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Cabinet Member for Strategic Finance and Resources

14 December 2017

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources – Councillor John Mutton

**Director Approving Submission of the report:**

Deputy Chief Executive (Place)

**Ward(s) affected:**

All

**Title:**

**Petition - Council tax exemption for disabled including PIP recipients**

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**Is this a key decision?**

No

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**Executive Summary:**

The Council has received a petition, bearing 27 signatures, which suggests exempting certain groups of disabled people from the 15 per cent minimum payment for working age households who receive council tax support.

In April 2016 a revised council tax support scheme was implemented following a public consultation and equality analysis. As part of the decision making process the Council considered several options for reducing the cost of the council tax support scheme. The Council considered, based on the findings from the equality analysis and public consultation, that a 15 per cent minimum payment for all working age CTS recipients would be the fairest way of reducing expenditure and would impact most evenly across the various groups with protected characteristics.

A change to the council tax support scheme which exempts certain groups from the minimum payment would result in less revenue to the Council through the council tax collection fund. The Council would be required to increase the minimum payment for

other working age council tax support recipients or reduce expenditure in other service areas.

**Recommendations:**

The Cabinet Member Strategic Finance and Resources is recommended to:

1. Acknowledge receipt of the petition and its contents;
2. Maintain, unchanged, the Council's current council tax support scheme.

**List of Appendices included:**

None

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

## **Report title: Petition - Council tax exemption for disabled including PIP recipients**

### **1. Context (or background)**

1.1 The Council has received a petition bearing 27 signatures.

1.2 The petition details are as follows:

*The new council tax change has meant the disabled and those unable to work are now being asked to use their limited funds on council tax. There should be a broader window of exemptions to include those with Aspergers for example and those in the severely disabled/support group of ESA.*

1.3 The Council has confirmed with the lead petitioner that it is being suggested that the Council amend its council tax support (CTS) scheme so that individuals with certain types of life-long disability are exempt from the 15 per cent minimum payment which applies to working age people receiving CTS.

### **Background**

1.4 In April 2013 the Government devolved to Councils responsibility for the design and delivery of what was until then council tax benefit – a means tested national benefit to support low income households with council tax costs.

1.5 In devolving schemes to Councils, the Department for Communities and Local Government (DCLG) reduced the funding for the system by 10 per cent. The DCLG stipulated also that support for pension age households could not be changed. The DCLG required that new schemes should be subject to formal public consultation and be approved by a meeting of Council no later than 31 January in the year in which the new scheme should come into force.

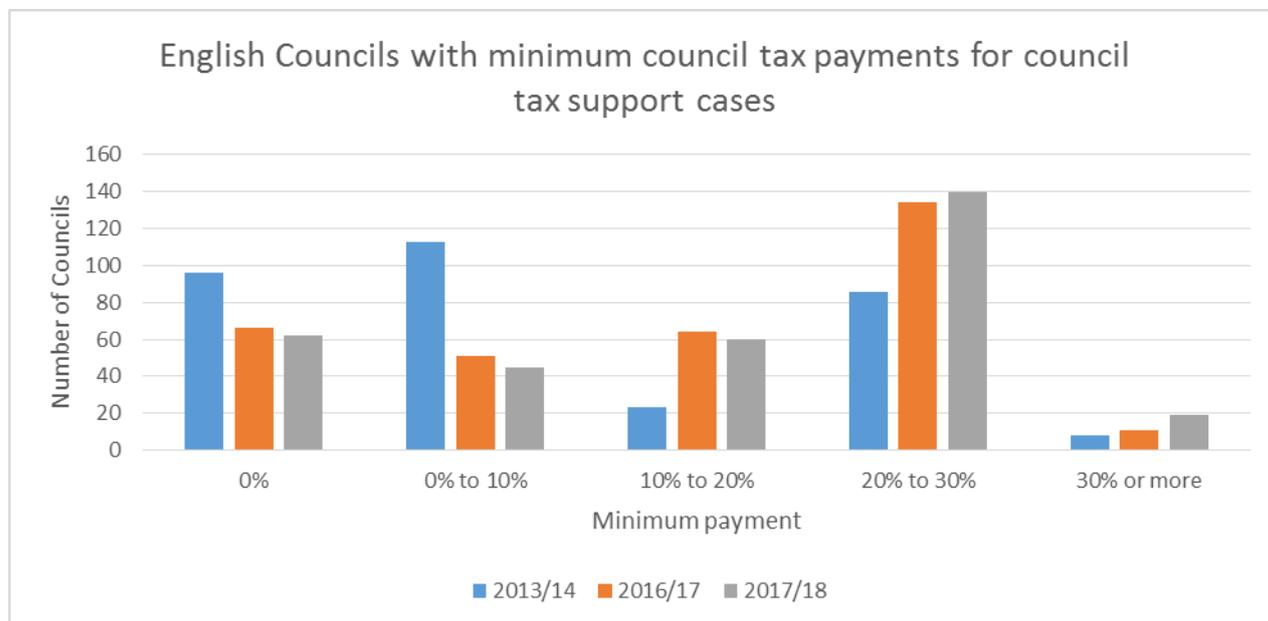
1.6 In designing a CTS scheme Coventry had £3 million less funding available than for the previous council tax benefit scheme.

