

Meeting: Council

Date: 5 December 2018

Wards Affected: All Wards

Report Title: Proposed Council Tax Support Scheme 2019/20

Is the decision a key decision? Yes

When does the decision need to be implemented?

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1. Proposal and Introduction

- 1.1 This report provides members with the background of the current scheme and recommendations for the 2019/20 local Council Tax Support scheme.
- 1.2 Schedule 1A of the Local Government Finance Act 2012 requires local authorities to annually review their local scheme.

2. Reason for Proposal and associated financial commitments

- 2.1 The Council has a statutory duty to provide a local Council Tax Support Scheme for working-age households within its area. Pension age households are subject to statutory provisions determined on a national basis that must be incorporated within each authority's local scheme.

The Council must approve the final scheme by 11 March 2019 for operation by 1 April 2019. The scheme cannot be changed mid-financial year.

- 2.2 It is proposed that Personal Allowances and Premiums are uprated from 1 April 2019 in line with the prescribed Pensioner scheme and national working-age benefits, which are both set by the Government.

Failure to make this change would result in a cut in entitlement should there be an increase in household income.

3. Recommendation(s) / Proposed Decision

- 3.1 That Personal Allowances and Premiums, used to calculate Council Tax Support, are uprated from 1 April 2019 in line with the prescribed Pensioner scheme and national working-age benefits, which are both set by the Government.
- 3.2 That the Chief Finance Officer be given delegated authority, in consultation with the Elected Mayor and the Executive Lead for Customer Services, to make any further adjustments required to the Exceptional Hardship Policy and fund.
- 3.3 That Council notes that as a result of the introduction of Universal Credit full service from 5 September 2018, there will be a full review of the current scheme. This will commence from January 2019, where extensive financial modelling will be undertaken to provide potential options for a brand new scheme to be implemented from April 2020, with consultation on the same being undertaken in 2019.

Appendices

Appendix 1: Proposed 2019/20 schemes for other Devon Authorities

Appendix 2: Current scheme - <http://www.torbay.gov.uk/media/11073/council-tax-reduction-scheme.pdf>

Background Documents

None

Section 1: Background Information

1. What is the proposal / issue?

The current Council Tax Support scheme was approved by members at Full Council in December 2016.

For each financial year, the Council must consider whether to revise its scheme or to replace it with a replacement scheme. It must make any revision to its scheme, or any replacement scheme, no later than 11 March for the subsequent financial year.

Entitlement to Council Tax Support is based on a means test, by taking into consideration a person's income and comparing this with any personal allowances, premiums and disregards to which they may be entitled.

The current scheme needs to be updated to take into account the inflationary increase in the personal allowances used to calculate entitlement to Council Tax Support - these allowances represent a households basic living needs.

This will ensure the scheme is compliant with the Prescribed Requirements for all local schemes, determined by the Department for Communities and Local Government and also aligned to national working-age benefits, determined by the Department for Work and Pensions.

2. What is the current situation?

The scheme that will be adopted for 2019/20 is the same as the scheme that was adopted for 2018/19. The reasons for this are it:

- is based on the previous scheme and involves no additional new risk;
- does not disproportionately affect any particular group – disabled persons, single parents, etc;
- presents a very low risk of legal challenge.

For people of working age, the current scheme has the following key elements:

- All awards are based on 70% of the Council Tax charge for the property. This means that the maximum a working age household can receive is 70% of the Council Tax due. These households have to pay a minimum of 30% of the Council Tax due;
- Second Adult Rebate for working age households is not available;

