

**OVERVIEW & SCRUTINY COMMITTEE**  
**17 DECEMBER 2019**

**MINUTES EXTRACT**

**108. COUNCIL TAX REDUCTION SCHEME**

Further to the Executive on 5 September, 2019, the Portfolio Holder for Corporate Services, and the Interim Service Lead for Revenue, Benefits and Customer Support referred to the report circulated with the agenda which summarised the results of the consultation with major preceptors and the public on proposals to introduce a new working-age Council Tax Reduction Scheme from 2020-2.

The proposed scheme adopts a discount-based income-banded approach rather than the full means test required under the current scheme. It is designed to be largely cost neutral, with no significant change to the overall level of support, other than some re-distribution of support across our caseload, with most support to those households with the lowest incomes. It is predicted that 58% of working age households would receive the same level of support, 25% would gain an average of £5.70 per week and 17% would lose an average of £7.29 per week.

There would be no reduction in overall level of support but a redistribution of support to the lowest income households which would typically find it the hardest to meet their council tax liability.

The committee expressed concerns that some larger families with children currently in receipt of the benefit would lose out up to £1500 per year so that individuals would receive more. Only around 22 households will lose this level of support i.e. more than £1,000, and these are households whose average income exceeds £2,000 per month after ignoring any child benefit, child maintenance and disability related benefits. Capping support at 2 children is concurrent with other welfare schemes such as housing benefit, tax credits and universal credit and the public consultation indicates a high level of public support for this proposal.

In response to concerns from the Committee relating to the 17% that would lose out, the Service Lead advised that Teignbridge operated one of the most generous schemes in the country and is the only council in Devon still paying up to 100% support, when other Devon authorities have a cap on support ranging from 70-80%, ensuring maximum protection for the most vulnerable in our community.

The Committee also raised concerns relating to single parent households, or couple households, which were likely to lose out, where one or potentially both parties have limited capacity for work, perhaps because one or the other has a disability. It was noted that the scheme disregards all disability-related incomes in the assessment of support and the Council would be undertaking a joint review of the Council's Exceptional Hardship Policy with Citizens Advice Teignbridge to ensure it provides an effective safety net to the main

scheme. This provides targeted support on a case by case basis, and this relief is shared equally by the Council and its major preceptors. Under this scheme the Council seeks not just to reduce the amount of council tax payable where appropriate but also to provide budgeting advice and to ensure claimants are in receipt of all entitlements and have access to cheaper utility tariffs where available. There is no specific budget for hardship. This is because the Council must not fetter its discretion by reference to an available budget. In previous years the take up of exceptional hardship has been lower than estimated despite the Council taking a proactive approach to encourage claims. Any claim for hardship will effectively operate as a write off against the account and will be funded by all major preceptors in proportion to preceptor share.

The individual clauses in the proposals were voted on and whilst some had unanimous support there were a number where they were supported by a majority vote.

**Resolved** Council be advised that the Overview and Scrutiny Committee recommend approval of the proposed changes as detailed in the report circulated with the agenda.

Appendix A

**17 DECEMBER 2019**

**PART I**

<b>Report Title</b>	COUNCIL TAX REDUCTION SCHEME 2020-21 public consultation results
<b>Purpose of Report</b>	To update members on the results of the consultation with major preceptors and the public on proposals to introduce a new working-age Council Tax Reduction Scheme for the year 2020-21
<b>Recommendation(s)</b>	To recommend to the Executive and Full Council that the proposed changes be agreed.
<b>Financial Implications</b>	The scheme is designed to be cost neutral. See paragraph 7.1 for further information  Chief Finance Officer Email: <a href="mailto:martin.flitcroft@teignbridge.gov.uk">martin.flitcroft@teignbridge.gov.uk</a>
<b>Legal Implications</b>	See paragraphs 7.1 to 7.3 and 9.1.  Solicitor to the Council Email: <a href="mailto:Karen.trickey@teignbridge.gov.uk">Karen.trickey@teignbridge.gov.uk</a>
<b>Risk Assessment</b>	See paragraphs 7.4 to 7.7 which sets out the main risks to changing the scheme together with associated mitigations.  Interim Service Lead for Revenue, Benefits & Customer Support Email: <a href="mailto:tracey.hooper@teignbridge.gov.uk">tracey.hooper@teignbridge.gov.uk</a>  See paragraph
<b>Environmental/ Climate Change Implications</b>	The proposal will reduce the volume of letters, paper and therefore energy use. See paragraphs 7.8 to 7.9 Environmental Protection Manager Email: <a href="mailto:david.eaton@teignbridge.gov.uk">david.eaton@teignbridge.gov.uk</a>

<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 - Executive Report & Minutes 05.09.19 Background papers - Business Impact Assessment, Council Tax Collections Protocol, Exceptional Hardship Relief Scheme and Consultation Report

