

COUNCIL TAX REDUCTION SCHEME 2020/21

1. INTRODUCTION

- 1.1 Members will recall that local authorities are responsible for setting up their own local Council Tax Reduction Scheme for those of working age on low income. The Government stipulated that there must be no change to the level of support that pensioners receive and there are no plans to localise the scheme for this group. Currently, there are also no plans to include Council Tax Reduction within Universal Credit.
- 1.2 The Council Tax Reduction Scheme must be formally made by the Council no later than 11 March in any year, to take effect from 1 April. The Government has constructed rules for a 'default scheme' which will have to be operated by any council that does not make a local scheme. This replicates the former rules for council tax benefits. It is contained in schedule 1 of The Council Tax (Default Schemes) (England) Regulations 2012.
- 1.3 The Council Tax Reduction Scheme fulfils the prescribed requirements for localised schemes.
- 1.4 There are 8,315 claimants receiving Council Tax Reduction. Of these 4,093 are working age and 4,222 are of pensionable age.
- 1.5 The current Council Tax Reduction Scheme costs approximately £8.5 million. This is split between:
- | | |
|-------------|------------|
| Working Age | £3,922,590 |
| Pensioner | £4,586,159 |
- The cost is shared between all precepting authorities.
- 1.6 The amount of Council Tax Reduction awarded affects the tax base of each organisation and is not identified within the overall formula grant allocation.

2. REVIEW PROCESS

- 2.1 The Task & Finish Group met to review the current scheme and proposed changes effective from 1 April 2020.
- 2.2 The recommendations of the Task & Finish Group are to be considered by the Corporate Overview Scrutiny Panel, the Cabinet and full Council in December 2019.

3. THE CURRENT LOCAL COUNCIL TAX REDUCTION SCHEME

- 3.1 The council's Council Tax Reduction Scheme protects the vulnerable. A person is vulnerable if they (or a partner) are in receipt of Disability Living Allowance, Personal Independence Payments or Severe Disablement Allowance.

- 3.2 The council's Council Tax Reduction Scheme for 2019/20 requires all working age claimants (except the vulnerable) to pay a minimum of 10% council tax.
- 3.3 The council's Council Tax Reduction Scheme also includes:
- A. Council Tax Reductions are capped at band D (so that claimants living in higher banded properties receive any reduction based on band D).
 - B. A savings limit of £6,000 (previously £16,000), so that claimants with a low income but with more than £6,000 in savings are not entitled to any reduction.
 - C. The council's Council Tax Reduction Scheme incentivises work by disregarding £25.00 a week of earnings. The government disregards in Housing Benefit are £25.00 for a lone parent, £20.00 for a disabled claimant, £10.00 for a couple and £5.00 for a single claimant.
 - D. The maximum period for backdating a claim is 4 weeks.
 - E. To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of 2 for new claims and entitlements (some exemptions apply).
 - F. To use the gross Universal Credit payment as income in the calculation of Council Tax Reduction

4. MATTERS TO BE CONSIDERED BY TASK & FINISH GROUP

- 4.1 Collecting council tax from those on low income is difficult, with significantly more work for officers. Administration has also increased, notably in working with those affected. In 2019/20 council tax bills increased by an average of 5%, meaning council tax payers having to pay more. This is likely to continue in the forthcoming years.

The collection rate for those in receipt of Council Tax Reduction, who are not a pensioner or vulnerable, has reduced from 83.27% to 79.54% and overall collection rate decreased from 91.12% to 89.46%. See Appendix 2 for collection figures.

- 4.2 Many of the claimants have also been affected by other welfare reform changes, including Universal Credit, as well as an increase in the cost of living. Many working age state benefits have been frozen, including the Local Housing Allowance, despite rents increasing.

