

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee - 7 February 2019
Executive - 13 February 2019

Subject: Changes to the Council Tax Support Scheme

Report of: City Treasurer

Summary

The purpose of this report is to provide final recommendations for the Council's Council Tax Support Scheme from April 2019 for the Executive to consider.

The report proposes changes to the Council's Council Tax Support Scheme. The changes are proposed so that the scheme remains fit for purpose as working age residents in receipt of welfare benefits are moved onto Universal Credit.

The report follows a period of formal consultation on the proposals that change the scheme for working age residents in receipt of Universal Credit.

Recommendations

1. Scrutiny Committee is requested to consider and comment upon the contents of the report and the steps being taken to continue to deliver a Council Tax Support Scheme that is cost effective and provides optimum support to low income households within the available budget.
2. Executive is requested to;
 - Note the outcomes of the consultation process and the Equality Impact Assessment (EIA) both of which have supported and informed the final recommendations.
 - Make the following changes to the Council Tax Support Scheme from 1 April 2019 in respect of people entitled to Universal Credit.
 - i. A person for whom the Council receives both an electronic notification of a new claim for, and subsequently a related first payment of, Universal Credit from the Department for Work and Pensions shall be deemed to have made a claim for a reduction under this scheme on the first day of entitlement to Universal Credit to which that notification of first payment refers.
 - ii. The amount of an award in respect of a day under this scheme for a person entitled to Universal Credit shall be a percentage of 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. This is subject to any discount which may be appropriate to that dwelling under the 1992 Act,

divided the number of days in that financial year, less the daily rate of any deductions in respect of non-dependants which fall to be made. That percentage shall be the percentage specified in the following table according to the band in which their excess income falls.

Excess weekly income greater than	Excess weekly income no more than	% reduction of Council Tax liability
£80.01	-	Nil
£75.01	£80.00	12%
£50.01	£75.00	30%
£25.01	£50.00	45%
£0.01	£25.00	70%
-	£0.00	82.5%

- iii. People who have a temporary break in their Council Tax Support (up to six months) because an associated award of Universal Credit has ended or the amount of Universal Credit in payment rises to a level that ends entitlement to Council Tax Support and that award of Universal Credit is subsequently reinstated (whether at the same rate or at a different rate) or drops to a level that triggers eligibility for Council Tax Support, are required to make a new claim for Council Tax Support. A new claim in these circumstances shall be treated as made on the date on which entitlement to Universal Credit resumed / reduced or six months before the day on which the claim is actually received, whichever is the later.
 - iv. The Council will monitor and review the Council Tax Support Scheme to ensure that it continues to support the Council's policies. The Council Tax Support Scheme may be amended for subsequent years, but should this happen there will be further consultation. If no revised scheme is published, this scheme will continue to apply to subsequent years. However, the figures set out in the scheme in respect of applicable amounts, income and capital disregards and non-dependants deductions may still be uprated to allow for inflation. Any such uprating will take effect on 1 April each year. If the figures provided in the prescribed requirements change, the Council reserves the right to amend the figures quoted in the scheme without further consultation.
 - v. Where the Council receives notification from the Department for Work and Pensions of a change to Universal Credit and the changed assessment does not result in an alteration to the amount of a reduction under this scheme, the Council is not required to notify the claimant of its recording of that change.
 - Agree that the Council's Discretionary Council Tax Payment Scheme is used to support households during the transitional period of moving to the banded scheme and Universal Credit. The scheme would cover the current anomalous and exceptional circumstances as well as supporting those households disproportionately impacted by Universal Credit transfer including families with children.
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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	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	The proposals have been considered to ensure that they do not have a negative impact on the transition into work or maintaining employment
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	N/a
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

The changes under discussion are not motivated by a requirement to reduce the cost of the scheme but are intended to make the scheme easier and more cost effective to administer and less onerous and complex for claimants. The changes are particularly difficult to cost because it is not possible to say what will happen to people moving on to Universal Credit.

Some will gain higher levels of Council Tax Support, others may lose. The cost of the new scheme, including the proposed changes, is expected to be broadly neutral, particularly given the context of falling caseloads. But there will be a need to fund additional software to support a banded scheme.

In addition to this it is also proposed that £150,000 is set aside to support the Council's Discretionary Council Tax Payment Scheme during the transitional period.

The scheme would cover the current anomalous and exceptional circumstances as well as mitigating the impact of the banded scheme and the two child limit for those hardest hit.

Financial Consequences – Capital

None

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Background documents (available for public inspection):

Report to RAGOS and Executive
Proposed changes to the Council Tax Support Scheme
September 2018
<https://democracy.manchester.gov.uk/ieListMeetings.aspx?CIId=137&Year=0>

1. Introduction

This report outlines the background, options and recommendations for delivering a local Council Tax Support Scheme for the Council from April 2019. It also provides details and outcomes of both the consultation exercise and Equality Impact Assessment and any impacts on the final recommendations.

