

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee – 10 November 2016

Subject: Localised Council Tax Support Scheme

Report of: City Treasurer

Summary

The purpose of this report is to detail the options and recommendations for reducing spend by up to £2M on the Council's Council Tax Support (CTS) scheme for 2017/18 onwards.

This report forms part of the suite of budget reports and has been prepared in the context of the budget reductions that the Council will have to make in order to close an estimated budget gap of £40m to £75m by 2019/20.

The report seeks approval from members to formally consult on the proposals.

Recommendations

Executive is requested to:

1. Approve the proposals contained in the report and agree to the start of a formal consultation exercise.
2. Note that the outcome of the consultation will be reported back to Executive in January 2017.
3. To delegate to the City Treasurer and the Executive Member for Finance and Human Resources the arrangements for carrying out the consultation process.

Wards Affected: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Where possible the proposals have been considered to ensure that they do not have a negative impact on the transition into work or maintaining employment

A highly skilled city: world class and home grown talent sustaining the city's economic success	N/a
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The changes have been considered so as to be as fair as possible. The scheme recognises the needs of those with children, disability or caring responsibilities by retaining features of the current scheme that address those needs.
A liveable and low carbon city: a destination of choice to live, visit, work	N/a
A connected city: world class infrastructure and connectivity to drive growth	N/a

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Because the initial funding for CTS was incorporated within the Council's Revenue Support Grant it has seen year on year reductions, resulting in a significant and growing shortfall in funding to support the scheme.

In addition to delivering a scheme that remains aligned to other welfare benefits and avoids a disproportionate impact on residents, the objective of the exercise is to therefore to reduce spend on the scheme. Options to reduce spend by up to £2m are being considered in recognition of the fact the Council has to close a budget gap of between £40m and £75m by 2019/20 and the CTSS is no longer fully funded by central government putting a considerable strain on council resources.

The figure of £2m may reduce depending on the Council's final financial settlement position. However, a significant shortfall in funding is expected to remain and this report and the subsequent consultation will outline the options for reducing the funding and the principles, in terms of the scheme delivery, that will enable savings to be delivered

Financial Consequences – Capital

None

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

None

1.0 Introduction

This report outlines the background, options and recommendations for the delivery of the Council's Council Tax Support scheme for April 2017/18.

In addition to delivering a scheme that remains aligned to other welfare benefits and avoids a disproportionate impact on residents, the objective of the exercise is to reduce spend on the scheme by up to £2m. This is in recognition of the fact the Council has to close a budget gap of between £40m and £75m by 2019/20 and the CTS scheme is no longer fully funded by central government putting a considerable strain on council resources.

The figure of £2m may reduce depending on the Council's final financial settlement position. However, a significant shortfall in funding is expected to remain and this report and the subsequent consultation will outline the options for reducing the cost and the principles, in terms of the scheme delivery, that will enable savings to be delivered

Finally the report also provides details of how consultation and Equality Impact Assessments will be carried out.

2.0 Background

Council Tax is essentially a property tax which is levied on the broad capital value of domestic properties and is usually paid by the occupier or, if empty, the owner.

The Valuation Office split all domestic properties into eight bands from A to H, with an amount charged linked to each band. Calculation of the amount payable follows a weighted calculation set by central government. Properties in Band A pay two thirds of the tax levied on Band D properties; those in Band H pay twice the tax levied on band D.

Up until March 2013, the Council administered a means tested Council Tax Benefit scheme that was set and funded by central government. This benefit reduced the Council Tax bill for residents who qualified for support.

In 2013, the government abolished Council Tax Benefit (CTB) and replaced it with a localised discretionary scheme with less funding. From 2013/14 Manchester provided a Council Tax Support scheme, supported by transitional funding, with a maximum level of help of 91.5% of the liability for a person of working age.

From 2014/15, the scheme has provided a maximum payment of 85% of the Council Tax liability for working age claimants. The Council's CTS Scheme is delivered so as to be compliant with statutory duties and within a core set of principles. Please see appendix one for details.

The government has not given local authorities powers to diverge from the old Council Tax Benefit scheme for people of pension age and these residual

rules and entitlement had to be incorporated into the Council's CTS scheme. As a result, pensioners can still receive 100% CTS towards their bill and the Council is obliged to continue to cover the full costs of these awards as part of its scheme. Any proposals within this report therefore directly relate to Council Tax Support for working age claimants only. This means that any reduction in spend has to be found by reducing entitlement and awards to the working age resident cohort only.

2.1 Funding of Council Tax Support

When the government abolished Council Tax Benefit, an amount equal to 90% of the associated CTB spend was provided to councils to administer their own Council Tax Support schemes. After the first year, the funding was subsumed within the overall Revenue Support Grant (RSG) funding which has reduced year on year. As a result, this assumed level of current funding is now significantly below the amount that the Council pays out in CTS.

The following table illustrates the year on year CTS funding levels. This illustration assumes that the original funding (now subsumed within RSG) has decreased in line with RSG reductions. The figures also show the expected impact on 2017/18 and 2018/19 with proportional RSG cuts, as per the government's 2016/17 finance settlement. It should be noted that this is a local illustration model only and is not used in any government funding models.

Manchester Council Tax Support Scheme Financial Model							
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme Cost	£46,829	£42,098	£39,561	£40,658	-	-	-
CTB / CTS Scheme Funding	(37,390)	(30,471)	(22,038)	(18,121)	(14,359)	(11,745)	(9,086)
CTS Transition Grant	(997)	-	-	-	-	-	-
Total income	(38,387)	(30,471)	(22,038)	(18,121)	(14,359)	(11,745)	(9,086)
RSG reduction	-	-18.5%	-27.7%	-17.8%	-20.8%	-18.2%	-22.6%

This table shows funding of £18.121m against 2016/17 CTS scheme costs of £40.658m.

