

## West Devon Borough Council - Council Tax Reduction 2016/17

Report to: **Hub Committee**

Date: **27 October 2015**

Title: **Council Tax Reduction**

Portfolio Area: **Customer First**

Wards Affected: **All**

Relevant Scrutiny Committee: Overview & Scrutiny Internal

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:  
(e.g. referral on of recommendation or implementation of substantive decision) **Recommendation to Council**

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### Recommendations:

1. To agree to continue with the existing Council Tax Reduction scheme for 2016/17
  - **80% maximum liability restriction** meaning that working age claimants pay a minimum of 20% towards their Council Tax bill
  - **A property valuation band D restriction** meaning that working age claimants living in larger properties do not receive greater levels of support than those living in small properties
  - **An exceptional hardship fund** to help those claimants experiencing severe financial difficulties
2. For delegated authority to be given to the Finance Community of Practice Lead (S151 Officer) , in consultation with the Portfolio Holder, to make amendments to the policy document to take account of any further changes in law, government guidance or policy that require urgent amendment.

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### **1. Hub Committee summary**

The Council is responsible for administering the Council Tax Reduction Scheme and the scheme for 2016/17 requires member agreement by 31 January 2016.

If no local Council Tax Reduction scheme is agreed by 31<sup>st</sup> January 2016 the Council will be bound to continue with the scheme adopted in 2015/16

### **2. Background**

As part of the wider Welfare Reform agenda Council Tax Benefit was abolished from April 2013. It is now the responsibility of the billing authorities to design and agree their own local schemes on an annual basis. The local scheme is called Council Tax Reduction (CTR) and is classed as a Council Tax discount rather than a state welfare benefit.

The current scheme was initially adopted by the Authority in 2014/15.

Pensioners continue to be protected from receiving any reduction to their current entitlement and will remain under a national scheme as prescribed by legislation for 2016/17. The scheme being adopted will continue to only affect working age customers.

35% of our working age customers receiving Council Tax Reduction are paying their bill by Direct Debit.

Over the last 12 months we have made in the region of 1500 outbound calls and have sent 250 letters providing advice. In addition 190 customers who were identified as requiring a face to face meeting had a personal visit to their home address. 533 of these calls have been made since April 2015 with 63 letters sent and 42 home visits.

400 summonses for non-payment of Council Tax have been issued to customers receiving CTR over the last 12 months. Of these 150 have set up a special payment arrangement to clear the debt and 63 have paid in full. 151 of these have been issued since April 2015 of these 34 have set up a special payment arrangement to clear the debt and 14 have paid in full.

Since 1st April 2015 we have received 43 new applications for support from the Exceptional Hardship Fund. Of these there have been 39 awards and 4 did not qualify. Total awards for that period currently stand at £3,905.43

Further information on the impact of the scheme can be found in the equality impact assessment (appendix A). The results of which do not identify any disproportionate impact on any groups. By retaining the key elements of the council tax benefit rules within

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the scheme and the introduction of the Exceptional Hardship Fund we have continued to ensure that vulnerable groups are identified and protected.

### 3. Outcomes/outputs

Since 2013/14 funding for Council Tax Reduction has been included within the overall local government funding grant. The Authority therefore decides how much funding is available to support the Council Tax Reduction scheme.

The aim of the local scheme was for it to be 'cost neutral'. By this we mean that the level of Government grant would equal forecasted Council Tax Reduction expenditure for 2016/17

The tables below sets out the cumulative expenditure at the end of each month for 2014/15 and 2015/16:

<b>2014/15 As at end of:</b>	<b>Pensioner award cumulative total £</b>	<b>Working Age award cumulative total £</b>	<b>Annual award cumulative total £</b>
<b>April</b>	<b>£1,975,114.83</b>	<b>£1,386,749.20</b>	<b>£3,361,864.03</b>
<b>May</b>	<b>£1,970,851.52</b>	<b>£1,391,781.08</b>	<b>£3,362,632.60</b>
<b>June</b>	<b>£1,966,240.23</b>	<b>£1,396,037.99</b>	<b>£3,362,278.22</b>
<b>July</b>	<b>£1,958,474.88</b>	<b>£1,409,805.09</b>	<b>£3,368,279.97</b>
<b>August</b>	<b>£1,962,835.78</b>	<b>£1,418,868.21</b>	<b>£3,381,703.99</b>

<b>2015/16 As at end of:</b>	<b>Pensioner award cumulative total £</b>	<b>Working Age award cumulative total £</b>	<b>Annual award cumulative total £</b>
<b>April</b>	<b>£1,919,417.60</b>	<b>£1,338,540.04</b>	<b>£3,257,957.64</b>
<b>May</b>	<b>£1,909,577.89</b>	<b>£1,347,638.59</b>	<b>£3,257,216.48</b>
<b>June</b>	<b>£1,901,370.36</b>	<b>£1,360,564.41</b>	<b>£3,261,934.77</b>
<b>July</b>	<b>£1,887,131.58</b>	<b>£1,351,600.23</b>	<b>£3,238,731.81</b>
<b>August</b>	<b>£1,878,669.66</b>	<b>£1,342,369.52</b>	<b>£3,221,039.18</b>

The figures are the cumulative total at the end of each month that has been awarded in council tax reduction. The awards are given upfront for the whole of the year.

