



HYNDBURN

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Council Tax Support

Proposed Scheme 2020/21

August 2019

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1. Introduction

- 1.1 Council Tax Benefit was abolished on 31 March 2013 and Local Authorities in England were given a 31 January 2013 deadline to introduce a Local Council Tax Support (LCTS) scheme to be implemented on 1 April 2013. Hyndburn's current Council Tax Support scheme has been in operation since 1 April 2017 and is available to view on our [Council Tax Support webpages](#).
- 1.2 The Local Government Finance Act 2012 and the Welfare Reform Act 2012 included provision for Local Authorities to make changes to their LCTS schemes providing that they conduct a public consultation exercise on funding options and publish a final scheme by 31 March in any given year.
- 1.3 Hyndburn Borough Council has revised its scheme three times since 2013. These revisions have been in response to reductions in funding for the scheme and national welfare benefit changes.
- 1.4 As of August 2019, there are approximately 7,200 households claiming Council Tax Support in Hyndburn; 2,900 (40%) are pensioners and 4,300 (60%) are working age. Pensioners are protected under Government legislation and continue to receive Council Tax Support to the same level as they did under the Council Tax Benefit rules.
- 1.5 Working age claimants are currently being asked to pay a minimum of 30% towards their Council Tax which for a current Band A property is £372.61 for a full bill and £279.46 with a single occupancy discount. Information held confirms that 75% of Taxpayers in this category are paying their Council Tax on time.
- 1.6 Continued funding reductions, changes to national state benefits such as Universal Credit and the end of the Revenue Support Grant from 2020 has prompted a review of the current Council Tax Support scheme, a proposal for which is covered in this document.
- 1.7 This document sets out the Council's proposals to revise its Council Tax Support Scheme by reducing the minimum payment level for all working age recipients from between 5% and 10% and to revise administration of current assessment criteria to mirror the prescribed CTS scheme and Universal Credit regulations.
- 1.8 This document has been produced prior to a public consultation exercise which will guide the Council's decisions on a final scheme for implementation in April 2020.
- 1.9 Alternative options for funding the Council Tax Support scheme will be proposed as part of our consultation and will be considered again before any final scheme is published.

2. Proposed Scheme for 2020/21

- 2.1 The 2019/20 scheme sets out the rules for working age claimants. Eligibility for Council Tax Support will be calculated on a “means tested” basis and we will take account of the income and capital of the claimant and their partner (if applicable).
- 2.2 This proposed scheme is based on the current Council Tax Support scheme as defined by the terms of the existing regulations with the exception of the following:-

Reduction in Council Tax Support

- 2.3 Council Tax Support currently allows for up to 70% of a working age claimant’s Council Tax to be paid as support. It is proposed that entitlement to Council Tax Support be reduced by either 5%, 7.5% or 10% for all working age claimants, which means that all claimants, whether in work or in receipt of a passported benefit (as defined overleaf) would have to make an increased contribution towards their Council Tax.
- 2.4 By ensuring that all working age CTS recipients pay a contribution towards their Council Tax, the scheme is equitable and does not disadvantage people who are already in work, which would undermine the principles of Universal Credit and welfare reform.
- 2.5 Reducing the level of CTS available to working age claimants would raise the minimum Council Tax payable. Illustrative figures are provided below and are based on Council Tax at 2019/20 levels for a Band A property.

Full Council Tax bill with two or more adults: £1,242.03			
Minimum Payment Level	Annual Bill	Annual Increase	Weekly Increase
30%	£372.61	-	-
35%	£434.71	£62.10	£1.19
37.5%	£465.76	£93.15	£1.79
40.0%	£496.81	£124.20	£2.39
Full Council Tax bill with a 25% reduction: £931.52			
30%	£279.45	-	-
35%	£326.03	£46.58	£0.90
37.5%	£349.70	£70.25	£1.35
40.0%	£372.60	£93.15	£1.79

