

CABINET

20 August 2019

COUNCIL TAX-COUNCIL TAX SUPPORT, CARE LEAVERS RELIEF AND EMPTY HOMES PREMIUM

Report of the Strategic Director for Resources

Strategic Aim:	All	
Key Decision: No	Forward Plan Reference: FP/280619	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance.	
Contact Officer(s):	Saverio Della Rocca, Strategic Director for Resources (s.151 Officer)	01572 758159 sdrocca@rutland.gov.uk
	Andrea Grinney, Revenue and Benefits Manager	01572 758227 agrinney@rutland.gov.uk
Ward Councillors	All	

DECISION RECOMMENDATIONS

That Cabinet:

1. Recommends to Council to continue with the existing the Local Council Tax Support (LCTS) scheme and to adjust it annually for inflation in line with the Governments Adjudications and Operations Circulars from 2020/21 financial year and onwards.
2. Recommends to Council to retain the existing Discretionary Fund Policy and to approve the addendum to the Policy for Care Leavers detailed at Appendix A effective from 2020/21 financial year and onwards.
3. Notes that Council has approved that the Strategic Director for Resources (s.151 officer) in consultation with the Cabinet Member with portfolio for Finance, can make minor changes to the Local Council Tax Support scheme and the Discretionary Fund as a result of best practice, guidance or legislation.
4. Approves that Officers undertake a public consultation on the premium for long term empty homes as described in the report and detailed at Appendix B.

1 PURPOSE OF THE REPORT

- 1.1 To review whether any changes are required to the Local Council Tax Support scheme and the Discretionary Fund for 2020/21 financial year and onwards.
- 1.2 To seek approval of the Care Leavers addendum to the Discretionary Fund Policy to ensure that the Council is helping care leavers to achieve financial stability by alleviating the pressure of paying Council Tax up to the age of 25.
- 1.3 To seek approval to undertake a public consultation exercise in order to ascertain people's views about making changes to the Council Tax premium on empty homes that have been unoccupied for over two years.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Government abolished Council Tax Benefit from 1st April 2013. All billing authorities had to replace this with a local scheme by 31st January 2013. A significant amount of work was undertaken to model, forecast and consult on an affordable scheme for 2013/14. The Council approved a scheme in January 2013 (Report 2/2013), adopted the same scheme in 2014/15 (Report 226/2013) and 2015/16 (Report 185/2014), and undertook a full review in October 2016 for 2017/18 onwards (Report 166/2016). Members have not reviewed the scheme since that time. It is prudent to review the scheme periodically to assess whether there is a compelling reason to change. This review is covered in Section 3.
- 2.2 The Council also approved a Discretionary Fund (DF) alongside LCTS in January 2013. The DF was reviewed in December 2013 (Report 256/2013) and again in January 2015 (Report 2/2015). In 2016 (Report 166/2016) the budget was reduced from £50k to £25k per annum. The budget is now £20k following a further small saving. It is worthwhile reviewing this fund alongside the main LCTS scheme. This is covered in Section 4.
- 2.3 In July 2016, the Government published 'Keep on Caring' which outlines the strategy to improve the lives and life chances of care leavers. The document identifies five key outcomes. The fifth outcome is that care leavers should achieve financial stability. The report provides an example of an authority that has exempted care leavers from paying council tax as good practice. This can be achieved in Rutland by inserting an addendum to the existing DF as detailed at point 5 below.
- 2.4 Since April 2013, local authorities have been able to charge a premium for empty homes. The Council set our premium at the maximum level of 50% from 1st April 2018 following a public consultation (Report 148/2017 and 165/2017). Since then the Government have given local authorities the discretion to increase the premium. Officers are requesting approval to consult on the premium as details at point 6 below.

3 LOCAL COUNCIL TAX SUPPORT SCHEME

- 3.1 The Local Council Tax Support scheme (LCTS) is means tested and provides support to people of working age who are on a low income by reducing their Council Tax bill by up to 75%.

3.2 Pensioners are not affected and can receive up to 100% support. The Government decide the rules that pertain to pensioners.

