

Executive Report

Ward(s) affected: All

Report of Director of Finance

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Local Council Tax Support Scheme for 2020-21

Executive Summary

Local Council Tax Support (LCTS) enables us to help around 5,000 households to pay their Council Tax, by providing £5.6 million of support. These are households where low incomes do not cover essential housing costs. We share the cost with Surrey County Council, Guildford's share being around 10%.

The Council has a statutory duty to consider annually whether to revise its LCTS scheme (otherwise known as Council Tax Reduction (CTR)), replace it with another or make no changes at all. The Council is obliged to consult with interested parties if it wishes to revise or replace the scheme, although it makes sense to consult even if we do not propose to change the current scheme. The Council must approve a scheme for the 2020-21 financial year by 31 January 2020, to enable annual bills to be calculated correctly.

In 2019-20 we made some small changes to the scheme. We increased Personal Allowances, Premiums and Non-Dependant Deductions, and amended Income and Capital Disregards to include some new disaster funds.

For 2020-21 we propose the following changes, which we forecast can be met within the existing revenue budget:

- Increase Premiums to ensure that the help given does not unduly reduce due to inflation.
- Increase Non-Dependant Deductions to reflect an expectation that their contribution to the household expenses should increase each year.
- Update Income and Capital Disregards to include "the Windrush Compensation Scheme". This mirrors the change the government is making to the Pension Age scheme, and ensures recipients are not penalised for receiving compensation. It ensures that we treat claimants consistently across all schemes.
- Amending the definition of pension age and working age in accordance with the government's changes to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 for 1 April 2020, once they are received.

We carried out a stakeholder consultation between 16 September and 13 October 2019. The results of the consultation are set out in section 7 of this report. The County and the Police support the changes, whilst the overall consultation response does not overwhelmingly indicate support for or against any of the proposed changes for 2020.

Changes to Premiums will increase the cost of the scheme; however, the nature of changing caseload and personal circumstances of claimants means that the increase can be accommodated within the existing revenue budget.

The Council continues to operate in a tough financial climate and our medium term financial plan remains challenging. Passing on further savings via our LCTS scheme in 2020-21 would mean removing help from claimants, which will place additional financial pressure on vulnerable households. A discretionary hardship fund will help support any applicant suffering adversely from the consequences of savings in Local Council Tax Support over the past seven years, in addition to the proposed changes for 2020-21.

Recommendation to Council (3 December 2019)

The Executive is asked to recommend to Council:

- (1) That the current LCTS scheme (a summary of which is on our website), be amended for 2020-21, as set out in detail in Appendix 2 to this report, with effect from 1 April 2020.
- (2) That the Council maintains a discretionary hardship fund of £40,000 in 2020-21.

Reasons for Recommendation:

- (1) To ensure that the Council complies with legislation to implement a LCTS scheme from 1 April 2020.
- (2) To maintain a discretionary fund to help applicants suffering from severe financial hardship.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 This report reminds the Executive of our current LCTS Scheme, discusses the changes proposed for 2020-21, and reports on the consultation that we are obliged to carry out with stakeholders prior to adopting a scheme for the new financial year.
- 1.2 The report also advises of the level of financial support provided during the year (and previous years) to the most financially vulnerable in the community.

2. Strategic Priorities

- 2.1 The work of the Benefits service contributes two of our fundamental themes: place-making and community.

2.2 LCTS provides residents with help with the Council Tax element of their housing costs. By processing claims for financial support quickly and accurately the Benefits service supports the most financially vulnerable and less advantaged of our residents. It is important that the scheme continues to support those most in need.

3. LCTS Background

3.1 In April 2013 the government replaced Council Tax Benefit (CTB) with locally determined support schemes. In addition, the government reduced the funding available for such schemes to support those of working age by 10%. For the borough, this equated to a reduction in funding of approximately £700,000, of which approximately 10% related to Guildford Borough Council (as our element of the total council tax is roughly 10%), and 90% to Surrey County Council. The aims of the government's changes were to:

- help decentralise power and give councils increased financial autonomy;
- support deficit reduction;
- give councils a greater stake in the success of their local economy.

