

# Chichester District Council

THE CABINET

5 November 2019

## Determination of the Council Tax Reduction Scheme for 2020-2021

### 1. Contacts

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### 2. Recommendation

**2.1. That Cabinet recommend the proposed Council Tax Reduction Scheme for 2020 - 2021 be approved by full Council.**

### 3. Background

- 3.1. The Welfare Reform Act and Local Government Finance Acts of 2012 abolished the national council tax benefit (CTB) scheme and put in place from 1 April 2013 a framework for local authorities to create their own local council tax reduction (CTR) schemes.
- 3.2. The Government has laid down the process by which a local council tax reduction scheme should be put in place and renewed each year. In accordance with that process officers have published a draft scheme. This scheme must be approved by the Council before 11<sup>th</sup> March 2020 or the previous year's scheme will continue to have effect.
- 3.3. The cost of CTR is by way of deduction from the tax base, which has to be set by the December 2019 Cabinet. Although the legislation permits the CTR scheme to be approved by 11<sup>th</sup> March 2020 it really needs to be considered and agreed before tax base can be set.
- 3.4. The cost of the scheme is shared between all precepting authorities. This Council's share is approximately 9% of the total scheme cost, with the rest being funded by Sussex Police, West Sussex County Council and the Parish Councils.
- 3.5. In 2019 a new class F was introduced to the scheme, this was in response to the roll out of Universal Credit Full Service (UCFS) across the District from July 2018. From this date Universal Credit (UC) replaced all legacy benefits, including Housing Benefit administered by the Council, for all new eligible working age claimants. It was anticipated that this change would increase the cost of administration of the scheme therefore in 2018-19 a new Class F was introduced. Entitlement for this Class is determined in accordance with income bands rather than the means test that applies to other working age classes in the scheme.

- 3.6. Since the introduction of local schemes the Council has aimed to support those that are financially vulnerable in its communities by maintaining levels of support to claimants in comparison with the National means tested Council Tax Benefit scheme that it replaced. Across the country different approaches have been adopted with 90% of LA's making changes to their schemes to balance the level of financial support against funding reductions and savings that have to be made.

#### **4. Outcomes to be achieved**

- 4.1. The delivery of a scheme that is cost effective to administer while supporting those in the community that require financial assistance in the form of a reduction in their council tax.
- 4.2. As in previous years the schemes performance will be monitored in year with a view to informing the succeeding year's scheme.

#### **5. Proposal**

- 5.1. The proposed CTR scheme for 2020-2021 is unchanged from last year's scheme with the exception of uprating of standard figures as described below and a review of the discretionary elements of the scheme to ensure that they allow for additional support to be awarded flexibly where required.
  - (a) Any changes that have occurred in HB will also be transferred across to the 2020 -2021 scheme, including uprated premiums, living allowances and non-dependant deductions (for non UC claimant's) supplied by the Department for Work and Pensions that will be published later in the financial year.

#### **6. Alternatives Considered**

6.1 Officers have considered whether any changes to the scheme are required from an administrative perspective and consulted with the Cabinet Member and Director of Housing and Communities and the Director of Corporate Services to establish whether any changes were required in terms of levels of support. It was decided that the performance of the new banded scheme for UC needed to be further monitored to better inform the basis of any change in scheme design. How UC affects the scheme in terms of expenditure and administration will have a significant influence on future scheme design. However for this year not enough data is available to make an informed decision therefore it was decided that making no changes was the best way to support communities.

#### **7. Resource and legal implications**

- 7.1. The predicted spend on CTR when tax base was set in December 2018 for 2019-20 was £7,521,224. The 2019-20 cost based on expenditure to date is estimated to be £7,067,359 (as at the end of August 2019). This compares with £7,004,490 actual CTR expenditure for 2018 -2019, against a tax base estimate of £7,338,771.19.
- 7.2. Future CTR expenditure is difficult to predict, however it has remained constant since the introduction of local schemes. However external factors could

influence expenditure, such as an economic downturn, loss of a local employer and the impact of Brexit or extended welfare reform.

## 8. Consultation

- 8.1. As no changes to the design of the scheme have been made Officers decided in consultation with Directors of Corporate Services and Housing & Communities that formal consultation was not required. This approach is supported by advice issued by Ministry of Housing Communities and Local Government (MHCLG).

## 9. Community Impact and Corporate Risks

- 9.1. The corporate risk to the authority is setting a CTR scheme which is unaffordable. This risk is reduced by setting a scheme which is broadly in line with the existing one so expenditure can be predicted. Should there be a downturn in the economy there is a risk that the scheme will cost more than estimated.
- 9.2. The community impact is reduced by keeping the calculation of entitlement as close to the previous CTB scheme as possible.

## 10. Other Implications

	Yes	No
<b>Crime &amp; Disorder</b>		No
<b>Climate Change and Biodiversity</b>		No
<b>Human Rights and Equality Impact – impacts of the scheme are positive on vulnerable people, however, it should be noted that no changes are proposed from last year’s scheme. The impact assessment will be reviewed and updated.</b>	Yes	
<b>Safeguarding and Early Help</b>		No
<b>General Data Protection Regulations (GDPR)</b>		No

## 11. Appendices

- 11.1 Draft Council Tax Reduction Scheme 2020 - 2021