1.7 Nevertheless, Coventry, through its CTS scheme, protected working age households from the DCLG funding cut and the Council absorbed the £3 million loss of revenue. Coventry was one of only 96 English Councils not to pass on the cut in 2013/14.

1.8 As part of the budget setting process for 2016/17, in response to significant and sustained reductions in Government funding, the Council considered adjusting the CTS scheme to bridge some of the gap between the funding provided by Government and the underlying cost of the scheme.

1.9 The Council approved a new CTS scheme in January 2016. The scheme came into force in April 2016. The revised scheme required a minimum 15 per cent council tax payment from all working age households receiving CTS. The change resulted in the average Band A household required to pay approximately £3 per week in council tax. Approximately 20,000 working age households were affected.

1.10 The chart below shows that the majority of Councils requiring a minimum payment in 2017/18, require a contribution of 20 per cent or more from working age households. Coventry has no plans to increase the minimum payment for 2018/19.



Source: New Policy Institute <http://www.counciltaxsupport.org/schemes/>

1.11 The decision to introduce a new CTS scheme in Coventry was subject to a formal public consultation and Equality Analysis. Coventry consulted on a number of options for introducing a revised scheme. One such option included the exemption of disabled households from the minimum payment requirement. Below is an extract from the equality analysis carried out in 2015:

*‘protecting disabled households and implementing a higher reduction of 20% across all other households is not preferred due to its severity of impact on other groups and inequality in income levels against Council Tax payments. For working age people who are claiming benefit from the Department for Works and Pensions, disabled people are entitled to the same basic level of DWP benefit as non-disabled people. However, people with disabilities receive extra benefit based on the level and nature of their disability and this extra benefit is awarded to help them with their day to day support needs. Therefore, in Scenario 3 the impact will be the same as it would for a non-disabled person, as the extra benefit they receive for their disability will not be affected. The following case studies illustrate this inequality in income and ability to cope with an additional Council Tax Payment.’<sup>1</sup>*

1.12 A CTS scheme which exempted disabled households from the minimum payment would require a greater contribution from other working age households. In addition to the rationale explained in the extract above, exempting disabled households would increase the administrative complexity of the CTS scheme and render the scheme more complicated for the public to understand.

<sup>1</sup> <http://democraticservices.coventry.gov.uk/documents/s25091/Appendix.pdf>

- 1.13 Whilst the Council's benefits department holds some high level information about households with a disabled member, it does not have access to nor retain information about the nature of individual disabilities.
- 1.14 The petitioner, for example, suggests that people with 'lifelong' disabilities be exempt from the minimum and the petitioner references 'Aspergers syndrome' as an example. The Council does not have information at this level of detail. There would need to be additional administrative processes to determine and verify the nature of individual disabilities.
- 1.15 Additionally, the process of deciding which types of disability should be exempt is subjective and fraught with moral complexities. The Council would need to determine whether someone with certain types of cancer, for example, should pay the minimum payment – whether families with disabled children should pay the minimum payment – and how these circumstances differ from those of a household with a member who is autistic.
- 1.16 In 2016, based on the results of public consultation and equality analysis, the Council determined that an across the board minimum payment was the fairest and least complicated way of delivering a revised CTS scheme.

## 2. Options considered and recommended proposal

- 2.1 The Council is free to design and implement its own CTS scheme. Amendments to the CTS scheme must be subject to public consultation and be approved at a meeting of full Council. It is unlikely that the scheme, for 2018/19, could be substantially amended in time for approval by Council on 31 January 2018. If the Council was minded to revise the scheme in response to the petition, it is likely that this would need to be formulated in readiness for the 2019/20 financial year.
- 2.2 The Council's benefits database records certain types of information about households with a disabled member. The table below shows the position in October 2017. The table shows the difference in the cost of providing CTS at 85 per cent compared with 100 per cent.