The changes only affect working age claimants in receipt of Universal Credit (UC). Non-working age claimants (pensioners) and those working age claimants not in receipt of UC are unaffected by the proposed changes to the Council Tax Support Scheme in this report.

2. What impact will this report have on residents?

The proposed changes are designed to make the process of claiming Council Tax Support (CTS) as easy as possible for working age people claiming UC. Other elements of the Council's CTS scheme which do not apply to working age people claiming UC are already designed to make claiming and maintaining entitlement to CTS as simple as possible.

It is important to recognise that UC is not in fact 'Universal'. CTS has to be claimed separately from the Council. Current experience shows that residents claiming UC often fail to understand this requirement.

When claiming UC claimants are asked if they are liable for Council Tax and if they want to claim CTS. If they confirm that they do wish to claim CTS the DWP set an indicator on their system that means the Council is notified of the claim for UC and later notified if the UC claim is paid. It is proposed that these notifications constitute a claim for CTS. This removes the need to complete a separate claim for CTS.

This approach will limit the number of people on UC who fail to claim CTS. In turn this will limit the numbers receiving Council Tax reminders, summons and contact from the bailiff.

Unfortunately the Council will not be made aware of people claiming UC who do not tell the DWP they are liable for Council Tax or wish to claim CTS. In these cases it is more likely that they will receive Council Tax reminders and if they do not respond to these, summons and possible bailiff action.

A similar situation may arise when people who are on UC and receiving CTS have a short term break in entitlement to UC because of a change in their income. The Council will be notified that the claim for UC has ended but the UC system does not notify the Council when the claim is reinstated.

Also there are circumstances where the level of a claimant's UC award increases and results in them no longer being entitled to CTS because their income is too high. This causes the indicator on the DWP system to be removed and the UC system will not notify the Council of future changes to UC. In these cases a new claim for CTS must be made when the level of the UC award drops again.

In response to these issues it is proposed that the CTS Scheme is amended to allow the Council to treat new CTS claims which have been made following a break in entitlement to UC or CTS of up to six months as being made on the date on which entitlement to UC resumes (or falls to a level at which CTS is payable) or six months before the day on which the claim is received, whichever is the later.

The Council Tax recovery process means that residents will have received a bill, a reminder, a summons, notice of a liability order / bailiff warning letter, second bailiff warning letter, and then multiple contacts from the bailiff within six months of their account going into arrears. This offers a number of opportunities to remind residents of the need to claim CTS. All of these documents reference CTS and where to go for help and advice.

A big change introduced by UC is that any changes in a claimant's income, however small, will be reported to the Council. Under the 2018/19 CTS Scheme this means the Council must reassess their CTS claim every time a change in income is notified. This in turn means a new Council Tax bill is issued and it may mean a new payment plan needs agreeing. Current figures suggest an average of four changes reported per UC claim each year although it could be as many as twelve changes each year for monthly fluctuating income levels.

To make the Council's CTS Scheme easier to understand and to avoid creating new Council Tax bills every time a small change in UC income is reported a new banded scheme is recommended. This would mean that where a change in a resident's UC excess income fell within the same band that their previous UC excess income was in, no change would be made to their CTS award. In turn no new letters or bills would be issued.

It is also recognised that DWP sanctions can cause additional financial pressures for residents. In order to mitigate this the Council's CTS Scheme maintains CTS based upon the resident's existing CTS award for the period of the sanction. This is already in place and no changes are required to maintain this approach.

3. Background

3.1 Council Tax in Manchester

Bills are sent for over 228,000 Council Tax accounts amounting to more than £225 million each year. Of this around one quarter of households receive financial support in the form of Council Tax Support totalling £38.8 million annually.

The following table shows property breakdown and benefit levels split across the Council Tax bands. This was based on a snapshot position as at the end of March 2018.

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Number of properties	132,384	39,025	32,784	15,603	5,499	2,059	840	103
Number of these that are empty	3,762	1,255	1,228	754	293	117	52	8
Number of working age households in receipt of partial Council Tax Support	5,753	978	547	89	28	4	0	0
Number of working age households in receipt of maximum Council Tax Support	26,039	2,601	924	205	42	10	2	0
<i>Working age total</i>	<i>31,792</i>	<i>3,579</i>	<i>1,471</i>	<i>294</i>	<i>70</i>	<i>14</i>	<i>2</i>	<i>0</i>
Number of non-working age (elderly) households in receipt of partial Council Tax Support	3,647	555	359	102	40	20	0	0
Number of non-working age (elderly) households in receipt of full Council Tax Support.	10,792	1,411	781	211	48	12	1	0
<i>Non-working age (elderly) total</i>	<i>14,439</i>	<i>1,966</i>	<i>1,140</i>	<i>313</i>	<i>88</i>	<i>32</i>	<i>1</i>	<i>0</i>

The current cost of the scheme based on end of March 2018 data is £38.8m. This was split £24.3m working age and £14.5m non-working age (pensioner) households.

