

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE (SPECIAL-BUDGET)</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>12 JANUARY 2023</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	
<b>MEMBERS' CONTACT POINT:</b>	<b>CATHERINE GRIMLEY</b> <a href="mailto:catherine.grimley@southderbyshire.gov.uk">catherine.grimley@southderbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>PROPOSED CONTINUATION OF BANDED COUNCIL TAX REDUCTION SCHEME FOR 2023-2024</b>	<b>REF:</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 12</b>

## **1.0 Recommendations**

1.1 The Committee supports the continuation of a banded Council Tax Reduction Scheme for 2023/2024, as well as other changes proposed, including:

- Uprating to the applicable amounts in line with the prescribed scheme but with the exception of non-dependent deduction for working age which will remain at £5.00 for 23/24 for all cases.
- Align with Housing Benefit regulations for Ukrainian Refugees regarding habitual residence to allow the payment of council tax support.
- Adopt the prescribed scheme for Mixed Aged Couples.
- Adopt any other changes within the prescribed scheme in accordance with the statutory instrument due to be published in January 2023.
- Current funding of £20,000 from the Welfare Reform Fund is continued to be set aside in 2023/2024 for hardship cases.

1.2 The Committee recommends to Full Council that it continues with a Council Tax Reduction banded scheme and approves all other changes proposed on 22<sup>nd</sup> February 2023 date.

## **2. Purpose of Report**

2.1 To recommend to committee that a banded scheme for Council Tax Reduction is continued for 2023/2024 following its successful implementation in 2022/2023 .

2.2 To recommend to committee that they approve the following amendments to the scheme;

- Upgrading to the applicable amounts in line with the prescribed scheme but with the exception of non-dependent deduction for working age which will remain at £5.00 for 23/24 for all cases.
- Align with Housing Benefit regulations for Ukrainian Refugees regarding habitual residence to allow the payment of council tax support.
- Adopt the prescribed scheme for Mixed Aged Couples.
- Adopt any other changes within the prescribed scheme in accordance with the statutory instrument due to be published in January 2023.

### **3.0 Executive Summary**

3.1 South Derbyshire District Council consulted widely on proposed changes to its Local Council Tax Reduction Scheme in 2021 for working-age claimants. A banded scheme was the preferred option and as a result it was adopted for 2022/2023. The scheme reflects our corporate priorities below.

**Better for residents** Greater Council Tax reductions for residents on the lowest incomes, fairer distribution of support to the most financially vulnerable residents, less paperwork and confusion, more financial stability, and greater customer satisfaction.

**Better for the Council** More streamlined administration, less debt recovery carried out with vulnerable residents, update of the scheme in line with changes introduced by welfare reform and Universal Credit (UC).

3.2 There were initial set up costs of £15,000 for implementing a banded scheme in 2022/23 with ongoing software costs of £10,000 per annum.

3.3 When the scheme was introduced it was expected that further automation of council tax reduction claims would be enabled. However, this has been delayed due to the software provider having to concentrate its resourcing on the Energy Rebate Scheme. It is anticipated that this work will take place in 2023/24.

3.4 The Recovery team have noticed a reduction in workload relating to smaller balances as contact has reduced for customers on lower income benefits, with fewer cases being processed through to summons. This has also meant a reduction in further recovery action costs being incurred as a result of full Council Tax Reduction now being awarded.

3.5 The current scheme has allowed the Recovery team to concentrate on a greater proportion of non-council tax payers as time is not being taken up trying to recover small balances. This has also helped to free up valuable resources that previously would have been absorbed in time consuming calls and emails for very little financial return.

3.6 No complaints have been received about the Council's banded scheme.

#### 4. **Detail**

4.1 Under the banded scheme, the council tax reduction scheme regulations are simplified so they are easier to understand and remove outdated legislation. The scheme also aligns with other welfare benefits.

4.2 The banded scheme works out how much council tax discount claimants will get (as a percentage of the total charge) by putting a claimant's excess income into one of ten bands as shown in table 4.3

4.3

Amount of excess income you have per week			
Band	Lower Limit	Upper Limit	How much discount you get on your council tax bill
1	£0	£5.00	100%
2	£5.01	£20.00	90%
3	£20.01	£35.00	78%
4	£35.01	£50.00	66%
5	£50.01	£65.00	54%
6	£65.01	£80.00	42%
7	£80.01	£95.00	30%
8	£95.01	£110.00	18%
9	£110.01	£140.00	10%
10	£140.01	Or higher	No discounts

4.4 If a claimant's excess income goes up or down beyond the band limits – for example they normally have £53 excess income a week but running up to Christmas for example they work a few more hours and earn £105 excess income a week, the amount of council tax discount they will get will reduce from 54% to 18%. We will reassess their claim at this point and write to them to explain the changes.

However, if one week they just did a few extra hours and their excess income only went up slightly – for example from £53 to £62 the amount of council tax discount they will get won't change, as their income will have stayed within the same band. Historically, evidence suggests that most changes in income are within the £15 band limits, so most claimants whose income fluctuates a little will know week-to-week how much discount they are going to get.

