

LOCAL COUNCIL TAX SUPPORT SCHEME

Head of Service/Contact: Judith Doney, Head of Digital and Service Transformation

Urgent Decision?(yes/no) No

If yes, reason urgent decision required:

Annexes/Appendices (attached): **Annex 1** - Numbers of working age claimants by ward

Other available papers (not attached):

Report summary

This report provides an update on the current Local Council Tax Support Scheme and seeks approval for the 2020/21 scheme and action on future schemes.

Recommendation (s)

The Committee is asked to:

- (1) Agree to continue the current scheme for the 2020/21 financial year with the underlying means tested applicable amounts being uplifted by the same percentage as the Housing Benefit rates applicable from April 2020 and applying any further Regulation changes that might apply for that financial year;
- (2) Agree the continuation of the Discretionary Hardship Fund for exceptional cases;
- (3) Agree the actions proposed to change the scheme to a council tax discount to be implemented from 1 April 2021.

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 This report supports the themes of managing our resources and supporting our communities.

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2 Background

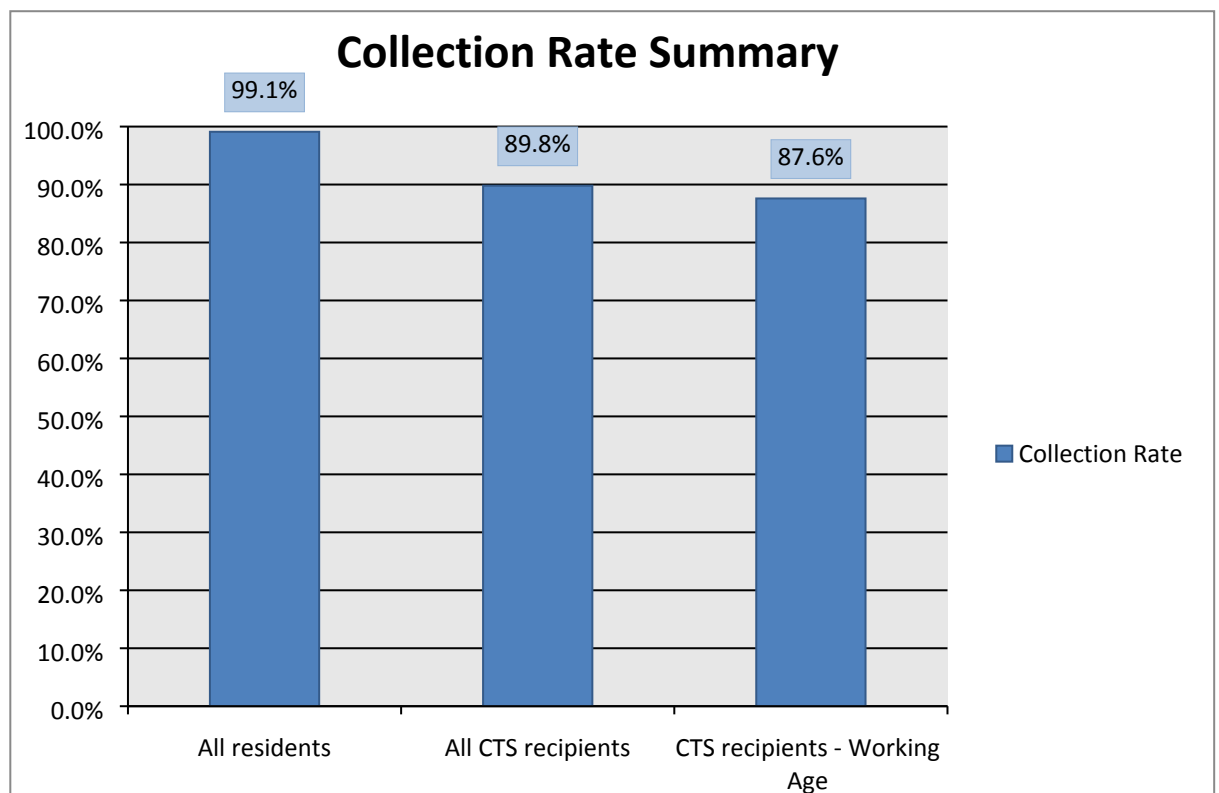
- 2.1 Under changes made by the Local Government Finance Act 2012 to the Local Government Finance Act 1992, the responsibility for determining the arrangements for Local Council Tax Support passed to local authorities; previously a national scheme was in place. The first Local Council Tax Support Scheme had to be adopted by 31 January 2013. There were certain limitations on what local authorities could include in their schemes, for example pensioners had to continue to receive relief at the same rates as the previous Council Tax Benefit scheme.
- 2.2 Epsom & Ewell Borough Council's Local Council Tax Support Scheme which applies to working age claimants is based on the previous Council Tax Benefit scheme and continues means testing for those on low incomes. It also continues additional protection for those with extra expenses or needs through a series of premiums and income disregards. However our current scheme requires all working age recipients to pay at least 20% of their Council Tax charge (known as a Minimum Payment). Higher amounts may be payable due to the means testing of entitlements.
- 2.3 The amounts used for the means test are uplifted by the same percentage as the Housing Benefit rates set by central government each new financial year. However as Housing Benefit is subsumed into Universal Credit these rates will not be available and this is one of the key factors for the proposed changes detailed in paragraph 3.
- 2.4 Each year the Council is required under the Local Government Finance Act to consider whether to maintain or revise its scheme or to replace it with another scheme. Any revision or replacement must be adopted no later than 31 January in the financial year preceding that for which the revision or replacement is to take effect.
- 2.5 As at 31 March 2019 1686 working age claimants received help to pay their Council Tax through the Council Tax Support scheme. Of these, 824 were in receipt of income support, jobseekers allowance (income based) or employment support allowance (income related), 219 were on Universal Credit and 595 were employed. The remaining claimants were on a variety of other benefits such as disability benefits or tax credits. **Annex 1** shows the breakdown of working age claimants by ward.
- 2.6 Alongside the current scheme is a £25,000 Discretionary Hardship Fund. It assists those experiencing exceptional financial hardship and further reduces their council tax charge. This addresses those identified as being adversely affected by the Equality Impact Assessment for this scheme.

