

COUNCIL TAX REDUCTION SCHEME 2018/19

Cabinet - 9 November 2017

Report of: Chief Finance Officer
Status: For Decision
Also considered by: Council - 21 November 2017
Key Decision: Yes

Executive Summary: This report provides details of the recommended Council Tax Reduction (CTR) scheme for 2018/19, which is to be implemented with effect from 1 April 2018.

Each financial year, the Council must consider whether to confirm or revise its existing CTR scheme. This report sets out a proposed revision to the existing CTR scheme, the results of the resident consultation and the Equality Impact Assessment.

Members' are asked to consider the information detailed and make recommendations for the CTR scheme to be adopted for 2018/19, to be implemented with effect from 1 April 2018.

Portfolio Holder Cllr. Scholey
Contact Officers Adrian Rowbotham, Chief Finance Officer Ext. 7153
Nick Scott, Head of Revenues and Benefits. Ext. 7397

Recommendation to Cabinet: To consider and agree the following recommendation to Council:

That Cabinet agree to recommend to Council the recommendations set out below.

Recommendations to Council: That

- (a) the outcome of the public consultation, as set out in Appendix A of this report, is considered and noted.
 - (b) Members have due regard to their responsibilities under the Public Sector Equality Duty and consider the potential impacts of the proposed change on working age claimants with the protected characteristics of disability, age and sex, as set out in the Equality Impact Assessment in Appendix B of this report.
 - (c) it is approved that the current CTR scheme is amended as follows and adopted to take effect from 1 April 2018:
 - (i) That a self-employed applicant and/or his/her self-employed partner
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who is in receipt of the Personal Independence Payment (standard or enhanced rate of the daily living component) or Disability Living Allowance (middle or high rate of the care component) or Armed Forces Independence Payments be made exempt from the Minimum Income Floor

Reason for recommendation: The decision on any amendments to the Council's CTR scheme must be taken by Council. In order to comply with prescribed requirements, the decision of Council must be made by 31 January 2018 in order for any amendments to take effect from 1 April 2018.

Introduction and Background

- 1 The CTR scheme replaced Council Tax Benefit with effect from 1 April 2013.
- 2 Pensioners are protected from the impact of a CTR scheme. Consequently, eligible pensioners receive a discount on their Council Tax bill equivalent to the same amount as they would have received under the Council Tax Benefit scheme.
- 3 CTR for working-age people is provided through a means-tested discount. It is calculated using similar criteria to the Council Tax Benefit scheme but, because pensioners are protected, the level of financial support that can be provided to working-age claimants is less than it would have been under the Council Tax Benefit scheme. This is necessary in order to keep the cost of our scheme under control.
- 4 The key components and eligibility criteria for calculating CTR for working-age claimants are:
 - Regardless of financial circumstances, everyone pays the first 20% of their council tax liability;
 - A minimum level of income, known as the Minimum Income Floor, is applied to self-employed earners after two years of trading: and
 - Anyone with more than £16,000 is not entitled to CTR.
- 5 As with previous years, the existing scheme needs to be updated to take into account the inflationary increase in the personal allowances used to calculate entitlement to CTR (these allowances represent the basic living needs of a claimant and his/her family). This will ensure the scheme is compliant with the Prescribed Requirements for all local schemes, determined by the Department for Communities and Local Government, and also aligned with the Housing Benefit scheme, determined by the Department for Work and Pensions.
- 6 Provision for this uprating is contained within the CTR scheme (Section 13A Policy) for 2017/18.
- 7 The minor amendment being proposed to the existing CTR scheme is in respect of the Minimum Income Floor, and this is as follows:

- An unintended consequence of the Minimum Income Floor is that it disproportionately penalizes self-employed applicants and/or their partner's who are disabled. In order to eliminate this unfairness, it is proposed to make self-employed applicants and/or their self-employed partner exempt from the Minimum Income Floor if they are in receipt of the Personal Independence Payment (standard or enhanced rate of the daily living component) or Disability Living Allowance (middle or high rate of the care component) or Armed Forces Independence Payment.
- 8 This amendment is a financially beneficial change to those affected but the financial impact on the overall cost of the CTR scheme is minimal. It is estimated that the number of people affected is 3 and that the overall cost of the proposal will amount to £2,100, with the Council's share of this sum being approximately £250.