3.0 Council Tax and Council Tax Support in Manchester

The number of properties within the city has been increasing annually from 192,500 in 2000 to 225,344 this year. This generates more than £167.6 million each year in Council Tax.

Around 60,906 residents (of which 41,520 are working age claimants) receive financial support in the form of Council Tax Support totalling over £40.6 million annually (of this sum 10.9% relates to the Police Precept and 4% relates to the Fire Precept). Of the £40.6 m paid out in CTS, approximately one third, £14.5m, (36%) of the total is paid to pensioner claimants and two thirds, £26.1m, (64%) of the total is paid to working age claimants.

The following table shows property breakdown and CTS levels split across the Council Tax bands:

	CTS split by property band							
	A	B	C	D	E	F	G	H
Number of CTax properties	131,753	38,207	31,954	15,141	5,398	2,003	786	102
Number of working age households in receipt of some Council Tax Support	35,249	4,136	1,699	345	77	12	2	-
Number of non-working age (elderly) households in receipt of some Council Tax Support	15,637	2,058	1,256	327	84	24	-	-
Total CTS	50,886	6,194	2,955	672	161	36	2	-

3.1 Financial implications

Since its introduction in 2012/13, the CTS caseload has reduced and expenditure on the local scheme has decreased (all benefit caseloads reached their peak in 2012). In this five year period, the number of residents receiving CTS has reduced by around 10,000 households and spend has reduced by around £8 million.

If the Council was to increase the Council Tax payable each year, then the costs of the CTS scheme would rise as CTS would be payable on this increased amount.

Even with this reduced level of spend (circa £40.658m), the overall cost of the scheme is now significantly above the amount that the Council actually receives from government (circa £18 m), when the grant reductions are factored in. As Revenue Support Grant continues to be reduced the financial gap becomes worse each year with a forecasted shortfall projected in 2017/18 against scheme costs of more than £40m.

Year	% max CTSS	Cost of CTB/CTS	Increase in Council Tax	Caseload at 31 May
2012/13	91.5%	£48,609,668	Nil	71,531
2013/14	91.5%	£46,829,532	3.94%	70,288
2014/15	85%	£42,098,600	0.22%	67,612
2015/16	85%	£39,561,659	Nil	64,412

2016/17	85%	£40,658,007	3.83%*	60,963
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* The overall Council Tax increase of 3.83% is made up of a 3.99% increase in the Council's precept and lower percentage increases in the police and fire precepts.

4.0 Council Tax in other areas

Attached as appendix two, is a table detailing the amount of Council Tax payable for a band A property as well as details of local CTS schemes across metropolitan councils, core cities and Greater Manchester councils.

The comparison figures within appendix two are for 2016/17 and at this stage will not include the planning that others will be doing for 2017/18 onwards as part of their budget planning

The table shows that for Council Tax payable, Manchester has a lower than average band A Council Tax charge when compared to other councils.

The table also illustrates that Council Tax Support schemes across the country vary greatly with a small number still offering maximum support similar to the old Council Tax Benefit scheme and others with maximum threshold figures of 70/75% of the Council Tax due. This means that their residents have to pay between 25-30% of the Council Tax due before receiving any CTS.

Based on comparisons with both other Greater Manchester councils, other metropolitan councils and core cities, we can report that the majority of councils take a similar approach to Manchester in limiting the percentage maximum and within this there is a fairly wide bandwidth of charges.

Across local and Greater Manchester councils, the councils of Tameside, Oldham, Rochdale and St Helen's combine maximum CTS awards of between 75-85%, alongside caps on awards linked to Council Tax property bands of between A and D.

5.0 Options for reducing CTS expenditure

There are three main variables that affect the amount of CTS that the Council pays out, how any subsequent savings are calculated and in turn, the resultant financial impact.

These include:

- Whether there is an overall annual increase in the amount of Council Tax charged. When the Council charges more Council Tax there is an increase in the amount of CTS paid out- costs of the CTS scheme for this process have been based on 2016/17 Council Tax levels ;
- The number of people in receipt of CTS;
- The CTS scheme that is in operation; and

These variables are used when calculating and modelling the real and eventual reduction in expenditure and the future costs of the CTS scheme for the Council.

The modelling has been based on 2016/17 expenditure on CTS. Any increase in the amount of Council Tax due will increase the Council Tax Support costs and this will be considered separately as part of the Council Tax budget process and is therefore not part of the consultation for the CTS scheme.

In modelling the options there has been an assumption of a continued reduction in the CTS caseload over the next year and the calculations have been based on a caseload of 60,000 during 2017/18. This is a reduction of 1,000 households.

It is important to note that the level of savings realised depend on how much of the increased amount of Council Tax due (as a result of increasing Council Tax bills and then paying less CTS) is actually collected.

5.1 Reducing the maximum amount of CTS that is paid.

Due to Manchester's demography, the Council Tax banding split (58.5% in band A and 16.9% in band B), and the claimant base, the only way to significantly reduce spend in order to achieve a reduction of up to £2million is to limit the maximum award of CTS that is paid to working age claimants. This is because the government have determined that pensioner must be protected from any changes with the same entitlement as the old Council Tax Benefit scheme.

The current model is based on all awards being determined on 85% of the Council Tax charge for the property. This means that all working age households have to pay a minimum of 15% of the Council Tax due.

The table below models the current position and shows the current year Council Tax by band and the annual and weekly payments due from those with no CTS and those of working age with maximum CTS.

