

Council Tax Support Scheme 2021/22

Summary: The council must review and agree its 2021/2022 Council Tax Support (CTS) scheme for working age people by 11th March 2021. We must first consult with the major preceptors then publish a draft CTS scheme for public consultation. The draft CTS Scheme was agreed by delegated decision and the public consultation ran from 11th January 2021 to 7th February 2021.

This report details the results of the consultation and the recommended final CTS scheme for working age people for 2021/2022.

The CTS scheme must be agreed before the council taxbase and the overall budget can be set.

Options considered: The CTS scheme for 2021/2022 is a continuation of the 2020/2021 scheme with some minor changes to keep it in line with other welfare reform amendments and to simplify administration.

There are alternative CTS scheme models that can be considered for our working age scheme. However these would involve significant changes and in the present climate a fundamental review of the scheme is not recommended.

Conclusions: No other changes are proposed to the draft CTS scheme as a result of the consultation.

Recommendations: To request Full Council approve the draft CTS scheme for 2021/2022 which went to public consultation as the final CTS scheme for 2021/2022.

Reasons for Recommendations: To ensure a CTS scheme for working age people for 2021/2022 is agreed by Council by 11 March 2021.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

Delegated decision notice for CTS draft scheme 2021/22 public consultation Council Tax Support draft scheme 2021/22 Public Consultation Questionnaire Council Tax Support draft scheme 2021/22 Public Consultation responses
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Cabinet Member(s) Greg Hayman	Ward(s) affected - all
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1. Introduction

- 1.1 Council Tax Support (CTS) is a reduction awarded to people on low incomes to help with the cost of their council tax bill. Since 2013 each district council is responsible for its own CTS scheme for working age people, and must review and agree the scheme each year. The CTS Scheme for 2021/2022 must be agreed by full Council by 11 March 2021, although in practice it needs to be agreed by February 2021 as it forms part of the taxbase and budget setting process.

The draft CTS scheme was agreed by an emergency delegated decision in January 2021 and has been open to public consultation. This report details the results of the consultation, the comments made and the recommended final CTS Scheme for 2021/2022.

Full details on the 2020/21 CTS scheme can be found on the council's website at [Home | Housing Benefit and Council Tax Support \(Apply\) \(north-norfolk.gov.uk\)](http://north-norfolk.gov.uk/Home | Housing Benefit and Council Tax Support (Apply) (north-norfolk.gov.uk))

2. Background

- 2.1 We have to review, consult on and agree our CTS scheme for working age people for each financial year. The CTS scheme for 2021/2022 is currently under consideration. The draft CTS scheme went out to public consultation as agreed under emergency delegated powers. The final CTS scheme must be agreed by full Council.

2.2 The Current Council Tax Support Scheme - 2020/2021

The principles of the current CTS scheme for 2020/2021 are included at [Appendix A](#).

The CTS scheme uses the same calculation method as the old Council Tax Benefit scheme (which ended in 2013) and the CTS scheme for pension age people. A person's total household income is assessed against an allowed amount which is based on their circumstances. If their income is less than the allowed amount, they receive the maximum amount of CTS payable under the scheme which is 91.5%. If their income is more than the allowed amount, the maximum CTS is reduced by 20p for every £1 over the amount allowed.

Pension age people are paid under a national set of rules and are unaffected by any changes to our CTS scheme.

2.3 The Proposed Scheme - Changes for 2021/2022

The CTS scheme for 2021/2022 is a continuation of the 2020/2021 scheme with some minor changes to keep it in line with other welfare reform amendments and to simplify administration.

The draft CTS scheme was open for consultation between 11th January 2021 and 7th February 2021. The consultation responses are reviewed at [Appendix B](#).

The proposed changes are:

➤ **To allow us the discretion not to action changes supplied by the Department for Work and Pensions (DWP) for customers receiving Universal Credit (UC):**

Every time a customer's income changes their UC award is altered. This then updates their CTS award and a new council tax bill is sent. For customers who have monthly earning changes this can mean a new council tax bill every month. The administration costs outweighing the income change being reported.

This change allows us discretion to decide whether to use or disregard information supplied by the DWP where the customer's income changes within a certain tolerance, which would have an adverse effect on their entitlement to CTS.

Beneficial changes to the customer's entitlement to CTS would still be included so the customer does not lose out on additional financial support. The customer would still have to report changes of circumstances to us in the normal way.

This change significantly reduces the administrative burden on the council, but will also prevent constant changes to a customer's council tax account and instalments.

➤ **To align the additional earnings disregard with the Housing Benefit rules:**

Due to Covid-19 the DWP increased the amount of earnings that are not counted as income for UC and Working Tax Credit (called an Earnings Disregard). The Housing Benefit rules were also amended to ensure customers did not lose out as they have more income. This change allows the CTS rules to be amended in the same way for 2021 should the DWP continue to apply the increase to the Earnings Disregard.

