

**REPORT TO: CORPORATE SERVICES SCRUTINY COMMITTEE**  
**Date of Meeting: 22 NOVEMBER 2018**

**REPORT TO: EXECUTIVE**  
**Date of Meeting: 11 DECEMBER 2018**

**REPORT TO: COUNCIL**  
**Date of Meeting: 18 DECEMBER 2018**

**Report of: Bindu Arjoon - Director**  
**Title: Council Tax Support scheme 2019/20**

**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 2019/20. The local CTS scheme started in April 2013 and members are required to agree the scheme rules annually.

**2. Recommendations:**

- 2.1 That Corporate Services Scrutiny supports the scheme for 2019/20 to continue without substantive changes from the current year scheme.
- 2.2 That Executive supports the scheme for 2019/20 to continue without substantive changes from the current year scheme.
- 2.3 That Council approve the scheme for 2019/20 to continue without substantive changes from the current year scheme.

**3. Reasons for the recommendation:**

- 3.1 Universal Credit Full Service began rollout in Exeter from September 2018. The impact of this major reform is not yet known and it is too soon to determine how the CTS scheme should change in response.
- 3.2 The precepting authorities are not asking for savings to be made from the scheme costs. 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:**

The section 151 Officer agrees that the timing of the roll out of Universal Credit means that it is prudent to not make changes to the scheme this year. Adopting this policy will therefore continue the current level of support and associated costs.

**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:**

This report raises no issues for the Monitoring Officer

**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:

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

- 8.3 At October 2018 there were 7544 households receiving Council Tax Support from Exeter City Council at a total cost of £6.3m. Of this total, 42% of households and 48% of expenditure was for pensioner cases. The scheme for pensioners is set by Central Government and we have no say over the level of support given.
- 8.4 Universal Credit Full Service arrived in Exeter on 26<sup>th</sup> September 2018. It replaces six working age welfare benefits, combining them into a single monthly household payment. Ultimately the majority of our 4392 working age Council Tax Support customers will be receiving Universal Credit. Reliable estimates for how quickly cases will move to Universal Credit are hard to make, however our best projections indicate that, by October 2019, 1400 of our CTS customers could be receiving UC.
- 8.5 Universal Credit entitlement is calculated each month based on the customer's circumstances in the month just passed. Any changes in the customer's financial or household circumstances in the previous month will result in a revised UC award. The details of this new award will be sent to us automatically. Our current working age CTS scheme requires that we reassess their CTS award based on this new income, even where the difference is minimal. This new assessment will result in a new Council Tax demand notice being issued and reset any recovery action in place on earlier bills.
- 8.6 By October 2019 we could be receiving 1000 notices each month for Universal Credit customers. The work generated by this new demand will mean the Benefits and Welfare team will be adjusting many more awards of Council Tax Support much more frequently. The Payments and Collection team will face a challenge in recovering Council Tax balances which change repeatedly, resetting payment arrangements and recovery action. The customer will be faced with uncertainty from one month to the next and will be much more likely to accrue Council Tax arrears through no fault of their own.
- 8.7 We are working with other authorities through the Devon Revenues and Benefits Officers Group to look at the best way to align Council Tax Support Scheme rules with Universal Credit. Any changes proposed will need to achieve a fair outcome for customers as well as achieving significant efficiency savings in the administration of the scheme and maximising recovery.
- 8.8 When changes are made to the CTS scheme they will need to work, so far as possible, with the information that comes through from DWP. As Universal Credit rolls out we are looking at exactly what information is received for these cases and how this can be incorporated into a new scheme. It is too early to make any recommendations for changes as a result of Universal Credit, however we hope to be in position to recommend changes for 2020 or 2021.

## **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?**

Maintaining the scheme unchanged for the upcoming year will mean a full year of running a CTS scheme which does not work well with Universal Credit and carries a risk that the collection rate for these customers will be adversely affected. However changing the scheme before we understand the best way to align with UC risks causing far more disruption to current recovery work.

**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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