5. DISCUSSION ON COUNCIL TAX REDUCTION SCHEME FOR 2020/21

- 5.1 The group considered options to various aspects of the current scheme. This included:

- A. To maintain the current scheme with no changes. This would not affect claimants as their level of support would not reduce. A declining caseload may result in reduced costs (see Appendix 1)
 - B. The minimum contribution – This is currently 10% (except the vulnerable). Officers advised that collection rate is 79.54% and that those paying the 10% have become accustomed to this level of payment. Any increase could cause financial hardship and Officers consider that there is a “tipping point” where any increase to the minimum contribution paid by working age claimants would result in less council tax being paid, as no instalment will be paid, and increased administration. Officers do not know where this tipping point is. In considering these factors and 4.1 and 4.2 the Group considered that the minimum contribution should remain at 10%.
 - C. To review the backdating period of 4 weeks. Currently, there are some delays in claiming Council Tax Reduction due to claims for Universal Credit. Previously claims for Housing Benefit and Council Tax Reduction were made together using the same form, whereas now Council Tax Reduction has to be claimed separately from Universal Credit. Some claimants are not aware of this. Increasing the period of backdating to 3 months would support those claiming Universal Credit and also support other vulnerable claimants who have delayed making their application.
- 5.2 After considering these options the Group decided to consult on options B and C.
- 5.3 The Group also discussed having a fundamental review of the scheme during 2020 and to consider a banding scheme for April 2021.

6. CONSULTATION

- 6.1 The council has a duty to consult on any changes to the scheme. The Council undertook a consultation exercise over a 6 week period, from 3 September 2019 to 15 October 2019, advertising on the council’s website and Facebook page.
- 6.2 The Council only received 1 response, agreeing with both options. However, due to the minimal response it is not possible to determine any conclusions.

7. FINANCIAL IMPLICATIONS

- 7.1 The financial implications of each of the options were discussed.

Option B savings or cost will depend on the decision

Option C may incur additional cost, albeit minimal.

Therefore, the overall impact of these changes will be minimal. Savings to New Forest District Council will be even smaller as the council retains approximately 10% of the total council tax collected.

8. PORTFOLIO HOLDER COMMENTS

8.1 TBC

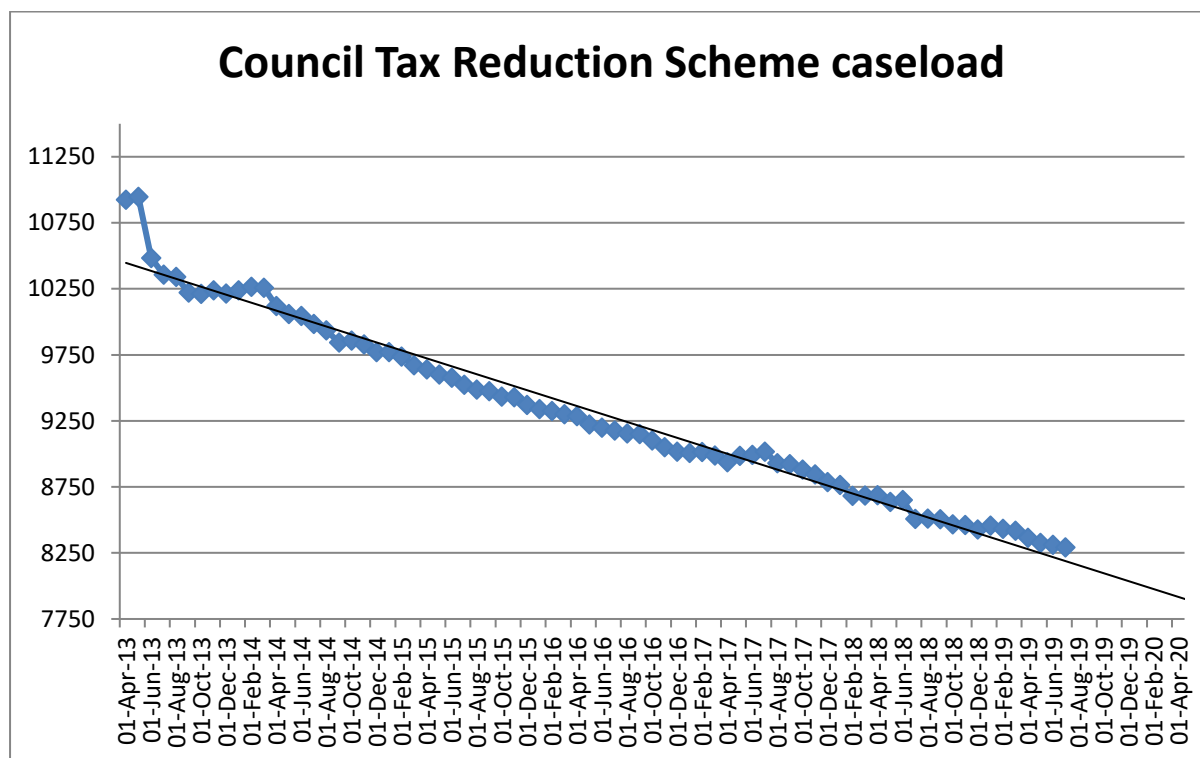
9. CORPORATE OVERVIEW AND SCRUTINY PANELS COMMENTS