Band	Number of working age claimants	Council Tax 2016/17		Maximum CTS of 85%	
		Annual charge	Weekly charge	Annual charge	Weekly charge
A	35,249	£956.74	£18.40	£143.51	£2.76
B	4,136	£1,116.19	£21.47	£167.43	£3.22
C	1,699	£1,275.65	£24.53	£191.35	£3.68
D	345	£1,435.12	£27.60	£215.27	£4.14
E	77	£1,754.04	£33.73	£263.11	£5.06
F	12	£2,072.95	£39.86	£310.94	£5.98
G	2	£2,391.86	£46.00	£358.78	£6.90
H	0	£2,870.24	£55.20	£430.54	£8.28

The following options have been considered as changes to the CTS award for **working age claimants**:

Option One

Move to a CTS model that:

- Assesses all awards on 80% of the Council Tax that is due, meaning that all working age households have to pay a minimum of 20% of the Council Tax that is due.

This option would result in all current working age claimants (around 41,000 households) having a reduced award. A small number of these households will no longer be entitled to any CTS.

This would result in a forecasted reduction in CTS costs of £2m in 2017/18

Option Two

Move to a CTS model that:

- Assesses all awards on 82.5% of the Council Tax that is due, meaning that all working age households have to pay a minimum of 17.5% of the Council Tax that is due.

This option would result in all current claimants (around 41,000 households) having a reduced award. A small number of these households will no longer be entitled to any CTS.

This would result in a forecasted reduction in CTS costs of £1m in 2017/18

This option would not deliver a reduction of up to £2m. There are further options that could be considered in order to reduce the costs of the scheme further.

The table below models option one and option two and shows the annual and weekly charge due from working age residents in receipt of maximum CTS for properties in each band.

Band	Number of working age claimants	Maximum CTS of 80%		Maximum CTS of 82.5%	
		Annual charge	Weekly charge	Annual charge	Weekly charge
A	35,249	£191.35	£3.68	£167.43	£3.22
B	4,136	£223.24	£4.29	£195.33	£3.76
C	1,699	£255.13	£4.91	£223.24	£4.29
D	345	£287.02	£5.52	£251.15	£4.83
E	77	£350.81	£6.75	£306.96	£5.90
F	12	£414.59	£7.97	£362.77	£6.98
G	2	£478.37	£9.20	£418.58	£8.05
H	0	£574.05	£11.04	£502.29	£9.66

5.2 Limiting CTS awards to a determined Council Tax band

Another way to limit CTS awards and reduce associated spend that is used by some authorities is to cap the level of Council Tax Support paid to a maximum Council Tax band. The band it is capped at is determined by the council and this is referred to as band capping. Band capping can be used alongside the threshold model that the council currently adopts (covered in option one and two above) to further reduce costs of the CTS scheme.

Within Manchester, because of the property spread across the Council Tax bands, in that the majority of properties are in the lower bands (75% in either band A or band B); band capping only provides moderate financial benefits when limited at these lower bands.

The following table shows the amount that could be saved by the Council by band capping awards based on Council Tax bands of between A and H.

Award Capping level	No of households affected	Associated savings
All based on maximum band A	6,271	£1,013,000
All based on maximum band B	2,135	£320,000
All based on maximum band C	436	£73,000
All based on maximum band D	91	£23,000
All based on maximum band E	14	£3,500
All based on maximum band F	2	£500
All based on maximum band G	-	-
All based on maximum band H	-	-

Bandcapping could be combined with a threshold reduction so the impact is targeted in a different way.

As a result, the following options are a combination of the band capping option alongside the required level of maximum benefit award required to achieve the reduction in CTS spend of up to £2m.

Option three

Move to a CTS model that:

- Only pays benefit based on the Council Tax of a band A property, irrespective of the band of the property where the Council Tax is due; and
- Assesses all awards on 83% of the Council Tax that is due, meaning that all working age households have to pay a minimum of 17% of the Council Tax that is due.

This option would result in 6,271 households having their Council Tax based on the Council Tax due for a band A property as well as all current claimants (around 41,000 households) having a reduced award. A small number of these households will no longer be entitled to any CTS.

The households that have their CTS based on band A would be affected by both changes, with the households living in the highest banded properties having the largest detrimental financial impact.

This would result in a forecasted reduction in CTS costs of £2m in 2017/18.

Option four

The final option to be consulted on that would give a reduction in cost of up to £2m would be to move to a CTS model that

- Only pays benefit based on the Council Tax of a band B property, irrespective of the band of the property where the Council Tax is due; and
- Assesses all awards on 81% of the Council Tax, meaning that all working age households have to pay a minimum of 19% of the Council Tax that is due.

This option would result in 2,135 households having their Council Tax based on the Council Tax due for a band B property as well as all current claimants (around 41,000 households) having a reduced award. A small number of these households will no longer be entitled to any CTS.

The households that have their CTS based on band B would be affected by both changes, with the households living in the highest banded properties having the largest detrimental financial impact.

The table below shows the annual and weekly charge due from working age residents for options three and four for each band.

Band	Number of working age claimants	Minimum payment if capped at band A Based on maximum CTS of 83%		Minimum payment if capped at band B Based on maximum CTS of 81%	
		Annual charge	Weekly charge	Annual charge	Weekly charge
A	35,249	£162.65	£3.13	£181.78	£3.50
B	4,136	£322.10	£6.19	£212.08	£4.08
C	1,699	£481.56	£9.26	£371.54	£7.14
D	345	£641.03	£12.33	£531.01	£10.21
E	77	£959.95	£18.46	£849.93	£16.34
F	12	£1,278.86	£24.59	£1,168.84	£22.48
G	2	£1,597.77	£30.73	£1,487.75	£28.61
H	0	£2,076.15	£39.93	£1,966.13	£37.81

6.0 Other areas where it is proposed that the 2017/18 Council Tax Scheme is revised

When the Council developed its local Council Tax Support scheme it determined that the core principles should include the following (see appendix one for full details):

- Because many claimants receive Housing Benefit and DWP means-tested benefits, the Council will use information from these benefits and align rules for Council Tax Support with the rules for these benefits as far as possible to avoid further means-testing and additional administration.
- Administration should be simplified.
- The scheme will attempt to provide for people on Universal Credit to receive a similar level of Council Tax Support on a similar basis to those on the present schemes of national means-tested benefits and tax credits.

