

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

09 January 2019

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

1 REVENUES AND BENEFITS UPDATE REPORT

A report detailing recent developments in respect of council tax, business rates, council tax reduction and housing benefits. The report further makes recommendations to Full Council that schemes for Retail Discount and Council Tax Reduction for 2019/20 be adopted, that the 'Class C' council tax discount is amended from 1 April 2019 and finally that the long term empty premium of 100% is adopted from 1 April 2019.

1.1 Class C Empty Property Discount and Long Term Empty Homes Premium

1.1.1 At the 17 September 2018 meeting of this Board it was recommended (and subsequently agreed by Cabinet on 10 October 2018) that:

- the Class C empty property discount be removed with effect from 1 April 2019 for a trial period of one year with a report back on any implications; and,
- delegated authority be granted to the Director of Finance and Transformation in liaison with the Cabinet Member for Finance, Innovation and Property to apply a long term empty homes premium of 100% from April 2019 if Regulations allow.

1.1.2 The Regulations have now achieved Royal Assent and the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 came into force on 1 November 2018.

1.1.3 Cabinet's decision has been taken on board, with the agreement of the Cabinet Member for Finance, Innovation and Property, when setting the taxbase for 2019/20.

1.1.4 Members are now asked to **recommend** to Full Council that:

- 1) the change to the Class C discount is implemented from 1 April 2019; and a report is submitted during 2019/20 regarding any implications;

- 2) The long term empty homes premium of 100% is applied from 1 April 2019.

1.2 Collection of council tax and business rates

- 1.2.1 As at 30 November 2018, the collection rate for council tax stood at 74.44%. For the same period in the year 2017/18, the collection rate was 74.39%.
- 1.2.2 As at 30 November 2018, the collection rate for business rates stood at 75.95%. For the same period in the year 2017/18, the collection rate was 76.07%.
- 1.2.3 I shall update Members, as to the collection rates for 2018/19, as at 31 December 2018, for both council tax and business rates, on the evening of the meeting.
- 1.2.4 In respect of the working age customers receiving a council tax reduction (CTR), approximately 97% of the council tax due for 2013/14 has been paid, with 95% for 2014/15, 94% for 2015/16, 91% for 2016/17 and 86% for 2017/18.
- 1.2.5 For the current financial year, approximately 60% has been paid compared to 59% for the comparative period in the previous financial year. We are continuing to monitor this closely as collection rates can fluctuate throughout the year.
- 1.2.6 I am also pleased to advise that the number of recovery notices issued this financial year is still lower than last year, with approximately 25% fewer notices being sent compared to 2017/18 - see **[ANNEX 1]**.

1.3 2018 Autumn Budget

- 1.3.1 A package of business rates measures were announced to recognise that changing consumer behaviour presents a significant challenge for retailers in our town centres:
- A one third discount for retail property with a rateable value below £51,000 for two years;
 - Intention to legislate to grant a 100% relief from business rates for all standalone public toilets;
 - Extension of the £1,500 business rates discount for local newspapers' office space in 2019/20.
- 1.3.2 The definition of retail properties will follow that adopted from the previous retail relief scheme in 2014/15 and 2015/16. At the time of writing this report, MHCLG guidance on the operation of the new relief scheme had just been issued and work was under way to identify the eligible businesses.
- 1.3.3 The relief will have effect for 2019/20 and 2020/21 with State aid rules applying in the normal way.

- 1.3.4 The council is required to adopt a local scheme and determine in each individual case, when having regard to the guidance, to grant relief under section 47 of the Local Government Finance Act 1988.
- 1.3.5 The Council will be compensated for the cost of granting the relief through a Section 31 grant from Government and in accordance with the New Burdens doctrine, MHCLG will conduct an assessment of the expected reasonable additional costs of new software and staffing/administration with relevant stakeholders shortly. Full details of funding for these costs will be released following this assessment.
- 1.3.6 Members are asked to recommend to Full Council to adopt a local scheme for the retail discount to be awarded in line with the discretionary relief policy and MHCLG guidance. The scheme will be made available to Members at Full Council. Members are also asked to recommend that delegated authority be given to myself to grant relief in accordance with the adopted scheme, subject to any disputed entitlement to relief being referred to this Advisory Board.