## 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 adopts a discount-based income-banded approach rather than the full means test required under the current scheme. A copy of the report, which explains the proposals and reasons for changing the scheme, and the relevant extract of the minutes, is available at Appendix A.
- 1.3 The new scheme is designed to be cost neutral, with no significant change to the overall level of support. We will however see some re-distribution of support across our caseload. By its nature, banding provides most support to those households with the lowest incomes. These are the households which are likely to experience the most difficulty in paying their council tax bills.
- 1.4 The modelling carried out in September 2019 predicted that just under 2,600 (58%) of the total 4,400 working age households will be entirely unaffected by the change. These are primarily 'passport' cases which will continue to receive 100% support on account of receiving Income Related Employment and Support Allowance, income based Jobseekers Allowance, or Income Support. Many of these households will include persons with disabilities who will continue to receive maximum support. In the new scheme approximately:
  - 2,600 will continue to receive the same level of support
  - 1,085 are predicted to gain. Average gain £5.70 per week
  - 760 are predicted to lose. Average loss £7.29 per week

## 2. MAJOR PRECEPTOR CONSULTATION

- 2.1 We have consulted with our major preceptors: Devon County Council, Police and Crime Commissioner for Devon and Cornwall, and Devon and Somerset Fire and Rescue Authority. County's response was silent on the proposed changes to the scheme but raised concerns about the overall level of spend which is higher than that of the other billing authorities in Devon. The other Devon authorities have a cap on support ranging from 70% to 80% which accounts for their lower costs. Teignbridge is alone in continuing to pay up to 100% support.

2.2 Both Police and Fire support the proposals and raised no concerns about level of spend.

### 3. PUBLIC CONSULTATION

3.1 The consultation ran for a period of 6 weeks commencing 20<sup>th</sup> September and ending 1<sup>st</sup> November 2019. A press release was issued following the Executive meeting explaining the proposals and referring to the forthcoming consultation. The consultation was published on our website and promoted on Twitter and Facebook.

3.2 We wrote to each of the 1,845 benefit claimants likely to be affected by the changes and sent out 8,000 text messages to randomly selected council tax payers. We also added text to our award letters signposting claimants to the consultation. The survey was available online with paper copies on request.

3.3 We also consulted with major stakeholders including, but not limited to, Citizens Advice, CVS, housing associations and others as well as meeting with the Chief Officer of Citizens Advice Teignbridge to discuss the proposals in detail.

### 4. SURVEY RESULTS

4.1 We received 149 completed survey forms. A summary of the responses is shown below.

		Current CTR Claimant		
		Yes	No	Don't know
<b>Proposal 1 --</b> The introduction of an income banded discount scheme to replace the current scheme for all working age applicants.				
Agree	65%	42%	53%	3%
Disagree	17%	42%	54%	1%
Don't know	17%	72%	24%	4%
<b>Proposal 2 -</b> To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of 2 for <i>all</i> applicants.				
Agree	75%	45%	50%	4%
Disagree	17%	44%	52%	4%
Don't know	8%	75%	25%	-
<b>Proposal 3 -</b> To remove Non-dependent deductions from the scheme.				
Agree	62%	47%	48%	3%
Disagree	16%	25%	63%	8%
Don't know	20%	67%	33%	-
<b>Proposal 4 -</b> Removing the current earnings disregards and replacing them with a standard £25 earnings disregard irrespective of a person's circumstances.				
Agree	70%	47%	49%	3%
Disagree	9%	23%	69%	8%
Don't know	20%	60%	33%	7%
<b>Proposal 5 -</b> Ignoring carers allowance which is currently taken into account as income.				

Agree	77%	48%	48%	4%
Disagree	11%	13%	81%	-
Don't know	11%	76%	24%	-
<b>Proposal 6 - Ignoring the support element of Employment and Support Allowance which is currently taken into account as income.</b>				
Agree	80%	48%	48%	3%
Disagree	7%	9%	82%	-
Don't know	10%	60%	33%	7%
<b>Proposal 7 - Incorporating a one month Return to Work Incentive for all claimants including Universal Credit claimants.</b>				
Agree	89%	45%	50%	4%
Disagree	5%	29%	57%	-
Don't know	7%	60%	33%	7%
<b>Proposal 8 - Removing the Band D restriction</b>				
Agree	69%	50%	48%	4%
Disagree	19%	32%	64%	-
Don't know	12%	61%	33%	6%
<b>Proposal 9 - To disregard any payments made under the Windrush Compensation Scheme, We Love Manchester Emergency Fund, and similar schemes where Government guidance recommends the payment be disregarded.</b>				
Agree	77%	48%	48%	3%
Disagree	7%	9%	91%	-
Don't know	16%	58%	29%	8%
<b>Proposal 10 - To remove the requirement to show continuous good cause before backdating a Council Tax Reduction for up to 12 months. Instead we will consider the circumstances of each case on its own merits</b>				
Agree	79%	49%	47%	3%
Disagree	9%	21%	71%	-
Don't know	11%	56%	38%	6%
<b>Proposal 11 - Any change in circumstances which changes Council Tax Reduction entitlement will be made from the date on which the change occurs rather than on a weekly basis as at present.</b>				
Agree	85%	44%	51%	4%
Disagree	5%	14%	71%	-
Don't know	10%	80%	20%	-
<b>Proposal 12 - Changing the claiming process for all applicants who receive Universal Credit</b>				
Agree	87%	49%	47%	3%
Disagree	7%	9%	82%	-
Don't know	4%	67%	17%	17%
<b>Additional support and Protection</b>				
Do you think that we should offer additional protection for any particular households who may be negatively affected by these proposals?				
Yes	54%	61%	38%	1%
No	22%	15%	79%	3%
Don't know	21%	48%	42%	6%
Do you think we should offer any further protection for households where the applicant or their partner meets the qualifying conditions for a disability benefit?				