Within the period that the Council's current CTS scheme has been in operation (since April 2013, amended in 2014 for percentage change only) there have been many changes to legislation affecting Housing Benefit. Because of the cost of changing the scheme, including consultation etc, incorporating these changes into the scheme at the time the changes were made would not have made economic sense. As a result, there are now several areas where the Council's CTS scheme has a different set of rules to the Housing Benefit Scheme that is also administered by the Council and is part of the same customer journey and claim process.

Given that the Council is now seeking to amend its scheme, including a full consultation exercise and Equality Impact Assessment it makes sense to consider incorporating some of these changes into the CTS scheme so that where possible the rules are broadly similar to those for Housing Benefit. This makes the scheme easier to understand and administer.

These changes will be considered cognisant of the need to manage the costs of the scheme and to deliver within the core principles, including supporting people into work, recognising the needs of those with children, disability or caring responsibilities and administering the scheme as fairly and simply as possible.

Unfortunately because of the variable number of affected households, their timescales for implementation (including some only affecting future claims) the Council is unable to quantify the financial impact of these changes.

6.1 Proposed changes to CTS to align to Housing Benefit legislation

The Council has considered these changes and it is recommended that the following changes are included within the Council Tax Scheme from 2017/18 onwards:

1. When working out entitlement to Council Tax Support the Council will disregard capital relating to payments made directly to a parent for the purposes of meeting their child's special educational needs
2. The Council will use the actual date of change rather than Monday after for any award or increase of a DWP benefit
3. The Council will increase the length of time that a claimant has to notify us of a beneficial change from three weeks to one month. If we are told late we will action this from the date of the change and not the Monday after
4. When working out entitlement to Council Tax Support the Council will no longer include a family premium in the applicable amount for all new claims with dependents, aligning to Housing Benefit rules.
5. The Council will reduce the period of time where a person is outside of Great Britain for any reason and still treated as occupying the property from thirteen weeks to four weeks.
6. When working out entitlement to Council Tax Support the Council will only take into account two children in the calculation. This will only affect anyone who has a child or responsibility for a new child after 1st April 2017 aligning to Housing Benefit rules.

6.2 Changes to HB legislation not included in the CTS scheme

The Council has also considered the following changes in legislation and it is recommended that the following areas are excluded from the CTS scheme. This is on the basis that existing entitlement to residents is maintained based on the principles of the core CTS scheme:

1. From April 2016 the Housing Benefit rules only allow backdating with good cause for one month. It is proposed that the CTS scheme maintains the rule to allow six months backdating with good cause. This is to support new claimants and the transition into work and claims from Universal Credit claimants.
2. From April 2017, there will no longer be automatic entitlement to HB (or the housing element of UC) for under 21 year olds who are unemployed. There are expected to be various exceptions that are not yet known. It is proposed that entitlement to the CTS scheme is maintained for this group. This is to support vulnerable residents.

7.0 Conclusions

The Council is seeking to maintain the original principles of its Council Tax Support Scheme which are to:

- Given the reduction in Government funding, people of working age will receive less help with their Council Tax.
- The Council will seek to spread the impact of this cut as fairly as possible.
- Everybody of working age will be affected; nobody will have their full Council Tax covered by Council Tax Support.

- The Council will recognise the needs of those with children, disability or caring responsibilities by retaining features of the current scheme that address those needs.
- While many claimants receive Housing Benefit and DWP means-tested benefits, the Council will use information from these benefits and align rules for Council Tax Support with the rules for these benefits as far as possible to avoid further means-testing and additional administration.
- The Council will seek to ensure that its scheme does not undermine incentives to work.
- The Council will continue to disregard war disablement pensions and pensions for war widows and widowers.
- Administration should be simplified.
- The scheme will attempt to provide for people on Universal Credit to receive a similar level of Council Tax Support on a similar basis to those on the present schemes of national means-tested benefits and tax credits.
- The Council will annually review the scheme and make any necessary changes, where necessary subject to appropriate consultation.

The amount of funding for the CTS scheme as provided by government within the Revenue Support Grant is reducing each year. Although the majority of this gap is funded by the Council there is a gap of up to £2m for the 2017/18 financial year. This is based on initial forecasting of the final grant settlement.

Although there are some options to reduce the amount awarded, detailed in section five, the most straightforward way to reduce spend on CTS for all working age residents is to increase the maximum threshold amount before which the Council will assess entitlement to Council Tax Support. Taking this approach also ensures that the original principles of the CTS scheme are maintained. When considering this, it is option one which limits the CTS threshold to 80% that provides the £2m reduction. Option two operates within the same principle but with a higher threshold and reduced savings. This option does not deliver a reduction in spend of up to £2m and is therefore not recommended.

Options three and four require awards to be capped according to the Council Tax property band alongside a variable threshold figure according to the savings achieved by capping the awards. Both options are able to deliver the reduction in CTS spend of £2m. However, these options have not been put forward as the main recommendation as they are more complex and some residents are more disproportionately affected than others depending on the band of the house they live in. This may not always be attributed to the size of the property but could be down to the value which may vary in different areas of the city.

Finally band capping in itself would not provide the amount of reduction necessary and as such would need to be combined with a maximum threshold figure to make up a reduction in cost of up to £2m. This would also mean that some families would be hit by both changes and would mean that the scheme is more complex to understand.

8.0 Recommendations

The recommendations for consultation are:

- I. That the Council's CTS scheme is based on option one

Option one

The Council would pay Council Tax Support based on:

- All awards will be based on a maximum of 80% of the Council Tax charge for the property (This means that the maximum a household could receive would 80% of the Council Tax due). All households will have to pay a minimum of 20% of the Council Tax due.

