

URN: 21-072

Subject: Council Tax Support Scheme 2022/23

Report to: Policy & Resources Committee 30th November 2021
Council 9th December 2021

Report by: Miranda Lee, Head of Customer Services

SUBJECT MATTER

This report seeks Council approval of the Local Council Tax Support Scheme for 2022/23

RECOMMENDATION

Policy and Resources Committee recommend that Council :

- 1) Agree to continue with the existing scheme for 2022/23 - a maximum award of 91.5% of the Council Tax Liability for Working Age

1. Introduction

- 1.1 The Committee Report of the 13th July 2021 requested permission to commence consultation in relation to the 2022/23 Local Council Tax Support Scheme.
- 1.2 In April 2013 Council Tax Benefit was replaced with a new Local Council Tax Support Scheme. This followed the Government announcement in the Spending Review 2010 that financial support for council tax would be localised.
- 1.3 Initially the amount of funding provided to local authorities to run the scheme was approximately 10% less than what was previously spent on the council tax benefit scheme. For the first 2 years funding had been specifically ring-fenced for allocation towards the scheme.
- 1.4 In 2014, the Government announced that future funding towards the Council Tax Support Scheme would be included within the overall Revenue Support Grant and would not be separately identified or ring-fenced from within the grant.
- 1.5 In designing a local scheme for 2022/23 the council must consider:
 - The amount of funding the Council decides to allocate towards the scheme
 - Support for pensioners must be protected and would not be affected by the local scheme meaning that the rules around a localised scheme would only apply to those of working age

2. Current Position

- 2.1. Consultation in relation to the 2022 scheme has now closed with only 36 individual responders taking part in the survey.
- 2.2. As in previous years the consultation was available through the council's website. Consultation was based on retaining the existing scheme for 2022/23 for a working age with pensioners being protected.
- 2.3. The consultation ran for a 12-week period. Due to the lack of response the results of the consultation are negligible in helping to determine the scheme, however, out of the responses received most favoured retaining the existing scheme for a further year. The results of the consultation are contained within Appendix 1.
- 2.4. Norfolk County Council also responded to the consultation in a formal letter on 22 October 2021, which all Norfolk District Councils received. In the letter they proposed three major changes to the scheme.
 - (i) To limit the Council Tax Support where a claimant has savings at a lower level than £16,000
 - (ii) To limit the Council Tax Support to occupants of properties no higher than Council Tax Band D
 - (iii) A maximum cap of Council Tax Support to be awarded of 75%
- 2.5. The proposed changes above would see a significant change to the Council Tax Support Scheme and at the current time with the Borough recovering from the economic impact of the pandemic, the timing of consideration of these changes does not seem appropriate. Although there would be financial advantages to the preceptors (the County Council would see the largest financial advantage), there would likely be negative impacts such as;
 - (i) increasing the number of residents in debt
 - (ii) lower collection rates
- 2.6. To properly evaluate these major changes there would there need to be more understanding and time given to consider the potential impacts. Therefore, these proposed changes are not recommended for consideration at this time.

Options Considered for the 2022/23 Scheme

- 3.1. This proposal is to continue with the existing overall scheme subject to including any relevant minor adjustments to the scheme to keep the scheme up to date and aligned to other welfare benefits/financial assistance should changes in legislation come into force.
- 3.2. Appendix 2 provides a summary of current Council Tax Support Schemes for local authorities across Norfolk.

4. Requirement for Change

- 4.1. Schedule 1A of the Local Government Finance Act 1992 states:
 1. For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme: and

2. the authority must make any revision to its scheme, or any replacement scheme, no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 4.2 As each Local Authority decides their local scheme it is possible that other nearby Local Authorities can have different types of scheme with varying financial implications for customers.

5. Financial Implications

- 5.1. Initially an element of Government funding for Local Authorities to administer their local schemes was funded from within the Revenue Support Grant (RSG). Since 2015, this amount has not been separately identifiable from overall grants received. Following the Autumn Budget and Spending Review summary in October 21, there is still a significant degree of uncertainty around Local Government finances and funding arrangements for 2022/23.
- 5.2. As Council Tax Support is a discount it reduces the Councils tax base, along with a reduction in the tax base for Norfolk County Council and the Norfolk Police & Crime Commissioner.
- 5.3. For illustrative purposes the following gives the financial breakdown of the cost for the recommended scheme.

