

Council

27 January 2022

Report of Director of Resources

LOCAL COUNCIL TAX SUPPORT SCHEME FOR 2022/23

PURPOSE OF REPORT

This report provides information relating to proposed changes to, and seeks approval to adopt, the Local Council Tax Reduction Scheme for the financial year 2022/23.

RECOMMENDATION

1. That under section 13A (1)(a) of the Local Government Finance Act 1992, the Council approves and adopts the scheme detailed in this report as the Local Council Tax Reduction Scheme for 2022/23.
2. That £18,000 be set as the budgeted amount for all Discretionary Hardship Fund applications under Schedule 11 of the scheme for 2022/23 (to be reviewed by a further report to Council during the year if it appears that this amount may be insufficient).

WARDS AFFECTED

All wards

STRATEGIC LINK

The adoption of a local Council Tax Reduction Scheme is a statutory requirement but links to the Council's priorities of "people" and "prosperity" as it provides financial support to pensioners and working age people on low incomes. This benefits the recipients directly but also benefits the local economy if spent in the area.

1 BACKGROUND

- 1.1 The government abolished Council Tax Benefit from April 2013 and replaced it with Local Council Tax Reduction Schemes, to be determined by each Council annually.
- 1.2 The scheme approved and adopted for 2013/14 (and retained for all subsequent years) was based on the government's default scheme as set down in The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (S.I. 2012 No 2886, as amended) which replicated the provisions for Council Tax Benefit but subject to the following amendments:
 - (a) The amount of any reduction for working age claimants is reduced by 8.5;
 - (b) The period for extended payments is increased from four to eight weeks to assist claimants who move back into work;

- (c) The full amount of income from war widow pensions etc. is disregarded in the calculation of income (instead of standard £10 disregard);
 - (d) Provision is made for additional awards in cases of hardship, with the budget available in 2021/22 being £18,000.
- 1.3 It should be noted that the local scheme originally adopted from 1st April 2013 and retained for subsequent years, continues to be well received and unlike similar schemes elsewhere has neither been subject to Judicial Review or criticism from the Valuation Tribunal Service (who hear appeals on council tax support calculations). It should also be noted that the Council has not been required to attend a VOA Appeal Tribunal to defend decision making on individual claims under the terms of its scheme. This has not been the case for some neighbouring councils.
- 1.4 The Council has previously consulted widely on this scheme that protected working age claimants from significant reductions with the remaining savings achieved from other changes to Council Tax discounts on empty properties and second homes.

2 REPORT

- 2.1 The local Council Tax Reduction Scheme must be reviewed annually and any changes made approved no later than 31st January in the financial year preceding that for which the changes are to have effect. **No significant technical changes are proposed to the scheme to be adopted for 2022/23 and so no new consultation with the public or with precepting authorities has been necessary.** The Benefits Manager is required to monitor expenditure in-year and is satisfied that based on projected caseload and relevant changes occurring that the costs of the 2022/23 scheme falls within budget.
- 2.2 A regular in-year review continues monitoring the impact of Full Service Universal Credit on local resident's entitlements and their ability to budget for the payment of council tax. These findings will inform our decisions on changes to our future year's scheme. A small number of local authorities have replaced their income related means tested scheme with a 'banded scheme'; but no such change is proposed for the coming year.
- 2.3 The government makes annual changes to the prescribed elements of the scheme for pensioners by uprating the allowances, premiums and non-dependent deductions used in the calculation of a reduction. The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022 2022 No.25; were published on 13th January 2022. The regulations do not contain significant changes and are largely the usual annual uprating figures.
- 2.4 Working age equivalent figures are also subject to annual uprating and so will increase by a small percentage during the coming financial year. Any changes to the allowances, premiums and non-dependent deductions for working age claimants remain at the discretion of the local authority but the practice has been to update these amounts in advance of next year's scheme by reference to the annual uprating circular published by the Department for Work & Pensions for housing benefit purposes. The DWP published Circular HB A11/2021 in December 2021 and this does not contain any significant changes to the amounts used during 2021/22.