- II. That if the financial settlement allows, then option two should be considered.

Option two

The Council would pay Council Tax Support based on:

- All awards will be based on a maximum of 82.5 of the Council Tax charge for the property (This means that the maximum a household could receive would 82.5 of the Council Tax due). All households will have to pay a minimum of 17.5% of the Council Tax due.

- III. That option three is explored as part of the consultation as an alternative to option one above.

Option three

The Council would pay Council Tax Support based on:

- Only pays benefit based on the Council Tax of a band A property, irrespective of the band of the property where the Council Tax is due; and
- Assesses all awards on 83% of the Council Tax that is due, meaning that all working age households have to pay a minimum of 17% of the Council Tax that is due.

- IV. That option four is explored as part of the consultation as an alternative to option one above.

Option four

The Council would pay Council Tax Support based on:

- Only pays benefit based on the Council Tax of a band B property, irrespective of the band of the property where the Council Tax is due; and
- Assesses all awards on 81% of the Council Tax, meaning that all working age households have to pay a minimum of 19% of the Council Tax that is due.

- V. That proposals for other options are requested as part of the consultation exercise. These proposals would be required to deliver the reduction in CTS costs or alleviate the funding gap of up to £2m.

- VI. That the following changes to align the CTS scheme to Housing Benefit and other DWP means tested benefits are made:

1. When working out entitlement to Council Tax Support the Council will disregard capital relating to payments made directly to a parent for the purposes of meeting their child's special educational needs
2. The Council will use the date of change rather than Monday after for any award or increase of a DWP benefit
3. The Council will increase the length of time that a claimant has to notify us of a beneficial change from three weeks to one month. If we are told late we will action this from the date and not the Monday after.
4. When working out entitlement to Council Tax Support the Council will no longer include a family premium in the applicable amount for all **new** claims with dependents, aligning to Housing Benefit rules.
5. The Council will reduce the period of time where a person is outside of Great Britain for any reason and still treated as occupying the property from thirteen weeks to four weeks.
6. When working out entitlement to Council Tax Support the Council will only take into account two children in the calculation. This will only affect anyone who has a child or responsibility for a new child after 1st April 2017 aligning to Housing Benefit rules.

9.0 Consultation

The Council has a duty to consult on its local Council Tax Support scheme. This includes the precepting authorities in Greater Manchester (the Fire and Police).

Following consultation with the precepting authorities the consultation will take place between 3 November and 15 December 2016.

10.0 Equality Impact Assessments

The requirements of Section 149 of the Equality Act state that public bodies must have due regard to the need to:

- i. Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act.
- ii. Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- iii. Foster good relations between people who share a protected characteristic and people who do not share it.

The Council is undertaking a comprehensive Equality Impact Assessment of the proposals. The assessment will consider in detail what impact the proposals could have on the protected characteristics: age, disability, gender reassignment, pregnancy, maternity, race, religion or belief, sex and sexual orientation.

Outcomes from the consultation will be reported to the Executive in January 2017 for a decision and will be accompanied by the equality impact assessment.

11.0 Key Policies and Considerations

11.1 (a) Equal Opportunities

The Council is undertaking a comprehensive Equality Impact Assessment of the proposals. The assessment will consider in detail what impact the proposals could have on the protected characteristics: age, disability, gender reassignment, pregnancy, maternity, race, religion or belief, sex and sexual orientation.

Outcomes from the consultation will be reported to the Executive in January 2017 for a decision and will be accompanied by the equality impact assessment.

11.2 (b) Risk Management

There are risks that are being actively monitored and managed.

The risk of increased demand resulting from higher take up, or increased numbers needing assistance or existing claimants' income reducing have been transferred from Government to local authorities. This is a risk where the future demands and impact cannot be determined with any certainty so will be subject to ongoing review in finalising the scheme.

There is a significant risk affecting Council Tax collection in the city as a result of these changes. Collection will be monitored on a monthly basis by the City Treasurer.

11.3 (c) Legal Considerations

The legal considerations are contained within the report.

Appendix One

Local Council Tax Scheme

The scheme will operate within the following principles:

Compliance with statutory duties

- The Council will comply with its duties in relation to the Equality Duty (Equality Act 2010), duty to mitigate the effects of child poverty (The Child Poverty Act 2010) and the duty to prevent homelessness (The Housing Act 1996).
- Any new proposals will be subject to appropriate consultation and the outcome of the consultation will be subject to a full equality impact assessment.

Claims from people over pension age

- People over pension age are excluded from these changes.

The Government has determined that people over the state pension age for women, and younger people with a partner over the state pension age for women, will receive help with Council Tax under a national scheme as now. The Council has no power to change this.

Claims from people of working age

- Given the reduction in Government funding, people of working age will receive less help with their Council Tax.
- The Council will seek to spread the impact of this cut as fairly as possible.
- Everybody on working age will be affected; nobody will have their full Council Tax covered by Council Tax Support.
- The Council will recognise the needs of those with children, disability or caring responsibilities by retaining features of the current scheme that address those needs.
- While many claimants receive Housing Benefit and DWP means-tested benefits, the Council will use information from these benefits and align rules for Council Tax Support with the rules for these benefits as far as possible to avoid further means-testing and additional administration.
- The Council will seek to ensure that its scheme does not undermine incentives to work.
- The Council will continue to disregard war disablement pensions and pensions for war widows and widowers.
- Administration should be simplified.
- The scheme will attempt to provide for people on Universal Credit to receive a similar level of Council Tax Support on a similar basis to those on the present schemes of national means-tested benefits and tax credits.
- The Council will annually review the scheme and make any necessary changes, where necessary subject to appropriate consultation.

