

**REPORT TO: EXECUTIVE**

**Date of Meeting: 10 DECEMBER 2019**

**REPORT TO: COUNCIL**

**Date of Meeting: 17 DECEMBER 2019**

**Report of: Bindu Arjoon - Director**

**Title: Council Tax Support Scheme 2020-21**

**Is this a Key Decision?**

No

\* 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 seeks members' views on the local Council Tax Support (CTS) scheme for working age residents for 2020/21 and beyond. Members are required to agree scheme rules annually.

**2. Recommendations:**

- 2.1 That Executive Recommends to Council that the scheme for the current year continues for 2020-21 without substantive changes.
- 2.2 That Members note the work being commenced by Officers to develop options for Members' consideration for a simple banded scheme to be introduced from April 2021 at the earliest.

**3. Reasons for the recommendation:**

- 3.1 There are no reasons to recommend changes to the scheme this year for either financial reasons or to align with welfare changes.
- 3.2 The rollout of Universal Credit Full Service has been slow so far but as Universal Credit volumes increase there will be a need to consider a simpler, discount style scheme.
- 3.3 Other reasons for considering moving to a simpler banded scheme include:
  - An expected reduction in administration funding
  - Alignment with digital and self-service transformation
  - Alignment with other Council Tax Discounts
- 3.4 A simple banded scheme would be a major change requiring new scheme rules, new software and new processes. The work that Officers will do for consideration by Members will include full impact assessments and intended mitigations for any negative impact, where possible.
- 3.5 Member input would be sought through a Member Working Group to inform the design of the preferred option to be consulted on. Results from the public

consultation would also be analysed with the Member Working Group to inform the final scheme.

#### **4. What are the resource implications including non-financial resources.**

To deliver an alternative, simpler scheme and achieve administrative efficiencies through self-serve and automation, will require both software developments and dedicated staff resources to carry out modelling of impacts, testing, writing new processes and training, as well as consulting on the new scheme with stakeholders and analysing the results.

Work undertaken so far has involved pooling resources from Exeter, East Devon and Teignbridge, including developing an application form using the Firmstep platform, and it is intended to continue with this approach.

A new scheme should consider if an increase to our maximum award of 80% is needed due to affordability and the erosion in value of state benefits since 2013. In principle this option is open to all Billing Authorities as the ones responsible for setting the working age CTS scheme. To do so would increase scheme costs, putting us in conflict with major preceptors including Devon County Council who have been clear that they expect schemes to remain cost neutral. So before recommending this option to Members the implications would have to be understood and agreed by senior management and Members responsible for finance.

#### **5. Section 151 Officer comments:**

- 5.1 There are no financial implications arising from the recommendation to adopt the proposed scheme for 2020-21. The section 151 Officer will support the team in assessing the proposals for moving to a simplified scheme going forward.

#### **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 11 March.

#### **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:

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 41% of households and 48% of expenditure for Council Tax Support is 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 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.
- 8.5 As Universal Credit continues to rollout, the number of new/revised awards will increase 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.
- 8.6 We have been 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.
- 8.7 The preferred option for a new scheme from an administrative view point is an earnings only scheme. Modelling undertaken so far is highlighting areas which need to be investigated more fully in order to understand the complete picture of impact.

## **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 meet 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 another year will mean continuing with 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 households and to current recovery work.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equality Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the proposal is not to change the scheme, therefore protections already built into the scheme still apply. An Equality Impact Assessment accompanies this report and 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**

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

**Background papers used in compiling this report:-**

None

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