3.2 The schemes implemented from 2013-14 to 2019-20, minimised the impact on vulnerable people as much as possible. Additionally, the Council set aside sums each year to ensure that extra support was available for any resident or family that faced financial hardship because of the benefit reforms. A summary of the changes made is included in **Appendix 1**.

3.3 From 2014 the government rolled central funding for LCTS into the Revenue Support Grant (RSG) for local authorities and it was subject to the same cuts. Despite requests from the Local Government Association it was not separately itemised, but as our RSG is zero from 2018 we receive no further funding for the LCTS payments we make. We do, however, receive a separate payment to subsidise administration. This has reduced from £87,703 In 2018-19 to £83,088 for 2019-20. The Ministry of Housing, Communities, and Local Government (MHCLG) calculates the grant using a formula based on working and pension age caseload, which also factors in labour and accommodation costs. We do not expect the grant to increase.

3.4 We have successfully embedded the LCTS scheme into the Housing Benefit (HB) service we operate, with very few complaints from customers about how we administer it or indeed the radical nature of the government's reform. Naturally, we will always be in dialogue with disaffected customers, but they are able to take advantage of the various complaints and appeals mechanisms that are available to them. We have a strong record of accomplishment in dealing with such sensitive issues in a compassionate way.

3.5 The embedding of the scheme is good news, as the abolition of CTB in 2013 was a major strand of the government's changes to the welfare state, and the most significant change to the Benefits service in over 20 years. Every council operates a different scheme now, with many variations designed to encourage more people back into work and address the deficit reduction.

4. Universal Credit (UC) and National Welfare Reform

- 4.1 Universal Credit replaces six benefits, including HB but not LCTS, with one national benefit.
- 4.2. Rollout is in two phases:
- Natural migration (when entitlement to one of the underlying benefits changes) began in Guildford on 24 October 2018. New working age claims for HB can now only be made in limited circumstances.
 - Managed migration for the remaining caseload was originally due to be complete in October 2017. The government has repeatedly delayed plans, and on 11 March 2019 announced that 10,000 claimants in Harrogate would pilot the process from July 2019. Migration of all working age claimants to UC is currently due to complete by December 2023. At the time of writing no details as to how this will work have been received, and a lot of uncertainty remains around the process.
- 4.3 We will continue to assess ongoing working age HB claims until they migrate to UC. We expect the government to incorporate HB for pension age into pension credit once the roll out of UC is complete. As our caseload remains roughly made up of 47% pension age and 53% working age (table 1 below), it is likely that the resources we currently have in place to administer benefits will be with us for quite some time.

Table 1

At 01/04/2019	Caseload
Working Age Claimants	2,399
Pension Age Claimants	2,149

- 4.4 HB is a national benefit administered locally to help those in need with payment of their rent. Although UC will replace HB, in the meantime the government continues to make amendments to both the HB and pension age LCTS regulations. These include annual increases in things such as premiums to protect against increases in the cost of living. In 2019 these will also include disregarding income and capital from “the Windrush Compensation Scheme”. The scheme opened in April 2019 to compensate individuals who have suffered loss in connection with being unable to demonstrate their lawful status in the United Kingdom. Disregarding income and capital from this scheme is consistent with the treatment of other compensation schemes or disaster funds.

5. Reviewing Future Options for LCTS

- 5.1 The government has designed UC to take advantage of a wealth of electronic data returns and automation. As a result, the DWP calculates UC awards on an ongoing basis and they increase or decrease each month in response to changes in income and other factors. This contrasts with the benefits UC replaces where entitlement typically only changed when the claimant advised the DWP of a change of circumstance.

