

REPORT TO: PEOPLE SCRUTINY COMMITTEE

Date of Meeting: 2 NOVEMBER 2017

REPORT TO: EXECUTIVE

Date of Meeting: 14 NOVEMBER 2017

REPORT TO: COUNCIL

Date of Meeting: 19 DECEMBER 2017

Report of: Bindu Arjoon - Director
Title: Council Tax Support scheme 2018/19

Is this a Key Decision?

Yes

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function? Council

1. What is the report about?

This report is presented to seek members' views on the local Council Tax Support (CTS) scheme for working age residents for 2018-19. The local CTS scheme started in April 2013 and members are required to agree the scheme rules annually.

2. Recommendations:

That Council be RECOMMENDED to approve the scheme for 2018-19 to continue without substantive changes from the current year scheme.

3. Reasons for the recommendation:

- 3.1 A significant amount of changes were made to the CTS scheme from April 2017. The impact of these changes on residents is still being assessed.
- 3.2 There is no financial imperative to reduce scheme costs from the precepting authorities. There is recognition that further reducing support to these households will have a detrimental impact on collection rates.
- 3.3 There has been little in the way of significant welfare reform from central government in the past 12 months. There is therefore no need to align our local scheme with national changes.

4. What are the resource implications including non financial resources.

A more generous scheme of CTS reduces the amount of Council Tax which is billed to residents and therefore available for collection. A less generous scheme increases the amount of billed Council Tax however this then needs to be collected from low income households.

5. Section 151 Officer comments:

This report is not seeking any substantive changes to the local Council Tax Support scheme, therefore raises no financial concerns. Income from Council Tax will remain in accordance with the Council's medium term financial plan.

6. What are the legal aspects?

Paragraph 5 of Schedule 1B to the Local Government Finance Act 1992 requires billing authorities to adopt a Council Tax Support scheme each year, no later than 31 January.

7. Monitoring Officer's comments:

The Devon Preceptors have been consulted about the detail of the recommendations to Council. They continue to be in favour of this policy including the "exceptional hardship" fund in order to support those in the most financially vulnerable position.

8. Report details:

- 8.1 Exeter City Council's local Council Tax Support scheme has been in place since national Council Tax Benefit was abolished in April 2013. Rules for pensioners are set nationally, leaving discretion for local rules for working age customers. The scheme agreed by Exeter City Council from April 2013 was based on the old Council Tax Benefit scheme with the following key changes:

- Maximum support limited to 80%
- Capital limit reduced to £6,000
- Introduction of an Exceptional Hardship policy

This scheme remained unchanged between April 2013 and April 2017.

- 8.2 In April 2017 the Council introduced a number of changes to the scheme for working age customers. These changes were intended to align with changes introduced in nationally determined benefits such as Housing Benefit, Universal Credit, Employment and Support Allowance and Council Tax Support for pensioners. The changes introduced were:

1. Using a minimum income for self-employed earners after 1 year's self-employment
2. Reducing backdating to 1 month and allowing claims from newly liable customers
3. Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks
4. Removing the Work Related Activity Component in the calculation of the entitlement for new applicants
5. Removing entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) for looking after them
6. Removing entitlement to the additional earnings disregard for Universal Credit customers in work

- 8.3 At the same time as introducing these changes Council chose not to introduce two further changes which had been subject to public consultation.

1. Limiting the number of dependent children within the calculation for Council Tax Support to a maximum of 2
2. Removing the Family Premium for all new applicants

- 8.4 As forecast, the effect on customers of introducing these changes has been minimal except for the minimum income floor (change 1 in paragraph 8.2 above). To date none of the households affected by changes 2 to 6 have needed any extra help managing the change.
- 8.5 295 households had been impacted by the introduction of the minimum income floor by the middle of September 2017. 190 of these are no longer entitled to receive any Council Tax Support towards their 2017-18 bill. Whilst many customers appear to be coping well with the extra charge, 30% of all cases affected have paid less than half of the amount of Council Tax due to date. Work is ongoing with these customers to understand their individual barriers to making the extra payments. This involves the Money and Budgeting Support worker – on contract from Exeter Citizens Advice – working with colleagues in the Payments & Collection and Benefits & Welfare teams to look at customers' circumstances and what extra help and support can be offered. The review will also aim to identify shared characteristics of those who are struggling to pay which will inform any future proposals for changes to the policy.
- 8.6 Alongside changes to the main scheme in April 2017 the Exceptional Hardship Scheme was amended to allow awards of extra help where entitlement to CTS was lost due to the changes. Between April and September 2017 75% more awards of Exceptional Hardship were made than in the same period in 2016, increasing expenditure by 138%. By continuing to work proactively to identify and support customers struggling to make the extra payments it is likely that this high rate of expenditure will continue. The extra expenditure is unlikely to exceed £15,000 and represents 10 to 15% of the amount of additional Council Tax charged as a result of this change.
- 8.7 The Universal Credit Full (Digital) Service is scheduled to be rolled out in Exeter from June 2018. This will bring with it serious problems for the operation of the working age CTS scheme as it is currently designed. As we lose Housing Benefit customers to Universal Credit, continuing to operate a complex means tested scheme solely for CTS becomes very expensive. The nature of the current CTS scheme does not integrate well with the design of Universal Credit and creates problems for billing and recovery of Council Tax. In order to realise savings for the authority, maximise Council Tax recovery and reduce complexity and confusion for customers we are currently investigating options for a significantly simpler scheme to operate in future years.

9. How does the decision contribute to the Council's Corporate Plan?

The Council Tax Support scheme supports Exeter's communities and neighbourhoods by helping low income residents afford their Council Tax liability. The Exceptional Hardship policy strengthens this support by ensuring that the scheme rules do not cause inadvertent hardship in individual cases.

10. What risks are there and how can they be reduced?

By maintaining the scheme unchanged for the upcoming year the risk to Council Tax collection rates is minimised.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

An Equality Impact Assessment accompanies this report. Members are requested to have read this assessment.

12. Are there any other options?

Council can choose to make changes to the scheme from April each year. To comply with the legal requirements highlighted in section 6 above, any changes must be subject to consultation with precepting authorities and the public before implementation.

Bindu Arjoon
Director

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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