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| <b>Report to:</b>  | <b>EXECUTIVE CABINET</b>   |
| <b>Date:</b>   | 29 July 2020   |
| <b>Executive Member:</b>   | Cllr Oliver Ryan – Executive Member (Finance and Economic Growth)  |
| <b>Reporting Officer:</b>  | Ilys Cookson – Assistant Director Exchequer Services   |
| <b>Subject:</b>  | <b>COUNCIL TAX SUPPORT SCHEME 2021 - 2022</b>  |
| <b>Report Summary:</b>   | <p>This report details the procedural requirement in deciding if changes are required to the Council Tax Support scheme (CTS). If any changes are required then consultation must take place for the scheme to become effective from April 2021. The scheme cost and claimant numbers have risen as a result of the COVID-19 economic situation and support for claimants remains in place. The government have awarded a £150 reduction in Council Tax for working age claimants in addition to any Council Tax Support that may be awarded. There appears to be no adverse equality impact assessment arising from the quarterly reviews that take place and further guidance, which may have a bearing on the scheme, from the MHCLG or Valuation Tribunal Service is not expected.</p> |
| <b>Recommendations:</b>  | <p>It is recommended that:</p> <p>The Council Tax Support Scheme for 2021/22 in principle remains the same scheme as that set in April 2020, subject to annual benefit uprating as detailed in the scheme and any further guidance which may be received by MHCLG or the Valuation Tribunal Service.</p>   |
| <b>Corporate Plan:</b>   | The Council Tax Support (CTS) scheme assists the most financially vulnerable in the Borough by providing means tested financial support towards Council Tax costs.   |
| <b>Policy Implications:</b>  | The local scheme is set in accordance with MHCLG guidelines.   |
| <b>Financial Implications:<br/>(Authorised by the<br/>statutory Section 151<br/>Officer &amp; Chief Finance<br/>Officer)</b> | <p>By its nature the cost of the Council Tax Support Scheme will vary from year to year, and in-year, depending on the number of residents who qualify for support. This is illustrated in the tables in section 3 of the report. The Council Tax Base makes allowance for the cost of the Council Tax Support Scheme by way of a reduction to the assumed level of Council Tax that can be collected.</p> <p>No changes to the Scheme are being recommended for 2021/22 and as such there are no financial implications over and above the normal in year fluctuations.</p>   |
| <b>Legal Implications:<br/>(Authorised by the<br/>Borough Solicitor)</b>   | The legislative and procedural requirements in relation to the delivery of the Council Tax Support Scheme are clearly set out in the main body of this report. As no changes are being made to the scheme as set in April 2020 there are no additional legal implications that Members need to consider. Need to be mindful that the Government can issue guidance which may affect the scheme late in the day.  |

**Risk Management:**

The scheme is legally compliant in the way it has been set and the decision to consider if the scheme needs to change, and any proposed changes are consulted upon, is part of the process to set the scheme for the future year.

**Access to Information:**

The background papers relating to this report can be inspected by contacting Ilys Cookson.

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## **1. INTRODUCTION**

- 1.1 The Welfare Reform Act 2012 contained provision to abolish Council Tax Benefit. The Government replaced it with a power for each local authority to have its own locally set council tax reduction scheme. The necessary primary legislation is included in the Local Government Finance Act, passed on 31 October 2012 which contained provision that Councils wishing to implement a local scheme must have the scheme approved by 31 January each year, which was later revised in 2016 to have the scheme approved by 11 March each year.
- 1.2 The local scheme was funded in the first year by way of a fixed grant which the Department of Communities and Local Government (DCLG) determined as being 90% of the 2011/12 outturn for Council Tax Benefit expenditure. In real terms this reduction in funding equated to 17.3% for Tameside for 2013/14 and a local Council Tax Support (CTS) scheme was set taking into account the costing envelope available.
- 1.3 Tameside's own local CTS scheme was set at the Council meeting on 21 December 2012. The scheme was adopted to a challenging timescale additionally, the Universal Credit Regulations 2013, on which the principals of the CTS scheme were based, was not passed through parliament until 25 February 2013.
- 1.4 The 2013/14 CTS scheme, which had been in place since 01 April 2013, was revised after consultation had been carried out with the public between 14 September 2015 and 30 November 2015. The following elements were introduced to the scheme from 01 April 2016:
  - Capping support to a Band A property.
  - Reduce the maximum CTS award to 75%.
  - Align deductions for non-dependents of working age to the same level as those in the prescribed scheme for claimants of pensionable age.
  - Non-dependent deductions are disregarded for CTS claimants in receipt of a Staying Put payment.
- 1.5 A further revision took place effective from April 2018 after consultation had been carried with the public from 19 September 2018 to 22 November 2018 and the following elements were introduced:
  - Award a two week run on for claimants moving from benefit to work
  - Apply an earnings disregard to self-employed working age claimants
- 1.6 In consideration of setting the local CTS scheme for 2021/2022 this reports sets out:
  - What the Council is required to do
  - The CTS scheme in operation

