

## **COUNCIL TAX REDUCTION SCHEME 2022/23**

### **1. RECOMMENDATION**

- 1.1 That the Corporate Affairs and Local Economy Overview and Scrutiny Panel recommends to Cabinet that the backdate period be extended from 6 months to 12 months, as detailed in Section 6, from 1 April 2023.
- 1.2 That a Task and Finish Group review a Banded scheme during 2023.

### **2. INTRODUCTION**

- 2.1 Members will recall that local authorities are responsible for setting up their own local Council Tax Reduction Scheme to support those of working age on low income with paying their council tax. 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 currently no plans to include Council Tax Reduction within Universal Credit.
- 2.2 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.
- 2.3 The Council Tax Reduction Scheme fulfils the prescribed requirements for localised schemes.
- 2.4 There are currently 7,904 claimants receiving Council Tax Reduction. Of these 4,151 are working age and 3,753 are of pensionable age. See Appendix 1 for caseload trend.
- 2.5 The current Council Tax Reduction Scheme costs approximately £9.1 million. This is split between:

Working Age	£4,423,073
Pensioner	£4,650,428

The cost is shared between all precepting authorities.

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

### **3. REVIEW PROCESS**

- 3.1 The Task & Finish Group met to review the current scheme and proposed changes effective from 1 April 2023.
- 3.2 Due to the ongoing impact of the pandemic and administering various support schemes, including Test and Trace Support Payments, Household Support Fund, Food Voucher scheme, Omicron Business Grants and the £150 Energy Rebate scheme, it has not been possible to undertake a full review of the scheme, including consideration of a banded scheme. It is recommended by the Revenue and Benefits

Service Manager, who has been in consultation with the Portfolio Holder for Finance, to consider this in 2023.

- 3.3 The recommendations of the Task & Finish Group are to be considered by the Corporate Affairs and Local Economy Overview Scrutiny Panel, the Cabinet and full Council in December 2022.

#### **4. THE CURRENT LOCAL COUNCIL TAX REDUCTION SCHEME**

- 4.1 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.
- 4.2 The council's Council Tax Reduction Scheme for 2022/23 requires all working age claimants (except the vulnerable) to pay a minimum of 10% council tax.
- 4.3 The council's Council Tax Reduction Scheme also includes:
- Council Tax Reductions are capped at band D (so that claimants living in higher banded properties receive any reduction based on band D).
  - A savings limit of £6,000, so that claimants with more than £6,000 in savings are not entitled to any reduction.
  - The council's Council Tax Reduction Scheme incentivises work by disregarding £25.00 a week of earnings. For comparison purposes, 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.

#### **5. MATTERS CONSIDERED BY TASK & FINISH GROUP**

- 5.1 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. In 2022/23 council tax bills increased by an average of 3%, meaning council tax payers having to pay more. This is likely to continue in the forthcoming years.
- 5.2 The Council Tax in-year collection rate for those in receipt of Council Tax Reduction, who are not a pensioner or vulnerable, has reduced from 79.72% to 74.63% and overall in year collection rate for those in receipt of Council Tax Reduction reduced from 91.95% to 85.59%.
- 5.3 Many of the claimants have also been affected by other welfare reform changes as well as an increase in the cost of living, in particular fuel and food inflation which adversely affects low income households.

#### **6. DISCUSSION ON COUNCIL TAX REDUCTION SCHEME FOR 2023/24**

- 6.1 The group considered reviewing various aspects of the current scheme. This included:
- the 10% minimum contribution
  - the Band D cap

- 16 hours additional earnings disregard

6.2 The Group discussed these aspects and agreed to maintain these and not to propose any changes.

6.3 The Group also discussed a Banded scheme and recommended a fundamental review of this be undertaken in 2023.

6.4 The Group discussed one proposed change, primarily to support our most vulnerable households. The proposed change is summarised as follows:

Description	No of claims affected	Financial impact
To extend the backdating period of 6 months to 12 months	Minimal	Minimal

6.5 The Group discussed the reasons and impact of the proposed change:

#### **To extend the backdate period from 6 to 12 months**

Where a claimant has delayed in making their claim and there is continuous “good cause” their claim can be backdated for a period of up to 6 months. The Group discussed extending this time period to provide additional support to our most vulnerable claimants who, in exceptional circumstances, delayed making their claim, and who otherwise would have to pay their council tax for the period. Although the number of claims who will benefit from this will be minimal, it will provide much needed additional financial support.

The Group agreed to consult on extending the backdate period from 6 to 12 months.

6.6 The Group were made aware of the Exceptional Hardship Payment scheme which is available to support any claimant in exceptional financial hardship with paying their Council Tax due to a shortfall between their Council Tax Reduction and the amount of Council Tax to pay. A new online form is being developed to apply for an Exceptional Hardship Payment and we will work with our partners to promote this.

## **7. CONSULTATION**

7.1 The Council has a duty to consult on any changes to the scheme. The Council undertook a consultation exercise over a 6-week period, from 30 August 2022 to 12 October 2022, advertising on the council’s website and on decision notices, as well as contacting partner organisations, including Citizens Advice New Forest.

7.2 The Council only received 3 responses, two strongly agreeing with the proposed change, with one disagreeing, although not providing any explanation for their view. However, due to the minimal response it is not possible to determine any conclusions.

7.3 After considering the consultation responses, the Group recommend making the proposed change to the Council Tax Reduction scheme from 1 April 2023.

**8. FINANCIAL IMPLICATIONS**

- 8.1 The financial implications of the proposed change were discussed.
- 8.2 The cost will be minimal, especially as the Council only retains around 10% of the total Council Tax collected.

**9. CRIME & DISORDER IMPLICATIONS / ENVIRONMENTAL IMPLICATIONS / DATA PROTECTION IMPLICATIONS**

- 9.1 There are none

**10. EQUALITY & DIVERSITY IMPLICATIONS**

- 10.1 Our Council Tax Reduction scheme continues to support those on a low income and protects vulnerable households.

**For further Information Contact:**  
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**Background Papers:**  
Minutes of Task & Finish Group

