

Eden District Council

Council

25 February 2021

Annual Review of the Council Tax Reduction Scheme 2021-2022

Portfolio:	Resources
Report from:	Interim Director of Corporate Services
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 To undertake the annual review of the Council Tax Reduction Scheme (CTRS) and to decide whether to amend the Scheme for 2021-22, or leave it unchanged.

2 Recommendation

It is recommended that the Council Tax Reduction Scheme for 2021-22 should remain unchanged from that in 2020-21.

3 Report Details

- 3.1 Eden District Council is a Billing Authority for the purpose of Council Tax. As from 1 April 2013, all Billing Authorities were required to agree their own local Council Tax Reduction Schemes. Such Schemes replaced the national Scheme of Council Tax Benefit (CTB). Around 2,850 households are currently claiming Council Tax Reduction in Eden.
- 3.2 There is a requirement under the amended Local Government Finance Act 1992 that:
For each financial year, each Billing Authority must consider whether to revise its scheme, or to replace it with another scheme.
The Authority must make any revision to its scheme, or any replacement scheme, no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.
 The final decision on whether a Scheme is changed must be a decision of Council.
- 3.3 At its meeting on 15 December 2020 (report F46/20: see Appendix 1 to this report), the Executive agreed that the Council Tax Reduction Scheme for 2021-22 should remain unchanged from that in 2020-21.
- This was subject to:
- Any comments that the County Council or the Police and Crime Commissioner might have; and
 - Final consideration by Council of the recommendation in the light of comments received.
- 3.4 Both the Police and Crime Commissioner and the County Council are affected directly by the Council's CTRS, as both are bodies funded by Council Tax. Having been consulted they have raised no concerns.
- 3.5 The next annual review of CTRS will commence in the summer of 2021 in order to comply with the legal requirement referred to in paragraph 3.2 of this report.

4 Policy Framework

4.1 The Council has four corporate priorities which are:

- Sustainable;
- Healthy, safe and secure;
- Connected; and
- Creative

4.2 This report meets the Sustainable corporate priority

5 Consultation

5.1 There has been consultation with the Resources Portfolio Holder, other Executive Members, the County Council and the Police and Crime Commissioner.

6 Implications

6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

The cost of the existing CTRS, projected levels of central Government funding (inclusive of CTRS grant) and additional Council Tax income raised to offset CTRS is built into the Council's Medium Term Financial Plan.

6.2 Legal

6.2.1 All Billing Authorities are required, by the Local Government Finance Act 1992 (as amended) to undertake an annual review of their CTRS.

6.2.2 Under Section 67 (2) of the Local Government Finance Act 1992, the making or revising of a Council Tax Reduction Scheme is a function that has to be discharged by the Authority.

6.3 Human Resources

6.3.1 There are no Human Resources implications.

6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	<p>The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.</p> <p>An Equality and Diversity Assessment was undertaken for the current Scheme, but if any changes are recommended, that Assessment will be reviewed.</p> <p>If changes are made to the Scheme it will be necessary to assess changes to evaluate the impact on people who are vulnerable. The DCLG has defined vulnerable households as those with a carer, children aged less than five years, or those with a disability. Protections would need to be introduced and a Scheme with multiple protected groups also results in a Scheme that is more complex to administer and for customers to understand.</p>

Consideration:	Details of any implications and proposed measures to address:
Health, Social Environmental and Economic Impact	No implications
Crime and Disorder	No implications
Children and Safeguarding	No implications

6.5 Risk Management

Risk	Consequence	Controls Required
There are no major risks with the proposed approach of continuing with a CTRS based on the Default Scheme	Not Applicable	Not Applicable

7 Other Options Considered

7.1 No other options have been considered.

8 Reasons for the Decision/Recommendation

8.1 The proposal to continue the current CTRS ensures that residents on low incomes continue to be supported to meet their Council Tax liabilities. This is especially important at the moment with the impact of Covid-19 on residents' financial circumstances. As part of a wider corporate exercise on reducing operating costs, work should commence on reviewing options for April 2022.

Background Papers: **Local Government Finance Act 1992 (as amended)**
Council Tax Reduction Scheme 2020-21

Appendices: **Report F46/20**

Contact Officer: **Paul Sutton, Interim Director of Corporate Services**

Eden District Council

Executive

15 December 2020

Annual Review of the Council Tax Reduction Scheme

Portfolio:	Resources
Report from:	Interim Director of Corporate Services
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 To undertake the annual review of the Council Tax Reduction Scheme (CTRS) and to decide whether the Scheme should be amended for 2021-22, or remain unchanged.

2 Recommendation

It be agreed that:

- 1 A recommendation be made to Council on 28 January 2021, that the Council Tax Reduction Scheme for 2021-22 should remain unchanged from that in 2020-21.
- 2 The Police and Crime Commissioner and the County Council be asked for their views on the Scheme.
- 3 The next Annual Review of the Council Tax Reduction Scheme be reported to the Executive in the summer of 2021.

