

Meeting:	Cabinet
Meeting date:	Thursday 30 January 2020
Title of report:	2020/21 Council Tax Reduction Scheme
Report by:	Leader of the council

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose and summary

To recommend to Council the continuation of the 2019/20 local council tax reduction scheme (CTR) for 2020/21.

Council tax charges can be reduced where the bill payer meets certain set criteria contained in the council tax reduction scheme (CTR). CTR is available to working age and pensioner claimants. The pensioner CTR scheme is set nationally. The working age CTR scheme is set locally by this council. Approximately 11,000 bill payers in Herefordshire are in receipt of CTR, with over 50% of claims from pensioners.

The current scheme was 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) The council tax reduction scheme for 2020/21, with the same parameters as the existing scheme, be recommended to Council for approval.**

Alternative options

1. The local council tax reduction scheme can be amended however the current scheme is working as intended and there is no evidence of a need to change. Any changes to the current scheme require statutory public consultation to be undertaken ahead of proposing scheme changes.

Key considerations

2. Council tax charges can be reduced where the bill payer meets certain set criteria contained in the council tax reduction scheme (CTR). CTR is available to working age and pensioner claimants. The pensioner CTR scheme is set nationally. The working age CTR scheme is set locally by this council. Approximately 11,000 bill payers in Herefordshire are in receipt of CTR, with over 50% of claims from pensioners.
3. The existing local CTR scheme approved by Council in December 2015 was applied in 2016/17, 2017/18, 2018/19 and 2019/20. It is considered appropriate to continue with this scheme for a further year, 2020/21.
4. The existing CTR scheme for working age claimants in Herefordshire provides a discount varying between 80% and 84% on the amount of council tax payable. The amount of discount awarded considers:
 - The status of the claimant. Where the claimant is protected (because they are in receipt of either severe disability premium or carers allowance, or reside in a household with a child under the age of five) then 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.
5. Herefordshire introduced a local CTR scheme for working age claimants in 2014/15, the collection rate for CTR council tax bills is shown below:-

Year	CTR Collection Rate (%)
2014-15	82%
2015-16	83%
2016-17	83%
2017-18	84%
2018-19	82%
6. Although the collection rates shown above do not differentiate between working age and pensioners it could be suggested that due to pensioner cases receiving 100% CTR (unless their income breaches the threshold) the vast majority of cases where there is a CTR balance overdue would be in relation to working age claimants.
7. The collection of council tax arrears is completed in line with good practice guidance by providing early intervention and proactive contact with people in arrears. Dependent upon their overall financial position customers may be signposted to an independent debt advice service.
8. The collection rate performance supports maintaining the current CTR scheme criteria, to reduce the discount may have a detrimental effect on the collection of council tax charges.

9. Whilst the current scheme was approved in 2015 it is a statutory requirement for the CTR scheme to be approved annually by Council in the preceding financial year. The proposed scheme detail is attached at appendix 1.

Community impact

10. The scheme supports the council's corporate plan by demonstrating effective management of resources to secure a balanced budget.
11. Herefordshire Council is passionate about improving the lives and life chances of our care leavers so in addition to CTR care leavers can receive discount on their council tax charge of up to 100 percent when aged between 18 and 25.

Equality duty

12. 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.

13. 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. The approved scheme will have an impact on some residents; appendix 2 provides more details on the potential impact and the mitigating action available. The council continues to provide assistance to claimants in meeting payments due and maintains a hardship fund for consideration in exceptional circumstances.

Resource implications

14. Council tax charges are reduced by approximately £10.9m per annum by CTR, £4.9m of this discount is awarded to working age claimants. Over 80% of the amount billed to CTR claimants is collected within the year that the bill is raised. This collection rate has remained consistent.
15. The continuation of the current scheme in 2020/21 is in line with the draft budget assumptions. No new savings target has been included in the medium term financial strategy to be delivered by changes to the current CTR scheme in 2020/21.

Legal implications

16. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 2012.
17. 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 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.
18. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme. This report does not recommend that the current scheme is revised and so therefore there are no other significant legal implications arising from this report.

Risk management

19. There is a risk that claimants may not pay their council tax charge and move further into debt if summons charges are levied. The effect on an individual household continues to be mitigated by the availability of the hardship scheme where the outstanding debt balance is considered for reduction in line with the scheme parameters.
20. The resourcing of the current scheme will remain within current established working practices. The impact of the roll-out of universal credit full service from July 2018 hasn't been evidenced to be detrimental to date; 1,556 of CTR claimants are in receipt of universal credit. Full migration to universal credit is currently expected to occur before 2024, the situation will continue to be monitored.

Consultees

21. Specific consultation was completed when the current CTR scheme was introduced in 2015. The 2020/21 budget and corporate plan consultation ran from 6 November to 4 December. The consultation questionnaire was published on the Herefordshire Council website and residents were invited to complete it online. The consultation was promoted on the council's social media sites and there were pop up events held in the market towns and in Hereford City, 269 online survey responses were received.
22. In relation to the council tax reduction scheme 63% of consultation responses wanted to keep the council tax discount at 84%, or increase it, and 52% supported a introducing a minimum award of £5 a week. This supports the recommendation not to change the scheme and work will continue into the potential impact of introducing a minimum CTR award for the 2021/22 local CTR scheme.

Appendices

- Appendix 1 Proposed 2020/21 council tax reduction scheme
- Appendix 2 Equality Impact Assessment (EIA)

Background papers

None identified