

## **REPORT TO EXECUTIVE**

Date of Meeting: 11 January 2022

## **REPORT TO COUNCIL**

Date of Meeting: 22 February 2022

Report of: Bindu Arjoon, Deputy Chief Executive

Title: Local Council Tax Support scheme 2022-23

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

### **1. What is the report about?**

This report seeks Member's agreement on the Local Council Tax Support (CTS) scheme for working age residents for 2022/23.

Members are required to agree working age scheme rules annually.

### **2. Recommendations:**

That Executive agrees and RECOMMENDS to Council that the scheme in place for the current year continues for 2022-23 without substantive changes.

### **3. Reasons for the recommendation:**

- 3.1 The effects of the pandemic are still being felt in the working age Council Tax Support caseload. Numbers and makeup of the cases have changed significantly and the situation remains somewhat unpredictable. This makes it an inappropriate time to look at making major changes to the support offered by the scheme.
- 3.2 Large numbers of new claims and volatile Universal Credit incomes greatly increased the work of administering CTS claims through 2020 and 2021. However this was managed well within the team without impacting on the quality of service delivered. Incoming volumes have stayed higher than pre-pandemic levels, but remain manageable.
- 3.3 The full advantages that can be gained from simplifying the scheme of Local Council Tax Support can only be achieved once the IT needed is made available by the supplier.
- 3.4 Any proposals to make major changes will need to be extensively modelled to understand the impact on vulnerable households. This involves significant resources which have not been available while dealing with the ongoing Covid-19 response.

#### **4. What are the resource implications including non-financial resources.**

Scheme costs for the working age group have increased by 21% since March 2020. This translates to around £58,000 for Exeter City Council and £528,000 for Devon County Council. The increase was driven by a rapid rise in Universal Credit cases at the start of the first lockdown – over 1.5 million new claims in just 5 weeks of March / April 2020. Exeter City Council's working age Council Tax Support claim volumes have reduced from their peak of 5073 in July 2020, but at 4763 remain above the March 2020 level of 4450.

#### **5. Section 151 Officer comments:**

There are no financial implications arising from the recommendation to adopt the proposed scheme for 2022-23. However, members should note the additional costs of the scheme as set out in section 4 above.

#### **6. What are the legal aspects?**

Paragraph 5 of Schedule 1B to the Local Government Finance Act 1992 requires billing authorities to adopt a Council Tax Support scheme each year, no later than 11 March.

#### **7. Monitoring Officer's comments:**

This report raises no issues for the Monitoring officer.

#### **8. Report details:**

8.1 Exeter City Council's local Council Tax Support scheme has been in place since national Council Tax Benefit was abolished in April 2013. Rules for pensioners are set nationally, leaving discretion for local rules for working age customers. The scheme agreed by Exeter City Council from April 2013 was based on the old Council Tax Benefit scheme with the following key changes:

- Maximum support limited to 80%
- The maximum level of capital a claimant could have before losing entitlement reduced from £16,000 to £6,000
- Introduction of an Exceptional Hardship policy to help in cases of extreme financial hardship ensuring that protection and support is given to those most in need.

This scheme remained unchanged between April 2013 and April 2017.

8.2 In April 2017, the Council introduced a number of changes to the scheme for working age customers. These changes were intended to align with changes introduced in nationally determined benefits such as Housing Benefit, Universal Credit, Employment and Support Allowance and Council Tax Support for pensioners. The changes introduced were:

1. Using a minimum income for self-employed earners after 1 year's self-employment
2. Reducing backdating to 1 month and allowing claims from newly liable customers
3. Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks
4. Removing the Work Related Activity Component in the calculation of the entitlement for new applicants
5. Removing entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) for looking after them

6. Removing entitlement to the additional earnings disregard for Universal Credit customers in work
- 8.3 37% of households and 43% of expenditure for Council Tax Support is for pensioner cases. The scheme for pensioners is set by Central Government and the council therefore has no influence over the level of support given.
- 8.4 Members have previously agreed to consider moving to a simpler banded scheme of support due to:
- An expected reduction in administration funding;
  - To align with digital and self-service transformation;
  - To align the scheme with other Council Tax Discounts.
- 8.5 A simple banded scheme will be a major change requiring new scheme rules, new software and new processes. The work that officers will need do for consideration by Members will include full impact assessments and options for mitigations of any negative impact.
- 8.6 Since March 2020 there has been significant additional demand placed on the Revenues and Benefits & Welfare service areas to deliver Covid-19 response. This work is ongoing with over 2200 claims for the Test and Trace Support Payment scheme processed on behalf of Department for Health and Social Care since September 2020. We have also recently launched the Exeter Household Support Fund on behalf of Department for Work and Pensions and Devon County Council. This will run until the end of the financial year and has already generated over 150 claims in 10 days before promotion work begins. There therefore remains a lack of capacity to undertake the work required to properly consider and implement major changes.
- 8.7 Any simplified scheme, if it is not to be more expensive, will mean that some customers will receive a reduced level of support. At a time when household incomes are already under pressure, this would be a difficult ask of low income Council Tax payers, whatever mitigations were put in place.
- 8.8 Before introducing further suggestions for Members' consideration, more work needs to be done to understand the affordability of the current scheme which limits support to 80% of the full charge. The impact of small balances on collection rates should be considered as part of a decision on levels of support provided through the scheme. This work is made more complex while the impacts of Covid-19 on caseloads and household income is being felt.
- 8.9 The digital and administrative reasons for changing the scheme depend on moving the Local Council Tax Support scheme to a simpler IT platform. Currently this could only be done through changes to the Capita Revenues system. To date Capita have not developed this solution.

## **9. How does the decision contribute to the Council's Corporate Plan?**

The Council Tax Support scheme supports Exeter's communities and neighbourhoods by helping low income residents meet their Council Tax liability. The Exceptional Hardship policy strengthens this support by ensuring that the scheme rules do not cause inadvertent hardship in individual cases. During 2020/21 a total of 6468 payments

totalling £959,281 was paid through Exceptional Hardship. This included a one-off grant from MHCLG of £934.439 for COVID-19 hardship.

## **10. What risks are there and how can they be reduced?**

The current scheme of Local Council Tax Support is well known and understood. Retaining it in the current form presents little risk.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the proposal is not to change the scheme, therefore protections already built into the scheme still apply. An Equality Impact Assessment accompanies this report and Members are requested to have read this assessment.

## **12. Carbon Footprint (Environmental) Implications:**

No direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

Changes can be made to the local scheme of support annually from 01 April, agreed by Council by 11 March. Proposed changes must be subject to a public consultation before adoption. Failure to agree a new scheme results in the retention of the current scheme by default.

**Deputy Chief Executive, Bindu Arjoon**

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## **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

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