Yes	60%	51%	48%	1%
No	26%	28%	62%	8%
Don't know	13%	68%	21%	5%
Do you think we should offer any further protection for households where a child meets the qualifying conditions for a disability benefit?				
Yes	60%	51%	46%	2%
No	26%	29%	66%	5%
Don't know	13%	63%	26%	5%
Do you think we should offer any further protection for households with children?				
Yes	44%	64%	33%	3%
No	38%	28%	67%	4%
Don't know	16%	50%	42%	4%
Do you think we should offer any further protection for households who lose support?				
Yes	35%	60%	40%	-
No	36%	30%	63%	6%
Don't know	28%	55%	38%	5%
Are there any additional groups you believe should be protected?				
Yes	15%	48%	48%	4%
No	36%	28%	67%	4%
Don't know	43%	61%	34%	3%

- 4.2 In response to the consultation the Devon Benefit Officers Group received a letter from the Devon Citizens Advice Consortium - this was a generic response and as such addressed the proposals across the full range of Devon schemes.
- 4.3 In order to determine the specific response for Teignbridge, a meeting was held with the Chief Officer of Citizens Advice Teignbridge. He has indicated broad support for the proposals, particularly those which disregard income (e.g. disability related incomes, carers allowance, child benefit etc) or which increase the level of support. In particular, he supports the removal of the non-dependent deductions because of the impact this has on low income council tax payers who are unable to secure any contribution from others who live in the property. Teignbridge's proposal to retain support at 100% is also welcomed as this ensures maximum protection for the most vulnerable in our community.
- 4.4 They do however have concerns about the impact on anyone losing support and have expressed concerns about couple households where one or potentially both parties have limited capacity for work, perhaps because one or the other has a disability.
- 4.5 We discussed how to provide additional protection and targeted support in circumstances such as these and agreed to carry out a joint review of our Exceptional Hardship Policy (details below) to ensure it provides an effective safety net to the main scheme.
- 4.6 We will take a collaborative approach to this review, working with key officers from Citizens Advice Teignbridge. Alongside this we propose to conduct a review of our collection and recovery processes with a view to signing up to the Citizens Advice Council Tax Collections Protocol.

## 5. ADDITIONAL SUPPORT AND PROTECTION FOR CLAIMANTS

- 5.1 Any claimant not in receipt of 100% support may ask for assistance under the Council's Exceptional Hardship Policy. This policy supports the main scheme, providing targeted support on a case by case basis. It was introduced in 2017 to provide a safety net for anyone experiencing significant financial hardship as a result of changes to the main scheme.
- 5.2 As mentioned earlier in this report, we propose to review the current policy, in collaboration with Citizens Advice Teignbridge, to ensure it provides appropriate protection where it is needed most.
- 5.3 The cost of awarding this relief is shared equally by Teignbridge and its major preceptors.

## 6. TRANSITIONAL ARRANGEMENTS

- 6.1 Schedule 1A of the Local Government Finance Act requires authorities to include any transitional provision relating to a reduction or removal of support as the Authority thinks fit. As it is proposed to provide targeted support under the Exceptional Hardship Scheme, no further measures are considered necessary.

## 7. IMPLICATIONS, RISK MANAGEMENT & CLIMATE CHANGE IMPACT

- 7.1 **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. The proposal to consult on a cost neutral scheme, which maintains overall support at current levels, would assist 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.
- 7.2 **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.
- 7.3 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 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 14<sup>th</sup> January.
- 7.4 **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. A full Business Impact Assessment has been undertaken and is taken into account in reaching the recommendations.



- 7.5 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 Policy will serve to mitigate this risk.
- 7.6 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.
- 7.7 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
- 7.8 **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).
- 7.9 The proposal reduces the volume of letters, paper and therefore energy use.

## **8. ALTERNATIVE OPTIONS**

- 8.1 The alternative is to continue with the current scheme which is highly reactive to changes in circumstance and incompatible with Universal Credit. This would result in increases in administration costs, complexity and uncertainty for council tax payers.
- 8.2 It may be possible to implement some of the proposals in part but this would require further modelling to assess impacts and, depending on the circumstances, may require further consultation.

## **9. TIMESCALE**

- 9.1 Recommendations arising from Overview & Scrutiny will be considered by Executive on 7<sup>th</sup> January before Full Council is recommended to approve the scheme on 14<sup>th</sup> January 2020. The new scheme will take effect from 1<sup>st</sup> April 2020.

## **10. CONCLUSION**

- 10.1 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.
- 10.2 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.

10.3 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.