Table 1

| | |
|--------------------------|--------------------|
| Estimated cost of scheme | £10,113,300 |
| Precept Split | |
| Norfolk County Council | £7,686,108 |
| Police | £1,415,862 |
| GYBC | £910,197 |
| Parish | £101,133 |

6. Risk Implications

The cost of the scheme

- 6.1 Whilst we can predict anticipated costs of the scheme for 2022/23 based on continuing with the existing scheme for 2021/22, any increases in demand, changes in composition of current caseload or unforeseen changes to other welfare benefits during the year could represent a financial risk by increasing the cost of the overall scheme. Ongoing uncertainty of financial effects on residents through and beyond the COVID-19 pandemic could also increase the demand on this scheme.

Council Tax Collection

- 6.2 Collection rates of council tax have been impacted with the introduction of the localised scheme but not as much as first anticipated. The tax base has been calculated to take into consideration the costs of the Council Tax Support Scheme with some provision for impact on

collection rates. Ongoing uncertainty of financial effects on residents through the COVID-19 pandemic could continue to impact collection.

7. Recommendation



- 7.1. To continue with the existing scheme for 2022/23 - a maximum award of 91.5% of the Council Tax Liability for Working Age.

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?




| Area for consideration | Comment |
|---|---|
| Monitoring Officer Consultation: | Yes |
| Section 151 Officer Consultation: | Yes |
| Existing Council Policies: | S13a Council Tax Support Scheme |
| Financial Implications (including VAT and tax): | Yes, as outlined |
| Legal Implications (including human rights): | Schedule 1A and 2 Local Government Finance Act 1992 |
| Risk Implications: | Yes, as outlined |
| Equality Issues/EQIA assessment: | Yes |
| Crime & Disorder: | |
| Every Child Matters: | |



Council Tax Support 2022/23

1. Council Tax Support Consultation Introduction



| 1. Have you read the background information about the Council Tax Reduction Scheme? | | | | |
|---|-----|--|------------------|----------------|
| Answer Choices | | | Response Percent | Response Total |
| 1 | Yes |  | 88.89% | 32 |
| 2 | No |  | 11.11% | 4 |
| | | | answered | 36 |
| | | | skipped | 0 |

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| 2. We are considering retaining the current Council Tax Support Scheme for next year. The current scheme limits the maximum amount of Council Tax Support to 91.5% of the Council Tax liability for Working Age customers. The benefit of this is: There would be no major changes to the level of Council Tax Support a customer would receive. Do you think the Council should retain the current scheme for 2022? | | | | |
|--|------------|---|------------------|----------------|
| Answer Choices | | | Response Percent | Response Total |
| 1 | Yes |  | 75.00% | 27 |
| 2 | No |  | 13.89% | 5 |
| 3 | Don't know |  | 13.89% | 5 |
| | | | answered | 36 |
| | | | skipped | 0 |

| 3. Is there any further changes to the scheme you think that we should consider? | | | | |
|--|-----|---|------------------|----------------|
| Answer Choices | | | Response Percent | Response Total |
| 1 | Yes |  | 41.67% | 15 |
| 2 | No |  | 58.33% | 21 |
| | | | answered | 36 |
| | | | skipped | 0 |
| Comments: (13) | | | | |

4. Are you, or someone in your household, getting a Council Tax Support at this time?

| | | | | |
|---|------------|---|----------|----|
| 1 | Yes |  | 33.33% | 12 |
| 2 | No |  | 66.67% | 24 |
| 3 | Don't know | | 0.00% | 0 |
| | | | answered | 36 |
| | | | skipped | 0 |

5. What is your age group?

| Answer Choices | | | Response Percent | Response Total |
|----------------|----------|---|------------------|----------------|
| 1 | under 18 | | 0.00% | 0 |
| 2 | 18-24 |  | 2.78% | 1 |
| 3 | 25-34 |  | 13.89% | 5 |
| 4 | 35-54 |  | 44.44% | 16 |
| 5 | 55+ |  | 38.89% | 14 |
| | | | answered | 36 |
| | | | skipped | 0 |

Appendix 2 – Current Council Tax Support Schemes for Norfolk

| LA | Max Award of Liability | Savings Limit | Non- dependant deductions | Support restricted to Council Tax band limit? |
|------------------------|-------------------------------|----------------------|---|--|
| Great Yarmouth | 91.5% | £16,000 | £5 flat rate reduction (exemptions apply) | No |
| Breckland (ARP) | Currently 91.5% | £16,000 | No | No |
| Broadland | 84% | £16,000 | £5 flat rate reduction (exemptions apply) | No |
| North Norfolk | 91.5% | £16,000 | No | No |
| Norwich | 100% | £16,000 | No | No |
| South Norfolk | 84% | £16,000 | £5 flat rate reduction (exemptions apply) | No |
| Kings Lynn | 75% | £6,000 | £10 flat rate reduction | No |