

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

18 September 2019

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 COUNCIL TAX REDUCTION SCHEME 2020/21

The report updates Members on the review of the Council Tax Reduction Scheme.

1.1 Introduction

1.1.1 Members will recall at our last Board I outlined the need for a redesign of our Local Council Tax Reduction Scheme (LCTRS) for 2020/2021. The emphasis being placed on development of a scheme that will efficiently effect the growing number of households receiving Universal Credit (UC) and claiming council tax reduction. A new scheme should also provide a stepping stone towards a simplified LCTRS for the point when full UC migration takes place, currently scheduled for some time prior to 2024.

1.1.2 I must reiterate, the aim of the redesign is not to reduce the level of help we provide to residents across the Borough, but to avoid further administrative costs due to the changing 'benefits' environment. With that aim, working together with some of my Kent counterparts, major preceptors and a shared specialist consultant, a number of changes are proposed to our current scheme, for implementation on 1 April 2020.

1.1.3 As always, the difficulty lies within creating the right balance of three fundamental building blocks for a scheme, fairness, simplicity and cost, which since the introduction of local schemes in 2013, we have achieved. I am pleased to say that since our last meeting, officers have completed comprehensive modelling and testing and developed proposals for a solution to meet those needs as well as generating incentives for those in work and safeguards for those who cannot.

1.2 Consultation

1.2.1 Due to the timing of our meetings and the mandatory framework for making changes to the Scheme, there is a tight schedule in which to complete the process. At our last meeting, Members agreed in order for me to make headway, I

should finalise the consultation material and undertake the consultation in liaison with the Chair, Vice Chair and Cabinet Member for our Board.

- 1.2.2 I can now report that, following agreement with the Members mentioned above, our statutory public consultation on proposed changes for the Local Council Tax Reduction Scheme 2020/21 opened on Monday, 9 September and will run for eight weeks, closing at midnight on 4 November. Members should already have received promotional cards for the consultation. The consultation survey is available online at: www.tmbc.gov.uk/cts
- 1.2.3 Promotional cards are in the process of being sent to all current working age households receiving council tax reduction and 5000 other householders in the Borough, picked at random. Cards will be available at our customer service desks, our revenues and benefits staff will promote the consultation by phone and email and there will be engagement events with other key stakeholders of the service to get a sufficient representative response that can be considered when finalising decisions.

1.3 Proposed Changes

- 1.3.1 Members will see that the consultation places some emphasis on the transition to online services, meeting growing public demand and reducing our costs. At the same time, I will ensure that measures are in place for no one to be disadvantaged through any restricted accessibility by the move towards online channels. Support will remain available to residents from our officers by telephone and face to face at our offices although the shape of these services will be managed to ensure they support and align with our Digital Strategy.
- 1.3.2 The second proposed change, to introduce a 'minimum income floor' for self-employed claimants would bring our Scheme into line with UC, which has a similar way of dealing with claims declaring continually low earnings.
- 1.3.3 The third proposal is actually a package of changes. Together, they represent a proposal to introduce a banded discount scheme, similar to that highlighted to the Board at our last meeting. To make this change simple but remain as fair as possible it includes some differences to the way we treat income in our current scheme. These differences include greater disregards for people in work, the amount of earnings that are not taken into account before being included in an income assessment, additional disregards where there are disability benefits in payment and disregarding Carers Allowance.

The proposed income grid and level of discount is below.

| Bands | Band 1 | Band 2 | Band 3 | Band 4 | Band 5 |
|------------------------------|--------------|-------------------|-------------------|-------------------|-------------------|
| Discount | 80% | 65% | 50% | 35% | 20% |
| Single Person | £0 - £82.10 | £82.11 - £123.15 | £123.16 - £164.20 | £164.21 - £205.25 | £205.26 - £246.30 |
| Couple | £0 - £122.10 | £122.11 - £163.15 | £163.16 - £204.20 | £204.21 - £245.25 | £245.26 - £286.30 |
| Lone Parent with 1 child | £0 - £132.10 | £132.11 - £173.15 | £173.16 - £214.20 | £214.21 - £255.25 | £255.26 - £296.31 |
| Couple with 1 child | £0 - £172.10 | £172.11 - £213.15 | £213.16 - £254.20 | £254.21 - £295.25 | £295.26 - £336.30 |
| Lone Parent with 2+ children | £0 - £182.10 | £182.11 - £223.15 | £223.16 - £264.20 | £264.21 - £305.25 | £305.26 - £346.30 |
| Couple with 2+ children | £0 - £222.10 | £222.11 - £263.15 | £263.16 - £304.20 | £304.21 - £345.25 | £345.26 - £386.30 |

- 1.3.4 A banded scheme will remove the need to constantly re-assess income, particularly for those claimants receiving UC, where automated monthly income updates are received from the Department for Work and Pensions.

1.4 Equality Impact Assessment

- 1.4.1 A first stage Equality Impact Assessment is attached at **Annex 1**

- 1.4.2 Although the aim of the proposed changes is to provide a similar level of financial support to households across the Borough, the re-distribution will generate some winners and losers. The income grid has been developed to have minimal impact on the level of current awards however the initial Equality Impact Assessment gives an indication there are some households who may face changes, averaging a gain or loss of £0.56 per week. There is no indication unique impact on protected characteristic groups.

- 1.4.3 The Council's Exceptional Hardship Scheme will be retained as a key safety net for households with significant difficulties.

1.5 Legal Implications

- 1.5.1 The Council has a statutory duty to consult on a proposed scheme. Consultation will be undertaken within the principles of public consultations.
- 1.5.2 Local Council Tax Reduction Schemes must be agreed by Full Council.

1.6 Financial and Value for Money Considerations

- 1.6.1 Proposed changes to the Council's LCTRS are being made to reduce the risk of increased costs

1.7 Risk Assessment

- 1.7.1 Nil.

1.8 Equality Impact Assessment

1.8.1 A full EIA will be made following the close of the consultation.

1.9 Policy Considerations

1.9.1 None

Background papers:

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