

REDDITCH BOROUGH COUNCIL

Executive Committee 14th June 2022

Council Tax Reduction Scheme Update

Relevant Portfolio Holder	Councillor Karen Ashley
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY

This report sets out the present scheme and the proposed consultation process for the 2023/24 Scheme.

2. RECOMMENDATIONS

Cabinet are asked to:

- Note the present scheme.
- Approve the proposed consultation process for the 2023/24 scheme.

3. KEY ISSUES

- 3.1 Council Tax Reduction (CTR) was introduced from 1 April 2013 when it replaced the central government funded Council Tax Benefit regime. From its inception, the funding available to the council from government has reduced year on year.
- 3.2 Every local authority has their own Council Tax support scheme to help residents on low incomes pay their Council Tax bill. The amount that can be claimed will depend on household income, savings, entitlement for certain benefits and who lives with in the property. If someone is eligible for CTS, the amount of support they are entitled to is used to reduce their overall Council Tax bill
- 3.3 As with the majority of authorities within England, the council has changed its scheme each year to for a number of reasons including:
- Adjust the level of support in line with the funding available from central government; and
 - To aid administration.
- 3.4 The Council introduced a new income banded / grid scheme for working age applicants with effect from 1st April 2021 to implement a modern, future proofed scheme and reduce the administrative burden placed on the council by the introduction of Universal Credit.

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This scheme was presented to the Executive for approval, following consultation, on the 12th January 2021.

- 3.5 The present scheme, is set out in Appendix A. Each year the council is required to review its Council Tax Reduction Scheme in accordance with the requirements of the schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme or replace it. This scheme is in use for the 2022/23 financial year.
- 3.6 The Scheme operates for both pension credit age and working age applicants and in accordance with S13A of the Local Government Finance Act 1992 specifies the classes of person who are entitled to a reduction under the scheme and is effective from the 1st April 2021 for the period of one financial year. The guidance on the scheme runs to over 70 pages.
- 3.7 Whilst the expected costs of the scheme for 2021/22 are slightly higher, the overall level of Council Tax Reduction as a proportion to Council Tax Base has reduced significantly year on year since 2013 as shown below. The overall proposed costs level for 2021/22 is considerably lower in terms of the percentage of the taxbase than when Council Tax Reduction was introduced in 2013. The current Council Tax Reduction scheme costs was estimated to cost £5.717m in 2021/22.

Tax Year	Maximum % Reduction	Gross Council Tax £000s	Total CTR awarded £000s	CTR as % Gross CTax
2013/14	100	42,374	6,166	14.55
2014/15	80	43,571	5,272	12.10
2015/16	80	44,735	5,138	11.49
2016/17	80	46,487	5,088	10.94
2017/18	80	47,777	4,969	10.40
2018/19	80	50,312	4,913	9.77
2019/20	80	53,088	4,974	9.37
2020/21	80	55,418	5,396	9.74

- 3.8 The present number of recipients of Council Tax Support at the Council at year end was
Pension Age - 2389
Working Age - 3589
The actual cost of the 2021/22 scheme was £6,119,891
- 3.9 The 2021/22 scheme had a number of features as follows:
- More support is given to those households on the lowest of incomes than in the previous scheme;
 - Changes can only be made to the working age schemes as the current schemes for pensioners is prescribed by Central Government;

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- The existing means - tested schemes have been replaced by a simple income grid model as shown below:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Income Ranges							
Band 1	100%	£0 to £95.00	£0 to £150.00	£0 to £210.00	£0 to £140.00	£0 to £195.00	£0 to £255.00
Band 2	75%	£95.01 to £115.00	£150.01 to £180.00	£210.01 to £240.00	£140.01 to £160.00	£195.01 to £225.00	£255.01 to £285.00
Band 3	50%	£115.01 to £135.00	£180.01 to £210.00	£240.01 – £270.00	£160.01 to £180.00	£225.01 – £255.00	£285.01 to £315.00
Band 4	25%	£135.01 to £155.00	£210.01 to £240.00	£270.01 – £300.00	£180.01 to £200.00	£255.01 to £285.00	£315.01 to £345.00
	0%	Over £155.00	Over £240.00	Over £300.00	Over £200.00	Over £285.00	Over £345.00

3.9 The Council must now review the existing scheme, assess possible different options, and then consult on a proposed 2023/24 scheme. The review will take place over the summer with a report coming to Members in September with a number of Options which can then be approved to go out for wider consultation.

3.8 Consultation and Communication

As required by the legislation, the Council will consult with both major preceptors and also the public on the 2023/24 scheme.

4. Legal Implications

4.1 Schedule 1A (3) of the Local Government Finance Act 1992, states: Before making a scheme, the authority must: (a) consult any major precepting authority which has power to issue a precept to it, (b) publish a draft scheme in such manner as it thinks fit, and (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.

4.2 In addition, in order to set a new scheme, the Council is obliged to make a resolution by 11th March of the year prior to the scheme coming into place.

4.3 The purpose of this report is to set out the process for the 2023/34 scheme to be implemented with effect from 1st April 2023

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5. Other Implications

Customer / Equalities and Diversity Implications

5.1 A stage one Equality Impact Assessment will be undertaken as part of this process.

6. RISK MANAGEMENT

6.1 A full risk assessment will be undertaken of the options going out for consultation.

7. APPENDENCES

Appendix A – 2021 Approved Scheme

AUTHOR OF REPORT

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