

Cabinet	Agenda Item: 7
Meeting Date	8 December 2021
Report Title	Council Tax Support Scheme 2022/23
Cabinet Member	Cllr Roger Truelove, Leader and Cabinet Member for Finance
SMT Lead	Lisa Fillery, Director of Resources
Head of Service	Lisa Fillery, Director of Resources
Lead Officer	Zoe Kent, Revenues and Benefits Manager
Recommendations	<ol style="list-style-type: none"> 1. That the Council Tax Support scheme for 2022/23 is kept the same as 2021/22 and the Council Tax Support continues as a maximum award of 80%. 2. To investigate the implementation of a banded Council Tax Support scheme for 2023/24

1 Purpose of Report and Executive Summary

- 1.1 The Council Tax Support Scheme (CTS) was introduced by the Department for Communities and Local Government (DCLG) in April 2013 as a replacement for Council Tax Benefit (CTB) administered on behalf of the Department for Work and Pensions (DWP). Each year the local Scheme must be approved by Full Council by 31 January.
- 1.2 The purpose of this report is to consider the percentage reduction that should be set for the 2022/23 scheme.

2 Background

- 2.1 Prior to the introduction of the scheme in April 2013 the Kent authorities worked together to design a CTS scheme. A common approach was adopted across Kent, with the new scheme broadly replicating the former CTB scheme, but with a basic reduction in entitlement for working age claimants.
- 2.2 As part of its introduction, central government set out a number of key elements:
 - 1) The duty to create a local scheme for working age applicants was placed with billing authorities;
 - 2) Government funding was reduced initially by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous CTB scheme; and

- 3) Persons of pension age, although allowed to apply for CTS, would be dealt with under regulations prescribed by central government, and not the authorities' local scheme.
- 2.3 In Swale, under the current scheme working age claimants must pay at least 20% of their Council Tax liability, this is the percentage set by many of the district councils in Kent. Although there is a common approach across Kent, local schemes at district level have been tailored to local needs, so in some parts of Kent the percentage varies.
- 2.4 The Kent districts have been able to use the changes to the empty property discounts to vary the amount working age claimants pay towards their liability. Since its introduction in April 2013, our own local scheme has been reviewed annually; however; the core elements remain as were originally agreed.
- 2.5 Under the Kent-wide agreement the major precepting authorities agreed to collectively pay to each district council an administration fee to assist with the costs of the delivery of the scheme.
- 2.6 It has been recognised by the Kent Finance Officers Group that the contributions that the major precepting authorities make towards the administration of the scheme are essential. It was therefore agreed to base the allocation of the administration fee on the size of the caseload. Swale has been allocated £133,857 administration fee for 2020/21, the second highest award in Kent.
- 2.7 When the new scheme started in April 2013, it resulted in approximately 5,000 households within the Borough paying some council tax for the first time. In addition, approximately 2,500 other households who received partial assistance saw increases in their bills.
- 2.8 Collection of the council tax balances in these cases has been challenging. However, with focus on these accounts and some changes to recovery processes, the scheme has been successful. The administrative fee paid by the major preceptors has been essential in assisting with the cost of the recovery of these debts.
- 2.9 A banded scheme should be considered for the 2023/34 scheme. This may provide further simplification for working age claimants and should reduce the administration costs of the scheme.
- 2.10 The overall level of applicants, both working age and pension age, has fallen since the introduction of CTS to 10,051 as at 1 April 2021, compared with 13,381 as at 1 April 2013. This was mainly due to a reduction in unemployment, the rise of the pension age and changes brought into the scheme from April 2017. As a result, the total cost of the scheme had reduced since its inception.
- 2.11 The initial '90%' funding that the government passed on to authorities through Revenue Support Grant to support the costs of local schemes has effectively

been cut as part of the wider reductions in local government financial settlements. The amount of RSG received by the Council is now nil, although costs have reduced due to a lower claimant base than in 2013, the outcome is that a greater share of the cost burden is falling on the billing authorities and the other major precepting bodies.

Table 1: CTS expenditure by year

Year	Expenditure
2013/14	£10,712,895
2014/15	£ 9,940,783
2015/16	£ 9,801,120
2016/17	£ 9,723,402
2017/18	£ 8,950,857
2018/19	£ 8,854,129
2019/20	£ 8,602,987
2020/21	£ 9,680,057
2021/22	£10,020,838

- 2.12 In 2019/20 it was agreed that the scheme for 2020/21 would provide more support for those claimants living on a low income. The amount of support was increased from 75% to 80% and incomes such as Child Benefit and Child Maintenance which had previously been taken into account were disregarded. The non-dependant deductions were also reduced from a maximum of £15 to £10.

