period for backdating working-age CTR application is for a period of two months (status quo).

(10) Automatic notification by the Department of Work and Pensions to the city council of UC awards, therefore removing the requirement for the customer to make a separate CTR application (consultation).

## **Consultation**

9. Consultation on the above elements has been included in the Norwich vision and 2018-19 budget consultation.
10. A copy of the consultation questions is included as Appendix 2.
11. As preceptors Norfolk County Council and the Office of the Police and Crime commissioner have also been consulted on these proposed changes.
12. No comments have been received from the Office of the Police and Crime commissioner
13. The response from Norfolk County Council is included as Appendix 3. Norfolk County Council has responded positively to the consultation questions supporting the recommended changes to our scheme. In addition Norfolk County Council has asked the council to give consideration to exploring the following proposals:
  - A. To limit Council Tax Support where claimant has savings to a lower level than the current £16,000 (Kings Lynn and West Norfolk use £6,000).
  - B. To limit Council Tax Support discount to occupants of properties no higher than Band D Council Tax.
  - C. To work with district colleagues across the County to establish the cap for the Council Tax Support discount for working age claimants at a uniform amount in Norfolk, suggested at 75% of the maximum Council Tax charge. The range is currently from 75% - 100%, with only the City Council offering 100% in the County.
14. The response to the Norwich vision and 2018-19 budget consultation has again been very positive. The results of the survey are included as Appendix 4.

## Integrated impact assessment



**NORWICH**  
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	17/1/2018
<b>Director / Head of service</b>	Anton Bull
<b>Report subject:</b>	Council Tax Reduction Scheme 2018-19
<b>Date assessed:</b>	18/12/2017

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There is a negative impact in that continued protection of the 100% CTRS will not be fully funded by the reducing revenues support grant placing pressure on the council's budget. However a positive impact of maintaining the scheme is that the council won't be chasing a large number of small debts that would be difficult to recover. The overall impact is therefore assessed at neutral
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The CTRS is aimed at protecting those who are financially vulnerable.
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments



	Impact			
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment				
Positive				
Negative				
Neutral				
Issues				



<b>Report to</b>	Cross party working group – council tax reduction scheme 11 September 2017	<b>Item</b>
<b>Report of</b>	Director of business services	<b>4</b>
<b>Subject</b>	Council tax reduction scheme (CTRS) 2018-19	

### **Purpose**

To inform and allow discussion on:

- (a) Possible changes to the CTRS for Norwich City Council (NoCC).

### **Recommendations**

To consider the options set out in the report and makes recommendations to cabinet for consideration to inform the public consultation, before referring to council for adoption in January, in relation to changes to the council tax reduction scheme.

### **Financial implications**

As detailed in the report

**Ward/s:** All

### **Cabinet member:**

Cllr Karen Davis – social inclusion

Cllr Paul Kendrick - resources

### **Contact officers**

Anton Bull - Director of business services x2326

Julie Gowling – LGSS revenues and benefits operations manager x2645

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### **Background documents**

None

# Report

## Background

1. Since 1 April 2013 the council has operated a council tax reduction scheme (CTRS), which replaced council tax benefit.
2. As pensioners have been protected by the government any changes to CTRS will only impact working age claimants. Therefore the council can only control the cost of CTRS in relation to working age claims.
3. The council adopted the government's default CTRS in 2013, having made only minor technical changes since then. The government has been reducing its financial support to Local Authorities for the cost of the scheme therefore changes to the council tax discounts and exemptions have been made to try and address any shortfall.
4. Each year the council has to review and approve its scheme, after consultation.
5. In previous years the scheme has remained as a "full scheme" meaning that those in most need are still entitled to a 100% reduction in their council tax liability.
6. In previous years the scheme has also developed to mirror changes to housing benefit to ensure consistency for claimants as well as consistency of processing for the council. The significant exception to this has been the uprating of allowances or applicable amounts.

## Considerations for changes for the working-age Council Tax Reduction Scheme 2018/19

7. There are a number of potential changes to the council tax reduction scheme for 2018/19. These are put forward for discussion by the council tax working group to consider which changes are recommended to cabinet to consult on.
8. The council also has a statutory duty to consult with other preceptors i.e. Norfolk County Council and the Office of the Police and Crime Commissioner.
9. The major significant change that could be made is to reduce the maximum entitlement to below 100% for everyone. This would be a significant change from previous policy.
10. The main consideration will be premiums and allowances. These are usually linked to some sort of index.
11. There are then a series of potential changes which are aimed at maintaining consistency with housing benefit.

## **1. For working-age applicants reduce the current maximum 100% Council Tax Reduction Scheme to a lower maximum percentage**

12. The Council Tax Reduction Scheme (CTRS) is an income related scheme. Subject to an applicant's household income their CTR award may result in up to 100% of their council tax liability being reduced by CTRS.

13. Considerations are:

(a) Should the maximum outcome for the Norwich CTRS be reduced to by 8.5% i.e. a maximum CTR award of 91.5%?

or...

