

# TEIGNBRIDGE DISTRICT COUNCIL

## COUNCIL

14 JANUARY 2020

### PART I

<b>Report Title</b>	COUNCIL TAX REDUCTION SCHEME 2020-21
<b>Purpose of Report</b>	The report seeks Council's approval of the proposal to introduce a new Council Tax Reduction Scheme for working age claimants for the year 2020-21
<b>Recommendation(s)</b>	<p>That the Council considers the business impact assessment in relation to the changes to the current scheme and resolves:</p> <ol style="list-style-type: none"><li>1. To adopt the new income-banded Council Tax Reduction Scheme for the year 2020-21</li><li>2. To adopt the revised Discretionary Discount and Exceptional Hardship Policy for the year 2020-21.</li></ol>
<b>Financial Implications</b>	<p>The scheme is designed to be largely cost neutral. See paragraph 2.1 for further information</p> <p>Chief Finance Officer Email: <a href="mailto:martin.flitcroft@teignbridge.gov.uk">martin.flitcroft@teignbridge.gov.uk</a></p>
<b>Legal Implications</b>	<p>Members' attention is drawn to the importance of fully considering the Business Impact Assessment (available <a href="#">here</a>) in relation to the new scheme before any decision is taken.</p> <p>Further legal implications are set out at paragraphs 2.2 to 2.3</p>
<b>Risk Assessment</b>	<p>See paragraphs 2.4 to 2.7 which sets out the main risks to changing the scheme together with associated mitigations.</p> <p>Interim Service Lead for Revenue, Benefits &amp; Customer Support Email: <a href="mailto:tracey.hooper@teignbridge.gov.uk">tracey.hooper@teignbridge.gov.uk</a></p>
<b>Environmental/ Climate Change Implications</b>	<p>The proposal will reduce the volume of letters, paper and therefore energy use. See paragraphs 2.8 to 2.9</p> <p>Environmental Protection Manager Email: <a href="mailto:david.eaton@teignbridge.gov.uk">david.eaton@teignbridge.gov.uk</a></p>

<b>Report Author</b>	Interim Service Lead for Revenue, Benefits and Customer Support. Email: <a href="mailto:tracey.hooper@teignbridge.gov.uk">tracey.hooper@teignbridge.gov.uk</a>
<b>Portfolio Holder</b>	Corporate Resources - Alan Connett
<b>Background Papers</b>	Appendix A – Overview & Scrutiny report 17.12.19 Appendix B – Council Tax Reduction Scheme 2020-21 ( <a href="#">here</a> ) Appendix C – Business Impact Assessment ( <a href="#">here</a> ) Appendix D – Discretionary Discount and Exceptional Hardship Policy ( <a href="#">here</a> ) Background papers - Consultation Report and Vulnerability Statement

## 1. INTRODUCTION / BACKGROUND

- 1.1 On 5<sup>th</sup> September 2019 the Executive approved plans to consult with major preceptors and the public on proposals to introduce a new working-age Council Tax Reduction Scheme for 2020-21.
- 1.2 The proposed scheme moves away from the current complex fully means-tested scheme to a new discount-based income-banded scheme, that, as well as retaining a number of key elements of our current scheme, will also incorporate the following features:
- Disregard Carers Allowance when calculating income
  - Disregard Employment and Support Allowance (support element) when calculating income
  - Replace current variable earnings disregard with a standard £25 disregard for all
  - Incorporate a Return to Work Incentive for Universal Credit claimants and others by paying support for a period of one month beyond the return to work date.
  - Apply the current two dependent children 'limit' to existing claimants.
  - Remove non-dependant deductions from the scheme
  - Disregard payments made under the Windrush Compensation Scheme, We Love Manchester Emergency Fund and similar Government funded compensation schemes
  - Reduction to be awarded from the date of change as opposed to the 'Monday following' the date of change
  - Remove the requirement for good cause to be proven before backdating the award.
  - Increase the 1 month back-date time limit to 12 months.
  - Remove the restriction that limits support to maximum Band D property.
- 1.3 The public response to the consultation was positive, with the majority in support of all the proposed changes. The results were shared with Overview and Scrutiny on 17<sup>th</sup> December following which the committee resolved that the proposed new scheme be recommended for approval by Council.
- 1.4 A copy of the report to Overview & Scrutiny and the relevant extract of the minutes of that meeting is available at Appendix A attached.

