

## Report to Cabinet

24 January 2019

By the Cabinet Member for Finance and Assets

**DECISION REQUIRED**



Not Exempt

### Council Tax Reduction Scheme 2019/20

## Executive Summary

This report provides Cabinet with an overview of Horsham's current Council Tax Reduction scheme, along with a recommendation that no changes are made to the scheme for 2019/20.

Cabinet is asked to forward the scheme to full Council for approval.

## Recommendations

The Cabinet is recommended:

- i) To agree to forward a scheme Council Tax Reduction Scheme to Council for decision on 13 February 2019 that:
  - i. Maintains the existing protected groups.
  - ii. Maintains the existing £10,000 capital limit and band D restriction.
  - iii. Maintains the existing practice of charging at least 10% of the Council Tax bill to all unprotected groups.

## Reasons for Recommendations

Council Tax Reduction schemes are annual schemes and therefore require an annual review and approval, even when no changes to the scheme are being proposed.

**Background Papers:** There are no accompanying background papers

**Wards affected:** All wards

## Contact:

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## **Background Information**

### **1 Introduction and Background**

- 1.1 Horsham District Council operates a Council Tax Reduction Scheme to provide financial support for people on low incomes to help them pay their Council Tax.
- 1.2 Regulation requires the Council to review and approve the scheme each year.
- 1.3 Council agreed the current scheme in December 2015 for the year 2016/17. Council made no changes for 2017/18 or 2018/19.
- 1.4 In November 2018 the Council's current revenues and benefits partner pointed out the minimum percentage collected, agreed by Council for 20% in December 2015, is 10% in the Council Tax computer system. Therefore the 2015 increase of minimum contribution from 10% to 20% was not implemented, and therefore not collected. This meant, in practice, the minimum collection level in the 2016/17, 2017/18 and 2018/19 schemes was 10%. The Director of Corporate Resources is preparing a report for the Audit Committee about the governance issues that allowed this mistake to go undetected.
- 1.5 Implementing a 10% increase in Council Tax payments for band D customers alongside the Council Tax rises likely to be implemented by the preceptors would be in the region of £180-200 a year for a band D household, depending on final decisions by preceptors on their Council Tax increases.

### **2 Relevant Council policy**

- 2.1 The Council Tax Reduction Scheme falls under the key objective of supporting our communities by helping those facing financial hardship in the district to pay their council tax.

### **3 Details**

- 3.1 Horsham's Council Tax Reduction scheme currently supports for those on low incomes through a means-tested discount that reduces their Council Tax payments.
- 3.2 The scheme ensures the following protected groups are subject only to the means-test calculation when their Council Tax Reduction discount is awarded:
  - Pensioner households.
  - Lone parents with a child under 5.
  - Households where the means-test attracts an additional premium in their applicable amount due to disability.
  - Households where the customer is in receipt of War Widows Pension.
- 3.3 Any customer who does not fall into one of the protected groups will not be entitled to a discount if their capital exceeds £10,000 and currently:
  - Pays at least 10% of their Council Tax;
  - Has their reduction restricted to the amount they would receive if they lived in a Band D residence in the same location.

- 3.4 The recommendation of this report is that the above scheme remains as applied in the 2018/19 year for 2019/20.

## **4 Next Steps**

- 4.1 This policy will be referred to full Council for decision.

## **5 Views of the Policy Development Advisory Group and Outcome of Consultations**

- 5.1 A public consultation was last carried on the scheme in autumn 2015, when the last changes were made to the scheme. One of these changes, increasing the minimum payment from 10% to 20% was subsequently not implemented.
- 5.2 A no change proposal was presented to the Finance & Assets Policy Development Advisory Group on 5 November 2018. The Policy Development Advisory Group supported the scheme remaining unchanged in 2019/20 with a major review of the scheme in summer 2019 for implementation in April 2020.

## **6 Other Courses of Action Considered but Rejected**

- 6.1 With the on-going roll out of Universal Credit the automated monthly update of customers' income creates complications in billing Council Tax. This can lead to a customer's Council Tax Reduction discount changing monthly and lead to a need for regular rebilling, re-setting instalment arrangements, customer confusion and increased customer complaints. This then creates recovery delays.
- 6.2 Most Councils with an advanced roll out of Universal Credit have changed their schemes to reflect this. At Horsham District Council we will look at a scheme with banded income brackets that will offer some protection from fluctuations in income and prevent the impact on Council Tax recovery.
- 6.3 However, given the timing of the change to LGSS, the slow start of the Universal Credit roll out, and the scale of the work and public consultation involved we recommend not making such a change in 2019/20 but deferring to the scheme for 2020/21. Work will begin on this in April/May 2019.

## **7 Resource Consequences**

- 7.1 As the Revenues & Benefits service is being provided by LGSS on behalf of Horsham District Council under a Partnership and Delegation Agreement there will be no additional resource consequences for Horsham District Council in the administration of the scheme if it decides to continue to adopt its current scheme. A no change option will have minimal or no impact on the Collection Fund.

## **8 Legal Consequences**

- 8.1 The legal authority for Council Tax Reduction schemes comes from:
- 8.1.1 Local Government Finance Act 2012
  - 8.1.2 The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

## **9 Risk Assessment**

- 9.1 As there is no proposed changes to the current Council Tax Reduction scheme a further risk assessment, beyond that prepared with the last changes in 2015, is not required.

## **10 Other Considerations**

- 10.1 With no changes proposed to the current Council Tax Reduction scheme there was no need to consider wider impact this year.