

Council Tax Reduction Scheme (CTRS) 2023-24

For Finance & Governance Cabinet Advisory Board 12 July 2022

Summary

Lead Member: Andrew Hickey, Portfolio Holder Finance and Performance

Lead Director: Georgia Hawkes, Director Mid Kent Services

Head of Service: Zoe Kent, Interim Head of Mid Kent Revenues and Benefits Partnership

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Wards Affected: All

Approval Timetable	Date
Management Board	27 June 2022
Portfolio Holder	4 July 2022
Finance & Governance CAB	12 July 2022
Cabinet	20 July 2022

Recommendations

Officer recommendations:

1. That the Cabinet Advisory Board notes the progress 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 2023-2024 for the reasons stated in the report.
3. That the Council seeks to provide support to those struggling on low incomes and with the 'cost of living' crisis through the establishment of a Community

Support Fund details of which are set out in a report elsewhere on this Agenda (In-Year Budget Review) and through use of the Household Support Fund.

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). In localising the scheme, the government reduced council funding by 10 per cent meaning that the scheme is, in effect, paid for by all other Council Tax payers as the scheme reduces the taxbase. The cost of the scheme falls heavily on KCC as well as the Police and Fire Authorities. As a result, and to encourage each district to produce a scheme that was broadly consistent across the county, the major precepting authorities agreed to pay each district council £150,000 a year.
- 1.2 In introducing the scheme in 2013, the Council made a number of changes to other exemptions and discounts so as limit the impact of the change on the working age population (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).
- 1.3 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 of the introduction of Universal Credit. The scheme is consistent with other councils in the West Kent Housing Market Area.
- 1.4 Council Tax Reduction provides financial assistance in the form of a rebate on the Council Tax bill and this has generally increased over recent years before the Covid pandemic.
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|---------|------------|
| 2017/18 | £4,896,657 |
| 2018/19 | £4,944,711 |
| 2019/20 | £5,006,729 |
| 2020/21 | £5,494,644 |
| 2021/22 | £5,763,207 |
| 2022/23 | £5,768,710 |
- 1.5 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.

- 1.6 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.
- 1.7 As a result, in 2020, the Council consulted on a more significant change to the scheme which saw the introduction of a banded scheme which was widely supported by the consultation and the Citizen's Advice Bureau and (which is consistent with other local Kent authorities). The scheme has an in-built, simplified claiming process with wide income ranges. As with the previous scheme, working age applicants, irrespective of their financial circumstances, are required to pay a minimum of 20 per cent towards their Council Tax liability.
- 1.8 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. This has made it less cumbersome for customers and has allowed us to convey a relatively simple eligibility and understanding of the income banded scheme.
- 1.9 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.
- 1.10 Table 1 shows the income banded scheme for households with no children, 1-2 children and 3 plus children:

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 - £1766.99	10%

- 1.11 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 been successful and is now in its second year. To consider introducing any amendments to the scheme whilst it is still fairly new would not be advisable. It is

also possible that precepting authorities would withdraw the £150,000 referred to above and that Maidstone BC would seek additional costs as a result of loss efficiencies arising from the administration of two different scheme.

- 2.2 Option 2 – revise the current scheme. This would require consultation with other preceptors and with those affected by any changes. There could also be additional costs (a scheme that reduced residents’ liabilities from a maximum of 20 per cent to 15 per cent would cost the Kent taxpayer over £652,000) and could also result in the loss of the £150,000 payment to the Council from the major preceptors and possible additional payments to the Mid Kent Benefits Partnership arising. A revised scheme would no longer be consistent with other councils in the West Kent Housing Market Area.
- 2.3 Option 3 – maintain the existing scheme but explore ways in which the Council can support those who are eligible for support, on low incomes and/or affected by the cost of living crisis in other ways.

3. Preferred Option and Reason

- 2.1 Option 3 – This is the second year of the income banded scheme and it may be advisable for two years to be completed before considering any changes. The Council should, however, recognise the challenging circumstances facing many local residents and look at other ways in which they can be supported with the cost of housing and living.

4. Consultation on Options

Recommendation from Cabinet Advisory Board

- 2.1 To follow

5. Appendices and Background Documents

- To follow

6. 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.

Robin Harris, Interim Team Leader Mid Kent Legal Services, 28 June 2022

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. The banded income scheme, introduced from April 2021, was cost neutral when compared to the previous scheme, and therefore maintaining the new scheme for 2023/24 would also be cost neutral. Reducing residents' liabilities could result in considerable costs to the Kent taxpayer and also significant increases to the Council's projected budget deficit arising from additional costs and reduced income.

Jane Fineman, Head of Finance, Procurement & Parking 28 June 2022

C. Staffing

Maintaining the existing scheme would have no additional impact on staffing. Any changes would require consultation and engagement with other preceptors.

Zoe Kent, Interim Head of Mid Kent Revenues and Benefits Partnership 24 June 2022

D. Risk Management

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

Zoe Kent, Interim Head of Mid Kent Revenues and Benefits Partnership 24 June 2022

E. Environment and Sustainability

No impact

Zoe Kent, Interim Head of Mid Kent Revenues and Benefits Partnership 24 June 2022

F. Community Safety

No impact

Zoe Kent, Interim Head of Mid Kent Revenues and Benefits Partnership 24 June 2022

G. Equalities

An Equalities Impact Assessment was carried out in 2020. The impact on females and carers under the income banded scheme showed that, in 2021, 87% of female claimants (3,490) were better off under this scheme. For carers, 82% (271) were better off under the income banded scheme, in 2021. For those adversely affected by the scheme by receiving less Council Tax Support, the Exceptional Hardship Policy remains in place. Further work will be carried out by the Interim Head of Revenues and Benefits to review if there have been any changes to the impacts in 2022, in consultation with the Portfolio Holder. If any changes are proposed to the scheme for 2023/24, an Equalities Impact Assessment will be carried out.

Zoe Kent, Interim Head of Mid Kent Revenues and Benefits Partnership 30 June 2022

H. Data Protection

Data will continue to be held and processed in accordance with the data protection principles contained in the Data Protection Act 2018.

Sarah Lavallie, Corporate Governance Officer, 30 June 2022

I. Health and Safety

No impact

Zoe Kent, Interim Head of Mid Kent Revenues and Benefits Partnership 24 June 2022

J. Health and Wellbeing

No impact

Zoe Kent, Interim Head of Mid Kent Revenues and Benefits Partnership 24 June 2022