- 2.5 The amounts in the DWP circular are replicated in the 'Prescribed Requirements' regulations for pensioners. The circular also contains the working age uprating's to be used for housing benefit calculations. These changes are reflected in the Council's scheme for 2022/23.
- 2.6 As part of the Government's ongoing Welfare Reform, some technical changes to the national Housing Benefit Scheme have occurred over successive years. The decision has previously been made not to mirror these changes within the Local Council Tax Reduction Scheme for working age households during 2021/22 as the impacts concerned lead to individual families being impacted on disproportionately. The overall impact of this decision on the cost to the Council's scheme is minimal, but will again be subject to an ongoing review in planning subsequent years' schemes.
- 2.7 It is proposed, in the interests of clarity and equity, that all allowances, premiums and non-dependent deductions and any other associated amounts in the scheme be uprated for both pensioner and working age claimants in line with the 'Prescribed Requirements' regulations and the DWP Uprating Circular mentioned in paragraphs 2.3 and 2.4. **No other changes to the local scheme for 2022/23 are proposed.** These documents provide changes to the financial amounts used in the means test adopted to calculate entitlements and are not significant and will be incorporated into the Council's scheme for 2022/23.
- 2.8 Alongside the 'main' Local Council Tax Support Scheme, the Council also has a Discretionary Hardship Fund (see paragraph 2.9 below) to provide further financial support to CTS applicants facing undue financial hardship. This is intended to help those low income households that have council tax to pay after a main CTS reduction, giving them extra help to pay that balance. It is also used to pay the 8.5% remaining council tax liability (after the CTS has been deducted from the council tax bill) for working age claimants who have other debts. Referrals are taken from Citizens Advice Bureau locally and from other similar partner agencies, who all insist who important this is in supporting low income households locally.
- 2.9 When setting the budget for 2021/22 a budget of £18,000 was approved for the Discretionary Hardship Fund.
- 2.10 While the Council does not have limitless financial resources, it is suggested that the Discretionary Hardship Fund budget be retained at £18,000 for 2022/23. Should the amount appear to be insufficient during 2022/23, the Director of Resources will present a further report to Council to explain the reasons and to request additional funding.
- 2.11 One set of Local Scheme Regulations are prepared comprising sections dealing with applications from pensioner claimants (formerly the prescribed regulations) and a separate section for working age customers. Due to their combined size (in excess of 100 pages), the complete proposed local Council Tax Reduction Scheme for 2022/23 is intended as a background paper to this report and will be available to Members on request. The final adopted scheme for 2022/23 will be published in full on the Council's website by 31st March 2022.
- 2.12 An Equality Impact Assessment (EIA) is in place for the LCTS scheme. A copy is available on the Council's website [here](#). The changes proposed in this report are not

significant so do not necessitate an immediate refresh of the EIA.

- 2.13 It should also be noted that Derbyshire District Citizens Advice Bureau and Age UK continue to give positive feedback to the Council's Benefit Manager for its fairness of treatment of low-income households under the provisions of the Local Scheme compared to neighbouring schemes within the east midlands area.

3 RISK ASSESSMENT

3.1 Legal

The adoption of the Council Tax Reduction Scheme accords with the statutory provisions. The legal risk in that regard is low.

All decisions taken by the Council, all services provided or enabled by the Council and all personnel functions of the Council are required to take account of the Equality Duty. Failure to comply with the Equality Duty would render the Council open to legal challenge. As there are no significant changes to the scheme proposed for 2022/23, a full consultation exercise was not deemed necessary.

3.2 Financial

Expenditure on Council Tax Support (CTS) has increased during the current year, reflecting the fact that local families are financially worse off as a result of social security benefit changes and the adverse impact financially for local people unable to work due to the ongoing adverse impacts caused by COVID-19 on local employment patterns. The council tax charge itself has been subject to general annual increases prompted by the Council and local precepting authorities, which acts again to increase the cost of the scheme.

Caseload itself (the numbers of households claiming CTS at any one time) is subject to unpredictable variations prompted by the numbers of people contracting the virus and the wider impact on the local economy. It is anticipated that the successful vaccination program will continue to deal effectively with the impact of any new variants, allowing residents to return to normal working patterns, thus reducing the cost of the local scheme in the coming year and beyond.

All of the above has a direct impact on collection rates and the council tax base. Should there be future significant increases in claims for LCTS, over and above that already reflected in the council tax base, the financial risk may increase.

To reassure all, the cost of the scheme is routinely monitored by the Council's Benefits Manager to identify potential budgetary risks. No significant changes are proposed for the 2022/23 scheme; however were risks likely to occur in future years, changes could be expected. Any significant changes to LCTS for future years would require external consultation in order to meet Government guidelines for implementation of such changes.

As explained above, certain factors have increased the cost of the Local Scheme. With the exception of the level of its own council tax charge, these economic and social factors are generally outside the Council's control or direct influence. While careful monitoring does take place, it is impossible to mitigate fully against the risk of increased claims. The financial risk is therefore assessed as "high".

4 OTHER CONSIDERATIONS

- 4.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.
- 4.2 Climate change: No detailed climate change impact assessment required in relation to the recommendations of this report.

5 CONTACT INFORMATION

Karen Henriksen, Director of Resources,
Telephone: 01629 761284, Email: karen.henriksen@derbyshiredales.gov.uk

Paul Radcliffe, Benefits Manager
Tel. 01629 818214; Email paul.radcliffe@derbyshiredales.gov.uk

6 BACKGROUND PAPERS

Council Tax Reduction Scheme 2022/23

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022; SI 2022 No.25 (published 13th January 2022).

DWP HB A11/2021 (Revised) DWP 'Housing Benefit uprating for the financial year ending March 2023'.

7 ATTACHMENTS

None