Group Descriptions	Number of households	Cost of support at 85%	Cost of support at 100%	Additional CTS Cost
Working Age - Non-Passported - Disability	191	£ 144,163.38	£ 175,094.61	£ 30,931.23
Working Age - Non-Passported - Disabled Child Premium	70	£ 47,745.47	£ 56,761.96	£ 9,016.49
Working Age - Non-Passported - Enhanced Disability	423	£ 324,251.46	£ 384,932.10	£ 60,680.64
Working Age - Non-Passported - Severe Disability	175	£ 120,390.61	£ 143,712.21	£ 23,321.60
Working Age - Passported - Disability	440	£ 402,795.50	£ 474,652.93	£ 71,857.43
Working Age - Passported - Disabled Child Premium	115	£ 98,028.62	£ 115,169.54	£ 17,140.92
Working Age - Passported - Enhanced Disability	1,741	£ 1,494,775.51	£ 1,764,779.09	£ 270,003.58
Working Age - Passported - ESA Support Component	21	£ 19,902.25	£ 23,414.40	£ 3,512.15
Working Age - Passported - Severe Disability	1,794	£ 1,331,981.97	£ 1,567,185.32	£ 235,203.35
<b>Total</b>	<b>4,970</b>	<b>£ 3,984,034.77</b>	<b>£ 4,705,702.16</b>	<b>£ 721,667.39</b>

- 2.3 To provide 100 per cent support to households with a disabled member would cost the Council more than £700,000. The Council does not hold information about all households with a disabled member and it is likely that the final cost of providing 100 per cent support would exceed the figure of £722,000 referenced in the table.
- 2.4 The petition suggests that, in addition to conditions such as Aspergers, those in receipt of the support component of ESA should be exempt. From the table above this would affect 21 households at a cost of £3,500 per annum. It is further suggested that the exemption be applied to the severely disabled. This would affect 1,969 households at an annual cost of £259,000.
- 2.5 As stated previously, the equality analysis in 2015 noted that disabled people receive additional premiums as part of their benefit assessments and these premiums award additional amounts to support people with their disabilities.
- 2.6 The equality analysis acknowledged that the revised CTS scheme would require low income working age households to increase their outgoings and by definition this would have some adverse impact on such households. But, as stated, an across the board reduction was seen as the fairest and most practical means of delivering a revised scheme. For these reasons, and within the context of the continuing and significant financial pressures placed on the Council by Government funding reductions, the Cabinet Member is recommended to maintain the CTS scheme in current form and not implement a revised scheme which would exempt certain working age households.

### **3. Results of consultation undertaken**

- 3.1 No consultation has been undertaken. A decision to vary the Council's CTS scheme would require a formal public consultation. A formal public consultation was undertaken in 2015 as part of the decision to implement the current CTS scheme.

### **4. Timetable for implementing this decision**

- 4.1 A decision to vary the Council's CTS scheme would need to be approved by Council no later than the 31 January prior to the commencement of the financial year in which the amended scheme is to come into effect.

### **5. Comments from Director of Finance and Corporate Services**

#### **5.1 Financial implications**

An amended CTS scheme which exempts people for council tax payments for which they are currently liable would result in the Council receiving less income through the council tax collection fund. The Council would need to either increase the amount collected from other working age households receiving CTS or reduce expenditure in other service areas to absorb the reduction in income.

#### **5.2 Legal implications**

The Local Government Finance Act 2012 requires billing authorities to design and implement their own schemes of council tax support. Schemes must be subject to formal public consultation, consultation with major preceptors and schemes must be approved by a meeting of full Council by 31 January in the year in which they are to come into effect. Councils must also give due regard to their equality duties when designing schemes. The Local Government Finance Act 2012 determines that Councils must adopt the prescribed national scheme for pension age claimants as set out in regulation.

## **6. Other implications**

### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

Not applicable

### **6.2 How is risk being managed?**

Not applicable

### **6.3 What is the impact on the organisation?**

See 5.1 above

### **6.4 Equalities / EIA**

Section 149 of the Equality Act 2010 imposes a legal duty on the Council in the exercise of its functions to have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it

The relevant "protected characteristics" under this section of the Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The decision by Council, in 2013, was subject to equality analysis which determined an across the board minimum payment to be the fairest way of implementing a reduced CTS scheme which impacted evenly across groups with protected characteristics.

### **6.5 Implications for (or impact on) the environment**

No impact

### **6.6 Implications for partner organisations?**

Any decision to reduce the amount of revenue generated through the collection fund would have a proportionate impact on major preceptors.

**Report author(s):**

**Name and job title:**

Barrie Strain  
Acting Head of Revenues

**Directorate:**

Place

**Tel and email contact:**

02476 833599

[Barrie.strain@coventry.gov.uk](mailto:Barrie.strain@coventry.gov.uk)

Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Suzanne Bennett	Governance Services Officer	Place	24/10/17	25/10/17
Glenda Cowley	Acting Head of Benefits	Place	24/10/17	25/10/17
Other members				
<b>Names of approvers for submission:</b> (officers and members)				
Finance: Paul Jennings	Finance Manager	Place	24/10/17	25/10/17
Legal: Gill Carter	Team Leader	Place	24/10/17	26/10/17
Director: Barry Hastie	Director of Finance and Corporate Services	Place	24/10/17	25/10/17
Councillor J Mutton	Cabinet Member for Strategic Finance and Resources		23/11/17	23/11/17

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