3.3 LCTS is largely based on the abolished Council Tax Benefit scheme and takes into account: the make-up of the household, i.e. single, couple, any children, non-dependents, any disabilities, they may have, their earned and unearned income and any savings held. For example:

- Ms Y, aged 35 is a single parent to Jay aged 10 and Lucy aged 7. She has recently been made redundant and has claimed LCTS. She is entitled to £17.24 per week, which is a 75% reduction on her Council Tax bill. This has reduced her monthly instalments from £119.00 to £30.00.
- Mr & Mrs T are a pension age couple. Their only income is from state pension. They are entitled to £23.00 per week, which is 100% of the Council Tax bill. Therefore they have nothing to pay.

3.4 The table below details the split between working age and pension age and what we have spent:

Year	Working age Number /%	Spend	Pension Age Number/%	Spend
2013/14	1,043 / 47%	£457,337	1,154 / 53%	£1,017,349
2014/15	1,001 / 48%	£436,457	1,098 / 52%	£951,402
2015/16	951 / 48%	£423,440	1,020 / 52%	£889,645
2016/17	928 / 49%	£429,492	978 / 51%	£892,861
2017/18	874 / 48%	£438,744	929 / 52%	£895,617
2018/19	826 / 47%	£443,818	926 / 53%	£908,368

3.5 The table below breaks down working age claimants by marital status and whether or not they have children in their household. This demonstrates that there has been a gradual change over the last six years which is attributed to wider welfare reforms i.e. pension age is increasing and older people have less dependent children and the restriction of benefit to the 'two child allowance' meaning larger families with more income are less likely to qualify.

Year	Single	Couple without children	Lone parents	Couple with children	Disabled*
2013/14	37.3%	8.6%	32.2%	21.8%	6.0%
2014/15	36.7%	8.9%	33.5%	21.0%	4.8%
2015/16	38.7%	8.6%	33.1%	19.6%	5.4%

2016/17	41.6%	8.2%	34.2%	16.1%	4.6%
2017/18	41.7%	9.8%	31.4%	17.0%	5.6%
2018/19	43.4%	8.8%	32.9%	14.8%	3.5%

*Disabled claimants also fall into one of the other categories.

3.6 The Council established five main principles for the scheme. The principles are detailed below with an assessment of whether they are still being met.

3.7 Principle 1 - The scheme should reduce the overall cost of benefits

3.7.1 Prior to LCTS, the Government funded council tax benefit. The Council historically paid out £1.8m in benefit but was only given c£1.5m to develop and run its own scheme. The original scheme was designed to deliver a service within the £1.5m funding envelope.

3.7.2 The cost has decreased slightly from £1.466m in 2014/15 to £1.352m in 2018/19 because claimant numbers are reducing; in 2013/14 there were 2,197 (1,043 working age) claimants – this has reduced to 1,739 (813 working age) in 2018/19.

3.8 Principle 2– Support should be directed to those most in need

3.8.1 The scheme is means tested and take into account various factors including a claimant's income, savings, age, family circumstances and disability. If claimants fall below a level of income (for their set of circumstances) then the Council will provide some support.

3.8.2 In 2016 we reviewed the scheme as follows:

- We added a new principle to ensure that the scheme is aligned as far as possible to other benefit regulation changes and delegated authority to the Assistant Director (Finance), in consultation with the Cabinet Member with portfolio for Finance, to make minor changes to LCTS and DF as a result of best practice, guidance or legislation;
- We reduced the DF budget from £50k to £25k; and
- We introduced the annual adjustment for inflation in line with the Governments adjudications and operations circular.

3.8.3 The means tested model is believed still to work as:

- Collection rates are still high- we collected 98.8% of Council tax in 2018/19;
- The Council is not seeing applications for extra help from specific groups which could indicate problems or issues with the scheme; and
- There have been no complaints about our scheme.

3.8.4 Additional support can also be given through the DF by reviewing the income and expenditure of households.

3.9 Principle 3 – Incentives to work should be included

3.9.1 Various provisions were built in to promote working such as allowing those in work to keep more of their earned income before it is taken into account and support reduced.

3.9.2 There has also been a reduction in the number of households claiming LCTS. In 2013/14 there were 1,043 working age people claiming LCTS, in 2018/19 this has fallen to 813.

