

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting18th November 2021

1. Title of Item/Report

Council Tax Reduction Scheme 2022/23

2. Record of the Decision

Further to consultation approved by Cabinet in June 2021 in respect of proposed changes to the Council's Council Tax Reduction Scheme (CTR), formal consultation had now completed and responses analysed. Cabinet was invited to recommend to Council formal approval to introduce a new income banded Council Tax Reduction Scheme for working age customers with effect from 1 April 2022.

The proposed new scheme approved for consultation in June 2021 included a number of features, examples included:

- More support shall be given to those households on the lowest of incomes than in the current scheme;
- Those on the lowest incomes paying no council tax at all;
- Households with higher levels of income will receive less/no CTR;
- The current means-tested schemes will be replaced by a simple income grid model;
- Protection for low-income families with non-dependants living at home;
- Income such as child benefit, disability benefits and personal independent payments will be disregarded;
- An earnings disregard to encourage work will be retained however this will be standardised at £25 per week;
- The current savings allowance of £6,000 will continue but where savings are held above this threshold there will be no entitlement to CTR; (note proposed further change to capital allowance referred to at paragraph 6 of the report).

The consultation produced responses from organisations, major preceptors and the public; with 133 completed questionnaires, a summary of which was included in Appendix B to the report and revealed that the consultees supported the recommended new CTR scheme with a majority in agreement with all 9 principles. Only two of these principles returned a less than 6% majority, the details of which were summarised.

Cabinet noted that the number of households claiming CTR increased suddenly as a result of Covid-19 rising from 11,421 working age claimants in March 2020 to 12,597 in July 20. Numbers were now showing a steady decline with the total number reducing to 11,681 at 30 September 2021. Since the full roll out of Universal Credit commenced in Stockton in 2018, the make-up of the claimant base had seen a shift from a majority of claimants receiving housing benefit to a majority receiving universal credit.

One of the features of universal credit was that it was responsive to changes in household income month by month. This meant that people might find that their universal credit was adjusted on a near monthly basis and each time universal credit is adjusted, there is an impact on CTR, resulting in a new council tax bill being sent. The proposed new income banded CTR scheme addressed this issue with small changes no longer triggering an adjustment. This made it much less volatile to claimants and much easier to understand.

The proposed scheme also provided additional support for the most financially vulnerable residents, providing 100% reduction to the lowest income households. Modelling had continued since the last report to Cabinet in June 2021; the reducing caseload now suggesting that under the proposed scheme 8,707 (72.5%) will receive more support including 7,437 households that will no longer have to pay council tax at all. With the scheme targeting the lowest income households, some households with higher levels of income will be adversely affected; modelling suggests this would be 2,665. Of the 2,665 households that are adversely affected, 2,040 (76.5%) will still be eligible for a reduction of either 50% or 25% depending on their household income; 625 (23.5%) will no longer be eligible for CTR these being households with higher income levels.

Under Section 13A (1)(c) of the Local Government Finance Act 1992, the Council's exceptional hardship scheme already exists to support households whose financial circumstances impact their ability to pay council tax. In order to protect households that are adversely affected by the changes and where any applicant is likely to experience exceptional hardship, they will be encouraged to apply for an exceptional hardship payment. The Council will consider all applications for exceptional hardship on an individual basis, taking into account available income and essential outgoings.

Ahead of the proposed scheme coming into force on 1 April 2022, households that are adversely affected will be identified and contacted with details of the changes and offering support as appropriate.

In addition to this support for residents experiencing exceptional hardship, residents will be supported through the Council's welfare support team to maximise their income and through the Employment and Training Hub to help support people into employment.

RECOMMENDED to Council that:-

1. Council approves that the Council Tax Reduction scheme, included at Appendix A to the report, be adopted for working age customers with effect from 1 April 2022.

2. Council approves that the Director of Finance, Development and Business Services be authorised to amend the Council's Council Tax Reduction scheme for working age customers to adjust the appropriate calculative elements of the scheme to give effect to national changes.

3. Council note that the impact of the changes will be monitored and where necessary the scheme will be adapted in future years.

3. Reasons for the Decision

This report recommends a scheme which increases the maximum award from 80% to 100%, provides residents with the lowest income levels the greatest level of support, reduces the complexity for the customer and reduces the administrative burden for the Council.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

N/A

7. Date and Time by which Call In must be executed

Not Applicable.

Proper Officer

22 November 2021