

Corporate Policy Committee

Date of Meeting:	06 July 2021
Report Title:	Consultation on Council Tax Support Scheme 2022/23
Report of:	Alex Thompson, Director of Finance and Customer Services
Report Reference No:	CP/12/21-22
Ward(s) Affected:	All

1. Executive Summary

- 1.1.** This report is to seek approval from the Committee on proposals to consult on the Council Tax Support Scheme for 2022/23. The Scheme provides reductions in Council Tax to give financial assistance to people on low incomes. The Committee will receive feedback from the consultation process prior to making recommendations to Council of any potential amendments to the scheme.
- 1.2.** The Medium Term Financial Strategy set out Council Tax increases for Cheshire East Council of 4.99% in 2021/22 and subsequent annual increase of 1.99%. Locally the Council has seen large increases in claims for support, particularly related to people affected by the pandemic. The Council Tax increases were important to provide financial stability and support essential services. In agreeing the MTFS, a commitment was made to review the Council Tax Support Scheme to see how households on low incomes could be protected and the proposals will be developed to ensure the MTFS is not adversely affected. To amend the scheme requires consultation and a subsequent Council decision as part of the process to set the Council Tax Base each year.
- 1.3.** The consultation will consider options to increase support levels whilst remaining affordable within the Council's financial strategy. The review aims to minimise the impact of increasing Council Tax levels.

2. Recommendations

- 2.1.** To agree to a formal consultation on the Council Tax Support Scheme for 2022/23
- 2.2.** To delegate final design of the consultation material to the Director of Finance and Customer Services in consultation with the Chair and Vice Chair of the Committee.

3. Reasons for Recommendations

- 3.1.** The caseload for Council Tax Support has increased by 37% during the pandemic (see **table 2** at **5.6**). As part of a package of financial support to local authorities MHCLG provided a grant of £3.37m (The Local Council Tax Support Schemes grant) to assist with the additional pressures households are facing. In setting the MTFs the Council disregarded this grant for two reasons; to recognise the risk of the increasing caseload and to provide potential flexibility to review the scheme and increase overall levels of support. The options being considered are modelled against the available grant and the potential feedback from the consultation, when received.
- 3.2.** Under the current scheme all working age customers must contribute a minimum of 25% towards their Council Tax liability but the level is capped to that of a Band B property in their area. The 4.99% increase in Council Tax for 2021/22 disproportionately affected those on lower income.
- 3.3.** The proposed changes to the Council Tax Support scheme being consulted on can ensure the most vulnerable are supported whilst recognising the financial challenges the Council faces.

4. Other Options Considered

- 4.1.** The scheme could remain unchanged, without any requirement for consultation, subject to the annual approval required by full Council (income bands will increase by CPI).
- 4.2.** The consultation could consider widening the income bands within the scheme so that maximum awards could be increased, however this would exceed the funding available, reducing the tax base further and unbalance the current MTFs.
- 4.3.** Consultation could consider an award of a set amount to each household in receipt of Council Tax Support similar to the Council Tax Covid-19 Hardship Fund. Under that fund those in receipt of Council Tax Support during 2020/21 were awarded up to an additional £150 on top of their normal award. This fund was based on a specific response to the pandemic. The future local scheme should remain sustainable and consistent with the accessibility of the current scheme and does not therefore consider 'lump sum' or 'set amount' payments.

5. Background

- 5.1.** Council Tax Benefit was abolished as part of Central Government's welfare reform changes. This was replaced in April 2013 by a local Council Tax Support Scheme approved by full Council each year.
- 5.2.** The Council's scheme only affects those of working age. This means pensioners are not affected by this consultation. MHCLG maintain the scheme for pensioners at a national level, which mirrors the former Council Tax Benefit.
- 5.3.** The local scheme was last fully reviewed in 2019, and changes were made for 2020/21 following a public consultation, approved by Council on 19 December 2019. This change introduced a 'banded scheme', that is reviewed annually in line with the Consumer Price Index for September of the preceding year.
- 5.4.** The current bands for 2021/22 are as follows:

Single		Couple		Family – one child		Family – two or more children		Maximum Council Tax Support
0.00	90.45	0.00	140.70	0.00	201.00	0.00	291.45	75%
90.46	115.58	140.71	170.85	201.01	231.15	291.46	321.60	60%
115.59	140.70	170.86	201.00	231.16	271.35	321.61	361.80	45%
140.71	165.83	201.01	231.15	271.36	301.50	361.81	391.95	30%
165.84	190.95	231.16	261.30	301.51	321.60	391.96	411.05	15%

1 Council Tax Support income bands 2021/22

- 5.5.** In addition, the following are considered when determining entitlement:
- Disregard the first £40 of weekly income for those households where the claimant, partner or child are classed as disabled (under the former Council Tax Benefit legislation)
 - Fully disregard Carer's allowance, child benefit, maintenance payments for children, Personal Independence Payment or Disability Living Allowance, Armed Forces Independence Payments, charitable payments, Fostering Allowance and Guardian's Allowance
 - Housing Costs are disregarded from Universal Credit income (remainder of Universal Credit income is taken into account)
 - Disregard the first £25 of combined earnings of the claimant and partner (if applicable)
 - Deduction from earnings for child- care costs from those working (not in receipt of Universal Credit): maximum of £175 for one child or £300 for two or more children each week
 - Capital is not considered but those with £6,000 or more are not entitled
 - A fixed weekly deduction is made for other adults in the household of £8 per week
 - There is a minimum award of £2 per week (nothing is awarded if less than this amount)

- Claims can be backdated up to 1 year where continuous good reasons are shown for the delay

5.6. The working age caseload has increased by 37% during the pandemic with more households facing financial difficulties.

