

Agenda Item No: 15 **Report No:** 164/16
Report Title: Local Council Tax Reduction Scheme 2017/18
Report To: Council **Date:** 7 December 2016
Cabinet Member: Councillor Bill Giles
Ward(s) Affected: All
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Purpose of Report:

To adopt a Council Tax Reduction Scheme for 2017/18 as required by legislation.

Officers Recommendation(s):

- 1 That the 2016/17 Council Tax Reduction Scheme be adopted as the local scheme for 2017/18, subject to two minor amendments.
- 2 That Exceptional Hardship fund continues for 2017/18 subject to continued support by the major preceptors.

Reasons for Recommendations

- 1 To clarify the existing Council Tax Reduction Scheme rules for self employed applicants and to clarify the approach taken to the use of Self Employed income for disabled residents in the calculation of financial support for Council Tax.

Information

- 2 The coalition government abolished the national Council Tax Benefit scheme from April 2013 and required local authorities to develop and adopt their own scheme of support for working age claimants. This change came with a 10% cut in funding, for the Council this was c£0.8m.
- 3 To protect pensioner households from any reduction in support, the government put in place a national scheme that local authorities had to adopt. Therefore, any changes to the local scheme only apply to working age households.

- 4 The Council, on 10 January 2013, adopted a local scheme of support for 2013/14 which, in the main, followed the rules of the Council Tax Benefit scheme, as well as agreeing changes to certain council tax discounts and exemptions.
- 5 On 9 December 2015 the Council adopted a revised scheme for 2016/17 that:
 - Limited a Council Tax Reduction to 80% of the council tax liability
 - Assumed a minimum income for working age claimants who have been self-employed for more than 12 month, subject to a number of exceptions for Lone Parents, Carers and those who are both self-employed and on PAYE.
- 6 The current scheme, which is similar to the schemes adopted by Eastbourne, Rother and Wealden councils follows the principles of protecting the most vulnerable, incentivising individuals into work and taking into account and meeting the financial pressures on the Council and the major preceptors.
- 7 The changes made to the 2016/17 scheme have reduced the overall cost of the scheme by c£1.3m to c£6.5m against the cost of the scheme in 2015/16

Proposed Changes to the Scheme for 2017/18

- 8 To clarify the level of income that will be used when calculating Self Employed income for the purpose of determining entitlement to support under the Council Tax Reduction Scheme. The proposed rewrite of paragraph 29A.1 (see Appendix A) of the current scheme does not alter the current workings of the scheme. The amendment has been proposed due to external challenge that the existing paragraph is ambiguous.
- 9 To reduce the Minimum Income Floor for working age self-employed applicants (or partners) that are registered blind or are in receipt of one of the following:
 - Disability Living Allowance (DLA)
 - Personal Independence Payment (PIP)
 - Armed Forces Independence Payment (AFIP)
 - Working Tax Credit with a disability element
 - Attendance Allowance
 - Constant Attendance Allowance
 - War Pensioners Mobility Supplement
 - Severe Disablement Allowance
 - Incapacity Benefit (long term)

In these cases we will use either their actual self-employed earnings or 16 hours at the minimum/living wage (as opposed to 35 currently) – whichever is the higher - in the calculation of entitlement to support under the Council Tax Reduction Scheme. This change will have a beneficial effect on these households in that they will receive additional financial support for their Council Tax where their actual earnings are below the current 35-hour threshold.

Exceptional Hardship Fund

- 10** An Exceptional Hardship fund of £39,000 was established for 2016/17 to provide additional support to those most affected by the 20% reduction in liability and the change to the way self-employed claims are assessed.
- 11** The Exceptional Hardship scheme mitigates the impact of any changes to the current local scheme that severely affects someone's ability to pay the tax due. As at the 31 August 2016 we had made 14 awards.
- 12** Discussions will take place with the major preceptors to gain their agreement to continue supporting the fund in 2017/18

Financial Appraisal

- 13** It is estimated that the impact of the proposed change would be to reduce the annual amount of collectable Council Tax by approximately £5,000, a loss of revenue to Lewes District Council of approximately £600 per annum.

Legal Implications

- 14** There is a statutory duty to review the scheme annually and make any decisions no later than 31 January in each financial year.

Risk Management Implications

- 15** The Risk Assessment form has been completed

Equality Screening

- 16** There are no equality implications arising from this report. Currently 9 households with a disabled applicant or partner would benefit financially from the proposed change.

Background Papers

- 17** 2016/17 Council Tax Reduction scheme - http://www.lewes.gov.uk/Files/ctax_ctrs_guidance.pdf
- 18** Council Tax Reduction Scheme Exceptional Hardship Policy - http://www.lewes.gov.uk/Files/ctax_EHP_policy.pdf.

Appendices

Appendix A – Proposed changes to the Council Tax Reduction Scheme.