# Appendix A

# EXECUTIVE

LEADER: Cllr Gordon Hook  
HOLDER: Cllr Alan Connett

PORTFOLIO

**DATE:** 5<sup>th</sup> September 2019

**REPORT OF:** Alan Connett – Portfolio Holder for Corporate Resources  
Tracey Hooper – Interim Service Lead for Revenue, Benefits and Customer Support

**SUBJECT:** **Council Tax Reduction Scheme - public consultation**

## PART I

### RECOMMENDATIONS

The Executive is recommended to approve plans to consult with major preceptors and the public on proposals to introduce a new working-age Council Tax Reduction Scheme for the year 2020-21.

It is recommended that we maintain overall support at current levels and that the following key features of our current scheme be retained:

- Maintain maximum support at 100%
- Maintain an Exceptional Hardship Scheme
- Continue to award 100% support to passported claims
- Disregard disability related benefits when calculating income
- Disregard child benefit and child maintenance when calculating income
- Disregard War disablement/widows pension when calculating income
- Limit the no. of dependant children in the calculation to a maximum of two for all new claimants
- Apply the minimum income floor for self-employed claimants
- Capital limit of £6,000
- Allow for childcare costs

It is recommended that the following **additional** features are included in the new scheme:

- 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 dependant children limit used in the calculation 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. PURPOSE**

- 1.1 The report outlines the main reasons for recommending a move to a new simplified Council Tax Reduction scheme for the year 2020-21 which will be reviewed and revised as appropriate at the end of the year,
- 1.2 The report also seeks permission to consult with precepting authorities (Devon County Council, Police & Crime Commissioner for Devon and Cornwall, Devon and Somerset Fire and Rescue Authority) and such other persons as are likely to have an interest in the operation of the scheme.

## **2. BACKGROUND**

- 2.1 ***Until 2013, help for low income residents to pay council tax was delivered alongside housing benefit using the national benefit system which prescribed the rules and levels of support for both working age and pensioner households.***
- 2.2 ***The council tax benefit scheme was abolished in 2013 and replaced with a discount scheme known as Council Tax Reduction. The rules for pensioners are still set nationally but it is for billing authorities to determine the rules and levels of support for working age claimants.***
- 2.3 Given that we administer housing benefit and Council Tax Reduction together it has always made sense to align the schemes, minimising confusion for claimants and staff alike, and avoiding any increase in administration costs. However, since the rollout of Universal Credit, the benefits arising from alignment with housing benefit have been lost. New claimants and those experiencing a 'triggering' change in circumstances must now apply to the Department for Work and Pensions (DWP) for Universal Credit which includes an amount towards their housing costs, and to the Council for Council Tax Reduction.
- 2.4 Because of this, administration has become increasingly difficult. We typically receive notifications from the DWP of a change in income every month. These changes are often insignificant (e.g. £1 variation in income) but as Council Tax Reduction schemes are fully means tested, even a trivial change requires reassessment, triggering an amended council tax bill and rescheduling of instalment profile. As a result, some households are issued with many bills and a bewildering number of changed instalments each year. This can make it difficult for taxpayers to budget or even understand what is due.
- 2.5 Now that the link with housing benefit has been broken, the burden of carrying out a full means test assessment, which can take a number of weeks to finalise, for what is effectively a council tax discount cannot be justified.
- 2.6 The funding available from Government to administer the scheme has reduced by approximately 44% since 2013 and is expected to fall more sharply as more cases move onto Universal Credit, resulting in more of the administration cost having to be met by the Council. Even if it was desirable to retain the previous means tested system, the administrative costs involved would be prohibitive.

## **3. INCOME-BANDED SCHEMES**

- 3.1 For the reasons outlined above, Councils across the country are starting to move to discount based income-banded schemes. These are characterised by simple rules and straightforward administration, making them transparent to the taxpayer and simple to grant.

- 3.2 South Hams and West Devon introduced an income-banded scheme this year and, although it's early days, this appears to be working well.
- 3.3 There are a variety of schemes in existence but principally these schemes provide support based on bands of income. There are two main types in operation, the grid scheme which takes into account income and household composition, and the banded scheme which looks only at income and pays no regard to household factors. These two types are illustrated below:

#### Banded Scheme

Earned Income Band	% Council Tax Reduction
1	
2	
3	
4	

#### Grid Scheme

Earned Income Band	% Council Tax Reduction			
	Single	Couple	Couple with 1 child	Couple with 2+ children
1				
2				
3				
4				

Moving to a discount- based income-banded approach will deliver the following benefits:

Benefits for the taxpayer	Benefits for Billing Authorities
<ul style="list-style-type: none"> <li>• Easy to understand; the income banded grid provides a transparent formula where residents can easily calculate for themselves how much Council Tax Support they will be entitled to.</li> <li>• Easy to apply for; a simple online application form requiring minimal data.</li> <li>• Constancy of award; entitlement will change only if the variation moves the claimant into another band, enabling customers to budget accordingly without confusion of frequent instalment recalculations.</li> <li>• Customers will need to report a change in circumstance only if it moves them into another band.</li> <li>• Higher take up due to ease of application.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in admin costs due to fewer changes in circumstances to process and revised bills to issue.</li> <li>• Reduced level of contact from customers seeking explanations of why they have received further revised Council Tax Support award notifications and recalculated Council Tax bills.</li> <li>• Potential for full automation – even as a manual process, discount can be calculated and granted / amended in seconds.</li> <li>• Reduced training for staff.</li> <li>• Protect council tax collection rate by avoiding frequent deferral of payment due dates.</li> <li>• Reduction in appeals to tribunal because rules are simple and less open to interpretation.</li> </ul>

- 3.4 There are of course some drawbacks to moving away from a fully-means tested approach; inevitably there will be winners and losers, and the income-bands will create 'cliff edges' – claimants on the edge of the band could lose/gain because of minor difference in income.