- 5.2 We take income from UC into account when assessing entitlement to LCTS. We anticipate that monthly changes in entitlement will reduce Council Tax collection rates, frustrate LCTS claimants, and increase administrative costs. An increasing number of Councils are looking at alternative models for their LCTS schemes as a result.
- 5.3 The New Policy Institute reported in 2018 that around five authorities had moved to a banded income scheme. We know that due to the impact of monthly changes in UC others have changed or are considering changing their schemes. Typically a banded scheme:
- States that a claimant will receive an award of £x if their income falls in a certain income band, and £y for a different band. This means that there is tolerance for fluctuations in income.
 - Includes rules to reflect different household expenditures linked to household composition (eg single, couple, children) and needs (eg disability, carers).
 - Includes transitional protection for anyone losing out as a result of the change in entitlement from a previous scheme.
- 5.4 Although we have been dealing with LCTS for UC claims since 24 October 2018, it is still relatively early days and we have not identified any significant trends. As at 4 July 2019 we had 244 claims with a UC income on them. These numbers will increase with time.
- 5.5 Local Council Tax Schemes are complex to ensure that everyone is treated consistently and, if necessary, that the scheme is robust and resilient to challenge in Court. Our current scheme runs to 136 pages of rules and is based on the Council Tax Benefit that preceded it in 2012.
- 5.6 Officers have concluded that, in the light of UC and the time that has elapsed since 2013 a more fundamental review of our LCTS scheme is necessary. Given the scale of the work required (research, modelling, consultation and rule writing), we cannot accomplish this within a single year, and is therefore running alongside the annual reviews. The review will include consideration of a banded income scheme.

6. LCTS Annual Review Options

- 6.1 In reviewing our LCTS scheme there are essentially three options available. We can increase, maintain or reduce the current level of financial support available.
- 6.2 Given the fundamental review of our LCTS scheme that is taking place, officers suggest that annual changes should be minimal, unless legislation or other circumstances dictate otherwise. The rest of this section considers what these minimal changes should be for 2020-21.
- 6.3 We are not in receipt of additional funding and we have already made substantial reductions in the support that we grant. We made these reductions through targeted and considered scheme changes. These ensure that those most in need continue to have their Council Tax reduced to zero.

- 6.4 The New Policy Institute reported that in 2018, 264 (80 percent) local authorities had implemented schemes where everyone had to pay a percentage of the council tax, no matter what their financial situation was. The consequence of this is a large number of relatively small council tax debts to collect, generating additional work for the Council Tax collection team, and almost inevitably a drop in collection rates.
- 6.5 By contrast our collection rates remain amongst the highest in the country and, we believe, the most vulnerable continue to be supported in full. For those adversely affected by our scheme the Discretionary LCTS Hardship Fund allows for a detailed review of their income and expenditure needs, and financial help where necessary. Officers have concluded that the current scheme is working well, and that further substantial reductions at this time would destabilise this.
- 6.6 Our LCTS scheme is complex, containing many variables to tailor assessment to the individual, as did the national Council Tax Benefit that preceded it. Making no changes to the scheme does not “maintain” the level of financial help being given as it freezes some of the allowances used in the assessment calculation. In HB and the national Pension Age Scheme these figures are uprated annually to offset increases in the cost of living. To ensure that we continue to help those most in need we propose that councillors agree to change our scheme to reflect the latest values being used for either HB or Pension Age LCTS (set out in Appendix 2) for:
- Premiums
 - Non-Dependant Deductions

We amended Personal Allowances for our 2018-19 scheme; however, the government has not amended them since so we propose that they remain unchanged for 2020-21.

- 6.7 Increasing premiums results in claimants receiving more help. Increasing non-dependant deductions means that we expect any non-dependant living in the household to contribute slightly more to household expenses (HB already assumes that they should do so). Individual claims are always changing with individual circumstances, but we have forecast that these changes are likely to increase the LCTS granted by around £1,500 per year.
- 6.8 In any financial year, retrospective recalculations of support occur because of claimant changes in circumstance. Table 2 sets out the sums granted during the financial year, plus adjustments for previous years. Based on this information previous year adjustments and in year changes will offset the proposed increase of around £1,500, so it can be accommodated within the existing revenue budget.

Table 2

Year	LCTS at 01/04 £	LCTS at 31/03 £	In Year Change £	Retrospective LCTS changes for previous years £
2013-14	6,720,705	6,578,398	-142,307	n/a
2014-15	6,399,286	6,181,992	-217,294	-69,066

Year	LCTS at 01/04 £	LCTS at 31/03 £	In Year Change £	Retrospective LCTS changes for previous years £
2015-16	6,140,508	5,901,366	-239,142	-171,760
2016-17	5,542,321	5,518,566	-23,755	-51,999
2017-18	5,679,604	5,533,577	-146,027	-71,346
2018-19	5,747,267	5,648,418	-98,849	-64,515
2019-20 At 30/09/19	5,716,933	5,570,717	-146,216	-59,084

NB a substantial increase in Council Tax will result in a similar increase in LCTS.

