

COUNCIL TAX REDUCTION SCHEME 2021/22

1. INTRODUCTION

- 1.1 Members will recall that local authorities are responsible for setting up their own local Council Tax Reduction Scheme for those of working age on low income. The Government stipulated that there must be no change to the level of support that pensioners receive and there are no plans to localise the scheme for this group. Currently, there are also no plans to include Council Tax Reduction within Universal Credit.
- 1.2 The Council Tax Reduction Scheme must be formally made by the Council no later than 11 March in any year, to take effect from 1 April. The Government has constructed rules for a 'default scheme' which will have to be operated by any council that does not make a local scheme. It is contained in schedule 1 of The Council Tax (Default Schemes) (England) Regulations 2012.
- 1.3 The Council Tax Reduction Scheme fulfils the prescribed requirements for localised schemes.
- 1.4 There are 8,441 claimants receiving Council Tax Reduction. Of these 4,399 are working age and 4,042 are of pensionable age.
- 1.5 The current Council Tax Reduction Scheme costs approximately £8.9 million. This includes an additional cost of circa £400k as a result of new claims in light of COVID-19. This is split between:

Working Age	£4,393,395
Pensioner	£4,574,246

The cost is shared between all precepting authorities.

- 1.6 The amount of Council Tax Reduction awarded affects the tax base of each organisation and is not identified within the overall formula grant allocation.

2. REVIEW PROCESS

- 2.1 The Task & Finish Group met in 2019 to review the scheme and proposed changes effective from 1 April 2020. The group also recommended a full review of the scheme in 2020, to include the consideration of a banding scheme.
- 2.2 Due to the impact of COVID-19 it has not been possible to undertake a full review of the scheme. Additionally, making changes which may be detrimental may not be appropriate in the current uncertain climate. It is recommended by the Revenue and Benefits Service Manager, who has been in consultation with the Portfolio Holder for Finance, to retain the current scheme and to review this in 2021.
- 2.3 A full review of the scheme can be undertaken in 2021 when the impact of COVID-19 is understood. This will also include to consider a banding scheme, and review the impact of schemes implemented elsewhere, and to align the scheme with Universal Credit where appropriate, for example the treatment of childcare costs.

3. THE CURRENT LOCAL COUNCIL TAX REDUCTION SCHEME

- 3.1 The council's Council Tax Reduction Scheme protects the vulnerable. A person is vulnerable if they (or a partner) are in receipt of Disability Living Allowance, Personal Independence Payments or Severe Disablement Allowance.
- 3.2 The council's Council Tax Reduction Scheme for 2020/21 requires all working age claimants (except the vulnerable) to pay a minimum of 10% council tax.
- 3.3 The council's Council Tax Reduction Scheme also includes:
 - A. Council Tax Reductions are capped at band D (so that claimants living in higher banded properties receive any reduction based on band D).
 - B. A savings limit of £6,000 (previously £16,000), so that claimants with a low income but with more than £6,000 in savings are not entitled to any reduction.
 - C. The council's Council Tax Reduction Scheme incentivises work by disregarding £25.00 a week of earnings. The government disregards in Housing Benefit are £25.00 for a lone parent, £20.00 for a disabled claimant, £10.00 for a couple and £5.00 for a single claimant.
 - D. The maximum period for backdating a claim is 3 months.
 - E. To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of 2 for new claims (some exemptions apply).
 - F. To use the gross Universal Credit payment as income in the calculation of Council Tax Reduction.

4. MATTERS TO BE CONSIDERED BY THE PANEL

- 4.1 Collecting council tax from those on low income is difficult, with significantly more work for officers. Administration has also increased, notably in working with those affected, and with the increase in caseload (see appendix 1). This increase in caseload will have an implication on the 2021/22 tax base. In 2020/21 council tax bills increased by an average of 5%, meaning council taxpayers having to pay more. This is likely to continue in the forthcoming years.
- 4.2 The collection rate for those in receipt of Council Tax Reduction, who are not a pensioner or vulnerable, has increased from 79.54% to 80.20% and overall collection rate increased from 89.46% to 89.83%. See Appendix 2 for collection figures.
- 4.3 Many of the claimants have also been affected by other welfare reform changes, including Universal Credit, as well as an increase in the cost of living.

