

COUNCIL

16 January 2020

Report of the Head of Resources

LOCAL COUNCIL TAX SUPPORT FOR 2020/21

PURPOSE OF THE REPORT

This report provides information relating to proposed changes to, and seeks approval to adopt, the Local Council Tax Reduction Scheme for the financial year 2020/21.

RECOMMENDATIONS

1. That under section 13A (1)(a) of the Local Government Finance Act 1992, the Council approves and adopts the scheme detailed in this report as the local Council Tax Reduction Scheme for 2020/21.
2. That a maximum total amount of £18,000 be set provisionally for all hardship relief applications under Schedule 11 of the scheme for 2020/21 (to be reviewed by a further report to Council during the year if it appears that this amount may be insufficient).
3. That the maximum total amount for all hardship relief applications under Schedule 11 of the scheme for 2020/21 be increased to £18,000.

WARDS AFFECTED

All Wards.

STRATEGIC LINK

The adoption of a local Council Tax Reduction Scheme is a statutory requirement and there is no link to the Council's priorities.

1 BACKGROUND

- 1.1 The government abolished Council Tax Benefit from April 2013 and replaced it with Local Council Tax Reduction Schemes, to be determined by each Council.
- 1.2 The scheme approved and adopted for 2013/14 (and retained for all subsequent years) was based on the government's default scheme as set down in The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (S.I. 2012 No 2886, as amended) which replicated the provisions for Council Tax Benefit but subject to the following amendments:
 - (a) The amount of any reduction for working age claimants is reduced by 8.5%.
 - (b) The period for extended payments is increased from four to eight weeks to assist claimants who move back into work.

(c)The full amount of income from war widow pensions etc. is disregarded in the calculation of income (instead of standard £10 disregard).

(d)Provision is made for additional awards in cases of hardship up to a total maximum amount of £18,000.

- 1.3 It should be noted that the local scheme originally adopted from 1st April 2013 and retained for subsequent years, continues to be well received and unlike similar schemes elsewhere has neither been subject to Judicial Review or criticism from the Valuation Tribunal Service (who hear appeals on council tax support calculations). It should also be noted that the Council has not been required to attend a VOA Appeal Tribunal to defend decision making on individual claims under the terms of its scheme. This has not been the case for some neighbouring councils.
- 1.4 The Council has previously consulted widely on this scheme that protected working age claimants from significant reductions with the remaining savings achieved from other changes to Council Tax discounts on empty properties and second homes.

2 REPORT

- 2.1 The local Council Tax Reduction Scheme must be reviewed annually and any changes made approved no later than 31st January in the financial year preceding that for which the changes are to have effect. **No significant technical changes are proposed to the scheme to be adopted for 2020/21 and so no new consultation with the public or with precepting authorities has been necessary.** The Benefits Manager is required to monitor expenditure in-year and is satisfied that based on projected caseload and relevant changes occurring that the costs of the 2019/20 scheme falls within budget.
- 2.2 A regular in-year review continues monitoring the impact of Full Service Universal Credit on local resident's entitlements and their ability to budget for the payment of council tax. These findings will inform our decisions on changes to our future year's scheme. A small number of local authorities have replaced their income related means tested scheme
- 2.3 The government makes annual changes to the prescribed elements of the scheme for pensioners (in The Council Tax Reduction Schemes (Prescribed Requirements) (Amendment) (England) Regulations 2020 (S.I. 2020 No 23) – made 9th January 2020, coming into force 11th February 2020) by uprating the allowances, premiums and non-dependent deductions used in the calculation of a reduction.
- 2.4 Working age equivalent figures had been 'frozen for the previous years but HM Treasury has now ended this austerity measure and so amounts will increase by a small percentage during the coming financial year. Any changes to the allowances, premiums and non-dependant deductions for working age claimants remain at the discretion of the local authority but we tend to update these amounts in advance of next year's scheme by reference to the annual uprating circular HB A1/2020 (Revised) published by the Department for Work & Pensions for housing benefit purposes on 13th January 2020.
- 2.5 The amounts in that circular are replicated in the 'Prescribed Requirements' regulations for pensioners. The circular also contains the working age uprating's to be used for housing benefit calculations.