9.1 TBC

10. RECOMMENDATIONS

10.1 The Task and Finish Group recommend to the Corporate Overview and Scrutiny Panel that option B and C is adopted.

CTR Caseload



Collection stats

POSITION STATEMENT AS AT 31.3.19

	Nett Amount Due	Total Amount Paid	Outstanding Balance	Collection %
ALL DEBT	£121,379,354,.35	£120,128.314	£1,251,040,.05	98.97%
REDUCTION SCHEMES				
WORKING AGE EMPLOYED	£589,089.22	£484,698.71	£104,390.51	82.28%
WORKING AGE OTHER	£468,547.96	£356,574.94	£ 111,973.02	76.10%
WORKING AGE CLAIMANT - MAXIMUM REDUCTION CAPPED AT 90%	£1,057,637.18	£841,273.65	£216,363.53	79.54%
PENSION AGE	£842,256.90	£848,200.26	£-5,943.36	100.71%
VULNERABLE	£125,028.21	£121,990.95	£3,037.26	97.57%
PROTECTED ENTITLEMENT (PENSION AGE AND VULNERABLE) - NO MAXIMUM CAP	£967,285.11	£970,191.21	£-2,906.10	100.30%
SUMMARY				
ALL REDUCTION SCHEME CASES	£2,024,922,.29	£1,811,464,86	£213,457.43	89.46%
ALL NON-REDUCTION SCHEME CASES	£119,354,432.06	£118,316,849.44	£1,037,582.62	99.13%

POSITION STATEMENT AS AT 31.3.18

	Nett Amount Due	Total Amount Paid	Outstanding Balance	Collection %
ALL DEBT	£114,222,565.18	£112,841,976	£1,380,589.58	98.79%
REDUCTION SCHEMES				
WORKING AGE EMPLOYED	£655,399.00	£556,583.01	£98,815.99	84.92%
WORKING AGE OTHER	£441,574.45	£356,823.97	£84,750.48	80.81%
WORKING AGE CLAIMANT - MAXIMUM REDUCTION CAPPED AT 90%	£1,096,973.45	£913,406.98	£183,566.47	83.27%
PENSION AGE	£830,229.43	£840,574.95	£10,345.52	101.25%
VULNERABLE	£125,674.80	£116,576.09	£9,098.71	92.76%
PROTECTED ENTITLEMENT (PENSION AGE AND VULNERABLE) - NO MAXIMUM CAP	£955,904.23	£957,151.04	£1,246.81	100.13%
SUMMARY				
ALL REDUCTION SCHEME CASES	£2,052,877.68	£1,870,558.02	£182,319.66	91.12%
ALL NON-REDUCTION SCHEME CASES	£112,169,687.50	£110,971,417.58	£1,198,269.92	98.93%

Recovery notices issued

2013/14	CTR	Non-CTR
Reminder	6,805	12,729
Summons	1,289	3,572

2014/15	CTR	Non-CTR
Reminder	6,871	12,727
Summons	1,344	3,828

2015/16	CTR	Non-CTR
Reminder	5,607	13,117
Summons	1,103	3,477

2016/17	CTR	Non-CTR
Reminder	5,485	13,250
Summons	1,082	3,321

2017/18	CTR	Non-CTR
Reminder	5,175	13,141
Summons	888	3,360

2018/19	CTR	Non-CTR
Reminder	4,622	11,339
Summons	909	3,368