

Cherwell District Council

Executive

4 December 2023

Council Tax Reduction Scheme 2024-25

Report of Assistant Director of Finance

This report is public

Purpose of report

To enable members to consider the proposed banded scheme for Council Tax Reduction for 2024- 25

The current 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. It is proposed to continue with the current scheme, updated for inflationary factors.

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 remain unchanged . Pensioners are protected and continue to be eligible to receive 100% Council Tax Reduction

If the applicant or partner is in receipt of a passported benefit such as Income Support Job Seekers Allowance (JSA) income based and income related Employment and Support Allowance (ESA) or receiving War widows or War disablement pensions they will be placed into the highest band and will receive 100% Council Tax Reduction.

Working age households will receive a discount, depending on their level of income and the band that they fall into.

The current scheme is understood by customers and has enabled them to budget for their council tax payments, and this is reflected in the Council Tax collection rates with Cherwell being the highest performer across the county for 2022 -23.

The current scheme reduces the number of changes that the customer will experience with less bills and notification letters generated and enables better personal budgeting. There is still a lot of financial uncertainty for many customers and in the current financial climate with the ongoing cost of living crisis it is therefore recommended that the existing scheme should be retained for 2024.25.

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 note the comments of the Budget Planning Committee at Section 5
- 1.2 to recommend to Council that the current scheme (adjusted for inflationary factors) is retained for 2024/25

2.0 Introduction

- 2.1 The Council Tax Reduction (CTR) caseload has been monitored and there has been a reduction in the number of live cases from 6,292 in June 2022 to 6,147 in April 2023 and 6,109 in June 2023.
- 2.2 As customers transition onto Universal Credit customers are not all ways advised by Department for Works and Pensions that in order to make a claim for CTR they will need to make this directly with the local authority, so in these circumstances we do see the caseload fluctuate when backdated request for CTR are received throughout the year.
- 2.2 The in-year Council Tax collection rate for the 2020/21 financial year was 97.46% compared to 98.07% in 2021/22 and 98.05% for 2022/23 which remains the highest rate within the Oxfordshire authorities. In considering the CTR Scheme for 2024/25 members should be mindful that any changes to the scheme that reduce entitlement to CTR Scheme could have an adverse impact on collection rates.

3.0 Report Details

- 3.1 Since the introduction of the Council Tax Reduction Scheme (CTRS) the benefits 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 for individuals very difficult.
- 3.2 In December 2019 the Council agreed to move to an income banded scheme for customers that were of working age. The scheme assesses the maximum level of CTR 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, JSA Income Based and Income Related ESA 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. The banded scheme is more simple for residents to understand and any future changes to the value of awards can be achieved by simply adjusting the banding thresholds.
- Residents experience less change in their Council Tax Reduction and the scheme reduces the number of letters and Council Tax demands issued. The Council has seen a 27% reduction in printed mail and dispatch when comparing the first quarter of 2019 the first quarter of 2022 and in April and May 2023 the printed mail packs have reduced further by 1706 packs compared to April and May 2022.

3.3 The current 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

3.4 There is a requirement to consult with the public, major preceptors and other parties who may have an interest in the CTRS on any material changes to the scheme. If members would like to consider a change to the current banded scheme, then a full consultation will need to be undertaken.

3.5 Any amendments proposed to the scheme (other than uprating thresholds for inflation) would require significant consultation to take place. If any changes were made to the scheme it is unlikely to generate significant additional resources to the Council.

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.

4.2 There is still a lot of financial uncertainty for many customers and in the current financial climate with the ongoing cost of living crisis it is therefore recommended that the existing scheme should be retained for 2024 / 25.

5.0 Consultation

Budget Planning Committee considered the proposed CTRS scheme for 2024/25 at its meeting on 25 July 2023. It resolved “that, having given due consideration, the Executive be recommended to agree that the current scheme (adjusted for inflationary purposes) be retained for 2024/25.”

6.0 Alternative Options and Reasons for Rejection

- 6.1 The alternative option is to undertake a review of the current CTRS scheme but paragraphs 4.1 and 4.2 explain the rationale for not taking this course of action.

7.0 Implications

Financial and Resource Implications

- 7.1 The Medium Term Financial Strategy 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:

Michael Furness Assistant Director of Finance

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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 Shahin Ismail – Legal Services Manager

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Risk Implications

- 7.3 There are no risk implications as a direct consequence of this report. Any future arising risks will be managed through the service operational risk and escalated to the corporate risk register as and when deemed necessary.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader,

Celia.Prado-Teeling@cherwell-dc.gov.uk

Equalities and Inclusion Implications

- 7.4 This report, and the proposal to continue the Council Tax Reduction Scheme have been developed with our most vulnerable residents in mind. Any equality and diversity concerns have been appropriately considered from the outset, if a new

proposal arises this will be screened for relevance against our statutory duties to promote equality and an impact assessment will be completed.

Comments checked by:

Celia Prado-Teeling, Performance & Insight Team Leader,
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8.0 Decision Information

Key Decision

Financial Threshold Met: Yes

Community Impact Threshold Met: Yes

Wards Affected

All

Links to Corporate Plan and Policy Framework

Housing that meets your needs
Healthy, resilient and engaged communities

Lead Councillor

Councillor Adam Nell, Portfolio Holder for Finance

Document Information

Appendix number and title

- None

Background papers

- None

Report Author and contact details

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