

COUNCIL

CHAIRMAN: Cllr Tim Golder

DATE: 15 January 2018

REPORT OF: TRACEY HOOPER – REVENUE, BENEFITS & FRAUD
MANAGER
STUART BARKER, PORTFOLIO HOLDER FOR
CORPORATE SERVICES

SUBJECT: COUNCIL TAX REDUCTION SCHEME 2018-19

PART I

RECOMMENDATION

That the Council resolve to:

- a) Adopt the Council Tax Reduction Scheme for 2018-19 (Appendix A)
- b) Approve the continuation of the Exceptional Hardship Policy

1. PURPOSE

- 1.1 The purpose of the report is to provide members with an update on the current [Council Tax Reduction \(CTR\) Scheme](#), and to seek approval of the Scheme and the Exceptional Hardship Policy (EHP) for the 2018-19 financial year.

2. BACKGROUND

- 2.1 The national council tax benefit scheme was abolished with effect from 1 April 2013 and replaced with locally agreed council tax reduction schemes. Pensionable age claimants were protected from any change but, from 1 April 2013, the extent of reduction for working age claimants could be determined locally.
- 2.2 At the same time, the budget for council tax reduction was cut by 10%. In Teignbridge our estimated spend for 2013-14 was £10m, requiring savings of £1m to be found (£100k for Teignbridge District Council, excluding County, Police, Fire, and parish precepts).
- 2.3 Teignbridge worked in collaboration with the other Devon authorities to design and implement a locally devised framework within which each scheme was adapted to suit the individual requirements of respective authorities. It was

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agreed across the Devon authorities, including County, Police and Fire, that each billing authority would strive to deliver a 'cost-neutral' scheme.

- 2.4 In 2013-14 Teignbridge achieved this by reducing the level of discount given to second homes and empty properties, and removing second adult rebate, supplemented by a central government transitional grant. This grant was paid for one year only.
- 2.5 In 2014-15, to offset the loss of the transitional grant, two new measures were introduced: a Band D restriction and a £6,000 capital limit.
- 2.6 No changes were made to the scheme in 2015-16 or 2016-17 but, in order to align with changes made by central government to other welfare benefits, a number of changes were made in 2017-18. Three of these changes were financial, but only one of these, the Minimum Income Floor for self-employed claimants, reduced the amount of award currently being received by claimants.
- 2.7 We are the only local authority in Devon, and one of only 37 nationally, that continues to pay up to 100% of council tax liability.

3. Impact of Minimum Income Floor (MIF)

- 3.1 This is the only change that reduced the amount of award currently being received by claimants. Because of the direct impact of this change we have monitored the situation closely throughout the year to ensure that anyone experiencing difficulty in paying their council tax was given appropriate support.
- 3.2 Initially we wrote to all of our self-employed claimants to tell them about the change and how it would affect them. We also invited them to claim under our EHP. Anyone who failed to contact us but went on to accrue council tax arrears was contacted by telephone to discuss their situation and was offered support as appropriate.
- 3.3 This approach has proven highly effective and we have been able to offer tailored support including the setting up of special payment arrangements, helping claimants to prioritise debts, signposting where necessary, and assisting with EHP applications.
- 3.4 At the end of Q2, most of the original 393 claimants affected were up to date with their council tax payments. Only 13 cases were subject to liability orders and 2 were with enforcement agents. These 15 cases have been closely monitored and we know that none of them has any disability or caring responsibilities. Most have a previous history of non-payment and/or are not gainfully employed but could reasonably take steps to become so.

Further information on the impact of the changes is available in the Business Impact Assessment at Appendix B

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4. SCHEME COSTS AND FUNDING

- 4.1 The overall cost of the scheme is reducing year on year. As at Q2 2017-18 the total spend stood at £8,682,953. This compares to £9,638,795 in Q2 2013-14 (the first year of operation). We have current high levels of employment which has led to a drop in the number of claimants requiring support. Improved initiatives for detecting fraud and error, and the scheme changes outlined in section 2 of this report have also contributed to the reduction in spend.
- 4.2 Although the cost of the scheme has reduced, grant funding has been cut by significantly more. The cost of the scheme will outstrip funding by a significant amount from 2018-19 with excess spend impacting on the Council's net budget.

