



## INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
SHARED SERVICE	FINANCE AND DEMOCRACY COMMITTEE	25 JUNE 2018	11
<b>BENEFITS UPDATE – COUNCIL TAX DISCRETIONARY AWARDS</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY OF INFORMATION

The purpose of this report is to provide an overview of the Council Tax Reduction Discretionary Scheme and an analysis of the awards made since the scheme's introduction in April 2013.

### SOURCE OF INFORMATION

Procedures and working practices of the Revenues and Benefits Shared Service.

### LINK TO INFORMATION

Briefing note attached, - evidence referenced in the report is taken from the core processing system used by the service.

### WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

This information is provided to enable the committee to review details of the scheme, how awards are determined and an analysis of the awards since its introduction in April 2013.

### FURTHER INFORMATION

Contact: Louise Jones, Head of Benefits

Tel: 01253 478885      Email: [louise.jones@blackpool.gov.uk](mailto:louise.jones@blackpool.gov.uk)



# INFORMATION NOTE

## BENEFITS UPDATE – COUNCIL TAX DISCRETIONARY AWARDS

### 1 INFORMATION AND BACKGROUND

As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished after 2012/13. In line with all local authorities from April 2013 Fylde Borough Council adopted a local Council Tax Reduction (CTR) Scheme to replace Council Tax Benefit.

Previously the cost of Council Tax Benefit was met in full by the Department for Work and Pensions (DWP). Under the revised arrangements Councils receive funding for their CTR scheme as part of the total funding settlement. For 2013/14 this was a separate element within the funding settlement and was identifiable as an amount of 90% of the cost of the Council Tax Benefit regime. From 2014/15 onwards funding for the CTRs has not been a separate identifiable element of the overall funding settlement. Each local CTR scheme must incorporate the national scheme for pension-age claimants. This ensures that pensioners' support will continue at the previous level (i.e. as they received under the Council Tax Benefit regime).

In order for the scheme to have a neutral financial impact on the Council, the level of support provided meant residents had to pay a minimum of 8.5% of their Council Tax for 2013/14 and 22.7% in subsequent years following a means-tested assessment.

### 2 DISCRETIONARY RELIEF

The provision of discretionary relief to provide support for claimants in exceptional circumstances, and who are unable to increase their income from other means, is a key element of the operation of the scheme. Section 76 of the Local Government Act 2003 in respect of Council Tax (as amended by section 13A of the Local Government Finance Act 2012) empowers a billing authority to reduce the amount of Council Tax as it thinks fit.

In order to mitigate part of the impact of the CTR scheme on the most vulnerable households, the Council has adopted a Discretionary Discount Policy under the above powers. Strict criteria are used to determine if any additional relief is appropriate and the level of any such award. Awards are made only in exceptional circumstances to those unable to increase their income.

The aims of the Discretionary Discount Policy are to:

- Provide a mechanism for the Council to support members of the community to enable them to meet the financial burden of local taxation
- Help residents in receipt of Council Tax Reduction who are unable to increase their income
- Alleviate poverty
- Help those who are trying to help themselves
- Support people who are starting work
- Support the most vulnerable in the local community
- Help customers through difficult personal events

For an award of CTR discretionary discount to be considered, the applicant must be:

- In receipt of CTR; and
- Have a shortfall between the level of CTR and their Council Tax liability; and
- In the opinion of the Council, be in need of further assistance with Council Tax in accordance with the qualifying criteria.

Requests for further reductions in Council Tax liability will be required in writing from the customer, their advocate / appointee or a recognised third party acting on their behalf.

Each case will be considered on its merits however all of the following criteria should be met:

- There must be evidence of hardship or personal circumstance that justifies a further reduction in Council Tax liability.
- The Council must be satisfied that the customer has taken reasonable steps to resolve their situation prior to application.
- The customer does not have access to other assets that could be realised and used to pay the Council Tax.
- All other eligible discounts/reliefs have been awarded to the customer.

### 3 WORKING AGE CASELOAD

A total of 5,071 customers are currently claiming CTR in Fylde. Of these, 49.6% are pensioners who continue to receive the same level of support as they did under Council Tax Benefit.

Working Age customers make up 50.4% of the caseload and a breakdown of the income categories for these customers is shown below for information.

	Income Support	Job Seekers Allowance (Income Based)	Employment Support Allowance (Income Based)	Working	Universal Credit	War Pensioners	Other *	Total
<b>Total</b>	319	177	1,052	675	226	6	101	2,556
<b>Of these, number in receipt of disability benefits (PIP or DLA)</b>	126	28	709	104	13	4	34	1,018

\*Other includes the following incomes: Industrial Injuries Benefit, Statutory Maternity Pay, Maternity Allowance, Job Seekers Allowance (Contributions Based) and Employment Support Allowance (Contributions Based).

### 4. WHAT HELP IS AVAILABLE TO RESIDENTS ON COUNCIL TAX REDUCTION

A discretionary fund of £10,000 was set aside when the scheme was introduced in April 2013. Since then, awards have been made as follows and the balance of the fund at 31<sup>st</sup> March 2018 was £6093.50.

Year	Number of Awards	Value
2013-14	6	£344.22
2014-15	9	£1,705.00
2015-16	2	£156.91
2016-17	7	£1,137.37
2017-18	7	£563.00

When an application is received an income and expenditure form is completed in respect of the applicant/customer. This includes information on non-essential expenditure, disability related expenditure, debts etc. to assist in determining whether an award should be made. The customer also has the opportunity to provide additional information they believe is relevant.

