

Council Tax Reduction Scheme 2022-23

For Finance & Governance Cabinet Advisory Board 7 September 2021

Summary

Lead Member: Tom Dawlings, Portfolio Holder for Governance & Finance

Lead Director: Stephen McGinnes, Director Mid Kent Services

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Wards Affected: All

Approval Timetable	Date
Finance & Governance CAB	7 September 2021
Cabinet	23 September 2021
Full Council	6 October 2021

Recommendations

Officer recommendations:

1. That the Cabinet Advisory Board notes the progress of the inaugural year of the income banded Council Tax Reduction Scheme
2. That the Cabinet Advisory Board recommends no changes are made to the Council Tax Reduction Scheme for 2022-2023 for the reasons stated in this report.

1. Introduction and Background

- 1.1 The Council Tax Reduction Scheme (CTRS) was introduced in April 2013 as a replacement for Council Tax Benefit (CTB), a national scheme administered on behalf of the Department for Works and Pensions (DWP).
- 1.2 Each year the scheme must be approved by Full Council.
- 1.3 Any changes to the scheme for any year have to go for public consultation before being approved.
- 1.4 Since its introduction in April 2013, our local scheme has been ‘refreshed’ annually for general changes in applicable amounts (primarily in relation to disability premiums) and taking into account the introduction of Universal Credit.
- 1.5 Under the Council Tax Reduction provisions, the scheme for pensioners is determined by Central Government and the scheme for working-age applicants is determined by the Council.
- 1.6 Council Tax Reduction provides financial assistance in the form of a rebate on the Council Tax bill and this generally reduced over recent years before the COVID pandemic.

2016/2017	£6,400,401
2017/2018	£5,923,117
2018/2019	£5,909,165
2019/2020	£5,975,191
2020/2021	£6,608,838
2021/22	£6,507,021 (estimated)

- 1.7 The introduction of Universal Credit Full Service (UCFS) on 21 November 2018 brought a number of challenges to both the administration of Council Tax Reduction and also the collection of Council Tax.
- 1.8 The number of changes that customers have to Universal Credit meant there were constant amendments to Council Tax liability, meaning re-calculation of instalments, delays and the re-issuing of Council Tax bills.

- 1.9 From April 2021, a new income banded scheme was introduced which has an in-built, simplified claiming process with wide income ranges.
- 1.10 As with the previous scheme, working-age applicants, irrespective of their financial circumstances, are required to pay a minimum of 20% towards their Council Tax liability.
- 1.11 The new banded scheme meant that constant liability changes have been avoided, and revised bills only being issued where income crosses into another income band.
- 1.12 This has made it less cumbersome for customers and has allowed us to convey a relatively simple eligibility message to residents.
- 1.13 Feedback from the Customer Services team and Citizens Advice has been positive with fewer enquiries being made about eligibility and understanding of the income banded scheme.
- 1.14 Table 1 shows the income banded scheme for households with no children, 1-2 children and 3 plus children:

Table 1

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 4	£632-£947.99	£775-£1,162.99	£883-£1,324.99	25%
Band 5	£948-£1,263.99	£1,163-£1,550.99	£1,325-£1,766.99	10%

- 1.15 Passported in the table refers to legacy benefits (job seekers allowance, income support, employment support allowance) for customers who have not migrated to Universal Credit.

2. Options Considered

- 2.1 Option 1 – maintain current scheme. The new income banded scheme has so far been successful but is still in its first year. To consider introducing any amendments to the scheme whilst not having completed a full year would not be advisable.

- 2.2 Option 2 – revise the current scheme. Any revisions to the scheme would at this stage be limited, difficult to identify and implement at this early stage of not having completed a full year of the new income banded scheme

3. Preferred Option and Reason

- 3.1 Option 1 – This is the first year of the income banded scheme and it may be advisable for a full year to be completed before considering any changes.

4. Consultation on Options

- 4.1 None

5. Implementation

- 5.1 It is intended a recommendation on the final scheme to be implemented will be taken to Full Council for decision on 6 October 2021

6. Appendices and Background Documents

To follow

7. Cross Cutting Issues

A. Legal (including the Human Rights Act)

Section 13A of the Local Government Finance Act 1992 requires the Council to adopt a Council Tax Reduction Scheme. Schedule 1A of the Act requires the Council to consider whether to revise or replace its scheme for each year.

Gary Rowland, Senior Lawyer Corporate Governance 26.08.2021

B. Finance and Other Resources

The Council Tax Reduction Scheme reduces the Council Tax base and thereby the amount of Council Tax that can be collected. The total cost of the scheme is shared through the collection fund between the Council and preceptors. It is intended that the banded income scheme, introduced from April 2021, will be cost neutral when compared to the previous scheme, and therefore maintaining the new scheme for 2022/23 would also be cost neutral.

Clare Hazard, Accountancy Officer 26 Aug 21

C. Staffing

No impact

Sheila Coburn, Head of Mid Kent revenues and Benefits Partnership 20.07.2021

D. Risk Management

The risks associated with implementing and operating the scheme are not considered high. Endorsement of a scheme helps reduce the risk

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E. Environment and Sustainability

No impact

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F. Community Safety

No impact

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G. Equalities

An Equalities Impact Assessment was carried out in 2020. As there are no changes proposed, no further EIA is necessary.

H. Data Protection

The data will be held and processed in accordance with the data protection principles contained in Schedule 1 to the Data Protection Act 1998.

I. Health and Safety

No impact

Sheila Coburn, Head of Mid Kent revenues and Benefits Partnership 20.07.2021

J. Health and Wellbeing

No impact

Sheila Coburn, Head of Mid Kent revenues and Benefits Partnership 20.07.2021