

Corporate Policy Committee

Date of Meeting:	2 December 2021
Report Title:	Council Tax Support Scheme 2022/23
Report of:	Alex Thompson, Director of Finance and Customer Services
Report Reference No:	CP/25/21-22
Ward(s) Affected:	All

1. Executive Summary

- 1.1.** Further to Central Government's welfare reform changes, Council Tax Benefit was abolished and from April 2013 has been replaced by a localised Council Tax Support Scheme. Full Council must approve the scheme each year.
- 1.2.** The current income-banded scheme was approved by Council on 19 December for 2020/21 and has been unchanged since, other than the income bands increased by Consumer Price Index (CPI) in April 2021.
- 1.3.** The Council's scheme only affects those of working age; pensioners are protected and MHCLG maintains this scheme, which mirrors the former Council Tax Benefit. Details of the Council's current scheme can be found at: [Council Tax Support \(cheshireeast.gov.uk\)](http://cheshireeast.gov.uk/council-tax-support)
- 1.4.** 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 have been developed to ensure the MTFS is not adversely affected.

- 1.5. A consultation has been undertaken, following agreement by Corporate Policy Committee on 6 July 2021, to inform the decision making and the results support the recommended changes to the scheme.

2. Recommendations

- 2.1. That Council be recommended to amend the Council Tax Support Scheme for 2022/23 as follows:

- 2.1.1. Increase the cap on the maximum award from Band B to Band D (those living in a property banded higher than a D will receive the same amount those living in a Band D)
- 2.1.2. Increase the maximum award for those passported to 100% from 75%. Passported covers those in receipt of Jobseeker's Allowance (Income-based), Employment and Support Allowance (Income-related) or Income Support. Also increase the maximum for other groups in the lowest income bands to 80% from 75%, and revise the bands as follows and continue to increase the income levels by CPI each year:

Single	Couple	Couple / lone parent with 1 child	Couple / lone parent with 2 or more children	Maximum award
£0 - £97	£0 - £140	£0 - £200	£0 - £290	80%
£97.01-£115	£140.01-£170	£200.01-£230	£290.01-£320	60%
£115.01-£140	£170.01-£200	£230.01-£260	£320.01-£350	45%
£140.01-£165	£200.01-£230	£260.01-£290	£350.01-£380	30%
£165.01-£190	£230.01-£260	£290.01-£320	£380.01-£410	15%

1 Income bands, categories, and awards for 2022/23

- 2.1.3. Disregard Industrial Injuries Disablement benefit and Industrial Death benefit in full
- 2.1.4. Deduct 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
- 2.1.5. 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)
- 2.1.6. Reduce the earnings disregard for single people and couples without children to £20 instead of £25 per week
- 2.1.7. Re-write the regulations in a clearer way and allow for more general disregards of new one-off grants.

3. Reasons for Recommendations

- 3.1.** The caseload for Council Tax Support has increased during the pandemic (see **table 3** 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.
- 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 can ensure the most vulnerable are supported whilst recognising the financial challenges the Council faces.
- 3.4.** The recommendations are supported following a public consultation (see **para 6**).

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 income bands could be widened 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.** A further option would be to 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 the changes proposed. 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%

2 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 during the pandemic with more households facing financial difficulties:

Date	Pensioners	Working age	Combined
Sep 2021	7,892	12,329	20,221
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