The Consultation

- 9 Consultation requirements are governed by section 13A and Schedule 1A of the Local Government Finance Act 1992 and as such, paragraph 3 of Schedule 1A sets out the general consultation requirements. This states that consultation should always be undertaken where an existing scheme is to be revised or replaced, in the same way as when making the original scheme.
- 10 To effect changes to the CTR scheme for 2018/19, the Council has a legal duty to carry out a public consultation and assess the impacts of the proposed change with regard to equalities. The Council therefore conducted an online consultation which included the proposed amendment, agreed by Members, and this was available on the Council's website from 11 September 2017 to 20 October 2017.
- 11 The number of responses received was extremely low. With only 18 responses, it is evident that this does not provide a representative view from residents across the District.
- 12 The results of the consultation are shown in Appendix A. Members will note that of the 18 responses received:
- the majority of respondents, 39%, did not agree with the proposal to retain the existing CTR scheme for 2018/19, and
 - only 14 responses were made in respect of the proposed amendment to the Minimum Income Floor and of those responses, 50% agreed with the proposal.
- 13 There is also an obligation for the Council to consult with major precepting authorities. Despite sending invitations, no responses have been received from Kent County Council, the Fire Authority or the Police.

Exceptional Hardship Policy

- 14 The Exceptional Hardship Policy was introduced alongside the CTR scheme for 2017/18. The purpose of this policy is to provide financial support in exceptional cases where claimants are considered to be vulnerable and most at risk at not being able to pay their council tax.
- 15 The Exceptional Hardship Policy will continue to be an integral part of the scheme for 2018/19.

Key Implications

Financial

The estimated impact on Council Tax income from the CTR scheme in 2017/18 is £5.5million.

As detailed in point 8, making a minor amendment to the Minimum Income Floor rules and retaining all other parameters and eligibility criteria for the 2018/19 scheme will ensure that there will be no significant financial impact to the Council and the major precepting authorities (Kent County Council, Fire Authority and Police).

Legal Implications and Risk Assessment Statement

Schedule 1A of the Local Government Finance Act 2012 requires local authorities to consider whether to revise its CTR scheme or replace it with another scheme.

The Council must make any revision to its scheme, or any replacement scheme, by no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.

To comply with this requirement, the Council has updated its section 13A Policy for 2018/19 with the proposed amendment.

The amendment being recommended for inclusion in the CTR scheme for 2018/19 is detailed in point 7.

Equality Impact Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

A full equality impact assessment on the CTR scheme was produced when the scheme for 2017/18 was updated to include the introduction of the Minimum Income Floor, an increase in the minimum council tax contribution from 18.5% to

20% and the various changes that were made to align the scheme with changes that had been introduced into the Housing Benefit scheme.

This assessment has been reviewed and updated to take into account the minor amendment being proposed to the Minimum Income Floor in the CTR scheme for 2018/19, a copy of which is detailed in Appendix B.

Appendices	Appendix A - Summary of consultation responses Appendix B - Equality Impact Assessment
Background Papers	Local Support for Council Tax scheme - Report to Council (27 November 2012) http://cds.sevenoaks.gov.uk/ieListDocuments.aspx?CId=121&MId=1464 Local Support for Council Tax scheme 2014/15 - Report to Council (17 December 2013) http://cds.sevenoaks.gov.uk/ieListDocuments.aspx?CId=121&MId=1665 Local Support for Council Tax scheme 2015/16 - Report to Council (4 November 2014) http://cds.sevenoaks.gov.uk/documents/s19897/07b%20Local%20Council%20Tax%20Support%20Scheme%202015-16.pdf Local Support for Council Tax scheme 2016/17 - Report to Council (3 November 2015) http://cds.sevenoaks.gov.uk/documents/s25847/08c%20Local%20Council%20Tax%20Support%20Scheme%202015-16.pdf Local Support for Council Tax scheme 2017/18 - Report to Council (22 November 2016) http://cds.sevenoaks.gov.uk/documents/s29630/06c%20Council%20Tax%20Reduction%20Scheme%20CTRS%202017-18.pdf?J=1 Local Support for Council Tax Scheme rules 2017/18 https://www.sevenoaks.gov.uk/downloads/file/757/council_tax_support_local_scheme_201718 Local Government Finance Act 2012 http://www.legislation.gov.uk/ukpga/2012/17/contents Minutes of Cabinet 14 September 2017

<http://cds.sevenoaks.gov.uk/documents/s32246/170914%20Cabinet%20Minutes.pdf?J=1>

Section 13A Policy for 2018/19 (Full Council only)

Adrian Rowbotham
Chief Finance Officer