



Meeting of the

CABINET

Wednesday, 31 October 2018 at 4.00 p.m.

SUPPLEMENTAL AGENDA PACK 3

	PAGE NUMBER	WARD(S) AFFECTED
6 .12 Local Council Tax Reduction Scheme 2019/2020 [Feedback from responses received to the full public consultation].	3 - 8	All Wards

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Consultation responses – update as at 25th October 2018

The consultation closed on 24th October 2018.

3.1 Disabled Non Dependant deductions

3.2 Non dependant deductions are applied based on non dependant's income. An unintended consequence of the scheme has been that some disabled non dependants attract a non dependant deduction higher than £4 per week, which is the lowest non dependant deduction. A change is therefore under consideration to apply a maximum £4 deduction to disabled non dependants, regardless of their income.

3.3 The consultation asked do you agree that the council should limit the maximum deduction to £4 for disabled non dependants.

3.4 3,860 responses were received

Should the council limit disabled non dependant deductions to £4 per week?	Percentage	Number
Agree	55.36%	2,137
Disagree	26.27%	1,014
Don't know	18.37%	709

3.5 Self-employed claimants under 25 years

3.6 A minimum income floor (MIF) equivalent to 35 hours at National Living Wage is applied to claimants who have been self-employed for 12 months or more and have declared earnings below the MIF level. A benefit of using the MIF for self-employed people allows the Council to support and encourage residents to increase their earnings and reduce the risk of a significant loss of benefits entitlement when they migrate to Universal Credit.

3.7 The MIF was applied from 1 April 2017 for claimants who had completed 12 months self-employment at this date and from the date on which 12 months self-employment is completed for claimants who had worked less than 1 year at 1st April 2017.

3.8 The consultation asked do you agree the minimum level of income for under 25's who are self-employed should be adjusted to reflect minimum age rules.

3.9 3,860 responses were received

Should the minimum level of income for self-employed under 25's be adjusted to reflect minimum age rules?	Percentage	Number
Agree	69.04%	2,665
Disagree	22.64%	874
Don't know	8.32%	321

- 3.10 Self-employed claimants – enhanced support package
- 3.11 Tower Hamlets Benefits Service is currently working with the Enterprise Team established within Workpath to set up an enhanced referral process for self-employed residents affected by the MIF. Those residents referred will be able to access specialist employment support and advice provided by one of the Enterprise Teams partner organisations.
- 3.12 The Enterprise team will initially contact resident to establish their requirements to enable them to tailor the support provided to the resident’s individual needs.
- 3.13 A S13A discount is likely to be initially applied to help avoid hardship whilst the referral process is undertaken and will be reviewed periodically as progress is assessed.
- 3.14 The consultation asked do you agree that support for self-employed claimants should be enhanced to increase their earnings and income.
- 3.15 3,860 responses were received

Should the support for self-employed claimants be enhanced to increase earnings and income?	Percentage	Number
Agree	54.95%	2,121
Disagree	32.15%	1,241
Don't know	12.90%	498

- 3.16 Backdating – increase in provision
- 3.17 An award of CTR will usually start from the week following receipt of an application and there is currently provision to backdate an award for one month if there are valid reasons for the delay in applying. However, the introduction of Universal Credit appears to have caused some confusion and we are experiencing increasing incidents of residents who delay claiming CTR for longer than 1 month, consequently residents are having to pay more council tax than they can reasonably be expected to afford.
- 3.18 Increasing backdating provision from one month to 52 weeks should help to avoid this.
- 3.19 The consultation asked do you agree that entitlement to claim should be increased to up to 52 weeks.

3.20 3,860 responses were received

Should the council increase its backdating provision up to 52 weeks?	Percentage	Number
Agree	63.78%	2,462
Disagree	30.08%	1,161
Don't know	6.14%	237

3.21 Child allowances used in the assessment of Council Tax Reduction

3.22 Currently the Local Council Tax Reduction scheme assessment process is not aligned with Child Tax Credit, Universal Credit and Housing Benefit in respect of child allowances. Consequently to bring the LCTR scheme into line a change is proposed whereby the same child allowances are used in the assessment of Council Tax Reduction.

3.23 The consultation asked do you agree that the council should change child allowances in the assessment of Local Council Tax Reduction to reflect those used in the assessment of Child Tax Credit, Universal Credit and Housing Benefit.

3.24 3,860 responses were received

Should the council use the same child allowances in LCTRS as that used in Child Tax Credit, Universal Credit and Housing Benefit?	Percentage	Number
Agree	54.72%	2,112
Disagree	22.95%	886
Don't know	22.33%	862

LCTRS Public consultation written submissions and public comments

As part of the consultation written responses were received from the Greater London Authority (GLA) as a precepting authority, and also from our local advice agency Toynbee Hall.

The full responses are available as background papers for this report.

We also received 762 free text comments from the public which will also be summarised as background papers.

GLA written submission - summary

The GLA advise that in principle they support the proposed changes outlined in the consultation and their submission is broadly favourable. They acknowledge that the process should be more flexible in recognising individuals' differing circumstances and in particular will provide support to self-employed workers under 25 and those with disabilities, health difficulties and hardship.

The GLA note the backdating proposal to increase provision to 52 weeks appears sensible.

The GLA note that under the two child restriction proposal, some families may lose some entitlement to LCTR in comparison with the current scheme.

The Council acknowledges that some families affected by this change will get less LCTR; previously they will have benefited from the Council's decision not to align the Child Premium with their Child Allowance from April 2017. The change will also align LCTRS with Housing Benefit, the national CTR provision for pension age residents, Universal Credit and Child Tax Credit. If any families experience hardship as a result of the change, they will be offered S13A support.

The GLA make a broad comment about delaying managed migration of Universal Credit, but the council's proposals are predicated on the fact that full service UC was introduced in most of Tower Hamlets from March 2017 and DWP have given no indication that they intend to halt this process.

Toynbee Hall – written submission - summary

Toynbee raised two concerns:

Self-employed Minimum Income Floor (MIF) – Toynbee wanted to clarify whether S13A would be applied for hardship regardless of take up of employment support. The Council intend(s) to formalise and publish guidelines for the use of S13A provision for this group of claimants. Reference is also made to ensuring it is not council policy to advise self-employed residents to register as unemployed, which is noted.

Two Child Restriction – Toynbee Hall have presented this as “Removing Family Allowance” which is not accurate. The Child Allowance included in Child Tax Credit and Universal Credit has been removed in respect of any third or subsequent child born on or after 4 April 2017. Consequently the Child Premium included in the assessment of Housing Benefit and Council Tax Reduction for pension age residents; which effectively disregards the Child Allowance they get was removed for these children from April 2017. The purpose of this was to align the income disregarded with the level of Child Allowance awarded.

However, as Tower Hamlets LCTRS currently includes a Child Premium for any third or subsequent child, it is in effect including a disregard for income the resident no longer gets, and consequently the disregard is applied to other income such as earnings which is not what was intended when the scheme was designed.

Therefore the rationale for removing the Child Premium for the third and subsequent child is to ensure the disregard applied in the assessment of CTR aligns with the amount of Child Allowance the resident actually gets.

The council is aware that CPAG have commenced a legal challenge against the Government's two child restriction and the intention is to draft the new scheme to ensure that the disregard applied in LCTRS aligns with the Child Allowance included in Child Tax Credit and Universal Credit. This will ensure that the council's LCTRS will conform with the outcome of the legal challenge.

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