

TEIGNBRIDGE DISTRICT COUNCIL

EXECUTIVE

5 JANUARY 2021

PART I

Report Title	COUNCIL TAX REDUCTION SCHEME 2021-22
Purpose of Report	<p>To notify members of a proposed change to the Council Tax Reduction Scheme for 2021-22 and the supporting Discretionary Discount and Exceptional Hardship policy.</p> <p>The report also outlines the impact Covid-19 has had on caseload, and the measures introduced by Government to mitigate the impacts on working age claimants</p>
Recommendation(s)	<p>That Executive RECOMMENDS to Council that:</p> <ol style="list-style-type: none">1. the current Council Tax Reduction Scheme is adopted for the year 2021-22 with the one proposed change set out in this report2. the revised Discretionary Discount and Exceptional Hardship Scheme (see appendix A) is adopted from 1st April 2021.
Financial Implications	<p>This is a no-cost proposal. See paragraph 6.1 for further information</p> <p>Martin Flitcroft Chief Finance Officer Email: martin.flitcroft@teignbridge.gov.uk</p>
Legal Implications	<p>Legal implications are set out at paragraphs 6.2 to 6.4</p> <p>Karen Trickey Solicitor to the Council and Monitoring Officer Email: karen.trickey@teignbridge.gov.uk</p>
Risk Assessment	<p>See paragraph 6.5 which sets out the main risks to changing the scheme.</p> <p>Tracey Hooper Service Lead for Revenue, Benefits & Customer Support Email: tracey.hooper@teignbridge.gov.uk</p>

Environmental/ Climate Change Implications	There are no environmental or climate change implications associated with the recommendations of this report. William Elliott Climate Change officer william.elliott@teignbridge.gov.uk
Report Author	Tracey Hooper Service Lead for Revenue, Benefits and Customer Support. Email: tracey.hooper@teignbridge.gov.uk
Portfolio Holder	Corporate Resources – Cllr Richard Keeling
Background Papers	Council Tax Reduction Scheme 2020-21 Appendix A – Discretionary Discount and Exceptional Hardship Policy Appendix B – Business Impact Assessment Appendix C - Consultation Report Background papers - Vulnerability Statement

1. INTRODUCTION / BACKGROUND

- 1.1 On 14 January 2020 Teignbridge adopted a new Council Tax Reduction Scheme for working age claimants. The new scheme represented a departure from the previous fully-means tested scheme which was complex and costly to administer, to a new discount-based income-banded scheme which is simpler for customers to understand, and easier to administer.
- 1.2 Maximum support is retained at 100%, and certain incomes including disability-related incomes, and carers allowance continue to be disregarded when calculating entitlement. In order to maintain work incentives we also disregard the first £25 of earned income and have introduced a Return to Work Incentive, continuing to pay Council Tax Reduction for one month beyond the return to work date.
- 1.3 The main scheme is underpinned by our Discretionary Discount and Exceptional Hardship Policy available at Appendix A which was reviewed and revised last year. This was carried out in collaboration with Citizens' Advice Teignbridge, to ensure it continues to provide a robust safety net for council tax payers following the move to the new income-banded scheme.

2. REVIEW OF COUNCIL TAX REDUCTION SCHEME

- 2.1 The launch of our new scheme in April 2020 coincided with the outbreak of the Covid-19 pandemic, which has had an unprecedented impact, and makes it very difficult to draw any meaningful comparisons between the previous scheme and the new.
- 2.2 One measure of how effectively the scheme is meeting local needs is the number of exceptional hardship applications received. This provides a useful indicator of the number of households for whom our council tax reduction scheme is not providing adequate support. I am pleased to report that, despite Covid-19, we have received

only 45 applications for support under this scheme, which represents just 0.8% of our working age Council Tax Reduction caseload. This is an increase on the 18 applications received last year but, considering we have made fundamental changes to the scheme, and the undoubted financial impact of Covid-19, this number is reassuring. Further details on the number of applications approved and reasons for applying can be found in the Business Impact Assessment which it is recommended all members read.