- 6.9 The government is amending HB and Pension Age LCTS legislation to update income and capital disregards to include “the Windrush Compensation Scheme”. They have asked us to amend our Working Age LCTS as well. The scheme compensates individuals who have suffered loss in connection with being unable to demonstrate their lawful status in the United Kingdom. Disregarding the funds effectively ensures that the recipient is not penalised again for receiving them. We are not aware of any claimants in receipt of these funds, but officers recommend that we amend our scheme to ensure that we treat any such claimants consistently for both Housing Benefit and LCTS.

Full text of the changes to the scheme is detailed in **Appendix 2**. This change in the scheme rule will not adversely affect applicants.

- 6.10 Different rules apply to the calculation of HB and LCTS depending on whether a claimant is of pension or working age. During 2019, the government amended the HB rules for new mixed age claimants. These are couples where one has reached pension credit age and one has not. In simple terms with effect from the 15 May 2019 these couples no longer qualify for pension credit and have to claim UC where they will get a housing costs element within their UC payment. This leads to two different scenarios for LCTS:

- Where a mixed age couple have claimed UC this automatically makes any claim for LCTS a working age claim
- Where a mixed age couple does not qualify for UC (typically owner occupiers with the younger one working) they are pension age claims, as defined by regulation 3(a) of The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.

- 6.11 MHCLG advised us on 15 May 2019 that “*the Department will consider what changes may need to be made to regulations to ensure regulatory alignment. Any changes will be made as part of the annual amendments to the Local Council Tax Reduction prescribed requirements, and should be included in local schemes due to come into force from 1 April 2020.*”

- 6.12 The prescribed regulations set out all the rules for Pension Age LCTS, and rules around what must be included in our local Working Age scheme. As a result, we have no discretion over this change to our scheme.

- 6.13 However, our Working Age Scheme contains the definition of pension age and non-pension age from the prescribed requirements regulations, and the new wording is unlikely to be available before we need to agree the scheme.
- 6.14 Officers recommend that as we have no choice in the matter, we amend the scheme in accordance with MHCLG's annual amendments to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 which take effect from 1 April 2020.

7. Stakeholder Consultation

- 7.1. We undertook a consultation, from 16 September to 13 October 2019, via our website as well as seeking the views of our major preceptors (Surrey County Council and the Police and Crime Commissioner for Surrey), and selected partner agencies such as the Citizens Advice Bureau (CAB) and Surrey Welfare Rights Group (SWRG).
- 7.2 Surrey County Council (SCC) has no objection to the proposed revisions.
- 7.3 The Office of the Police and Crime Commissioner for Surrey (PCC) asks councillors to consider changes in the light of the funding of Surrey Police and thus the ability of the Force to continue to maintain current levels of policing. Whilst our proposed changes do not increase the funding available to PCC, they do not materially worsen their financial position either.
- 7.4 Copies of the SCC and PCC responses are included in this report at **Appendices 3 and 4** respectively.
- 7.5 The main aim of the online consultation was to ensure residents had the opportunity to give their views with regard to the proposed LCTS scheme changes for 2020-21. The key objectives of the consultation were as follows (full report is attached at **Appendix 5**):
- To understand residents' views on the proposed changes for 2020-21.
 - To assess the level of agreement towards future options for the LCTS scheme, specifically that all claimants should have to pay a certain fixed percentage of their council tax and the extent to which this may have an impact.
 - To provide residents with the opportunity to suggest other savings or options that could be included in future reviews of the LCTS scheme, including the Future Options Review.
- 7.6 There is a statutory requirement that we consult on our scheme. In earlier years we commissioned SMSR Ltd, an independent research company, to carry out the consultation on our behalf. This has involved an online survey and the Citizens Panel. In 2018-19 it was suggested that we could retain the work in house. In 2017-18 271 residents took part. In 2018-19, despite publicity on the home page of our website, only 8 participated. This was disappointing, but the suggested changes were minor and therefore unlikely to generate substantial feedback. This year, as the changes were again minimal, we decided to run the survey in

house for a second year. A banner has been on the home page for the duration of the survey and we received 23 responses.