Scheme Administration Changes

- 2.6 When considering CTS in the context of national benefits, Universal Credit (UC) is having the greatest impact. There are three main reasons for this:
- The calculation of UC is fundamentally different to previous benefits as it is linked to real time earnings information from HMRC and if there is a change to income, then a claim may be assessed every month.
 - Any change to UC entitlement directly affects CTS entitlement.
 - As a localised scheme, our current CTS scheme does not align completely with the national prescribed CTS scheme which has adjusted in line with the national UC scheme. The differences between the prescribed scheme and our scheme prevent automation, creating an increased administrative burden for the Council.
- 2.7 In April 2018 there were 432 CTS claims from UC claimants. By March 2019 this had risen to 1,141, an increase of 709 (164%). This figure is increasing all the time and once the national roll out of UC is completed, we are likely to have around 5,000 working age claimants on UC.
- 2.8 Each change to a UC claim generates a 'notice' from the DWP to our benefits team. Notices issued by the DWP for UC claims has risen from 6,189 in 2017/18 to 24,683 in 2018/19, an increase of 18,494 (300%). As claims increase, so will the number of notices issued by the DWP. Based on an estimated 5,000 claims this could be 100,000 notices annually.
- 2.9 The current CTS scheme does not align completely with the national prescribed CTS scheme or UC scheme and their differences prevent automation, creating an increased administrative burden for the Council. The consultation will request views on an option to standardise our scheme in Hyndburn with the national UC and prescribed CTS schemes and remove the differences left over from the calculation of Council Tax Benefit and Housing Benefit.
- 2.10 If this change was implemented, we would be removing local income disregards; extra amounts that the current scheme allows claimants to earn before it affects their CTS. These income disregards have been abolished in the calculation of UC and the prescribed CTS scheme and as a result, CTS claims that still have these disregards require manual intervention to assess them.
- 2.11 By March 2019, the UC/CTS case load was 1,141. Of this number, around 300 claims generated over 40% of the changes as a result of the local income disregards and these changes had to be processed manually.
- 2.12 Once the national migration to UC is rolled out, the administrative burden of manual changes will have a wider impact on the service. We estimate that

with a full roll out of UC, the Council will receive just short of 100,000 changes annually, of which 40,000 will have to be processed manually.

- 2.13 Making this change to the CTS scheme would provide £30k of savings across all preceptors, HBC's share being £4k. This figure is based on the current caseload of UC/CTS claims and will increase as claims increase.
- 2.14 Although these changes would reduce CTS expenditure, the main driver behind this proposal is the potential to prevent an increase in administration costs. FTE in the benefits team has reduced gradually over the last five years in anticipation of both UC and advances in automation. Having a significant increase in manual processing would necessitate more resources at an estimated cost of £70k/year for two members of staff, a cost not shared by our preceptors.

3. Consultation

- 3.1 The Local Government Finance Act 2012 sets out that billing authorities must:
- consult any major precepting authority, and then;
 - publish a draft scheme, and then;
 - consult those people who have an interest in how the new scheme will operate.
- 3.2 Consulting with all interested parties will ensure that we better understand the impact of these proposals on individuals and certain groups. We will consider the feedback we receive together with all suggestions before we decide upon a final scheme.
- 3.2 A consultation strategy has been produced and is available on request or to download at www.hyndburnbc.gov.uk/counciltaxsupport

4. Legislation

- 4.1 The Local Government Finance Act 2012 and the Welfare Reform Act 2012 included provision for Local Authorities to make changes to their CTS schemes providing that they conduct a public consultation exercise on the changes and publish a final scheme by 31 March in any given year.

5. Pensioners

- 5.1 The Government is committed to protecting pensioners on low incomes and as such pensioners are not affected by these proposed changes. In accordance with current legislation, a pensioner becomes eligible for pensioner-related Council Tax Support at the age at which they can qualify for State Pension Credit. From April 2020, the qualifying age will be 65 rising to 66 by the end of the financial year.

6. Vulnerable People

6.1 The Government issued guidance to protect pensioners from increased Council Tax costs but did not prescribe any further action in relation to vulnerable groups. Decisions on how to support these groups were left to local discretion. Hyndburn Council has regard to the following legislation in designing and updating its scheme.

