

Cherwell District Council

Executive

6 December 2021

Council Tax Reduction Scheme 2022 – 2023

Report of Director of Finance

This report is public

Purpose of report

To enable members to consider Council Tax discounts and to seek a recommendation to Council of the proposed levels of Council Tax discounts for the financial year 2022-23.

To enable members to consider the banded scheme for Council Tax Reduction and to seek approval to recommend to Council a Council Tax Reduction Scheme for the financial year 2022-23.

1.0 Recommendations

The meeting is recommended:

1.1 To note the contents of this report and any financial implications for the Council

1.2 To recommend to Council:

- the option of no-change to the Council Tax Reduction Income Banded Scheme for Working Age Customers for 2022-23;
- to amend the Working Age Regulations in line with annual uprating; and
- to amend the Council Tax Regulations for pensioners in line with uprating announced by Department for Levelling Up, Housing and Communities.

1.3 To recommend to Council the levels of Council Tax discounts and premiums for 2022- 23 remain unchanged and remain as follows

- Retain the discount for second homes at zero
- Retain the discount for empty homes (unoccupied and substantially unfurnished) at 25% for 6 months and thereafter zero.
- Retain the empty homes premium of an additional 100% for properties that have remained empty for more than 2 years.

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. In June 2020 the caseload was 6,573, in June 2021 the caseload was 6,743 and by November 2021 the caseload position had reduced to 6,562
- 2.2 The scheme for pensioners is set nationally and pensioners have not seen any change to the support they can receive.

3.0 Report Details

Council Tax Reduction

- 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.
- 3.3 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.
 - Continuing with the banded scheme will remain 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.

- 3.4 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.

Council Tax discounts

- 3.5 The Local Government Finance Act 2012 also abolished certain exemptions with effect from 1 April 2013 and replaced them with discounts which can be determined locally.
- 3.6 Council determined that furnished chargeable dwellings that are not the sole or main residence of an individual (i.e. second homes) should not receive a discount. At the time of writing this report there were 483 in this category
- 3.7 Council also determined that the discount in respect of unoccupied and substantially unfurnished properties should be reduced to 25% for a period of six months and thereafter to zero. At the time of writing this report there were 552 in this category.
- 3.8 Council further exercised its discretion to determine that chargeable dwellings which are vacant and undergoing major repair work to render them habitable should be given a discount of 25% for a period of 12 months. At the time of writing this report there 44 in this category.
- 3.8 Prior to 1 April 2013 billing authorities could charge up to a maximum of 100% council tax on dwellings that have been empty for more than two years. From April 2013 local authorities were given the powers to charge a premium of up to 50% of the council tax payable. New legislation was introduced in April 2019 which allows for 100% premium. At the time of witing this report there are 123 properties being charged the additional premium.

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

Budget Planning Committee considered the scheme at its meeting on 13th July 2021 and recommended that the scheme remain unchanged for 2022/23.

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:

Michael Furness, Assistant Director of Finance, 01295 221845,
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Legal Implications

- 7.2 The Council is required to review its Council Tax Reduction Scheme on an annual basis and if it determines to make changes then it must consult on the revised scheme. Failure to do so would adversely affect the reputation of the Council and would have a financial implication for residents as well as exposing the Council to potential challenge for failing to comply with the legislative requirements of the Local Government Finance Act 1992. The Council is considered to have complied with the relevant statutory provisions when the scheme was introduced therefore, maintaining the status quo does not have any legal implications

Comments checked by:

Christopher Mace, Solicitor 01295 221822, Christopher.mace@cherwell-dc.gov.uk

Risk Implications

- 7.3 There are no risk implications. If any, they will be managed as part of the operational risk register for the service and escalated as and when necessary to the leadership risk register.

Comments checked by:

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Equalities and Inclusion Implications

- 7.4 There have been no changes to the scheme we are adopting as it follows the same policy, no ECIA required if the proposal is accepted.

Comments checked by:

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Sustainability Implications

- 7.5 There are no sustainability issues

Comments checked by:

Sarah Gilbert Climate Action Team Leader sarah.gilbert@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Tony Ilott, Lead Member for Finance and Governance

Document Information

Appendix number and title

None

Background papers

None

Report Author and contact details

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