- 2.6 As part of the Government's ongoing Welfare Reform, some technical changes to the national Housing Benefit Scheme have occurred over successive years. These have included the removal of the family premium from 1st May 2016 for new claims and families; some specific changes to temporary absence rules and changes to limit dependents allowances to two children from April 2017 are all relevant in this respect.
- 2.7 The decision has previously been made not to mirror these changes within the Local Council Tax Reduction Scheme for working age households during 2020/21 as the impacts concerned have been minimal during successive years but could lead to individual families being impacted on disproportionately. The overall impact of this decision on the cost to the Council's scheme is minimal, but will again be reviewed in planning subsequent years' schemes.
- 2.8 It is proposed, in the interests of clarity and equity that all allowances, premiums and non-dependant deductions and any other associated amounts in the scheme be uprated for both pensioner and working age claimants in line with the 'Prescribed Requirements' regulations (The Council Tax Reduction Schemes (Amendment) (England) Regulations 2020 (S.I. 2020 No 23)) and the DWP Uprating Circular HB A1 2020 (Revised)). **No other changes to the local scheme for 2020/21 are proposed.** These documents provide changes to the financial amounts used in the means test adopted to calculate entitlements and are not significant and will be incorporated into the Council's scheme for 2020/21.
- 2.9 Alongside the 'main' Local Council Tax Support Scheme, the Council also gives Discretionary Council Tax Assistance, intended to help those low income households with council tax to pay after a main CTS reduction, extra help in budgeting to pay that balance. It is also used to pay the 8.5% liability for working age claimants who have other debts. Referrals are taken from Citizens Advice Bureau locally.
- 2.10 Prior to 2018/19, elected members had set this Discretionary fund at £15,000 per annum. This budget was increased to £16,000 during 2018/19 and £17,000 for 2019/20 to reflect the increased demand from local residents. While the Council does not have limitless financial resources, it is considered that a modest increase in this budget would assist some households considerably. It is proposed that the budget amount for hardship applications should be increased to £18,000 for 2020/21. The increase compared to 2019/20, is proposed because of the likely acceleration of Universal Credit Full Service Roll out under 'managed migration arrangements'. Reassurance is given to elected members that the additional funds will be spent appropriately to support the most vulnerable households.
- 2.11 Two sets of regulations are prepared; one relating to that scheme for pensioner claimants (formerly the prescribed regulations) with a separate set existing for working age customers. Due to their combined size (in excess of 100 pages), the complete proposed local Council Tax Reduction Scheme for 2020/21 is intended as a background paper to this report and will be available to Members on request. The final adopted scheme for 2020/21 will be published in full on the Council's website by 31st March 2020.
- 2.12 It should also be noted that Derbyshire District Citizens Advice Bureau continues to give positive feedback to the Council's Benefit Manager for its fairness of treatment of low-income households under the provisions of the Local Scheme and this is the case compared to similar schemes within the east midlands area.

3 RISK ASSESSMENT

3.1 Legal

The adoption of the Council Tax Reduction Scheme accords with the statutory provisions. The legal risk in that regard is low.

All decisions taken by the Council, all services provided or enabled by the Council and all personnel functions of the Council are required to take account of the Equality Duty. Failure to comply with the Equality Duty would render the Council open to legal challenge. As there are no significant changes to the scheme proposed for 2020/21, a full consultation exercise was not deemed necessary.

3.2 Financial

Expenditure on CTS has increased during the current and preceding year, reflecting the fact that local families are financially worse off as a result of welfare reform decisions taken by DWP to freeze incomes and allowances (including those for the disabled and carers). Increases in the charge levied on low income households has resulted from increases prompted by the local precept authorities. Simply put, expenditure on CTS will increase as the overall council tax charge increases.

The roll out of Universal Credit, under 'Full Service' commencing in 2018, has meant that 'working age' claimants locally are worse off comparatively and remain reliant on the local scheme to help with their budgeting.

These changes have an impact on collection rates and the council tax base. Should there be future significant increases in claims for LCTS, over and above that already reflected in the council tax base, the financial risk may increase. To reassure all, the cost of the scheme is routinely monitored by the Council's Benefits Manager to identify potential budgetary risks. No significant changes are proposed for the 2020/21 scheme; however were risks likely to occur in future years, changes could be expected. Any significant changes to LCTS for future years would require external consultation in order to meet Government guidelines for implementation of such changes.

As explained above the welfare reforms have an impact on the level of CTS awarded, and so do other factors outside the Council's control, such as the economic situation. While careful monitoring does take place, it is impossible to mitigate fully against the risk of increased claims. The financial risk is therefore assessed as "high".

4 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

5 CONTACT INFORMATION

Karen Henriksen, Head of Resources

Tel. 01629 761284; Email karen.henriksen@derbyshiredales.gov.uk

Paul Radcliffe, Benefits Manager

Tel. 01629 761271; Email paul.radcliffe@derbyshiredales.gov.uk

6 BACKGROUND INFORMATION

Council Tax Reduction Scheme 2020/21

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2020 (S.I. 2020 No 23).

DWP HB A1/2020 (Revised) DWP 'Housing Benefit: Uprating 2020/21'.

7 ATTACHMENTS

None.