## 4 PROPOSALS FOR 2020-21

- 4.1 On 26<sup>th</sup> July 2019, the Devon Benefit Officer Group took a report to the Devon Local Government Steering Group recommending that all Devon councils move to income-banded

schemes with effect from 2020-21. South Hams and West Devon Councils have already made this move. They went live with a grid scheme in April 2019 and, although early days, it is reported that the schemes are working well.

4.2 Having considered both styles of income-banded schemes, the grid scheme, although marginally more complex, appears to be the fairer of the two models. Unlike the banded scheme it takes household composition into account allowing for higher incomes in larger households. This is the model adopted by the majority of councils who have moved to income-banded schemes and is the one currently being progressed by all the Devon councils..

4.3 The grid scheme is illustrated in table 1 below.

NB. As far as possible, the income bands are aligned to the applicable amounts that exist within the current Council Tax Reduction scheme up to a maximum of two children. Applicable amounts are prescribed by DWP and represent the income requirements per household type.

Table 1

		Weekly Income & Discount (%)						
		A	B	C	D	E	F	
		£0.00- £75	£75.01- £150	£150.01 -£225	£225.01 -£300	£300.01 -£375	£375.01- £450	
Household	1	Single no Dependant	100%	75%	50%	25%	0%	0%
	2	Couple no dependant	100%	75%	50%	25%	0%	0%
	3	Single one dependant	100%	100%	75%	50%	25%	0%
	4	Couple one dependant	100%	100%	75%	50%	25%	0%
	5	Single two or more dependants	100%	100%	100%	75%	50%	25%
	6	Couple two or more dependants	100%	100%	100%	75%	50%	25%

4.4 Applying a percentage discount mirrors the principles of other types of Council Tax discounts. For example single person discount = 25% reduction.

## 5. MODELLING

5.1 We have adopted a cost neutral approach to the modelling, aiming to maintain overall support around current levels whilst accepting that a move to a banded scheme will redistribute support across our caseload.

5.2 Whilst it is inevitable that some households will lose, the biggest losses will be amongst those with the highest entitlement under the current means test – the highest household incomes and the largest properties. By its nature, banding provides most support to those on low incomes who will likely experience the most difficulty in paying their council tax bills.

5.3 The modelling carried out to date predicts that just under 2,600 (58%) of households will be unaffected by the change. These are primarily 'passport' cases which will continue to receive 100% support on account of receiving Income Related Employment and Support Allowance, income based Jobseekers Allowance, or Income Support. Many of these households will include persons with disabilities who will continue to receive maximum support. In the new scheme approximately:

- 2,600 will continue to receive the same level of support
- 1,085 are predicted to gain. Average gain £5.70 per week
- 760 are predicted to lose. Average loss £7.29 per week

- 5.4 See Appendix 1 for summary of impacts on caseload and Appendix 2 for a range of case studies
- 5.5 As the data is modelled based at a fixed point in time this will need to be refreshed to take account of changes in caseload before any final decisions are taken.

## 6. TRANSITIONAL PROTECTION

- 6.1 When making changes to schemes councils must consider transitional protection. Historically we have done this through our Exceptional Hardship Fund (EHF). This allows claimants to apply for further support where there is financial need and for each case to be considered on its merits. The cost of EHF is shared between County, Teignbridge, Police, and Fire & Rescue, in proportion to the share of the collection fund. This approach has worked well and costs to the Council have been minimal, just £4,000 in 2018/19.

## 7. CONSULTATION PROCESS

- 7.1 The process for making changes to our Council Tax Support scheme is set out in legislation. This includes the requirement to consult with major preceptors (Devon County Council, Police & Crime Commissioner for Devon and Cornwall, Devon and Somerset Fire and Rescue Authority) and to conduct a public consultation exercise.
- 7.2 ***Following the case of (R (Moseley) v London Borough of Haringey) 2014, any consultation on changes to council tax reduction schemes must also include an option for any current scheme to be retained on the same level of funding with a consequent reduction in funding for other services. As such, there will be questions in the consultation paper on these options***
- 7.3 Subject to Executive approval we aim to commence consultation with major preceptors with immediate effect and then conduct a 6 week consultation with the public and other stakeholders commencing mid- September to early November 2019.
- 7.4 At this stage we are proposing a draft scheme for consultation. There is still scope, following consultation, for members to vary the percentages, the income bands, build in other protections and transitional arrangements prior to the final scheme being approved if required.