3.2 Background to the current scheme

The localisation of Council Tax Support (CTS) was announced in the 2010 Spending Review and in April 2013 Government transferred administration and responsibility of the Council Tax Benefits (CTB) system from DWP to Local Authorities with the aim of giving councils stronger incentives to cut fraud and get people back into work.

The Council Tax Support scheme (CTS) was funded with a 10% reduced budget in 2013/14, with each authority designing and implementing a localised scheme and holding responsibility for any shortfall or surplus in the CTS budget. To achieve savings Manchester designed a CTS scheme which required all working age claimants to contribute to their net Council Tax liability (ranging from 8.5% in 2013/14 to 17.5% in 2018/19).

In April 2014 CTS funding was rolled into Revenue Support Grant (RSG), where it has been assumed CTS has reduced year on year in line with the cuts to Manchester's Settlement Funding Assessments (SFA).

In 2018/19 notional CTS funding from Government is estimated at £23.5m, while the cost of the scheme is £38.8m, giving rise to a funding gap of £15.1m. The table below has been produced by the Council and models the loss in funding from 2012/13 to 2018/19 due to CTS.

Manchester CTS Scheme - SFA	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CTB / CTS Scheme Funding	(42,310)	(37,390)	(33,983)	(28,753)	(26,530)	(24,591)	(23,501)
CTS Transition Grant	-	(997)	-	-	-	-	-
Total funding	(42,310)	(38,387)	(33,983)	(28,753)	(26,530)	(24,591)	(23,501)
<i>SFA reduction %</i>			-9.1%	-15.4%	-7.7%	-7.3%	-4.4%
Claimant Council Tax foregone	42,310	39,849	38,763	40,301	40,048	38,750	38,623
Net Loss	0	1,462	4,780	11,548	13,518	14,159	15,122

3.3 Manchester's current CTS scheme

Manchester's present scheme is based on the default provisions offered by the government in 2012 and, where possible, uses the DWP assessment of income and needs, minimising the need for further means-testing by the local authority.

The scheme for working age residents has been developed based on the available budget and the savings that have had to be made to help the Council deliver a balanced budget.

2013/14 Scheme.

The Council received a transitional award and Council Tax Support was based on a maximum of 91.5% of the amount due meaning that all working age claimants had to pay at least 8.5% of their liability.

2014/15 to 2016/17 (3 years)

Council Tax Support was based on a maximum of 85% of the amount due meaning that all working age claimants had to pay at least 15% of their liability.

2017/18 to the present

Council Tax Support is based on a maximum of 82.5% of the amount due meaning that all working age claimants have to pay at least 17.5% of their liability.

It should be noted that non-working age residents (pensioners) are protected by government and are entitled to support for up to 100% of their Council Tax liability.

4. Impact of Universal Credit

4.1 Roll out of Universal Credit in Manchester

In Manchester the roll-out of UC “full service” is now complete. Working age claimants are generally no longer able to make a new claim to “legacy” benefits – income-based Jobseeker’s Allowance, income-related Employment and Support Allowance and Income Support from DWP, Child Tax Credit and Working Tax Credit from HMRC and Housing Benefit from the Council; instead they need to claim UC.

With “full service” fully rolled out nationally by the end of 2018/19, existing cases on legacy benefits will be transferred to UC through a process of “managed migration”. The government has recently announced plans to pilot this migration nationally with 10,000 claims in July 2019. It is not yet known whether this pilot will involve Manchester cases. Once this is complete, further migration plans will be published but it is extremely unlikely that these will begin in the 2019/20 financial year. When migration is rolled out it will mean that Manchester’s working age Housing Benefit claims and other legacy benefits could end, with those affected having to make a claim for UC instead.

This would leave Manchester’s Benefits Service providing Housing Benefit only for the elderly and for smaller numbers of people in specialised accommodation (though the government is also considering changes that would perhaps defer the migration of people with severe disabilities).

Residents in receipt of UC are required to make a separate claim for Council Tax Support with the Council.

4.2 Universal Credit and the impact on Council Tax Support

4.2.1 Assessing claims for Universal Credit within the current CTS framework

UC will shortly be the single mainstream provision for most working age people on low income. Officers within the Council have been considering the impact of UC on the Council Tax Support scheme to appraise whether it is fit for purpose.