Appendix two- other CTS schemes 2016/17
Mets, core cities and Greater Manchester

Local Authority	Band A Council Tax annual amount	Minimum council tax payment?	Minimum council tax payment level	Savings limit	Second adult rebate reduced or abolished?	Support restricted to a particular council tax band?	Council Tax band support is restricted to	Minimum weekly council tax support payment	Taper rate
Cities									
Birmingham	£920	Yes	20.0%	£16,000	No	No	N/A	£0.00	20%
Bradford	£943	Yes	25.0%	£16,000	No	No	N/A	£0.00	20%
Bristol, City of	£1,148	No	0.0%	£16,000	No	No	N/A	£0.00	20%
Coventry	£1,065	Yes	15.0%	£16,000	Yes	No	N/A	£0.00	20%
Kingston upon Hull	£980	Yes	20.0%	£16,000	Yes	No	N/A	£0.00	20%
Kirklees	£1,019	Yes	20.0%	£16,000	Yes	No	N/A	£0.00	20%
Leeds	£953	Yes	25.0%	£16,000	Yes	No	N/A	£0.00	20%
Leicester	£1,066	Yes	20.0%	£6,000	Yes	Yes	B	£3.70	20%
Liverpool	£1,117	Yes	8.5%	£16,000	No	No	N/A	£0.00	20%
Manchester	£957	Yes	15.0%	£16,000	Yes	No	N/A	£0.00	20%
Middlesbrough	£1,145	Yes	20.0%	£16,000	Yes	No	N/A	£0.00	20%
Newcastle upon Tyne	£1,070	Yes	15.0%	£16,000	Yes	No	N/A	£1.00	20%
Nottingham	£1,181	Yes	20.0%	£16,000	Yes	No	N/A	£0.50	20%
Sheffield	£1,057	Yes	23.0%	£16,000	Yes	No	N/A	£0.00	20%
Southampton	£1,042	Yes	25.0%	£16,000	No	No	N/A	£0.00	25%
Wakefield	£964	Yes	30.0%	£16,000	Yes	No	N/A	£1.00	20%

Local Authority	Band A Council Tax annual amount	Minimum council tax payment?	Minimum council tax payment level	Savings limit	Second adult rebate reduced or abolished?	Support restricted to a particular council tax band?	Council Tax band support is restricted to	Minimum weekly council tax support payment	Taper rate
GREATER MANCHESTER and North West									
Blackburn with Darwen	£1,033	Yes	20.0%	£16,000	No	No	N/A	£0.00	20%
Blackpool	£1,057	Yes	27.1%	£16,000	Yes	No	N/A	£0.00	20%
Bolton	£1,028	No	0.0%	£6,000	Yes	Yes	D	£1.00	20%
Bury	£1,048	No	0.0%	£8,000	Yes	Yes	B	£1.00	20%
Halton	£991	Yes	21.6%	£16,000	No	No	N/A	£0.00	20%
Manchester	£957	Yes	15.0%	£16,000	Yes	No	N/A	£0.00	20%
Oldham	£1,110	Yes	15.0%	£16,000	Yes	Yes	A	£0.00	20%
Rochdale	£1,064	Yes	20.0%	£16,000	Yes	Yes	A	£0.00	20%
Salford	£1,061	Yes	15.0%	£16,000	Yes	No	N/A	£1.00	25%
St. Helens	£1002	Yes	20.0%	£16,000	Yes	Yes	D	£1.00	20%
Stockport	£1,110	No	0.0%	£8,000	Yes	Yes	A/B	£1.00	20%
Tameside	£999	Yes	25.0%	£16,000	Yes	Yes	A	£0.00	20%
Trafford	£896	No	0.0%	£16,000	Yes	Yes	D	£5.00	30%
Warrington	£1007	No	8.5%	£16,000	No	No	N/A	£0.00	20%
Wigan	£955	Yes	20.0%	£12,000	Yes	No	N/A	£0.00	20%

Manchester City Council

Revised Local Council Tax Support Scheme 2017

Excluding any annual uprating of the 2016 figures

Introduction

The Welfare Reform Act 2012 abolished Council Tax Benefit and the Local Government Finance Act 2012 made provision for local authorities to devise their own schemes for a Council Tax Support discount to assist people on low incomes to pay their Council Tax.

People over pension age are protected by regulations requiring a local scheme to retain most features of the former Council Tax Benefit scheme. People below pension age are covered by a locally defined scheme that is subject to only limited national prescription.

The funding provided by the government for Council Tax Support was, for the first year, approximately 10% less than for Council Tax Benefit and determined before the start of the year rather than reflecting actual expenditure and fluctuating caseloads.

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012/2885) set out the scheme provisions that local authorities must adopt for people over pension age and additionally prescribe a small number of provisions that local authorities must incorporate into their local scheme for people of working age. These regulations will be maintained across time.

The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (SI 2012/2886) prescribed the scheme that would be a local authority's local scheme if the local authority failed to make a local scheme by 31 January 2013. As such, these regulations will not be maintained beyond that date as any local authority on which the default scheme was imposed will have that as its local scheme and will be responsible for maintaining it.

Both of these regulations have been amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012 (SI 2012/3085) to uprate amounts in line with the general 2013 Social Security uprating. For 2014 the Prescribed Requirements regulations have been further amended by the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013 (SI 2013/3181) and by the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2014 (SI 2014/448) to uprate amounts in line with the general Social Security uprating and to make minor technical amendments.

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 were further amended from 13 March 2014 to recognise the introduction of same sex marriage by The Marriage (Same Sex Couples) Act 2013 (Consequential Provisions) Order 2014 (SI 2014/107) and from 1 April 2014 in respect of pensioners' capital by The Social Care (Self-directed Support) (Scotland) Act 2013 (Consequential Modifications and Savings) Order 2014 (SI 2014/513).

