

Subject: Council Tax Support Scheme 2020

Report to: ELT 13<sup>th</sup> November 2019  
Policy & Resources Committee 26<sup>th</sup> November 2019  
Council 19<sup>th</sup> December 2019

Report by: Miranda Lee Head of Customer Services

## **SUBJECT MATTER/RECOMMENDATIONS**

This report seeks decision and approval of the 2020 Local Council Tax Support Scheme for 2020

### **Recommendations:**

To continue with the existing scheme for 2020 - a maximum award of 91.5% of the Council Tax Liability for Working Age but including:

- 1) The introducing a flat rate non-dependant deduction of £5.00 per week
- 2) A self-employed minimum income floor based on the minimum wage for existing council tax support recipients.
- 3) Extend the period of backdated council tax support to 12 months, with discretion for a longer period under exceptional circumstances
- 4) To combine smaller adjustments of council tax support entitlement until such a time that a revised Council Tax bill should be practically issued

## **1. INTRODUCTION/BACKGROUND**

- 1.1 The Committee Report of the 23<sup>rd</sup> July 2019 requested permission to commence consultation in relation to the 2020 Local Council Tax Support Scheme.
- 1.2 In April 2013 Council Tax Benefit was replaced with a new Local Council Tax Support Scheme. This followed the Government announcement in the Spending Review 2010 that financial support for council tax would be localised.
- 1.3 Initially the amount of funding provided to local authorities to run the scheme was approximately 10% less than what was previously spent on the council tax benefit scheme. For the first 2 years funding had been specifically ring-fenced for allocation towards the scheme.
- 1.4 In 2014, the Government announced that future funding towards the Council Tax Support Scheme would be included within the overall Revenue Support Grant and would not be separately identified or ring-fenced from within the grant.
- 1.5 In designing a local scheme for 2020 the council has to consider:
  - The amount of funding the Council decides to allocate towards the scheme

- Support for pensioners must be protected and would not be affected by the local scheme meaning that the rules around a localised scheme would only apply to those customers of working age.

## **2. CURRENT POSITION**

- 2.1 Consultation in relation to the 2020 scheme has now closed with again a very small number of responses, only 14 taking the consultation survey.
- 2.2 As in previous years the consultation was available through the council's website. Consultation was based on retaining the existing scheme for 2020 for a working age with pensioners being protected.
- 2.3 The consultation ran for a 12 week period. Due to the lack of response the results of the consultation are negligible in helping to determine the scheme, however out of the responses received most favoured retaining the existing scheme for a further year. Appendix 1 provides an overview of the results of the consultation.

## **3. OPTIONS CONSIDERED FOR THE 2020 SCHEME**

- 3.1 The following options have been considered for the 2020 scheme with the aim to keep the scheme similar to previous years, however, to include:
  - Discretion to enable a longer backdating period where customers circumstances would allow
  - Simplified assessment of minor changes in circumstances resulting in small adjustments
  - Scheme alignment to ensure existing claims are assessed in the same way as new claims – Minimum income floor for existing applicable self-employed claims (currently 116 claims are based on self employed income)
  - Simplified flat rate non-dependent deduction of £5.00 per week (This affects 142 council tax support claims of which 49 will receive more entitlement)  
\*No deduction will be taken if the customer or partner receives DLA Care element, Personal Independence Payment or Attendance Allowance, or, if the non-dependent is receiving a passported benefit, Universal Credit with no earnings or is a Full Time Student

## **4. REQUIREMENTS FOR CHANGE**

- 4.1 Schedule 1A of the Local Government Finance Act 1992 states:
  - 1) For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme: and
  - 2) The authority must make any revision to its scheme, or any replacement scheme,

no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.

- 4.2 As each Local Authority decides their local scheme it is possible that other nearby Local Authorities can have different types of scheme with varying financial implications for customers. Please refer to Appendix 2 which gives information on the proposals for schemes locally for 2020.

## 5 FINANCIAL IMPLICATIONS

- 5.1 Initially an element of Government funding for Local Authorities to administer their local schemes was an identified sum from within the Revenue Support Grant (RSG). Since 2015, this amount has not been separately identifiable from the overall grant and RSG continued to significantly reduce year on year. As Council Tax Support is a discount it reduces the Councils tax base, along with a reduction in the tax base for Norfolk County Council and the Norfolk Police & Crime Commissioner.
- 5.2 The individual Council needs to decide how much of this grant will be used to cover the cost of the 2020 scheme.
- 5.3 For illustrative purposes the following gives the financial breakdown of the cost for the recommended Option 1 (91.5% maximum award against liability)

<b>Table 1</b>	<b>£</b>
Estimated Cost of Scheme	<b>9,321,793</b>
Precept Split	
Norfolk County Council	7,084,563
Police	1,305,051
GYBC	838,961
Parish	93,218

- 5.4 This year, Great Yarmouth Borough Council received no Revenue Support Grant funding as we are part of a Business Rates Pool.

