

MUNICIPAL YEAR 2018/2019 REPORT NO. 131

MEETING TITLE AND DATE:

CABINET, 23rd January 2019
COUNCIL, 30th January 2019
REPORT OF:
Director of Finance

Contact Officers: Sally Sanders/
Geoff Waterton

sally.sanders@enfield.gov.uk

geoff.waterton@enfield.gov.uk

Agenda – Part: 1	Item: 7
Subject: Council Tax Support and Collection Fund Wards: All Key Decision No: 4762	
Cabinet Member consulted: Cllr Maguire	

1. EXECUTIVE SUMMARY

- 1.1 In January 2013 Council agreed a new local Council Tax Support Scheme to replace the previous national Council Tax Benefit Scheme which was to be abolished by the Government in April 2013.
- 1.2 Every year the Council is obliged to consider whether to revise or replace its local Council Tax Support Scheme.
- 1.3 This report recommends the Council Tax Support Scheme for 2019/20 remains unchanged from the 2018/19 scheme. This maintains the current minimum contribution for working age households not in a protected group at 26.5%.
- 1.4 A hard copy of the Council Tax Support Scheme which the Council is required to produce under section 13A(1)(a) and Schedule 1A of the Local Government Finance Act 1992 is available in the members library and will be available on line once the scheme is agreed. The Council must adopt the same or new scheme by 11 March of the preceding financial year to which the scheme will apply.
- 1.5 The report also recommends the 2019/20 Council Tax base, including an increase in the Empty Homes Premium.
- 1.6 The report also recommends the 2019/20 Business Rate base and a change to the council's existing discretionary rate relief policy to take advantage of government funded rate reliefs.

2. RECOMMENDATIONS

2.1 That Council agrees the Local Council Tax Support Scheme for 2019/20 as summarised in Appendix A to provide financial support for households on low incomes in paying their Council Tax taking into account the Equality Impact Assessment (Appendix B). The 2019/20 scheme is based on the 2018/19 scheme, updated for legislative amendments, income uprating and administrative changes

For the 2019/20 scheme:

- The minimum contribution for working age households not in a protected group will be maintained at 26.5%.
 - The maximum earned income for Universal Credit claimants to receive council tax support will be £1,264.99 net per month for 2019/20
 - Administrative changes set out in paragraph 5.1 be incorporated into the scheme to improve service delivery
- B Agree the higher amount to be charged for council tax in respect of long-term empty dwellings (Appendix C)
- C Pursuant to this report (see Appendix D) and in accordance with the Local Authorities (Calculation of the Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Enfield as its Council Tax Base for 2018/19 shall be 97,074 Band D equivalents.
- D Agree the Ministry of Housing, Communities and Local Government NNDR1 Business Rate base return for 2019/20 (Appendix E).
- E Agree the amendment to the discretionary rate relief scheme as set out at 2.2 of Appendix E.

3. BACKGROUND

- 3.1 In 2012 the Government announced that as part of a series of welfare reforms, the national Council Tax Benefit scheme was to be abolished and replaced with local schemes. At the time, funding for the replacement local schemes was reduced by 10% and Enfield faced a £5m shortfall in funding if it continued to follow the previous national policy.
- 3.2 Enfield consulted widely on a proposed local scheme and in January 2013 approved a scheme which saw pensioners and war widows protected from any change, and working age claimants seeing a 19.5% reduction in support. The Scheme was based on the principle of a fully-funded scheme so that minimum contributions are set at a level to cover the costs of the scheme only and council tax payers are not asked to contribute to the costs. At the same

time, Council agreed changes to exemptions and discounts to Council Tax which saw the discount for empty and refurbished homes reduced to one month, no discount given for second homes and the introduction of a new empty homes premium of 150% of Council Tax for homes left empty for more than two years (the maximum allowed).

- 3.3 Every year the Council is obliged to consider whether to revise or replace its local Council Tax Support Scheme. As a result of the consultation and Equalities Impact Assessment for the 2014/15 scheme, the Council increased the range of protected groups further to include foster carers registered with the Council, people in receipt of Carers Allowance and people in receipt of higher rate disability benefits (Higher Rate Disability Living Allowance, Higher Rate Personal Independence Payments and the support component of Employment Support Allowance).
- 3.4 During 2017/18 the Government has included Enfield Council in the roll out of Universal Credit full service. The recommended council tax support scheme for 2018/19 takes into account the effect of the roll out of Universal Credit and ensures the scheme remains affordable while at the same time seeks to protect vulnerable council taxpayers.