## **2 PROCEDURAL REQUIREMENTS**

- 2.1 In considering setting a CTS scheme the Council must adhere to a number of procedural requirements which are detailed as follows:
  - Set a CTS scheme no later than 11 March before the start of the financial year to which the scheme applies.
  - Adopt the prescribed requirements which must apply to all schemes, which includes local schemes, the prescribed scheme for persons of state pension credit age and default schemes (the same as the previous council tax benefit scheme).
  - Ensure that claimants of state pension credit age continue to receive the same support under the scheme as they receive in council tax benefit.

- Consider the statutory public sector equality duty in adopting a scheme and the child poverty strategy.
- Consult all major precepting authorities.
- Consult generally on changes to the scheme.

2.2 The procedural requirements are contained in the Local Government Finance Act 2012.

2.3 Paragraph 5(1) of Schedule 1A to the 1992 Act states that;  
*'For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.'*

2.4 The purpose of this report is therefore to consider the following:  
a) That the current CTS scheme remains in place in 2021/2022 or;  
b) That the current CTS scheme is revised for 2021/2022.

2.5 Where a CTS scheme is to be revised then legislation is clear on the requirements to consult the public and precepting bodies prior to any changes to the scheme. Full consultation has taken place prior to previous revisions to the scheme. Any changes to the CTS scheme for any future years are subject to a decision by Full Council.

2.6 In considering whether there should be revisions to the current scheme, the current operation and costs of the scheme should be considered, in addition to any guidance released by central government or by direction of the Valuation Tribunal Service which consider appeals for local CTS schemes. In setting the scheme for 2021/2022 consideration has been given to the COVID-19 pandemic and its effects on caseload.

### 3 CURRENT OPERATION AND COSTS

3.1 The number of claimants and cost of the scheme has reduced steadily over the years and started to rise post April 2020 as detailed below:

| <b>April 2013</b> | <b>April 2014</b> | <b>April 2015</b> | <b>April 2016</b> | <b>April 2017</b> | <b>April 2018</b> | <b>April 2019</b> | <b>April 2020</b> | <b>Jun 2020</b> |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| 23,716            | 23,231            | 22,029            | 20,889            | 20,087            | 19,636            | 18,635            | 17,922            | 18,133          |

3.2 Claimant caseload fluctuates on a daily basis and overall there has been a downward trend on claimant numbers from 01 April 2013. The caseload continued to fall even though the scheme changed from April 2016 and residents had more to pay in Council Tax, due to the Council Tax rises from April 2016 onwards. This decline appeared to follow the pattern from previous years. The fall is unlikely to be attributed to the changes introduced to the scheme which became effective from 01 April 2016 because, while the changes affected the majority of existing claimants by way of a reduced amount of CTS awarded, it did not change the eligibility criteria.

3.3 The actual scheme costs have reduced year on year up to April 2019. Although claimant numbers continued to fall in 2018/19 the costs of the scheme have increased which is attributed to the 5.56% increase in Council Tax bills including the mayoral precept and the adult social care precept. The higher the Council Tax charge, the more the CTS scheme will cost, unless claimant numbers fall significantly. Council Tax increased in 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21 included an adult social care precept, and mayoral precept from 2018/19. The reduction in costs from 2016 could be partly be a consequence

of the CTS scheme change requiring that all claimants pay at least 25% of their Council Tax liability.

