

COUNCIL TAX REDUCTION SCHEME 2024/25, HOUSING BENEFIT INCOME DISREGARD AND NATIONAL NON-DOMESTIC RATE RELIEF POLICY REVIEW

1. RECOMMENDATION

- 1.1 That the Resources and Transformation Overview and Scrutiny Panel recommends to Cabinet the following:
- a) to increase the standard earnings disregard and remove the additional earnings disregard, as detailed in Section 7, from 1 April 2024
 - b) that a Task and Finish Group review a Banded scheme during 2024.
 - c) that the full disregard of war pension income in the assessment of Housing Benefit, as detailed in Section 9, be approved
 - d) that the updated National Non-Domestic Rate Relief policy as detailed in Section 10, be approved

2. INTRODUCTION

- 2.1 The purpose of this report is to consider the recommendations of the Council Tax Reduction Task and Finish Group on the Council Tax Reduction scheme, the disregard of war pension income in the assessment of Housing Benefit, and a review of our National Non-Domestic rate relief policy.

3 COUNCIL TAX REDUCTION SCHEME

- 3.1 Members will recall that local authorities are responsible for setting up their own local Council Tax Reduction Scheme to support those of working age on low income with paying their council tax. 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. There are no plans to include Council Tax Reduction within Universal Credit.
- 3.2 The Council must formally approve the Council Tax Reduction Scheme no later than 11 March in any year, to take effect from 1 April.
- 3.3 The Council Tax Reduction Scheme fulfils the prescribed requirements for localised schemes.
- 3.4 There are currently 7,939 claimants receiving Council Tax Reduction. Of these 4,236 are working age and 3,703 are of pensionable age. See Appendix 1 for caseload trend.
- 3.5 The current Council Tax Reduction Scheme costs approximately £9.5 million, with this cost being shared between all precepting authorities. The cost is split between:

Working Age	£4,805,991
Pensioner	£4,734,836

- 3.6 The amount of Council Tax Reduction awarded affects the tax base of each organisation and is not identified within the overall formula grant allocation.

4. REVIEW PROCESS

- 4.1 The Task & Finish Group met to review the current scheme and proposed changes effective from 1 April 2024.
- 4.2 Due to the timing of the District Council election and the lead time required to undertake the necessary detailed analysis and impact assessments, it has not been possible to undertake a full review of the scheme, including consideration of a banded scheme. It is recommended by the Group to consider this in 2024.
- 4.3 The recommendations of the Task & Finish Group are to be considered by the Resources and Transformation Overview Scrutiny Panel, the Cabinet and full Council in December 2024.

5. THE CURRENT LOCAL COUNCIL TAX REDUCTION SCHEME

- 5.1 The council's Council Tax Reduction Scheme protects vulnerable residents so that some of the changes to the scheme do not apply to them, see 5.2 and 5.3 as examples. A person is vulnerable if they (or a partner) are in receipt of Disability Living Allowance, Personal Independence Payments or Severe Disablement Allowance.
- 5.2 The council's Council Tax Reduction Scheme for 2023/24 requires all working age claimants (except vulnerable households) to pay a minimum of 10% council tax.
- 5.3 The council's Council Tax Reduction Scheme also includes:
- Council Tax Reductions are capped at band D (so that claimants living in higher banded properties receive support based on band D). There is no band cap for vulnerable households.
 - A savings limit of £6,000 (£16,000 for vulnerable households), so that claimants with more than £6,000 in savings are not entitled to any reduction.
 - The council's Council Tax Reduction Scheme incentivises work by disregarding £25.00 a week of earnings. For comparison purposes, 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.

6. MATTERS CONSIDERED BY TASK & FINISH GROUP

- 6.1 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 2023/24 council tax bills increased by an average of 5%, meaning council taxpayers having to pay more. This is likely to continue in the forthcoming years.
- 6.2 The Council Tax in-year collection rate for those in receipt of Council Tax Reduction, who are not a pensioner or vulnerable, has reduced from 74.63% to 74.21% and overall in year collection rate for those in receipt of Council Tax Reduction increased from 85.59% to 87.00%.

6.3 Many of the claimants have also been affected by the increase in the cost of living, in particular fuel and food inflation which adversely affects low-income households, although there has been some government support provided. This includes the Council Tax Support Fund, which reduces those receiving Council Tax Support on 1 April 2023 with an outstanding council tax liability by up to £25.00, and a Discretionary Fund, where an additional £10.00 being awarded as well as supporting all new claims for Council Tax Reduction in 2023/24 with a £25.00 reduction in their council tax liability.

7. DISCUSSION ON COUNCIL TAX REDUCTION SCHEME FOR 2024/25

7.1 The group considered reviewing various aspects of the current scheme. This included:

- a) the 10% minimum contribution
- b) the Band D cap
- c) the capital limit of £6,000

7.2 The Group discussed these aspects and agreed to maintain these and not to propose any changes.

7.3 The Group also discussed a Banded scheme and recommended a fundamental review of this be undertaken in 2024 when sufficient time could be devoted to this.

7.4 The Group discussed one proposed change, summarised as follows:

Proposed change	No. of claims affected	Overall financial impact
To remove the Additional Earnings Disregard and increase the Standard Earnings Disregard	Circa 1,400	Minimal

7.5 The Group discussed the reasons and impact of the proposed change.

7.6 Currently, our scheme disregards £25.00 per week from all earnings, irrespective of the number of hours worked, this is known as the standard earnings disregard. There is an additional £17.10 per week disregarded in specified circumstances, where:

- Lone parent working more than 16 hours a week
- Single person working more than 30 hours a week
- Couple where one is working at least 30 hours a week
- The person working receives a disability benefit and works more than 16 hours a week

7.7 Currently, the council is notified electronically from the Department for Work and Pensions of claimants Universal Credit awards. This includes details on earnings of both the claimant and partner, both when making a new claim and when assessing ongoing entitlement. This information is used to work out entitlement to Council Tax Reduction. Notifications are received every time there is a change to a claimant’s or partners earnings, with many households having changes every month as their hours of work varied. Universal Credit Notifications do not include

details about the number of hours worked and this information is needed to ascertain the level of earnings disregard to apply.

