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| <b>TITLE</b>                | <b>Council Tax Reduction Scheme</b>   |
| <b>FOR CONSIDERATION BY</b> | Community and Corporate Overview and Scrutiny Committee on 22 December 2020 |
| <b>WARD</b>                 | None specific;  |
| <b>LEAD OFFICER</b>         | Deputy Chief Executive - Graham Ebers                                       |

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

The adoption of a Localised Council Tax Reduction (CTR) scheme 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.

This scheme does not apply to Pensioners who are assessed under the Governments Prescribed Scheme.

## **RECOMMENDATION**

That the Committee:

- 1) Reviews the results of public consultation;
- 2) Considers recommendations for 21/22 scheme.

## **SUMMARY OF REPORT**

From 1 April 2013, local authorities have had the responsibility for designing and administering their own local Council Tax Reduction schemes (CTR). These local schemes apply to all working age claimants. The amount of Local Council Tax Reduction is based on individual personal circumstances of the claimant and anyone else living in their household. Pensioners have their entitlement to CTR worked out in accordance with a Prescribed CTR scheme set by Government

As part of the process to consider changes to WBC's Council Tax Reduction Scheme, there is a legal requirement to carry out a public consultation.

Consultation must take place at a formative stage of the process, be sufficiently clear so that those consulted can understand what they are being consulted on and be able to give a meaningful response, and enough time should be given for consultees to respond. The consultation responses must be conscientiously taken into account in finalising the decision.

The consultation ran from 30<sup>th</sup> September 2020 to 11<sup>th</sup> November 2020, a period of six weeks. Please see Annexe 1 for report on consultation outcomes.

## **Background**

The Welfare Reform Act 2012 contained provisions for the abolition of Council Tax Benefit and the Local Government Finance Act 2012 made further provision for the localisation of council tax support, known as 'council tax reduction' (CTR), in England by imposing a duty on all billing authorities to introduce a localised CTR Scheme by 31<sup>st</sup> January each year, since changed to 16<sup>th</sup> March. If a localised scheme is not agreed by then, the Council will be obliged to use the Government's own default national scheme in the following financial year.

The Government have determined that certain groups may be fully protected from this change. At the current time, this protection applies to claims received from pensioners. All other claims received are calculated in accordance with the adopted local CTR scheme.

## **Analysis of Issues**

### **Current Scheme**

Our current scheme states:

- If capital is greater than £4000 there will be no entitlement to Council Tax Reduction;
- Minimum award of council tax reduction is £3 per week;
- Council Tax Reduction will only be paid to the level of a Band D property;
- Disability Living Allowance, Personal Independence Payments, Armed Forces Independence Payments and War Disablement Payments are disregarded as income;
- Child Benefit and Child Maintenance payments are disregarded;
- If working £7.50 per week from any take home pay is disregarded ;
- £46.85 per week of any Carer's Allowance is disregarded;
- Council Tax Reduction claims cannot be backdated;
- Other adults living in the property that aren't a partner, a lower amount of council tax reduction may be applied due to non-dependent deductions;
- A £5 reduction if there are other adults living in the property that are:  
In receipt of a Passported benefit  
Of state Pension age  
Non-working  
Universal credit  
Working and earn up to £139.99 per week;
- A £10 reduction if other adults living in the property are: Working and earn more than £140 per week.

It should be noted that the scheme has remained the same for the last two years. Council Tax Reduction is a means tested benefit.

## Consultation and Responses

As part of the process to consider changes to a Local Authorities Council Tax Reduction Scheme, there is a legal requirement to carry out a public consultation.

Consultation must take place at a formative stage of the process, be sufficiently clear so that those consulted can understand what they are being consulted on and be able to give a meaningful response, and enough time should be given for consultees to respond. The consultation responses must be conscientiously taken into account in finalising the decision.

