

**Meeting:** Cabinet & Council

**Date:** 7 Jan 2020 & 9 Jan 2020

**Wards Affected:** All Wards

**Report Title:** Proposed Council Tax Support Scheme 2020/21

**Is the decision a key decision?** Yes

**When does the decision need to be implemented?** Full Council – 9th January 2019

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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 2020/21 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.

*NB: Pension Age households are not affected. The DWP retain control of the regulations applied for local authorities to pay Council Tax Support to pension age customers. As pension age claims are protected by legislation, these proposed changes will only affect claims from those of working age:*

## **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.
- 2.2 The Council must approve the final scheme by 11 March 2020 for operation by 1 April 2020. The scheme cannot be changed mid-financial year.
- 2.3 It is proposed that Personal Allowances and Premiums are uprated from 1 April 2020 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.

- 2.4 Unfortunately it is not possible to proceed with the initial proposed income banded scheme format for the Council Tax Support from April 2020. This is due to delays with the software provider being able to present necessary assurances that all works could be successfully completed within the required timeframe. This is an essential factor to ensure a smooth transition of scheme format.
  - 2.5 The 6 week public consultation for an income banded Council Tax Support scheme closed on 11 October 2019. The proposals were well received within the 470 responses submitted and this positive feedback provides the required level of confidence and assurance for resubmitting a new proposal for the introduction an income banded scheme from April 2021.
  - 2.6 Although a delay is disappointing, it is the correct pragmatic approach to take. A number of other Devon authorities will also be following our timeline by making the change to an income banded scheme from April 2021. Please see appendix 1.
  - 2.7 Therefore this submission is for approval of a Council Tax Support scheme for 2020/2021 which is based on the current scheme with no changes other than the standard yearly uprating of the personal allowances and premiums. These values take into account the statutory inflationary increase in personal allowances used to calculate entitlement to Council Tax Support. These allowances represent a households basic living needs.
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### **3. Recommendation(s) / Proposed Decision**

That Council be recommended:

- 3.1 That Personal Allowances and Premiums, used to calculate Council Tax Support, are uprated from 1 April 2020 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 Cabinet and the Executive Lead for Customer Services, to make any further adjustments required to the Exceptional Hardship Policy and fund.

### **Appendices**

Appendix 1: Proposed 2020/21 schemes for other Devon Authorities

Appendix 2: Current scheme - <https://www.torbay.gov.uk/media/12396/council-tax-reduction-scheme-2019-20.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 2020/21 is the same as the scheme that was adopted for 2019/20. 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.
- A revised income banded scheme format will be proposed for introduction from 2021/22

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;
- 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.

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.

The components used to calculate Council Tax Support consist of the following:

- **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><b>3.</b></p>	<p><b>What options have been considered?</b></p> <p>In line with the proposal presented to Cabinet on 6 August 2019 and the subsequent completion of a highly supportive 6 week public consultation, the intention was to introduce an income banded Council Tax Support scheme from April 2020. Unfortunately, due to delays in software implementation it is no longer possible to support this timeframe. Therefore, this proposal will be resubmitted to Cabinet in the new year for approval of a new scheme by Full Council from April 2021.</p> <p>Over the past 3 years, it has been nationally accepted that a household income banded system is the correct option for Council Tax Support schemes to incorporate in order to absorb the impacts of Universal Credit. This was consulted upon however unfortunately it is not possible to proceed with the initial proposed income banded scheme format for the Council Tax Support from April 2020. This is due to delays with the software provider being able to present necessary assurances that all works could be successfully completed within the required timeframe. This is an essential factor to ensure a smooth transition of scheme format.</p>
<p><b>4.</b></p>	<p><b>What is the relationship with the priorities within the Partnership Memorandum and the Council’s Principles?</b></p> <p>Priorities:</p> <ul style="list-style-type: none"> <li>• Thriving People and Communities</li> <li>• A Thriving Economy</li> <li>• A Council Fit for the Future</li> </ul> <p>Principles:</p> <ul style="list-style-type: none"> <li>• Use reducing resources to best effect</li> <li>• Reduce demand through prevention and innovation</li> <li>• Integrated and joined up approach</li> </ul> <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><b>5.</b></p>	<p><b>How does this proposal/issue contribute towards the Council’s responsibilities as corporate parents?</b></p> <p>The scheme issues financial support for low income households to provide a reduction in their Council Tax charge based on the level of household income and occupancy composition.</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><b>6.</b></p>	<p><b>How does this proposal/issue tackle poverty, deprivation and vulnerability?</b></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><b>7.</b></p>	<p><b>How does the proposal/issue impact on people with learning disabilities?</b></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 calculation of the Applicable Amount when certain state benefits are received. This applies to all disadvantaged groups.</p>
<p><b>8.</b></p>	<p><b>Who will be affected by this proposal and who do you need to consult with? How will the Council engage with the community? How can the Council empower the community?</b></p> <p>This proposal will affect all working age households receiving Council Tax Support from 1 April 2020 to 31 March 2021.</p> <p>There are no requirements to undertake additional public consultation as the scheme remains unchanged.</p>

## Section 2: Implications and Impact Assessment

### 9. What are the financial and legal implications?

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.

#### Financial Implications

This report is integral to the revenue budget and Council Tax setting process for 2020-21. The financial and resource implications and underlying assumptions are dealt with in that report.

#### Legal Implications

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 2020 for operation from 1 April 2020.

There are no requirements to undertake a public consultation should the scheme remain unchanged

### 10. What are the risks?

The council continues to face the financial risk of receiving less Council Tax income than budgeted due to:

- Any significant increase in caseload during the year, not provided for when the Council Tax taxbase is set;
- 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.

By maintaining existing levels of support it is not anticipated that there will be any legal challenge to the council's scheme.

### 11. Public Services Value (Social Value) Act 2012

The procurement of services or provision of services is not relevant for this report.

<p><b>12.</b></p>	<p><b>What evidence / data / research have you gathered in relation to this proposal?</b></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 2020/21 schemes by all other Devon Local Authorities.</p>
<p><b>13.</b></p>	<p><b>What are key findings from the consultation you have carried out?</b></p> <p>A consultation is not applicable for this proposal presented.</p> <p><i>NB A 6 week public consultation concluded on 11 October 2019 for the proposed introduction of an income banded Council Tax Support scheme. A substantial response of 475 submissions was received.</i></p> <ul style="list-style-type: none"> <li>• <i>There was general agreement on all 11 proposals presented.</i></li> <li>• <i>The percentage of overall respondents who agreed with the proposals varied from a high of 76.7% to a low of 50.9%.</i></li> <li>• <i>For seven of the eleven Proposals the agreement level was 60% or higher</i></li> </ul> <p>A proposal will be resubmitted to Cabinet in the new year for approval of a new income banded scheme from April 2021.</p>
<p><b>14.</b></p>	<p><b>Amendments to Proposal / Mitigating Actions</b></p> <p>Not applicable for this proposal.</p>

## Equality Impacts

15.	Identify the potential positive and negative impacts on specific groups			
		<b>Positive Impact</b>	<b>Negative Impact &amp; Mitigating Actions</b>	<b>Neutral Impact</b>
	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
<b>16</b>	<b>Cumulative Impacts – Council wide</b> (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable for this proposal.		
<b>17</b>	<b>Cumulative Impacts – Other public services</b> (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable for this proposal.		