3.10 Principle 4 – The scheme should be broadly in line with those of other authorities in the area

3.10.1 The scheme is broadly similar to other neighbouring schemes as they are also means tested and are based on the abolished Council Tax Benefit system.

3.10.2 Other local authorities have reviewed their scheme periodically in a similar way.

3.11 Principle 5 – the scheme is affordable to the authority

3.11.1 The issue of affordability is very relevant. The Council has no knowledge of its possible financial settlement beyond 19/20 and may have to make savings of £1m - 2.5m over the life of the MTFP so the scheme may not be affordable in the long term.

3.11.2 If Members wished to reduce the cost of the scheme further this would mean reducing the entitlement of c800 working age claimants (the scheme for pensioners cannot be changed as it is set nationally)

Saving	Average support loss per claimant per annum
£50k	£60
£100k	£121
£200k	£242

3.11.3 The example below details the impact of this for a couple with two children and an overall saving target of 20% (£90,000).

Mr and Mrs X live in Uppingham with their children aged 12 and 8. Mr X works full time, their total household income is £1,400 per month. They receive £7.40 per week LCTS and this means their Council Tax instalments are £80 per month. If we reduce LCTS they will receive £5.92 per week and their Council Tax instalment would increase to £89 per month.

3.11.4 Whilst in principle reducing support levels could deliver a saving, there are various factors that may offset this:

- a) Any changes are likely to result in significant technology costs along with the necessary resources to implement, train staff, revise literature and communicate to customers. The cost of this is likely to be c£50k (software costs alone would be a one off c£40k)

- b) Those 'losing' support may well seek additional help through the Discretionary Fund. Assuming 10% of those impact apply then we would need additional staffing to process and respond to claims and possibly require a top up to the DF.
- c) Other LAs making changes have seen collection rates dip. A 0.1% change would mean £30k pa and increase the amount of debt recovery work.

3.11.5 If the Council wants to change the scheme then a full public consultation would be required.

3.12 Principle 6 - the scheme is aligned as far as possible to other benefit regulation changes.

3.12.1 This principle was added when the scheme was reviewed in 2016 because the Government are updating Housing Benefit regulations in line with the welfare reform agenda but are not updating the default LCTS scheme and this can be confusing for claimants and officers.

3.12.2 The rollout of Universal Credit (UC) commenced in Rutland in October 2017. Working age residents are starting to claim UC instead of Housing Benefit. Existing Housing Benefit claimants do not have to migrate to UC until they are told to do so by the DWP. Managed migration to UC is currently being tested in Harrogate but no plans for the rest of the country have been announced yet. However, the DWP state that it should be completed by June 2024. Nationally there are c£2m people claiming UC and c£6m yet to migrate.

3.12.3 Other welfare reforms are continuing as well. Some highlights are as follows:

- Mixed age couples- from May 2019 couples will only be able to access the pension age income-related benefits when both partners have reached the qualifying age. This means that some couples will be classed as working age for longer (i.e. until the youngest reaches the pension qualifying age).
- Severe Disability Premium (SDP) – this is an extra amount that is included in some means tested benefits to help with the cost of disability. SDP has not been included in UC and as a result of a High Court case, people in receipt of SDP will not move to UC until managed migration. People who are claiming UC and have 'lost out' are being compensated.
- Child Poverty Action Group (CPAG) have recently won a case at the Court of Appeal concerning how the DWP were unlawful in how it was using income in an assessment period which was causing the UC award to fluctuate, and this was causing significant hardship to the claimants. It is likely that the DWP will change their approach in light of this decision.

3.12.4 It is worth noting that some authorities are starting to move away from a means tested scheme and adopting an alternative discount based or income banded scheme for a number of reasons:

- UC payments can change from month to month and this has a knock on effect of changing Council Tax instalments every month which is difficult for

taxpayers to manage. Moving to an alternative scheme gives taxpayers more stability.

- The changes detailed above are also time consuming for officers to administer. Moving to an alternative scheme reduces the administrative burden for the authority and reduces the overall cost by reducing the resources required to administer the scheme.
- Means tested schemes are based on Council Tax Benefit which was abolished in 2013. Incorporating numerous changes to welfare benefits over the years is making schemes complex and hard for taxpayers to understand. When changing schemes most are simplifying it.

