

Report to Cabinet
06 February 2019
Report of Director of business services
Subject Council tax reduction scheme 2019-20

Item

5

Purpose

To consider and recommend to council a council tax reduction scheme for 2019-20

Recommendations

To recommend that council:

- 1) make the following changes to the council tax reduction scheme for 2019-20 by continuing with the 2018-19 scheme with the following modifications:
 - a) as in previous years, increase the working-age applicable amount by the 2019-2020 composite rate of council tax (excluding adult social care);
 - b) increase the level of income brackets used to decide non-dependent deductions, and the level of non-dependent deductions, by the 2019-2020 composite rate of council tax (excluding adult social care);
 - c) increase the level of income brackets used to decide entitlement to *second adult reduction* by the 2019-2020 composite rate of council tax (excluding adult social care);
 - d) retain the local discount provision for care leavers;
 - e) retain the local discount provision for liable persons absent from a main dwelling due to domestic violence events;
 - f) create provision to maintain a single person discount for 3 months for liable persons where they give a home to an asylum seeker or refugee who has no ability to work;
- 2) remove the previous local discount for liable persons where a property is uninhabitable or in need of major repair work or structural alteration (currently 12 months at 50 per cent);
- 3) remove the unoccupied furnished/second home discount (currently 5 per cent);

- 4) subject to the relevant regulations being enacted, increase the surcharge on empty properties and increase the empty homes premium by:
- a) 100 per cent for properties empty and unoccupied for 2 years or more;
 - b) 200 per cent for properties empty and unoccupied for 5 years or more;
 - c) 300 per cent for properties empty and unoccupied for 10 years or more.

Corporate and service priorities

The report helps to meet the corporate priority a fair city.

Financial implications

As detailed in the report

Ward/s: All Wards

Cabinet member: Councillor Davis - Social inclusion
Councillor Kendrick - Resources

Contact officers

Anton Bull - Director of business services	01603 212326
Julie Gowling – LGSS, revenues and benefits operations manager	01603 212645
Carole Jowett – LGSS, revenues and benefits operations manager	01603 212684

Background documents

None

Report

1. Since 1 April 2013 the council has operated a council tax reduction scheme (CTRS), which replaced council tax benefit.
2. The CTRS helps people on low incomes and/or certain welfare benefits to pay their council tax bill. This provides support to those under the greatest financial pressure.
3. Pensioners have been protected by the government so any changes to CTRS will only impact working age claimants. Therefore the council can only control the cost of CTRS in relation to working age claims.
4. The council adopted the government's default CTRS in 2013, having made various changes since then but maintaining the principle of a full support (100% discount) scheme. The government has been reducing its financial support to local authorities for the cost of the scheme therefore changes to the council tax discounts and exemptions have been made to try and address any shortfall.
5. There will be no revenue support grant to help cover the cost of the scheme from 2020-21. The reduction in the funding has already been incorporated into the MTFS.
6. The council tax reduction scheme cross party working group met on 13 September 2018 to review in detail options. A copy of the papers considered at that meeting is attached as Appendix 1.
7. The council tax reduction scheme cross party working group resolved, unanimously, to recommend the Council Tax Reduction Scheme 2019-2020 to cabinet and council based on the following principles.
 - (a) as in previous years, increase the working-age applicable amount by the 2019-2020 composite rate of council tax (excluding adult social care);
 - (b) increase the level of income brackets used to decide non-dependent deductions, and the level of non-dependent deductions, by the 2019-2020 composite rate of council tax (excluding adult social care);
 - (c) increase the level of income brackets used to decide entitlement to *second adult reduction* by the 2019-2020 composite rate of council tax (excluding adult social care);
 - (d) retain the local discount provision for care leavers;
 - (e) retain the local discount provision for liable persons absent from a main dwelling due to domestic violence events;
 - (f) create provision to maintain a single person discount for 3 months for liable persons where they give a home to an asylum seeker or refugee who has no ability to work;
 - (g) remove the previous local discount for liable persons where a property is uninhabitable or in need of major repair work or structural alteration (currently 12 months at 50 per cent);

- (h) remove the unoccupied furnished/second home discount (currently 5 per cent);
- (i) subject to the relevant regulations being enacted, increase the surcharge on empty properties and increase the empty homes premium by:
 - (a) 100 per cent for properties empty and unoccupied for 2 years or more;
 - (b) 200 per cent for properties empty and unoccupied for 5 years or more;
 - (c) 300 per cent for properties empty and unoccupied for 10 years or more.

Consultation

- 8. As preceptors Norfolk County Council and the Office of the Police and Crime commissioner have been consulted on these proposed changes.
- 9. No comments have been received from Norfolk County Council or the Office of the Police and Crime commissioner at the time of writing the report.
- 10. The council has also recently consulted with Norfolk Community Law Service. Any comments received will be verbally reported.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	6/2/2019
Director / Head of service	Anton Bull
Report subject:	Council tax reduction scheme (CTRS) 2019-20
Date assessed:	23/1/2019

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There is a negative impact in that continued protection of the 100% CTRS will not be fully funded by the reducing revenues support grant placing pressure on the council's budget. However a positive impact of maintaining the scheme is that the council won't be chasing a large number of small debts that would be difficult to recover. The overall impact is therefore assessed at neutral
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Maintaining the scheme protects the most vulnerable on low incomes
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment				
Positive				
Negative				
Neutral				
Issues				



Minutes

Cross-party working group – council tax reduction scheme

16:30 to 17:00

13 September 2018

Present: Councillors Kendrick (chair following appointment), Ackroyd, Davis, Price, Smith and Thomas (Va)

Apologies: Councillor Stonard

In attendance: Anton Bull (director of business services), Hannah Simpson (strategic finance business partner and deputy 151 officer), Carole Jowett (revenues and benefits operations manager) and Martin Bryant (benefits training and development officer) and Jan Ferguson (revenues reconciliation and returns officer)

1. Appointment of chair

RESOLVED to appoint Councillor Kendrick as chair.

