

Report to: **Hub Committee**

Date: **5 November 2019**

Title: **Council Tax Reduction Scheme 2020/21**

Portfolio Area: **Health and Wellbeing – Cllr Leech**

Wards Affected: **all**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **Council**

Author: **Lorraine Mullineaux** Role: **Senior Housing Benefit Specialist**

Contact: Lorraine.mullineaux@swdevon.gov.uk

RECOMMENDATION:

That Hub Committee RECOMMEND to Council to continue with the existing Council Tax Reduction Scheme for 2020/21 with no changes.

1. Executive summary

- 1.1 Members will recall that a new Council Tax Reduction scheme was introduced in April 2019. Members at the time requested an early review of the scheme, to ensure that its primary aim of providing more support to the most vulnerable was achieved, whilst having a limited impact on other groups.
- 1.2 An analysis contained within section 3 of the report shows that the new scheme has helped even more residents than the original modelling anticipated, had a positive impact on council tax collection rates and had a negative impact on fewer residents.
- 1.3 The scheme the council developed is now being actively considered across the majority of Devon Local Authorities.
- 1.4 It is an annual requirement for Councils to revisit their existing council tax support scheme and make a decision as to whether to replace or revise it. If we were to make changes to our scheme for 2020/21 we are required by law to:
 - Consult with the major precepting authorities

- Consult with other persons who it considers are likely to have an interest in the operation of the scheme.

2. Background

2.1 Council Tax Reduction (CTR also known as Council Tax Support - CTS) was introduced in April 2013 as a replacement for the national Council Tax Benefit Scheme, with a 10% funding reduction. The CTR scheme is for working-age customers only and is a local scheme, however there is a national scheme that exists for pension age recipients and this is prescribed by regulations that cannot be varied locally. Therefore any savings to the scheme must come from working age customers.

2.2 Local Schemes must take account of:

- Our duties to protect vulnerable people (these duties already exist under the Equality Act 2010, The Care Act 2014, Child Poverty Act 2010, The Housing Act 1996)
- The Armed Forces Covenant.

And:

- Support work incentives and in particular avoid disincentives for those moving into work

2.3 Since 2013/14, funding for Council Tax Reduction has been included within the overall local government funding grant. The Authority therefore decides how much funding is available to support the Council Tax Reduction Scheme.

2.4 The aim of the local scheme is to be 'cost neutral'. By this we mean that the level of Government grant would equal forecasted Council Tax Reduction expenditure for 2020/21

2.5 The following table sets out the annual expenditure and caseload:

	Total caseload	Working age caseload	Pension age caseload	Working age expenditure £	Pension age expenditure £	Total West Devon BC expenditure £
April 14	3,805	1,817	1,988	1,371,905	1,997,878	3,369,783
April 15	3,732	1,801	1,931	1,344,328	1,932,119	3,276,447
April 16	3,482	1,683	1,799	1,283,718	1,830,880	3,114,598
April 17	3,438	1,690	1,748	1,375,750	1,871,267	3,247,017
April 18	3,421	1,727	1,694	1,451,567	1,905,121	3,356,688
April 19	3,339	1,656	1,683	1,455,484	1,895,732	3,351,216

2.6 The slight increase in expenditure is primarily due to the level of increase in council tax for 2019/20.

3 Outcomes/outputs

3.1 Our Banded Council Tax Reduction Scheme continues to support the Council's local policy priorities, in particular:-

- Reducing inequalities by protecting the most vulnerable people in our area as we continue to disregard child benefit, Disability Living Allowance and war pensions.
- Supporting work incentives by increasing the weekly amount a person or couple can earn before their income is used in the assessment of council tax reduction.

3.2 The banded scheme has seen an increase in support to approximately 1,453 (88%) low income residents. The scheme has not only benefited our most vulnerable residents i.e. those with no income but it has also benefited those in low paid employment.

3.3 This is higher than the original modelling which anticipated that 1,383 residents would see an increase in support.

3.4 Whilst most residents have benefited from the scheme there have been 203 residents (12% of claimants) that have been adversely impacted, with 63 (4%) no longer qualifying. This is mainly due to the £6,000 capital limit, those with large families and the introduction of the Minimum Income Floor (MIF). However these changes now bring us in line with the rest of the Devon Authorities.