3.12.5 Based on the above, we may want to consider changing our scheme in the future when the impact of UC is known and as and when our neighbours decide to review their schemes.

3.13 Summary

3.13.1 The review detailed above has established that the scheme largely continues to deliver on its objectives and at this time there is no compelling reason to make any amendments other than to continue to adjust for inflation in line with the Governments annual Adjudication and Operations Circulars (this ensures that the value of support stays the same in real terms).

4 LOCAL COUNCIL TAX SUPPORT DISCRETIONARY FUND

4.1 The Council approved a Discretionary Fund (DF) alongside LCTS in January 2013. The DF was reviewed in December 2013 (Report 256/2013) and again in January 2015 (Report 2/2015).

4.2 The DF supports the LCTS scheme and can provide additional top-up financial support of up to 100% off their Council Tax bill. Each case is assessed on its own merits against set criteria. Expenditure and personal circumstances are also taken into account i.e. medical inability to work due to health reasons, carer responsibilities.

For example: Mr K aged 59, is unable to work due to a disability. He is claiming Employment Support Allowance and Personal Independence Payments. He is required to attend numerous medical appointments which is costly as Mr K is not able to drive and has to arrange for a taxi. Mr K receives £22.84 per week in LCTS and has Council Tax instalments of £39 per month. Upon application Mr K was awarded a top up of 25% which has remitted his Council Tax bill in full for the financial year.

4.3 The following table details the number of awards for the financial years and the expenditure:

Year	Number of awards	Average value of awards	Number of applications rejected	Total expenditure
2013/14	129	£114,70	68	£14,796
2014/15	172	£140.59	42	£24,182
2015/16	144	£121.17	47	£17,449
2016/17	102	£245.66	24	£25,057
2017/18	64	£167,12	39	£10,696
2018/19	75	£203.37	21	£15,253

4.4 The DF appears to be working well:

- It is well publicised with references made in reminder letters and other literature;
- The fund is not over subscribed;
- Collection rates remain strong as indicated above; and
- There have been no appeals or complaints in the last 3 years.

4.5 The view is that there is no compelling reason to change the DF at this time as it is working well. For reasons cited above, removing the DF would also be undesirable. All local authorities are obliged to consider cases of hardship under Section 13a of the LGFA 1992 so even if the DF was reduced we would have to have some arrangement in place for responding to applications for additional support under hardship.

5 CARE LEAVERS

5.1 We currently provide support to care leavers using the Local Council Tax Support scheme (LCTS) which can reduce care leavers Council Tax bills by up to 75%. We can top this up to 100% using the Local Council Tax Support Discretionary Fund (DF) as care leavers up to the age of 22 are named as a vulnerable group and eligible to apply.

5.2 In order to claim LCTS and DF, the care leaver must complete a LCTS application form, a DF application form and provide supporting evidence for their income and expenditure. This process can be overwhelming for care leavers who have little experience of undertaking such tasks and do so without the support of their family to help them.

5.3 A number of local authorities, including our neighbours, have already introduced Council Tax relief for care leavers by creating a new relief or by formalising and simplifying their existing arrangements to support the Government's strategy. We propose to continue giving discounts but to simplify arrangements. Care Leavers or

their representative will be required to complete a simple application form which is then endorsed by their Personal Advisor. This removes the existing requirement of making applications for LCTS and DF and providing supporting evidence. If the care leaver's circumstances do not change; the relief will remain in place until they reach their 25th birthday.

5.4 An addendum to the Discretionary Fund Policy (Appendix A) details how we will support care leavers up to the age of 25 by alleviating the pressure of paying Council Tax and making the application process easier.

5.5 Eligible care leavers will receive the following amount of relief:

- Care leavers who are solely liable to pay council tax will have their bill reduced to nil.
- Care leavers who are jointly liable with another person (their partner or joint tenant) will have their bill reduced to nil.
- Where a care leaver is a resident of another household but not liable to pay the bill, the taxpayer will receive a 50% reduction.