## 8. MAIN IMPLICATIONS

- 8.1 ***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. The proposal to consult on a cost neutral scheme which maintains overall support at current levels, would assist 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.***
- 8.2 ***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.***
- 8.3 ***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.***
- 8.4 ***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 Council Tax Reduction scheme must be made by a meeting of Full Council.**

- 8.5 **Equality Impacts** – Before any decisions are taken in relation to changes to the Council Tax Reduction scheme, full regard must be had to equality impacts. We have identified summary impacts arising from the proposed new scheme in appendix 1 and will have a finalised Business Impact Assessment (BIA) at the time we go out to public consultation. Members will be asked to consider the BIA alongside the consultation results before any decisions are taken.

## 9. GROUPS CONSULTED

- 9.1 The Devon Local Government Steering Group and the Chief Finance Officer have been consulted and are supportive of the move to an income-banded scheme.

## 10. TIME-SCALE

- 10.1 In order to meet the timetable to introduce a new scheme in April 2020 this consultation must be concluded by early November 2019. The consultation will run for a period of 6 weeks.
- 10.2 Decisions on schemes to run from 1<sup>st</sup> April each year must be made by a meeting of Full Council before 11<sup>th</sup> March that year.

## 11. JUSTIFICATION

11.1 To comply with the provisions of Schedule 1a of the Local Government Finance Act 1992, as inserted by schedule 4 to the Local Government Finance Act 2012, which requires the authority to consider whether, for each financial year, the Council Tax Reduction scheme is to be revised or replaced and to consult with major preceptors and such other persons as it considers are likely to have an interest in the operation of the scheme, prior to making any determination.

## DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

10.00 a.m. on 12.09.19

Tracey Hooper  
Interim Service Lead for Revenue,  
Benefits & Customer Support

Cllr Alan Connett  
Portfolio Holder for Corporate Resources

BELOW TO BE FILLED IN BY REPORT AUTHOR:

<b>Wards affected</b>	All
<b>Contact for any more information</b>	Tracey Hooper 01626 215266
<b>Background Papers (For Part I reports only)</b>	Current CTR Scheme: Exceptional Hardship Policy
<b>Key Decision</b>	Y
<b>In Forward Plan</b>	Y
<b>In O&amp;S Work Programme</b>	N
<b>Community Impact Assessment attached:</b>	N
<b>Appendices attached:</b>	1: Summary Impacts on Caseload 2: Case studies



APPENDIX 1 – Summary Impacts

Banded Scheme Caseload analysis	Existing Scheme			New Scheme				Unaffected by change or change is less than 50p pw		Affected by change or change is greater than 50p pw	
	No's	Expenditure	Average Weekly Award	No's	Expenditure	Average Weekly Award	Average Weekly Gain/Loss	Cases	% of Group	Cases	% of Group
<b>Single</b>	1,813	£1,842,972	£19.44	1,813	£1,855,325	£19.57	£0.13	1,389	77	424	23
<b>Couple</b>	341	£442,495	£24.82	333	£412,364	£23.13	£-1.69	206	60	135	40
<b>Lone Parent +1</b>	767	£629,759	£15.70	766	£712,356	£17.76	£2.06	369	48	398	52
<b>Lone Parent +2</b>	556	£465,595	£16.02	553	£538,277	£18.52	£2.50	238	43	318	57
<b>Lone Parent +&gt;2</b>	273	£279,335	£19.57	263	£259,600	£18.19	£-1.38	148	54	125	46
<b>Couple +1</b>	198	£213,177	£20.59	192	£194,136	£18.75	£-1.84	71	36	127	64
<b>Couple +2</b>	227	£221,309	£18.65	220	£221,158	£18.63	£-0.02	69	30	158	70
<b>Couple +&gt;2</b>	233	£247,533	£20.32	168	£177,426	£14.56	£-5.75	73	31	160	69
<b>Applicant Gender - Male</b>	1,381	£1,447,069	£20.04	1,352	£1,410,723	£19.53	£-0.51	960	70	421	30
<b>Applicant Gender - Female</b>	3,027	£2,895,106	£18.29	2,956	£2,959,919	£18.70	£0.41	1,603	53	1,424	47
<b>All Passported (including unquantifiable disability benefits in payment)</b>	1,973	£2,341,510	£22.70	1,973	£2,371,788	£22.99	£0.29	1,889	96	84	4
<b>All households with a disability benefit in payment (including quantifiable passported cases)</b>	441	£477,964	£20.73	397	£396,085	£17.18	£-3.55	167	38	274	62
<b>All Standard claims (no disability benefit in payment)</b>	1,994	£1,522,701	£14.61	1,938	£1,602,769	£15.37	£0.77	507	25	1,487	75
<b>Total Working Age Scheme</b>	<b>4,408</b>	<b>£4,342,175</b>	<b>£18.84</b>	<b>4,308</b>	<b>£4,370,642</b>	<b>£18.96</b>	<b>£0.12</b>	<b>2,563</b>	<b>58</b>	<b>1,845</b>	<b>42</b>