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 have been further amended from 1 April 2015 by The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2)

Regulations 2014 (SI 2014/3312) for uprating, to align provisions in respect of EEA jobseekers with those in the Housing Benefit scheme and for minor technical matters.

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 have again been further amended, from 1 April 2016 by The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2014 (SI 2015/2041) for uprating, to remove the family premium for elderly claimants from 1 May 2016 with transitional protection for existing cases, and for minor technical matters.

Manchester's scheme for people of working age is based on the government's default scheme subject to the modifications specified below. The Council at its meeting of 4 December 2013 decided to make this scheme, applicable from 1 April 2014. It is a revision of the Council's 2013 Council Tax Support Scheme. Through powers it delegated to the City Treasurer it incorporates uprated amounts for applicable amounts, disregards, non-dependant deductions and non-dependant income bands for which the detailed figures were not available at the time of its decision. Further upratings applicable from 1 April 2015 and now from 1 April 2016 have been applied under these delegated powers. Note that the 2016 uprating is based on inflation measured at a point when it was negative so that most figures remain unchanged, but new non-dependant deduction rates and their related income bands have been applied.

Part A

Council Tax Support for people of pension age

For a person to whom regulation 3 (a) of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 applies (a “pensioner”), the classes of person entitled to Council Tax Support under this scheme for any week are classes A, B and C as defined in Part 1 of Schedule 1 of those regulations and the provisions of those regulations, amended as may be from time to time, and in particular with values updated by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme)(England)(Amendment) Regulations 2012, the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013, Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2014, and the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015, shall apply,

save that

1. In paragraph 1 of schedule 5 of those regulations (disregard of pensions paid for war disablement and to war widows and war widowers), the amount to be disregarded shall be the whole of that income.
2. In matters not prescribed by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, the provisions of the Council Tax Reductions Schemes (Default Scheme) (England) Regulations 2012 as they relate to pensioners shall apply.

Part B

Council Tax Support for people of working age

For a person to whom regulation 3 (b) of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 applies (a “person who is not a pensioner”), the classes of person entitled to Council Tax Support under this scheme for any week are those prescribed in paragraphs 16 and 17 of the Schedule to the Council Tax Reductions Schemes (Default Scheme) (England) Regulations 2012 (Class D and Class E) and the provisions of

- Parts 1 to 3 and schedules 7 and 8 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012,
- The Council Tax Reductions Schemes (Default Scheme) (England) Regulations 2012, and
- The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme)(England)(Amendment) Regulations 2012

shall apply,

save as follows:-

People of Working Age

1. For the avoidance of doubt, a person who is not a pensioner shall be treated as a pensioner if he is one of a couple and the other member of that couple has reached the qualifying age for state pension credit and neither member of the couple is
 - (a) a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance, or
 - (b) a person with an award of universal credit.

Maximum Council Tax Reduction

2. In paragraph 29 (1) of the Default Scheme, for a person who is not a pensioner, the amount of a person's maximum council tax reduction in respect of a day is 85% **[82.5%, 80%]** of the amount A/B where—
 - (a) A is the amount set by the authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
 - (b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under paragraph 30 (nondependent deductions: pensioners and persons who are not pensioners).

Assessment of income and capital

3. In paragraph 20 of schedule 8 of the Default Scheme (disregard of pensions paid for war disablement and to war widows and war widowers), the amount to be disregarded shall be the whole of that income.

Delay in reporting changes

4. Paragraph 107 of the Default Scheme is subject to the proviso that where an applicant (or any person acting on his behalf) fails to notify a relevant change of circumstances in accordance with paragraph 9 of Schedule 8 to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012/2885)(reproduced in paragraph 115 of the Default Scheme) and that change would result in an increase in the amount of a reduction, the amount of the reduction granted shall not be increased for any day before the day on which the authority received notification of that change.

Uprating

5. The Council shall review the amounts specified in this scheme (these being those set in the 2016 scheme) before 1 April 2017 and thereafter annually, having regard in particular, but not exclusively, to
 - (a) the level of funding to be provided by the Secretary for State for Communities and Local Government,
 - (b) figures prescribed in the Default Requirements for pensioners, and
 - (c) comparable figures in the Housing Benefit scheme.

The resulting figures for 2016 are set out in Appendix 1 below.

Alternative maximum council tax reduction

6. Paragraph 18, Part 8 and Schedule 4 of the Default Scheme shall not apply.
7. For the words “classes D to F” in the Default Scheme there shall be substituted the words “classes D and E”.

Restriction of level of support on the basis of band

- 8. For a person who is not a pensioner, where the property at which the person is liable is in bands [B,] C, D, E, F, G, or H, the level of reduction shall be that which would apply if the property was in band B [A].**

Part C

Provisions common to people of pension age and people of working age

Transitional

1. A person entitled to Council Tax Support in respect of 31 March 2016 or who has made a timely claim for Council Tax Support in respect of 31 March 2016 and that claim has not yet been determined shall be treated as having made an application for a reduction under this scheme from 1 April 2016.

Technical amendments

2. The Council shall review and amend this scheme as appropriate to reflect changes to legislation referenced in this scheme, changes to the Council Tax scheme itself, decisions of the courts, new sources of income, for example allowances paid under government schemes, and such other matters that appear to require technical amendment to maintain the coherence and intentions of this scheme.

Reviews and appeals

3. Where the provisions of this scheme align with those of the Housing Benefit scheme, the Council will apply the findings of a Lower or Upper Tier Tribunal on Housing Benefit as being applicable to the amount of a reduction under this scheme unless a valuation tribunal determines otherwise.
4. The Council may review and change any decision relating to a reduction to correct an accidental error or to take into account new caselaw relevant to the decision in question but shall be under no obligation to do so in respect of entitlement in any previous financial year.

