

<b>TITLE</b>	<b>Council Tax Reduction Scheme 2020/2021</b>
<b>FOR CONSIDERATION BY</b>	Council on 23 January 2020
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Director of Locality and Customer Services - Sarah Hollamby

## **OUTCOME / BENEFITS TO THE COMMUNITY**

The adoption of a Localised Council Tax Reduction Scheme (CTRS) will ensure that all working age borough residents who may experience financial difficulties in paying their council tax liabilities have access to a scheme of assistance, designed locally, offering financial help to them.

The local CTRS does not impact pensioners who still come under the governments "prescribed scheme"

## **RECOMMENDATION**

That the Council agree the proposed Council Tax Reduction Scheme for 2020/21:

- 1) a local CTR scheme for 2020/21 is adopted on the same basis as the 2019/2020 scheme;
- 2) that the full disregard currently allowed for War Widows and War Disability Pensions is continued from 1 April 2020 in respect of the Prescribed and Local Council Tax Reduction scheme and Housing Benefit schemes;
- 3) that funds be made available to the hardship fund, known as Section 13A, for those who cannot pay their council tax liabilities.

## **SUMMARY OF REPORT**

Each year Wokingham Borough Council has to decide a Council Tax Reduction Scheme (CTRS) that fulfils the purpose of supporting our most vulnerable residents and is contained within agreed budgets.

Wokingham Borough Council has reviewed its current CTRS, assessing its impact and effectiveness. The current scheme is the first time that a "banded" scheme has been implemented.

After the review, the CTR Scheme that WBC proposes to implement for 2020/2021 will be the same as for 2019/2020.

## Background

### **COUNCIL TAX REDUCTION - REVIEW OF 2019/2020 SCHEME**

#### The current situation:

In April 2013 Council Tax Benefit (CTB) was abolished and replaced by Council Tax Reduction scheme (CTRS). This was accompanied by a 10% reduction in Government funding, which was equivalent to around £600k to WBC, with reductions in funding continuing since. In order to cover this loss of funding, the Council have approved new CTRS's to adapt to the decreasing funding levels, whilst retaining support for the boroughs most vulnerable residents. The main features of the current scheme are:

- an income-banded scheme;
- no provision for awarding back-dated awards, prior to the claim date;
- the minimum level of support available is set at £3.00 per week;
- the maximum level of support is 78% of council tax liability;
- claims restricted to Band D;
- a capital cut-off at £4,000

It should be noted that the local CTRS only impacts on those of working age, not pensioners who still come under the governments "prescribed scheme".

#### Annual review

Each year local authorities review their scheme and consider whether changes should be made. In considering a review for our CTRS, the following criteria have been considered:

- How the current scheme is working both directly for residents/recipients and administratively
- Financial impact to the council, all its residents and recipients of CTR
- Impact on council tax collection rates as an overall and broken down to recipients of CTR

Other considerations:

- Any known future changes to government legislation/schemes and funding as well as other activity at a local level
- Effectiveness of the S13a scheme (hardship fund available to assist those residents who cannot pay their council tax for a variety of reasons)
- Available fund of £100k to assist those residents in receipt of CTR who have been severely impacted by CTRS changes (claimed under S13a scheme)
- Financial status of the council and the current budget allocation for CTRS

#### Review findings

After investigation the following emerged:

- Generally administration of CTR has worked well and without any substantial problems or issues;
- We have had a low level of appeals and tribunals;
- Since the introduction of CTR the changes made have resulted in a reduction in caseload. Caseload as of 31<sup>st</sup> March 2013 was 5065, currently 3728

- Changes made have resulted in a reduced spend on CTR year on year:

Year	Opening spend on awards of CTR	Reduction in spend
12/13	£4,918,285	£ - (CTB spend shown for comparison)
13/14	£4,713,190	£205,095
14/15	£4,641,422	£71,768
15/16	£4,345,507	£295,915
16/17	£4,102,695	£242,812
17/18	£4,001,570	£101,125
18/19	£3,994,769	£6,081 (no changes to scheme agreed for 18/19, hence low reduction in spend)
19/20	£3,731,077	£263,692

