

## COUNCIL TAX SUPPORT TASK AND FINISH WORKING PARTY

2 March 2016 at 4.30 pm

Present: Councillors Hitchins, (Chairman), Clayden, Dingemans, Mrs Oakley, Oppler and Mrs Rapnik.

[Note:- Councillor Oppler was absent from the meeting during consideration of the matters referred to in Minute 10 to 13 (Part)].

### 10. Apology for Absence

An apology for absence had been received from the Cabinet Member for Corporate Governance, Councillor Wensley.

### 11. Declarations of Interest

The Monitoring Officer has advised Members of interim arrangements to follow when making declarations of interest. They have been advised that for the reasons explained below, they should make their declarations on the same basis as the former Code of Conduct using the descriptions of Personal and Prejudicial Interests.

#### Reasons

- The Council has adopted the Government's example for a new local code of conduct, but new policies and procedures relating to the new local code are yet to be considered and adopted.
- Members have not yet been trained on the provisions on the new local code of conduct.
- The definition of Pecuniary Interests is narrower than the definition of Prejudicial Interests, so by declaring a matter as a Prejudicial Interest, that will cover the requirement to declare a Pecuniary Interest in the same matter.

Where a member declares a "Prejudicial Interest", this will, in the interests of clarity for the public, be recorded in the minutes as a Prejudicial and Pecuniary Interest.

Councillors Clayden, Mrs Oakley and Mrs Rapnik declared their Personal Interests in Agenda Item 5 (Council Tax Reduction Scheme – Year 6 – April 2017) in so far as they claimed the single discount in respect of their Council Tax.

## 12. Minutes

The Minutes from the last meeting of the Working Party held on 9 December 2015 were approved by the Working Party as a correct record and were signed by the Chairman.

## 13. Council Tax Reduction Scheme – Year 5 – April 2017

The Working Party received a report from the Benefits Manager which provided the additional information requested at its last meeting held on 9 December 2015. This was in relation to:

- Option 1 – Limitation in liability
- Options 2 – Limitation in Council Tax band
- Option 10 – The inclusion of a minimum weekly amount of reduction
- Option 11 – The inclusion of a minimum weekly payment
- Extended reductions the additional 8 weeks benefit paid
- Details of other authority's schemes; and
- Details of Worthing Borough Council's hardship fund

The Benefits Manager explained the financial modelling work undertaken for this meeting and that the data used to model each of the options listed above had been extracted on 15 February 2016. As the Working Party was modelling a scheme which would be in place in 2017, the figures provided and the additional figures circulated to the meeting, were as reflected by the current caseload make-up which would be subject to change. They did, however, provide a useful indication of the percentage of savings that could be achieved by using any of the options on their own.

The Working Party was reminded that as the financial modelling did not reflect any increases in the levels of Council Tax charged, it was recommended that further detailed analysis work be undertaken in April 2016 to take account of the 3.1% increase in Council Tax. This work could then provide an in-depth analysis of the households affected by any of the options, to include such considerations as family make up; number of children; income types; and whether disabled and the levels of savings.

The Working Party then worked through each of the options listed above and the results of discussion on these options are detailed below:

### **Option 1 – Limitation in Liability**

It was explained that this Option limited the percentage of Council Tax liability used in the benefits calculation. A new Appendix 1, circulated to the meeting, set out the estimated cost, the % saving, the number of working age cases under the current scheme; and the numbers that would be affected by this Option if this was set at 85%, 80% and 75% liability.

This illustrated that using 80% as a limit would reduce the cost of the scheme to £9,498,000 (from £10,680,000) an estimated saving of 11%.

The advantages of using this method were that it was easy to administer (as it just required a parameter of change on the computer system); was a single easy change for staff to remember; and produced the required savings in one single change.

The disadvantages were that some claimants on very low incomes would struggle to meet the payments which would be small sums to collect increasing the cost of administering the collection of council Tax. The figures circulated stated that around 1,150 claimants would be affected by a £5.00 to £9.99 increase and that most of those affected resided in the larger areas of the District and the most deprived areas being Littlehampton, Bognor Regis and Bersted.

The view of the Working Party was therefore that this Option should not be pursued further.

### **Option 2 – Limitation in Council Tax Band**

The Benefits Manager explained this Option. As most of the households claiming a reduction tended to occupy less expensive properties it had been necessary to limit the Council Tax Band used in the calculation to Band A, meaning that anyone occupying a property in a higher band would have their entitlement calculated based on a Band A charge. This would achieve a saving in the region of 10%.

As with Option 1, it was explained that this would be easy to administer both on the computer hardware and for staff to remember. It potentially gave the required level of saving by one simple change and fewer customers would be affected by the change.

The concern of the Working Party was that families would bear the brunt of this change and having looked at the figures supplied to the meeting, it was agreed to not pursue this Option as around 2,549 claimants would be subjected to losing up to £4.99 a week and around 1,523 would be subjected to losing around £5.00 to £9.99 per week.

### **Option 10 – The Inclusion of a Minimum Weekly amount of Reduction**

The Benefits Manager advised that this Option was otherwise known as “bottom slicing” which meant that if a claimant’s weekly entitlement was less than £5.00 it was not awarded.

This Option only achieved a very small saving (less than 1%) and so would need to be included with other Options in order for it to be effective. Further details had been given in the comparison tables.

The view of the Working Party was that this Option should not be pursued further in view of the time it would take to administer.

### **Option 11 – The Inclusion of a Minimum Weekly Payment**

The Benefits Manager explained that the figure used was a weekly minimum payment of £3.70 which was the equivalent of the rates used by the Department for Work and Pensions (DWP) when making deductions from benefits. This Option would achieve a saving of 7%.