1.4 Council Tax Base for the year 2019/20

- 1.4.1 I attach, at **[ANNEXES 2 and 3]**, the council tax base for the financial year 2019/20. This shows that there are 50,820.61 Band D equivalent properties within the Borough.
- 1.4.2 Members should note that, compared to the tax base for the year 2018/19 (49,924.51 Band D equivalent properties), there has been an increase of approx. 1.8% in the overall tax base for the Borough.
- 1.4.3 This increase is a combination of fewer taxpayers claiming Council Tax Reduction, growth in the number of new properties and the forthcoming changes to the empty property discount/premium.
- 1.4.4 The Council is required to set its tax base for the forthcoming financial year, and notify it to the major precepting authorities, during the period 1 December to 31 January. Members will recall that, at the time of reporting the tax base for the year 2005/06, they agreed to give me delegated authority to calculate the tax base for subsequent years.

1.5 Performance and Workload of the Benefits Service

- 1.5.1 The average number of days to assess new benefit claims between April and December was 12.3, while it has taken an average of 2.2 days to deal with changes in circumstances.
- 1.5.2 At the recent national AGM of the Northgate revenues & benefits software user group, a director of Northgate Public Services gave a presentation which included a slide listing the top 20 performing Councils across the UK, based on data from the DWP over the last year. I am pleased to report that Tonbridge & Malling

Borough Council ranked third out of the 391 councils. There were no other Kent councils in the top 20.

- 1.5.3 The number of households assisted by housing benefit has dropped slightly to 6,187. Of these, 65% are working age. The number claiming a council tax reduction remains at around 6,689, 58% being working age.
- 1.5.4 The balance in the discretionary housing payment (DHP) fund stands at £32,000 at the time of writing my report. The annual budget is £236,000 for the financial year. This year has seen a reduction of £48,000 in Government grant and a higher demand placed on the fund by our residents as welfare reform measures take greater hold. The normal judicious use of the fund has been further strained this year, with many awards being made to resolve acute and immediate issues rather than alleviating ongoing financial difficulties. So far, we have made 133 single payments to clear rent arrears or assist with rent in advance to enable households to move.
- 1.5.5 All of these payments have been made with the purpose of preventing homelessness either through securing new homes or removing the threat of eviction. Several payments have been made the same day as an application to prevent enforcement agents continuing with evictions. Applications for DHP may come directly from residents, via the Council's housing service or identified through our benefits service.
- 1.5.6 In total 320 awards have been made so far and 100 applications refused. Ongoing, weekly awards are generally made with conditions stipulating that continued payments rely on the applicant engaging with services such as debt counselling, money advice, housing advice, engagement with jobcentres etc. to encourage applicants to help themselves. It is made clear that, in all but a very few cases, reliance on DHP is not a sustainable solution.

1.6 Universal Credit

- 1.6.1 On 21 November 2018, universal credit (UC) was rolled out across the Borough. It is now in operation throughout the whole of England under the management of the DWP.
- 1.6.2 UC replaces housing benefit, jobseekers allowance, income support, employment & support allowance, working tax credits and child tax credits, all known as legacy benefits. It is a working age benefit, meaning pensioners will continue to get state pensions and benefits, including housing benefit, when they reach pension age.
- 1.6.3 Residents in temporary 'homeless' accommodation and supported accommodation will not have housing costs paid through UC but will need to apply for housing benefit for help.
- 1.6.4 Families with more than two children will not be able to claim UC but continue to claim legacy benefits. This anomaly is due to be removed from 1 February 2019.