- 2.3 Another useful indicator is the number of complaints received. Since the scheme went live we have received just one complaint which was resolved at stage 1.
- 2.4 Measures introduced by Central Government to mitigate the impacts of Covid-19 (outlined in paragraph 4 below) on Council Tax Reduction claimants may have reduced the level of demand for Exceptional Hardship, as well as having a positive impact on number of complaints received. It is difficult therefore to assess the impacts of the new scheme with any certainty. We will however continue to monitor the situation as we emerge from the current crisis and make recommendations for change should any negative impacts be identified.

3. COVID-19 IMPACT ON COUNCIL TAX REDUCTION SCHEME

- 3.1 The Covid-19 pandemic has resulted in an unprecedented increase in the number of Council Tax Reduction claimants. This has been largely driven by the increase in Universal Credit claimants. The 2 tables below show the monthly increase in Universal Credit claimants since the outbreak and the corresponding impact this has had on the Council Tax Reduction caseload.

Table 1 – People on Universal Credit - 2020

	March	Apr	May	June	July	Aug	Sept	Oct
Teignbridge	4,272	7,445	8,778	8,926	8,898	8,955	9,001	9,060

Table 2 – Council Tax Reduction caseload - 2020

	March	Apr	May	June	July	Aug	Sept	Oct
Working age	4,397	4695	5423	5414	5526	5562	5505	5590
% increase	-	6.8%	15.5%	-0.17	2.07%	0.65%	-1.02%	1.5%
Pension age	4,187	4174	4167	4154	4147	4120	4095	4077
Total	8,584	8869	9590	9568	9673	9682	9600	9667
Total % increase	-	3.3%	8.1%	-0.2%	1.1%	0.09%	-0.8%	0.7%

- 3.2 This increase in caseload has resulted in an increase in scheme costs. As at 1st March 2020 the total scheme cost came in at £4,618,249. As at end November that has increased to £5,581,860. A difference of £963,611. This cost is shared by TDC and major preceptors with TDC paying 8.85% (£85,280) of this increase.

4. CENTRAL GOVERNMENT CLAIMANT SUPPORT MEASURES

- 4.1 As part of its response to COVID-19, the Government announced a new hardship scheme, providing local authorities in England with £500 million of new grant funding to enable a reduction of up to £150.00 to be applied to the council tax bills of all working age Council Tax Reduction claimants during the year 2020-21.

- 4.2 Teignbridge was allocated £940,055 to cover the cost of awarding this extra relief and any surplus monies could be used to provide further support as required. This money is available to the end of March 2021.
- 4.3 As at 30 November 2020 we have spent £747,572 with £192,483 remaining for the period December 2020 through to March 2021. This funding has reduced the council tax payable by up to £150.00 for 4,228 Council Tax Reduction claimants and provided further support to 1,040 of these claimants in line the with measures introduced by DWP as part of its response to the Covid-19 crisis. These measures are detailed below:
- An increase in the standard allowance for Universal Credit and Working Tax Credit claimants of £20.00 per week
 - Assessment of actual earnings for self-employed claimants where these are below the minimum income floor

The Housing Benefit regulations and the prescribed Council Tax Reduction Scheme for pensioners were revised to accommodate these measures but as the law allows local authorities to change their working age Council Tax Reduction Schemes only once a year (by 11 March of the preceding year) we have had no opportunity to reflect these changes in our scheme, hence the application of the Government hardship scheme to achieve this.

5. PROPOSED CHANGE TO SCHEME FOR 2021-22

- 5.1 As the Council Tax Reduction scheme is in only its eighth month of operation and is still bedding in, we are recommending just one minor change for the coming year, to make provision within the scheme to disregard any emergency increases to the levels of welfare benefits made by Government. This is in response to the Covid-19 related changes to standard allowances in welfare benefits mentioned in paragraph 4.3 above.
- 5.2 Building this flexibility into our scheme will ensure we can accommodate changes to welfare benefits should we need to do so in the future. In its recent Spending Review the Government outlined its intention to extend these measures into 2021-22. Unless we make provision for this eventuality within our scheme this will result in reduced entitlement for some Council Tax Reduction claimants who will be tipped into a lower band.
- 5.3 This is effectively a no cost change as it preserves entitlement at current levels.
- 5.4 As with all proposed changes to Council Tax Reduction Schemes, the law requires that we consult with our major preceptors and the public. The public consultation ran from 2 November to 13 December. The report, which indicates high public support for the proposal, is attached at Appendix C.
- 5.5 Police and Fire both support the proposal and County have no objection. County did however take the opportunity to point out that Teignbridge continues to operate the most expensive scheme in Devon. This is because we are the only district in Devon that continues to provide maximum 100% support to our most vulnerable households.