This Option would be easy to administer and could be considered to be a more affordable Option for low income households as this was the amount that the DWP would deduct from a claimant's benefit in respect of Council Tax arrears. It affected fewer households than Options 1 and 2 and the maximum weekly change would be limited to £3.70.

Although this Option did not produce the desired 10% saving, it was pointed out that it could be combined with other Options and that there was sufficient time, in terms of the timetable set for this review, to give further consideration to this Option.

The Working Party was informed that Worthing Borough Council had adopted a similar Option to this as part of its scheme.

In discussing this Option, the Working Party was of the view that it seemed to be the fairest of all the Options discussed so far. Although the savings achieved would be 7%, instead of the preferred 10%, this would still equate to a saving of around £80k. This Option could also be combined with another measure.

The view of the Working Party was that this Option be pursued further.

### **Extended Payments (the additional 8 weeks benefit paid)**

The Working Party was reminded that this was paid when a claimant started work after a qualifying period of unemployment with their Council Tax Reduction continuing to be at the same rate for 8 weeks. For Housing Benefit this period was 4 weeks. It was explained that this additional help was designed to reduce the strain on the household budget during the early weeks of employment.

Extended payments worked well for Housing Benefit as benefit was paid either fortnightly or 4 weekly. For Council Tax Reduction, the new benefit levels were calculated and deducted from the remaining annual bill before the monthly instalments were worked out. This meant that the benefit of the extended payment was variable depending upon the time of year and number of instalments left to pay.

Detailed modelling of these payments had proven to be problematic as they were not easy to identify due to the way the information was stored and so more work would need to be undertaken manually to identify the relevant cases. There was sufficient time to schedule in further work on this Option should the Working Party decide it was an Option that they wanted to pursue further.

The Working Party asked if they decided to adopt this Option, would it increase the 7% saving that could be achieved with Option 11.

The view of the Working Party was that this Option be pursued further.

### **Other Authorities' Schemes**

The Working Party thanked the Benefits Manager for organising the recent Seminar on Council Tax Support which they had found most useful. The Seminar had outlined that only 42 local authorities provided support to the 'old CTB' levels and the numerous changes made to other schemes had been outlined.

The Working Party then worked through these changes and what they might mean for the Council.

### **Worthing Borough Council's Hardship Fund**

The Working Party was informed that Worthing Borough Council had a separate hardship fund amounting to £80,000 which was jointly funded by both Worthing Borough Council and West Sussex County Council.

Arun's current scheme already had a provision for a hardship fund written amounting to £100,000 which had not been used in recent years. The Working Party had, in the past, debated whether this should be reduced.

### **Other Considerations**

The Working Party was asked to consider:

- Aligning elements of the scheme with that for Housing Benefit as this would make it easier to administer and would avoid staff having to remember different rules for Council Tax Reduction. Elements to consider for alignment were:
  - The removal of the family premium
  - To reduce the backdating provision to one calendar month for cases where there was good cause for delay
  - To reduce the extended payment provision on return to work from 8 to 4 weeks (as outlined as an Option covered in Extended Payments above)
  - To ensure that the scheme was written in such a way that future administrative changes could be incorporated without the need for public consultation

- To consider whether to approach WSCC to request additional funding to help cover the increased costs of administering a revised scheme – as they understood that other Councils had taken this approach.

Following discussion, the Working Party asked that the following Options be pursued with further financial modelling being undertaken so that more information could be provided to a further meeting of the Working Party which would most likely be arranged for early May 2016. At this meeting, the Working Party could then decide on the Options to adopt and in line with its timetable agreed at its meeting held on 9 December 2016.

The Options to be pursued were:

- Option 11 – Including a weekly minimum payment of £3.70
- Reduce the Extended Payment provision on return to work from 8 weeks to 4 weeks (to align the Council Tax Support scheme in with the extended payment given to claimants for Housing Benefit) – subject to the results of further detail modelling.
- To reduce the backdating provision to one calendar month for cases where there was good cause for delay
- The removal of the family premium
- To approach WSCC to request additional funding to help cover the increased costs of administering a revised scheme.
- To ensure that the scheme was written in such a way that future administrative changes could be incorporated without the need for public consultation.

Another Option that was put forward for consideration related to unoccupied properties. The Working Party was reminded that there were 4 types of unoccupied properties. These were:

- Uninhabitable properties
- Substantially unfurnished properties
- Second homes
- Long-term empty properties

The Working Party considered the current position for substantially unfurnished properties. Currently, a 50% discount was applied for a period of 3 months. What the Working Party wished to pursue further was looking at applying a 50% discount for 1 month then to apply the full charge. The calculations provided showed that this could provide a saving of £64,000 and the Revenues Manager was asked to undertake further modelling on this Option for the Working Party to consider at its next meeting. The Working Party accepted that if pursued, this Option could not form part of any recommendations that it might put forward for the Council Tax Support Scheme.

Finally, the Working Party considered its timetable in pursuing the Options outlined above which was that:

- The Committee Manager to liaise with the Benefits and Revenues Managers on a date for the next meeting
- The Options outlined above be considered
- Recommendations be forwarded onto the Overview Select Committee (OSC) on 7 June 2016 and then onto Cabinet on 27 June 2016
- If accepted by Cabinet, the formal consultation to commence so that results can be fed back to OSC on 27 September 2016 with recommendations on the final scheme to be adopted to be forwarded onto Cabinet on 17 October 2016
- Scheme to be adopted by Full Council on 9 November 2016.

*(During consideration of this item, Councillor Clayden declared a Prejudicial/Pecuniary Interest in relation to the Options put forward for Substantially Unfurnished Properties as he owned a flat that came under this category. Councillor Clayden therefore left the meeting whilst this Option was discussed).*

(The meeting concluded at 5.20 pm)