(b) Should the maximum outcome for the Norwich CTRS be reduced to by 15% i.e. a maximum CTR award of 85%?

or...

(c) Should the maximum outcome for the Norwich CTRS be reduced to by another agreed percentage%?

or...

(d) should the scheme remain as a 100% scheme?

14. Further information:

(e) Potential financial implications are illustrated in the tables at the end of this report.

(f) Many local authorities have CTR schemes which award less than 100%.

(g) 8.5% was used by many local authorities in year one of the CTRS. This followed a drive by Department for Communities and Local Government (DCLG) to reduce scheme costs. DCLG awarded transitional grants for those that did not reduce CTR outcomes to applicants by more than 8.5%.

(h) It is reported of the 326 new CTR schemes introduced in England in 2013, 82% of councils reduced the level of support, while 18% made no change. Three quarters of the councils who reduced the level of support introduced a minimum council tax payment of 8.5%.\*

(i) In year two of CTR many local authorities reduced their maximum awards by 15% following the removal of DCLG CTRS grants.\*

(j) There are of course considerations of recovery of council tax for customers who have small elements of council tax to pay and fail to make payment. Recovery costs may outweigh savings made in the CTRS reduction.

\*For source information please see: Wilson, W. Murphy, C. (8 August 2016), Government Briefing Paper Number 06672, *Council Tax Reduction Schemes*  
<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06672>  
[Accessed 28.07.2017]

## 2. Working-age applicable amount – premiums and allowances

15. In the previous two financial years 2016/2017 & 2017/2018 applicable amounts for CTRS have been increased with reference to the composite rate of council tax increase (2016/17 [3.42%] including adult social care, 2017/18 [1.86%] excluding adult social care).
16. Note. Employment & support allowance elements are maintained at Department for Work and Pensions (DWP) levels due to the need to align with these awards. The family premium was retained with the amount frozen at the 2016 level.
17. Considerations are:
- (a) As in previous years increase the working-age applicable amount by the 2018/19 composite rate of council tax (excluding adult social care).  
or...
  - (b) Freeze the applicable amount for working-age applicants to 2017/2018 figures (i.e. current rates).  
or...
  - (c) Increase the working-age applicable amounts by another factor such as Consumer Price Index (CPI) level at a given month.
18. Further information:
- (a) Increase the working-age CTR applicable amount by composite rate of council tax increase (excluding adult social care).
    - i. The cost of the working-age CTRS would only increase to reflect any council tax increase and therefore council tax liability. The cost to Norwich would then be equal to the relevant percentage split for 2018/19.
    - ii. As Council tax increases and thus the CTR applicable amount the number of working-age applicants who do not already receive maximum CTR may increase as more applicants (whose other incomes remain frozen) come within the scope of CTR entitlement.
    - iii. There are approx. 10k of all claimants receiving full CTRS (being 64% of the 16,647 claims based on full HB entitlement).
    - iv. Best estimate for total increased cost to working age CTR is £366k. Norwich share being approx. £55k (15%)
    - v. Assumptions made are cost of working age CTR for 2018-19 as £9.2m – 2017-18 CTR estimated cost £9m (increased by assumed council tax rise of 2% and 2% applied to applicable amount)

(b) Freeze CTRS figures for working-age applicants to 2017/2018 figures

- i. No cost implication to the CTR scheme, but should council tax liability increase there may be an indirect cost associated with recovery work. Some (e.g. working) applicants who were previously receiving maximum or high levels of CTR entitlement may see their entitlement reducing due to a higher council tax liability. Therefore for those customers unable to pay the remaining council tax recovery processes would result. This has a recovery cost implication and potential write-off cost. It is usual practice to write-off any amounts less than £5.00 which are not paid. This is due to insufficient debt to warrant enforcement action.
- ii. DWP held Housing Benefit (and many other social security benefits) figures at 2015/2016 levels for a four year period from April 2016.

(c) Increase the working-age CTR applicable amounts by another factor such as Consumer Price Index (CPI) level captured at a given month.

- i. The CPI including owner occupiers' housing costs twelve-month inflation rate was 2.7% in May 2017, up from 2.6% in April\*
- ii. The rate has been steadily increasing following a period of relatively low inflation in 2015 and is at its highest since April 2012.\*

\* Source: <https://www.ons.gov.uk> [accessed 14.07.2017]

- iii. CPI is used by the government in many other social security benefits for uprating.
- iv. It would be necessary to decide a specific date to capture the CPI figure.
- v. CPI percentage has been less than the rate of council tax increase in recent years. NB. If CPI is nil or minus this is equivalent to 'freezing'
- vi. Best estimate for total increased cost to working age CTR is £430k. Norwich share being approx. £65k (15%).
- vii. Assumptions made are cost of working age CTR for 2018-19 as £9.2m – 2017-18 CTR estimated cost £9m (increased by assumed council tax rise of 2% and CPI of 2.7% applied to applicable amounts)