3 Report Details

- 3.1 Eden District Council is a Billing Authority for Council Tax. Under the Council Tax Reduction Scheme (CTRS), qualifying claimants have their Council Tax liability reduced. This results in a loss of Council Tax income to the Council.
- 3.2 When CTRS was introduced in April 2013, the Council opted for the then Department for Communities and Local Government (DCLG) 'default' scheme. The Council could have reduced the cost by reducing the level of Council Tax Reduction for certain claimant groups. It chose not to do so because:
- As the regulations require that pensioners have to be protected, a net saving of 10% would have required a 20% saving on non-pensioner claimants;
 - There was concern about the impact of any lessening in Council Tax Reduction, given the other welfare reforms, especially in relation to low income working households;
 - There was concern that increasing the Council Tax liability on those with a low income would adversely impact on the Council Tax collection rate; and
 - The financial cost could be more than mitigated by using the new Council Tax flexibilities, for example, removing the 10% reduction on second homes.
- 3.3 There is a requirement under the amended Local Government Finance Act 1992 that:
- For each financial year, each billing authority must consider whether to revise its Scheme, or to replace it with another Scheme.*

The Authority must make any revision to its Scheme, or any replacement Scheme, no later than 11 March in the financial year preceding that for which the revision or replacement Scheme is to have effect.

The final decision on whether a Scheme is changed must be a decision of Council.

- 3.4 Many local authorities have decided to move away from the default scheme by changing some elements within their scheme and some are moving to a simpler scheme using income bands to determine the level of support. Whilst there are potential savings from changing the scheme, any changes would need to be modelled to understand the impact on claimants and ensure vulnerable groups are protected.
- 3.5 While Councils are required to handle Housing Benefit claims, and CTRS for pensioners remains prescribed, it is administratively efficient to have a working age CTRS that operates in the same way. Universal Credit (UC) continues to reduce the number of new Housing Benefit claims the Council handles, but it does increase the activity in relation to CTR claims. Managed migration of existing Housing Benefit claims has not yet commenced. All six Cumbrian districts currently have schemes based on the default scheme and it is likely that all will consider a change to their scheme in future years. Whilst there is no requirement to have the same scheme across Cumbria, a joint approach means less confusion for residents moving within the County and allows the initial cost of designing the scheme to be shared.
- 3.6 The current CTRS caseload is:

	Claimant Numbers
Pension Age	1,121
Working Age	1,723
Total	2,844

The caseload at the same point last year was 2,556 and the increase is largely due to Covid-19.

For 2020-21 the total estimated reduction in the Council Tax Base resulting from CTRS is 1,663. Eden's Band D Council Tax Amount is £195.75 which means a reduction in Council Tax income of £325,525 of which £201,243 relates to working age claimants. As noted above these figures have increased due to Covid-19. The reduction in the Council Tax Base also impacts on the income from Council Tax for the County Council, the Police and Crime Commissioner and, to a lesser extent, Parish Councils.

- 3.7 Revenues and Benefits and Finance officers across Cumbria had discussions in 2019 with organisations that can assist Councils in designing changes to their schemes. The intention was to start a review of the options in early 2020 to be able to report back to Members in the summer, allowing time for a full consultation exercise if changes were proposed. However, the Covid-19 situation meant that even if the Council had been able to find the resources to carry out this work, it would not have been appropriate to look at reducing financial support to residents at this time. With the prospect of more residents needing financial support in the coming months it would seem that a full review might not be feasible for some time.

- 3.8 In theory, a Council could set a Scheme to save all the Council Tax Reduction awarded to working age claimants. In practice, no local authority has taken this approach because:
- A substantial proportion of the extra income would not be collected due to the financial circumstances of the claimants;
 - A Scheme designed, in effect, not to give any reduction would be challengeable; and
 - It would, undoubtedly, cause significant hardship potentially to significant number of people.
- 3.9 It is proposed that the Council Tax Reduction Scheme for 2021-22 remains unchanged from that in 2020-21 (the full scheme is available on the Councils website but is not included in the report as it is 185 pages). It should be noted that the applicable amounts and premiums on which the calculations are based are uprated each year in line with the uprating of the similar provisions in the Housing Benefit regulations.

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, safe and secure;
 - Connected; and
 - Creative
- 4.2 This report meets the Healthy, safe and secure corporate priority.

5 Consultation

- 5.1 It is proposed to consult The Police and Crime Commissioner and the County Council. Both of these organisations are affected directly by the Council's CTRS, as both are bodies funded by Council Tax. Any comments will be available for Council on 28 January 2021 when the Council makes its final decision.

6 Implications

6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

- 6.1.2 The cost of the existing CTRS is built into the Council's MTFP.6.2 Legal

- 6.2.1 There are no legal implications

6.3 Human Resources

- 6.3.1 There are no Human Resources implications.

6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.

Consideration:	Details of any implications and proposed measures to address:
	<p>An Equality and Diversity Assessment was undertaken for the current Scheme, but if any changes are recommended, that Assessment will be reviewed.</p> <p>If changes are made to the Scheme it will be necessary to assess changes to evaluate the impact on people who are vulnerable. The DCLG has defined vulnerable households as those with a carer, children aged less than five years, or those with a disability. Protections would need to be introduced and a Scheme with multiple protected groups also results in a Scheme that is more complex to administer and for customers to understand.</p>
Health, Social Environmental and Economic Impact	No implications
Crime and Disorder	No implications
Children and Safeguarding	No implications

6.5 Risk Management

Risk	Consequence	Controls Required
There are no major risks with the proposed approach of continuing with a CTRS based on the Default Scheme	Not Applicable	Not Applicable

7 Other Options Considered

7.1 No other options have been considered.

8 Reasons for the Decision/Recommendation

8.1 The proposal to continue the current CTRS ensures that residents on low incomes continue to be supported to meet their Council Tax liabilities. This is particularly important at the current time as the impact of Covid-19 is increasing the number of residents seeking financial support.

Background Papers: [CTRS Scheme 2020-21](#)

Appendices: None

Contact Officer: Paul Sutton, Interim Director of Corporate Services