There were several options considered:

|   |                     | <b>+/-</b>    |
|---|---------------------|---------------|
| <b>1. Baseline – Do Nothing</b>   | £<br>£4,168,<br>891 |               |
| <b>2. Fully disregard carers allowance</b>  | £4,174,<br>950      | + £6,059      |
| <b>3. Carers allowance disregarded &amp; child benefit not disregarded</b>  | £4,089,<br>566      | - £79,325     |
| <b>4. Carers allowance disregarded &amp; maintenance &amp; child benefit not disregarded</b>  | £4,059,<br>410      | -<br>£109,481 |
| <b>5. Carers allowance disregard &amp; % band changes *</b>   | £4,071,<br>139      | -£97,752      |
| <b>6. Carers allowance disregarded &amp; % band changes and extra band added to non dependant deductions</b>                            | £4,064,<br>211      | -<br>£104,680 |
| <b>7. Carers allowance disregard &amp; maintenance &amp; child benefit not disregarded + % band changes &amp; non dependant changes</b> | £3,965,<br>740      | -<br>£203,151 |

\* % BAND CHANGES AS FOLLOWS

| <b>Band</b> | <b>Current % 20/21</b> | <b>Proposed % 21/21</b> |
|-------------|------------------------|-------------------------|
| Band 1      | 78%                    | 75%                     |
| Band 2      | 60%                    | 55%                     |
| Band 3      | 40%                    | 35%                     |
| Band 4      | 20%                    | 15%                     |

From the above modelling residents, Organisations and Interested Parties were asked:

Proposed change 1 – Whether to include other incomes in the calculation of council tax reduction

Proposed change 2 – Whether to exclude other incomes in the calculation of council tax reduction

Proposed change 3 – Whether to change the scheme or for it to remain the same from April 2021

After analysing the responses (please see Appendix 1) support was given to disregarding Carers Allowance in the calculation of Council Tax Reduction and no appetite to make changes, particularly as we are still seeing the impact on low income residents as a result of COVID.

Therefore the only proposed change to the current scheme would be a positive one. Instead of disregarding only £46.85 per week of any Carer’s Allowance the 21/22 scheme would state that all Carer’s Allowance is disregarded.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

|                                   | How much will it Cost/ (Save)            | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|--|---|---------------------|
| Current Financial Year (Year 1)   | £4 Million                               | Yes   | Revenue             |
| Next Financial Year (Year 2)      | £4.2 Million                             | Yes   | Revenue             |
| Following Financial Year (Year 3) | Unable to state, yearly review to scheme |   |                     |

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| <b>Other financial information relevant to the Recommendation/Decision</b> |
| None   |

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|---|
| <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. |

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| <b>Public Sector Equality Duty</b>                               |
| Due regard has been given to WBC’s duties under the Equality Act |

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| <b>Reasons for considering the report in Part 2</b> |
| N/A   |

|                                  |
|----------------------------------|
| <b>List of Background Papers</b> |
| None                             |

|                                       |  |
|---------------------------------------|--|
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## **Consultation Responses**

### **Background**

Since 2013 it has been the responsibility of Local Authorities to design a Council Tax Reduction Scheme that meets the needs of Wokingham Borough Council residents.

The Local Council Tax Reduction Scheme helps working-age people on low incomes with paying their council tax, by reducing the amount they have to pay. The amount of Local Council Tax Reduction is based on individual personal circumstances of the claimant and anyone else living in their household.

As part of the process to consider changes to WBC's Council Tax Reduction Scheme, there is a legal requirement to carry out a public consultation.

Consultation must take place at a formative stage of the process, be sufficiently clear so that those consulted can understand what they are being consulted on and be able to give a meaningful response, and enough time should be given for consultees to respond. The consultation responses must be conscientiously taken into account in finalising the decision.

It should be noted that the scheme has remained the same for the last two years. The consultation was only necessary as we wished to look to extend the scheme to include further help for vulnerable customers.

### **Consultation**

The consultation ran from 30<sup>th</sup> September 2020 to 11<sup>th</sup> November 2020, a period of six weeks.

During the consultation period, a lot of positive action was taken to try to encourage residents and organisations to participate including:

- “news” on Council's website,
- press releases to local media,
- flyers with council tax bills and notification letters,
- social media weekly updates
- ensuring that internal and crucial organisations (3<sup>rd</sup> Sector and Housing Associations) were made directly aware of consultation.
- All emails sent from Revenues & Benefits had a link to consultation pages
- Customer Delivery Officers encouraging completion

Due to COVID 19 restrictions we could only offer on-line responses.

