

## ASSEMBLY

29 January 2020

<b>Title:</b> Council Tax Support Scheme 2020/21	
<b>Report of the Cabinet Member for Finance, Performance and Core Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
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<b>Accountable Director:</b> Claire Symonds, Chief Operating Officer	
<b>Summary</b>  The Council has a statutory duty to consider annually whether to revise its Local Council Tax Support Scheme (CTS) or replace it with another scheme. This report recommends keeping the current scheme for use in 2020/21. The Assembly has a legal duty to approve the CTS by 31 <sup>st</sup> January 2020.  The Cabinet is to consider this report at its meeting on 21 January 2020 (the date of publication of this Assembly agenda). Any issues arising from the Cabinet meeting will be reported at the Assembly meeting.	
<b>Recommendation(s)</b>  The Assembly is asked to agree that the Council Tax Support Scheme implemented for 2019/20 be retained for 2020/21.	
<b>Reason</b>  The Council's CTS scheme requires no changes for effective processing of the scheme.	

### 1 Introduction and Background

- 1.1. The Welfare Reform Act in 2012 abolished Council Tax Benefit (CTB) from April 2013 and, in its place, support took the form of a local Council Tax Support Scheme (CTS). The Local Government Finance Act 2012 contains provisions for the setting up of local support schemes. The current scheme in Barking & Dagenham has been based around the Default Council Tax Reduction Scheme and has been previously ratified by Assembly.
- 1.2. The current scheme in operation ensures that;
  - The scheme is means tested
  - Pensioners are protected, i.e. they must be able to receive up to a 100% reduction (a provision of the national pension age scheme).

- Everyone of working age contributes something towards their Council Tax. A “minimum payment” of 25%. There is a 75% maximum on which any entitlement to CTS is based.
- Those who are not pensioners and with capital in excess of £6,000 are not eligible for a Council Tax reduction under this scheme.
- Universal Credit is considered and aligned with the principles of Housing Benefit administration.

## **2. Proposals and Issues**

- 2.1. There are no proposals to change the scheme.

## **3. Financial Implications**

*Implications completed by Katherine Heffernan, Head of Service, Finance*

- 3.1 The Council is required to maintain a Council Tax Support Scheme. This is now funded as part of the Council’s overall funding settlement and so any increases or decreases in take up or cost fall upon the Council’s budget (rather than being provided for by a grant.)
- 3.2 The annual cost of the current scheme does vary somewhat with demand but is in the region of £12.7m to £13m (ie around 20% of total Council tax income.)
- 3.3 This report proposes no changes to the current scheme and so there are no direct financial implications arising. However, it should be noted that where amounts specified such as the applicable amount rise by less than local income inflation this will over time tend to remove households from eligibility and so reduce the cost of the scheme. It must be remembered that households on very low incomes on or near the thresholds for Council Tax Support are likely to struggle to pay their Council Tax and so the true cost to the Council taking into account collection rates, arrears and bad debt is likely to be much lower.
- 3.4 The Council must set aside a discretionary fund for circumstances of exceptional hardship. It is anticipated that a discretionary fund of £50,000 can be created to assist those with exceptional circumstances. This would be monitored and reviewed quarterly, although case law does suggest that if exceptional hardship is shown the Council must grant a discretionary reduction and cannot refuse due to a “depleted budget”. It is therefore vital that a clear policy is implemented so the Council can set their own criteria of whom would qualify for a discretionary reduction. The cost of the discretionary fund will reduce the overall Council Tax collected by £50,000.

## **4. Legal Implications**

*Implications completed by Dr Paul Feild, Senior Governance Lawyer*

- 4.1 The CTS is a continuation of the 2019/20 scheme as approved by the Assembly last year. It was produced following consultations as required by the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012.

4.2 As observed in the report the discretionary hardship fund while set at £50,000 shall be administered according to the exceptional hardship policy and the cap is not a reason for refusal.

## **5. Other Implications**

5.1 **Risk Management** - It is considered likely that keeping the current scheme will continue to make it difficult to collect Council Tax from those entitled to a reduction under the scheme. Presently there are 75,958 live properties with a Council Tax Charge in this borough, as of 30 August 2019, and 15,488 Council Tax Support claims against these properties.

**Public Background Papers Used in the Preparation of the Report:** None.

**List of appendices:** None.