

Stockton and District Advice and Information Service(SDAIS) – Council Tax Support Scheme Review

Introduction:

In the financial year 2018/19 SDAIS dealt with a total of 1451 clients who presented with 2587 Council Tax issues. The issues dealt with were primarily to do with Council Tax Arrears and the Council Tax Support scheme. National Citizens Advice research indicates that the number of Council Tax issues have risen by 50% since 2013.¹ There has been a 52% increase in the number of Council Tax issues at SDAIS in the same period.

With the introduction of the Welfare Reform and Work Act 2016 working age benefits were frozen for a period of 4 years.² During the same period of April 2015 to April 2019 claimants Council Tax bills in Stockton Borough (Band D) have increased by 21% (an average increase of 3.6% each financial year).³ The income of benefit claimants has not risen at the same rate and it could be inferred that this is a contributory factor in the rising rates of enquiries at SDAIS about Council Tax arrears. Whilst all benefit claimants are affected, single claimants aged under 25 are particularly disadvantaged as they have less available income.

Council Tax Debt

In the period January 2019 to March 2019 SDAIS closed 95 debt cases. Of these debt cases;

- 88(93%) had presented with a Council Tax debt.
- 7 (7%) had no Council Tax debt
- 13 (14%) had only a Council Tax debt and no other debts

The total amount of debt across all the cases was £555,770 and the total Council Tax debt was £125,530. The average amount of Council Tax debt per client was £1,426.

From these cases a total of £25,959 Council Tax debt was written off via formal debt solutions, for example, through Bankruptcy or a Debt Relief Order; this works out at 21% of Council Tax debt being written off from the cases SDAIS dealt with.

62 (65%) clients were in receipt of Council Tax support or reduction

Of the 13 clients who had Council Tax debt only, 10 (77%) were in receipt of Council Tax support.

Council Tax Support for single benefit claimants under 25 and those in receipt of an-income based benefit:

At present the personal allowance for single claimants is £57.90 per week for those aged under 25 and £73.10 per week for those aged over 25. For Universal Credit this is £251.77 per month for those

¹ <https://wearecitizensadvice.org.uk/councils-need-to-rethink-how-they-collect-council-tax-26e785b94aa1>

² Welfare Reform and Work Act 2016, s11.

³ Based on average Council Tax Band D rates; information obtained from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789635/Table_Band_D_2019-20.xlsx

aged under 25 and £317.82 per month for those aged over 25. These rates have not changed since April 2015; however, claimants bills across a range of costs have continued to rise.

The Standard Financial Statement (SFS) provides a set of independently derived spending guidelines that give a benchmark for typical monthly spending based on household composition. These figures are expected levels of expenditure accepted by creditors:

2019 Figures	First Adult	Additional Adults	Children under 16	Children 16-18
Communications and leisure	£206	£138	£52	£101
Housekeeping	£336	£231	£116	£207
Personal	£89	£61	£30	£78
Total	£631	£430	£198	£386

As demonstrated by the figures, a single persons benefit income does not cover the level of expenditure that is expected of a household.

Revision of non-dependent deductions:

The level of a non-dependent deduction from a claimants Council Tax Support claim is currently determined by the level of income their non-dependent earns. The more that a non-dependent earns the less Council Tax Support the claimant receives; it is assumed that the non-dependent is meant to contribute the difference in lost Council Tax Support. However, evidence from some SDAIS clients is that this does not happen and this results in claimants accruing arrears because they are unwilling or unable to ask their non-dependent for extra contributions. As a result, large non-dependent deductions often penalise parents for their children staying at home and earning.

The level of deductions are as follows:

Non-dependent level of income	Amount of deduction made
Less than £207.70 per week	£4.00 per week x 1/7
£207.70 to less than £360.10 per week	£8.10 per week x 1/7
£360.10 to less than £447.40 per week	£10.20 per week x 1/7
Over £447.40 per week	£12.20 per week x 1/7

Clear guidance on when a S13A discretionary reduction will be made

Section 13A of the Local Government Finance Act 1992 provides a Local Authority the discretionary power to reduce the amount of council tax that a person has to pay on a case by case basis. When a person is facing severe hardship, or has fallen into arrears due to adverse circumstances, a S13A application may be considered. No applications for S13A support that SDAIS made in the period Jan-March 2019 were successful.