6 LONG TERM EMPTY HOMES PREMIUM

6.1 Since 1st April 2013, local authorities have been able to charge a premium for empty homes that fall into certain defined categories. We set our premium at the maximum level of 50% from 1st April 2018. Since then, the Government have introduced new measures to enable local authorities to increase the premium as follows:

- A maximum of 100% premium for properties that have been empty for less than five years;
- A maximum of 200% premium for properties that have been empty for more than 5 years; and
- From 2021/22 onwards, a maximum of 300% premium for properties that have been empty for at least ten years.

6.2 The Government provide a number of property exemptions at 100% for homes that meet certain criteria i.e. the owner is in a care home or the owner has died. The Council has no power to change these. The Government has also provided for some exceptions from paying the premium for armed services personnel who are away from their home as a result of their service and annexes that form part of a single property.

6.3 There are two key factors that support a review at this time:

- Financial pressure that the Council continues to face the Council faces a financial gap of c£1m-£2.5 over the life of the MTFP and introducing the premium may generate income of c£500k - £550k; and
- Increasing pressures to bring long term empty homes back into use – there are 38 homes in Rutland that have been empty for more than two years.

- 6.4 Approval is being sought to undertake a public consultation to seek views on our premium percentage for long term empty homes. The draft consultation is attached at Appendix B.
- 6.5 If approved, the consultation will run until 2nd October 2019. During this time officers will promote the consultation using a number of methods including; a mailshot to a random selection of residents and empty home owners, social media promotions and a flyer included with all communications from the Revenues and Benefits team.

7 CONSULTATION

- 7.1 LCTS - The Council is required to consult with the major precepting bodies and the public when making changes to LCTS Scheme. However no changes are being recommended.
- 7.2 DF and Care Leavers - The DF is not part of the main scheme as is it established under s13A (1)(c) of the Local Government Finance Act 2012. This means that each application is determined entirely at the discretion of the Council and consultation is therefore not required in law in order to make changes to the DF including an addendum for care leaver's relief.
- 7.3 Long Term Empty Homes Premium - Although there is no statutory duty to consult on the premium for long term empty homes, all public authorities have a duty to act fairly in the exercise of their functions and to consider whether consultation is required. The Council consulted in 2017 when considering introducing the premium, therefore it would be appropriate to consult again if changes are being considered. The Council is required to consult the Leicestershire Fire authority and the Police and Crime Commissioner for Leicestershire.

8 ALTERNATIVE OPTIONS

- 8.1 LCTS - The Council has a statutory duty to adopt a LCTS scheme. Consideration has been given to making changes to the existing scheme or to devise a new scheme but this option has been rejected at his time due to the following reasons:
- The existing scheme currently meets the established principles;
 - There would be significant technology costs in revising the existing scheme or devising a new scheme; and
 - The impact of Universal Credit and other welfare reforms is still largely unknown so any changes should wait until the position becomes clearer.
- 8.2 DF- The Council has a number of options regarding the DF. It could revise the DF with a view to including more categories of individuals or circumstances in the main scheme, it could remove the DF altogether or reduce the budget further. There are no compelling reasons to make significant changes at this time as the points made at 8.1 are also relevant for the DF.
- 8.3 Care Leavers - The Council could continue to award support under the existing LCTS scheme and DF, which can be a barrier for care leavers, time consuming and requires ongoing review. This is not recommended.

- 8.4 The Council could decide not to support care leavers at all, which may result in the Council having to take recovery action to enforce payment which can be distressing for care leavers and doesn't support the Government strategy, therefore this is not recommended.
- 8.5 Long Term Empty Homes Premium– the Council could decide not to review the premium. In light of the comments made in Section 6, this is not recommended.

9 FINANCIAL IMPLICATIONS

- 9.1 LCTS- the cost of LCTS sits within the Collection Fund and is effectively netted of the income amount shown in the Medium Term Financial Plan for Council Tax. There will be no direct financial implications from keeping the scheme the same.
- 9.2 DF- this is funded from the General Fund with any unlikely excess demand met from the Welfare Earmarked reserve which has built up from savings in this area over the last few years.
- 9.3 Care Leavers- The cost of relief can be met from the existing DF budget detailed at 9.2 above.
- 9.4 Both the Leicester, Leicestershire and Rutland Police and Crime Commissioner and the Combined Fire Authority has agreed to pay a contribution (in line with its share of Council Tax) of the total overall cost of care leavers relief each year.
- 9.5 Long Term Empty Homes Premium - the cost of undertaking a consultation can be met from existing budgets.
- 9.6 The financial impact of any changes will be assessed as part of the response to the consultation exercise and the development of formal proposals.