	<ul style="list-style-type: none"> • No entitlement if working age households have savings over £6,000; • Restrict working age households to the equivalent of a Band D property charge and apply the 70% restriction detailed above; • A hardship fund is provided for within the scheme and is available to households should they be experiencing hardship as a result of their Council Tax Support award. <p>Under the current scheme pensioners are protected and the level of entitlement for them must remain. Protection will be achieved by keeping in place the existing national rules, with eligibility and rates defined in the Prescribed Pensioners scheme.</p> <p>The components used to calculate Council Tax Support consist of the following:</p> <ul style="list-style-type: none"> • Personal Allowances - the basic amounts of money the government says a claimant needs to live on. The level depends on the claimant's age and whether they are part of a couple. There are additional allowances for dependent children. • Premiums - additional amounts added to the personal allowance because of claimant's personal circumstances. The government recognises that it is more expensive to live with a family or if someone has a disability or caring responsibilities. Extra amounts are added to income based benefits to account for this. • Disregards - the amount of earnings not taken into account when calculating entitlement to benefits. There are standard earnings disregards for singles, couples and lone parents. People in certain groups, such as carers and people with disabilities are eligible for a higher disregard. • Non Dependant Deductions - the amount that is deducted for other people who are 18 or over and live in the household. The deduction rates for non-dependants are set according to their income, as it is assumed that they can make a financial contribution to the household.
<p>3.</p>	<p>What options have been considered?</p> <p>None for the purpose of this report.</p>
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</p> <p>The council's Corporate Plan for 2015-2019 sets the direction and priorities for the years ahead. It is based on the following principles:</p>

	<ul style="list-style-type: none"> • Use reducing resources to best effect • Reduce demand through prevention and innovation • Integrated and joined up approach <p>The scheme continues to support work incentives and avoids disincentives for those moving into work.</p> <p>Torbay's most vulnerable groups will continue to be protected as the scheme will retain the current scheme characteristics.</p> <p>The continuation of the hardship scheme will also help cushion the effect of the changes and should mitigate any adverse impacts where possible.</p>
<p>5.</p>	<p>How does this proposal contribute towards the Council's responsibilities as corporate parents?</p> <p>The scheme provides further financial support to care leavers on low incomes after their 25th birthday, through a reduction in their council tax liability.</p> <p>It will assist those who only had the support of the council in reducing barriers of living in the community, where there is a risk of falling into debt, particularly with their council tax.</p>
<p>6.</p>	<p>How does this proposal tackle deprivation?</p> <p>Council Tax Support provides proportioned financial assistance to low income households.</p> <p>The exceptional hardship fund also provides additional financial assistance for households that are most in need.</p>
<p>7.</p>	<p>How does this proposal tackle inequalities?</p> <p>The scheme is being amended in line with statutory requirements and uprating the financial allowances. There is no change to the way the existing scheme operates so no equality impact assessment has been undertaken.</p> <p>To mitigate the impact of the scheme an Exceptional Hardship Fund is available that supports the most vulnerable residents on a case by case basis.</p>
<p>8.</p>	<p>How does the proposal impact on people with learning disabilities?</p> <p>The scheme is being amended in line with statutory requirements and uprating the financial allowances. There is no change to the way the existing scheme operates so no equality assessment has been undertaken.</p> <p>The current scheme has the same characteristics as Council Tax Benefit, where additional premiums and income disregards are applied within the</p>

	calculation of the Applicable Amount when certain state benefits are received.
9.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>This proposal will affect all working age households receiving Council Tax Support from 1 April 2019 to 31 March 2020.</p> <p>There are no requirements to undertake additional public consultation as the scheme remains unchanged.</p>
10.	<p>How will you propose to consult?</p> <p>As there are no significant changes to the 2019/20 scheme a public consultation is not necessary.</p>

Section 2: Implications and Impact Assessment

11.	<p>What are the financial and legal implications?</p> <p>The Council's requirement to review its Council Tax Support scheme annually must consider both the application of the scheme itself and to take into account the financial implications of its administration.</p> <p>Financial Implications</p> <p>This report is integral to the revenue budget and Council Tax setting process for 2019-20. The financial and resource implications and underlying assumptions are dealt with in that report.</p> <p>Legal Implications</p> <p>Schedule 1A of the Local Government Finance Act 2012 requires local authorities to consider whether to revise or to replace its scheme each year. Any revisions or a replacement scheme must have been considered and agreed no later than 11 March 2019 for operation by 1 April 2019.</p> <p>There are no requirements to undertake a public consultation should the scheme remain unchanged.</p>
12.	<p>What are the risks?</p> <p>The council continues to face the financial risk of receiving less Council Tax income than budgeted due to:</p> <ul style="list-style-type: none"> Any significant increase in caseload during the year, not provided for when the Council Tax taxbase is set;