***Worked examples are available at the end of this report (for illustrative purposes only). Examples A-D illustrate impact of items 1 & 2.***

### **3. Restrict CTR personal allowance for dependent children to two children only**

19. On 6 April 2017 Housing Benefit (HB) was restricted through the allowances applicable to dependent children being limited to a maximum of two dependent children. The HB change was to align with similar changes to Universal Credit and Child Tax Credit (CTC).
20. Transitional change protections were applied to existing HB customers who were entitled to HB including more than two allowances for children on 5<sup>th</sup> April 2017 prior to the restriction. HB is also protected via protections applied to a CTC award.
21. Consideration:
- Should working-age CTR allowances be restricted to two dependent children to mirror changes in the HB scheme (Including relevant protections as applied within HB)?
22. Further information:
- i. Decreased cost to Norwich for CTRS for new working-age applicants (but see bullet point three).
  - ii. Consistency in treatment and administration of CTRS with other benefits.
  - iii. Between April 2017 and July 2017 many HB customers have been protected from this change through prior & continuing entitlement to HB or protections applied through CTC. Therefore the restrictions currently affect few customers.
  - iv. Note. Norwich working-age CTRS has maintained a family premium within the applicable amount which many HB customers no longer receive as it was removed in HB from May 2016. May wish to also consider whether the family premium is continued should personal allowances for dependent children be restricted to two dependents only.
  - v. If the dependent allowance is restricted to two children a transitional protection will be required for existing CTR applicants who are entitled to CTR with more than two children on 31 March 2018.

***Worked examples are available at the end of this report (for illustrative purposes only). Page two of examples illustrate restriction to allowances to two children only.***



#### 4A. Income brackets used to decide non-dependant deductions and level of non-dependant deductions

23. Where a non-dependant resides in a CTR household and is eighteen years of age or more regulations require a non-dependant deduction is taken from the council tax liability when calculating CTR. Due to applicant and non-dependant circumstances some cases will be exempt from a deduction being taken. Where a deduction is to be taken a standard deduction figure is given in regulations. For non-dependants working sixteen hours or more an incremental deduction is taken subject to the level of a non-dependant's income.

24. Consideration:

As with the applicable amount consideration, should non-dependant deduction income brackets and level of non-dependant deductions be...

(a) Increased by the 2018/2019 composite rate of council tax,

or...

(b) Retained at current level (i.e. 2015/2016 frozen rates).

or...

(c) Increase by another factor such as Consumer Price Index level at a given month.

25. Further information:

- i. The non-dependant deduction figures and income brackets for pension-age CTR applicants are set by the Department for Communities and Local Government. These figures have been increased each year at the same level as HB figures.
- ii. Non-dependant deduction figures and income brackets for working-age CTR applicants have been frozen within the Norwich CTRS at 2015/2016 levels. This has the effect of reducing the level of deductions, but if a non-dependant's income has increased over the past two years the figure deducted may have increased due to income falling within a higher bracket.

iii. Current figures for working-age non-dependant deductions are:

In receipt of Pension Credit	Nil
In receipt of IS or JSA(IB), ESA(IR)	Nil
<b>Not</b> within remunerative work	3.74
Remunerative work - Less than £189	3.74
£189 - £327.99	7.52
£328 - £407.99	9.49
£408 or more	11.36

iv. Current figures for **pension-age non-dependant deductions** are:

In receipt of Pension Credit	Nil
In receipt of IS or JSA(IB), ESA(IR), UC	Nil
<b>Not</b> within remunerative work	3.80
Remunerative work - Less than £196.95	3.80
£196.95 - £341.39	7.65
£341.40 - £424.19	9.65
£424.20 or more	11.55

#### **4B. Deciding a non-dependant deduction for a non-dependant in receipt of Universal Credit**

26. Where a non-dependant resides in a CTR household and is of eighteen years of age or more regulations require a non-dependant deduction is taken from the council tax liability when calculating CTR. Due to applicant and non-dependant circumstances some cases will be exempt from a deduction taken. Where non-dependant is in receipt of income support (IS), income-based jobseeker's allowance (JSA(IB)), income-related employment and support allowance (ESA(IR)) no non-dependant deduction is made. DCLG have also added to the pensioner CTRS universal credit (UC) – where UC is paid without earned income included – to the group where no non-dependant deduction is taken.

27. Consideration:

Full-service UC will be introduced in June 2018. Should the Norwich CTRS for working-age applicants include UC (where a UC is awarded without earned income) as a non-dependant status that results in no non-dependant deduction being taken?

28. Further information:

- i. The non-dependant deduction regulations for pension-age CTR applicants are set by the Department for Communities and Local Government.
- ii. HB regulations for pension-aged customers have the same UC clause for when no non-dependant deduction figure is taken. HB working-age regulations do not contain a UC clause [presumably as a majority of HB customers will eventually be transferred to UC administration?].
- iii. Current figures for working-age non-dependant deductions are as detailed above in item 4A.
- iv. Regulatory consideration would be necessary to administer current non-dependants in receipt of UC prior to 1<sup>st</sup> April 2018. These cases currently have a weekly deduction of £3.74 being taken.