- 3.4 The actual scheme costs fluctuate depending on claimant numbers and amount of CTS awarded per claim which differs according to income, capital, council tax band, household composition etc.

| <b>April 2013</b> | <b>April 2014</b> | <b>April 2015</b> | <b>April 2016</b> | <b>April 2017</b> | <b>April 2018</b> | <b>April 2019</b> | <b>April 2020</b> | <b>June 2020</b> |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| £16.6             | £15.94            | £14.9             | £14.3             | £13.7             | £13.7             | £14.3             | £13.95            | £14.8            |

- 3.5 Scheme costs, claimant numbers and equalities data is monitored every quarter. This regular monitoring has highlighted an increase in claimant numbers and costs, as detailed above, however the scheme is currently operating as expected.
- 3.6 Hardship relief continues to be available to any person who is experiencing financial hardship as a result of the CTS scheme. This relief is an integral part of any local scheme in accordance with government scheme guidance, and where hardship payments are made these are paid under Section 13A(1)(c) of the Local Government Finance Act 1992 as amended in 2012. The purpose of the hardship relief is to mitigate the potential risk that some claimants may, in exceptional circumstances, suffer severe financial hardship as a result of the introduction of the scheme or changes to the scheme and may apply for additional monies to help pay their Council Tax. The hardship fund totals £50k in 2020/21. Hardship funding is identified from existing budgets. However, this amount does not exclude approved applications being granted should the maximum allocated funding being exceeded.
- 3.7 Residents may also obtain advice and assistance on the hardship fund and CTS scheme from the Council’s Benefits Service, Citizens Advice Bureau, Tameside Welfare Rights Service and other local advice services such as MiNT. A total of one application for hardship relief was received in the 2019/20 financial year however the application was not eligible and no hardship monies were paid out.
- 3.8 All claimants have to pay at least 25% of their Council Tax liability and the Council continues to face significant financial challenges in how much the Council has to spend on services particularly in response to COVID-19. Cuts in funding from government have a significant impact on spending as government funding provides the greater proportion of the Council’s finance, and the money raised from Council Tax paid by local residents makes up only one third of the Council’s funding.
- 3.9 It is clear that given the financial challenges we face that a local CTS scheme must be set taking into account the finances that are available as any increase in costs of the CTS scheme is borne by Council Tax payers.

#### **4 FACTORS TO BE CONSIDERED**

- 4.1 In considering whether any revisions to the CTS scheme are appropriate it is important to take into account current costs, caseload, external influences such as changes in legislation, changes directed by a Tribunal, funding and scheme wording.
- 4.2 The Council is committed to maximising the wellbeing of the people of Tameside in providing support to them as much as possible and support takes different forms such as financial advice and support as detailed in Section 3.6. Consideration has been given to the current cost of the scheme which is £14.8m and the maximum support available to CTS

claimants. The current maximum award is set at being 75% of a claimants Council Tax liability subject to income and circumstances such as the Council Tax band of the property. Should Council Tax levels increase or the caseload increase in future years then the cost of the scheme will increase.

4.3 It is clear given the financial challenges the Council continues to face that a local Council Tax Support scheme must be set taking into account the finances that are available, in addition to external factors as follows:

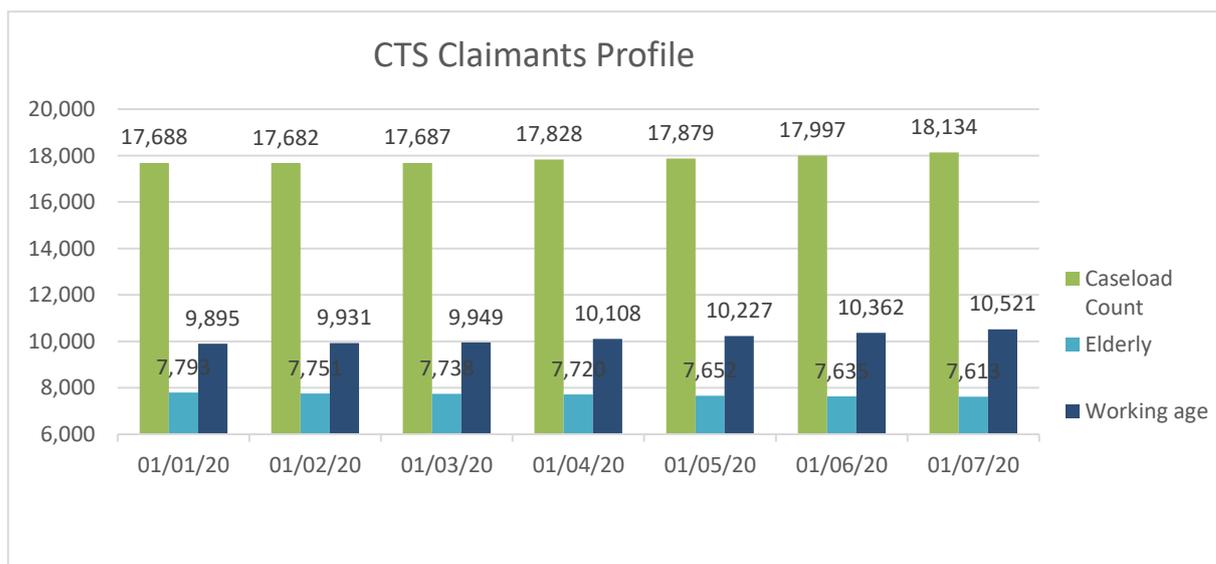
- Impact of COVID-19 and additional £150 reduction awarded by government
- Valuation Tribunal direction
- MHCLG guidance

