

REPORT TO: EXECUTIVE
DATE: 7 January 2019
TOPIC: COUNCIL TAX REDUCTION SCHEME (2019/20)
REPORT BY: HEAD OF RESOURCES

1. INTRODUCTION

- 1.1 The Government announced as part of its spending review in 2010 that it would abolish Council Tax Benefit and replace it with localised support for Council Tax by 2013-14.
- 1.2 The Local Government Finance Bill introduced to Parliament on 19 December 2011 provided for the imposition of a duty for local authorities in England to implement a local scheme for Council Tax Reduction by 31 January 2013 and the scheme commenced on 1 April 2013.
- 1.3 Each year we have to review our scheme. The Devon Local Government Steering Group and Benefits Officers Groups work together in reviewing the Council Tax Reduction Schemes across the county. Changes were made last year to bring schemes in line with the changes being made by Central Government in Housing Benefit and Universal Credit. The proposal this year is that no changes are to be made.

2. RECOMMENDATIONS

That Executive:

- 2.1 Recommends to Council that it adopts and continues with the same scheme for 2019/20 financial year to include the uprating of applicable amounts, premiums and non-dependant deductions, as shown in the Council Tax Reduction Scheme Policy document.

NB – A copy of the Council Tax Support scheme (Section 13 a) is available at the Corporate and Community Services Team and on the Council's website.

- 2.2 Considers the Equality Impact Assessment in relation to the scheme, as set out in **Appendix 1**, and the Council Tax Support Scheme Vulnerability/Incentivising Work Statement as set out in **Appendix 2**
- 2.3 Approves and recommends to Council the Exceptional Hardship Policy in relation to the Council Tax Support Scheme as set out in **Appendix 3**

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure that the Council adheres to the legislative requirements to provide a Council Tax Reduction Scheme for 2019-20.

4. REPORT

4.1 Current Scheme for North Devon Council (2018/19)

4.1.2 The current scheme protects **pension age customers** (persons who have attained the qualifying age for state pension credit) with up to 100% support.

- A limit of £16,000 in savings or capital

4.1.3 **Working age** customers are subject to a Council Tax support scheme which is:

- Everyone pays at least 25% towards their Council Tax liability
- A limit of £6,000 in savings or capital
- Provide additional support for exceptional cases through an Exceptional Hardship Fund. The Council recognises the importance of protecting our most vulnerable customers and also the impact these changes have had. We have an Exceptional Hardship Fund to ensure that we protect and support those most in need. The Exceptional Hardship Fund is intended to help in cases of extreme financial hardship and not support a lifestyle. The Council has an Exceptional Hardship Policy to be used as a working document when assessing eligibility for funding.
- Standard working disregards. These are standard sums, currently set at £5 for a single person and £10 for a couple, which are disregarded when an assessment of benefit/support entitlement is made. It is therefore an incentive to work. The rest of the Devon Councils will continue to use these standard disregards however North Devon stands alone with incentivising customers to work by increasing the disregards and therefore allowing more income to be earned before support is assessed. Although this does reflect an increase in cost to the scheme it provides a positive gain for those willing to find employment. North Devon Council's disregards are as follows:
 - First £10.00 of weekly earnings for single customers
 - First £20.00 of weekly earnings for couples
 - First £20.00 of weekly earnings for people who are disabled or long term sick, carers or part-time fire fighters, auxiliary coast guards, part-time life boat workers and member of the Territorial Army.
 - First £25.00 of weekly earnings for lone parents

- An assumed set minimum income within the calculation of Council Tax Reduction for self-employed earners after one year's self-employment. This was introduced into North Devon Council's scheme in order to align with Universal Credit. A minimum level of income, in line with the National Living Wage or the National Minimum Wage (for under 25's) for 35 hours worked per week, is assumed if someone, who is self-employed, earns less than this amount. Any income above the assumed Minimum Income Floor would be taken into account based on the actual amount earned. This income does not apply for a designated start-up period of one year from the start of the business.
- A person can be absent from Great Britain and still receive Council Tax Reduction for four weeks. This was changed from 13 weeks in April 2017 to align with the same change being introduced to Housing Benefit and to the prescribed Council Tax Reduction Scheme for pensioners.
- A limit of a maximum of two dependent children within the calculation for Council Tax Support. This was introduced in April 2017 to reflect the changes in Housing Benefit and other Central Government Benefits. There are exceptions, for example where there are multiple births, adopted children, or where households merge, etc.

5. RESOURCE IMPLICATIONS

The first year of the Council Tax Reduction Scheme was originally forecast to cost **£6.57M**. The schemes have so far cost -:

Year 1	(2013/14) the scheme cost	£6.26M
Year 2	(2014/15) the scheme cost	£5.95M
Year 3	(2015/16) the scheme cost	£5.69M
Year 4	(2016/17) the scheme cost	£5.59M
Year 5	(2017/18) the scheme cost	£5.45M
Year 6	(2018/19) has a current forecast of cost to the Council of	£5.50M

Since the schemes were introduced in April 2013, all Devon billing authorities are seeing a reduction in the number of claims for Council Tax Reduction. It is widely accepted this is due to the gradual improvement in economic conditions as well as increases in the pension age population.

The government grant for Council Tax Reduction is now rolled into the General Grant settlement and therefore no longer ring-fenced for future years after the initial first year of funding.

The Council has been faced with significant funding reductions over the last few years and therefore it is imperative that a cost effective Council Tax Reduction scheme continues year on year. Any future year schemes will be dependent on funding available to the Council.

As at 31 October 2018, North Devon has 6311 households eligible for Council Tax Reduction split currently as follows.

3121 Pension age customers	(49.45%)
3190 working age customers	(50.55%)

The Benefits team processed 81 Exceptional Hardship claims from customers during 2017/18 of which 49 claims have been successful, at a cost of £11,659.48 averaging £237.95 per claim.

So far in the current financial year (2018/19), up to 31/10/2018, the number of Exceptional Hardship claims received has been 41, of which 23 have been successful at a cost of £6,344.26, averaging £275.83 per claim.

6. EQUALITY and HUMAN RIGHTS

6.1 The introduction of the local scheme for Council Tax was subject to an Equality Impact Assessment (EINA) throughout every stage. An EINA has been carried out on the overall scheme and a separate one for the Vulnerability and Hardship Policy

The introduction of the Council Tax Reduction Scheme in April 2013 meant a negative impact for anyone who used to receive full Council Tax Benefit prior to that date as they have had to pay at least 25% under the new scheme. Vulnerable groups have been helped where possible and applications under Exceptional Hardship have been assessed and awarded where applicable.

The EINA was supported with the results from the consultation in 2013 when the scheme was implemented and has been updated periodically and again following the recent consultation and is shown in **Appendix 1**.

7. CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?	Key decision?	In the Forward Plan?
Article 4.4	referred	yes	Yes (yearly)

8. STATEMENT OF CONFIDENTIALITY

This report contains no confidential information nor any exempt information within the meaning of Schedule 12 A of the Local Government Act 1972 (as amended)

9. BACKGROUND PAPERS

No background papers have been used in the preparation of this report other than legislation and government guidelines already in the public domain.

10. STATEMENT OF INTERNAL ADVICE

The author (below) confirms that advice has been taken from appropriate officers.

Executive Members: Councillor Richard Edgell and Councillor Glyn Lane

Author: David Good, Assistant Revenues and Benefits Manager, 23 November 2018.