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- 2.7 Some Discretionary Hardship Fund recipients have been given a limited period of full assistance and then a phased reduction in assistance to help them adjust their budgeting so that they may pay their Council Tax going forward. This has helped reduce some claimant's reliance on Discretionary Hardship Fund payments.
- 2.8 At 31 March 2019 our Council Tax collection rate was 99.1%. The table below shows the levels of collection for different categories.

Table 1



3 Proposals

- 3.1 At the end of October 2018 the Epsom & Ewell Borough Council became a full service Universal Credit area. For the Council it means that when people need to make a new claim for a number of social security benefits including Housing Benefit they will no longer come to the Council for help with their rent but will receive it via Universal Credit. Some existing Housing Benefit claimants will also move on to Universal Credit when they have a relevant change such as a change in employment or family circumstances. We have seen the number of claimants moving to Universal Credit gradually increasing. The government has also announced that it intends the migration of existing claimants on Housing Benefit to Universal Credit to be completed by July 2023.

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- 3.2 This major change will mean that it would be difficult to continue with the means testing currently carried out by using the Housing Benefit Regulations, as rates for working age recipients would no longer be available. The software currently used for Housing Benefit for working age would no longer be updated either.
 - 3.3 It now seems an appropriate time to look for a simpler, less administratively burdensome process for providing support. In 2013 the government's intention was that Local Council Tax Support would become a Council Tax Discount, however software companies and Councils were not in a position to make such a radical change in the short window they were given to implement the scheme (8 months).
 - 3.4 The Head of Digital and Service Transformation has had discussions with the Council's software supplier and they are keen to develop a Discount approach for Support, in conjunction with Epsom & Ewell Borough Council and other interested Councils. They would expect to provide software for testing next summer for a live date in April 2021. The Head of Digital and Service Transformation has offered resources to assist with this software development and its testing and will be negotiating a discount on the software enhancement costs if this offer is accepted.
 - 3.5 The discount approach would work on a similar basis to that of our fees and charges where there would be a discount from the Council Tax charge if the person is in receipt of a qualifying benefit, such as income support, employment support allowance or universal credit with further discounts applied for those identified by the new Equality Impact Assessment, such as being disabled.
 - 3.6 Once options have been developed we will undertake the steps required under the Local Government Finance Act 2012 to bring in a new scheme namely –
 - 3.6.1 Consult major precepting authorities (Surrey County Council and Surrey Police)
 - 3.6.2 Publish a draft scheme in such manner as we think fit
 - 3.6.3 Consult such other persons as we consider are likely to have an interest in the operation of the scheme.
- Once all this work is completed a further report with options for a new scheme from April 2021 will be brought to Strategy & Resources Committee in autumn 2020.
- 3.7 This report is asking Strategy and Resources Committee to approve the continuation of the current Minimum Payment scheme for a further year in order to give us the time to develop options to run Support as a discount.

