
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	11th FEBRUARY 2021	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/council tax and precepts/council tax reduction scheme/scheme 2021 22/FM proposal Feb 21
SUBJECT:	PROPOSED LOCAL COUNCIL TAX REDUCTION SCHEME 2021-22	REF
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 12

1.0 Recommendation

- 1.1 That the existing Local Council Tax Reduction Scheme currently in place is continued and approved for 2021/22.
- 1.2 That the detailed parameters are submitted to Full Council on 24 February 2021 for formal adoption.

2.0 Purpose of Report

- 2.1 To review the current Local Council Tax Reduction Scheme (*the Local Scheme*) ahead of 2021/22, in order for the detailed framework to be implemented by 11 March 2021.

3.0 Detail

Background

- 3.1 The Local Scheme was implemented by the Council on 1 April 2013, to provide support, in the form of a discount, to eligible households towards their Council Tax liability. This replaced the National Benefits Scheme for supporting Council Tax.
- 3.2 The detailed parameters of the Council's Local Scheme are largely based on the former National Benefits System to calculate entitlement. Entitlement is based on income received from other welfare benefits, with many claimants being protected and passported through to Council Tax support.
- 3.3 As a local discount scheme, under Council Tax Regulations, all councils have the discretion on how to calculate and award discounts to support residents in paying their Council Tax.
- 3.4 The Council's Scheme adopted in April 2013 following consultation, has remained largely unchanged except for changes to reflect annual increases in national benefits.

Principles of the Local Scheme

3.5 The main principles of the local scheme are detailed below.

- i. Claimants of pensionable age receive exactly the same level of support as existed under the previous National Scheme (this is a statutory requirement).
- ii. Households who qualify for benefit through disability premiums receive exactly the same level of support as existed under the previous national scheme.
- iii. War widow and war disabled claimants receive exactly the same level of support as existed under the previous National Scheme.
- iv. Military compensation payments are fully disregarded in calculating Council Tax support.
- v. Working age claimants on passported benefit* are deducted 8.5% from their entitlement calculated under the Local Scheme.

**(Passported benefits allow certain groups of people entitlement to other benefits if they receive Income Support, Jobseekers Allowance, Employment Support Allowance and Pension Credits)*

- vi. All other working age claimants are deducted 10% from their entitlement calculated under the Local Scheme.
- vii. Full Council Tax support for claimants entering work is paid for 8 weeks, an increase from 4 weeks under the previous National Scheme.

3.6 This means that within the Local Scheme, pensioner, disability, war widow and war disabled households are fully protected. However, the total scheme was originally defined in the context of a finite resource which was distributed to local authorities as part of the annual funding settlement in 2013/14. This was less than previous amounts paid as Council Tax Benefit.

3.7 Therefore, in order to maintain protection for certain groups and to balance the Collection Fund at the outset of the Local Scheme meant that many **working age claimants** became liable for paying more Council Tax, i.e. the 8.5% and 10% contributions at parameters v and vi, above.

Total Cost of the Local Scheme

3.8 The Council's scheme currently supports approximately 4,924 eligible households across the District, of which 2,947 are of working age with 197 pensionable households. The cost of the Local Scheme is accounted for in the Collection Fund and is estimated at £4.85 million in 2020/21.

Timescale

3.9 Statutorily, the Council must approve its local scheme each year even if there are no change, and this must be approved by a meeting of the Full Council before 11 March each year. In respect of 2021/22, the Local Scheme will be proposed at the Council meeting on 24 February 2021, based on the recommendation of this Committee.

3.10 No changes are proposed to the existing Scheme for 2021/22 as it remains affordable to the Council and affords protection to people on low incomes.

Future Changes: A New Scheme

- 3.11 As previously reported, the main drawback of the current scheme is that it is not easily understood due to the number of parameters and inter-dependencies and this makes system administration and processing inefficient. This has been exacerbated in recent years by the impact of welfare reform.
- 3.12 Therefore, the Committee had previously approved options to be analysed with a view to introducing a new scheme in 2021/22. Outline options were due to be presented to the Committee in April 2020, but this was postponed due to the impact of Covid-19.
- 3.13 A new scheme is now planned for 2022/23. Options will be presented to the Committee at its meeting on 29 April 2021. Subject to the decision at that Committee, a period of consultation, in accordance with statutory regulations, will be undertaken.
- 3.14 To enable adequate lead-in time for a new scheme to be implemented from April 2022, a final report will be presented to the Committee, following consultation, in October 2022.

Other Discretionary Powers to Provide Support

- 3.15 The Council has the discretion to decide whatever support/discount it chooses to award to working age claimants under the relevant Council Tax Regulations.
- 3.16 It should be noted that support for Council Tax cannot be paid from the Discretionary Housing Fund; this is solely for Benefits.
- 3.17 Although the Council has a separate Discretionary Award Scheme for Council Tax, it deals with each application under local powers in accordance with the Council's policy approved under Section 13A of the Local Government Finance Act 1992 (as amended). This has previously been used on rare occasions to support extreme hardship cases.

4.0 Financial Implications

- 4.1 As detailed in the report.

5.0 Corporate Implications

Employment Implications

- 5.1 None

Legal Implications

- 5.2 None

Corporate Plan Implications

- 5.3 None directly, although the provision of Discounts helps to support the most vulnerable people. The administration of Council Tax support is a statutory obligation on the Council.

Risk Impact

5.4 None

6.0 Community Impact

Consultation

6.1 None required at this point. However, a full statutory consultation exercise will need to be completed with all stakeholders and representative bodies on options for a new scheme. A final decision on the parameters of a new scheme must have due regard of the outcomes of this consultation.

Equality and Diversity Impact

6.2 A full Equality Impact Assessment was undertaken in August 2012 on the Council's Local Scheme. A local discretionary scheme that is awarding financial assistance has the potential to discriminate against one of the nine protected characteristics under the 2010 Equality Act and in particular those relating to age and disability.

6.3 A person's age and whether they are of working age, together with disability, are factors that are considered in awarding some benefits as this data is collected in assessing entitlement.

6.4 Under the Council's Local Scheme, people of pensionable age receive statutory protection and the Council has used its discretion to protect disability households. Additional liability falls on working age claimants.

6.5 It is not considered that the other seven characteristics are affected as they are not relevant to the calculation of Council Tax reduction (*this includes gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, sex, or sexual orientation*).

6.6 In addition, the Local Scheme provides additional support to war widows and war disabled claimants under the Armed Forces Covenant.

6.7 A new scheme will need to be subject to a full Equality Impact Assessment.

Social Value Impact

6.8 As highlighted above.

Environmental Sustainability

6.9 None

7.0 Background Papers

7.1 None