One of the key things that officers considered was how Council Tax Support should be offered for residents in receipt of UC. Based on the current scheme and assessment model, a person on UC without earnings receives the maximum Council Tax Support, currently 82.5% of liability, unless non-dependant deductions apply.

For those on UC with earnings greater than the UC Work Allowance (a range of disregards of earnings applied in some cases), entitlement to Council Tax Support will always be below the maximum. As earnings increase, entitlement to Council Tax Support tapers off gradually. As above, non-dependant deductions may apply.

Although UC does not entirely match the detail of legacy benefits, it does makes

provision for people with disabilities and caring responsibilities; it makes provision for children; it helps with rent, and it provides work incentives.

Where it provides a lower level of support than legacy benefits, there is a scheme of transitional protection available at the point of migration to UC under the “managed migration” process. At present there is no transitional protection for those for whom a change means they move from legacy benefits to UC by “natural migration”.

Officers concluded that it would be appropriate to align Manchester’s Council Tax Support Scheme with UC, particularly if this enables the Council to draw on the assessment work carried out by DWP to minimise costs and reduce the need for claimants to provide the Council with the same information and evidence they have already provided to DWP.

4.2.2 Sanctions

UC claimants who do not comply fully with their claimant commitment may be sanctioned so that their award of UC is reduced or suspended. The Council’s Council Tax Support Scheme maintains CTS based on the existing award for the sanctioned period. This means that CTS is not ended or suspended as a result of a sanction notification.

4.2.3 Issues with aligning to Universal Credit

As part of this appraisal work, areas within the UC regime were identified as issues that should be considered by the Council. These relate to:

- Maximising take-up and continuing entitlement to Council Tax Support;
- Responding to fluctuating income details of UC that result in nugatory work and monthly changes to the assessment of the CTS claim, the Council Tax bill and resulting payment plans;
- The length of time that it can take to assess entitlement to UC by the DWP;
- The conditionality and sanctions regime within UC; and
- What constitutes a claim for Council Tax Support.

The aim of considering these issues was to ensure that:

- Any changes are within the existing budget and do not significantly increase the cost of the Scheme;
- The Scheme being provided maximises take-up and continuing entitlement;
- The Scheme is as simple as possible for residents to understand and manage;
- The administration is as cost effective as possible; and
- The Scheme does not have a negative impact on Council Tax collection.

The issues are explored in further detail below along with the Council’s response and mitigation.

4.3 Areas included in the proposal

4.3.1 Avoiding frequent trivial changes

Issue

A key component of UC is its use of “real time information” supplied (generally monthly) on earnings by employers and on pensions by pension providers. This allows UC to track changing incomes.

The current Housing Benefit scheme and the Council Tax Support Scheme in its application to people not on UC, provide specifically for fluctuating earnings, avoiding the need for frequent change to entitlement. In contrast to this, UC is recalculated monthly on the basis of the latest payroll information. Details of the changed entitlement are automatically fed, in electronic format, to local authorities for reassessment of Council Tax Support cases.

The result of this is that UC can and does change frequently, even monthly, particularly for those in work. If a local authority changes Council Tax Support entitlement to reflect this, there is not just the work involved to reassess entitlement (even if this can be automated to any extent) but the cost of rebilling for Council Tax, re-profiling of expected payments with the consequent changes to direct debits and standing orders and there are implications for recovery work.

Local authorities are looking for ways to avoid this nugatory work. There is a range of possible approaches such as fixed term awards, ignoring changes up to a certain level or banded entitlement so that changes within agreed ranges leave entitlement at the same banded level.

Proposals to mitigate and respond to this issue

All have their drawbacks but if automated processing of notified changes can be developed adequately, a banded scheme seems to offer the most prudent approach with the lowest processing burden. Entitlement would be one of a small number of percentages of liability for Council Tax based on a table of bands for income exceeding the applicable amount so that most small changes of income would leave the claimant in the same band of entitlement.

4.3.2 How Universal Credit claimants claim Council Tax Support

Issue

In the past, Manchester has offered a combined claim form for Housing Benefit, Council Tax Support and other benefits it administers and Jobcentres have taken claims for Housing Benefit and Council Tax Support as part of the process for claiming the DWP legacy benefits.

A claim for UC does not incorporate a claim for Council Tax Support though claimants are usually asked whether they are claiming or want to claim Council Tax Support. Those who say yes are advised to claim from the Council but their answer also initiates automated data sharing from the DWP to the Council. Many people who claim UC do not go on to make a claim for Council Tax Support and attempts to invite

a claim are often unsuccessful.