## 5. Income brackets used to decide entitlement to 'second adult reduction'

29. A second adult reduction (2AR) award is available to customers who have a sole council tax liability and another non-dependant adult living with them. The 2AR is calculated on the second adult's (i.e. non-dependant) income. Any resulting 2AR award is applied as a percentage decrease against council tax liability. For non-dependants working sixteen hours or more regulations state brackets of income in which a non-dependants income must fall in order to attract a 2AR award.

30. Consideration:

As with the income brackets for non-dependant deductions, should the level of income brackets be...

(a) Increased by the 2018/2019 composite rate of council tax,

or...

(b) Retained at current level (i.e. 2015/2016 frozen rates).

or...

(c) Increase by another factor such as Consumer Price Index level at a given month.

31. Further information:

- i. The *income brackets* for pension-age CTR applicants who apply for 2AR are set by the Department for Communities and Local Government. These figures have been increased at the same level as HB figures. Note the percentage of 2AR award is not changed only the level of income within the income brackets.
- ii. The *income brackets* for working-age CTR applicants applying for 2AR have been frozen within the Norwich CTRS at 2015/2016 levels. This has the potential effect of reducing the percentage outcome where a non-dependant's income has increased over the past two years due to income falling within a higher bracket.

iii. Current 2AR levels are:

**Working-age second adult reduction:**

Second adult in receipt of income support; income-related employment & support allowance; state pension credit or income-based jobseeker's allowance	25% 2AR
<b>One or more second adults whose gross income is less than £187.00 per week</b>	<b>15% 2AR</b>
<b>One or more second adults whose gross income is: £187.00 to £243.00 per week</b>	<b>7.50% 2AR</b>
Where second adult in receipt of income support; income-related employment & support allowance; state pension credit or income-based jobseeker's allowance and dwelling would usually be occupied by one or more students	100% 2AR

**Pension-age second adult reduction:**

Second adult in receipt of income support; income-related employment & support allowance; state pension credit or income-based jobseeker's allowance	25% 2AR
<b>One or more second adults whose gross income is less than £194.95 per week</b>	<b>15% 2AR</b>
<b>One or more second adults whose gross income is: £194.95 to £252.50 per week</b>	<b>7.50% 2AR</b>
Where second adult in receipt of income support; income-related employment & support allowance; state pension credit or income-based jobseeker's allowance and dwelling would usually be occupied by one or more students	100% 2AR

iv. In 2017 (at the 17 August 2017) there were nine second adult reduction awards. Note some CTR applicants receive second adult reduction through a comparison calculation with standard CTR and it has not been possible to give numbers of these awards as the figure is contained as part of overall standard CTR caseload.

## **6. Bereavement Support Payments**

32. Bereavement Support Payments are a government allowance available to some customers. These were introduced in April 2017 and replace the former Bereavement Allowance and will replace Widow's Benefits. In HB the Bereavement Support lump sum payment and twelve monthly payments are fully disregarded.

33. Consideration:

(a) From 2018 align treatment of Bereavement Support Payments (BSP) with HB – fully disregard BSP payments and lump sum for working-age applicants.

Or...

(b) Make no changes to CTR and continue to include these payments as income / capital within the working-age CTR calculation.

34. Further information:

- i. Between April 2017 and 11 August 2017 no HB / CTR customers received BSP.
- ii. Maintains a consistent approach in the treatment of these payments for HB & CTR.
- iii. Department for Communities and Local Government has already introduced from April 2017 a disregard for BSP for pensioner CTR applicants.
- iv. Bereavement *allowance* payments were *included* as an income within the CTRS.

## **7. Employment & Support Allowance – work-related activity group payment**

35. In April 2017 DWP removed the financial element for new Employment & Support Allowance (ESA) customers placed in a 'work-related activity' group. Minor changes have been made to HB regulations and pension-age CTRS to ensure various connected allowances and disregards are maintained within the HB / CTR award. These have a positive outcome to awards.

36. Consideration:

Should the working-age CTRS mirror regulation changes to result in same positive outcomes?

37. Further information:

- i. ESA is an award to assist working-age customers who are unable to seek employment due to health issues. ESA is medically assessed and customers are placed in either a 'support group' or a 'work-related activity group'. ESA pays a standard rate in line with Jobseeker's Allowance. The placement in the relevant assessment group allows an additional financial component to be awarded. Changes to ESA in April 2017 only applied to customers placed in the 'work-related activity group'. The additional financial component of £29.05 previously paid to customers is no longer paid to new customers placed in the work-related activity group.
- ii. The HB and CTR award 'balances' the additional component income to ensure customers are not penalised through their HB / CTR due to receipt of these additional payments. For CTR this change therefore had a neutral cost impact – if the component element was not being received no CTR 'balance' was required. However DWP have since amended HB regulations to ensure previously received additional income disregards and allowances attracted by a customer being placed in the ESA work-related activity group are maintained.
- iii. Making the relevant amendments to the CTR for working-age customers in the above group would ensure consistency with treatment with those customers also receiving HB and position of awards prior to April 2017.