5.6 No other changes to the Council Tax Reduction Scheme provisions are proposed. The scheme already has in-built provision to keep in line with CPI increases where required, primarily to ensure annual increases in social security benefit rates can be accommodated within the existing banding levels.

5.7 Self-employed claimants who are unable to work sufficient hours to earn a wage equivalent to the National Minimum or Living Wage as a result of Covid-19 can be supported via our Discretionary Discount and Exceptional Hardship Policy. This can be found at Appendix A. This policy provides for a case by case, merits-based approach to delivering support and is better suited to providing support in these circumstances than the Council Tax Reduction Scheme which has fixed eligibility criteria. It is recommended we include the following provision within the Discretionary Discount and Exceptional Hardship Policy to ensure we can continue to support self-employed claimants who are significantly impacted by Covid-19:

Where Covid-19 is significantly impacting on the applicant's ability to work 35 hours per week and to achieve earnings equal to the National Minimum Wage or National Living Wage, Teignbridge will provide support based on actual earnings rather than on an assumed level of earnings. Any support provided will be granted for a specific period, which will be determined by the circumstances of the case, and will be subject to periodic review.

6. IMPLICATIONS, RISK MANAGEMENT & CLIMATE CHANGE IMPACT

6.1 **Financial** - The cost of the Council Tax Reduction scheme falls on the collection fund with each preceptor meeting the cost in proportion to their precept share. For Teignbridge this share is 8.85% of the total cost. The proposed change preserves entitlement at current levels and does not introduce any additional cost into the scheme. The increase in caseload as a direct result of the Covid-19 pandemic has increased the cost of the scheme and this will be factored into council budget.

6.2 **Legal** - In considering changes to the Council Tax Reduction scheme, the Council must take into account the provisions of the Council Tax Reduction Schemes (Prescribed Requirements) (England) 2012 and subsequent amendments.

6.3 Billing authorities are required to review their schemes each year and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation. Decisions on the Council Tax Reduction scheme must be made by a meeting of Full Council before 11th March of the preceding financial year. Importantly, for operational reasons the scheme needs to be approved by Council at its meeting on 14 January 2021.

6.4 Due regard must be given to any equality impacts before making any changes to the Council Tax Reduction scheme and Members attention is drawn to the Business Impact Assessment available at Appendix B which should be read before any decision is made. The proposed change does not have a disproportionate impact on individuals or groups who share protected characteristics and therefore any impact on these individuals or groups is considered low.

6.5 Risks - Since the introduction of Council Tax Reduction schemes there have been a number of legal challenges against other local schemes. Most of these challenges have been in relation to the consultation undertaken when changes were made to schemes. We have carried out a robust consultation process, engaging with Council Tax Reduction claimants, council tax payers, and community and voluntary sector over the recommended 6 week consultation period and consider the prospect of challenge to be low risk.

6.6 Environmental/Climate Change Impact – The proposed change has no impact on environmental or climate change issues.

7 OPTIONS

7.1 The scheme could be carried forward unchanged into 2021-22. However, not changing the scheme in the way proposed would undermine the purpose of increases in other welfare benefits. This would result in a case of giving with one hand and taking away with the other – an unintended consequence of the original uplift in benefits.

7.2 Incorporating the proposed change into the scheme will allow the uplift in benefits to serve its intended purpose without having a negative impact on Council Tax Reduction. This will preserve entitlement at current levels, avoiding any increase in council tax liability for our low income households.

8 CONCLUSION

The proposed change to the Council Tax Reduction scheme allowing for emergency increases in welfare benefits to be disregarded when calculating entitlement will be beneficial to low income households. It is supported by the public and by Citizens' Advice Teignbridge and can be introduced at no cost to the Council Tax Reduction scheme.

The minor change to the supporting Discretionary Discount and Exceptional Hardship Policy will strengthen the flexibility we have to support self-employed claimants who are unable to increase their earnings because of Covid-19 related issues.

It is recommended that these changes be adopted to take effect from 1st April 2021-22.