4.4 Impact of COVID-19 Whilst the economic situation is not a procedural factor to be considered when setting a scheme as required by law, the Council does have a duty to consider the impacts of the economy on financially vulnerable residents. The impact of COVID-19 has been unprecedented in terms of people being out of work due to being furloughed or losing their job. This has impacted on the numbers of claimants for both Universal Credit and Council Tax Support.

4.5 The number of new CTS claims by month is detailed below however not all that apply will meet the eligibility criteria as CTS is means tested. The number of changes in circumstances for existing claimants is also detailed in Table 4.

|       | Jan 2020 | Feb 2020 | Mar 2020 | Apr 2020 | May 2020 | Jun 2020 |
|-------|----------|----------|----------|----------|----------|----------|
| TOTAL | 459      | 403      | 786      | 506      | 422      | 536      |

4.6 Table 3 above confirms that new claims rose sharply in March with April and June also seeing an increase in claims made which suggests that residents may have lost employment or been furloughed, however May suggests that new claims were comparable to pre lockdown numbers. Graph one below details the increase in claimant numbers from January this year to date.



4.7 Table 4 below suggests that existing claimants submitted a change in circumstances that would affect their CTS claim was higher in March. This could be because claimant's income changed as a result of lockdown, however claimant's circumstances change for a variety of reasons and not all are attributed to change in income.

|              | <b>Jan 2020</b> | <b>Feb 2020</b> | <b>Mar 2020</b> | <b>Apr 2020</b> | <b>May 2020</b> | <b>Jun 20</b> |
|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| <b>TOTAL</b> | 111             | 73              | 138             | 112             | 79              | 120           |

- 4.8 The rise in the number of CTS claimants does not correspond with the number of claimants of Universal Credit in Tameside, as the UC claimant numbers are significantly higher. This suggests that the impact of COVID-19 and lockdown had a considerable financial effect in the borough however not all claimants of Universal Credit have a Council Tax liability hence numbers of UC claimants being higher than CTS applications being received. Claimants of Universal Credit and/or Council Tax Support may be in work in low paid jobs and already claiming CTS.

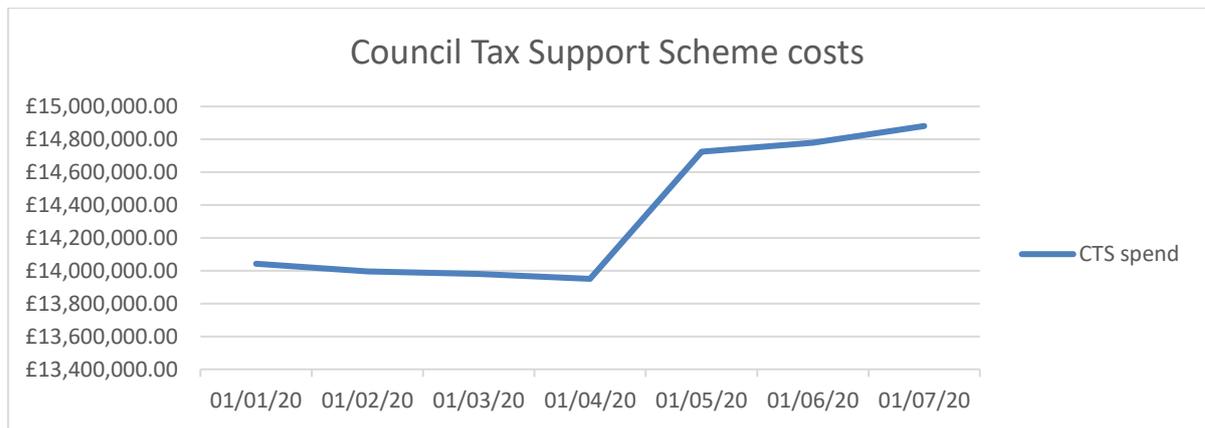
|                          | <b>Jan 2020</b> | <b>Feb 2020</b> | <b>Mar 2020</b> | <b>Apr 2020</b> | <b>May 2020</b> | <b>Jun 2020</b> |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>In employment</b>     | 9,293           | 9,804           | 10,033          | 13,290          |                 |                 |
| <b>Not in employment</b> | 4,984           | 5,165           | 5,342           | 7,532           |                 |                 |
| <b>TOTAL</b>             | 14,281          | 14,973          | 15,382          | 20,825          | 24,544 *        |                 |