- 7.7 Although there was an improved response rate, engagement remains very low especially from those affected by the changes. Fourteen of the 23 responses came from people not affected. It is pleasing that eight people made additional suggestions, however these highlight a lack of understanding. Bearing this in mind, the survey results do not overwhelmingly indicate support for or against any of the proposed changes for 2020.

Officers have concluded that in the light of the responses any future consultation around more substantial scheme changes must:

- Include current working age recipients of LCTS, as well as the general population.
 - Provide more information on the context – for example our legal obligations, how the welfare system works in general, the contribution Council Tax makes to service funding, and areas where we do or do not have discretion.
 - Provide examples of what the proposed changes may mean for people, so that consultees can understand them better.
- 7.8 We have reported in previous years on the feedback we received from Surrey Welfare Rights Group (SWRG) regarding the minimum income floor for the self-employed, especially regarding carers and the disabled. In response, we looked more closely at these cases and concluded that:
- the numbers affected were small as claimants need to satisfy multiple criteria: be carers and self-employed working for less than 35 hours per week on less than the minimum wage.
 - we had a satisfactory mechanism in place through our Hardship Fund to ensure that no one suffers financially
 - a further review of our scheme was likely with the roll out of UC and that it was appropriate to consider SWRG suggestions at that time.

SWRG has once again commented on this aspect of our scheme (**Appendix 5**), and we will consider this as part of our Future Options Review.

- 7.9 SWRG has additionally provided feedback on the proposed change to the non-dependant deductions. They are very knowledgeable about welfare rights, but their comment highlights the need for us to provide more information in future consultations.

They have stated:

“Uprating non-dependant deductions presumes that those individuals have had an increase in earnings or benefit income. Neither of these two scenarios may be the case.”

This is not the assumption that we are making. Within our scheme we apply different levels of non-dependant deductions for different income bands (**section 3 of Appendix 2**). The proposal is to increase the bands as well as the deductions. Claimants are asked to provide information on the income of non-dependant household members, and if their income has not increased the non-

dependant could find themselves in a lower band with a lower reduction following the band changes.

The non-dependant deductions (assumed contribution to household expenses) remain relatively modest ranging from £4.00 per week where the non-dependant does not work, to £12.20 for someone earning £447.40 or more (a salary of £23,264.80 pa).

- 7.10 In conclusion, given the minor nature of the changes it is not surprising that few residents responded to the consultation. Going forward with our Future Options Review, we will consider how we get as much feedback as possible from stakeholders.

8. Equality and Diversity Implications

- 8.1 We must demonstrate that we have consciously thought about the three aims of the Public Sector Equality Duty, as set out in *Section 149* of the *Equality Act 2010*, as part of the decision making process to develop an LCTS. The three aims the authority must have due regard for are to:

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic

- 8.2 The Council must pay due regard to a risk of discrimination arising from the decision before them. There is no prescribed manner in how we must exercise our equality duty, though producing an Equalities Impact Assessment (EIA) is the most usual method. Officers have reviewed and updated the scheme EIA, to include the minor changes being recommended for 2020-21.

- 8.3 The *protected characteristics* are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including ethnic or national origins, colour or nationality), religion or belief, sex, sexual orientation.

9. Financial Implications

- 9.1 The amount of LCTS has reduced since its inception in 2013. Table three below shows the total amount paid out over the years when compared to the final year of CTB. As can be seen, we have far exceeded the original required saving of £700,000 in 2012-13, reducing the annual amount of LCTS paid between 2012-13 and 2019-20 by £1,393,808 despite additional increases in Council Tax to pay for Adult Social Care.

- 9.2 Not all of the reduction will be down to the changes we have made directly, but also the government's central reforms to encourage more people into work and become less reliant on benefits, as well as improvements in the economy.