3 Proposal

- 3.1 In April 2020 the minimum amount working age claimants pay towards their Council Tax was reduced to 20%. This change was brought in because it was felt that many claimants were struggling to pay their Council Tax instalments. As state benefits had not increased for a number of years it was getting harder for claimants to meet the increased Council Tax amounts.
- 3.2 Collection of Council Tax from working age claimants since the commencement of the scheme is shown in table 2 below. Prior to the first year of the scheme Swale accepted a grant from DCLG which limited the amount claimants had to pay to a minimum of 8.5%, leading to the highest collection rate for 2013/14. There was a dip in collection in 2014/15 when the amount to be paid doubled. Collection since then has risen as claimants have adjusted to budgeting for this amount. However, as the amount of Council Tax charged has increased each year the percentage collected has dropped. With the restrictions that have been brought in due to the Covid-19 pandemic the current year's collection is down by 2.5% compared with 2019/20.

Table 2: Percentage collected by year

Year	Minimum % paid by working age claimants	Percentage collected
2013/14	8.5%	87.59%
2014/15	15%	81.80%
2015/16	15%	85.30%
2016/17	15%	85.80%
2017/18	20%	86.10%
2018/19	25%	85.50%
2019/20	25%	84.50%
2020/21	20%	83.00%
2021/22	20%	54.10%*

*2021/22 figure as at 30.09.2021

- 3.3 Given the objectives of the review set out at 2.12, it is important that we seek to not increase the overall costs of the scheme significantly whilst maintaining fairness and the feasibility of the scheme.
- 3.4 It is likely if the amount to be paid by working age claimants was increased, collection would continue to fall increasing the cost of recovery.
- 3.5 The conclusion is that the most practical option would be for the CTS for 2022/23 to be kept the same as for 2021/22 and to continue as a reduction of 20%.

4 Alternative Options

- 4.1 Changes could be made to the CTS scheme for 2022/23 either increasing or reducing the amount payable by working age claimants. Increasing the amount is not recommended because this is likely to affect the collection rate, this would then increase the cost of recovery for the Council Tax section. Reducing the amount payable would affect the budgets of the council and the major precepting authorities so could therefore have an effect on the services currently provided.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has been carried out with the major preceptors. As it is recommended that there will be no change to the scheme a public consultation has not taken place. Appendix I shows the results from the consultation carried out in 2019 prior to the implementation of the 2020/21 scheme.

6 Implications

Issue	Implications
Corporate Plan	<p>The objectives and priorities in the corporate plan.</p> <p>Performance is measured through BV9 Percentage of Council Tax collected in year.</p>
Financial, Resource and Property	<p>The costs of awards made under the CTS scheme impact on the declared tax base, and thereby the council tax yield.</p>
Legal and Statutory	<p>The Council has a statutory duty to consult on a proposed scheme under the Local Government Finance Act 2012 and Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (as amended).As mention in paragraph 5.1, case law has determined the guiding principles for fair consultation, which we followed.</p> <p>Regard needs to be made to the rules around consultation laid out through the Supreme Court ruling in the case of R (on the application of Moseley) v London Borough of Haringey (2014), and in particular, the need to set out alternative choices within the consultation. Referred to in paragraph 5.2.</p> <p>As no changes to the scheme are recommended a public consultation has not taken place.</p>
Crime and Disorder	<p>Not directly applicable</p>
Sustainability	<p>Not directly applicable</p>
Health and Wellbeing	<p>Residents who have difficulty in paying their Council Tax can put in a claim for a Section 13A discretionary award. Those whose health appears to be affected will be signposted to appropriate advice.</p> <p>The Revenues and Benefits team works with other sections of the authority, CA, financial charities, and the major housing providers in the area to ensure those residents who are struggling with debt or other problems are signed posted to the correct advice and agencies.</p>
Risk Management and Health and Safety	<p>Not directly applicable</p>

Equality and Diversity	A full Community Impact Assessment has been carried out.
Privacy and Data Protection	All requirements have been adhered to.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: CIA CTS Scheme 2022/23
- Appendix II: CTS Scheme review of the consultation 2019

8 Background Documents

Council Tax Support Report 2021/22 Scheme Full Council 11.11.2020

<https://services.swale.gov.uk/meetings/ieListDocuments.aspx?CIId=128&MIId=2300&Ver=4>