- 1.6.5 At this point in time, the easiest way to explain who claims UC is, with the exceptions above, 'anyone who would previously have made a new claim for one or more of the legacy benefits'. However, some changes in circumstances for claimants receiving legacy benefits will trigger the need to make a new claim for UC. **[ANNEX 4]** is a briefing sheet to help our staff with advice.
- 1.6.6 The expectation, based on experience from other Councils, is that the number of households receiving housing benefit in the Borough will fall by around 400 over the next year, with most of those relying on UC as a replacement for financial support.
- 1.6.7 Discretionary housing payments can be awarded to top up and assist residents receiving UC providing the award includes an element for housing costs.
- 1.6.8 Citizens Advice operate a drop-in support service at the Gateway in Tonbridge, Monday to Friday, 1pm - 4pm to assist anyone with UC difficulties.
- 1.6.9 Claims for UC do not automatically constitute a claim for council tax reduction. When claiming housing benefit, a claimant could use a single form as a joint claim for housing benefit and council tax reduction. When claiming UC, it is necessary to make a separate claim to the Council for council tax reduction. This has potential to cause delays in administration and duplication for the claimant.

1.7 Local Council Tax Reduction Scheme

- 1.7.1 The Council's local council tax reduction scheme (LCTRS), which replaced council tax benefit from 1 April 2013, has been updated and aligned with national benefit rates each year in accordance with prescribed requirements from Government and in line with benefit rates and allowances provided in the annual uprating circular published by the DWP. It is proposed that the Council's local council tax reduction scheme for 2019/20 will be based on the 2018/19 scheme with amendments for prescribed requirements and uprating.
- 1.7.2 In addition to the above amendments, to simplify claiming and administration of LCTRS, it is proposed that the scheme be amended to allow a claim for UC to be treated as the intention to claim council tax reduction from the date of the UC claim. That information can be obtained via the Department for Work and Pensions (DWP) Data Hub. A claim made in this way would of course be subject to all other rules around entitlement as a claim made directly to the Council.
- 1.7.3 At the time of writing this report full details are not available from Government to update our scheme for 2019/20 however, amendments will be contained to those outlined above and the scheme will be presented to Full Council in February 2019.
- 1.7.4 Members are asked to recommend to Full Council the approval of the Tonbridge & Malling Borough Council Local Council Tax Reduction Scheme 2019/20 to be effective from 1 April 2019.

1.7.5 The local council tax reduction scheme for 2020/21 is currently being reviewed by a group of officers acting on behalf of Kent. The aim is to simplify and reduce the cost of administration of the scheme by moving away from a means tested reduction to a banded scheme more aligned to council tax than benefits. Further details will follow when more information is available, but it is expected that we will need to go out to public consultation during Summer 2019 with proposals for a new scheme.

1.8 Legal Implications

1.8.1 The local council tax reduction scheme for 2019/20 must be approved by Full Council by 11 March 2019.

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.

1.11 Equality Impact Assessment

1.11.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users at this point.

1.12 Policy Considerations

1.12.1 Community

1.12.2 Customer Contact

1.13 Summary of Recommendations

1.13.1 Members are now asked to **RECOMMEND** to Full Council:

- 1) That the change to the Class C discount is implemented from 1 April 2019; and a report is submitted during 2019/20 regarding any implications;
- 2) That the long term empty homes premium of 100% is applied from 1 April 2019;
- 3) To adopt a local scheme for the retail discount to be awarded in line with the discretionary relief policy and MHCLG guidance from 1 April 2019 and for the scheme to be made available at the Full Council meeting;

- 4) That delegated authority be given to the Director of Finance and Transformation to grant relief in accordance with the adopted retail discount scheme, subject to any disputed entitlement to relief being referred to this Advisory Board; and
- 5) The Tonbridge & Malling Borough Council Local Council Tax Reduction Scheme 2019/20, to be made available at the Full Council meeting, to be effective from 1 April 2019.

Background papers:

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

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