Proposal to mitigate and respond to this issue

That the Council Tax Support Scheme is changed so that the Council is able to treat the initial DWP data sharing documents received as a claim for Council Tax Support on the basis that data sharing is only provided where the UC claimant has told DWP that they want to claim Council Tax Support.

4.3.3 Date of claim and waiting for award

Issue

People claiming UC often face a long wait before entitlement is determined.

Proposal to mitigate and respond to this issue

The Council Tax Support changed so that support is paid from the same date as the UC once entitlement to UC has been confirmed.

4.3.4 Gaps in entitlement to Universal Credit and Council Tax Support

Issue

There are circumstances where short term changes in income (typically within a one-month period) will cause people to move off and then back onto UC. In these cases the Council will be notified of the end of UC but will not be notified by the Department for Work and Pensions when the UC claim is reinstated. This means that the Council cannot prompt people to reclaim Council Tax Support. It is likely that a high proportion of people who move off and back onto UC in these circumstances will not reclaim CTS promptly.

Also there are circumstances where the level of a claimant's UC award increases and this results in them no longer being entitled to CTS because their income is too high. In these cases a new claim for CTS must be made when the level of the UC award drops again.

Proposal to mitigate and respond to this issue

The Council Tax Support Scheme is amended to allow the Council to treat new CTS claims which have been made following a break in entitlement to UC or CTS of up to six months as being made on the date on which entitlement to UC resumes (or falls to a level at which CTS is payable) or six months before the day on which the claim is received, whichever is the later.

This approach sits in line with the Council Tax Support backdating policy that allows the Council to backdate claims for up to a maximum of six months. This is felt to be sufficient time to support people who are not immediately aware of the need to claim Council Tax Support separately from UC.

4.3.5 Notifications

Issue

At present reassessment of Council Tax Support leads to a benefit notification letter and a revised Council Tax bill. The benefit notification letter is sent even if the support paid and the Council Tax due have not changed. This can be confusing and frustrating for residents and creates costs in postage and enquiries.

Proposal to mitigate and respond to this issue

If the Council goes ahead with a banded scheme, it is proposed that benefit notification letters are not sent unless the change results in a change in entitlement and a revised Council Tax bill is issued.

4.3.6 Transitional Support to people who lose some entitlement to CTS

Issue

The introduction of a banded approach to CTS will result in winners and losers, though the amounts involved are for the most part relatively small and can be justified by the overriding need to simplify and streamline the Scheme at a point when there is no expectation of cost saving.

Proposal to mitigate and respond to this issue

It is proposed that the Council's Discretionary Council Tax Payment Scheme (DCTP) will be used to mitigate the impact of the banded scheme and the two-child limit on those hardest hit by:

- Ensuring that those residents on Universal Credit who lose CTS as a result of moving onto the banded scheme in April 2019 are considered for support from the DCPT budget and;
- Providing support to families in 2019/20 who are impacted by the two-child limit. The Benefits Service will identify families in receipt of Council Tax Support who are impacted and provide support from the DCTP.

The DCTP scheme will also be used to address individual cases where residents make an application for support. This will include considering requests from owners affected by the Council's proposed changes to Council Tax charges for empty and unoccupied properties.

It is proposed that the increased costs of these awards is funded from the increased revenue that will be available should the changes to the Council Tax empty property charges be agreed by the Executive in February 2019.

The DCTP is funded through the Council's collection fund and therefore ultimately affects the resources available to the Council.

5. Cost of changes

The changes under discussion are not motivated by a requirement to reduce the cost of the scheme but are particularly difficult to cost because it is not possible to say what will happen to people moving on to UC. Some will gain higher levels of Council Tax Support, others may lose, maybe after some transitional protection from DWP. The cost of the Manchester Scheme have been modelled so that they are broadly neutral, particularly given the context of falling caseloads.

However, there will be a need to fund additional software to support a banded scheme.

In addition to this it is also proposed that £150,000 is set aside to support the Council's Discretionary Council Tax Payment Scheme during the transitional period. The scheme would cover the current anomalous and exceptional circumstances as well as providing support for those who lose out as a result moving to a banded scheme from 2019 and provide support for families who are impacted by the two child limit.

6. Financial modelling and impacts of a banded scheme

Officers have explored various financial models for banded schemes that meet the scheme objectives and remain cost neutral.

The following model for a banded scheme is proposed:

For a person entitled to UC, if their income is below their applicable amount or the same as their applicable amount, their Council Tax Support will be 82.5% of their Council Tax liability less any non-dependant deductions applicable.

For those whose income is higher than their applicable amount, their Council Tax Support will be the percentage set in the table below of their Council Tax liability less any non-dependant deduction according to the amount by which their income is above their applicable amount.