10 LEGAL AND GOVERNANCE CONSIDERATIONS

- 10.1 LCTS – The Local Government Finance Act 2012 requires that for each financial year, each billing authority must consider whether to revise its scheme or replace it with another scheme. The Council must make any revision to its scheme, no later than 31 January in the financial year preceding that from which the scheme is to have effect.
- 10.2 DF- The DF policy is established under s13A (1)(c) of the Local Government Finance Act 1992 as amended.
- 10.3 Care Leavers - the Council has the power to determine its own discretionary discount for any specific circumstances under Section 13A of the Local Government Finance Act 1992. This relief will be an addendum to the DF policy originally approved by the Council on 7th January 2013 (Report 2/2013).
- 10.4 Long Term Empty Homes Premium – The Council has discretionary authority to set a premium for long term empty homes under sections 11B of the Local Government Finance Act 1992 and The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012 (SI2964/2012) and Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

11 DATA PROTECTION IMPLICATIONS

- 11.1 LCTS and DF– A Data Protection Impact Assessments (DPIA) has not been completed as there are no new issues or risks arising from this report to the rights and freedoms of natural persons.
- 11.2 Care Leavers – a Data Impact Assessment (DPIA) has been completed. No adverse or other significant risks/issues were found. A copy of the DPIA can be obtained from Andrea Grinney.
- 11.3 Long Term Empty Homes Premium – A Data Protection Impact Assessment (DPIA) has been completed for the consultation. No adverse or significant risks/issues were found. A copy of the DPIA can be obtained from Andrea Grinney.

12 EQUALITY IMPACT ASSESSMENT

- 12.1 LCTS and DF– An Equality Impact Questionnaire has not been completed because there are no service, policy or organisational changes being proposed.
- 12.2 Care Leavers – An Equality Impact Questionnaire has been completed. There are no specific issues arising from the report or the relief.
- 12.3 Long Term Empty Homes Premium – An Equality Impact Questionnaire will be completed when the consultation data is analysed.

13 COMMUNITY SAFETY IMPLICATIONS

- 13.1 There are no community safety implications arising from this report.

14 HEALTH AND WELLBEING IMPLICATIONS

- 14.1 There are no health and wellbeing implications arising from this report.

15 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 15.1 LCTS and DF– It is the view of officers that there is no compelling reason for making changes to the scheme. Should Members wish to propose changes then officers will need to consider the steps required. Legal advice received is that formal consultation will be required if any changes to the structure of the scheme are made. This would exclude adjusting applicable amounts in the scheme in line with the Government's annual circular
- 15.2 Care Leavers – Young people who leave care are provided with support as part of our statutory duties to help them transition into adulthood and living independently. As corporate parents it is crucial that we offer a wide range of support to enable care leavers to succeed. Alleviating the financial burden of paying council tax empowers and enables care leavers and supports our intentions set out in the Care Leavers' Covenant.

- 15.3 Long Term Empty Homes Premium- the premium was last reviewed in 2017, given the financial pressures that the Council is facing and our desire to reduce the number of empty homes in our area, is reasonable to consult the public on what we can change.

16 BACKGROUND PAPERS

- 16.1 Cabinet Report 2/2013
- 16.2 Cabinet Report 226/2013
- 16.3 Cabinet Report 256/2013
- 16.4 Cabinet Report 185/2014
- 16.5 Cabinet Report 2/2015
- 16.6 Cabinet Report 166/2016
- 16.7 Cabinet Report 148/2017
- 16.8 Cabinet Report 165/2017

17 APPENDICES

- 17.1 Appendix A- Care Leavers Relief
- 17.2 Appendix B- Long Term Empty Homes Premium Consultation

A Large Print Version of this Report is available upon request – Contact 01572 722577.