4. REVIEW OF THE OPERATION OF THE COUNCIL TAX SUPPORT SCHEME TO DATE

- 4.1 Collection of Council Tax has been monitored closely and additional support provided. The Council has always recognised that by providing a range of payment options, as well as advice to customers, overall collection rates improve. Claimants receiving Council Tax Support were given the opportunity to pay in weekly instalments and wherever possible the Council is seeking to agree payment arrangement plans or attachments of earnings/benefits.
- 4.2 The projected Council Tax base income levels for Council Tax Support cases were exceeded in the first year of the scheme. The Council achieved the overall Council Tax collection rate of 97.33% for 2015/16, an increase of 0.46%. This was based on overall collection rates of 85% and 98% for Council Tax Support and non-Council Tax Support payers respectively. Collection has continued to improve and for 2019/20 the overall collection rate will be 98% for all council tax debt.
- 4.3 In recognition of the difficulties faced by local households, the Council introduced and has maintained a discretionary Council Tax Hardship Scheme. Households facing exceptional financial hardship can apply to the scheme and receive help with their Council Tax. Payment from the Council Tax Hardship Scheme this year will exceed £150,000. The Council Tax Hardship Scheme is called upon over time not simply within the current financial year of the scheme.

5. PROPOSED STATUTORY/ADMINISTRATIVE AMENDMENT TO THE SCHEME FOR 2019/20

- 5.1 Protected groups remain the same as the 2018/19 scheme. The 2018/19 scheme also includes the introduction of a 0.50p per week minimum entitlement.
- 5.2 The minimum contribution for working age households not in a protected group will remain at 26.5% for 2019/20.
- 5.3 Premium and personal allowances shown in the council tax support scheme have been updated in accordance with the social security/housing benefit rates that will apply from April 2019.
- 5.4 The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018 (S.I.2018/1346) have been incorporated in the 2019/20 local council tax support scheme.

6. COUNCIL TAX LONG TERM EMPTY DWELLINGS

- 6.1 Appendix C outlines a change in legislation which allows the current Empty Homes Premium to be amended for council tax and recommends an increase to 100%

7. 2019/20 COUNCIL TAXBASE

- 7.1 This report recommends the Council agrees its Council Tax Base for 2019/20 at 97,074 – see Appendix D

8. 2019/20 BUSINESS RATE BASE

- 8.1 This report recommends the Council agrees the Business Rate estimated income for 2019/20 and amendments to the Discretionary Rate Relief Policy – see Appendix E.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 The Council has to agree a Local Council Tax Support Scheme each year. Next year's scheme has to be agreed by 11 March 2018 or the Government's default scheme will be applied which is likely to cost the Council over £10m per year.

10. REASONS FOR RECOMMENDATIONS

- 10.1 The recommendations contained in this report follow an assessment of options, experience of operating the scheme to date and the Equality Impact Assessment. The recommended changes introduced in 2014 for defined protected groups and the further extension of care leavers under the Equality Impact Assessment support the Council's aims to build strong, stable communities and are recommended to be continued next year.

11. COMMENTS OF OTHER DEPARTMENTS

11.1 Financial implications

The agreed Council and Business Rate Tax Bases will be built into the 2019/20 budget and Council Tax to be recommended to Council in February 2019. The cost of the Council Tax Support Scheme for 2019/20 is expected to be broadly in line with the cost of last year's scheme. The cost of the amendments to the Business Rate discretionary rate relief scheme are fully funded by the Government. By adopting the move from 50% to 100% rate on long term empty dwellings through the Empty Homes Premium, it is estimated that £222k of additional income will be generated in 2019/20.

11.2 Legal implications

11.2.1 The Welfare Reform Act 2012 provided for the abolition of Council Tax Benefit (CTB). Provisions for the localisation of Council Tax support were included in the Local Government Finance Act 2012. Since 1 April 2013 local authorities in England have been responsible for administering their own Council Tax Reduction Schemes subject to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012/2885). Some authorities chose to adopt the default scheme provided for in the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) Regulations 2012 (SI 2012/2886). Each year, after a Council Tax Reduction Scheme (Council Tax Support Scheme) has been implemented, the Council must consider whether to revise or replace its scheme. Any revision or replacement to the scheme must be made by 11 March, preceding the financial year in which the revision or replacement is to have effect. The Secretary of State prescribed a default scheme which took effect from April 2013 where a billing authority failed to make a scheme on or before 31 January. Following the Independent Government review in the Schemes (see below), there was a finding that that Councils find the date of 31st January, as arbitrary, illogical, too early and inefficient. Key Government announcements and budgetary decisions may impact as the consultation process may have concluded resulting in potentially, a further consultation exercise.