Table 3

Year	Figures as at:	£amount of CTB/LCTS
2012-13 (CTB)	31 March 2013	6,964,525
2013-14	31 March 2014	6,578,398
2014-15	31 March 2015	6,181,992
2015-16	31 March 2016	5,901,366
2016-17	31 March 2017	5,518,566
2017-18	31 March 2018	5,533,577
2018-19	31 March 2019	5,648,418
2019-20	30 September 2019	5,570,717

- 9.3 Council Tax collection levels remain high with an outturn of 98.88% for 2018-19. Since 2010-11, Guildford's collection rates have consistently been amongst the top twenty in England. This indicates that the changes made to the LCTS scheme are not creating significant levels of bad debt.
- 9.4 Over the past 6 years we have set aside £40,000 to support the most vulnerable in the community should they be facing short-term difficulties in paying their council tax. Despite publicising our scheme widely and making sure claiming hardship funds is as inclusive as possible, we have not yet spent anywhere near our budget, as the following table illustrates.

Table 4

Year	No. of applications	Successful applications	Amount of extra support £	Budget £
2013-14	26	8	2,073	40,000
2014-15	64	33	13,371	40,000
2015-16	54	26	10,646	40,000
2016-17	90	49	14,660	40,000
2017-18	68	35	15,903	40,000
2018-19	90	29	11,087	40,000
2019-20 to date	51	20	10,792	40,000

- 9.5 The Discretionary LCTS Hardship Fund enables us to assess the income and expenditure needs of any claimants adversely affected by our scheme rules, and provide further financial assistance where necessary. Applicants are encouraged not to depend upon the fund in the long term. Awards have generally been for 75% of the shortfall between entitlement under our amended scheme rules and the governments default rules. In exceptional circumstances we pay 100% of the shortfall.
- 9.6 Schedule 1A of the Local Government Finance Act 1992 requires us to consider transition for anyone disadvantaged by a change to the local scheme. The

Hardship Fund ensures that we can do this, however it is important to note that help is only available to those affected by the scheme and is restricted to the amount that they are affected. Our local rules do not affect all claimants, and many claimants are not entitled to 100% LCTS. The fund does not exist to top up help to those not affected by the scheme, or to help taxpayers facing hardship for any other reason.

- 9.7 The Council Tax team is aware of the fund and advises customers about it. Where customers face hardship for other reasons they try to work with them to find solutions (which could include rescheduling instalments or advising them to take independent advice). It could be argued that we should reduce the fund as we consistently do not allocate all the funds. However, Brexit brings with it considerable economic uncertainty and so we are recommending that the fund remains at the same level to ensure that we can provide support to the most vulnerable.

10. Legal Implications

- 10.1 The *Local Government Finance Act 2012* introduced local council tax reduction (CTR) schemes to replace CTB from April 2013. The *Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012* contains the mandatory elements for any local scheme and details the scheme that must be adopted for pensioners.

- 10.2 Schedule 1A to the Local Government Finance Act 1992 as amended makes further provision with regard to the LCTS schemes. The Council is under a statutory duty to review its LCTS scheme annually. If the authority wishes to revise or replace its scheme for 2019-20, the Council must (in the following order):

- (a) consult any major precepting authority, which has the power to precept it
- (b) publish a draft 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.

The Council must decide on any revision or replacement of the scheme by a meeting of the Council. In 2017 *The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 SI 1305* changed the deadline for the Council to decide on a scheme from 31 January to 11 March, however in practical terms this later date does not allow us to calculate and issue council tax bills for the first instalment date of the new financial year.

- 10.3 We will publish our scheme on the Council's website once Council has approved it and we have made all the agreed amendments. In addition each Council Tax bill that we issue explains that help with the Council Tax may be available, and advises taxpayers where further information can be found.

11. Human Resource Implications

- 11.1 The proposed amendments to the LCTS Scheme for 2020-21 will not change the workload for the benefits team. However, the migration of claimants to UC does have an impact, as do other DWP initiatives that we are obliged to carry out.
- 11.2 Natural migration to UC is reducing the HB caseload in the long term. In the short term, each case moving to UC creates additional work due to the two week run on of HB. The government put the run on into place to mitigate the delays in the DWP making UC payments, but it has created an additional administrative process for us.
- 11.3 Once claimants are on UC, the workload associated with their LCTS claims increases due to the initial delay in the DWP awarding UC, and subsequently the monthly reassessment of entitlement. We will address this through our separate Future Options for LCTS Review.
- 11.4 The DWP is responsible for the timetable and detailed plans for the managed migration of working age caseload to UC. Migration is currently due to complete by December 2023, having been postponed a number of times from October 2017.
- 11.5 A pilot managed migration of 10,000 cases began in Harrogate in July 2019, and information from this should inform the eventual roll out. However, there remains a lot of uncertainty and scepticism around the process.
- 11.6 1.1 million claimants received UC on 9 August 2018, and this rose to 2.3 million on 11 July 2019. This is estimated to rise to just under 7 million when roll out is complete, indicating that there is a substantial amount of work for the DWP to take on in the next four years.
- 11.7 In the absence of any information about the migration process, the Housing Benefit industry has mooted various options from random selection of cases across all authorities to the complete removal of caseload from individual authorities in turn, with a range of options between these extremes. Each scenario is hypothetical and has a completely different set of impacts on individual benefit services.
- 11.8 Without any factual details we cannot plan for the future. If changes are imminent as regards the managed migration of Universal Credit, officers will advise councillors accordingly.

