

Meeting: Council

Date: Wednesday 18 November 2015

Subject: Local council tax reduction scheme

Report of: Councillor Alan Shuttleworth on behalf of the cabinet

The council is asked to consider the minute and resolution of the cabinet meeting held on 21 October 2015 as set out below.

Further copies of the report to cabinet are available on request – please see end of this report. A copy may be seen on the council's website by following the link below:

<http://democracy.eastbourne.gov.uk/ieDocHome.aspx?bcr=1>

The council is recommended to:-

Approve the cabinet's recommended changes to the scheme.

***33 Local council tax reduction scheme**

33.1 Councillor Tony Freebody addressed the cabinet. He had a number of concerns asking if there a definition of exceptional hardship should be given in the proposed policy and the impact of the proposed policies upon people with profound and severe learning disabilities.

33.2 Cabinet considered the report of the senior head of community. The council was under a duty to review its local scheme each year and any changes to the scheme must be adopted by 31 January preceding the start of the new financial year.

33.3 The current scheme, which was also adopted by the other East Sussex districts and boroughs, followed the principles of protecting the most vulnerable, incentivising individuals into work and took into account and responds to the requirement of government to reduce the cost by 10% of the previous council tax benefit scheme. Key features of the adopted were the removal of the second adult rebate, a minimum award of £5 per week, and a reasonable increase in non-dependant deductions.

33.4 A county-wide project team reporting to chief executives and council leaders had been set up to consider options for the 2016/17 scheme. This review was being conducted against a need for councils to seek budget savings in the face of continuing funding reductions by the government. The estimated net cost to the council of the council tax reduction scheme for 2016/17, without making any changes, was £351,000 – a significant

increase over an estimated cost of £18,000 if government grant had been maintained at 2013/14 levels.

33.5 The following of options were put forward for consideration:

- Limiting council tax reduction (CTR) to a percentage of the council tax liability.
- Assumption of a minimum income for self-employed claimants.
- Reduction of the capital limit to £6,000 (currently £16,000).

It was noted that many local authorities had adopted a minimum level of 20% and that a similar limit in Eastbourne on current costs would save £164,629 and affect 5,672 claimants.

33.6 Alongside the above options it was proposed that a separate exceptional hardship fund be created to mitigate the impact of any changes to the local scheme. The report also highlighted the possible impact on collection rates from changes to the scheme and need to take steps to minimise any fall in collection and outlined the staffing arrangements and costs necessary to administer the hardship fund which would be shared among all the precepting and billing authorities.

33.7 The following papers were included with the report:

- Draft exceptional hardship scheme
- East Sussex County Council response to consultation.
- Consultation results and comments.
- Equality and fairness analysis.

The draft local council tax reduction scheme was available as a background paper. Cabinet considered the responses to the consultation and the question of granting transitional relief.

***33.8 Resolved (budget and policy framework):** (1) That full council be asked to (a) approve the following changes to the current council tax reduction scheme:

- To limit the maximum amount of council tax reduction to 80% of the claimant's council tax liability.
- To introduce a minimum income floor for self-employed claimants.

and (b) agree that no transitional arrangements be made in respect of the above changes.

(2) That the senior head of community, in consultation with the deputy chief executive/S.151 officer, be given delegated authority to make minor amendments to the text of the final scheme.

(3) That the exceptional hardship scheme be adopted.

For a copy of the report please contact Local Democracy at 1 Grove Road,
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