

**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**FINANCE, INNOVATION and PROPERTY ADVISORY BOARD**

**03 January 2018**

**Report of the Director of Finance and Transformation**

**Part 1- Public**

**Matters for Information**

**1 REVENUES AND BENEFITS UPDATE REPORT**

**A report detailing recent developments in respect of council tax, business rates, council tax reduction and housing benefits.**

**1.1 Collection of council tax and business rates**

- 1.1.1 As at 30 November 2017, the collection rate for council tax stood at 74.39%. For the same period in the year 2016/17, the collection rate was 74.3%.
- 1.1.2 As at 30 November 2017, the collection rate for business rates stood at 76.07%. For the same period in the year 2016/17, the collection rate was 75.45%.
- 1.1.3 In respect of the working age customers receiving a council tax reduction (CTR), approximately 96% of the council tax due for 2013/14 has been paid, with 94% for 2014/15, 91% for 2015/16 and 86% for 2016/17.
- 1.1.4 For the current financial year, approximately 59% has been paid compared to 61% for the comparative period in the previous financial year. Although the level of council tax support only reduced by 1.5% this financial year, it does appear to be having an impact on the collection rate for our working age customers.
- 1.1.5 The number of recovery notices issued this financial year is approximately 17% higher compared to 2016/17 (see **ANNEX 1**). This may be partly due to the reduced level of council tax support as mentioned above.

**1.2 Business Rate Relief Schemes**

- 1.2.1 At the last meeting of this Board, I notified Members that work was under way to implement the three new rate relief schemes announced by the Chancellor in his Spring Budget.
- 1.2.2 I am pleased to advise that, to date, relief has been awarded to 45 public houses totalling £43,717.82.

- 1.2.3 In respect of the Supporting Small Businesses scheme, relief has been awarded to 21 businesses totalling £26,834.06.
- 1.2.4 Finally, in respect of Discretionary Fund Relief, application forms were sent to the organisations identified by officers as meeting the necessary criteria.
- 1.2.5 The response was disappointing, with over half of the forms not being returned and approximately 50 businesses declaring they were not entitled to relief as they did not meet the criteria set out in our policy.
- 1.2.6 As a result, it was decided to award relief to the remaining businesses that were pre-selected in order to spend as much of the Government's allocation as possible by the end of this financial year. This is because any unspent amount has to be returned to Government, meaning businesses would lose out if they didn't apply. A letter has been sent to these businesses advising them relief has been awarded, but requesting they inform the Council if they do not meet our criteria.
- 1.2.7 The Council's allocation for 2017/18 was £338,000. Out of this, £267,250 has been awarded to 230 businesses.
- 1.2.8 All recipients of relief as at 31 March 2018 will automatically have relief awarded for the 2018/19 financial year in accordance with our policy.

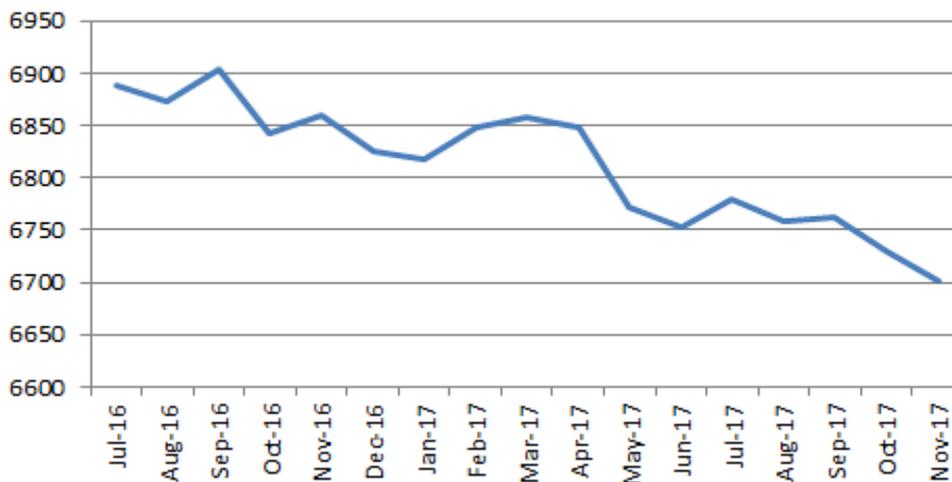
### **1.3 Autumn Budget**

- 1.3.1 In the Autumn Budget, the Chancellor announced the following changes to business rates:
- Pub relief (£1000 discount) to be extended to 31 March 2019
  - 2018/19 multiplier to be calculated using CPI rather than RPI
  - Revaluations to be every 3 years from 2022 (currently 5 years)
  - Properties that have been reassessed following a Supreme Court decision will be reinstated to the original assessment once legislation has been changed (commonly known as the Staircase Tax).
- 1.3.2 The Council will be reimbursed through a Section 31 grant for the lost revenue resulting from the extension of the pub relief scheme and the reduced multiplier.
- 1.3.3 An announcement was also made regarding the council tax premium, whereby a 100% surcharge (currently 50%) can be applied to a property that has been empty for more than two years. The Council has since been advised that this change is not likely to be implemented until at least 2019, as legislation needs to be updated.