5. 2018-19 SCHEME

- 5.1 Despite the reduction in funding it is intended to retain support at current levels for 2018-19¹.
- 5.2 This is for the following reasons:
- Universal Credit Full Service is due to roll out in Teignbridge from September 2018 and we need to better understand the impacts before we consider any further changes to the scheme
 - There have been no national changes to housing benefit, CTR for pensioners, or Universal Credit, that require any re-alignment of our scheme.
 - Members are keen to protect residents on low incomes in Teignbridge
 - The overall cost of the Scheme is following a downward trend

6. EXCEPTIONAL HARDSHIP POLICY

- 6.1 Because of the changes made to our scheme in 2017-18, members approved the adoption of an EHP. The purpose of the policy is to mitigate against any hardships experienced as a result of the changes. It allows for a discretionary payment to be made to any claimant who receives less or no CTR as a result of changes to the scheme and who is unable to meet their council tax liability as a consequence of this. The cost of awarding relief is shared equally by Teignbridge and its major preceptors.
- 6.2 We have actively encouraged claims for Exceptional Hardship and, to date, have received 78 claims. Each of these claims was considered on its merits with a full appraisal of claimant circumstances, resulting in 26 claimants being awarded a reduction in the amount of council tax they had to pay.

¹ The scheme makes provision for standard up-ratings to be applied and these will continue as normal

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- 6.3 By the end of Q1 we had awarded £10,156 in Exceptional Hardship, and £2,295 by the end of Q2 – a total of £12,451. This represents a cost to Teignbridge of £1,121 (9%).

7. BUSINESS IMPACT ASSESSMENT

- 7.1 The Business Impact Assessment has been reviewed and is attached at appendix B. Members are reminded that this document should be read in full.

8. MAJOR PRECEPTOR POSITION

- 8.1 The cost of the scheme, and any relief awarded under the EHP, is shared with County, Police and Fire in proportion to their preceptor share. All have been made aware that support is to be maintained for 2018-19 and are in agreement.

9. FUTURE OF CTR SCHEMES

- 9.1 With the forthcoming roll out of Universal Credit Full Service and associated cuts in admin grant, we will need to review the way we provide support in the future. Our current scheme is designed around its predecessor, Council Tax Benefit, which aligns with the housing benefit scheme still in operation. This is a sensible approach because they are structured in the same way and the rules are very similar. This makes it easier for claimants to understand and it avoids double handling and reduces risk of error as housing benefit and CTR can be administered together.
- 9.2 Once Universal Credit Full Service is fully rolled out, housing benefit will cease to exist for the majority of our working age claimants and the rationale for retaining our current CTR scheme will no longer exist. Funding for HB for working age claimants will come to an end and we will no longer be able to administer a complex, expensive scheme. In addition, many of the benefits to claimants of the current scheme will cease to apply.
- 9.3 In recognition of this fact, local authorities across the country are starting to look at other ways of delivering support e.g. income-banded schemes. A handful of local authorities across the country have already introduced this type of scheme and the Devon Benefit Officers' Group has been gathering evidence and data to form a view on these schemes and whether they would be appropriate for us going forwards. The Group will make recommendations in due course.

10. TIMESCALES

- 10.1 At the time of writing this report, Schedule 1A of the Local Government Finance Act 2012 required a billing authority to adopt its Scheme before 31st January in the year preceding the financial year to which the scheme applies. Regulations laid before Parliament on 21st December 2017, and coming into

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effect on 12th January 2018 (SI No. 1305 of 2017) have now deferred this date to 11th March in any given year.

11. S151 COMMENTS

11.1 The interim S.151 officer has been consulted and is in agreement with the proposals and the respective costs have been built into the budget proposals for 2018/19.

Tracey Hooper
Revenue, Benefit and Fraud Manager

Cllr Stuart Barker
Portfolio Holder for Corporate Resources

Wards affected	All
Contact for any more information	Tracey Hooper – Revenue, Benefit and Fraud Manager Tel: 01626 215266
Background Papers (For Part I reports only)	Exceptional Hardship Scheme Teignbridge Vulnerability Statement
Key Decision	Y
In Forward Plan	Y
In O&S Work Programme	N
Community Impact Assessment attached:	Y
Appendices attached:	A: CTR Scheme for 2018-19 (online) B: Business Impact Assessment