## **8. Reduce maximum CTR backdate period**

38. Currently working-age CTR can be backdated for a maximum period of two months. Housing Benefit can only be backdated for a maximum period of one month.

39. Consideration:

Reduce maximum backdated working-age CTR award period to one month to align with Housing Benefit.

40. Further information:

- i. Decreased cost to Norwich for CTRS
- ii. Consistency in treatment and administration of CTRS with Housing Benefit.
- iii. 414 backdate requests were received between 01.04.2017 to 31.07.2017 of which 160 were successful. A backdate award can (in 2017) be a minimum of one day to a maximum of two months. Note. It has not been possible to filter backdate data to confirm all 160 backdate awards were exclusive to CTR (HB was also included) nor the period of CTR backdated award.\*

\*data obtained from Civica at 14.08.2017

## **9. Introduce a linked application route between Universal Credit claims made with the Department for Work and Pensions and Norwich CTRS**

41. Norwich will be within a Universal Credit (UC) 'full-service' area from June 2018. This will result in an increase in UC customers applying for CTR. Currently UC customers need to complete a Norwich City Council (NCC) application for CTR, which usually follows automatic notification of a UC award between DWP and NCC.

42. Consideration:

Should automatic (DWP to NCC) notification of a UC award remove the requirement to make a separate CTR application?

*Continued...*

43. Further information:

- i. NCC downloads DWP UC notifications on a daily basis.
- ii. The requirement to complete a CTR application results in additional administration for the council, printing and postal costs. Also additional form completion for customers.
- iii. Customers not claiming UC who wish to apply for CTR will be in a similar position to existing customers and be required to apply directly to NCC. A CTR form is currently available online or via postal application.

## CTR examples 1 - working-age case and result of considerations

Family Unit: 2 adults + 3 dependants			Example A		Example B		Example C		Example D	
			2017		2018		2018		2018	
			1% increase in earning, other benefits frozen							
Household income	Annual	Weekly	Annual	Weekly	Weekly	Weekly	Weekly	Weekly		
Earnings (gross £14,430 pa less tax, NI)	12112.60	232.93	12233.73	235.26		12233.73	235.26	12233.73	235.26	
CTC	8891.48	170.99	8891.48	170.99		8891.48	170.99	8891.48	170.99	
WTC	1477.84	28.42	1477.84	28.42		1477.84	28.42	1477.84	28.42	
CB	2501.20	48.10	2501.20	48.10		2501.20	48.10	2501.20	48.10	
	24983.12	480.44	25104.25	482.77		25104.25	482.77	25104.25	482.77	
Income /less CTR disregards: CB full disregard, less earnings disregard £10, less additional income disregard £17.10 [total = 3,910.40 pa]	21072.72	405.24	21193.85	407.57		21193.85	407.57	21193.85	407.57	
			Freeze		Ctax composite		CPI			
Increase		2017	0.00%	2018		2.00%	2018	2.70%	2018	
Applicable Amount	Annual	Weekly	Annual	Weekly	Weekly	Weekly	Weekly	Weekly		
Couple		120.99		120.99		123.41		124.26		
Dependant		70.48		70.48		71.89		72.38		
Dependant		70.48		70.48		71.89		72.38		
Dependant		70.48		70.48		71.89		72.38		
Family Premium		17.45		17.45		17.45		17.45		
		349.88		349.88		356.53		358.85		
Excess income (Household income less applicable amount)		55.36		57.69		51.04		48.72		
20% of excess income		11.07		11.54		10.21		9.74		
			*assumed 3.42% incr		*assumed 3.42% incr		*assumed 3.42% incr			
Ctax liability (band D)	1714.12	32.87	*1772.74	34.00	*1772.74	34.00	*1772.74	34.00		
less 20% excess income		11.07		11.54		10.21		9.74		
CTR award (100%)	1136.90	21.80	1171.13	22.46	1240.48	23.79	1264.99	24.26		
CTR award reduced by 8.5%		19.95		20.55		21.77		22.20		
CTR award reduced by 15%		18.53		19.09		20.22		20.62		