3.5 The adverse impact has seen less residents affected than the original modelling which anticipated 317 residents would be worse off.

3.6 Self Employed Claimants

3.6.1 As of the end of 31st March 2019 West Devon had 65 working age self-employed claimants in receipt of CTR.

3.6.2 42 (65%) claimants saw an increase in their CTR entitlement and 23 (35%) claimants saw a reduction in their entitlement and of those, 3 (4%) no longer qualify for any CTR.

3.6.3 Of the 65 claimants the minimum income floor (MIF) was applied to 49. 16 have not had MIF applied. 4 were new businesses and 12 either had a second job or were declaring income above the MIF threshold.

- 3.7 West Devon overall collection rate at the end of Quarter 1 2019/20 was 29.06%, this shows a decrease of 1.05% on the same period last year, however the collection rate for working age residents shows an increase of 2.15% when compared to last year. This demonstrates that providing more financial assistance to those most in need can have a positive effect on the collection rate.
- 3.8 The Authority continues to have an Exceptional Hardship Fund (EHF) which was widely promoted along with the new banding scheme. Amendments were made to the Policy to include residents that no longer had any entitlement to CTR following the introduction of the new scheme on the 1st April 2019. To date there has been eight awards, totalling £5,360.14. Only one award was made to a resident that was affected by the MIF. To date no applications for EHF have been refused.
- 3.9 We have received 1 complaint following the introduction of the banding scheme, the complaint was mainly about the introduction of MIF and not the actual scheme.
- 3.10 One of the main drivers and objectives for the banded scheme was to make it simpler for the claimant to understand and claim, and as a consequence reduce the numbers of queries and calls. The telephone statistics show that this objective has been achieved. In April 2018 we answered 696 calls, whilst in April 2019 the figure was 515 calls. This shows a decrease of 26%, even with the introduction of a new scheme. Whilst looking at the whole of quarter 1 in 2018 we answered 2188 calls and in 2019 this reduced to 1529 over the same period. This represents a decrease of 30%. This has allowed us to flex our two customer services advisors who now answer Council Tax calls as well as Benefits. We have also managed to flex case management resources across Housing, Council Tax and Recovery whilst improving service performance.

4 Proposed Way Forward

- 4.1 It is recommended to make no changes to the Council Tax Reduction Scheme at this time. This is based on the evidence provided in the report, and the finding that having a banded scheme is exceeding all of the original objectives that it set out to achieve.
- 4.2 It is also an endorsement of our approach that Devon County Council are actively encouraging all other Devon Local Authorities to adopt a banded scheme similar to the West Devon and South Hams model.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The relevant powers for this report are contained within the following legislation; Clause 34 of the Welfare Reform Bill provides for the abolition of Council Tax Benefit from 31 st March 2013 and introduces the Local Council Tax Support Schemes to be administered by Local Authorities
Financial implications to include reference to value for money	Y	The scheme as is, requires no additional funding from this Authority. The scheme also indicates it has impacted positively on the collection rate
Risk	Y	If Members wish to support an alternative scheme it is essential that this was modelled, costed, consulted with and had the agreement of all major preceptors by the 31 st January 2020. This would have significant impact on officer resource and would almost certainly be a more expensive scheme. This course of action is not recommended by officers. If a new scheme was not agreed in the time frame the scheme would revert to the existing one by default.
Supporting Corporate Strategy	Y	Wellbeing – To support our most vulnerable residents.
Climate Change - Carbon / Biodiversity Impact	N	No direct carbon/biodiversity impact arising from the recommendations
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	An Equalities Impact Assessment was completed in December 2018.
Safeguarding	N	No direct implications
Community Safety, Crime and Disorder	N	No direct implications
Health, Safety and Wellbeing	Y	The policy is designed to protect our most vulnerable.

Other implications		
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Supporting Information

Appendices:

None

Background Papers:

The Council Tax Reduction Scheme