It is normal that expenditure will fluctuate slightly throughout the year. Claim numbers for pensioners and working age claimants has decreased throughout the year and is consistent with the reduced expenditure detailed on the above tables; however seasonal fluctuations could well see an increase in claim numbers towards the end of the year.

The modelling carried out in 2014/15 which informed the decision to adopt the current scheme is proving to be consistent with what is happening since the Council Tax Reduction Scheme went live.

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The Exceptional Hardship Fund forms part of the scheme and provide a safety net for those customers most in need. The fund is financed through the collection fund so it is paid for proportionately by all major preceptors.

### 4. Options available and consideration of risk

Any risk associated with the local schemes is shared by all the major precepting authorities through the impact on the Council Tax Base.

<b>Share of the Council Tax bill for 2015/16</b>	<b>% 2015/16</b>
West Devon Borough Council	12.4
Devon County Council	69.2
Police and Crime Commissioner	10.1
Devon & Somerset Fire & Rescue	4.7
Town &Parishes	3.6

A Devon wide fraud and data sharing project has been agreed in principle by the Chief and Leader's meeting, which if progressed, will lead to income maximisation by checks and compliance on discounts and exemptions, not just Council Tax Reduction.

There has been a reduction in the Council Tax collection rate for working age claimants affected by the Council Tax reduction scheme compared to those not affected.

Below are the figures for the collection rate comparison between pensioner, non-pensioner, and the whole Borough.

#### **Collection Rate on CTR cases at end of September**

*%age of in year debt collected*

	<b>Pensioner</b>	<b>Non Pensioner</b>	<b>All</b>
<b>Sept 15</b>	60.68	39.93	58.38
<b>Sept 14</b>	61.35	41.17	58.51

Below is the actual amount of collectable debt we are talking about within those figures.

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### Amount of in year collectable debt

*£ of in year debt collected*

	Pensioner	Non Pensioner	All
Sept 15	276,238.07	654,965.40	33,990,106.70
Sept 14	304,079.31	688,798.37	32,753,407.35

We have a dedicated member of staff, funded by all the preceptors, who actively engages with customers struggling to pay by contacting them by telephone, letter or by visit. Referrals where appropriate are made to the Hardship Fund and payment arrangements are made to clear any debts.

In addition to that we are engaging with recovery action as follows:

Issuing reminders to those who are behind with instalments

Issuing summonses to those who don't pay in accordance with the reminders

Taking further action against those who do not make arrangement at the summons stage – in the main this involves contacting them once we have obtained the liability order and making a payment arrangement, or setting up an attachment of benefit or attachment of their earning.

The practicalities of changing our scheme for 2016/17 would mean having to go out to public consultation.

### 5. Proposed Way Forward

That Hub Committee agree:

To continue with the existing Council Tax Reduction scheme for 2016/17, and,

For delegated authority to be given to the Finance Community of Practice Lead (S151 Officer) , in consultation with the Portfolio Holder, to make amendments to the policy document to take account of any further changes in law, government guidance or policy that require urgent amendment.

### 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The relevant powers for this report are contained within the following legislation;

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		<p>Clause 34 of the Welfare Reform Bill provides for the abolition of Council Tax Benefit from 31<sup>st</sup> March 2013 and introduces the Local Council Tax Support Schemes to be administered by Local Authorities.</p>
Financial		<p>The Government funding (Settlement funding assessment, SFA) received from Central Government will be reduced by 11.2% for 2016/17. Council Tax Reduction funding is included within the SFA. The scheme is designed to be cost neutral and covers the shortfall in funding of approximately £509,000. Based on current calculations (see 3) officers are confident that the difference between actual and forecasted figures as the end of the financial year will be minimal. The modelling carried out last year which informed the decision to adopt the current scheme is proving to be consistent with what is happening since the Council Tax Reduction Scheme went live.</p>
Risk	<p>Agreement on scheme</p> <p>Financial</p> <p>Financial</p> <p>Financial</p>	<p>Failure to agree a scheme by 31<sup>st</sup> January 2016.</p> <p>Failure to agree will mean the Council is bound to continue with scheme adopted for 2015/16.</p> <p>Detrimental impact on collection rates</p> <p>Business case in place with all preceptors agreeing financial support to fund extra resource to undertake early intervention and money advice.</p> <p>Future funding reductions could mean that the proposed scheme will not remain fit for purpose</p> <p>Annual review and close monitoring of announcements and national forums</p> <p>Impact on wider economy and most vulnerable</p> <p>Business case in place with all preceptors agreeing financial support to provide Exceptional Hardship Fund to assist those in extreme financial need.</p>
Comprehensive Impact Assessment Implications		

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Equality and Diversity		In deciding to retain the Council Tax Reduction Scheme for 2016, the Council will maintain a fund for those taxpayers who experience exceptional hardship.  An Equality Impact Assessment has been undertaken for the proposed scheme. See Appendix 1.
Safeguarding		You need to set out what the Safeguarding implications are.
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		None

### **Supporting Information**

#### **Appendices:**

Appendix 1 – Equality Impact Assessment

#### **Background Papers:**

Welfare Reform Act 2012

### **Approval and clearance of report**

<b>Process checklist</b>	<b>Completed</b>
Portfolio Holder briefed	<b>Yes</b>
SLT Rep briefed	<b>Yes</b>
Relevant Exec Director sign off (draft)	<b>Yes</b>
Data protection issues considered	<b>Yes</b>
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	<b>Yes</b>