3 Council Tax Support caseload

6. Consultation and Engagement

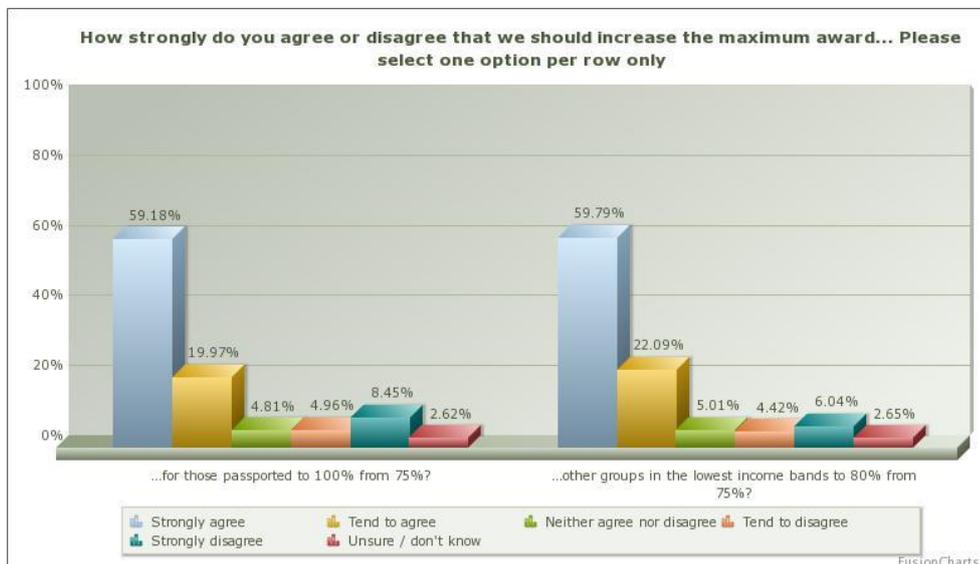
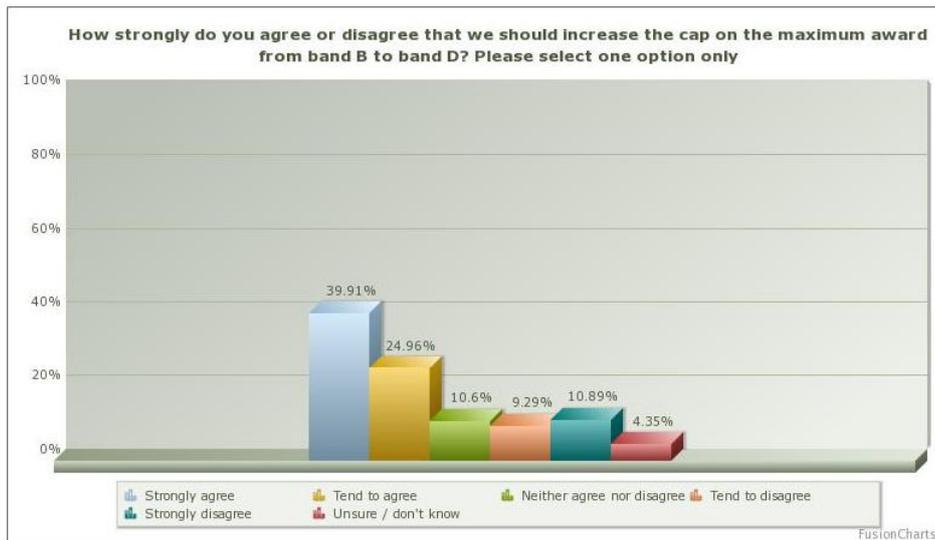
- 6.1. A formal public consultation took place from 19 July 2021 to 19 September 2021.
- 6.2. This was promoted on the Council's web site, social media channels and with key stakeholders including the major precepting authorities. Details were provided for customers during contact about Council Tax Support during this period by telephone, email and letter and an email was sent to over 9,000 current recipients inviting them to express their views.
- 6.3. A total of 694 completed response were received. The respondents covered a wide range of:
- Ages
 - Gender
 - Council Tax recipients and non-recipients
 - Postcode areas across Cheshire East
 - All household compositions
 - Ethnic origins
 - Religious beliefs
 - Carers
 - Those with day-to-day activities limited because of a health problem or disability
 - 6 responses on behalf of organisations
- 6.4. Most respondents supported the changes proposed as follows:

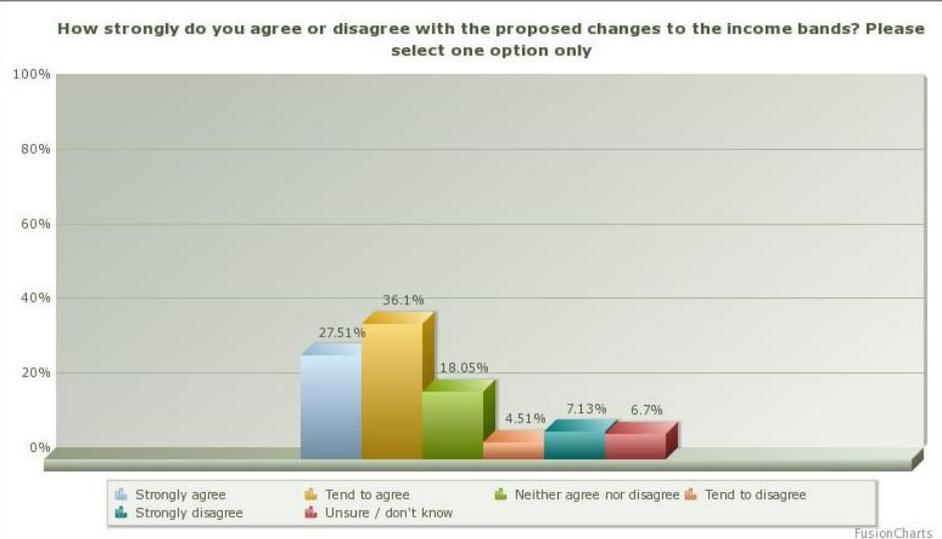
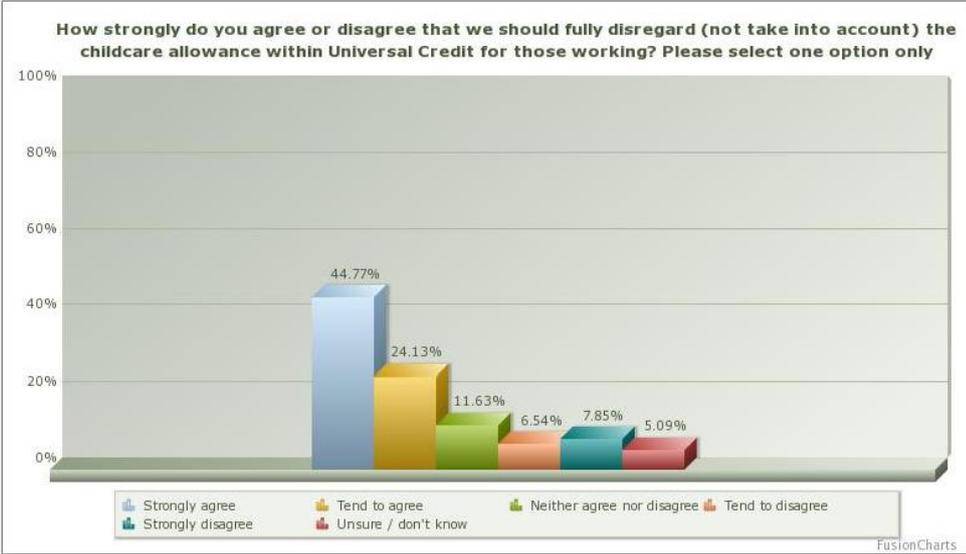
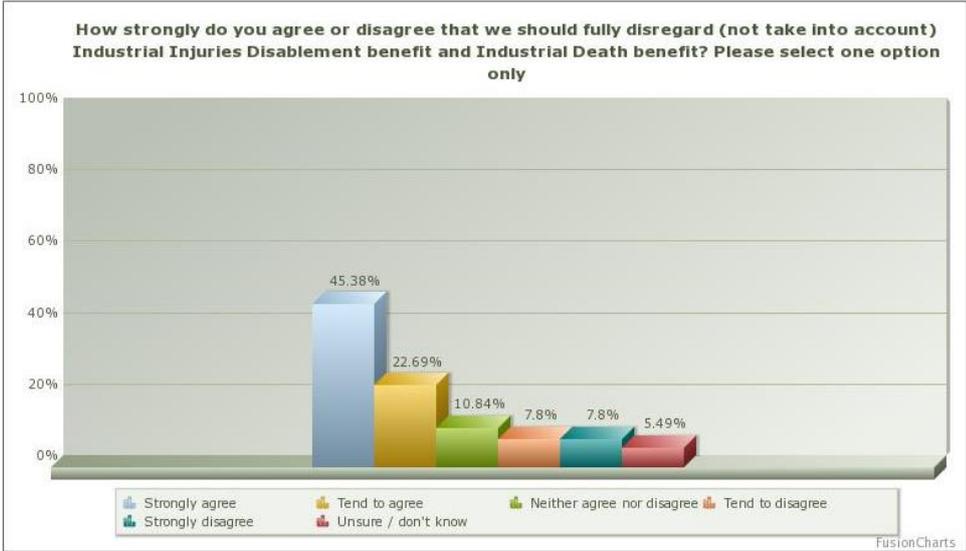
Proposal	Strongly agree	Tend to agree	Total % in agreement
Increase the cap from band B to Band D	39.9%	25%	64.9%
Increase the maximum award for passported customers to 100%	59.2%	20%	79.2%
Increase the maximum awards for other groups in the lowest bands to 80%	59.8%	22.1%	81.9%
Fully disregard Industrial Injuries Disablement benefit and Industrial Death benefit	45.4%	22.7%	68.1%
Disregard the childcare allowance within Universal Credit for those working	44.8%	24.1%	68.9%
Changes to the income bands	27.5%	36.1%	63.6%
Increase the non-dependant deduction to £9 per week	34.3%	18.1%	52.4%

