

## REDDITCH BOROUGH COUNCIL

# EXECUTIVE COMMITTEE

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### LOCAL COUNCIL TAX SUPPORT SCHEME 2020/21

Relevant Portfolio Holder	Cllr David Thain
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

### 1. SUMMARY OF PROPOSALS

- 1.1 In each year the council must consider whether to revise or replace its council tax reduction scheme (CTRS).
- 1.2 The report proposes no changes are made to the scheme for 2020/21 other than the uprating of personal allowances, disregards and other financial matters as already provided for by the scheme.

### 2. RECOMMENDATIONS

**Executive is asked to note the information and RECOMMEND that**

**2.1 No changes are made to the council tax reduction scheme for 2021/22 other than the uprating of allowances, disregards and other financial limits.**

### 3. KEY ISSUES

#### Financial Implications

- 3.1 The Council's local Council tax reduction scheme was amended with effect from 1<sup>st</sup> April 2014 and the maximum level of support for working age claimants was capped at 80% of Council Tax liability.
- 3.2 It is proposed that there are no changes to the level of support provided by the Council, and as previously agreed the various allowances be uprated in line with the Secretary of State's annual announcement.
- 3.3 There are currently 37,006 properties within the Redditch Borough and 4,783 CTRS claimants. 3,846 claimants are working age and 6,578 claimants are pension age.
- 3.4 The total cost of council tax reduction for the 2019/20 tax year is projected to be £5,031,895. Council tax reduction is a discount on the council tax payable and

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the costs are shared between precepting authority with roughly 13% of the costs falling on Redditch Borough Council (RBC).

- 3.5 The cost of support for working age claimants is £2,510,147. This cost is based on the current 80% maximum support.
- 3.6 The costs of council tax reduction in 2020/21 will increase in-line with the general increase in the level of council tax.

#### **Legal Implications**

- 3.7 On 1 April 2013 Council Tax Benefit was abolished and replaced by a new scheme of Council Tax support called "Council Tax Reduction Schemes". Under s13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by the Local Government Finance Act 2012), each billing authority is required to make and adopt a council tax reduction scheme specifying the reductions which are to apply to the amounts of council tax payable within their districts
- 3.8 As the billing authority the Council is required by Schedule 1A of the Local Government Finance Act 1992 to consider whether to revise its scheme or to replace it with another scheme, for each financial year.
- 3.9 The council must adopt its scheme, and make any revisions, no later than 11<sup>th</sup> March in the financial year preceding the one when it will take effect. It will be necessary for the Council's 2019/20 scheme to be in place by 11<sup>th</sup> March 2020.
- 3.11 Paragraph 3 to Schedule 1A into The Local Government Finance Act 1992 set out the preparation that must be undertaken prior to the replacement or revision of a scheme, including prescribed consultation requirements. As the recommendation is that no revisions to the current scheme should be made for the financial year 2020/21 (to which this report applies), the requirement to consult does not have to be met. However, officers will publicise the fact that the current scheme is to continue, subject to up-lift in rates as set by the Department of Work and Pensions, as referred to at 3.12 below.
- 3.12 Instruction is received from the Department of Work and Pensions on an annual basis, of changes to benefits rates and personal allowances. These must be taken into account for housing benefit calculations and it streamlines the claims process if they are also applied to the local council tax reduction scheme.

#### **Service / Operational Implications**

- 3.13 The continuation of the existing scheme into 2020/21 will provide for stability within the service and allow for capacity for a full review of the council tax reduction scheme, which is essential following the full roll-out of universal credit.

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- 3.14 The existing council tax reduction scheme is structured in-line with the default scheme introduced in April 2013. This scheme does not provide for integration with universal credit and places administrative burdens on the council.
- 3.14 The introduction of Universal Credit led to a number of challenges to the administration of CTR and also the collection of Council Tax generally. Following the Universal Credit full service roll out in Redditch, and nationally, we have seen:
- The reluctance of Universal Credit claimants to make a prompt claim for CTR leading to loss of entitlement;
  - A high number of changes to Universal Credit cases are received from the Department for Work and Pensions (DWP) requiring a change to CTR entitlement. On average 40% of Universal Credit claimants have between eight and twelve changes in entitlement per annum.
  - These changes result in amendments to Council Tax liability, the re-calculation of instalments, re-issued bills, delays and the loss in collection; and
  - An increased cost in administration as a result creating a need for additional staff resource.
- 3.15 The existing means tested CTRS is too reactive to change and is no longer viable. UC changes frequently and each change currently results in a re-assessment of CTR because of the way the current scheme is structured. To be able to manage the workload and maintain administrative costs we must consider a scheme which is less reactive to every small change in income.
- 3.16 The move to a new more efficient scheme from 2021 must be considered to avoid increased staffing costs and to simplify the administration scheme for the Council and for applicants.

### **Customer / Equalities and Diversity Implications**

- 3.28 The 'uprating' of the benefits rates and personal allowances to be taken into account, in line with the Secretary of States announcement on those that must be taken into account for other benefits, will potentially result in small changes to the amounts of support provided. These will vary according to circumstances.

## **4. RISK MANAGEMENT**

- 4.1 Any reduction to council tax support whilst increasing council tax income to the Council and our major preceptors has financial implications for our residents and therefore officers ensure that support on managing finances and advice on other potential benefits is made available.

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4.2 An increase in support has a direct impact on the budgets of the main precepting authorities.

**5. APPENDICES**

None

**6. BACKGROUND PAPERS**

None

**AUTHOR OF REPORT**

Name: David Riley, Financial Support Manager  
email: david.riley@bromsgroveandredditch.gov.uk  
Tel.: 01527 548418