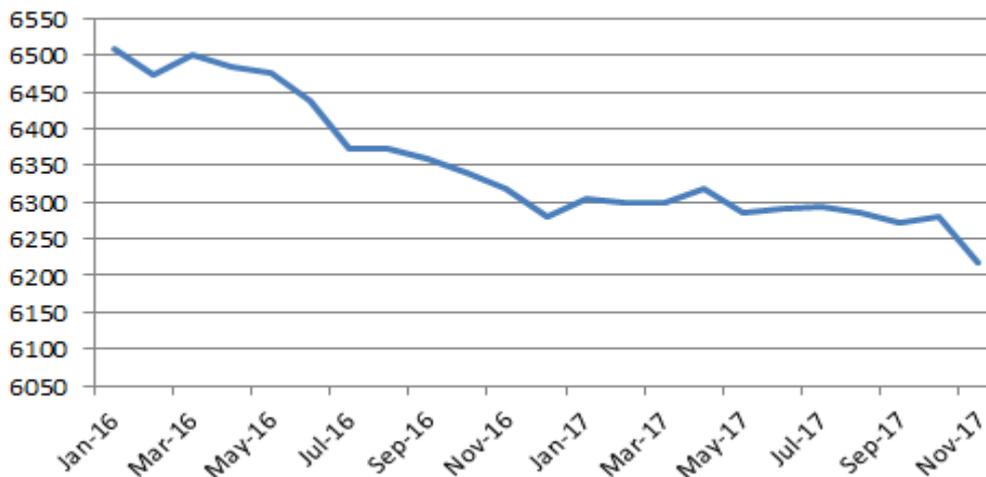
## 1.4 Performance and Workload of the Benefits Service

- 1.4.1 The average number of days taken to process a new claim for housing benefit so far this year is 13.3. It takes an average of 4.4 days to process a change in circumstances. For November the results were 8.5 and 3 days, our best performance so far and amongst the top performers nationally. The targets for the year are 15 and 6 days.
- 1.4.2 There is a continued reduction in the number of households receiving housing benefit and council tax reduction. The trends are shown at figures 1 and 2 below.

**F1: Council Tax Reduction Caseload**



**F2: Housing Benefit Caseload**

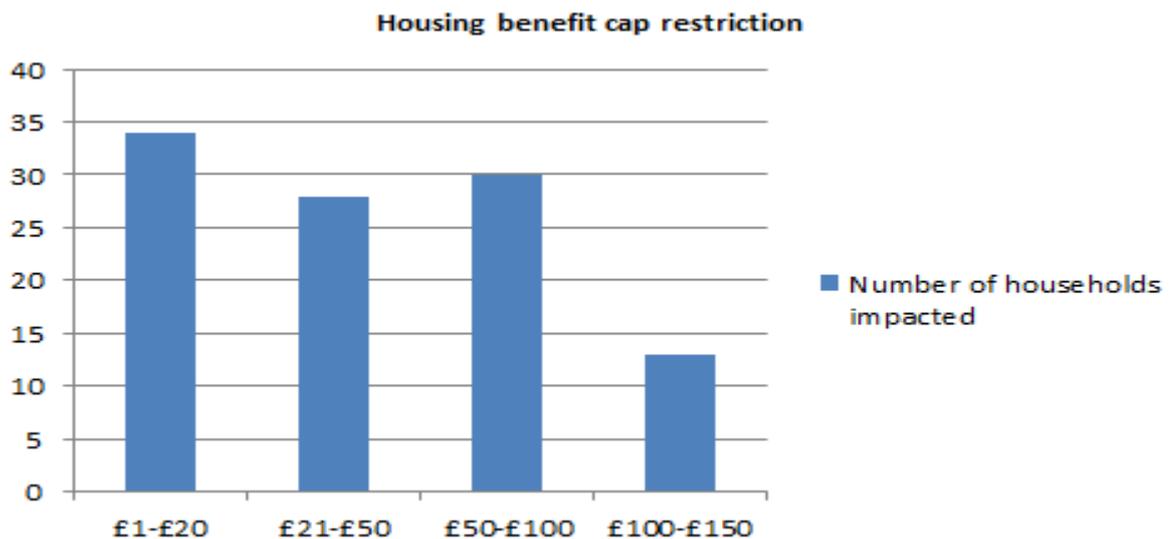


- 1.4.3 Approximately one in eight households in the Borough are assisted by housing benefit and / or council tax support. For council tax reduction, the main cause for the overall reduction in caseload has been fewer pension age claims due to annual pension rate increases (triple lock). Pension age claims make up 35% of total council tax reduction claims. For housing benefit there has been an equal number of reductions in pension age and working age claims, although pension age claims account for 43% of total claims.

