

**Executive**

15 December 2020

Report of the Assistant Director Customer & Digital Services  
Portfolio of the Executive Member for Finance & Performance

## **Council Tax Support – Consultation Decision Report**

### **Summary**

1. This report presents Executive with a recommendation to amend the council's Council Tax Support (CTS) scheme. This follows consultation on implementing a De Minimis limit in respect of a change in financial income before customers in receipt of council tax support are issued with an adjustment notice (revised bill).

### **Recommendations**

2. Executive are asked to consider the contents of this report and make recommendation to Full Council that:
  - a) having considered the consultation and implications of issuing multiple adjustment notices that a De Minimis limit of £2.50 be implemented before a council tax support customer is required to receive a revised council tax bill.

***Reason:*** *To support financial inclusion and protect financially vulnerable customers from confusing and unnecessary multiple bills.*

### **Background**

3. The rollout of Universal Credit (UC) has changed the environment in which the council's CTS scheme is operating. It is causing complexities around council tax billing, recovery and the volume of bills received by customers. This arises as the level of UC fluctuates around any variation in customer income no matter how minor, which in turn results in constant recalculation of a customer's CT liability with each change generating a new bill. To

put this into perspective this year has seen an average of 1,580 changes per month nearly 20,000 changes a year. Not all of these are relating to a UC change in income but most are.

4. A majority of CTS customers have some income and the constant changes in their CT liability causes problems and confusion. The issue has been raised by the Welfare Benefit Unit and Citizens Advice York (CAY) through the Financial Inclusion Steering Group (FISG). To further complicate the issue often no recovery action can be started due to the constant changes in liability which can and does exacerbate customer's debt issues. It needs to be borne in mind that the changes in liability are generally very small just a couple of pence however under our current CTS scheme and the CT rules new bills must be issued.
5. The initial intention was to undertake a full consultation exercise on the council's CTS scheme during 2020 however the advent of the covid-19 pandemic put paid to this. The issue around multiple bills is such that only a minor technical change to the scheme is required and it has no effect on the current scheme in terms of the level of financial support provided. Despite this being a technical change the council has still undertaken a 6 week period of consultation with all stakeholders.

## **Consultation**

6. The council must by law undertake appropriate consultation if it wishes to amend its CTS scheme and any such change must be approved by Full Council by the 11<sup>th</sup> March in the financial year preceding the change. Where a change has a material impact on the level of income to the council through the council tax base such a change needs to be approved before approval of the council's budget so the financial impact can be taken into account. In this case the proposed change is a technical one and has no impact on the council tax base.
7. The initial consultation around making this change to the scheme was informal as part of FISG and was been raised by support agencies in the city through CAY and had also been picked up by the Welfare Benefit Unit (WBU). The key issue was the confusion caused by customers receiving multiple bills with minor changes often of just a few pence.
8. It was decided that despite the covid-19 pandemic that it would be possible to make a technical change to resolve this issue and that

as part of this a formal consultation period of 6 weeks would be undertaken.

9. The consultation survey was on the council website for 6 weeks from 1<sup>st</sup> October 20 – 13<sup>th</sup> November 2020 inclusive. The survey was promoted via social media, partner networks, including Advice York, York Multiple Complex Needs (MCN), parish councils and residents associations and their newsletters, including York CVS and Health Watch.
10. The consultation was online and the questionnaire is set out at Annex A. The detailed response to consultation is set out at Annex B.
11. The headline feedback is that stakeholders overwhelmingly support a change that implements a De Minimis limit of £2.50 with further details set out in the following paragraphs.
12. The number of responses to the consultation was relatively low, however comparatively higher than in previous CTS consultations. Key representative groups were made aware of the consultation and have responded positively.
13. Response to the proposal to introduce a De Minimis limit has been positive, with over three quarters of respondents supporting the change and only a small percentage disagreeing (10%).
14. Most responders thought the suggested amount of the tolerance level was about right. A few people thought it should be lower and a few people thought it should be higher.
15. The only concerns raised were the impact on those who would be negatively affected by changes in their income within the tolerance, resulting in a lower council tax award over a longer period of time.  
  
*“the concern is that if someone should have got a reduction of £2.50 every week over 52 weeks that is £130 a year which is a significant sum.”*
16. This was highlighted in the scheme proposals and whilst unlikely to occur support will be made available through the Discretionary Council Tax Reduction scheme for those affected. Customers will be signposted through the council’s website, the welfare benefits

service and third sector support agencies to ensure no customer loses out financially however small the value of the change.

## Options

17. Executive have two options associated with this paper:
  - i. Maintain the scheme as is and continue to issue revised bills for small changes in customers income: or
  - ii. In line with the consultation feedback implement a De Minimis limit of £2.50 before any change is made.

## Council Plan 2019 - 23

18. The options in this paper allow the council to design the Council Tax Support process around the needs of our residents and the community. It also supports a reviewed approach to financial inclusion across the city.

## Implications

19.

- (a) **Financial** –. The change is a technical one and has no material financial impact.
- (b) **Human Resources** – There are no human resource impacts.
- (c) **Equalities** – As this is a technical change it has no impact on equalities.
- (d) **Legal** – Specific legal requirements relating to the process for revising a scheme are set out within the body of the report including the requirement for consultation. The general law imposes obligations on public authorities when undertaking consultation. In particular it:
  - Must be undertaken at a point where the mind of the decision-maker is still open to change and can; therefore, be influenced by the responses to the consultation. A decision-maker can though consult upon a preferred option provided that its mind is genuinely ajar.
  - Must include sufficient information on the proposals to enable an intelligent response.

- Adequate time must be given to respond. What is adequate will depend on the circumstances of each case. Clearly the longer time available for consultation the more the risk of challenge on this basis is mitigated.
- The product of the consultation must be fed into the decision-making process and conscientiously considered.

(e) **Crime and Disorder** - There are no implications.

(f) **Information Technology (IT)** – The council’s revenue and benefits systems can be configured to take account of a De Minimis limit

(g) **Property** - There are no implications

## Risk Management

20. There are no risks associated with this paper.

## Contact Details

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Pauline Stuchfield Assistant Director Customers & Employees Telephone: 01904 551706	<b>Report Approved</b>	√	<b>Date</b> 24/11/2020
<b>Specialist Implications Officer(s) Chief Finance Officer</b>			
<b>Wards Affected:</b> All			√
<b>For further information please contact the authors of the report</b>			

## **Background Papers**

**None**

## **Annexes**

Annex A – Consultation Questionnaire

Annex B – Consultation Output

## **Abbreviations**

CTS – Council Tax Support

CAY – Citizens Advice York

CT – Council Tax

FISG – Financial Inclusion Steering Group

WBU – Welfare Benefit Unit

Adjustment Notice – Revised Council Tax Bill