## CTR examples 2 - working-age case – 2 child allowance restriction applied - and result of considerations

Family Unit: 2 adults + 3 dependants			As previous examples but restricted to two dependant allowances								
Restricted dep allowance to two			2017		2018		2018		2018		
			1% increase in earning, other benefits frozen								
Household income	Annual	Weekly		Annual	Weekly		Weekly			Weekly	
Earnings (gross £14,430 pa less tax, NI)	12112.60	232.93		12233.73	235.26		12233.73	235.26		12233.73 235.26	
CTC (also restricted to 2 deps)	5562.70	106.98		5562.70	106.98		5562.70	106.98		5562.70 106.98	
WTC	1477.84	28.42		1477.84	28.42		1477.84	28.42		1477.84 28.42	
CB	2501.20	48.10		2501.20	48.10		2501.20	48.10		2501.20 48.10	
	21654.34	416.43		21775.47	418.76		21775.47	418.76		21775.47 418.76	
Income /less CTR disregards: CB full disregard, less earnings disregard £10, less additional income disregard £17.10 [total = 3,910.40 pa]	17743.94	341.23		17865.07	343.56		17865.07	343.56		17865.07 343.56	
				Freeze			Ctax composite		CPI		
Increase		2017		0.00%	2018		2.00%	2018	2.70%	2018	
Applicable Amount				Annual	Weekly		Weekly		Weekly		
Couple		120.99			120.99		123.41			124.26	
Dependant		70.48			70.48		71.89			72.38	
Dependant		70.48			70.48		71.89			72.38	
Dependant		0.00			0.00		0.00			0.00	
Family Premium		17.45			17.45		17.45			17.45	
		279.40			279.40		284.64			286.47	
Excess income (Household income less applicable amount)		61.83			64.16		58.92			57.09	
20% of excess income		12.37			12.83		11.78			11.42	
				*assumed 3.42% incr			*assumed 3.42% incr			*assumed 3.42% incr	
Ctax liability (band D)	1714.12	32.87		*1772.74	34.00		*1772.74	34.00		*1772.74 34.00	
less 20% excess income		12.37			12.83		11.78			11.42	
CTR award (100%)	1068.93	20.50		1103.86	21.17		1158.61	22.22		1177.39 22.58	
CTR award reduced by 8.5%		18.76			19.37		20.33			20.66	
CTR award reduced by 15%		17.43			17.99		18.89			19.19	

## CURRENT FULL COST SCHEME

(No cost passed on to non-pensioner claimants)

CTR estimated forecast		2017/18	2018/19	2019/20	2020/21
		Estimated			
Pensioner CTR - <b>PROTECTED</b>		£4,874,377.30	£4,971,864.85	£5,071,302.14	£5,172,728.19
Working age CTR - EMPLOYED		£1,750,000.00			
Working age CTR - OTHER		£7,250,000.00			
<b>Non-pensioner CTR</b>		<b>£9,000,000.00</b>	<b>£9,180,000.00</b>	<b>£9,363,600.00</b>	<b>£9,550,872.00</b>
<b>Estimated overall CTR discount</b>		<b>£13,874,377.30</b>	<b>£14,151,864.85</b>	<b>£14,434,902.14</b>	<b>£14,723,600.19</b>
<b>Cost passed to non-pensioner claimants</b>		<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>
<b>Cost to Collection Fund</b>		<b>£13,874,377.30</b>	<b>£14,151,864.85</b>	<b>£14,434,902.14</b>	<b>£14,723,600.19</b>

Can only pass on cost to non-pensioners

Preceptor split :-					
<b>Norwich</b>	<b>14.53%</b>	<b>£2,015,947.02</b>	<b>£2,056,265.96</b>	<b>£2,097,391.28</b>	<b>£2,139,339.11</b>
Norfolk	72.80%	£10,100,546.67	£10,302,557.61	£10,508,608.76	£10,718,780.94
Police	12.67%	£1,757,883.60	£1,793,041.28	£1,828,902.10	£1,865,480.14
		<b>£13,874,377.30</b>	<b>£14,151,864.85</b>	<b>£14,434,902.14</b>	<b>£14,723,600.19</b>

Cost to Norwich CC

### Assumptions made:-

CTR discount increasing annually by 2% re Ctax rise

CTR caseload remains the same

Percentage reduction will apply to ALL non-pensioner claimants

**No increase in applicable amount**

Percentage split for 2017/18 used for all years

## 2018-19 SCHEME OPTIONS

(No cost passed on to non-pensioner claimants)

		Full cost Scheme	Option 1 Full Cost Scheme	Option 2 8.5% Scheme	Option 3 15% Scheme
CTR estimated forecast		2017/18	2018/19	2018/19	2018/19
		Estimated			
Pensioner CTR - PROTECTED		£4,874,377.30	£4,971,864.85	£4,971,864.85	£4,971,864.85
Working age CTR - EMPLOYED		£1,750,000.00			
Working age CTR - OTHER		£7,250,000.00			
<b>Non-pensioner CTR</b>		<b>£9,000,000.00</b>	<b>£9,180,000.00</b>	<b>£9,180,000.00</b>	<b>£9,180,000.00</b>
<b>Estimated overall CTR discount</b>		<b>£13,874,377.30</b>	<b>£14,151,864.85</b>	<b>£14,151,864.85</b>	<b>£14,151,864.85</b>
<b>SCHEME PERCENTAGE</b>		<b>0%</b>	<b>0%</b>	<b>8.5%</b>	<b>15%</b>
<b>Cost passed to non-pensioner claimants</b>		<b>£0.00</b>	<b>£0.00</b>	<b>£1,202,908.51</b>	<b>£1,377,000.00</b>
<b>Cost to Collection Fund</b>		<b>£13,874,377.30</b>	<b>£14,151,864.85</b>	<b>£12,948,956.33</b>	<b>£12,774,864.85</b>

