

Council

21st January 2021

Report of Director of Resources

LOCAL COUNCIL TAX SUPPORT FOR 2021/22

PURPOSE OF REPORT

This report provides information relating to proposed changes to, and seeks approval to adopt, the Local Council Tax Reduction Scheme for the financial year 2021/22.

RECOMMENDATION

1. That under section 13A (1)(a) of the Local Government Finance Act 1992, the Council approves and adopts the scheme detailed in this report as the Local Council Tax Reduction Scheme for 2021/22 with delegated authority being given to the Director of Resources, after consulting with the Chairman of the Governance & Resources Committee, to make any amendments arising from the publication of the DWP updating circular.
2. That a maximum total amount of £18,000 be set provisionally for all Discretionary Hardship Fund applications under Schedule 11 of the scheme for 2021/22 (to be reviewed by a further report to Council during the year if it appears that this amount may be insufficient).

WARDS AFFECTED

All wards

STRATEGIC LINK

The adoption of a local Council Tax Reduction Scheme is a statutory requirement but links to the Council's priorities of "people" and "prosperity" as it provides financial support to pensioners and working age people on low incomes. This benefits the recipients directly but also benefits the local economy if spent in the area.

1 BACKGROUND

- 1.1 The government abolished Council Tax Benefit from April 2013 and replaced it with Local Council Tax Reduction Schemes, to be determined by each Council.
- 1.2 The scheme approved and adopted for 2013/14 (and retained for all subsequent years) was based on the government's default scheme as set down in The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (S.I. 2012 No 2886, as amended) which replicated the provisions for Council Tax Benefit but subject to the following amendments:

- (a) The amount of any reduction for working age claimants is reduced by 8.5;
 - (b) The period for extended payments is increased from four to eight weeks to assist claimants who move back into work;
 - (c) The full amount of income from war widow pensions etc. is disregarded in the calculation of income (instead of standard £10 disregard);
 - (d) Provision is made for additional awards in cases of hardship, with the budget available in 2020/21 being £18,000.
- 1.3 It should be noted that the local scheme originally adopted from 1st April 2013 and retained for subsequent years, continues to be well received and unlike similar schemes elsewhere has neither been subject to Judicial Review or criticism from the Valuation Tribunal Service (who hear appeals on council tax support calculations). It should also be noted that the Council has not been required to attend a VOA Appeal Tribunal to defend decision making on individual claims under the terms of its scheme. This has not been the case for some neighbouring councils.
- 1.4 The Council has previously consulted widely on this scheme that protected working age claimants from significant reductions with the remaining savings achieved from other changes to Council Tax discounts on empty properties and second homes.

2 REPORT

- 2.1 The local Council Tax Reduction Scheme must be reviewed annually and any changes made approved no later than 31st January in the financial year preceding that for which the changes are to have effect. **No significant technical changes are proposed to the scheme to be adopted for 2021/22 and so no new consultation with the public or with precepting authorities has been necessary.** The Benefits Manager is required to monitor expenditure in-year and is satisfied that based on projected caseload and relevant changes occurring that the costs of the 2021/22 scheme falls within budget.
- 2.2 A regular in-year review continues monitoring the impact of Full Service Universal Credit on local resident's entitlements and their ability to budget for the payment of council tax. These findings will inform our decisions on changes to our future year's scheme. A small number of local authorities have replaced their income related means tested scheme with a 'banded scheme'.
- 2.3 The government makes annual changes to the prescribed elements of the scheme for pensioners by uprating the allowances, premiums and non-dependent deductions used in the calculation of a reduction. The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021; SI 2021 No. 29 were published on 20th January 2021. The regulations do not contain significant changes but, in addition to the usual upratings, there is an amendment which sets out which persons are not treated as being in Great Britain; such persons are not eligible for a council tax reduction. These changes are reflected in the Council's scheme for 2021/22.
- 2.4 Working age equivalent figures are also subject to annual uprating and so will increase by a small percentage during the coming financial year. Any changes to the

allowances, premiums and non-dependent deductions for working age claimants remain at the discretion of the local authority but we tend to update these amounts in advance of next year's scheme by reference to the annual uprating circular published by the Department for Work & Pensions for housing benefit purposes. At the time of writing this updated report (20 January 2021) the DWP had not published the circular that will apply to 2021/22. The uprating circular is not expected to contain significant changes. Recommendation 1 seeks approval for delegated authority to be given to the Director of Resources, after consulting with the Chairman of the Governance & Resources Committee, to make any amendments arising from the publication of the DWP uprating circular.

