

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 12</b>
	<b>29<sup>th</sup> NOVEMBER 2018</b>	<b>RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:kevin.stackhouse@southderbyshire.gov.uk">kevin.stackhouse@southderbyshire.gov.uk</a>	<b>DOC: U/KS/REVENUES AND BENEFITS/1920 SCHEME/CTRS CONSULTATION PROPOSAL 1920 SCHEME</b>
<b>SUBJECT:</b>	<b>LOCAL COUNCIL TAX REDUCTION SCHEME REGULATIONS</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 12</b>

## **1.0 Recommendations**

- 1.1 That consideration is given in principle to amending the Local Council Tax Reduction Scheme Regulations (South Derbyshire) from April 2019 to place a two child limit within the calculation of support.
- 1.2 That a local consultation exercise is undertaken to obtain feedback from stakeholders, including representative groups.

## **2.0 Purpose of the Report**

- 2.1 To detail a possible amendment to the Council's Local Scheme to maintain it in accordance with national regulations.

## **3.0 Detail**

- 3.1 The Council's Scheme, which provides support to people on low incomes to pay their Council Tax, has been in existence since April 2013. The Local Scheme replaced the national benefits system which had previously supported Council Tax.
- 3.2 The Local Scheme is based on a national default scheme which broadly supports eligible claimants based on the parameters of the previous benefits system. It is updated each year to take account of increases in pensions, tax credits and other benefits which are applied nationally.
- 3.3 Following recent variations to national welfare regulations, it is considered appropriate to consider a change to the Local Scheme to consolidate and align it to those regulations. This change relates to a maximum of 2 personal allowances being included in the calculation of support in respect of children and young people. This applies for all **new** awards/claimants only.
- 3.4 Currently, under the Local Scheme, claimants who are eligible for support and have dependent children are awarded a dependent's allowance of £66.90p per year for each child in the calculation of support. There is currently no limit to the number that can be awarded.

- 3.5 Under the national benefit regulations, this limit has been reduced to a maximum of 2 dependent children. This does not affect existing claims that include more than 2 children and continues to allow for more than 2 dependent children where child tax credit includes additional children. This is allowed in defined circumstances.
- 3.6 In addition, claimants on passported benefits such as maximum Universal Credit are also unaffected.
- 3.7 The Council does not have to apply this change, which was implemented in the national regulations during 2017/18. However, in doing so, the Council's Scheme would move away from the national default scheme and welfare benefit regulations.
- 3.8 In addition, it is considered good practice that consultation is undertaken before a final decision is made.

**4.0 Financial Implications**

- 4.1 Limiting the allowance paid for dependent children would reduce the cost of the Local Scheme to the Council. As the Council is yet to implement the change, any new claims that may be eligible for dependent's support in the meantime, are being absorbed into the current cost of the Local Scheme.
- 4.2 It is difficult to estimate how much the cost of the Local Scheme would reduce by as the number of potential new claims falling into the parameters is not known.
- 4.3 However, the saving to the Local Scheme is not considered to be significant. The effect on a new claimant is that they will receive less Council Tax Reduction than they otherwise would have done; this would equate to up to £140 per year.

**5.0 Corporate Implications**

- 5.1 None directly.

**6.0 Community Implications**

- 6.1 It is proposed that before a final decision is made, some consultation is undertaken. The change is to a single regulation within the existing scheme and does not affect anyone who is currently in receipt of Council Tax Reduction.
- 6.2 Therefore, it is proposed that consultation is undertaken more generally through the web site, media channels and at various community points to obtain feedback. In addition, local representative groups such as the CVS, Citizens Advice and welfare groups will also be consulted.
- 6.3 Feedback from the consultation will be reported back to the Committee in accordance with the following timetable.

Action	Timescale
Approval by the Committee to commence consultation	29th November 2018
Consultation process	7th Dec 2018 to 31st January 2019
Report back to Finance and Management Committee	14 February 2019

Final Scheme for 2019/20 recommended to Council	27th February 2019
Publication of Council Tax Reduction Scheme 2019	11 March 2019
Scheme for 2019/20 becomes effective	1st April 2019

## 7.0 **Background Papers**

None