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- 3.8 For the final year of the Minimum Payment scheme we will continue the discretionary hardship scheme to assist those experiencing exceptional hardship in paying their Council Tax and to mitigate the effects of the scheme for those in one of the protected characteristics under the Equality Impact assessment. However we will continue the process of making short term awards or tapering the level of awards and will make renewed attempts to help claimants manage their budgets to pay their Council Tax bill.

4 Financial and Manpower Implications

- 4.1 Central government funding towards localised Council Tax Support was cut by 10% in April 2013 and further reduced each subsequent year until it ended in 2017/18.

- 4.2 The cost of the Local Council Tax Support Minimum Payment scheme for 2018/19 was £2,976,244.

The cost of the current scheme in 2018/19 to Epsom and Ewell Borough Council and the precepting authorities is shown below.

	Cost to Surrey County Council £	Cost to Surrey Police and Crime Commissioner £	Cost to EEBC £	Total cost £
Council Tax Support for those of pension age	1,043,752	178,537	151,069	1,373,358
Council Tax Support for those of working age	1,218,193	208,375	176,318	1,602,886
TOTAL	2,261,945	386,912	327,387	2,976,244

The cost of the scheme will increase each year by the percentage increase of the Council Tax but will also fluctuate by the numbers claiming support.

- 4.3 Changing the Support scheme to a Council Tax Discount based on qualifying benefits will enable us to decrease the cost of administering the scheme and make further reductions in the overall cost of the scheme whilst still targeting those in need of assistance.

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- 4.4 The Council will no longer receive the Housing Benefit administration grant for working age claimants from the migration date. By reducing the administrative burden caused by the complex means testing of Council Tax support it is expected that there will be some reduction in staffing on the housing benefits team.
- 4.5 **Chief Finance Officer's comments:** The Council's budget projections for 2020/21 incorporate the cost of continuing the current council tax support scheme.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 The Council has a duty under the Equality Act 2010, in the exercise of any of our functions, to have regard to the need to: eliminate discrimination, harassment, victimisation and other prohibited conduct; advance equality of opportunity; and foster good relations. This requires an assessment of the impact of any changes to the Local Council Tax Support Scheme on those with the relevant "protected characteristics".
- 5.2 The Community Equality Impact Assessment (CEIA) that was carried out for the introduction of the current Minimum Payment scheme would not need to be reviewed as there would be no change to Council Tax Support for 2020/21.
- 5.3 **Monitoring Officer's comments:** none arising from the contents of this report.

6 Sustainability Policy and Community Safety Implications

- 6.1 None for the purposes of this report

7 Partnerships

- 7.1 None

8 Risk Assessment

- 8.1 The main risk identified remains the adverse impacts on support recipients and financial risks to the Council and therefore the council taxpayer.
- 8.2 The impacts on support recipients is mitigated by the use of the Discretionary Hardship Fund where appropriate.
- 8.3 Whilst Table 1 shows that the collection rate for CTS working age recipients is low the small numbers involved do not have a major impact on overall Council Tax collection rates as shown. However it is necessary to ensure that an appropriate bad debt provision is made within the Council's collection fund to cover this.

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9 Conclusion and Recommendations

- 9.1 It is recommended that the current scheme should continue for a further year whilst longer-term changes are investigated.

Ward(s) affected: (All Wards);