5. 2020/21 HARDSHIP FUNDING

- 5.1 As a result of COVID-19, the government have provided one-off funding to support those in receipt of Council Tax Reduction. Our funding allocation is £886,486. All those in receipt of Council Tax Reduction of working age are entitled to a hardship payment. Government guidance stipulates an award up to a maximum of £150, however, in consultation with the Portfolio Holder for Finance, Investment and

Corporate Services, we are awarding up to £200. To date, 3,379 claimants have had a hardship payment, totalling £524k. The residual funding will be fully utilised to support the expected new claims for Council Tax Reduction following furlough ending and to provide additional support to those in financial hardship and with council tax arrears.

6. CONSULTATION

- 6.1 As there are no proposed changes to our scheme, there is no requirement to undertake any public consultation.

7. FINANCIAL IMPLICATIONS

- 7.1 As there are no proposed changes to the scheme the only costs or savings will depend on caseload and changes to existing claimants' circumstances.
- 7.2 The overall impact of any changes to total expenditure to New Forest District Council will be approximately 10% of the total.

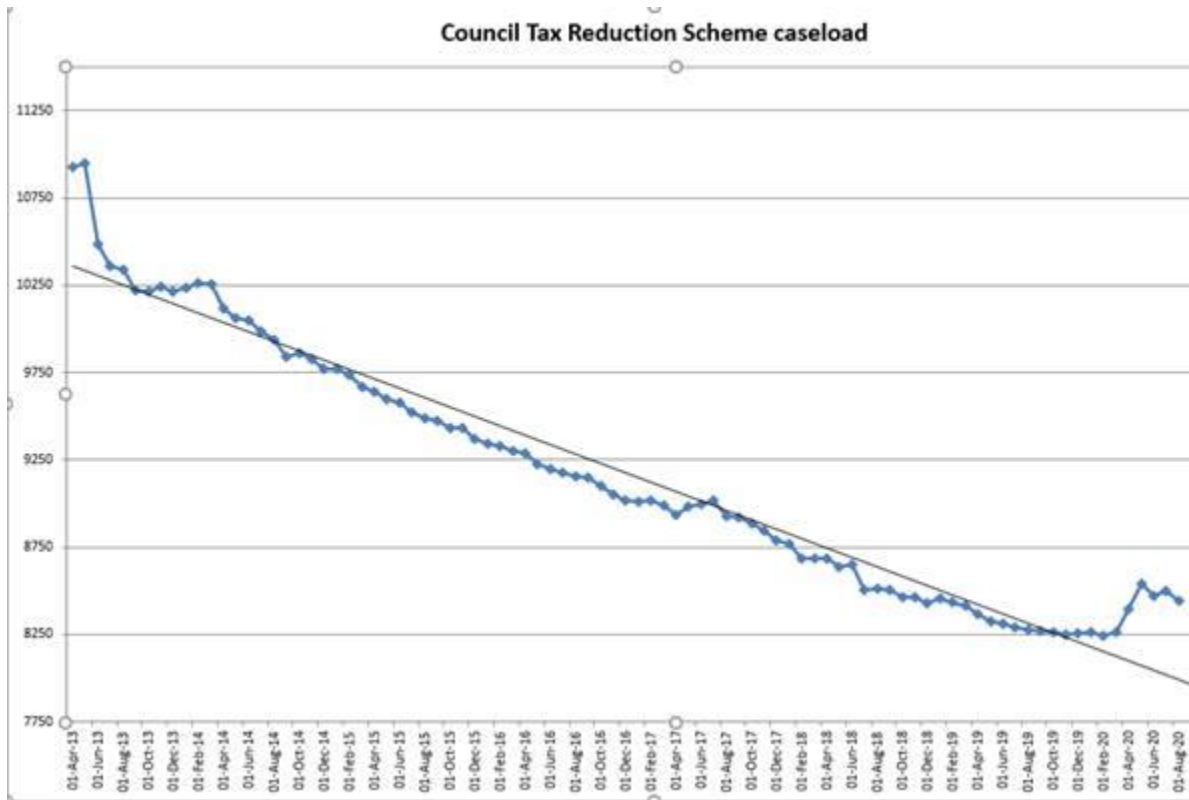
8. RECOMMENDATIONS

- 8.1 That the Panel recommends to Cabinet to maintain the current scheme with no changes

Further Information:

Ryan Stevens, Service Manager – Revenues and Benefits
ryan.stevens@nfdc.gov.uk

CTR Caseload



Collection stats

POSITION STATEMENT AS AT
31.3.20

	Nett Amount Due	Total Amount Paid	Outstanding Balance	Collection %
ALL DEBT	£ 127,413,803.62	125,684,949	£ 1,728,854.91	98.64%
REDUCTION SCHEMES				
WORKING AGE EMPLOYED	£ 615,136.30	£ 502,194.35	£ 112,941.95	81.64%