- Overall council tax collection has remained on target despite reductions in overall CTR support;
- The services (Income & Assessments) continue to analyse the impact of the CTR banded scheme, the effect on the vulnerable and how this impacts on collection levels. From the analysis to date we are collecting slightly higher levels of council tax for those on CTR than at the same point last year. As those in receipt of CTR are a small percentage (less than 1%) of overall council tax collectable debit, the changes have not impacted on the overall collection rate.
- There are a small number of claims made to the S13a scheme each year. This scheme is discretionary and assists those residents who are unable to pay their council tax due to hardship. A policy is agreed each year under an IEMD and the scheme advertised on our website (<https://www.wokingham.gov.uk/council-tax/discounts-and-appeals/council-tax-discounts-and-reductions/>).

Year	Spend on S13a awards	Number of awards
13/14	£2,383.93	5
14/15	£4,766.88	10
15/16	£5,804.00	14
16/17	£8,978.22	15
17/18	£16,227.13	15
18/19	£10,682.05	11
19/20	£12,186 (to date)	11 update to latest figures before release
Total	£52,763.05	73

### Council Tax Reduction Scheme 20/21

#### Recommendation

Due to ongoing austerity measures, the Council has managed to reduce the CTR spend year on year. We now have the opportunity to consider whether further changes would be practical in terms of collection, administration and impact on our recipients

After considering all of the above, along with the impact of the 2019/2020 CTR changes and the continued uncertainty around the impact of Universal Credit, it is recommended that no changes to the scheme are undertaken for 2020/2021.

Universal Credit remains the main change happening in Welfare Reform and its impact is still being measured across many organisations and businesses. Retaining the same scheme will also allow time for the DWP to decide on the “managed migration” of the legacy Housing Benefit (HB) caseload. This could potentially change the way we view our CTRS as there will be less resource needed to administer HB. This allows us to consider better ways to administer our CTRS.

To remain the same gives us assurances that we can stay within the budget set by finance and agreed by Members. It also gives more certainty to CTR recipients as the scheme will remain the same as the current one that they are now familiar with. The scheme still has the assurances of the additional S13a discretionary scheme for those recipients who suffer hardship, as agreed by Members when the 2019/2020 CTRS was agreed, mitigating the risk of the vulnerable being left with debts they are unable to pay.

### **Analysis of Issues**

As a result of reviewing the current scheme and the financial circumstances of the authority, it is proposed that a local scheme is approved by Full Council on 23<sup>rd</sup> January 2020 on the same basis as the 2019/2020 scheme. This would allow for a full understanding the impact of a “banded” scheme has had on CTR recipients, any council tax arrears accumulated as a result and the ongoing impact of UC full service.

Protection to pensioners would still apply, unless the Government makes any changes to the prescribed scheme.

The Council remains aware that a relief scheme such as CTRS may exclude some claimants who, in the short term at least, are unable to improve their financial circumstances. This may present them with difficulties in paying council tax liabilities. In this respect, the provision for further discretionary reductions is to be made under Section 13A(l)(c) of the Local Government Finance Act 1992 as substituted by the Local Government Finance Bill 2012.

### **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	The scheme will cost approximately £3.9m	Yes	Revenue
Next Financial Year (Year 2)	Not known	N/A	Revenue

Following Financial Year (Year 3)	Not known	N/A	Revenue
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<b>Other financial information relevant to the Recommendation/Decision</b>
Maintaining the current scheme enables the authority to contain spend within current resources and budget (£3.9m).

<b>Cross-Council Implications</b>
The administration costs to maintain this scheme can be contained within current resources and budget, whilst still supporting our most vulnerable residents.

<b>Public Sector Equality Duty</b>
Scheme is the same as the previous year when an equality assessment was carried out. This has been reviewed to ensure all things still remain relevant and mitigation effective.

<b>List of Background Papers</b>
<ul style="list-style-type: none"> <li>- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012 No. 2885), as amended</li> <li>- The Welfare Reform Act 2012</li> <li>- The Equality Act 2010</li> <li>- The Housing Act 1996</li> <li>- EQIA</li> </ul>

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