12. Summary of Options

- 12.1 This report provides an overview of the current position regarding our LCTS scheme and the successes we have experienced with its implementation, from both a customer and financial point of view.
- 12.2 The Council is in the position to implement some relatively small changes to the scheme to:
- address the impact of increases in the cost of living,

- reflect changes to HB and Pension Age LCTS regulations with regards to the treatment of income and capital from “the Windrush Compensation Scheme”.

We can make these amendments within the existing revenue budget.

- 12.3 There is also a statutory requirement for the Council to amend the definition of pension and working age within it's working age scheme in accordance with anticipated changes to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 from 1 April 2020
- 12.4 Creating a Local Council Tax Support Scheme is not without risk:
- Officers have concluded that the hardship fund helps minimise the risk by providing help for those facing financial hardship because of our scheme rules.
 - An unstable financial outlook post Brexit puts further financial pressure on vulnerable families, and leads to an imbalance between a prudent local welfare arrangement and significant hardship for claimants. On this basis, officers are recommending only minor changes to our current scheme.
 - The impact of Universal Credit remains uncertain, and therefore a further risk. A more radical review of our scheme is being undertaken to try and mitigate any problems, but due to the complexity of the work involved this is more than a one year project.
- 12.5 To continue with the momentum of the past six years, the Executive is asked to recommend to Council that an appropriate hardship fund be maintained in 2020-21, to enable us to continue to support families affected by our local scheme. Officers suggest retaining a £40,000 pot.

13. Conclusion

- 13.1 We have intermittently reduced the amount of support available to meet our financial targets, without overly complicating our scheme and causing customers severe hardship.
- 13.2 To keep administration as cost effective as possible and minimise disruption to the lives of vulnerable people, officers suggest the Executive recommends relatively small changes to the scheme to address the impact of increases in the cost of living and to ensure consistency of treatment between schemes for recipients of compensation funds.

14. Background Papers

- Report to Council 6 December 2012; Local Council Tax Support Scheme Assessment
- Report to Council 12 December 2013; Review of the 2013-14 Local Council Tax
- Report to Corporate Improvement Scrutiny Committee 18 September 2014; Welfare Reform – Impact and Service Review; One Year On
- Report to Council 9 December 2014; Local Council Tax Support Scheme for 2015-16

- Report to Customer and Community Scrutiny Committee 8 September 2015; Review of the 2015-16 Local Council Tax Support Scheme and proposed changes for 2016-17
- Report to Council 9 December 2015; Local Council Tax Support Scheme for 2016-17
- The 2016 government review of LCTS.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/514767/Local_Council_Tax_support_schemes_-_review_report.pdf
- Report to Society, Environment and Council Development Board 8 September 2016
- Report to Council 6 December 2016; Local Council Tax Support Scheme for 2017-18
- Report to Council 5 December 2017; Local Council Tax Support Scheme for 2018-19
- Report to Council 4 December 2018; Local Council Tax Support Scheme for 2019-20
- Guildford Borough Council LCTS scheme 2019-20.
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15. Appendices

Appendix 1: Summary of Scheme Changes 2013 to 2019

Appendix 2: Proposed Changes to The Guildford Borough Council (Council Tax Reduction Scheme) (Persons who are not Pensioners) for 2020-21

Appendix 3: Response from Surrey County Council

Appendix 4: Response from Police and Crime Commissioner

Appendix 5: Consultation report