

# Chichester District Council

THE CABINET

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## Determination of the Council Tax Reduction Scheme for 2022-2023

### 1. Contacts

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### 2. Recommendation

- 2.1. That Cabinet recommend that the proposed Council Tax Reduction Scheme for 2022-2023 be approved by full Council.
- 2.2. That Cabinet delegate approval for mid-year changes in the Scheme, where it is deemed appropriate to the Director for Housing & Communities following consultation with the Director of Corporate Services and Cabinet Member for Finance, Corporate Services and Revenues and Benefits.

### 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 CTR 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 2022 or the previous year's scheme will continue to have effect.
- 3.3. 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.
- 3.4. 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, by 2018/19 90% of LA's had made changes to their schemes the majority of these aimed at reducing the level of support.
- 3.5. In 2018/19 a banded scheme for CTR applicants in receipt of Universal Credit (UC) was introduced. The intention was to simplify the administration of CTR for

these customers, rather than to reduce the level of support provided. All banded schemes have winners and losers, and any adverse effects of the scheme on these applicants have been mitigated by the availability of a discretionary award that can be made in circumstances where by comparison to the previous means tested scheme applicant is disadvantaged by the UC banded scheme and they are financially vulnerable. These awards are made on a case by case basis and the availability is promoted by Revenues & Benefits staff when dealing with individual cases.

#### **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 2022-2023 is unchanged from last year's scheme except for the below. These exceptions are intended to maintain levels of entitlement to recipients of this support across the District.
  - (a) Any changes that occur in the Housing Benefit (HB) scheme will be transferred across to the 2022-2023 scheme, including uprated premiums, living allowances and non-dependant deductions (for non-UC claimant's). These are supplied by the Department for Work and Pensions and are published before the end of the financial year.
  - (b) For the UC banded scheme this also includes any appropriate changes in UC rates, including emergency measures as described below.
  - (c) Emergency measures introduced nationally such as the response to the ongoing Coronavirus pandemic. It is proposed to make this process simpler by proposing delegated powers be given to the Director for Housing and Communities and the Cabinet Member for Finance, Corporate Services, Revenues and Benefits to change the scheme mid-year in the event this is required. This proposal includes both emergency measures and budgetary announcements made by Government where officers deem that the scheme needs to change mid-year in order to fulfil the intention of central Government. It is recommended that any decision be taken in respect of these changes be in consultation with the Section 151 Officer.

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

Officers have considered whether any changes to the scheme are required from an administrative perspective and consulted the Cabinet Member for Finance, Corporate Services and Revenues and Benefits, the Director of Housing and Communities and the Director of Corporate Services to establish whether any changes were required in terms of support levels, members were advised of this. All parties agreed that no changes to the level of support were required, and that keeping a stable level of support for those in receiving this reduction was important

to ensure that financial impacts of the Covid-19 pandemic were mitigated as far as possible, whilst not increasing the overall expenditure of the scheme.

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

- 7.1. The predicted spend on CTR when tax base was set in December 2020 for 2021-2022 was £8,710,932.25. The 2021-22 cost based on expenditure to date is estimated to be £7,792,578.97 (as at the end of October 2021). This compares with £7,781,613.30 actual CTR expenditure for 2019-20, against a tax base estimate of £7,343,176.87.
- 7.2. Future CTR expenditure is difficult to predict, particularly during the ongoing COVID-19 pandemic. Prior to the pandemic CTR caseloads were decreasing, this trend changed during the pandemic and we experienced an increased demand for CTR. This has been stabilised, partly due to the emergency COVID measures implemented by the Government, such as the extension to the furlough scheme and the Self-Employed Income Support Scheme (SEISS). These measures ended on the 30<sup>th</sup> September and the impact of this is still unknown. There is a risk that if the economy does not bounce back quickly, and unemployment rises that the cost of the CTR scheme could rise.
- 7.3. The changes to Universal Credit (UC) have had an impact on household incomes. The reduction in the UC taper rate is predicted to bring an additional 400,000 families into the benefits system next year. Around 75% of the 4.4 million households on UC will be worse off as a result of the end to the UC uplift, despite the change in the taper rate, as not all UC households are in employment. The CTR reduction scheme for those on UC is assessed based on income bands. Hardship is mitigated by the availability of Discretionary support; however, this is to some extent reliant on the customer coming forward to discuss arrears. During COVID-19 pandemic we have resourced additional staff to identify some of these households and this is work that we strive continue. However, this does mean that there is the potential for the scheme to cost more, if more people on UC apply and more of those people apply for additional support. Regular monitoring takes place monthly to inform future schemes.

## **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
<b>Crime &amp; Disorder</b>		No
<b>Climate Change and Biodiversity</b>		No
<b>Human Rights and Equality Impact</b>		No
<b>Safeguarding and Early Help</b>		No
<b>General Data Protection Regulations (GDPR)</b>		No

## 11. Appendices

11.1 Draft Council Tax Reduction Scheme 2022 - 2023