\* Data is provisional

Excludes pensioners

Source: DWP data as at June 2020

- 4.9 Recent data from the Office for National Statistics (ONS) official labour market statistics suggests that 27,700 (29.5%) of employments of Tameside residents are furloughed. The data is based on employees residential address and some employees may have more than one job.
- 4.10 As at 23 June 2020 a number of lockdown restrictions were lifted further following the opening of non-essential shops from 15 June. The latter announcement permitted pubs, restaurants, hotels and hairdressers, museum and galleries to re-open from 4 July. The furlough scheme does not end until October and so it is difficult to predict how many people may remain on furlough, and for how long, between now and October, or whether a significant number of people will now return to work, or be made redundant at the end of furlough.
- 4.11 What is clear however is that should the caseload continue to rise in Q2 and Q3 when furlough scheme ends and if unemployment increases, then the costs of the scheme will rise as indicated in the graphs of caseload and costs to date. It must be borne in mind however that claimant numbers and costs of the scheme changes on a daily basis due to changes in claimant's circumstances, however should claimant numbers continue to rise at the same rate then scheme costs may increase by up to an additional £1m by the end of December 2020 (Quarter 3).



**£150 reduction.** In response to the COVID-19 economic situation the government announced additional monies to be paid to claimants in receipt of Council Tax Support which equates to a £150 reduction off Council Tax bills for all existing and new claimants. This is paid in addition to any Council Tax Support awarded. This £150 reduction was subject to a report to Covid Board on 8 April 2020, and will benefit the financially vulnerable in Tameside by having less Council Tax to pay in the current financial year 2020/21.

- 4.12 **Valuation Tribunal direction** The Valuation Tribunal Service considers appeals by any resident with regard to Council Tax Support schemes. The Tribunal Service is independent of the Council. On occasion the Valuation Tribunal may advise a local authority to reconsider elements of the scheme which can be for a number of reasons and, bearing in mind that each local authority will set its own scheme, any decision of the Tribunal can only be directed to the local authority scheme being considered at appeal. Tameside has not received any direction from the Valuation Tribunal Service.
- 4.13 **MHCLG guidance** The Ministry for Housing, Communities and Local Government (MHCLG) have not issued any guidance on what local authorities should consider including in their local scheme for the forthcoming financial year. Should MHCLG release guidance at a future date then this would be included in a revision to the scheme to be set in February 2021.
- 4.14 The Local Government Ombudsman may also make generalised recommendations (as opposed to guidance) for all local authority schemes arising from complaints received.
- 4.15 Given the above factors, and the £150.00 reduction on the amount of Council Tax payable for every working age claimant awarded by central government, no revisions to the scheme are proposed to be made, save for the annual upratings of welfare benefit amounts and urgent changes to legislation which are not anticipated.

## 5 EQUALITIES IMPACT ASSESSMENT

- 5.1 The Equality Act 2010 makes certain types of discrimination unlawful on the grounds of age, gender, gender reassignment, race, disability, maternity, sexual orientation, religion or belief.
- 5.2 Section 149 of the Equality Act 2010 places the Council and all public bodies under a duty to promote equality. All public bodies, are required to have regard to the need to
  - Eliminate unlawful discrimination.
  - Promote equal opportunities between members of different equality groups.
  - Foster good relations between members of different equality groups including by tackling prejudice and promoting understanding.