Excess weekly income greater than	Excess weekly income no more than	% reduction of Council Tax liability
£80.01	-	Nil
£75.01	£80.00	12%
£50.01	£75.00	30%
£25.01	£50.00	45%
£0.01	£25.00	70%
-	£0.00	82.5%

Attached as Appendix 1 is a financial model showing the financial impact of the scheme based on current awards. This shows an additional cost of circa £40,000, however this is expected to be offset by an expected caseload reduction.

7. Proposals to change the scheme

In response to these issues a proposal to change the CTS scheme was made and this was considered by the Executive and the Resources and Governance Scrutiny Committee in September 2018.

8. Feedback from Scrutiny and Executive

The original proposals prior to consultation were considered at the September 2018 meetings of the Resources and Governance Scrutiny Committee (RAGOS) and the Executive.

Although RAGOS had supported the proposed changes to the CTS Scheme outlined in the report, it was recommended that other possible changes to some aspects of the current Scheme be considered for inclusion in the consultation on the changes set out in the report. These additional changes related to the support to families with three or more children.

Executive agreed that the changes proposed in the report should be consulted upon. It was also agreed that the further changes recommended by RAGOS should be considered by the City Treasurer, and if possible without causing undue delay, included in the consultation. Authority was therefore delegated to the City Treasurer to decide on the contents and timing of the consultation.

9. Consideration of the City Treasurer

The recommendations from RAGOS were considered by the technical team within Revenues and Benefits who had been modelling the proposals. This included looking at how previous changes, whereby the core Council Tax Support Scheme was aligned to Housing Benefit and UC rules could be considered as well as how cases could be identified using the revised banded scheme. The complex and challenging software and technical requirements were also considered, in that UC is constantly changing and Council Tax Support software including banded schemes is relatively new nationally with only a few councils offering a banded scheme as proposed.

The team concluded that it was not possible at this stage to deliver the changes as requested and that instead discretionary assistance could be provided to the limited number of parents adversely affected more cost effectively.

They did however propose making changes to the Discretionary Council Tax Payment Scheme to explicitly recognise and provide additional support to families with three or more children that have been impacted by government changes. As part of this work will take place to identify those families where the government changes have had the most significant impact and where possible provide additional financial support towards their Council Tax bill. The aim is to make claiming and receiving this support as simple as possible.

This will of course increase the payments made via the Discretionary Council Tax Payment Scheme and as a consequence the budget. The City Treasurer consulted

the Executive Member who supported this approach and the consultation went out on this basis.

10. Changes to legislation affecting Universal Credit

Members should note that since the consultation closed, the Secretary of State has announced measures in UC to dis-apply the two child restriction policy in respect of children born before April 2017. This brings Universal Credit in line with Child Tax Credit, Housing Benefit and Council Tax Support for elderly claimants and non UC working age claimants.

As a result it is likely that some claimants who were due to lose a dependants allowance when they moved on to Universal Credit will no longer do so and therefore the need for help through the Discretionary Council Tax Payment scheme will be reduced.

11. Consultation exercise - major precepting authorities

As required by legislation the Council has consulted the precepting authorities for Greater Manchester. To date the Council has not received any comments on the proposals.

12. Consultation exercise

12.1 Consultation requirements

The Council is required to consult on any proposed changes to CTS in accordance with Section 13A of the 1992 Local Government Finance Act (Paragraph 3 of Schedule). This requires the following:

Preparation of a scheme:

- (1) Before making a scheme, the authority must (in the following order) —
 - (a) Consult any major precepting authority which has power to issue a precept to 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 consultation started on 5 November 2018 and ended on 16 December 2018.

12.2 Consultation approach and content

To ensure that the consultation reached as many benefit claimants and Manchester residents as possible, a wide-ranging consultation and engagement plan was developed. The approach was both digital and offline, ensuring that those most impacted by the proposals had the opportunity to respond. This was developed with the evaluation results of previous consultation exercises in mind.

A comprehensive consultation narrative, explaining the scheme and why it had been proposed and the impact on benefit claimants was used as the basis of both content for the Council website and a paper questionnaire.

1,310 paper questionnaires were also distributed. The paper questionnaires were sent to Libraries, the Customer Service Centre and to Members. Advice groups in the city and registered providers were also contacted.

Historically, the greatest response to a CTS scheme consultation was a direct mail-out with a paper questionnaire. With that in mind, a letter with the overarching narrative, options and questionnaire with a freepost return envelope was sent directly to a random selection of 30,000 of the working age CTS caseload - 5,911 Universal Credit households currently claiming CTS (directly affected by the Scheme change) as well as 9,089 households currently claiming CTS (excluding pensioners and UC claimants currently claiming CTS) plus 15,000 Council Tax payers.