Where non-essential expenditure is identified the customer is encouraged to prioritise their Council Tax debt in the first instance and reduce non-essential spend. Where the customer is in receipt of disability income disability related expenditure is identified and available income is reduced accordingly.

Quite often it is a Discretionary Housing Payments (DHP) application that is made in the first instance for assistance with a rent shortfall but an award for Council Tax Reduction would always be considered at the same time. If the customer can be assisted by an award of a DHP rather than a CTR discretionary award then this would be done. By awarding a DHP, with weekly awards considerably higher than Council Tax discretionary payments, we are freeing up more of the customers income to be able to start making payments on their ongoing Council Tax and set up arrangements for arrears. This also has the added advantage that the DHP monies are provided annually by Central Government.

Similarly, if we are aware that customers should be in receipt of other benefits that they are not claiming then they would be encouraged to claim these in the first instance after which they may be able to afford Council Tax repayments.

Finally, if customers have high non-essential expenditure (typically for example Perfect Home or Brighthouse loans, Sky TV subscriptions etc.) they are encouraged to cancel these arrangements. If a customer is in debt they are signposted to the Citizens Advice Bureau or to online debt advice websites for further advice and assistance.

Awards are often for a short duration to assist the customer to rectify other issues e.g. to seek debt advice or claim benefits they should be entitled to.

Owing to the relatively low number of awards since the scheme was introduced, no significant trends have been identified to enable further promotional activity to particular target groups.

However, it is clear from analysis undertaken that one group of customers who regularly apply to the scheme have seen a reduction in their household income when their disability income stops and they are awaiting the outcome of an appeal with the Department for Work and Pensions. Short term assistance in such cases is often provided whilst an appeal is waiting to be heard.

Given that there is no pattern of repeat claims for these customers the scheme in its present form is regarded as a successful short term assistance measure. Other categories of people assisted through the scheme include people with terminal illnesses, full time self-employed and working customers who have needed short term assistance due to illness, financial or other family issues.

It is recognised that customers in receipt of minimum passported benefits e.g. Job Seekers Allowance are the least likely to be able to afford the 22.7% Council Tax amount payable. However, these groups should be able to increase their income through seeking work and therefore have an alternative remedy rather than a discretionary award.

## **5. HOW IS THE COUNCIL TAX REDUCTION DISCRETIONARY SCHEME PUBLICISED**

As the CTR discretionary fund is limited, the scheme is not actively promoted to residents. However, information is available on the Council's website and posters are located in the One Stop Shop offices. All Fylde One Stop Shop and shared service staff are aware of the scheme. Where Council Tax arrears are identified and customers state they are struggling to pay their bill they are signposted to the scheme to make an application.

Overall, the holistic approach of considering CTR discretionary awards at the same time as a Discretionary Housing Payment or recommending an application when a customer contacts to say they are unable to pay for their Council Tax ensures that for the majority of customers' issues with paying their Council Tax will be flagged at some point in these processes and appropriate assistance can be offered.

## **6. WHAT HELP IS AVAILABLE TO RESIDENTS NOT IN RECEIPT OF COUNCIL TAX REDUCTION**

In respect of applications for discretionary discount for customers who are not in receipt of Council Tax Reduction, very few such requests are received. The circumstances of each case are considered individually and during 2017-18 only one award has been made in the sum of £812.49. These awards are met by all preceptors according to their share of the income collected through the Collection Fund and therefore only a relatively small proportion of the cost (around 12%) is met by Fylde Council and the remainder being met by the other precepting authorities.

Other Council Tax discounts are available and are advertised on the Fylde website and on the Council Tax Information sheet which is issued at the time of annual billing or with each new bill sent out. Ways to contact the service to discuss advice or support vulnerable customers require are also advertised on the bills. One Stop Shop staff and shared service practitioners are also aware of what discounts or additional assistance may apply given

someone's individual circumstances.

As well as single person discounts other discounts available are for a wide range of reasons e.g. persons in a care home or empty unfurnished properties and also for residents with a severe mental impairment. The discount for severe mental impairment requires the applicant to be in receipt of a relevant state benefit and be confirmed as severely mentally impaired by a medical practitioner.

## **7. IMPACT OF GENERAL DATA PROTECTION REGULATION (GDPR) ON CTR DISCRETIONARY AWARDS**

Where explicit consent is not requested from the customer the Council needs to have a lawful basis in order to process data. The administration of Council Tax, Council Tax Reduction and Discretionary Housing Payments all meet that requirement and it is consistent with Article 6(1)(e) of the General Data Protection Regulation that it is in the public interest to share this information for the purposes of awarding a Council Tax discretionary award.

If the Council wished to undertake a take-up campaign with a particular target group e.g. persons on Council Tax Reduction entitled to Personal Independence Payments then again there has to be a legal basis to do so. As the marketing campaign would be deemed to be in the public interest then we would be able to contact these customers.

Privacy notices and information sharing agreements have been amended in order to minimise any operational data sharing restrictions as a consequence of GDPR.

The shared service will ensure that the privacy notices make it clear to the customer what their data will be used for and who their information will be shared in order to maximise their discretionary awards.