

Meeting:	Cabinet
Meeting date:	Thursday 31 January 2019
Title of report:	2019/20 Council Tax Reduction Scheme
Report by:	Cabinet member corporate strategy and budget Chief finance officer

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose and summary

To approve the continuation of the 2018/19 local council tax reduction scheme (CTR) for 2019/20. 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 2019/20, attached at appendix 2, be approved.**

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. Approximately 12,000 bill payers in Herefordshire are in receipt of CTR, with the claims of around 50% being from pensioners.
3. The existing local CTR scheme approved by Council in December 2015 was applied in 2016/17, 2017/18 and 2018/19. It is considered appropriate to continue with this scheme for a further year, 2019/20.
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) 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.
5. The council summons council tax accounts that are in arrears. Summons total approximately 7,000 in one year and over 40% of these summons are to individuals in receipt of CTR, however this number is consistently falling per annum. In 2017/18 a total write-off of uncollectable council tax debt from individuals in receipt of CTR was £4,213. This supports maintaining the current CTR scheme criteria.
6. 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.

Community impact

7. The scheme supports the council's corporate plan by demonstrating effective management of resources to secure a balanced budget.
8. 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

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.
9. 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 1 provides more details on the potential impact and the mitigating action available. The impact of the current scheme is showing an overall diminishing impact on working age claimants. The council continues to provide assistance to claimants in meeting payments due and maintains a hardship fund for consideration in exceptional circumstances.

Resource implications

10. Council tax charges are reduced by approximately £12.5m per annum by CTR and approximately £4m of council tax remains payable per annum by recipients of CTR. Over 80% of the amount billed to CTR claimants is collected within the year that the bill is raised. This collection rate has remained constant and has risen slightly in 2017/18, up to 84%.
11. The continuation of the current scheme in 2019/20 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 2019/20.

Legal implications

12. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 2012.
13. 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.
14. 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

15. Approximately 40% of the current summons run relate to CTR claimants, this percentage has been declining in recent years. There is a risk that claimants may not pay their council tax charge and move further into debt because of summons charges. The actual collection of council tax charged to CTR claimants has risen in recent years. The effect on an

individual household continues to be mitigated by the availability of the hardship scheme, take up has not increased to date.

16. 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. The close working arrangements between the council and the department of work and pensions ahead of and post roll-out has supported this. The situation will continue to be monitored.

Consultees

17. Specific consultation was completed when the current scheme was introduced. 49% of respondents to the council's 2019/20 budget consultation supported "keeping the maximum discount of 84%" for low income households in receipt of CTR.

Appendices

Appendix 1 – Equality Impact Assessment (EIA)

Appendix 2 – council tax reduction scheme for 2019/20

Background papers

None identified