

Cherwell District Council

Executive

5 December 2022

Council Tax Reduction Scheme 2023/2024

Report of Assistant Director of Finance

This report is public

Purpose of report

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 2023/24.

To note potential changes to Council Tax discounts and reliefs which are currently subject to consultation as part of the Council's budget consultation

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of this report and the 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 2023 -24.
 - To amend 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 remain the same as previous years:
 - 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 (total Council Tax payable 200%).

1.4 To note and to highlight to Council that the following Council Tax discounts and premiums are currently proposed to change as part of the Council's 2023/24 budget consultation:

- Introduce an empty homes premium of an additional 200% for properties that have remained empty for more than 5 years (total Council Tax payable 300%).
- Introduce an empty homes premium of an additional 300% for properties that have remained empty for more than 10 years (total Council Tax payable 400%).
- Removal of the 25% discount for 12 months (zero thereafter) for dwellings which are vacant and undergoing major repair work to render them habitable.

2.0 Introduction

2.1 The Council Tax Reduction caseload has been monitored and there has been a reduction in the number of live cases from 6,743 in June 2021 to 6,292 in June 2022. This decrease in caseload comes after the Covid-19 crisis which saw a sharp increase in the number of new applications during the first lockdown and the subsequent reduction can be attributed to people returning to work.

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 which is the highest rate across the Oxfordshire authorities. In considering the Council Tax Reduction Scheme for 2023/24 members should be mindful that any changes to the scheme that reduce entitlement to CTRS could have an adverse impact on collection rates.

3.0 Report Details

Council Tax Reduction

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 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. The banded scheme is simpler 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.

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 Council Tax Reduction Scheme 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.

3.4 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.

Council Tax discounts and premiums

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 588 properties 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 498 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 2020 which allows for 100% premium (total Council Tax payable of 200%) to be charged on properties that have been empty and unfurnished for over two years. The Council has previously adopted this premium.

3.9 In addition to this, legislation is now in place such that from

- 1 April 2020 properties empty for a period in excess of 5 years can be charged Council Tax at 300% of the full charge (100% Council Tax charge plus 200% premium)
- 1 April 2021 properties empty for a period in excess of 10 years can be charged Council Tax at 400% of the full charge (100% Council Tax charge plus 300% premium)

3.10 The Council is currently consulting on increasing the Empty Homes premium to the maximum allowable in order to further incentivise empty properties to be brought back into use.

3.11 The Council also has the ability to adjust the discount applied to homes which are vacant uninhabitable and/or undergoing major repair work to render them habitable. The current discount is applied at a rate of 25% for 12 months and zero thereafter. The Council is currently consulting on reducing the discount to zero in all years.

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 2023/24

5.0 Consultation

Budget Planning Committee considered the Council Tax Reduction Scheme 2023/24 at its meeting on 26 July 2022 and recommended that the scheme remain unchanged for 2023/24

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 and 4.2 explains the rationale for not taking this course of action.

7.0 Implications

7.0 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.

Comments checked by:
Michael Furness Assistant Director of Finance
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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:
Shahin Ismail, Interim Head of Legal Services, Shahin.ismail@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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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

N/A

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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