

Chichester District Council

THE CABINET

3 November 2020

Determination of the Council Tax Reduction Scheme for 2021-2022

1. Contacts

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2. Recommendation

2.1. That Cabinet recommend that the proposed Council Tax Reduction Scheme for 2021-2022 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 March 2021 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 Cabinet. Although the legislation permits the CTR scheme to be approved by 11 March 2021 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.

4. Outcomes 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 2021-2022 is unchanged from last year's scheme with the exception of uprating of standard figures as described below.
 - Any changes that have occurred in Housing Benefit will also be transferred across to the 2021-2022 scheme, including uprated premiums, living allowances and non-dependant deductions (for non-Universal Credit claimants) supplied by the Department for Work and Pensions that will be published later in the financial year.
- 5.2. The bandings for the Universal Credit (UC) banded scheme were increased in response to the changes in UC introduced as a result of the Coronavirus pandemic. For the 2021-22 CTR scheme these have been changed back to their previous level. If the Government decides to extend the changes in UC beyond 1 April 2021 these bandings will need to be changed to reflect this.

6. Alternatives Considered

- 6.1. Officers have considered whether any changes to the scheme are required from an administrative perspective and consulted the Cabinet Member & Director of Housing and Communities to establish whether any changes were required in terms of support levels. All parties agreed that no changes were required.

7. Resource and legal implications

- 7.1. The predicted spend on CTR when tax base was set in December 2019 for 2020-2021 was £7,343,176.87. The 2020-21 cost based on expenditure to date is currently £7,779,158.22 (as at the end of August 2020). This compares with £6,981,741.68 actual CTR expenditure for 2019-20, against a tax base estimate of £7,521,224.02.
- 7.2. CTR expenditure for 2020-21 has increased significantly as a result of the Coronavirus pandemic. The expenditure to date of £7,779,158.22 is £435,981.35 in excess of the tax base estimate. Of this increase Chichester District Council would be responsible for around 12% (9% for our share of the taxbase plus approximately 3% in respect of Parish Councils) or £52,317.76, the rest being borne by the major preceptor authorities (WSCC & Sussex Police).
- 7.3. In April the Council received £699,209 to support working age recipients of CTR impacted by COVID-19. As of the end of August £216,098.34 of this funding had been spent. The total spend against allocation is being regularly monitored to ensure that the full fund has been fully spent by 31 March 2021 to ensure that residents receive all the support they can where due. An alternative considered is whether to use this fund to offset the additional cost to the Council (para 7.2), however, this would reduce the amount available to help financially vulnerable households in the district.
- 7.4. Future CTR expenditure is difficult to predict, however with the economic downturn as a consequence of Coronavirus it is predicted that CTR expenditure will continue to rise and stay at higher levels into 2021 to 2022. The change to the furlough scheme may soften this impact however other factors such as a no deal Brexit could also impact on CTR caseload and expenditure. Assumptions take into account all of the above known factors.

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 sustained 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
Crime & Disorder		No
Climate Change and Biodiversity		No
Human Rights and Equality Impact		No
Safeguarding and Early Help		No
General Data Protection Regulations (GDPR)		No

11. Appendices

- 11.1 Draft Council Tax Reduction Scheme 2021 - 2022