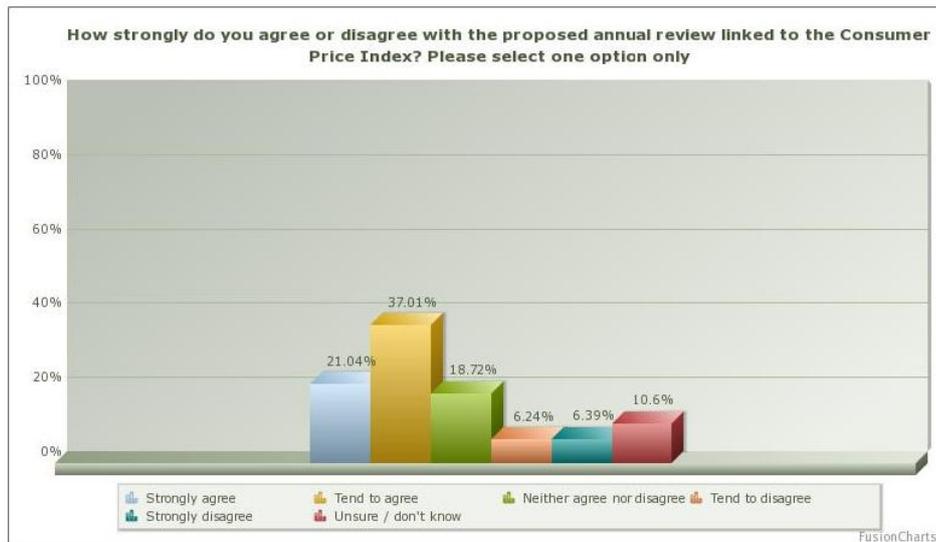
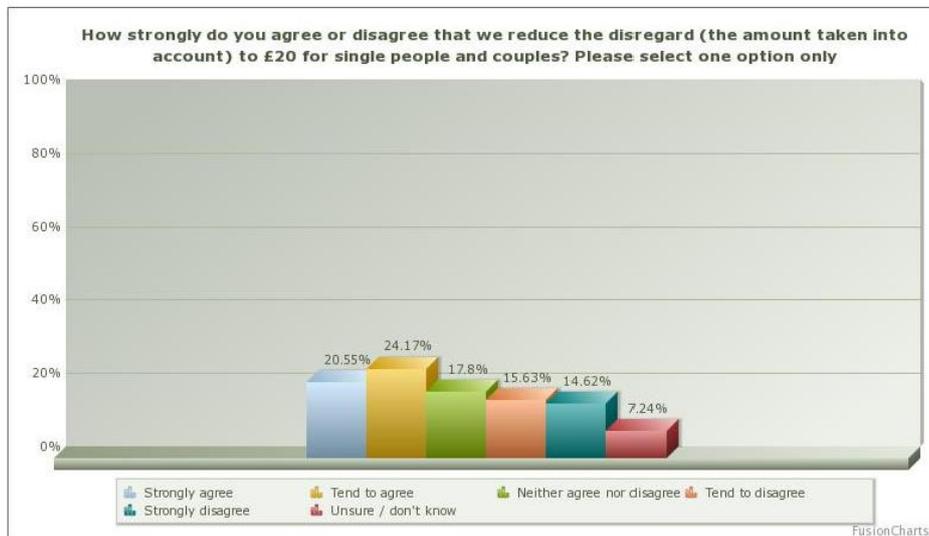
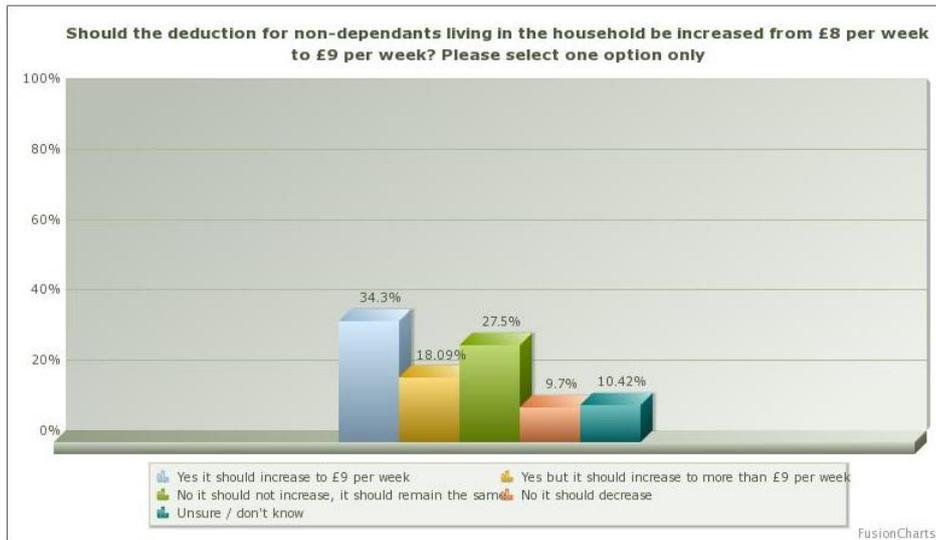
Proposal	Strongly agree	Tend to agree	Total % in agreement
Reduce the earnings disregard for single people and couples to £20 per week	20.5%	24.2%	44.7%
Link the annual review of income bands and non-dependant deductions to Consumer Price Index	21%	37%	58%

