

Council Tax Reduction Scheme 2019-2020

Final Decision-Maker	Full Council
Lead Head of Service/Lead Director	Stephen McGinnes Mid Kent Services Director
Lead Officer and Report Author	Sheila Coburn Head of Revenues and Benefits Partnership
Classification	Public
Wards affected	All

Executive Summary

Each year Full Council has to approve the Council Tax Reduction Scheme for the following year.

Where there are changes proposed, it is necessary for a public consultation to take place, requiring an early decision on any proposed changes.

This report recommends there are no changes to the current scheme for 2019-2020 for the reasons set out in paragraph 3.1.

This report makes the following recommendations to this Committee:

That Council is recommended to carry forward the 2018-19 Council Tax Reduction scheme to 2019-2020 with no changes to the scheme

Timetable

Meeting	Date
CLT	7 August 2018
Policy & Resources Committee	19 September 2018
Council	12 December 2018

Council Tax Reduction Scheme 2019-2020

1. INTRODUCTION AND BACKGROUND

- 1.1 The Council Tax Reduction Scheme (CTRS) was introduced in April 2013 as a replacement for Council Tax Benefit (CTB), a national scheme administered on behalf of the Department for Works and Pensions (DWP).
- 1.2 Each year the scheme must be approved by Full Council.
- 1.3 Any changes to the scheme for any year have to go for public consultation before being approved.
- 1.4 Since its introduction in April 2013, our local scheme has been 'refreshed' annually for prescribed statutory changes.
- 1.5 The scheme is 'underpinned' by the Kent-wide agreements, which recognises that all Kent districts (as the billing authorities) will seek to have a common 'platform'.
- 1.6 From 1 April 2017, Maidstone Borough Council received no Revenue Support Grant from the Government in relation to the cost of the scheme. This was the catalyst for the scheme to be reviewed for 2017-2018.
- 1.7 As a result, 6 changes to the scheme were introduced for 2017-2018 from 13 options that were identified:

Option 1 - Reducing the maximum level of support for working age applicants from 87% to 80%
Option 2 - Removing the Family Premium for all new working age applicants
Option 5 - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks
Option 11 - Removing the work related activity component in the calculation of Council Tax Reduction
Option 12 - Limiting the number of dependent children within the calculation for Council Tax Reduction to a maximum of two
Option 13 - Introducing a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship

- 1.8 The remaining 7 options were not introduced for 2017-2018 and on 26 November 2016, Policy & Resources Committee recommended to Council that the 7 options below were rejected after considering the potential impact of the proposed changes on working age claimants with the protected characteristics of disability, age and sex, under the Equalities Act (2010).

Options		Estimated annual saving (all precepting authorities)
Option 3 - Reducing backdating to one month	Backdated awards are only granted where good cause is shown for the delay in claiming. Restricting the period claims can be backdated could disproportionately impact on disabled residents and those residents requiring assistance to claim.	N/A
Option 4 - Using a minimum income (notional income) for self employed earners after one year's self-employment	Residents that are unable to earn a reasonable income through self employment (equivalent to 35 hrs at minimum wage) following 12 months of trading should be encouraged to seek paid employment in order to become more financially independent. Allowances to be made for customers with caring responsibilities that prevent 35hrs work.	£47,208
Option 6 - Reducing the capital limit from the existing £16,000 to £6,000	Capital limit of £6,000 represents a reasonable amount to be held in savings for emergencies. (3 months income). With a significant number of residents believed to hold less than £6,000 savings, any higher allowance could be perceived as unfair to those residents meeting the cost of the scheme through their Council Tax.	£58,316
Option 7 - Introducing a standard level of non-dependant deduction of £10 for all claimants who have non-dependants resident with them	A single rate of deduction provides an incentive to take employment and increase income, with no increased contribution required as earnings increase. A standard deduction is less intrusive with no evidence of income required for other household members, also easing administration for the council.	£149,313
Option 8 – Taking any Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction	Levels of child poverty are projected to increase as a result of wider welfare reform changes. Introducing child maintenance as income within the calculations of CTR on top of those changes would contribute to higher levels of child poverty.	£35,966
Option 9 -	99% of residents in receipt of CTR	£26,464

Restricting the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge	and 71% of all residents live in a property in band D or below. Subsidising Council Tax charges above the value of band D could be perceived as unfair to those residents meeting the cost of the scheme through their Council Tax.	
Option 10 – Removing Second Adult Reduction from the scheme	Second adult rebate does not consider the means of the main householder to meet the Council Tax liability. Where the main householder is on a low income they would be able to claim independently for CTR.	£3,679

1.10 The current scheme for 2018-2019 was approved by Full Council in December 2017, with no changes being made to the scheme apart from technical changes to allow for the introduction of Universal Credit later this year.