The Government is yet to confirm the funding settlement arrangements for 2021/22.

## 6 RISK IMPLICATIONS

- a. The cost of the scheme

Whilst we can predict anticipated costs of the scheme for 2020 based on continuing with the existing scheme for 2019, any increases in demand, changes in composition of current caseload or unforeseen changes to other welfare benefits during the year could represent a financial risk by increasing the cost of the overall scheme.

b. Council Tax collection

Collection rates of council tax have been impacted with the introduction of the localised scheme but it is worth noting that they have not been as low as first anticipated. Tax base has been calculated to take into consideration the costs of the Council Tax Support Scheme with some provision for impact on collection rates.

## 7 RECOMMENDATIONS

- 7.1 To continue with the existing scheme for 2020 - a maximum award of 91.5% of the Council Tax Liability for Working Age but including:
- 1) The introducing a flat rate non-dependant deduction of £5.00 per week
  - 2) A self-employed minimum income floor based on the minimum wage for existing council tax support recipients.
  - 3) Extend the period of backdated council tax support to 12 months, with discretion for a longer period under exceptional circumstances
  - 4) To combine smaller adjustments of council tax support entitlement until such a time that a revised Council Tax bill should be practically issued

Area for consideration	Comment
Monitoring Officer Consultation:	N/A
Section 151 Officer Consultation:	Yes – Financial impact as outlined
Existing Council Policies:	Yes – Council Tax Reduction Scheme/Council Tax Legislation
Financial Implications:	Yes as outlined
Legal Implications (including human rights):	Yes – 2020 Council Tax Reduction Scheme must be agreed by Council by 31 <sup>st</sup> January 2020
Risk Implications:	Yes as outlined
Equality Issues/EQIA assessment:	Yes
Crime & Disorder:	N/A
Every Child Matters:	Yes

## Appendix 1 – Consultation Results

### Question 1

We are considering retaining the current Council Tax Support Scheme for next year. The current scheme limits the maximum amount of Council Tax Support to 91.5% of the Council Tax liability for Working Age customers. Do you think the Council should retain the current scheme for 2020?

Answer Choice		Response Percent	Response Total
1	Yes	57.1%	8
2	No	21.4%	3
3	Not sure	21.4%	3
		<b>answered</b>	<b>14</b>
		<b>skipped</b>	<b>0</b>

### Question 2

An option to consider would be to introduce a standard level of non-dependant deduction of £5.00 for all customers claiming Council Tax Support who have a non-dependant reside with them.

Answer Choice		Response Percent	Response Total
1	Yes	42.9%	6
2	No	50.0%	7
3	Not sure	7.1%	1
		<b>answered</b>	<b>14</b>
		<b>skipped</b>	<b>0</b>

### Question 3

Our current scheme will assess a Self-Employed person working 35 hours per week based on the National minimum wage (or National minimum wage if you are under 25). Any income above that amount is based on actual amount earned. This only applies after 1 year of business set up and new claims received after 1st April 2017. An option is to apply this to existing claims that are already in receipt of Council Tax Support and been in business for 1 year or more.

Answer Choice		Response Percent	Response Total
1	Yes	78.6%	11
2	No	7.1%	1
3	Not sure	14.3%	2
		<b>answered</b>	<b>14</b>
		<b>skipped</b>	<b>0</b>

## Appendix 2 Local Proposals for 2020 Schemes

Local Authority	Max Award of Liability	Savings limit	Other benefits counted as income?	Second adult rebate reduced or abolished?	Changes made to non-dependent deductions?	Support restricted to a particular council tax band?	Changes made to backdating rules?	Changes made to conditions around starting work?
Great Yarmouth	91.5%	16000	No	No	Yes	No	Yes	No
ARP	91.5%	16000	No	Yes	No	No	No	No
Broadland	83.00%	16000	No	Yes	Yes flat rate deduction	No	No	No
North Norfolk	91.5%	16000	No	No	No	No	No	No
Norwich	100%	16000	No	No	No	No	No	No
South Norfolk	70% or 50%	16000	Yes	Yes	Yes flat rate deduction	Band D	No	No
King's Lynn and West Norfolk	75%	16000	No	Yes	Yes flat rate deduction	No	No	Yes