

## COUNCIL TAX REDUCTION SCHEME 2018/19

Cabinet - 14 September 2017

Report of Chief Finance Officer

Status: For Decision

Also considered by: Finance Advisory Committee - 5 September 2017

Key Decision Yes

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

Members are asked to consider the main principles of the scheme in readiness for public consultation, and give delegated authority to the Chief Finance Officer and Finance Portfolio Holder to agree the final consultation materials.

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**Portfolio Holder** Cllr. John Scholey

**Contact Officers** Adrian Rowbotham Ext. 7153, Nick Scott Ext. 7397

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### **Recommendation to Finance Advisory Committee:**

It is recommended that Cabinet:

- (a) Approve that consultation on the Council Tax Reduction scheme for 2018/19 takes place based on the current CTR scheme and a proposed amendment to the conditions applied to the Minimum Income Floor as detailed at paragraph 8 of this report; and
- (b) Authority is delegated to the Chief Finance Officer in conjunction with the Finance Portfolio Holder to agree the consultation material.

### **Recommendations to Cabinet:**

- (a) Consultation on the Council Tax Reduction scheme for 2018/19 takes place based on the current CTR scheme and a proposed amendment to the conditions applied to the Minimum Income Floor as detailed at paragraph 8 of this report is approved; and
  - (b) Authority is delegated to the Chief Finance Officer in conjunction with the Finance Portfolio Holder to agree the consultation material.
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## Introduction and Background

- 1 The Council Tax Reduction scheme replaced Council Tax Benefit with effect from 1 April 2013.
- 2 Government policy ensures that pensioners are protected from the impact of a Council Tax Reduction scheme. This means that eligible pensioners receive a discount on their Council Tax bill of the same amount as they would have received under the Council Tax Benefit scheme.
- 3 Council Tax Reduction therefore only applies to working-age people and 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 Council Tax Reduction 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 in capital is not entitled to Council Tax Reduction.
- 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 Council Tax Reduction (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 Council Tax Reduction scheme (Section 13A Policy) for 2017/18.
- 7 The only further amendment being proposed to the existing scheme is in respect of the Minimum Income Floor. A consequence of the Minimum Income Floor is that it disproportionately penalises self-employed applicants and/or their partner if they are disabled.
- 8 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.

- 9 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 is £2,099.

### **Consultation**

- 10 Government regulations require 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. This is set out in 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.

### **Exceptional Hardship Policy**

- 11 The Exceptional Hardship Policy was introduced alongside the Council Tax Reduction 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.
- 12 The Exceptional Hardship Policy will continue to be an integral part of the scheme for 2018/19.

### **Key Implications**

#### Financial

- 13 The estimated impact on Council Tax income from the Council Tax Reduction scheme in 2017/18 is £5.5million.
- 14 As detailed in point 9, 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

- 15 Schedule 1A of the Local Government Finance Act 2012 requires local authorities to consider whether to revise its Council Tax Reduction scheme or replace it with another scheme.
- 16 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.
- 17 To comply with this requirement, the Council has updated its section 13A Policy for 2018/19 with the proposed amendment.
- 18 The amendment being recommended for inclusion in the Council Tax Reduction scheme for 2018/19 is detailed at paragraph 8.

## Equality Assessment

- 19 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.
- 20 There are no equalities impacts arising from the decision to conduct consultation on the scheme for 2018/19 as set out in this report. An initial screening of the impact of the proposed change to the minimum income floor will form part of the consultation materials and responses to the consultation will assist the Council to identify any further impacts before a decision to adopt the scheme is taken.
- 21 The decision on adoption of the Council Tax Reduction scheme for 2018/19 is due to be taken by Council in November. A full analysis of equalities impacts will be included to support the decision to be made.

**Appendices**                      None

**Background Papers**        [Council Tax Reduction Scheme 2017/18](#)

**Adrian Rowbotham**  
**Chief Finance Officer**