1.11 Council Tax Reduction provides financial assistance in the form of a rebate on the Council Tax bill and this has reduced over recent years.

2016/2017	£10,679,971
2017/2018	£10,264,000
2018/2019	£ 9,058,176 (estimated)
2019/2020	£ 8,247,000 (estimated)

1.12 Collection for the amount of Council Tax billed to customers in receipt of Council Tax Reduction remains high with the following percentages being collected since the introduction of a local scheme in 2013:

2013/2014	74.50%
2014/2015	80.90%
2015/2016	81.83%
2016/2017	83.10%
2017/2018	82.69%

1.13 The Council has an Exceptional Hardship Policy to support our most vulnerable customers who have seen a reduction in the amount of support they receive or are suffering financial hardship.

- 1.14 The Policy is referred to in documentation sent to customers and on the Council's website, and the Citizen's Advice Bureau and Debt Advice Agencies are aware of the Policy.
- 1.15 With Central Government funding for council services due to reduce significantly after 2019-2020, fundamental changes will need to be considered to the Council Tax Reduction Scheme for 2020-2021.
- 1.16 It is therefore intended that no changes are made for 2019-2020 for the following reasons:
- Members considered the impact of other options identified to be too great when they made the decision on the scheme for 2017-2018, with no material change in impact anticipated.
 - The impact of the introduction of Universal Credit on 21 November 2018 will represent a significant change for households in receipt of welfare benefits.
 - Significant changes are expected for 2020-2021 and there has been a year on year reduction in the cost of Council Tax Reduction a result of earlier changes and a reduction in caseload.
 - The Council has a policy in place to help those households who are experiencing financial hardship.
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2 AVAILABLE OPTIONS

- 1.1 Option 1 – maintain current scheme. In agreeing to the recommendation not to make any changes to the 2019-2020 scheme, recommendation would be made to Full Council to re confirm the scheme, with no public consultation required.
- 1.2 Option 2 – revise the scheme. If this Committee does not agree to the recommendations, there would need to be a public consultation on the options available in 1.9 or as determined by this Committee. A report would then come back to this Committee in order for recommendation to be made to Full Council.
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2. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 2.1 Option 1 is the preferred option for the reasons set out in 1.13, with recommendation to Council there are no changes to the 2019-2020 Council Tax Reduction Scheme.
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3. RISK

- 3.1 The risks associated with this proposal, including the risks if the council does not act as recommended, have been considered in line with the Council's Risk Management Framework.

4. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Depending on the recommendation agreed by this Committee, a public consultation may need to take place.

5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 5.1 The final decision at Full Council will be notified to those households affected and key stakeholders.

6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The council needs to balance the needs of low income households with the wider interest of local taxpayers to ensure that vulnerable residents are protected whilst providing a scheme that is affordable.	Sheila Coburn, Head of Revenues and Benefits Partnership
Risk Management	The risks associated with implementing and operating the scheme are not considered high. Endorsement of a scheme helps reduce the risk	Sheila Coburn, Head of Revenues and Benefits Partnership
Financial	CTR reduces the amount of Council Tax that can be collected. The cost of the scheme is met in full by the council and preceptors. The cost of the scheme has been reducing year on year.	Finance Team
Staffing	No impact	Sheila Coburn, Head of Revenues and Benefits Partnership

<p>Legal</p>	<p>Section 13A of the Local Government Finance Act 1992 requires the Council to adopt a Council Tax Reduction Scheme. Schedule 1A of the Act requires the Council to consider whether to revise or replace its scheme for each year.</p> <p>The Act contains a statutory duty to consult on a proposed scheme, with guiding principles for fair consultation set out in case law. As the proposed 2019-2020 scheme is unchanged from the current year 2018-2019, and consultation took place in 2017, no further consultation is necessary</p>	<p>Keith Trowell, Team Leader (Corporate Governance), Legal Services</p>
<p>Privacy and Data Protection</p>	<p>It is recognised the recommendations will impact on what information the Council holds on its residents.</p> <p>The data will be held and processed in accordance with the data protection principles contained in Schedule 1 to the Data Protection Act 1998.</p>	<p>Keith Trowell, Team Leader (Corporate Governance), Legal Services</p>
<p>Equalities</p>	<p>The recommendations do not propose a change in service therefore will not require an equalities impact assessment</p>	<p>Equalities and Corporate Policy Officer</p>
<p>Crime and Disorder</p>	<p>No impact</p>	<p>Sheila Coburn, Head of Revenues and Benefits Partnership</p>
<p>Procurement</p>	<p>No impact</p>	<p>Sheila Coburn, Head of Revenues and Benefits</p>

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7. REPORT APPENDICES

None

8. BACKGROUND PAPERS

None