- 1.3 The Council Tax Reduction Scheme for 2020-21 is available online [here](#) as Appendix B.
- 1.4 The main scheme will be underpinned by the Exceptional Hardship Scheme which was introduced in April 2017. This policy has been reviewed and revised in collaboration with Citizens' Advice Teignbridge to ensure it provides a robust safety net for council tax payers. The policy will also be used to provide transitional support where needed to council tax payers receiving a reduced amount of Council Tax Reduction as a result of changes to the scheme and who need time to adapt to the reduced level of support.
- 1.5 The Council also has discretionary powers under S13(1)A(c) Local Government Finance Act 1992 (as amended) to reduce the amount of council tax payable in certain circumstances. For ease of reference and to raise awareness that two schemes exist, they have been incorporated into the same policy document entitled the Council Tax Discretionary Discount and Exceptional Hardship Policy, The policy is available online [here](#) as Appendix C.
- 1.5 A Business Impact Assessment has been conducted in relation to the changes to the Scheme and is available online [here](#) as Appendix D. Members are reminded of the need to consider the findings set out in this assessment before making any decision on the new scheme.

## **2. IMPLICATIONS, RISK MANAGEMENT & CLIMATE CHANGE IMPACT**

- 2.1 **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 total cost (2019-20). The proposed scheme is largely cost neutral, maintaining overall support at current levels, which assists with our medium-term financial planning. Any increase in council tax will impact on the overall cost of the scheme and will need to be factored into council budget.
- 2.2 **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.
- 2.3 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 11<sup>th</sup> March of the preceding financial year. Due regard must be given to any equality impacts before making any decision. Importantly, for operational reasons the scheme needs to be approved by Council at its meeting on 24 February 2020.
- 2.4 **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 and have questioned whether due regard was given to any equality impact assessment when changes were made to schemes.

- 2.5 There is a risk that redistribution of support may result in some households having difficulty or being unable to pay their council tax. The Exceptional Hardship scheme will serve to mitigate this risk.
- 2.6 There is also a risk that the forecast spend differs from actual spend when the scheme goes live. The cost of the new scheme has been extensively modelled using software supplied for that purpose. We have cross checked the results of the modelling using manual methods to ensure accuracy as far as it is possible to do so. It should be noted that our caseload numbers and composition fluctuate on a day to day basis so the financial modelling outputs will constantly change. We will continue to model on a periodic basis to monitor impacts and identify any trends.
- 2.7 There are changes to software associated with the changes to the scheme and a requirement for a new digital claim form using Firmstep. There is a risk of failing to deliver in time and errors in calculation or form design. To mitigate these risks we are working in tandem with Strata and partnering authorities to ensure effective implementation and will fully test any software changes before we go live
- 2.8 **Environmental/Climate Change Impact** - The introduction of a banded scheme which is less reactive to change, will see a reduction in the number of re-assessments. It is estimated that this will reduce the number of letters sent out by around 75% (from an average 1,500 letters a month to 375). The proposal reduces the volume of letters, paper and therefore energy use.

### 3. CONCLUSION

- 3.1 The proposed changes will simplify the scheme and provide transparency and certainty for claimants. The public support the proposals with each proposal receiving support from the majority of respondents, both claimants and non-claimants alike.
- 3.2 There will be no reduction in overall level of support but a redistribution of support to the lowest income households which will typically find it the hardest to meet their council tax liability. The main scheme is underpinned by the Exceptional Hardship scheme which will be applied proactively to ensure we can deliver targeted support where needed.
- 3.3 Impacts will be monitored and reported and, where it is apparent that it would be beneficial to make further changes to the main scheme, Overview and Scrutiny will be asked to consider any recommendations ahead of any public consultation exercise.