

**CABINET**  
**4 NOVEMBER 2019**  
**COUNCIL TAX REDUCTIONS SCHEME**

**Councillor Janette Williamson (Cabinet Member for Finance and Resources) said:**

“In 2013, the Conservative-led Coalition Government abolished Council Tax Benefit for hundreds of thousands of low-income households across the county. They replaced this support with the Local Council Tax Support Scheme, cutting the funding by 10% at the same time.

“This decision disadvantaged thousands of vulnerable, low-income Wirral families. Since its implementation, Wirral has tried its best to retain protection for these households, giving them the support that has been sadly lacking in national policy.

“I am delighted we have now developed a proposal to help us go further. This report provides a proposal for a new scheme of Council Tax reduction, an investment of more than £800,000 which will see more than 9,000 low income households get a better deal on their Council Tax.

“The proposals in this policy increase the level of support currently provided to thousands of the most financially vulnerable in Wirral by reducing their Council Tax liability, and to simplify the system for many residents including those on Universal Credit, zero hours contracts and irregular and incomes.

“We have always promised to put the most vulnerable first. This proposal is that promise in action.”

## **REPORT SUMMARY**

The report outlines proposed changes to the Council Tax Reduction Scheme operated by Wirral Council. The proposal has previously been before Members and approved in principle.

This report seeks approval to allow a reduction in the minimum amount payable by non protected groups from the current 22% minimum to a 12% minimum.

The report also seeks approval to simplify the claim process to enable notifications received from the Department of Work and Pension for applicants applying for Universal Credit to be treated as a claim for Council Tax Reduction.

Finally, the report seeks approval that minor amendments to the scheme for administrative purposes can be agreed by the Cabinet Member Finance and Resources in conjunction with the Section 151 Officer on advice from the Head of Customer Services and the Senior Manager Income Strategy & Policy.

This matter affects all Wards within the Borough.

This is a key decision.

## **RECOMMENDATION/S**

- (1) Cabinet recommends to Council an amendment to the Council Tax Reduction Scheme for Wirral to reduce the minimum amount payable for non protected groups from the current 22% to 12%.
  
- (2) Cabinet recommends to Council an amendment to the Council Tax Reduction Scheme for Wirral to allow notifications in relation to Universal Credit to be treated as a claim for Council Tax Reduction.

## **SUPPORTING INFORMATION**

### **1.0 REASONS FOR RECOMMENDATIONS**

- 1.1 By adopting these two amendments the authority will be relieving the pressure of Council Tax payments on some of the most vulnerable households in the borough and simplifying the way the reduction can be claimed.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 No change to the existing Council Tax Scheme. This is not recommended as it would not increase the relief offered to low income households in the Borough.
- 2.2 Offer 100% Council Tax Reduction to all existing claimants. This is not recommended as the cost would be prohibitive.
- 2.3 Not to change the method of claiming Council Tax Reduction. Not recommended as this would not assist people claiming their entitlement.

### **3.0 BACKGROUND INFORMATION**

- 3.1 As part of the government's welfare reform programme, Council Tax Benefit was abolished in 2013 and replaced by a local Council Tax Reduction Scheme. Nationally the funding for the scheme was 10% less than previously paid out under the former Council Tax Benefit Scheme.
- 3.2 The reduction in funding meant that many Councils offset the shortfall in funding by reducing the amount of support granted to householders. In addition, central government prescribed that non working age claimants were automatically protected from the abolition of Council Tax Benefit. This meant that the cut in funding was even greater than the 10% for non protected groups.
- 3.3 Following consultation Wirral Council decided, in addition to the protection offered to pensioners, to also protect other groups of householders in receipt of certain disability benefits.
- 3.4 For all other working age claimants in non protected groups Council Tax Reduction was reduced to the extent that such householders had to pay a minimum of 22% towards their Council Tax bill each year.
- 3.5 The Council awards Council Tax Reduction of £28m to approximately 32,000 householders. Any change to this support has the potential to be far reaching on some of the poorest households in the borough. By approving this change to the scheme, the Council would be offering further assistance to those households who have the greatest difficulty in paying. After considering different options it was determined that this was the most efficient and cost effective way of helping people. It has been fully costed and comes within budget whilst ensuring that nobody can lose out by the proposed change.
- 3.6 Councils are required to consider each year whether they want to amend their existing scheme or replace it with a new scheme. The proposal is to keep the scheme in its

existing format subject to these two amendments which will help some of the poorest households in the borough.

- 3.7 Since the scheme has been in operation many households are failing to clear their in year debt. There are maximum amounts of deductions allowed under both an attachment to benefits or wages and these are not normally sufficient to clear a person's outstanding debt within the financial year, leading to households having multiyear Council Tax debts outstanding.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 Reducing the minimum amount payable to 12% would result in an additional £800,00 of Council Tax Reduction being awarded.
- 4.2 A permanent pressure of £1m has been included in advance within the 2019-2023 MTFS to fund the revised scheme. If Cabinet did not choose to approve the revised scheme, this would release a £1m pressure on the MTFS from 2020 onwards.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 Section 13A (2) of the Local Government Finance Act 1992 requires the Council as the billing authority to make a localised Council Tax Reduction Scheme in accordance with Section 1A of the Act.
- 5.2 Each financial year the Council must consider whether it wants to revise the scheme or replace it.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 Both amendments, if approved, can be accommodated by the existing IT systems. There would be no resource implications.

#### **7.0 RELEVANT RISKS**

- 7.1 Council Tax Reduction entitlement is dynamic and residents come on and off of entitlement on a daily basis. Although the Council Tax Reduction caseload has been relatively static there is always the risk that this could increase which would increase the amount of reduction people are entitled to. This would happen whether or not the scheme was changed.

#### **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 A consultation has taken place but the numbers who took part in the consultation were not sufficient for any meaningful data to be reported. However, there were no adverse comments.
- 8.2 This consultation met the following guiding principles for a fair consultation.

- It was at a time when proposals are at a formative stage.

- It included sufficient reasons for proposals to allow those consulted to give intelligent consideration and an intelligent response.
- Those consulted were be made aware of the factors that were of decisive relevance to the decision.
- Adequate time was given for consideration and response.
- The product of the consultation has been conscientiously taken into account by the decision makers when the ultimate decision is taken.

8.2 The Director of Finance and Investment has written to the Preceptors informing them of the proposed changes both to the Council Tax Reduction Scheme and the Empty Homes Premium. No feedback has been received.

## **9.0 EQUALITY IMPLICATIONS**

9.1 A Equality Impact Assessment has been carried out.

## **10.0 ENVIRONMENTAL AND CLIMATE IMPLICATIONS**

10.2 There will be no measurable impact on emissions of CO2

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## **BACKGROUND PAPAERS**

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet</b>	<b>18 December 2017</b>
<b>Cabinet</b>	<b>26 November 2018</b>
<b>Cabinet</b>	<b>18 February 2019</b>