# Appendix A

<b>Banded Scheme Caseload analysis</b>	<b>Increase in level of discount</b>		<b>Reduction in level of discount</b>		<b>Increase in discount between £5 and £9.99 pw</b>		<b>Increase in discount of over £10 pw</b>		<b>Reduction in discount between £5 and £9.99pw</b>		<b>Reduction in discount of over £10 pw</b>	
	<b>Cases</b>	<b>Average Gain pw</b>	<b>Cases</b>	<b>Average Loss pw</b>	<b>Cases</b>	<b>Average Gain pw</b>	<b>Cases</b>	<b>Average Gain pw</b>	<b>Cases</b>	<b>Average Loss pw</b>	<b>Cases</b>	<b>Average Loss pw</b>
<b>Single</b>	248	£5.31	176	£6.18	70	£7.33	34	£12.83	71	£7.32	24	£12.11
<b>Couple</b>	37	£4.61	98	£7.50	13	£7.71	2	£19.66	38	£6.89	30	£13.65
<b>Lone Parent +1</b>	332	£5.76	66	£5.13	155	£6.91	36	£11.21	31	£6.29	6	£11.69
<b>Lone Parent +2</b>	266	£6.21	52	£5.30	130	£7.14	39	£11.33	20	£5.91	8	£12.79
<b>Lone Parent +&gt;2</b>	36	£4.85	89	£5.96	16	£6.01	4	£11.02	37	£6.20	17	£13.76
<b>Couple +1</b>	51	£5.06	76	£7.84	27	£7.09	0	£0.00	39	£7.32	19	£15.76
<b>Couple +2</b>	82	£6.78	76	£7.06	44	£7.18	14	£12.84	31	£7.26	19	£14.87
<b>Couple +&gt;2</b>	33	£4.69	127	£11.32	8	£7.36	3	£12.44	39	£7.89	63	£17.82
<b>Applicant Gender - Male</b>	195	£5.13	226	£7.55	80	£7.24	13	£13.24	86	£7.42	53	£16.14
<b>Applicant Gender - Female</b>	890	£5.75	534	£7.19	383	£7.06	119	£11.79	221	£6.83	133	£14.71
<b>All Passported</b> (including unquantifiable disability benefits in payment)	84	£6.89	0	£0.00	29	£7.34	13	£15.34	0	£0.00	0	£0.00
<b>All households with a disability benefit in payment</b> (including quantifiable passported cases)	57	£4.58	217	£8.20	11	£7.69	6	£12.37	81	£7.08	65	£15.93
<b>All Standard claims</b> (no disability benefit in payment)	944	£5.67	543	£6.94	423	£7.03	113	£11.58	226	£6.96	121	£14.67
<b>Total Working Age Scheme</b>	<b>1,085</b>	<b>£5.70</b>	<b>760</b>	<b>£7.29</b>	<b>463</b>	<b>£7.07</b>	<b>132</b>	<b>£11.98</b>	<b>307</b>	<b>£6.99</b>	<b>186</b>	<b>£15.11</b>

## Cases with highest gains

## Case 1

Single Parent with 3 children aged 18 (non-dependant), 11 and 8  
In private rented accommodation receiving £30.93 housing benefit against a rent liability of £196.15 per week

Weekly Income		
Earned Income	£167.09	
Child Tax Credit	£173.40	
Working Tax Credit	£58.64	
Child Benefit	£34.40	disregarded
Child maintenance	£11.54	disregarded
Total Weekly Income	£445.07	Of which £45.94 disregarded
Less rent paid	£165.22	
<b>Net Weekly Income</b>	<b>£279.85</b>	

**0% entitlement under current CTR Scheme** – Lone Parent Premium + Family Premium + 2 Children Premium. Non-dependant deduction. Nil entitlement

**25% entitlement under Grid Scheme** - Qualifying income (total income less income disregards, less £25 earnings disregard) £374.13 is within the qualifying income bands and would receive 50% CTR

## Case 2

Couple with 3 children aged 21 (non-dependant), 13 and 9  
Housing Association tenant receiving £87.66 per week housing element of UC against a rent liability of unknown.

Weekly Income		
Earned Income	£232.62	
Net UC award	£127.71	
Child Benefit	£34.40	disregarded
<b>Total Weekly Income</b>	<b>£394.73</b>	<b>Of which £34.40 disregarded</b>

**1% entitlement under current CTR Scheme** - UC Standard Premium + UC Housing Element + UC Child Element less non-dependant deduction of £12.20 results in negligible entitlement of 1% CTR

**50% entitlement under the Grid Scheme** - Qualifying income (total income less income disregards, less £25 earnings disregard) £335.33 is within the qualifying income bracket and would receive 50% CTR

## Case 3

Couple with 2 children aged 28 (non-dependant) and 23 (non-dependant)  
Owner occupiers

Weekly Income		
Earned Income	£160.00	
<b>Total Weekly Income</b>	<b>£160.00</b>	

**29% entitlement under current CTR Scheme** – Couple premium. Due to 2 non-dependant deductions qualifies for 29% CTR

**75% entitlement under Grid Scheme** - Qualifying income (total income less £25 earnings disregard of £135.00 is within the qualifying income bracket and would receive 75% CTR

## Cases with highest losses

### Case 4

Couple with 4 children aged 15, 11, 3 & 3. The 15 year old is disabled and attends school for special needs