#### 4.5 **Uprating of applicable amounts in line with the prescribed scheme**

The prescribed regulations are those which govern the assessment of support for pension age claimants. The Government has announced that the needs allowances (also known as applicable amounts) for Pension age support will increase in line with inflation (10.1%) and that Welfare Benefits in general, not just those related to pension age customers, will also rise by 10.1%. These increases to incomes and needs allowances will broadly offset each other as they are both increasing in line with each other.

Keeping our working age (local scheme) needs allowances aligned with those prescribed by the government makes the application of the scheme easier. The only exception to this is the non-dependent deduction for working age cases which will remain at £5.00 for 23/24 for all claimants within the scheme. An increase in the non-dependent deduction has not been considered at this time due to the current cost of living crisis the consequences this may have on our most vulnerable benefit claimants.

In previous years we would also have expected earnings to roughly increase in line with inflation but we are not generally seeing this, with changes to earnings being much lower than 10.1% in many cases. Therefore where a claim is based on earnings, their needs allowance will rise by proportionality more than their income and they will be entitled to more Council Tax Support (proportionality) than in 22/23. An estimated earnings increase of 2% has been included in the financial section to account for this.

#### 4.6 **Ukrainian Refugees**

During 2022/23 our Council Tax Support regulations did not allow Ukrainian Refugees arriving through the Homes for Ukraine scheme to claim Council Tax Support when living in their own accommodation. This was due to the Government making amendments to their immigration status allowing refugees three years leave to remain. This gave them the entitlement to work, access to public services and access to benefits. As our legislation had been published prior to this we have been unable to align our regulations until 2023/24.

#### 4.7 **Prescribed scheme for Mixed Aged Couples**

we propose to clarify within the scheme that the rules regarding mixed aged couples takes precedence from the prescribed scheme for pension aged claimants.

#### 4.8 **Adopt any other changes within the prescribed scheme in accordance with the statutory instrument due to be published in January 2023.**

### 5.0 **Financial Implications**

#### 5.1

Change	Total cost of scheme	Notes
Council Tax Support Spend 2021/2022	£4 877 999	
Council Tax Support Spend 2022/2023 spend to date	£5 074 483	As at 14/12/22
Projected Council Tax Support Spend 2022/2023	£5 088 480	Based on projected in-year caseload
Projected Council Tax Support Spend 2023/2024	£5 345 956	This figure has been calculated using estimates for a 3% Council Tax increase and 2% earnings increase.
<b>Total projected Council Tax Support Spend 2023/2024</b>	<b>£5 345 956</b>	

- 5.2 Table 5.1 shows that the estimated cost of the scheme has increased for 2023/24 however this increase is contained within the collection fund surplus at the moment, this will need to be kept under review.
- 5.3 It is proposed that £20,000 is continued to be set aside within the hardship fund under section 13A for any unforeseen/major impacts on benefit claimants as a result of the scheme.
- 5.4 The banded scheme will continue to deliver significant service efficiencies and help to generate time and resource savings in the long-term. These savings will continue to be mapped and recorded over time.

## **6.0 Corporate Implications**

### **Employment implications**

- 6.1 There are no employment implications arising from the changes detailed in this report.

### **Legal implications**

- 6.2 There are no legal implications arising from the changes detailed in this report.

### **Corporate Plan Implications**

- 6.4 Continuation of the banded scheme will support the Council's Corporate Plan in the following ways:
- Encourage independent living and keep residents healthy and happy in their homes.
  - Ensure consistency in the way the Council deals with its service users.
  - Support unemployed residents back into work.
  - Provide modern ways of working that support the Council to deliver services to meet changing needs.

### **Risk Impact**

- 6.5 None

## **Equality & Diversity and Social Value Impact**

- 7.1 The scheme has been assessed against protected characteristic groups, as set out the Equalities Act, detailed below:

<b>Protected characteristic</b>	<b>Comment</b>
<b>Age</b>	The schemes only apply to working age claimants and not to pensioners or children. The scheme does not affect or alter the applicable ages.
<b>Sex</b>	The scheme does not discriminate against people of any particular sex.

<b>Sexual orientation</b>	The scheme does not discriminate against people of any particular sexual orientation.
<b>Gender reassignment</b>	The scheme does not discriminate against people who have undergone gender reassignment.
<b>Race</b>	The scheme does not discriminate against people based on their race.
<b>Gypsy and travellers</b>	The scheme does not discriminate against gypsies or travellers, however the scheme provides a reduction on Council Tax payable, so anyone who does not pay Council Tax does not benefit.
<b>Religion or belief</b>	The scheme does not discriminate against people based on their religion or belief.
<b>Marriage and civil partnership</b>	The scheme does not discriminate against people based on their marital or civil partnership status. Civil partners are recognised as dependents.
<b>Disability</b>	The banded scheme disregards incomes awarded for disabilities and vulnerabilities and consider a household's circumstances before determining the excess income amount (for example disabled claimants).

## **8.0 Conclusions**

- 8.1 That Finance & Management Committee recommends the continuation of a banded council tax reduction scheme for 2023/2024 and associated amendments listed at 2.2 to Full Council for approval. This is based on the fact that the banded scheme was the favoured scheme for 2021/22 and that there has been a positive outcome from the first year of it being implemented. The report also concludes that Finance and Management Committee should recommend that the current funding of £20,000 from the Welfare Reform Fund is continued to be set aside in 2023/2024 for hardship cases.

## **9.0 Background Papers**