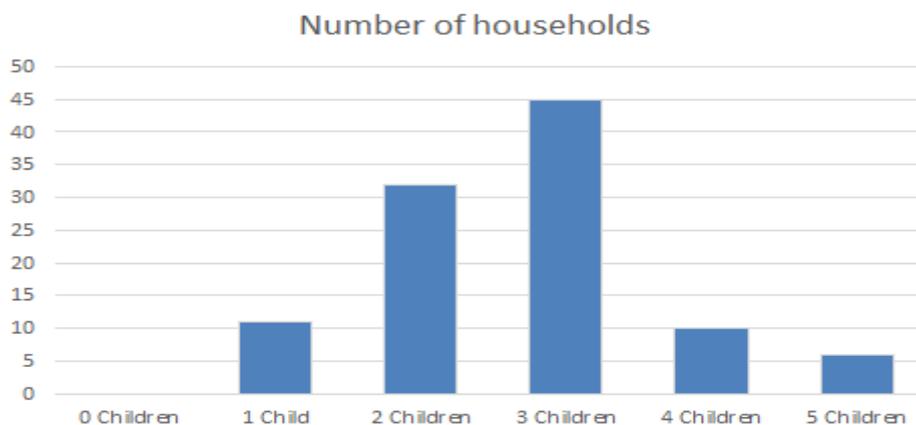
1.4.4 Although the number of claims for council tax reduction is decreasing and the scheme designed for 2017/18 is less generous than that of 2016/17, the total award of council tax reduction slightly increased due to the rise in council tax. For the first year since the introduction of local council tax reduction schemes, our collection rate of council tax for households helped by council tax reduction has fallen. This suggests that all things being equal, the impact of changes to the scheme together with other welfare reform measures, is nearing that ‘tipping point’ whereby households are unable to meet liabilities.

## 1.5 Housing Benefit Cap

1.5.1 There are currently 107 households with restrictions to housing benefit due to the benefit cap. Restrictions range from £1.04 per week to £222.69. The chart below shows the number of households and level of restrictions.



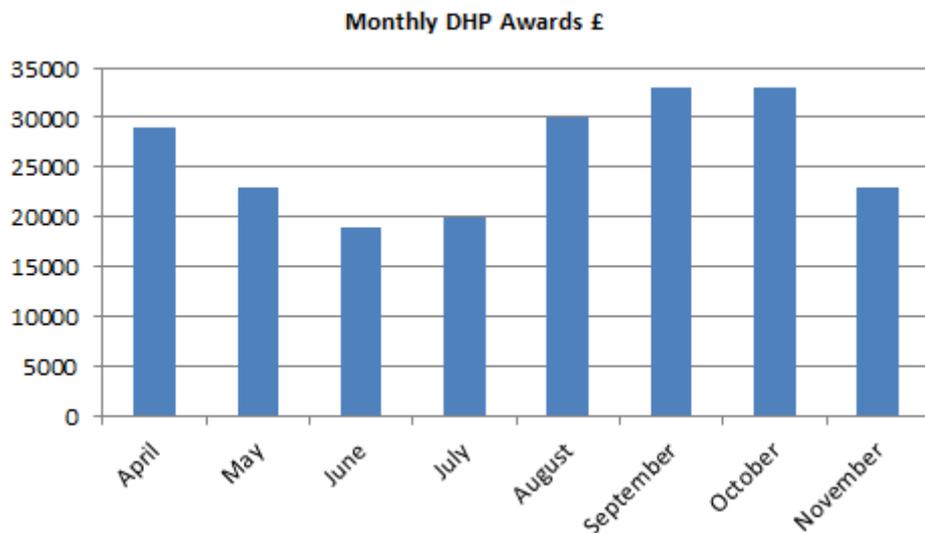
1.5.2 Officers in my benefits service continue to work with landlords, local Jobcentres, other agencies and benefit claimants to ensure the benefit cap does not cause long term hardship to households. All of the households affected by the benefit cap contain children, shown in the chart below.