- 7.8 To ensure the correct level of disregard is applied, manual intervention is required by officers to review and update every notification received. This means having to contact claimants by either phone, email or letter, to ascertain their number of hours worked, this often results in multiple attempts to contact claimants and retrospective changes to awards, meaning reissuing of decision notices and recalculation and sending of council tax bills. This increased administration, delays processing times and limits the amount of automation that could be done to thousands of notifications received each year.
- 7.9 Our aim is to fully maximise the automation to streamline processes and simplify administration so that the numbers of hours worked is not relevant or required when making decisions on entitlement. By removing the Additional Earnings Disregard (AED) of £17.10 per week and increasing the weekly Standard Earnings Disregard, this would significantly simplify the scheme for the Council and claimants and mitigate the impact. It would also streamline working practices and simplify administration, both for the Council and for claimants, who would not need to continually provide details of the number of hours worked. Increasing automation of earnings notifications would enable more efficient use of resources, reduce costs, and have a bearing on staffing levels.
- 7.10 Members had previously requested further information, including analysis of the impact of this change if it were to be cost neutral, i.e., the change would not result in an increase or decrease in the overall amount of support given from the scheme.
- 7.11 Members noted in the impact assessment regarding the effect on support for working age people. It was noted that removing the AED but increasing the weekly standard earnings disregard by £10.00 would achieve a broadly cost neutral outcome, incurring a small increase in overall costs of circa £8,000, but ensuring a rounded disregard amount (the exact amount to ensure cost neutral would be £9.26). It is noted that the cost would be offset by a reduction in administration costs as detailed in 7.8.
- 7.12 The impact of this change is:
- a) a reduction in support by up to £74.04 per annum for 701 claimants, though potentially this would be mitigated in part, or in full in some cases, by annual upratings.
 - b) an increase in support by up to £104.57 per annum to 733 claimants who would be better off with this change as more of their earnings would be disregarded. This would provide additional financial support to those low-income households working less than 16 hours per week and it would incentivise work.
- 7.13 This change will affect all claims from 1 April 2024.
- 7.14 The Group were made aware of the Exceptional Hardship Payment scheme which is available to support any claimant in exceptional financial hardship with paying their Council Tax due to a shortfall between their Council Tax Reduction and the amount

of Council Tax to pay. Should any reduction in the level of support cause hardship, claimants can apply for Exceptional Hardship Payments.

8. CONSULTATION

- 8.1 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 30 August 2023 to 11 October 2023, advertising on the council's website, social media, residents email, as well as contacting Hampshire County Council and Citizens Advice New Forest.
- 8.2 The Council only received 16 responses, with a range of responses with no clear view. Due to the minimal response received it is not possible to determine any conclusions.
- 8.3 After considering the consultation responses, the Group recommend making the proposed change to the Council Tax Reduction scheme from 1 April 2024.

9. HOUSING BENEFIT DISREGARD OF WAR PENSION INCOME

- 9.1 The Housing Benefit Regulations 2006 provide a £10.00 per week disregard from specified war pension income in the assessment of entitlement to Housing Benefit, with local authorities having discretion to disregard up to 100% of this income.
- 9.2 The incomes in scope are:
- Constant Attendance Allowance
 - Comforts Allowance (higher rate)
 - Comforts Allowance (lower rate)
 - Mobility Supplement
 - War Disability Pension – Unemployability Supplement
 - War Disability Pension
 - War Pensions Additions

- 9.3 The Council currently uses its discretion to disregard 100% of war pension income and there are currently 18 Housing Benefit claims receiving this disregard.
- 9.4 The Group recommend no change so that our long term commitment to disregard 100% of war pension income continues to support ex-service personnel.

10. NATIONAL NON-DOMESTIC RATE RELIEF POLICY REVIEW

- 10.1 The Group reviewed the current National Non-Domestic Rate Relief policy that provides rate relief for businesses paying business rates, see Appendix 2. Rate Relief can be mandatory, discretionary or both, and is granted in accordance with the Local Government Finance Act 1988 and 2012, and the Localism Act 2011.
- 10.2 The Group support the updated policy attached as Appendix 2 and recommend its approval and adoption with immediate effect.

11. FINANCIAL IMPLICATIONS

- 11.1 The financial implications of the proposed changes were discussed.

- 11.2 The proposed change will have a minimal impact on the overall cost of the Council Tax Reduction scheme, increasing total costs by circa £8,000.
- 11.3 To continue to apply a 100% disregard of war pension income in the assessment of Housing Benefit entitlement costs £36,550 per annum.

12. CRIME & DISORDER IMPLICATIONS / ENVIRONMENTAL IMPLICATIONS / DATA PROTECTION IMPLICATIONS

- 12.1 Data held to administer Council Tax Reduction and Housing Benefit are subject to our data retention schedule.

13. EQUALITY & DIVERSITY IMPLICATIONS

- 13.1 Our Council Tax Reduction scheme continues to support those on a low income and protects vulnerable households and proactive steps are taken to promote and maximise take-up. The continuation of disregarding 100% of war pension income supports those who have served in the armed forces.

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Background Papers:

Minutes of Task & Finish Group

Council Tax Reduction Caseload

