

# **Cherwell District Council**

## **Budget Planning Committee**

**13 July 2021**

### **Council Tax Reduction Scheme 2022/23**

#### **Report of Director of Finance**

This report is public

#### **Purpose of report**

To enable members to consider the current banded scheme for Council Tax Reduction.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the report, and any financial implications for the Council.
- 1.2 To recommend to Executive that the current scheme is retained, and that no consultation takes place.

#### **2.0 Introduction**

- 2.1 The Council Tax Reduction caseload has been monitored and there has been an increase in the number of live cases from 6,457 in June 2019 to 6,573 in June 2020 and 6,743 in June 2021. This increase in caseload is due to the impact from the Covid-19 crisis which saw a sharp increase in the number of new applications during the first lockdown. The caseload has continued to rise due to the impact of the pandemic on employment and subsequent lockdowns.

#### **3.0 Report Details**

- 3.1 Since the introduction of the Council Tax Reduction Scheme (CTRS) the landscape has drastically changed. Universal Credit is based on real time information which means that any change in income generates a change in Council Tax Reduction through data files received directly from the Department for Work and Pensions. Residents were therefore, receiving multiple bills and letters during the year making the process a poor user experience and making budgeting very difficult.
- 3.2 In December 2019 the Council agreed a move to a new income banded scheme for those of working age. The scheme assesses the maximum level of Council Tax

Reduction based on the net income of the applicant and household members, the main principles of the scheme are as follows:

- If the applicant or partner is in receipt of one of the main passported benefits (Income Support, Job Seeker's Allowance Income Based and Income Related Employment and Support Allowance or receiving War Widows or War Disablement Pensions they will automatically be placed in the highest band of the scheme and will receive 100% support.
- Working age households will receive a discount, depending on their level of income and the band that they fall into.
- Under this scheme, as part of our ongoing commitment to support disabled people, we will continue to disregard Disability Living Allowance, Personal Independence Payments, War Disablement Benefits and will also continue to disregard Child Benefit and child maintenance.
- As highlighted earlier in this report the introduction of Universal Credit and Real Time Information files means that customers can experience frequent changes in their Council Tax Reduction which in turn impacts on the amount of Council Tax payable. This makes budgeting for households more of a challenge and is impacting on our ability to collect Council Tax.
- A banded scheme will be simpler for residents to understand and any future changes to the value of awards can be achieved by simply adjusting the banding thresholds. This will also mean that residents will experience less change in their Council Tax Reduction and will reduce the number of letters and Council Tax demands.

The new scheme was introduced from April 2020 following a period of consultation and engagement. In general, it has been well received with limited contact from customers affected by the change. Members also agreed a hardship fund to assist those people who are negatively impacted by the new scheme but, to date, no applications for assistance have been received. A central government Covid Hardship scheme was implemented in June 2020, whereby all customers in receipt of CTRS received an additional amount of up to £150.00 support. This scheme has benefitted 3536 households during 2020-21. Although collection rates are slightly down on the same time last year this is attributable to the impacts from Covid-19 crisis rather than the new banded scheme.

## **Consultation**

There is a requirement to consult with the public, major preceptors and other parties who may have an interest in the Council Tax Reduction Scheme on any material changes to the scheme. It is considered that this does not include changes for annual uprating in accordance with Government Regulations.

If members would like to consider a change to the banded scheme, then full consultation will need to be undertaken.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 The current scheme is understood by customers and has enabled them to budget for their council tax payments. One of the main advantages of the banded scheme is that it reduces the number of changes that the customer will experience enabling more effective personal budgeting. A revision to the scheme would yield a limited financial benefit to the Council but would increase the customer's council tax payable. There is still a degree of financial uncertainty for some customers and in the current financial climate the existing scheme should be retained.

## **5.0 Consultation**

None

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The alternative option is to undertake a review of the current CTRS but paragraph 4.1. explains the rationale for not taking this course of action.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 The MTFs has assumed the current scheme will be retained. Any changes to the existing caseload will be accommodated as part of the budget process with final estimates included in the annual council tax base calculation.

Comments checked by:

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### **Legal Implications**

- 7.2 Since 1 April 2013, local authorities in England have been responsible for running their own local schemes for help with council tax. These are called Council Tax Reduction schemes.

Section 13A of the Local Government Finance Act 1992 requires the Council as the billing authority to make a localised council tax reduction scheme in accordance with section 1A of the Act. Each financial year the council must consider whether it wants to revise the scheme, leave as is or replace it. Consultation must occur on any options required to change the scheme prior to introduction, and is set out in Schedule 1A (3) of the Local Government Finance Act 1992. No changes to the scheme are being considered in this report.

Comments checked by:

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### **Risk Implications**

7.3 There are not any risk implications.

Comments checked by:

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## 8.0 Decision Information

### Key Decision

**Financial Threshold Met:** N/A for others

**Community Impact Threshold Met:** N/A for others

### Wards Affected

All

### Links to Corporate Plan and Policy Framework

Serve the residents and the business

### Lead Councillor

N/A

### Document Information

#### Appendix number and title

None

#### Background papers

None

### Report Author and contact details

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