WORKING AGE OTHER	£ 569,894.59	£ 448,173.22	£ 121,721.37	78.64%
WORKING AGE CLAIMANT - MAXIMUM REDUCTION CAPPED AT 90%	£ 1,185,030.89	£ 950,367.57	£ 234,663.32	80.20%
PENSION AGE	£ 841,892.88	£ 863,971.27	-£ 22,078.39	102.62%
VULNERABLE	£ 133,132.20	£ 126,114.88	£ 7,017.32	94.73%
PROTECTED ENTITLEMENT (PENSION AGE AND VULNERABLE) - NO MAXIMUM CAP	£ 975,025.08	£ 990,086.15	-£ 15,061.07	101.54%
SUMMARY				
ALL REDUCTION SCHEME CASES	£ 2,160,055.97	£ 1,940,453.72	£ 219,602.25	89.83%
ALL NON-REDUCTION SCHEME CASES	£ 125,253,747.65	£ 123,744,494.99	£ 1,509,252.66	98.80%

POSITION STATEMENT AS AT 31.3.19

	Nett Amount Due	Total Amount Paid	Outstanding Balance	Collection %
ALL DEBT	£121,379,354,.35	£120,128.314	£1,251,040,.05	98.97%
REDUCTION SCHEMES				
WORKING AGE EMPLOYED	£589,089.22	£484,698.71	£104,390.51	82.28%
WORKING AGE OTHER	£468,547.96	£356,574.94	£ 111,973.02	76.10%
WORKING AGE CLAIMANT - MAXIMUM REDUCTION CAPPED AT 90%	£1,057,637.18	£841,273.65	£216,363.53	79.54%
PENSION AGE	£842,256.90	£848,200.26	£-5,943.36	100.71%
VULNERABLE	£125,028.21	£121,990.95	£3,037.26	97.57%
PROTECTED ENTITLEMENT (PENSION AGE AND VULNERABLE) - NO MAXIMUM CAP	£967,285.11	£970,191.21	£-2,906.10	100.30%
SUMMARY				
ALL REDUCTION SCHEME CASES	£2,024,922,.29	£1,811,464,86	£213,457.43	89.46%
ALL NON-REDUCTION SCHEME CASES	£119,354,432.06	£118,316,849.44	£1,037,582.62	99.13%

Recovery notices issued

2015/16	CTR	Non-CTR
Reminder	5,607	13,117
Summons	1,103	3,477

2016/17	CTR	Non-CTR
Reminder	5,485	13,250
Summons	1,082	3,321

2017/18	CTR	Non-CTR
Reminder	5,175	13,141
Summons	888	3,360

2018/19	CTR	Non-CTR
Reminder	4,622	11,339
Summons	909	3,368

2019/20	CTR	Non-CTR
Reminder	4,321	12,614
Summons	1,017	3,059