Clear explanation of council tax billing for Universal Credit Claimants:

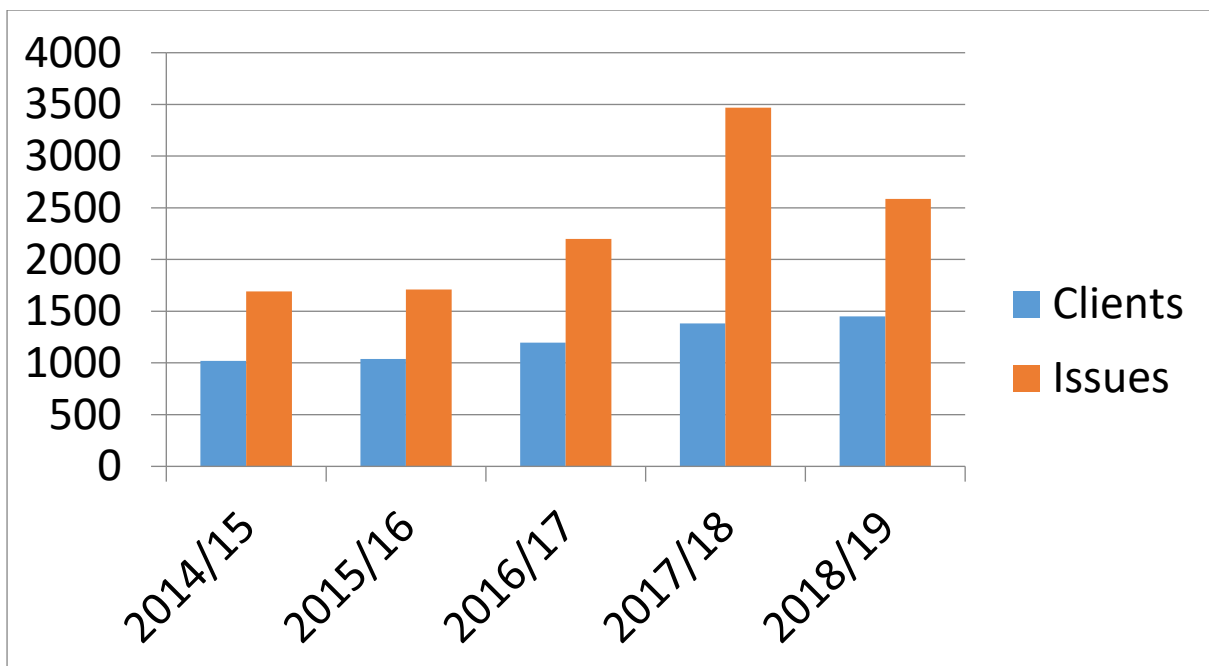
SDAIS has had a number of clients approach the service with Council Tax Support award letters which detail the amount of benefit the client is to receive and where clients have stated they have difficulty understanding the calculation of the bill when they are in receipt of Universal Credit. Concerns raised include the calculation of earnings and when the calculation includes 'other adjustments' without any explanation.

SDIAS Recommendations for Consideration:

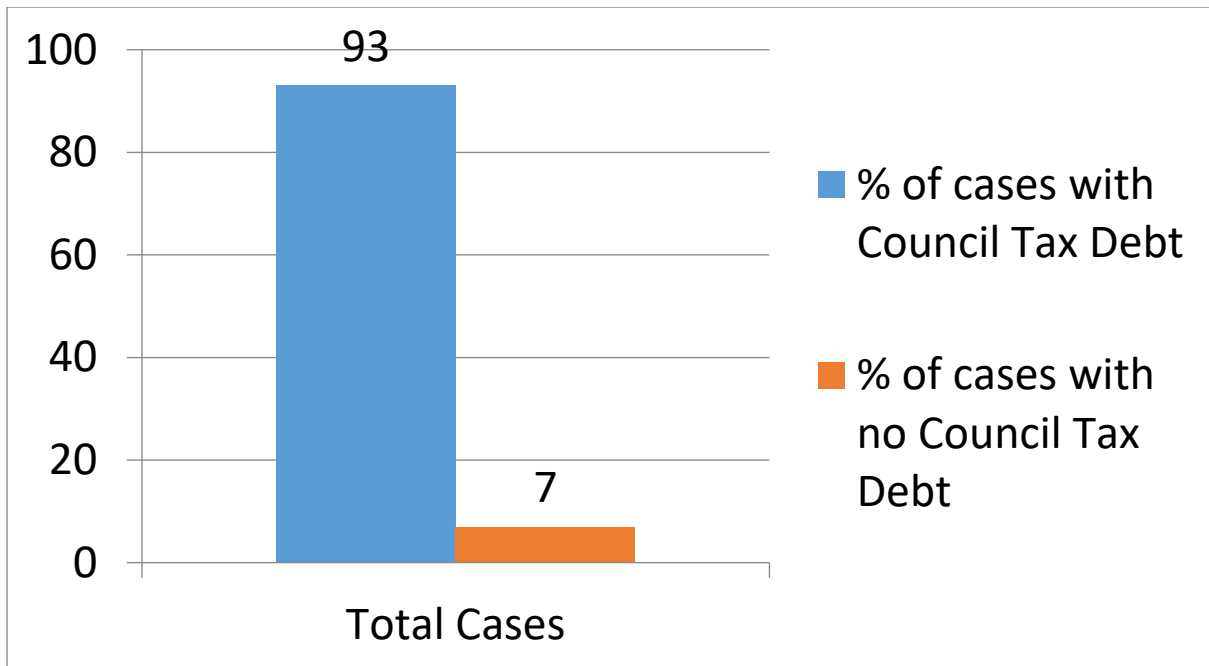
- (1) Single claimants under 25 who are in receipt of income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Housing Benefit, and Universal Credit be given additional Council Tax Support in the local scheme.
- (2) All working age claimants in receipt of an income based benefit receive additional Council Tax Support in the local scheme.
- (3) The Council Tax Support scheme could be streamlined by applying a flat rate of non-dependent deduction, for example, for working age claimants Newcastle Council apply a flat rate of £2.50 per week for each non-dependent in the household irrespective of income. By applying this to the Council Tax Support local scheme it could incentivise non-dependents to work and earn more without having a detrimental effect on the Council Tax Support claimant. It is suggested that the current non-dependent disregards continue to be applied, for example, no non-dependent deduction be made when the claimant is in receipt of Attendance Allowance, the daily living component of Personal Independence Payment, and middle rate care and higher rate care of Disability Living Allowance.
- (4) Clear guidance on when the local authority may consider making a S13A discretionary disregard would be useful to both advice agencies and customers. This will enable both customers and advice agencies to make more appropriate applications for S13A relief and promote clarity and consistency of when an award may be made.
- (5) It is suggested that Council Tax Support award letters explain as clearly as possible how the Council Tax Support amount has been arrived at and where there are 'other adjustments' a detail of what this is and how this figure has been arrived at.

ANNEX – GRAPHS

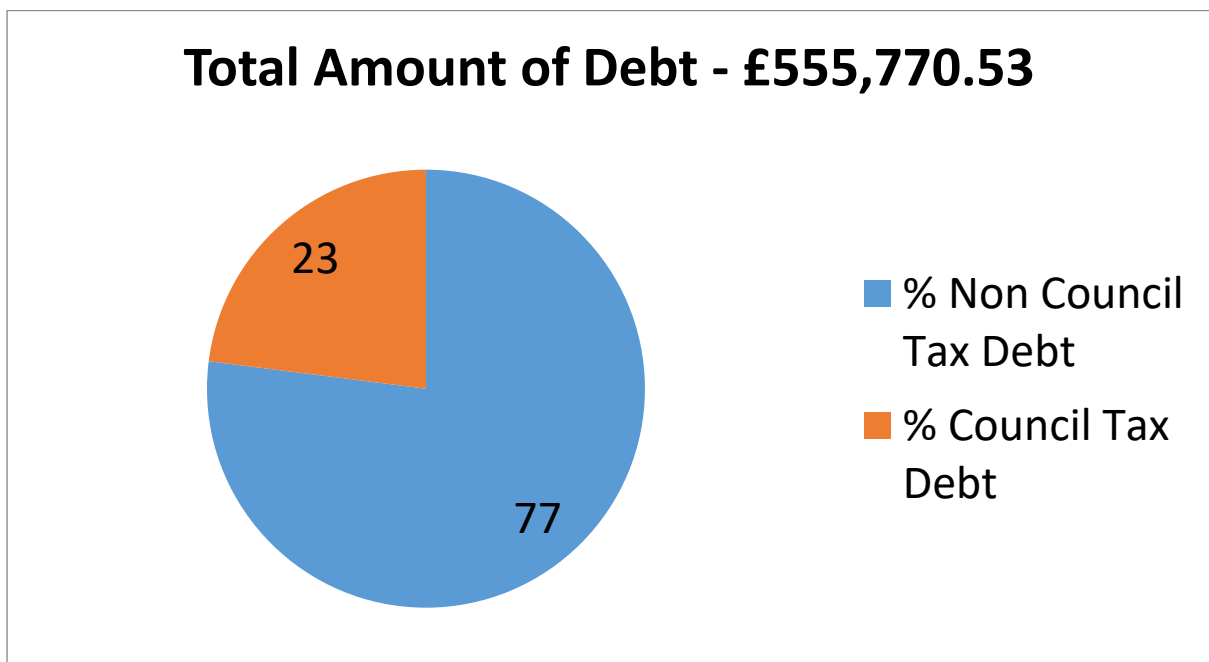
(1) Total amount of clients and issues:



(2) Percentage of cases with Council Tax Debt:

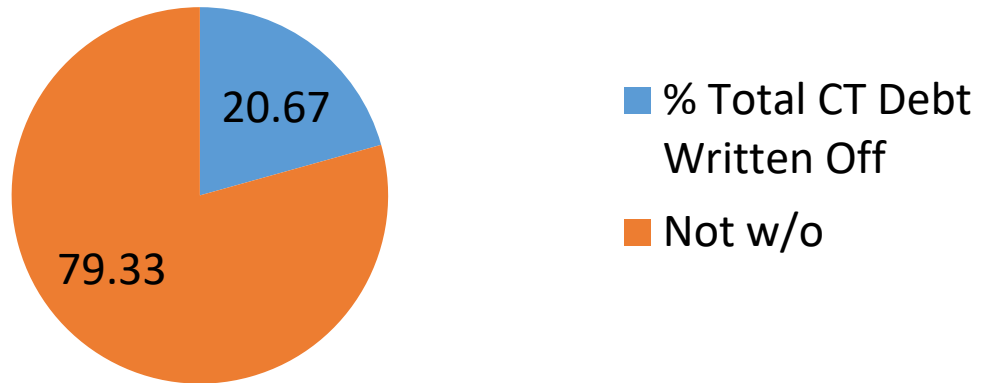


(3) Percentage of Council Tax Debt and Non-Council Tax Debt:

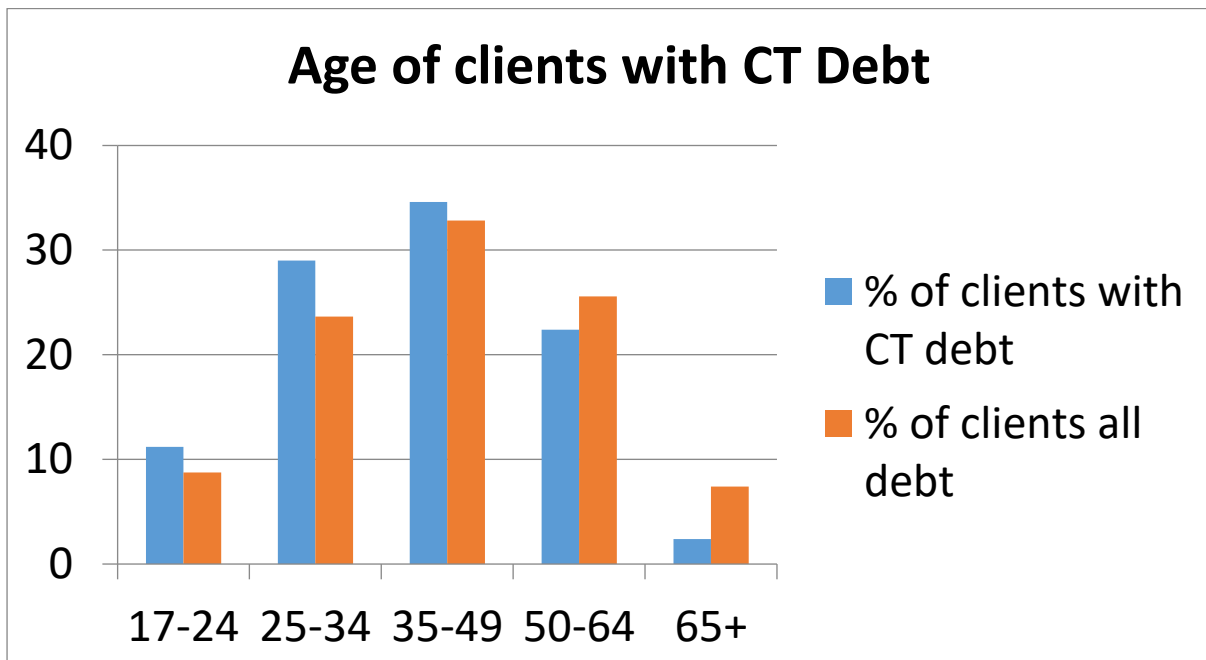


(4) Percentage of Council Tax Debt that was written off

Council Tax Debt Written Off - £25,959.11



(5) Age of clients with CT Debt



(6) Marital status of client's and Council Tax Debt