The proposals included were:

Proposed change 1 – Whether to include other incomes in the calculation of council tax reduction

Proposed change 2 – Whether to exclude other incomes in the calculation of council tax reduction

Proposed change 3 – Whether to change the scheme or for it to remain the same from April 2021

## Response

Although the response has still been fairly low, with a total of 609 responses, this is the most responses every received.

105 (17%) responders were in receipt of CTR and 498 (83%) weren't. Only 5 responses were from organisations or other interested parties.

The majority of responders were of working age 309 (53%) and 359 (61%) were in employment/self-employment. 124 (21%) responders were pensioners and 62 (11%) were single parents. Only 21 (4%) were in receipt of child maintenance.

Questions with a choice of set answers (Strongly agree, agree etc.) were answered in the following way:

### **To what extent do you agree that Wokingham Borough Council should balance the amount spent on Council Tax Reduction compared with what it spends on other services?**

|                            |     |
|----------------------------|-----|
| Strongly Agree/Agree       | 38% |
| Strongly Disagree/Disagree | 46% |
| Neither                    | 6%  |
| Don't Know                 | 10% |

### **Do you agree that the Council Tax Reduction scheme should be as simple to administer as possible, with the aim of saving administration costs and to enable customers to budget?**

|                            |     |
|----------------------------|-----|
| Strongly Agree/Agree       | 63% |
| Strongly Disagree/Disagree | 33% |
| Neither                    | 2%  |
| Don't Know                 | 2%  |

### **In developing a Council Tax Reduction scheme for Wokingham Borough Council, to what extent do you support taking in to account child benefit/child maintenance in the calculation of award?**

|                            |     |
|----------------------------|-----|
| Strongly Agree/Agree       | 30% |
| Strongly Disagree/Disagree | 64% |
| Neither                    | 3%  |
| Don't Know                 | 3%  |

**To what extent do you support disregarding carers benefits in the calculation of award?**

|                            |     |
|----------------------------|-----|
| Strongly Agree/Agree       | 64% |
| Strongly Disagree/Disagree | 28% |
| Neither                    | 5%  |
| Don't Know                 | 4%  |

**Do you think that everyone should pay something towards their Council Tax?**

|                            |     |
|----------------------------|-----|
| Strongly Agree/Agree       | 48% |
| Strongly Disagree/Disagree | 47% |
| Neither                    | 3%  |
| Don't Know                 | 3%  |

**Other questions**

**In developing a Council Tax Reduction scheme for Wokingham Borough Council, to what extent would you support prioritising the following groups for Council Tax Reduction?**

This question was based around who we should prioritise: single parents, people with disabilities, carers or families with children. 65% of responders **strongly agreed/agreed** that people with disabilities should be prioritised, followed by 61% for carers, 56% for single parents and 47% for families with children.

**Conclusions**

Overall the data collected from the responses would suggest that residents felt that the disabled and carers should be prioritised above the other vulnerable groups. However, all vulnerable groups received high percentages of support. As the scheme already supports the disabled by disregarding disability incomes (DLA/PIP), the second highest group for support, carers, was looked at. As carers allowance is currently taken into account in the calculation, it is proposed that carers allowance is disregarded in the 21/22 scheme.

A number of the comments were personal to an individual's circumstances and some were more general. There was a strong suggestion that the vulnerable should be protected and comments aimed at council tax charges/system rather than the Council Tax Reduction Scheme. There were some comments with regard to the wording/phrasing on the survey which will be addressed in future consultations.

As a result of this consultation the public would not support proposed change 1 (to include other incomes) but would support change 2 (exclude other incomes). Therefore this would include disregarding carers allowance as suggested above, which expands the scheme to the benefit of carers. After reading the responses and comments made, changes to the scheme at this time would not be supported either.

In conclusion the council's intention is to recommend disregarding carers allowance and the current scheme to remain the same for 21/22 in recognition of the impact of COVID already experienced by residents, resulting in a more generous scheme.

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