Housing Association tenants receiving 100% Housing Benefit (£190.32 pw) so no rent to pay

Weekly Income		
Earned Income	£346.23	
Child Tax Credit	£121.24	
Carer's Allowance	£66.15	disregarded in grid scheme only
Child Benefit	£61.80	disregarded
DLA for 1 child (higher rate)	£149.00	disregarded
Total Weekly Income	£744.42	Of which £276.95 disregarded
Less rent paid	£0	
<b>Net Weekly Income</b>	<b>£744.42</b>	

**100% entitlement under current CTR Scheme** - Has Family Premium + 4 Child Premiums + Carer Premium + Disabled Child Premium + Enhanced Child Disability Premium resulting in 100% entitlement

**0% entitlement under Grid Scheme** – Qualifying income (total income less income disregards, less £25 earnings disregard) of £442.47 is between £375.01 - £450.00 band so 25% entitlement.

### Case 5

Couple with 5 children aged 12, 11, 9, 7, 3. The 11 year old has low needs disability and attends main stream school

Housing Association tenants receiving 100% Housing Benefit (£188.42 pw) so no rent to pay

Weekly Income		
Earned Income	£100.00	
Child Tax Credit	£387.03	
Child Benefit	£75.50	disregarded
DLA for 1 child (lower rate)	£88.00	
Total Weekly Income	£650.53	Of which £163.50 disregarded
Less rent paid	£0	
<b>Net Weekly Income</b>	<b>£650.53</b>	

**100% entitlement under current CTR Scheme** – Has Couple Premium + 5 Child Premiums + Disabled Child Premium resulting in 100% entitlement

**0% entitlement under Grid Scheme** - Qualifying income (total income less income disregards, less £25 earnings disregard) of £462.03 is outside of qualification income bracket so nil entitlement

Couple with 6 children aged 14, 13, 9, 9, 4, 2

Housing Association tenants receiving £165.89 per week housing benefit (93% of rent liability)

Weekly Income		
Earned Income	£185.48	
Child Tax Credit	£328.68	
Working Tax Credit	£49.55	
Child Benefit	£89.20	disregarded
Total Weekly Income	£652.91	Of which £89.20 disregarded
Less rent paid	£13.24	
<b>Net Weekly Income</b>	<b>£639.67</b>	

**98% entitlement under current CTR Scheme** - No disabilities, Couple Premium + Family Premium + 6 Children Premium – results in almost maximum entitlement.

**0% entitlement under Grid Scheme** – Qualifying income (total income less income disregards, less £25 earnings disregard) of £538.71 is outside of maximum income bracket so nil entitlement

## Executive 5 September 2019

### Minutes Extract

#### 62. COUNCIL TAX REDUCTION SCHEME - PUBLIC CONSULTATION

Prior notification - Member questions and responses attached to minutes.

The Portfolio Holder for Corporate Resources presented the report that outlined the main reasons for recommending a move to a new simplified Council Tax Reduction scheme for the year 2020-21 which would be reviewed and revised as appropriate at the end of the year. The Council had a long record of providing Council Tax Support for those in need and this report sought to address the changes with the rollout of Universal Credit. The report also sought permission to consult with precepting authorities (Devon County Council, Police & Crime Commissioner for Devon and Cornwall, Devon and Somerset Fire and Rescue Authority) and such other persons as were likely to have an interest in the operation of the scheme.

He brought Members attention to the proposed additional features which included incorporating a return to work incentive and the removal of the restriction that limited support to a maximum Band D property. He brought Members attention to the case studies in the appendix. The scheme would be cost neutral and Overview & Scrutiny Committee would have a chance to review the proposals in light of the consultation responses before coming back to Executive and Council.

Non-Executive Members raised issues regarding the inadequate response to the submitted questions; had concern regarding some of the proposed changes, how they could affect low income residents; could not support the proposals; Overview & Scrutiny Committee would look at the scheme with the goal to develop the best scheme possible.

The Leader stated that everybody effected would be consulted.

Officers advised that it should be noted that any new proposals not considered in the original consultation could not take effect without fresh consultation.

The Portfolio Holder for Corporate Services proposed the recommendation, this was seconded by the Portfolio Holder for Waste Management & Environmental Health.

**RESOLVED** that plans to consult with major preceptors and the public on proposals to introduce a new working-age Council Tax Reduction Scheme for the year 2020-21 be approved.

It is recommended that the Council maintain overall support at current levels and that the following key features of our current scheme be retained:

- Maintain maximum support at 100%
- Maintain an Exceptional Hardship Scheme
- Continue to award 100% support to passported claims
- Disregard disability related benefits when calculating income
- Disregard child benefit and child maintenance when calculating income
- Disregard War disablement/widows pension when calculating income
- Limit the no. of dependent children in the calculation to a maximum of two for all new claimants
- Apply the minimum income floor for self-employed claimants
- Capital limit of £6,000
- Allow for childcare costs

It is recommended that the following **additional** features are included in the new scheme:

- 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 used in the calculation to existing claimants
- Remove non-dependent 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.

Appendix A