This change prevents customers losing CTS where their Earnings Disregard is increased due to Covid-19.

➤ **Allow for changes to be made to the Council Tax Support Scheme in exceptional circumstances:**

Due to the COVID-19 crisis, the Department for Work and Pensions (DWP) and the Department for Health and Social Care (DHSC), introduced a package of financial support available to those residents on low incomes and who had suffered financially as a result of Covid-19.

This change will allow for income granted under similar financial packages, to be disregarded as income and capital in the Council Tax Reduction Scheme in such extraordinary circumstances and prevent loss in Council Tax Support entitlement.

2.4 Council Tax Support Consultation

The CTS Consultation was primarily available via the council's website and as a paper form if requested. Online responses were encouraged as data can be electronically logged and collated. The consultation opened on 11th January 2021 and was publicised through social media and the council's website.

The consultation closed on 7th February 2021. 18 responses were received. The responses are included in full at [Appendix B](#). There were no comments made about the scheme in any of the consultation responses that affect the draft scheme and the majority of people felt we should make the proposed changes to the scheme.

Norfolk County Council and the Norfolk Police and Crime Commissioner have been contacted for their comments on the scheme. The responses are shown at [Appendix C](#).

No other changes to the draft CTS scheme are proposed as a result of the consultation.

3. Corporate Plan Objectives

The CTS scheme supports the Corporate Plan Objectives - Financial Sustainability, and Growth and Quality of life.

4. Medium Term Financial Strategy

The Local Council Tax Support Schemes (LCTS) was implemented in April 2013 as a replacement to Council Tax Benefit. This change was part of wider welfare reforms to reduce expenditure, giving responsibility of the replacement scheme to Local Councils.

LCTS schemes should encourage people into work and be based on the ability to pay. Previously the Council Tax Benefit scheme was 100% funded through subsidy paid to the Council from the Department for Work and Pensions (DWP).

From April 2013 each billing authority was given the discretion to set their own scheme, although at the outset the government did stipulate that the scheme would not change the 100% maximum support for low income pensioners i.e. they would receive the same level of support as they did under the system of Council Tax Benefit.

Funding for LCTS is no longer received as a separate subsidy grant but is now within the overall Local Government Funding system as non ring-fenced funding within the Revenue Support Grant (RSG) and baseline funding level.

The local scheme (for North Norfolk) has remained the same since the introduction of LCTS in 2013/14. The local scheme means that those of working age previously entitled to 100% maximum council tax benefit are now required to

pay a maximum of 8.5% of their council tax liability. With the changes made for the rollout of Universal Credit there will be implications for the cost of LCTS schemes. The Council will need to review options going forward to ensure this remains a cost effective, affordable scheme.

The changes would be a continuation of the existing CTS scheme principles.

5. Financial and Resource Implications

CTS is a discount and reduces our taxbase and those of our preceptors. Because of this the CTS scheme must be agreed before the overall taxbase can be agreed, and our budgets finalised.

As at 4th January 2021 the total cost of our CTS scheme in 2020/2021 is currently £7.516m across 7,558 claims. £3.999m (53.20%) of the cost is for pension age claims (so are unaffected by changes to our local scheme), and £3.517m (46.80%) is for working age claims.

As CTS is a discount it reduces the council's taxbase by the equivalent of 5,834 band D properties. Our current Band D charge is £158.67, so the cost of the 2020/21 CTS scheme for North Norfolk as at 4th January 2021 is £925,681.

The number of people claiming CTS, and therefore the cost of the CTS scheme, was gradually declining until March 2020. However Covid-19 has had a significant impact on the numbers of people claiming CTS and the caseload has increased by 13% from March 2020 to October 2020. We would estimate the increased cost of the scheme would still be realised during 2021/22 due to the continued effects of the pandemic.

The 2021/22 Budget recommended the Council adopts the changes to the LCTS scheme as detailed in the budget report, subject to the outcome of the public consultation.

6. Legal Implications

The Council is required to agree a final CTS scheme for 2021/2022 by 11th March 2021.

7. Risks

Any increases in demand, changes in the composition of the caseload, for example an increase in the number of pension age claimants or a sudden economic shock, could represent a financial risk by increasing the cost of the CTS scheme and reducing the taxbase further. This is seen with the Covid-19 outbreak where the economic impact of the measures the government has had to put in place have resulted in an increase in the caseload. The impact of the CTS scheme is, and will continue to be reviewed monthly.

8. Sustainability

No issues arising.

9. Climate / Carbon impact

No issues arising.

10. Equality and Diversity

A full Equality Impact Assessment was completed as part of the launch of CTS in 2013. As the changes to the scheme for 2021/2022 are minor and advantageous to the customer, a review of the Equality Impact Assessment has been completed and is shown at Appendix D.

11. Section 17 Crime and Disorder considerations

No issues arising.

12. Conclusion and Recommendations

That Full Council approve the proposals to the Council Tax Support Scheme 2021/22.