

Meeting: Cabinet
Council

Date: 17 November 2020
3 December 2020

Wards Affected: All Wards

Report Title: Proposed Council Tax Support Scheme 2021/22

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1. Purpose of Report

- 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 its benefits

- 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 2021 for operation by 1 April 2021. The scheme cannot be changed mid-financial year.

- 2.2 It is proposed that Personal Allowances and Premiums are uprated from 1 April 2021 in line with the prescribed Pensioner scheme and national working-age benefits, which are both set by the Government. Failure to make these changes would result in a cut in entitlement should there be an increase in household income.
- 2.3 It is proposed that seven technical amendment proposals are accepted to align the working age scheme with changes that have already been implemented by Central Government within the prescribed requirements for pension age claimants of

Council Tax Support. A 6 week public consultation concluded 18 October 2020, supporting approval of all seven proposals with 115 declarations of agreement as opposed to 33 declarations of disagreement.

3. Recommendation(s) / Proposed Decision

That Cabinet recommends to Council:

- 3.1 that the Council Tax Support Scheme for 2021/2022 be approved;
- 3.2 that Council notes the scheme includes the standard annual uprating of the personal allowances and premiums. That these values take into account the statutory inflationary increase in personal allowances used to calculate entitlement to Council Tax Support. That Council further notes that the Council Tax Support Scheme for 2021/2022 has been aligned with the Governments amended prescribed requirements for pensioners that came into force on 11 February 2020.
- 3.3 That Personal Allowances and Premiums, used to calculate Council Tax Support, are uprated from 1 April 2021 in line with the prescribed Pensioner scheme and national working-age benefits, which are both set by the Government;
- 3.4 That the Chief Finance Officer be given delegated authority, in consultation with the Cabinet Member for Corporate and Community Services, to make any further adjustments required to the Exceptional Hardship Policy and fund.

Appendices

Appendix 1: Current scheme - <https://www.torbay.gov.uk/media/13908/council-tax-reduction-scheme-2020-21.pdf>

Appendix 2: Online public consultation which concluded 18 October 2020. This consisted of seven technical amendment proposals to align the working age scheme with changes that have already been implemented by Central Government within the prescribed requirements for pension age claimants of Council Tax Support.

The assessed results concluded approval of all seven proposals with 115 declarations of agreement as opposed to 33 declarations of disagreement.

Background Documents

None

Supporting Information

1. Introduction

- 1.1 The current Council Tax Support scheme was approved by members at Full Council in December 2016.
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 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.
- 1.6 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;
 - 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.
- 1.7 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.

1.8 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.

2. Options under consideration

- 2.1 It was the intention to introduce an income banded Council Tax Support scheme from April 2021. This was after the proposed implementation from April 2020 was unfortunately paused due to delays in receiving software and the absence of the required reassurances that all system integration work and testing would be completed prior to our deadline for annual Council Tax billing.
- 2.2 Unfortunately, with the onset of COVID 19 in early March 2020 and the fundamental impacts this had on the local economy, it was decided to not progress with plans to introduce a banded Council Tax support scheme for 2021/2022.

The justification to support this decision was:

- Customer profiling during a period of such fundamental change, was not considered to be a suitable stable environment for evaluating the basis to model a new scheme format.
- The spend for Council Tax Support would be highly complex and increasing difficult to forecast, considering the evolving impacts of the pandemic. This could include a potential rapid increase in the number of claims over an undeterminable period until the economy was able to be stabilised and revitalised.
- There was a potential that the government would provide additional funding to local authorities and therefore we would not know what figure we would be trying to balance to.
- It would be necessary to undertake a complex 12 week consultation during the summer, when at that point in March, it was not possible to estimate how long the

restrictions of COVID19 would be prevalent. Further periods of lockdown and other freedom of movement restrictions would negatively impact on obtaining comprehensive responses.

- None of the other Devon local authorities who were also planning to introduce a banded scheme from April 2021 (in line with Torbay) have further progressed this work stream due to the economic uncertainties encountered from the impacts of COVID19. This local approach also supports the national trend to pause.

3. Financial Opportunities and Implications

- 3.1 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.

4. Legal Implications

- 4.1 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.

5. Engagement and Consultation

- 5.1 There are no requirements to undertake a public consultation should the scheme remain unchanged
- 5.2 An online 6 week public consultation concluded on 18 October 2020, canvassing on seven technical proposed amendments to align the working age scheme from April 2021 with changes that have already been implemented by Central Government within the prescribed requirements for pension age claimants of Council Tax Support. See appendix 2

The assessed results from this public consultation overwhelmingly concluded approval of all seven proposals with 115 declarations of agreement as opposed to 33 declarations of disagreement. (Results detailed within appendix 2.)

6. Purchasing or Hiring of Goods and/or Services

- 6.1 The purchasing or hiring of good and/or services is not relevant for this report.

7. Tackling Climate Change

- 7.1 Tackling climate change is not relevant for this report.

8. **Associated Risks**

8.1 The scheme that will be adopted for 2021/22 is the same as the scheme that was adopted for 2020/21. 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.
- Torbay's most vulnerable groups will continue to be protected as the scheme will retain the current scheme characteristics
- the continuation of the hardship scheme will also help cushion the effect of the changes and should mitigate any adverse impacts where possible.

Equality Impacts

9.	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. 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
10..	Cumulative Council Impact (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable for this proposal.		
11.	Cumulative Community Impacts (proposed changes within the wider community (inc the public sector) which might worsen the impacts identified above)	Not applicable for this proposal.		