This default scheme retains the criteria and allowances previously in place for CTB (Council Tax Benefit). Authorities can revise or replace their schemes in preparation for the start of each financial year. They may not make in-year revisions. Transitional arrangements must be put in place where revisions result in a reduction or removal of assistance for a class or classes of persons. As the proposed Council Tax Support Scheme for 2019/2020 will not be a replacement or revision to the current scheme, but instead maintains the status quo, it does not appear to fall under the statutory requirement to consult under the 13A Local Government Finance Act 1992, which is the Act under which the Council Tax Support Schemes are formed. If there had been a replacement or revised scheme, proposed, then the statutory duty to consult is mandatory.

An Independent Government review into local Council Tax support schemes was conducted in accordance with the requirements set out in the Local

Government Finance Act 2012, The independent Government review had to take place within 3 years of the Act taking effect - 3 years from October 2015. The following elements were scrutinised: whether the Schemes were efficient, effective, fair and transparent, consideration of the Schemes' impact on the localism agenda, and whether or not the schemes should be brought within Universal Credit Following the Independent Government review, 17 recommendations were made.

The Government published its [response to the review's recommendations](#) in January 2018

11.2.2 The Council Tax base(Appendix D) has been written in accordance with The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (S.I. 1992 No. 612) which sets out the calculations which are required by the Local Government Finance Act 1992 as amended by the Local Government Act 2003 .

11.2.3 So far as the Business Rate discretionary relief scheme (Appendix E) is concerned the government is not changing the legislation around transitional relief (The Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016). Instead the government will, in line with the eligibility criteria for the scheme, reimburse billing authorities that use their discretionary relief powers (under S47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011) to grant relief.

11.3 Property Implications

None

12. Key Risks

12.1 The key risks relate to operational, financial and reputational concerns. There is an operational risk of failure to collect the estimated amount, e.g. if any category of exemption has not been specified and following implementation of the scheme the Council is unwilling to pursue recovery action in particular cases of default. The operational risks are mitigated by assisting payers with supportive payment arrangements and by applying fairly, consistently and promptly the recovery process.

12.2 The financial risk is of insufficient collection rates and of Universal Credit caseload rises being beyond those anticipated in calculating the Local Scheme costs and deductions required from support. In the initial year of the scheme there was a risk that collection rates may be over or under stated. The Council has adjusted anticipated ultimate collection rates in the scheme for 2018/19 based on experience to date and the impact of increase in contribution rates. Variation between the estimated and actual collection rates and caseload levels will result in either a deficit (or surplus) on the Collection Fund in future years. The current Medium Term Financial Plan assumes no variation to current assumptions. The cost of the 19/20 scheme will be

monitored, paying particular attention to those on Universal Credit with a net Earned Income up to £1,264.99 per month. Options to introduce more earned income bands, for those getting Universal Credit, to attract different maximum contribution rates will be considered in the 20/21 scheme.

- 12.3 The reputational risk is of failure to make proper provision for people on low income losing some of the current level of support. The reason for this scheme arises from a Government decision to replace the existing national scheme with local schemes with reduced grant funding and clearly considerable help will need to be available to payers facing increased Council Tax bills as a result of the change in scheme. Conversely, failure to properly pursue payment of Council Tax due in such cases would create inequality of treatment with other Council Taxpayers many of which will have income levels only marginally above the limit for obtaining Council Tax Support.

13. IMPACT ON COUNCIL PRIORITIES

13.1 Good homes in well-connected neighbourhoods

- 13.1 Council tax and business rate income helps fund essential Council services. The change to the Empty Homes Premium will help encourage property owners to bring empty property back into use which will increase the supply of available residential property in the borough.

13.2 Sustain strong and healthy communities

Enfield's Local Council Tax Support helps over 35,000 residents pay the council tax. The Council works closely with residents and its partners to maximise welfare benefits where possible.

13.3 Build our local economy to create a thriving place

The Council's discretionary rate relief scheme will help small rate retail business to meet their rates commitment and provides relief of c£4m over the two year period.

14. EQUALITIES IMPACT

The Equalities Impact Assessment for the amended scheme is attached as Appendix B. The recommendations contained in this report retain financial support for protected groups.

15. PERFORMANCE MANAGEMENT IMPLICATIONS

None.

16. PUBLIC HEALTH IMPLICATIONS

Council tax support helps residents who may also be struggling financially due to the wider Government welfare changes. The implications will depend upon

the success of residents gaining employment or, for those in low paid employment, obtaining better paid employment. Supporting people facing hardship and stress will be key to promoting the ability of families to provide healthy food, to pay bills and to promote sound mental health.

APPENDICES

Appendix A – Council Tax Support Scheme Summary 2019-20

Appendix B – Equalities Impact Assessment

Appendix C – Council Tax – Empty Homes Premium

Appendix D – Council Tax base 2019-20

Appendix E – Business Rate base 2019-20