- The Equality Act 2010 – the public sector Equality Duty in respect of protected characteristics.
- The Child Poverty Act 2010 – duty to reduce and mitigate the effect of child poverty in local areas.
- The Housing Act 1996 – duty to prevent homelessness

7. Fair and Equitable Council Tax Support Scheme

7.1 Hyndburn Council's Council Tax Support Scheme is fair and equitable for all claimants.

7.2 The personal allowances and applicable amounts currently used to calculate Council Tax Support are the amounts deemed necessary to provide for basic needs based on household composition and disability. These allowances and applicable amounts already take the claimant's circumstances into account and mean that they are awarded more benefit if their circumstances require it.

7.3 The figures used to calculate Council Tax Support are adjusted annually so that applicable amounts and personal allowances are the same as those used to assess Housing Benefit or Universal Credit.

7.4 Hyndburn's Council Tax Support Scheme reflects the Government's intention to bring all benefits in-line with the Consumer Price Index and any annual uprating will be in line with Consumer Price Index or any other pricing structure used to uprate Housing Benefit or Universal Credit.

7.5 Any annual changes to figures used will take effect from 1 April each year.

8. Class of Persons

8.1 The Government, through regulations, prescribes certain classes of persons who are not eligible to claim Council Tax Support.

9. Working Age

9.1 Working age claimants are defined as a class of persons who have not reached the qualifying age for State Pension Credit, which from April 2020 will be 65 rising to 66 by the end of the financial year.

10. Applications for Council Tax Support

10.1 Our standard application form should be completed in respect of all new claims for Council Tax Support. If this proposed scheme is adopted, CTS

claims in payment on 31 March 2020 will be automatically adjusted on 1 April 2020; claimants will not have to reapply.

11. Notifications of Awards

- 11.1 Upon receipt of all relevant information, Hyndburn Council will make a decision on a claim within a reasonable timescale.
- 11.2 Notification of awards will be issued to customers with a detailed breakdown of the calculation used when assessing their Council Tax Support. The decision letter will include information relating to the review and appeals process.

12. Changes to Entitlement

- 12.1 In addition to the review process, all claimants will have a duty to notify Hyndburn Council of changes in their personal or household circumstances. This must be done in writing and within one calendar month of the change occurring.

13. Overpaid Council Tax Support

- 13.1 All overpayments of Council Tax Support will be recoverable with the exception of circumstances where the Council believes it would be unreasonable to expect the customer to know they had been overpaid.
- 13.2 A revised Council Tax demand will be issued and any amount of overpaid Council Tax Support which is to be recovered will be included in an adjusted Council Tax bill.

14. Appeals Process

- 14.1 A formal appeals process has been adopted by Hyndburn Council. Claimants are notified as part of the notification processes how they may appeal a decision and what decisions are appealable.

15. Hardship Scheme

- 15.1 As prescribed within the Local Government Finance Act 2012, the Council has an established Council Tax Support Hardship Scheme to which claimants can apply in circumstances of exceptional hardship.

16. Fraud

- 16.1 The Council will investigate cases where it has reason to believe that an amount of Council Tax Support has been awarded as a result of a fraudulent act by the customer or a person acting on their behalf. This will include situations where the customer fails to notify Hyndburn Council of any changes in household composition, income or capital that results in an overpayment of Council Tax Support.

17. Annual Council Tax Support Scheme Review

- 17.1 The Council Tax Support Scheme is reviewed annually and may be subject to change. The Council will undertake a review of the scheme each year to ensure that the scheme remains fair and equitable as well as affordable.

18. Data protection

- 18.1 Council Tax Support scheme administration and the proposed scheme pays due regard to The Data Protection Act 2018 and the General Data Protection Regulations 2018. [Details of our privacy notice can be found on our website.](#)

19. Equalities

- 19.1 An equality Impact Assessment in the form of a Customer First Analysis has been produced for this proposed scheme and consultation and is available on our Council Tax Support pages.