2. Declarations of interest

Councillor Thomas declared that he was employed by Norfolk Community Law Service but had not been involved in any appeals against decisions made under the CTRS.

3. Council Tax Reduction Scheme (CTRS) 2018-20 and council tax discounts and exemptions

The director of business services introduced the officers present and together they presented the report and answered members' questions. The city council received about 15 per cent of the council tax collected, could make recommendations on the operation of the CTRS and would consult Norfolk County Council and the Office of the Police and Crime Commissioner on the proposed scheme.

The director of business services then took each of the considerations for changes to the working-age CTRS 2019-20 as set out in Appendix 1 of the report:

During discussion, Councillor Price, chair of audit committee, asked for reassurance that provision for the CTRS had been taken into account in the medium term financial strategy. The strategic finance business partner said that provision had been made and although there was an option to plug a gap in the council's savings nothing had been put against it.

The director of business services explained the recommendation to move the local discount provision for care leavers from revenues and include it in the CTRS, thereby sharing the costs with the other preceptors, ie, saving the council 75 per cent of the costs. Members noted that last year it had been too late to include care leavers in the scheme and local discretion had been used. Members were advised that the county council was broadly in support of this proposal which formalised the current arrangements and supported care leavers up to 25 years of age as they moved to independent living. Discussion ensued in ensuring that the scheme reached all care leavers. Children's services had provided a list of care leavers for the discretionary discount under S13A. Care leavers would need to apply under the CTRS which could be a barrier to receiving the CTR, particularly those over 21 years of age who had less support from social services. A member also pointed out that mentally ill people did not always know that they could apply for CTR. The director of business services explained that the Section 13A discretionary discount would still be available. A member suggested that the council worked with Mancroft Advice Project (MAP) to reach as many eligible young people as possible.

The committee also considered the proposals to move the local discount provision for liable persons absent from their main dwelling due to domestic violence events from revenues to CTRS (section 5 of the report) and to formalise the current arrangement and share costs with the other preceptors.

Councillor Davis, cabinet member for social inclusion, spoke in support of the proposal to create CTRS provision for liable persons to retain a single person discount if they provided a home to a refugee or asylum seeker for a 3 month period whilst the refugee or asylum seeker obtained documentation and the right to work. There was one other council that was proposing this assistance to single people offering a home to refugees or asylum seekers.

Members then considered the changes to council tax discounts and exemptions as set out in Appendix 2 of the report.

Members considered that the local discount for uninhabitable dwellings could be removed as it was used in the main by developers. This was supported by an officer who said that at valuation tribunals it was nearly always a developer who was seeking this exemption. Genuine cases of hardship, where there had been a flood or fire, were less frequent and in many cases would be covered by insurance.

The working group considered that the discount for unoccupied furnished or second home discount should be removed. Members were advised that the discount had previously been 50 per cent but had gradually been reduced to its current level of 5 per cent. Members considered that it was not an incentive for home owners to let the property out to tenants and if an owner could afford a second home, they should be able to afford council tax.

Members then considered increasing the surcharge on empty properties which was currently going through the government's legislative process. Members considered that the additional charge should be increased and were advised that the proposed charges were the maximum permitted under the emerging regulations.

RESOLVED to recommend the Council Tax Reduction Scheme 2019-2020 to cabinet for consideration for public consultation and adoption by council based on the following principles:

- (1) as in previous years, increase the working-age applicable amount by the 2019-2020 composite rate of council tax (excluding adult social care);
- (2) increase the level of income brackets used to decide non-dependent deductions, and the level of non-dependent deductions, by the 2019-2020 composite rate of council tax (excluding adult social care);
- (3) increase the level of income brackets used to decide entitlement to *second adult reduction* by the 2019-2020 composite rate of council tax (excluding adult social care);
- (4) retain the local provision and include provision for care leavers within the CTRS;
- (5) retain both the local discount provision for liable persons absent from a main dwelling due to domestic violence events and additionally include provision to pay two dwellings for the same period within the CTRS;
- (6) create provision to maintain a single person discount for 3 months for liable persons where they give a home to an asylum seeker or refugee who has no ability to work;
- (7) remove the previous local discount for liable persons where a property is uninhabitable or in need of major repair work or structural alteration (currently 12 months at 50 per cent);
- (8) remove the unoccupied furnished/second home discount (currently 5 per cent);
- (9) subject to the relevant regulations being enacted, increase the surcharge on empty properties and increase the empty homes premium by:
 - (a) 100 per cent for properties empty and unoccupied for 2 years or more;
 - (b) 200 per cent for properties empty and unoccupied for 5 years or more;
 - (c) 300 per cent for properties empty and unoccupied for 10 years or more.

CHAIR