	<ul style="list-style-type: none"> • A greater than anticipated impact of the wider welfare reform changes on the level of Council Tax Support awarded; • A reduction in the level of Council Tax collection, not provided for when the Council Tax taxbase is set. <p>By maintaining existing levels of support it is not anticipated that there will be any legal challenge to the council's scheme.</p>
13.	<p>Public Services Value (Social Value) Act 2012</p> <p>The procurement of services or provision of services is not relevant for this report.</p>
14.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Prior to April 2013 the national Council Tax Benefit scheme was available to taxpayers on low incomes to assist them with their Council Tax.</p> <p>The Government announced the abolition of Council Tax Benefit as part of the Spending Review 2010, with the intention to replace it with a localised support scheme from 1 April 2013.</p> <p>Torbay's scheme was prepared as part of a Devon wide approach, where the overarching principle was to develop a cost neutral scheme. However, it was unlikely that each authority's scheme would be identical, or produce the same end result for residents across the county, because of the different local demographics and the constraints placed on the design of local schemes by the government.</p> <p>Appendix 1 provides details of the proposed 2019/20 schemes in Devon. With the exception of South Hams and West Devon Council, none of the Devon Councils are proposing any additional changes apart from uprating of allowances and premiums.</p>
15.	<p>What are key findings from the consultation you have carried out?</p> <p>Not applicable for this proposal.</p>
16.	<p>Amendments to Proposal / Mitigating Actions</p> <p>Not applicable for this proposal.</p>

Equality Impacts

17.	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	If Personal Allowances and Premiums were not uprated in line with the prescribed pensioner scheme and national working-age benefits residents would effectively have a cut in their entitlement should their income increase.		
	People with caring Responsibilities			Protection for those receiving a carers allowance is in line with the old Council Tax Benefit scheme.
	People with a disability			Protection for disabled people is in line with the old Council Tax Benefit scheme. Disability benefits, such as Disability Living Allowance, will continue to be fully disregarded as well as the associated personal allowances and premiums that are currently awarded to people with disabilities.
	Women or men			Although this information is recorded, there is no adverse impact on the grounds of gender. Torbay's scheme is open to applications from persons of any gender and there are no aspects of the scheme which impact in any way on the availability of support

			to claimants based solely on gender.
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There is no differential impact
Religion or belief (including lack of belief)			This information is not collected as part of the administration of the Council Tax Support Scheme however there is no record of having received any comments or complaints or challenges regarding this particular group in respect of the design and operation and administration of the Torbay Council Tax Support Scheme.
People who are lesbian, gay or bisexual			This information is not collected as part of the administration of the Council Tax Support Scheme however there is no record of having received any comments or complaints or challenges regarding this particular group in respect of the design and operation and administration of the Torbay Council Tax Support Scheme.
People who are transgendered			This information is not collected as part of the administration of the Council Tax Support Scheme however there is no record of having received any comments or complaints or challenges regarding this particular group in

			respect of the design and operation and administration of the Torbay Council Tax Support Scheme.
People who are in a marriage or civil partnership			This information is not collected as part of the administration of the Council Tax Support Scheme however there is no record of having received any comments or complaints or challenges regarding this particular group in respect of the design and operation and administration of the Torbay Council Tax Support Scheme.
Women who are pregnant / on maternity leave			There is no differential impact
Socio-economic impacts (Including impact on child poverty issues and deprivation)			There is no differential impact
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact
16 Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable for this proposal.		

17	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable for this proposal.
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