

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	21 November 2018
Subject:	Council Tax Reduction Scheme 2019/20
Report of:	Head of Corporate Services
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	None

Executive Summary:

There is a requirement to have a Council Tax Reduction Scheme to support residents who qualify for assistance in paying Council Tax. The Local Government Finance Act 1992 requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of Council Tax payable by persons, or classes of person, whom the authority considers are in financial need ("a council tax reduction scheme"). The scheme must be agreed by 11 March 2019.

Recommendation:

To RECOMMEND TO THE COUNCIL the adoption of the Council Tax Reduction Scheme for 2019/20.

Reasons for Recommendation:

The report recommends that the Council continues with the default local Council Tax Reduction Scheme that was adopted in April 2013. To reduce costs to the Council, changes would have to be made to the level of support provided to working age claimants. Most local authorities have already incorporated a reduced level of support into their local schemes and it is something that should be considered and reviewed on an annual basis. It is recommended that due to the continued uncertainty surrounding the roll out of Universal Credit the scheme remains 'as is' for 2019/20, but a full review will be taken in 2019 and new proposals will be brought forward for consideration.

Resource Implications:

Since 2014/15 the amount of grant received from Government to pay for Council Tax Reduction (CTR) has been included in the Revenue Support Grant that the Council receives with the amount to support CTR schemes not specifically identified year on year. It is estimated, however, that the cost to the Council is £285,000 per annum.

Legal Implications:

The Welfare Reform Act 2012 abolished Council Tax Benefit and instead required each billing authority to design a scheme specifying the reductions which are to apply to amounts of Council Tax. The prescribed regulations set out the matters that must be included in such a scheme.

All authorities in England are required to have a scheme identifying the reductions payable by their constituents who are in financial need under Section 13A of the Local Government Finance Act 1992 (updated in 2012). Schedule 1A paragraph 5 of the Act states that for each financial year, Councils must consider whether to revise their scheme or replace it with another scheme and that such decisions need to be made by 11 March in the financial year preceding that for which the revision or replacement scheme is to take effect. If the Council does not make/revise its scheme by 11 March 2019, a default scheme will be imposed on the Council which will be effective from April 2019.

Risk Management Implications:

To reduce the cost to the Council, changes would have to be made to the level of support provided to working age claimants. Most local authorities have already incorporated a reduced level of support into their local schemes and it should be something that is reviewed and considered on an annual basis. There is a risk that the cost of maintaining the current local scheme will increase if the number of claimants rises due to the state of the local and national economy.

Performance Management Follow-up:

The impact of the Council Tax Reduction Scheme and its costs will be monitored on an on-going basis.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The Welfare Reform Act 2012 abolished Council Tax Benefit. The Local Government Finance Act 1992 requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of Council Tax payable by persons, or classes of person, whom the authority considers are in financial need (“a council tax reduction scheme”).

2.0 BACKGROUND

- 2.1** Prior to April 2013, Council Tax Payers who qualified for assistance could apply for Council Tax Benefit (CTB) to help pay their Council Tax. The Council Tax Benefit (CTB) scheme was administered by local authorities on behalf of the Department of Work and Pensions (DWP) and was assessed on a means tested basis. Under this national scheme Council Tax Payers could receive benefit of up to 100% of their Council Tax liability. Changes introduced by the Government abolished CTB from 1 April 2013 and made local authorities responsible for setting their own Council Tax Reduction (CTR) schemes for working age people. The Government also reduced the amount of funding given to Councils to pay for schemes in 2013/14 by 10%. The CTR scheme for pensioners is set by the Government and is not subject to funding cuts. In devising new CTR schemes most local authorities have largely adopted schemes that replicate the old CTB schemes and have then applied a minimum payment for working age customers to make up the funding difference.
- 2.2** Since 2014/15 the amount of grant received from Government to pay for CTR has been included in the Revenue Support Grant that the Council receives and the amount to support CTR schemes is not specifically identified year on year. It is estimated, however, that the cost of to the Council of the current scheme is £285,000.
- 2.3** The legislation confers an obligation on the Council to review its scheme on an annual basis. If there are amendments to be made to the scheme these must be done by 11 March 2019. It is proposed that the Council continues with the default Council Tax Reduction Scheme that was first adopted in April 2013.
- 2.4** It is proposed that the eligibility under the new local scheme mirrors what has already been set out in legislation relating to the old Council Tax Benefit scheme, other than the annual uprating of premiums, allowances, non-dependant deductions and any changes to the national pension age scheme that need to be reflected in the local working age scheme.
- 2.5** Universal Credit Full Service has been rolled out in the Borough with the final parts of the Borough covered by Evesham Job Centre going live on 14 November 2018. The impact of Universal Credit will be monitored with a view to introduce a “tolerance level” of income change which would mean we ignore changes of less than a certain percentage or amount. This will be incorporated into any proposals to amend the scheme in 2020/21.

3.0 OTHER OPTIONS CONSIDERED

- 3.1** To not agree a Council Tax Reduction Scheme for 2019/20. This would have financial implications for the Council and those residents affected by wider Welfare Reform.

4.0 CONSULTATION

- 4.1** The legislation requires consultation prior to making a change to the Council Tax Reduction scheme, but there is no such requirement when no change is being made. Accordingly, no public consultation has been undertaken in respect of the proposed Council Tax Reduction Scheme for 2019/20.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 5.1** The Local Council Tax Reduction Scheme.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 The Council is required to adopt a Council Tax Reduction Scheme on an annual basis.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None directly associated with this report other than Officer time.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 An Equality Impact Assessment should be undertaken if there are any proposals to amend the scheme.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None

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Appendices: None.