A summary of the consultation outcome is included in appendix three.

12.3 Consultation Outcome

A total of 1,051 questionnaires were completed, this includes 809 paper questionnaires and 242 online questionnaires. Of this total, 567 were from people in receipt of CTS and 365 of them are Manchester residents. A further 119 respondents didn't know or didn't answer.

Of the 1,051 respondents, the response rate from all districts of Manchester where residency was declared (700 respondents), in comparison with the 2016 mid-year estimate Manchester population figures, reveal that the City Centre and Central are overrepresented and the North and East and South and Wythenshawe are slightly underrepresented.

In the age groups the headlines are that the 16-25 category are very underrepresented, the 40-49s are overrepresented and there is an even greater overrepresentation with the 50-64s.

The data for respondents who declared their ethnic origin reveal figures that are very much in line with the demographic make-up of the city including BME residents.

A summary of the responses is included in the table below. It shows agreement to all the proposals.

All free format comments were also compiled into a separate document and these were considered when drawing the conclusions to the consultation exercise. The freeform comments were also generally representative of the headline figures.

Do you agree or disagree that we should move to a banded CTS scheme from April 2019	
Agree/strongly agree	55%
Neither agree nor disagree	15%
Disagree / strongly disagree	12%
Don't know / not answered	18%
Do you agree we have worked out the bands correctly?	
Yes	68%
No	21%
Not answered	11%
If we have a banded scheme for Council Tax Support we don't want to send you letters unless you move band and the amount you have to pay changes. Do you agree or disagree with this change?	
Agree/strongly agree	65%
Neither agree nor disagree	10%
Disagree / strongly disagree	6%
Don't know / not answered	19%
We want to change our scheme so that claims for Universal Credit should also be treated as claims for Council Tax Support if someone says they want to claim Council Tax Support in their Universal Credit application. Do you agree or disagree?	
Agree/strongly agree	71%
Neither agree nor disagree	7%
Disagree / strongly disagree	6%
Don't know / not answered	16%
We want to be able to pay new claims for Council Tax Support made after a temporary break in Universal Credit from the Monday after the date their Universal Credit was restarted or up to six months before the date the Council Tax Support claim is received, whichever is the later. Do you agree or disagree with this change?	

Agree/strongly agree	64%
Neither agree nor disagree	14%
Disagree / strongly disagree	7%
Don't know / not answered	15%
We want to treat new claims for Council Tax Support made after a temporary break as being made on the date the Universal Credit award was at a level that means Council Tax Support can be awarded or up to six months before the date the Council Tax Support claim is received, whichever is the later. Do you agree or disagree with this change?	
Agree/strongly agree	64%
Neither agree nor disagree	15%
Disagree / strongly disagree	6%
Don't know / not answered	15%
We want to use our Discretionary Council Tax Payment Scheme to help households whose Council Tax bill has gone up and they are struggling to pay it. Do you agree or disagree we should use this fund to help people affected by these changes?	
Agree/strongly agree	77%
Neither agree nor disagree	7%
Disagree / strongly disagree	5%
Don't know / not answered	11%

A summary document of the results and responses is attached as appendix three.

These results were also considered as part of the Council's Equality Impact Assessment (see below).

13. Equality Impact Assessment

As a public body the Council has a number of statutory duties under equalities legislation. These are often referred to as the Public Sector Equality Duties (PSED). The PSED require the Council, through its decision making process, to give due regard to the need:

- to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act;
- to advance equality of opportunity between people who share a protected

- characteristic and those who do not;
- to foster good relations between people who share a protected characteristic and those who do not.

This involves in particular having due regard to the need to:

- (a) tackle prejudice; and
- (b) promote understanding

The protected characteristics are age, disability, gender re assignment, pregnancy, maternity, race, religion or belief, sex and sexual orientation. The Equality Act explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people. Particular attention needs to be paid to the needs of disabled people in taking account of this requirement
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low

Compliance with the duties may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under the Act.

An Equality Impact Assessment (EIA) has been completed to inform members of the relevant more detailed issues in considering the recommendations in this Report (see appendix four). The EIA is based upon extensive analysis drawing on a number of sources of data.

Of the proposed changes it is only the move to a banded scheme where there are a small number of people who would receive less financial support. This involves 199 households out of the 5,532 current households in receipt of UC (less than 0.5%).

Breakdown of the 199 claimants whose Council Tax Support reduces out of a total of 5,532 in receipt of CTS based on UC sections.

