

<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>Friday 12 January 2018</b>
<b>Title of report:</b>	<b>Council tax reduction scheme 2018/19</b>
<b>Report by:</b>	<b>Head of corporate finance</b>

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose and summary**

To recommend the continuation of the 2017/18 council tax reduction scheme for 2018/19 initially approved by Council on 18 December 2015.

It is a legal requirement to annually review the council's council tax reduction scheme, and the decision is reserved to full Council. The current scheme has been reviewed and there is no evidence to support a change at this time.

## **Recommendation(s)**

**That:**

- (a) it be recommended to Council that the existing council tax reduction scheme, attached at appendix 2, be retained for 2018/19.**

## Alternative options

1. The local scheme could be amended following statutory consultation, no amendments are currently proposed. The current scheme is working as intended and there is no current evidence of a need to change.

## Key considerations

2. Council tax charges can be reduced where claimants meet certain set criteria. The scheme is available to pension age and working age claimants. Herefordshire introduced a local scheme for working age claimants in 2014/15 (reducing the discount to 84% of the charge) and restricted it further in 2016/17. The scheme approved by Council December 2015 was to be applicable for 2016/17 and 2017/18 it is considered appropriate to continue with the existing scheme for a further year (2018/19).
3. The existing council tax reduction scheme for working age claimants in Herefordshire provides a discount varying between 80% and 84% on the amount of council tax payable based upon:
  - The status of the claimant, where the claimant is protected (because they are in receipt of either severe disability premium or carers allowance, or in a household with a child under the age of five) than the higher discount is provided
  - Claimants living in a property above band C have the discount value capped at 80% of a band C equivalent property in their parish
  - Claimants cannot claim discount where their available capital funds exceed £6k
4. The current scheme has delivered the savings targeted in the medium term financial strategy and the enhanced hardship fund remains available for individual applications to be considered against. Hardship applications have not increased and potential applicants are directed towards this scheme where appropriate.
5. National CTR support continues to be protected for pensioner discounts. The above scheme is in place for working age claimants only.
6. Whilst approved by full Council in 2015, it is a statutory requirement that the CTR scheme be approved by full Council annually before the end of January in the preceding financial year.

## Community impact

7. The approved scheme will have an impact on some residents, but support is available for the elderly and vulnerable, through access to support such as council tax discretionary reduction funding. There are no specific health and safety impacts and appendix 1 provides more details on potential impact to specific resident groups.
8. The scheme links to the council's corporate plan through demonstrating the effective management of resources to help secure a balanced budget.

## Equality duty

9. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
10. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes. A full equality impact assessment (EIA) was carried out as part of the approval of the current scheme, this has been reviewed and is attached at appendix 1. The scheme continues to have a consistent impact on working age benefit claimants and the council continues to support mitigation through assistance in meeting payments and the hardship scheme.

### **Resource implications**

11. The continuation of the current scheme through 2018/19 is in line with draft budget assumptions, no additional savings target has been included to be delivered by new restrictions to the existing scheme.
12. In 2016/17 the council charged approximately £4.6m of council tax to CTR claimants following applying a total discount of £10.8m. In 2016/17 there were around 17,000 CTR claimants and almost half of these were working age claimants. Collection of charges currently stands at 82.5% of the amount charged.

### **Legal implications**

13. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 2012.
14. For each financial year each billing authority must consider whether to revise its scheme or to replace it with another scheme and this must take place no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect. If any revision has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.
15. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme.
16. Successful legal challenges have been made to other council's decisions on their CTR, one was on the failure to consult which does not apply to this decision as no changes are sought and the other related to non financial criteria's used in the scheme which were found to be unlawful and do not feature in this council's scheme.
17. The risk of legal challenge for the council is low in this report as the recommendation is the

continuation of the 2017/18 council tax reduction scheme for 2018/19 initially approved by Council on 18 December 2015.

## **Risk management**

18. Approximately 40% of our current summons relate to CTR claimants, this has not changed over the period of the local scheme. There is a risk that the claimants may not pay their council tax and move further into debt because of summons charges. This may eventually affect the collection statistics and place the households concerned into further financial hardship. This continues to be mitigated through the hardship scheme and a number of the working age claimant's charges are being collected as an attachment to benefits, meaning it can take many years to settle the bill.
19. The resourcing of the scheme is contained within current working practices. Universal credit is expected to be rolled over throughout Herefordshire in July 2018 and the impact of this is to be reviewed when considering possible scheme revisions from 1 April 2019.

## **Consultees**

20. Consultation was completed when the current scheme was introduced.

## **Appendices**

Appendix 1 - Equality impact assessment (EIA)

Appendix 2 – council tax reduction scheme for 2017/18

## **Background papers**

None identified