4 Summary of consultation response on proposals

6.5. The more detailed summary of the responses to the questions is shown in the following graphs:







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. The proposed scheme has been modelled and costed to fall within the budget proposed for 2022/23.
- 7.2.3.** 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 because of the Covid pandemic.

7.2.4. By modelling against the available grant and feedback received, the proposals ensure the current MTFS is not adversely affected. The modelling reflects on how the scheme remains sustainable, without creating a 'cliff edge' when the grant funding has been fully spent.

7.2.5. The cost of the proposals is currently:

Item	Cost / Saving (-ve)	Cumulative	Note
Increasing the cap from band B to band D	£200,372	£200,372	
Increase the maximum for other groups in the lowest income bands to 80% from 75% & passported to 100%	£1,201,529	£1,401,901	
Disregard Industrial Injuries Disablement benefit and Industrial Death benefit	£5,314	£1,407,215	
Deduction from earnings for child-care costs from those working and in receipt of Universal Credit	NA	£1,407,215	Will require manual data collection
Small reductions in the income levels of the bands for those not on the lowest income	£130,454	£1,537,669	
Increase the fixed non-dependant deductions from £8 to £9	-£97,039	£1,440,630	
Reduce the earnings disregard for single people and couples without children to £20	-£8,235	£1,432,392	
Simplifying the regulations	-£650	£1,431,742	Annual charge for preparing

5 Estimated cost of the proposals

7.2.6. This will be regularly reviewed as the caseload changes. Following the end of the £20 per week uplift in Universal Credit, most claimants will see an increase in their Council Tax Support as their income reduces. The effects of this change can be fully modelled by December.

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 see **Appendix 1**.

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 can 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. Those classed as disabled under the scheme (see **5.5**) are treated more favourably.

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:	Appendix 1 – Equality Impact Assessment
Background Papers:	Information on the current Council Tax Support Scheme: Council Tax Support (cheshireeast.gov.uk)