Race	16 Black British 13 Asian Pakistani 80 white British
Disability	None of the losers has a health condition or disability using the Universal Credit criteria.
Gender	104 female 95 male 123 single no children 16 couple no children 30 couple with children 30 single parents
Age	11 aged 18 to 25 46 aged 25 to 34

	103 aged 35 to 55 39 aged 55 plus
Carers	32 have caring responsibilities

In every area where data is collected, the losers are broadly representative of the caseload as a whole (and in relation to disability potentially less impacted) and the losers are not disproportionately affected in any of the areas with protected characteristics and the numbers are very low as part of the overall caseload.

The Council has a Discretionary Council Tax Payment scheme for any household that can demonstrate that they have been disproportionately impacted by the changes and requires additional financial support. Each case will be considered on its own merits cognisant of other welfare reform changes.

14. Key Policies and Considerations

14.1 Risk Management

There is a continued risk of increased CTS demand and expenditure resulting from higher take up, or increased numbers needing assistance or existing claimants' income reducing.

There is an increased risk due to the implementation of UC. This is a risk where the future demands and impact cannot be determined with any certainty so will be subject to ongoing review in developing and adapting the Scheme cognisant of budget restrictions.

14.2 Legal Considerations

The legal considerations are contained within the body of this report.

15. Conclusions

The consultation supports the Council's approach and the efforts to simplify the Council Tax Support claim process for UC claimants.

Although the cost of the Scheme is broadly cost neutral based on the modelling of the caseload and demographics, there is a small number of households (0.3% of caseload) that will receive less CTS as a result of alignment to UC and a banded scheme. Others will receive more.

The revised scheme will be better for all UC working age claimants in the city as it will be simpler to administer and the claim requirements will be less onerous. The administration will also be less than would have been the case otherwise.

The Discretionary Council Tax Payment Scheme that is also funded by the Council will be available to respond to requests for additional support.

16. Recommendations

16.1 Scrutiny Committee is requested to consider and comment upon the contents of the report and the steps being taken to continue to deliver a Council Tax Support Scheme that is cost effective and provides optimum support to low income households within the available budget.

16.2 Executive is requested to;

- (i) Note the outcomes of the consultation process and the Equality Impact Assessment (EIA) both of which have supported and informed the final recommendations.
- (ii) Make the following changes to the Council Tax Support Scheme from 1 April 2019 in respect of people entitled to Universal Credit.
 - A person for whom the Council receives both an electronic notification of a new claim for, and subsequently a related first payment of, Universal Credit from the Department for Work and Pensions shall be deemed to have made a claim for a reduction under this scheme on the first day of entitlement to Universal Credit to which that notification of first payment refers.
 - The amount of an award in respect of a day under this scheme for a person entitled to Universal Credit shall be a percentage of 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. This is subject to any discount which may be appropriate to that dwelling under the 1992 Act, divided the number of days in that financial year, less the daily rate of any deductions in respect of non-dependants which fall to be made. That percentage shall be the percentage specified in the following table according to the band in which their excess income falls

Excess weekly income greater than	Excess weekly income no more than	% reduction of Council Tax liability
£80.01	-	Nil
£75.01	£80.00	12%
£50.01	£75.00	30%
£25.01	£50.00	45%
£0.01	£25.00	70%
-	£0.00	82.5%

- Where an award of a reduction under this Scheme is ended because an associated award of Universal Credit has ended or the amount of Universal Credit in payment rises to a level that ends entitlement to Council Tax Support and that award of Universal Credit is subsequently

reinstated (whether at the same rate or at a different rate) or drops to a level that triggers eligibility for Council Tax Support within a period of six months, a new claim for a reduction is required. A new claim in these circumstances shall be treated as made on the date on which entitlement to Universal Credit resumed / reduced or six months before the day on which the claim is actually received, whichever is the later.

- The Council will monitor and review the Council Tax Support Scheme to ensure that it continues to support the Council's policies. The Council Tax Support Scheme may be amended for subsequent years, but should this happen there will be further consultation. If no revised scheme is published, this scheme will continue to apply to subsequent years. However, the figures set out in the scheme in respect of applicable amounts, income and capital disregards and non-dependants deductions may still be uprated to allow for inflation. Any such uprating will take effect on 1 April each year. If the figures provided in the prescribed requirements change, the Council reserves the right to amend the figures quoted in the scheme without further consultation.
 - Where the Council receives notification from the Department for Work and Pensions of a change to Universal Credit and the changed assessment does not result in an alteration to the amount of a reduction under this scheme, the Council is not required to notify the claimant of its recording of that change.
- (iii) Agree that the Council's Discretionary Council Tax Payment Scheme is used to support households during the transitional period of moving to the banded scheme and Universal Credit. The scheme would cover the current anomalous and exceptional circumstances as well as supporting those households disproportionately impacted by Universal Credit transfer including families with children.