Application of reductions to account and suspension of changes to reductions and of further reductions

5. The council will apply a reduction under this scheme to the relevant Council Tax account for the remainder of the relevant financial year, thereby reducing the amount of Council Tax payable. The Council may adjust this amount at any time during or after the relevant year as a result of changes to, or the end of entitlement to, the reduction.
6. The Council may suspend any adjustment to the amount of a reduction or the award of a further reduction if there is doubt about a person's entitlement to or the amount of a reduction but in such a case shall take all reasonable steps to resolve such doubts as soon as practical. The Council may also suspend any adjustment to the amount, or further award, of a reduction if an applicant does not provide information or evidence that is reasonably required within one month

of the request for such information or evidence and may end the reduction from the date the information or evidence was requested if it is not provided within one month of the date of the suspension.

7. Where the Council decides that the amount of a reduction should be reduced, it will usually reduce the amount applied to the account but reserves the right to waive the application of all or part of that reduction in cases of "official error" where the applicant could not be considered to have caused or contributed to the error, had no reason to doubt the amount of the reduction awarded and could not be expected to pay the increased liability for Council Tax quickly without difficulty. Adjustments to a reduction for the remainder of the financial year from the date of the decision to change the amount of a reduction will always be applied.

Additional disregards of income and capital

8. Payments as defined in paragraph 66 of Schedule 5 (sums to be disregarded in the calculation of income other than earnings) and paragraph 61 of Schedule 6 (capital to be disregarded) of the Housing Benefit Regulations 2006, any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments) shall be fully disregarded.

Family Premium

9. The provisions set out in the Housing Benefit (Abolition of the Family premium and limiting backdating) (Amendment) Regulations 2015 to exclude the family premium from the applicable amount of a new applicant shall apply to the applicable amount for Council Tax Support from 1 April 2017 for new claims made on or after 1 April 2017 and for existing applicants where a first child is born or a child joins a household that does not include children on or after 1 April 2017.

Applicable amounts for children

10. The provisions to be set out in legislation to exclude additional applicable amounts for a third or subsequent child born or joining the household on or after 1 April 2017 shall apply equally in the assessment of the applicable amount for Council Tax Support.

Temporary absence from home

11. Where an applicant is absent from Great Britain for more than four weeks, the provisions of the Housing Benefit scheme set out in the Housing Benefit and State Pension Credit (Temporary Absence) (Amendment) Regulations 2016 shall apply also to Council Tax Support.

Time limit for notifying a change

12. The period of 21 days specified as the period during which an applicant must notify a change likely to affect the amount of a reduction is extended to one month to align with the provisions of the Housing Benefit and Council Tax Benefit (Decisions and Appeals) Regulations 2001, Regulations 7(2)(a), (3), 8(3)5

Effective date of change for CTS as a result of an award or increase of a DWP benefit

13. When we have awarded CTS and the claimant, or a member of their family becomes entitled to a DWP benefit or has an increase in the amount of a DWP benefit from a date after the start of the claim, the provisions of The Housing Benefit and Council Tax Benefit (Decisions and Appeals) Regulations 2001 Regulations 7(2)(i) and 8(14) will apply.

Cases where income equals the applicable amount

14. For the avoidance of doubt, the entitlement of an applicant whose assessed income is the same amount as their applicable amount is to be treated according to the provisions of Class A in the case of a person who is a pensioner or class D for a person who is not a pensioner.

Appendix 1

Up-rated amounts from 1 April 2016 for people of working age

The amounts set out in the Schedule to the Council Tax Reduction Schemes (Default Scheme)(England) Regulations 2012 as amended by the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme)(England)(Amendment) Regulations 2012, and as up-rated in Manchester City Council's Local Council Tax Support Schemes for 2014 and 2015 are further amended as follows:-

Non-dependant deductions

In paragraph 30 (non-dependant deductions)—

- (a) in sub-paragraph (1)(a) for “£11.36” substitute “£11.45”; .
- (b) in sub-paragraph (1)(b) for “£3.74” substitute “£3.77”; .
- (c) in sub-paragraph (2)(a) for “£189.00” substitute “£195.00”; .
- (d) in sub-paragraph (2)(b) for “£189.00”, “£328.00” and “£7.52” substitute “£195.00”, “£338.00” and “£7.58” respectively; .
- (e) in sub-paragraph (2)(c) for “£328.00”, “£408.00” and “£9.49” substitute “£338.00”, “£420.00” and “£9.56” respectively.

Applicable amounts for persons who are not pensioners

In Schedule 3 (applicable amounts: persons who are not pensioners), no up-rating is appropriate and the amounts specified remain as follows—

- (a) in column (2) of the Table in paragraph 1—
 - (i) in sub-paragraph (1)(a) and (b), £73.10;
 - (ii) in sub-paragraph (1)(c), £57.90;
 - (iii) in sub-paragraph (2), £73.10;
 - (iv) in sub-paragraph (3), £114.85;
- (b) in column (2) of the Table in paragraph 3, in each place in which it occurs, £66.90;
- (c) in paragraph 4(b), £17.45;
- (d) in the second column of the Table in paragraph 17—
 - (i) in sub-paragraph (1)(a), £32.25;
 - (ii) in sub-paragraph (1)(b), £45.95;
 - (iii) in sub-paragraph (2)(a) and (b)(i), £61.85;
 - (iv) in sub-paragraph (2)(b)(ii), £123.70;

- (v) in sub-paragraph (3), £60.06;
 - (vi) in sub-paragraph (4), £34.60;
 - (vii) in sub-paragraph (5)(a), £24.43;
 - (viii) in sub-paragraph (5)(b), £15.75;
 - (ix) in sub-paragraph (5)(c), £22.60;
- (e) in paragraph 23, £29.05;
- (f) in paragraph 24, £36.20.