- Eliminate harassment on the grounds of membership of an equality group.
- Remove or minimise disadvantages suffered by members of a particular equality group.
- Take steps to meet needs of people who are members of a particular equality group.
- Encourage people who are members of an equality group to participate in public life, or in any other area where participation is low.
- This specifically includes having regard to the need to take account of disabled people's disabilities

5.3 The Act therefore imposes a duty on the Council which is separate from the general duty not to discriminate. When a local authority carries out any of its functions, including deciding what CTS scheme to adopt, the local authority must have due regard to the matters within the section of the Act outlined above. The Courts have made it clear that the local authority is expected to rigorously exercise that duty.

5.4 A review of equalities information takes place every quarter to ensure that the CTS scheme is operating as expected and to ensure that no one equalities group is adversely affected. The equalities groups considered are by age, gender, disability and maternity. The categories of gender reassignment, sexual orientation and religion or belief are not considered as this information is not required to be held when processing Council Tax Support which is a means tested benefit.

5.5 The last quarterly review in June 2020 revealed that there continues to be no adverse impact on any specific equalities group. Detailed equalities analysis will be included in the annual CTS reporting document which is to be considered by the Executive Cabinet when setting the scheme.

5.6 The population of Tameside is estimated at 226,493 based on the latest mid-year population (2019 stats). Trends show an ageing population. Tameside has 18,134 CTS claimants as at June 2020 and of these 7,602 have reached pension credit age and are therefore fully protected under legislation contained in the prescribed scheme and will not see any change in their benefit entitlement.

5.7 In addition to considering the key characteristic groups it is important to consider that the scheme in place remains largely the same as that in place from 2013/14 with the revisions detailed in Section 1 of this report.

## **6 RISKS**

6.1 The decision as to whether to change the CTS scheme for the forthcoming year carries the risk of the unknown in terms of a potential increase in new claims, and therefore increased costs, after the furlough scheme ends in October 2020. The question in changing the scheme would be to either make more generous, the cost of which is borne by all Council Tax payers, or less generous. In considering to be more generous it should be considered that £150 hardship payment from central government in response to COVID-19 has been payable to all working age recipients of Council Tax Support, in addition to Council Tax Support awarded, which has the effect of reducing the amount of Council Tax to pay.

6.2 MCHLG issuing guidance which local authorities must take into account in implementing any future scheme. MCHLG are aware of the legislative timescale within which a local scheme must be set. Therefore, should MCHLG wish to issue guidance to be included in a future year's scheme then every local authority would be in the same position of a tight timescale within which to consult and redraft the scheme. The same applies with an outcome arising from a Tribunal decision however such matters cannot be foreseen.

- 6.3 In making a decision as to whether or not the scheme as set from April 2020 should continue in April 2021 is complying with the procedural matter as set in Paragraph 5(1) of Schedule 1A to the 1992 Local Government Finance Act.
- 6.4 Equality reviews on the scheme currently takes place every quarter and an equality impact assessment will be included in the later report to set the scheme for 2021/22.

## **7 CONCLUSION**

- 7.1 Council Tax Support claimant numbers and costs have increased from the end of Q4 2019/20 and end of Q1 2020/21 by 306 claimants and an estimated increase in costs of £895k, with the highest number of new claimants being people of working age. This is expected as a result of the Covid-19 economic situation and the scheme continues to operate as expected.
- 7.2 Scheme claimant numbers are not consistent with the number of people furloughed in the borough according to DWP data or those claiming Universal Credit, or ONS data for those furloughed. This could be because residents have more than one job or do not have a Council Tax liability in respect of the high numbers of furloughed residents, and claimants of Universal Credit equally may not have a Council Tax liability i.e. younger adults living with parents.
- 7.3 In addition to any Council Tax Support awarded, the government has awarded a reduction of £150.00 for all working age Council Tax Support claimants with a Council Tax liability. This will have the effect of paying considerably less Council Tax for working age claimants. Claimants of pension age continue to be fully protected.
- 7.4 The scheme in terms of equalities monitoring is operating as expected and this will continue to be monitored every quarter. Monitoring of claimant numbers and scheme costs will also continue to be monitored monthly and particularly post October when the furlough scheme ends.
- 7.5 Support remains in place for all claimants in respect of the hardship fund and advice available from both the Council and partner agencies remains in place.
- 7.6 No Tribunal directions have been received in respect of having to change the scheme and no legislative changes from MHCLG are expected.
- 7.7 In view of the above no proposals are made to change the scheme for 2021/22 save for the annual uprating of welfare benefit amounts set by central government.

## **8 RECOMMENDATIONS**

- 8.1 As set out at the front of the report.