Can only pass on cost to non-pensioners

Preceptor split :-					
Norwich	14.53%	£2,015,947.02	£2,056,265.96	£1,881,483.36	£1,856,187.86
Norfolk	72.80%	£10,100,546.67	£10,302,557.61	£9,426,840.21	£9,300,101.61
Police	12.67%	£1,757,883.60	£1,793,041.28	£1,640,632.77	£1,618,575.38
		£13,874,377.30	£14,151,864.85	£12,948,956.33	£12,774,864.85

Cost to Norwich CC

Cost to Collection Fund assuming 100 % Collection Rate

£1,202,908.51 £1,377,000.00 POTENTIAL SAVING - 100% collection rate

<b>Cost to Collection Fund</b>		<b>£13,874,377.30</b>	<b>£14,151,864.85</b>	<b>£13,309,828.89</b>	<b>£13,187,964.85</b>
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Cost to Collection Fund assuming 70 % Collection Rate

£842,035.96 £963,900.00 POTENTIAL SAVING - 70% collection rate

Preceptor split :- 70% Collection Rate					
Norwich	14.53%	£2,015,947.02	£2,056,265.96	£1,933,918.14	£1,916,211.29
<b>Reduction in cost compared to no scheme</b>				<b>-£122,347.82</b>	<b>-£140,054.67</b>
Norfolk	72.80%	£10,100,546.67	£10,302,557.61	£9,689,555.43	£9,600,838.41
				<b>-£613,002.18</b>	<b>-£701,719.20</b>
Police	12.67%	£1,757,883.60	£1,793,041.28	£1,686,355.32	£1,670,915.15
				<b>-£106,685.96</b>	<b>-£122,126.13</b>
		£13,874,377.30	£14,151,864.85	£13,309,828.89	£13,187,964.85

Cost to Norwich CC

NORWICH SAVING WITH 70% Collection Rate

Norfolk saving

Police saving

<b>Assumptions made:-</b>
CTR discount increased by 2% re estimated Ctax rise
CTR caseload remains the same
Percentage reduction will apply to ALL non-pensioner claimants
<b>No increase in applicable amount</b>
Percentage split for 2017/18 used for all years

**B: Our council tax reduction scheme**

The council runs its own Council Tax Reduction (CTR) scheme to prevent hardship for people on low incomes. This scheme provides people on low incomes with a reduction so they either pay less or no Council Tax. This is means-tested, so takes into account a person's income and that of their partner, along with savings and capital. Everyone has a maximum amount of income they can receive before their income starts to affect their council tax reduction level – this is known as an 'applicable amount', which is calculated every year.

If a person's income is the same or less than the 'applicable amount', they will get a full reduction and if it is more, they may get a partial reduction that will be calculated taking into account their household income, and includes that of other adults, known as 'non-dependents'.

We believe the effect of the proposed increase in council tax should be taken into account when calculating council tax reductions to protect those on low incomes.

Do you agree that the following amounts should be increased?

**4. The applicable amounts of the council tax reduction scheme to reflect any increase in Council Tax**

- ☐ Yes
- ☐ No
- ☐ Don't know

**5. The amounts used to calculate non-dependant deductions**

- ☐ Yes
- ☐ No
- ☐ Don't know

**6. The amounts used to decide entitlement to 'second adult reduction'**

- ☐ Yes
- ☐ No
- ☐ Don't know

Currently, a higher deduction is only applied for non-dependants (another adult living in the household) where that adult works an average of 16 hours or more a week. So, rather than taking into account the amount of money that is earned, it considers number of hours.

**7. Do you agree that all non-dependants who work should have a higher non-dependant deduction regardless of the number of hours worked and based on level of income ie that this deduction should be calculated based on income rather than hours worked?**

- ☐ Yes
- ☐ No
- ☐ Don't know

**The lowest non-dependant deduction is taken for non-dependants receiving certain benefits paid by the Department for Work and Pensions. Council Tax Reduction does not currently include Universal Credit.**

**8. Do you agree that non-dependant deduction should be taken where non-dependants, who do not have an earned income, are in receipt of Universal Credit?**

- ☐ Yes
- ☐ No
- ☐ Don't know

**Bereavement Support Payments are a government allowance available to some customers. This is currently counted as income and may reduce the amount of reduction a customer is entitled to. In contrast, in the case of Housing Benefit, this is excluded as an income.**

**9. Do you agree that Bereavement Support Payments should be excluded as income (bringing our Council Tax Reduction Scheme in line with Housing Benefit)?**