- 2.5 The amounts in that circular are replicated in the 'Prescribed Requirements' regulations for pensioners. The circular also contains the working age uprating's to be used for housing benefit calculations.
- 2.6 As part of the Government's ongoing Welfare Reform, some technical changes to the national Housing Benefit Scheme have occurred over successive years. The decision has previously been made not to mirror these changes within the Local Council Tax Reduction Scheme for working age households during 2021/22 as the impacts concerned lead to individual families being impacted on disproportionately. The overall impact of this decision on the cost to the Council's scheme is minimal, but will again be subject to an ongoing review in planning subsequent years' schemes.
- 2.7 It is proposed, in the interests of clarity and equity that all allowances, premiums and non-dependent deductions and any other associated amounts in the scheme be uprated for both pensioner and working age claimants in line with the 'Prescribed Requirements' regulations and the DWP Uprating Circular mentioned in paragraphs 2.3 and 2.4. **No other changes to the local scheme for 2020/21 are proposed.** These documents provide changes to the financial amounts used in the means test adopted to calculate entitlements and are not significant and will be incorporated into the Council's scheme for 2021/22.
- 2.8 Alongside the 'main' Local Council Tax Support Scheme, the Council also has a Discretionary Hardship Fund (see paragraph 2.9 below) to provide further financial support to CTS applicants facing undue financial hardship. This is intended to help those low income households that have council tax to pay after a main CTS reduction, giving them extra help to pay that balance. It is also used to pay the 8.5% remaining council tax liability (after the CTS has been deducted from the council tax bill) for working age claimants who have other debts. Referrals are taken from Citizens Advice Bureau locally and from other similar partner agencies.
- 2.9 When setting the budget for 2020/21 a budget of £18,000 was approved for the Discretionary Hardship Fund. COVID-19 resulted in additional Government Hardship Funds of £338,000 being paid to the Council during 2020/21 and this has been used to give up to £200 additional assistance to all households on CTS and to provide £60,000 to provide support for individual hardship applications. The existing discretionary fund has been combined with the larger Covid Hardship Fund and used appropriately to support the most vulnerable households in our community.
- 2.10 While the Council does not have limitless financial resources, it is suggested that the Discretionary Hardship Fund budget be retained at £18,000 for 2021/22, with permission to request a small increase on that budget, were the adverse impacts of

COVID-19 to continue into the new financial year. Reassurance is given to elected members that such a request would only be made were the impacts of the current pandemic to continue despite the introduction of a vaccination programme nationally.

- 2.11 One set of Local Scheme Regulations are prepared comprising sections dealing with applications from pensioner claimants (formerly the prescribed regulations) and a separate section for working age customers. Due to their combined size (in excess of 100 pages), the complete proposed local Council Tax Reduction Scheme for 2021/22 is intended as a background paper to this report and will be available to Members on request. The final adopted scheme for 2021/22 will be published in full on the Council's website by 31st March 2021.
- 2.12 An Equality Impact Assessment (EIA) is in place for the LCTS scheme. A copy is available on the Council's website [here](#). The changes proposed in this report are not significant so do not necessitate an immediate refresh of the EIA. However, a refresh of the EIA is planned to take place during 2021 as good practice.
- 2.13 It should also be noted that Derbyshire District Citizens Advice Bureau and Age UK continue to give positive feedback to the Council's Benefit Manager for its fairness of treatment of low-income households under the provisions of the Local Scheme compared to neighbouring schemes within the east midlands area.

3 RISK ASSESSMENT

3.1 Legal

The adoption of the Council Tax Reduction Scheme accords with the statutory provisions. The legal risk in that regard is low.

All decisions taken by the Council, all services provided or enabled by the Council and all personnel functions of the Council are required to take account of the Equality Duty. Failure to comply with the Equality Duty would render the Council open to legal challenge. As there are no significant changes to the scheme proposed for 2020/21, a full consultation exercise was not deemed necessary.

3.2 Financial

Expenditure on CTS has increased during the current year, reflecting the fact that local families are financially worse off as a result of social security benefit changes and the adverse impact financially for local people unable to work due to COVID-19 lockdown arrangements or having tested positive for Coronavirus. The council tax charge itself has been subject to general increases prompted by the Council and local precepting authorities, which acts again to increase the cost of the scheme.

It is hoped that caseload (the numbers of households successfully claiming) will stabilise, and ultimately return to normal once a national vaccination programme starts to contain the spread of Coronavirus and enables local people to return to their normal occupations.

All of the above has a direct impact on collection rates and the council tax base. Should there be future significant increases in claims for LCTS, over and above that already reflected in the council tax base, the financial risk may increase. However, it should be noted that the government has announced further financial support to local authorities

in 2021/22 to help to mitigate this risk. To reassure all, the cost of the scheme is routinely monitored by the Council's Benefits Manager to identify potential budgetary risks. No significant changes are proposed for the 2021/22 scheme; however were risks likely to occur in future years, changes could be expected. Any significant changes to LCTS for future years would require external consultation in order to meet Government guidelines for implementation of such changes.

As explained above, certain factors have increased the cost of the Local Scheme and generally stated these economic and social factors are outside the Council's control or direct influence. While careful monitoring does take place, it is impossible to mitigate fully against the risk of increased claims. The financial risk is therefore assessed as "high".

4 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

5 CONTACT INFORMATION

Karen Henriksen, Director of Resources,
Telephone: 01629 761284, Email: karen.henriksen@derbyshiredales.gov.uk

Paul Radcliffe, Benefits Manager
Tel. 01629 818214; Email paul.radcliffe@derbyshiredales.gov.uk

6 BACKGROUND PAPERS

Council Tax Reduction Scheme 2021/22

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021; SI 2021 No. 29 (published 20th January 2021).

DWP HB A1/2020 (Revised) DWP 'Housing Benefit: Uprating 2021/22
Not published at the time of writing this report.

7 ATTACHMENTS

None