Date	Pensioners	Working age	Combined
May 2021	8,008	12,827	20,835
Mar 2021	8,058	13,042	21,100
May 2020	8,273	12,145	20,418
Feb 2020	8,383	9,549	17,932
May 2019	8,720	9,306	18,026

2 Council Tax Support caseload

5.7. The consultation will seek views on the following proposals:

Increasing awards

- Increasing the cap on the maximum award from Band B to Band D
- Increase the maximum award for those passported to 100% from 75%
- Increase the maximum for other groups in the lowest income bands to 80% from 75%
- Disregard Industrial Injuries Disablement benefit and Industrial Death benefit in full
- Deduction from earnings for child-care costs from those working and in receipt of Universal Credit: maximum of £175 for one child or £300 for two or more children each week

Decreasing awards

- Small reductions in the income levels of the bands for those not on the lowest income
- Increase the fixed non-dependant deductions from £8 to £9 per week and increase each year in line with CPI (the same as the income bands)
- Reduce the earnings disregard for single people and couples without children to £20 instead of £25 per week

Administration of the scheme

- Re-write the regulations in a clearer way and allow for more general disregards of new one-off grants. Currently only specific grants can be disregarded and the scheme is finalised each March. If a new grant is announced mid-year it cannot be disregarded until the scheme is reviewed for the following year, whereas other benefits can be updated in-year.

6. Consultation and Engagement

- 6.1.** A formal public consultation is planned to run from mid July 2021 to late September 2021 to seek views on the proposed changes to the scheme.
- 6.2.** This will be promoted on the Council's web site and with key stakeholders and during each contact with Council Tax Support customers (telephone, email and letter).

7. Implications

7.1. Legal

- 7.1.1.** Section 13A of the Local Government Finance Act 1992 (as amended) places a duty on the Council to make a scheme specifying the reductions to Council Tax for those:
 - Persons whom the Council considers to be in financial need, or
 - Persons in classes consisting of persons whom the Council considers to be, in general, in financial need
- 7.1.2.** Schedule 1A of the Local Government Finance Act 1992 sets out what a Council must include in its Council Tax Reduction Scheme, including the basis upon which any reduction under the scheme may be awarded. The schedule also requires that the Council conducts a consultation in respect of the proposed scheme.
- 7.1.3.** Before making a scheme, the authority must (in the following order)—
 - (a) consult any major precepting authority which has power to issue a precept to it,
 - (b) publish a draft scheme in such manner as it thinks fit, and
 - (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 7.1.4.** The scheme must be approved by full Council before the start of the financial year it relates to. Once approved by Council the authority must publish the scheme in such manner as it thinks fit.

7.2. Finance

- 7.2.1.** The Council Tax Support Scheme has an impact on the Council Tax base as it reduces the amount of Council Tax billed to eligible households.
- 7.2.2.** The tax base reflects assumptions around the Council Tax Support Scheme. Since it was introduced the cost has been monitored and an allowance for risk was added. The risks include uncertainty over the economy including the risk of a major rise in caseload.

- 7.2.3.** Following the consultation, the proposed scheme will be modelled and costed to fall within the budget proposed for 2022/23.
- 7.2.4.** The recommendations to Council will consider use of the Local Council Tax Support Schemes grant of £3.37m from MHCLG. This can be used to cover some reduction in the tax base resulting from the potential new scheme, but also recognising the additional pressures as more households are facing financial difficulties as a result of the Covid pandemic.
- 7.2.5.** By modelling against the available grant and feedback received, the proposals will be developed to ensure the current MTFS is not adversely affected. The modelling will also reflect on how the scheme remains sustainable, without creating a 'cliff edge' when the grant funding has been fully spent.

7.3. Policy

- 7.3.1.** The change to the scheme supports the following strategic priority:
- An open and enabling organisation

7.4. Equality

- 7.4.1.** The equality impact assessment on the Council Tax Support Scheme has been updated to include the options being considered.

7.5. Human Resources

- 7.5.1.** There are no staffing implications; the scheme will continue to be managed by the existing officers in the Benefits Section.

7.6. Risk Management

- 7.6.1.** As the scheme is demand led, there is a risk that a large increase in demand will inflate the cost of the Council Tax Support scheme.
- 7.6.2.** To mitigate this, the tax base reflects assumptions around the caseload and an allowance for risk is added. Regular monitoring is undertaken and the proposed scheme has been modelled against the current caseload where possible.
- 7.6.3.** The Council is able to review the scheme on an annual basis, presenting the opportunity to reflect on the impact of any changes and whether subsequent amendments are necessary.
- 7.6.4.** The risk environment around COVID-19 remains dynamic. Risk registers have been maintained as part of the Council's response to date and the plans for recovery.

7.7. Rural Communities

- 7.7.1.** There are no direct implications for rural communities

7.8. Children and Young People/Cared for Children

7.8.1. There are no direct implications for children and young people

7.9. Public Health

7.9.1. There are no direct implications for public health

7.10. Climate Change

7.10.1. The Council Tax Support Scheme is fully digital; applications are made on-line and supporting evidence can be uploaded or submitted via email. Customers are encouraged to sign up to receive all the information in their online portal: [Cheshire East account](#)

Access to Information	
Contact Officer:	Liz Rimmer, Benefits Manager Liz.rimmer@cheshireeast.gov.uk 01270 371448
Appendices:	None
Background Papers:	Information on the current Council Tax Support Scheme: Council Tax Support (cheshireeast.gov.uk)