- ☐ Yes
- ☐ No
- ☐ Don't know

**Housing Benefit regulation changes do not automatically update our Council Tax Reduction Scheme. In the case of Housing Benefit, changes to levels received reflect any changes to Employment and Support Allowance (ESA), so a customer is not worse off.**

**10. Do you agree that the council tax reduction scheme should be amended (as it is in the case of Housing Benefit) for ESA applicants placed in work-related activity groups?**

- ☐ Yes
- ☐ No
- ☐ Don't know

**Customers who make a claim to the Department for Work and Pensions (DWP) for Universal Credit currently have to make a separate claim to the council for Council Tax Reduction. The council could accept data transferred from DWP to start a claim for CTR, so the customer wouldn't need to make a separate application to the council.**

**11. Do you agree that the council can start an application for CTR using the automatic notification from DWP?**

- ☐ Yes
- ☐ No
- ☐ Don't know

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29 January 2018

Dear Laura,

Many thanks for your email of the 18<sup>th</sup> December to Wendy Thomson giving us the opportunity to respond to your consultation on the Council Tax support scheme. Please see below our responses to your questions as well as a few further thoughts we would ask that your members consider when reviewing your scheme, both this year and in future years.

\* QC1: Do you agree the council should continue to increase 'applicable amounts' for the scheme to protect those on low incomes?

**Yes**

\* QC2: Do you agree the council should continue to increase the amounts used to calculate non-dependent deduction?

**Yes**

\* QC3: Do you agree we should increase the amounts used to decide entitlement to 'second adult reduction'?

**Yes**

\* QC4: Do you agree that all non-dependants who work should have a higher non-dependant deduction regardless of the number of hours worked and based on level of income i.e. that this deductions should be based on income rather than hours worked?

**Yes**

\* QC5: Do you agree that non-dependant deduction should be taken where non-dependants, who do not have an earned income, are in receipt of Universal Credit?

**Yes**

\* QC6: Do you agree that Bereavement Support Payments should be excluded as income (bringing your Council Tax Reduction Scheme in line with Housing Benefit)?

**Yes**

\* QC7: Do you agree that the council tax reduction scheme should be amended (as it is in the case of Housing Benefit) for ESA applicants placed in work-related activity groups?

**Yes**

\* QC8. Do you agree that the council can start an application for CTR using the automatic notification from DWP?

**Yes**

In addition we would ask that the City Council give consideration to exploring the following proposals:

1. To limit Council Tax Support where claimant has savings to a lower level than the current £16,000 (Kings Lynn and West Norfolk use £6,000).
2. To limit Council Tax Support discount to occupants of properties no higher than Band D Council Tax.
3. To work with district colleagues across the County to establish the cap for the Council Tax Support discount for working age claimants at a uniform amount in Norfolk, suggested at 75% of the maximum Council Tax charge. The range is currently from 75% - 100%, with only the City Council offering 100% in the County.

Many thanks for the opportunity to respond to the consultation and we would welcome the opportunity to discuss the scheme further on an on-going basis.

Kind regards,



Simon George  
**Executive Director of Finance & Commercial Services**



## **Update on consultation responses on the council tax reduction scheme for 2018-19**

This paper gives members the results of the online survey on the questions that relate to the council tax reduction scheme.

Across the whole consultation a total of 1680 responses were received. This is the highest number of participants we have ever had. The data represents the results from those 1680 responses. No data has been weighted.

### **Council Tax reduction Scheme**

**Do you agree that following amounts should be increased?**

**Q4: The applicable amounts of the council tax reduction scheme to reflect any increase in Council Tax**

Yes	56.46%
No	23.04%
Don't know	20.50%

**Q 5: The amounts used to calculate non-dependant deductions**

Yes	43.13%
No	24.17%
Don't know	32.70%

**Q 6: The amounts used to decide entitlement to 'second adult reduction'**

Yes	41.72%
No	25.81%
Don't know	32.47%

**Q.7: Do you agree that all non-dependants who work should have a higher non-dependant deduction regardless of the number of hours worked and based on level of income that this deduction should be calculated based on income rather than hours worked?**

Yes	61.58%
No	20.14%
Don't know	18.28%

**Q 8: Do you agree that non-dependant deduction should be taken where Non-dependants, who do not have an earned income, are in receipt of Universal Credit**

Yes	42.55%
No	24.43%
Don't know	33.02%

**Q9: Do you agree that Bereavement Support Payments should be excluded as income (bringing our Council Tax Reduction Scheme in line with Housing Benefit)?**

Yes	67.48%
No	19.21%
Don't know	13.31%

**Q10 Do you agree that the council tax reduction scheme should be amended (as it is in the case of Housing Benefit) for ESA applicants placed in work-related activity?**

Yes	51.65%
No	16.52%
Don't know	31.83%

**Q11 Do you agree that the council can start an application for council tax reduction scheme using the automatic notification from Department of work and pensions?**

Yes	75.70 %
No	9.42 %
Don't know	14.88%