1.5.3 There is now wide use of discretionary housing payments to support families over the short term while longer term solutions are sought.

## 1.6 Discretionary Housing Payments (DHP)

1.6.1 The Government grant for DHP this year was £284,178. At 15 December, £70,074 remains unallocated for the remainder of the financial year, the budget is on track to be spent by 31 March 2018. The spending profile is shown below.



1.6.2 This financial year has seen an increase in the number of DHP applications and awards made to directly prevent homelessness. The use of DHP to clear rent arrears to prevent evictions and to provide rent in advance payments enables customers to move to more suitable accommodation. So far, £130,500 has been awarded for these purposes. All applications are carefully scrutinised, with a requirement to supply any supporting evidence deemed necessary. A higher priority is given to applicants who are already staying in temporary accommodation allocated by our housing officers, or where there is a strong likelihood that the applicant would be placed into temporary accommodation.

## 1.7 Changes to Universal Credit

1.7.1 Universal Credit 'Live' service was introduced in the Borough in October 2015. Since then, a single, working age person who would otherwise claim jobseeker's allowance when out of work, has claimed universal credit instead. Couples, families and people incapable of work have so far been excluded from claiming universal credit. The new digital service, known as the Full service, was due to be rolled out in the Borough in August 2018. Full service which includes all working age claimants, except families with more than two children, is steadily being rolled out across the country.

1.7.2 The Chancellor made a number of announcements relating to universal credit in his budget speech. These were followed the next day by several additional announcements from David Gauke MP, Secretary of State for Work and

Pensions. The announcements included a £1.5 billion package to address concerns of universal credit delivery. The main measures announced are:

### **1.7.3 Universal Credit Live service**

From January 2018, the universal credit 'Live' service will cease to take any new claims. This means that any **new claim** in a live service area made after the 31st December 2017 will, until UC 'Full' service is commenced locally, be made to one of the following legacy benefits and/or tax credits listed below

- Employment and Support Allowance
- Jobseeker's Allowance
- Income Support
- Housing Benefit for any rental support
- Child Tax Credits and/or Working Tax Credits

This means that the Council will continue to administer all housing benefit claims until November 2018 at the earliest.

### **1.7.4 Abolition of the seven waiting days**

This applies to new claims from February 2018. At the moment, anyone making a new claim will not be paid for the first seven days from the date of the claim. This will alleviate the immediate pressure placed on claimants to help with daily living and housing cost when making a new claim. This should reduce the waiting time for payment from six to five weeks, current feedback from LA's suggests that delays have been in excess of six weeks.

### **1.7.5 Extension of advance payments**

From January 2018, claimants will be able to request 100% of their projected entitlement for the first assessment period to be paid within five days as an interest free advance, repayable over 12 months. This represents an extension of the existing allowance of a 50% advance repayable over six months.

### **1.7.6 Extended housing benefit payments**

From April 2018, a new two week extended housing benefit payment will be introduced for those already on housing benefit who transfer to universal credit. The first universal credit payment will also include payment for housing costs for the same two weeks.

### **1.7.7 Larger families**

The 'Full' service system cannot register families with more than two children. They must claim 'legacy' benefits (housing benefit, jobseekers allowance, tax credits, income support or employment and support allowance) or revert to these benefits if receiving universal credit and an additional child joins the household

where there are already two. From January 2019, this issue will be fixed. The fix was scheduled for November 2018.

#### **1.7.8 Temporary accommodation and universal credit**

From April 2018, housing costs for temporary accommodation due to homelessness will be met through housing benefit and not universal credit in recognition of the impracticalities created by paying claims through universal credit.

#### **1.7.9 Other universal credit measures**

Announcements were also made, with little detail as yet, relating to 'making it easier' for claimants to have their housing cost element of their award paid directly to their landlord, £8m has been set aside to trial 'innovative approaches' to help individuals on universal credit earn more and there will be a partnership agreement with CAB to provide face to face support to universal credit claimants.

#### **1.7.10 Other announcements affecting housing benefit**

The freeze on uprating working age benefit rates will continue but, in order to address problems with the associated freeze on local housing allowance (LHA) rates, LHA rates will be increased in some of the more expensive rental market areas. For 2018/19, £40m has been allocated to address the problems and £85m in 2019/20.

### **1.8 Legal Implications**

1.8.1 Nil.

### **1.9 Financial and Value for Money Considerations**

1.9.1 The percentage of council tax and business rates collected during the year impacts on the Council's finances and, consequently, on the level of council tax for future years.

### **1.10 Risk Assessment**

1.10.1 Nil.

Background papers:

1. In respect of the collection of council tax and business rates, data held within Financial Services.

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