

**Meeting:** Council

**Date:** 7 December 2017

**Wards Affected:** All Wards

**Report Title:** Proposed Council Tax Support Scheme 2018/19

**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 2018/19 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.
- 1.3 Within the scheme Personal Allowances and Premiums for Council Tax Support are annually uprated in line with the prescribed pensioner scheme and national working-age benefits, which are both set by the Government.

## **2. Reason for Proposal**

- 2.1 The Council must approve the final scheme by the 31st January each year, even if no changes are proposed.
- 2.2 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.

## **3. Recommendation(s) / Proposed Decision**

- 3.1 That Personal Allowances and Premiums for Council Tax Support are uprated from 1 April 2018 in line with the prescribed pensioner scheme and national working-age benefits, which are both set by the Government.
- 3.2 That the Exceptional Hardship Fund of £80,000, which is used to top up Council Tax Support awards in appropriate cases, be continued.

- 3.3 That the Chief Accountant be given delegated authority, in consultation with the Elected Mayor and Executive Lead for Planning, Transport and Housing, to make any further adjustments required to the Exceptional Hardship Policy and Fund and the Vulnerable policy.
- 3.4 That the scheme be updated to include “we may use DWP notifications to update Council Tax Support”.
- 3.5 That the scheme be updated to include “For the avoidance of doubt, the authority will decide what constitutes a claim for Council Tax Support. In the case of applicants who have applied for Universal Credit, the authority shall decide on a case by case basis when a claim is required from the applicant and by what method the claim is made. The authority may accept information received (in whatever format) from the DWP (Secretary of State for Work and Pensions) as a claim for Council Tax Support.”
- 3.6 That members note that Council Tax Support for working age households will be restricted to a Band D property and maximum entitlement will reduce from 72.5 % to 70%, from April 2018, as agreed by Council in December 2016.

## **Appendices**

Appendix 1 DWP notification text change

Appendix 2 Additional text to support application process

Appendix 3 Current 2017/18 schemes for other Devon Authorities

Appendix 4 Proposed 2018/19 schemes for other Devon Authorities

## **Background Documents**

Equality Impact Assessment Council Tax Support Scheme

## Section 1: Background Information

### 1. What is the proposal / issue?

Implement changes originally approved by members 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 31 January for the subsequent financial year.

In order to maintain the balance between the Council Tax Support scheme and the allowances to which claimants are entitled the Council uprate allowances on an annual basis in line with national changes.

The scheme is amended to state "We may use DWP notifications to update Council Tax Support". This proposal will ensure there is sufficient flexibility to support customers as they migrate to Universal Credit Full Service from May 2018.

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This proposal will further support customers to claim as they migrate to Universal Credit Full Service from May 2018.

### 2. What is the current situation?

In March 2012, the Welfare Reform Bill received Royal Assent and contained provisions for the abolition of Council Tax Benefit. In October 2012, the Local Government Finance Act became law and included the framework for localised Council Tax Reduction schemes which is known as the Council Tax Support scheme.

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

Pensioners are protected in accordance with regulations set by Central Government and are able to claim support at up to 100% of their Council Tax liability. Mandatory protection of pension credit claimants applies to existing and new claimants that reach pensionable age.

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

- All working age customer awards are based on 72.5% of the Council Tax charge for the property. This means that the maximum a working age

	<p>household can receive is 72.5% of the Council Tax due. These households have to pay a minimum of 27.5% of the Council Tax due;</p> <ul style="list-style-type: none"> <li>• Second Adult Rebate for working age claimants is not available;</li> <li>• No entitlement if working age claimants have savings over £6,000;</li> <li>• Additional support for exceptional financial hardship is available through a hardship fund, that's funded by the Council.</li> </ul> <p>The components used to calculate Council Tax Support consist of the following:</p> <ul style="list-style-type: none"> <li>• <b>Personal Allowances</b> - 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.</li> <li>• <b>Premiums</b> - 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.</li> <li>• <b>Disregards</b> - 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.</li> <li>• <b>Non Dependant Deductions</b> - 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.</li> </ul> <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 Regulations broadly similar to those that already exist. This is known as the Prescribed pensioners scheme.</p>
<p>3.</p>	<p><b>What options have been considered?</b></p> <p>None for the purpose of this report.</p>
<p>4.</p>	<p><b>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</b></p> <p>This proposal supports the Corporate Plan ambitions and targeted actions, particularly protecting the vulnerable and work towards achieving a more prosperous Torbay.</p>

<p><b>5.</b></p>	<p><b>How does this proposal contribute towards the Council's responsibilities as corporate parents?</b></p> <p>This scheme supports providing means tested financial support to families within the bay on low incomes, including looked after children and care leavers to reduce their Council Tax charges to pay for local services. New working relationships to be developed with Adult services, Children's service and other local support agencies to improve communications with vulnerable households and ensure that take up is maximised.</p>
<p><b>6.</b></p>	<p><b>How does this proposal tackle deprivation?</b></p> <p>Council Tax Support provides proportioned financial assistance to low income households. In addition to this means tested scheme, the exceptional hardship fund provides an additional funding stream to further support deprived households in most need.</p>
<p><b>7.</b></p>	<p><b>Who will be affected by this proposal and who do you need to consult with?</b></p> <p>This proposal will affect all working age households receiving Council Tax Support from 1 April 2018 to 31 March 2019.</p> <p>There are no requirements to undertake additional public consultation as the scheme changes were previously consulted on and approved by members in 2016.</p>
<p><b>8.</b></p>	<p><b>How will you propose to consult?</b></p> <p>Not applicable for this proposal.</p>

## Section 2: Implications and Impact Assessment

9.	<p><b>What are the financial and legal implications?</b></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 the 31st January 2018 for operation by 1st April 2018.</p> <p>For this proposal there are no requirements to undertake public consultation.</p>
10.	<p><b>What are the risks?</b></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"><li>• Any significant increase in caseload during the year, not provided for when the Council Tax taxbase is set;</li><li>• A greater than anticipated impact of the wider welfare reform changes on the level of Council Tax Support awarded;</li><li>• A reduction in the level of Council Tax collection, not provided for when the Council Tax taxbase is set.</li></ul>
11.	<p><b>Public Services Value (Social Value) Act 2012</b></p> <p>The procurement of services or provision of services is not relevant for this report.</p>
12.	<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>Torbay's draft scheme was published in July 2012 to form the basis of the public consultation, which ran from 6 August to 1 October 2012 as part of a co-ordinated, Devon wide approach.</p> <p>Following the consultation process the new scheme was approved by members at Full Council in December 2012.</p>

	<p>The schemes adopted from 2014/15 to 2016/17 remained unchanged with the additional clause to uprate personal allowances, premiums and non-dependant deductions.</p> <p>From 2017/18 the current scheme was introduced following consultation and agreement by members in December 2016.</p>
<b>13.</b>	<p><b>What are key findings from the consultation you have carried out?</b></p> <p>Not applicable for this proposal</p>
<b>14.</b>	<p><b>Amendments to Proposal / Mitigating Actions</b></p> <p>Not applicable for this proposal</p>

## Equality Impacts

15	<b>Identify the potential positive and negative impacts on specific groups</b>  There are no equality/community issues arising from this report. The local scheme criteria for 2018/19 remains unchanged with the exception of the previously approved change to restrict to Band D and maximum award of 70% for working age claimants. This was subject to extensive consultation and supported by a full Equality impact Assessment in 2016.			
		<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.		

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