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| Classification | Item No. |
| Open | |

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| Meeting: | Cabinet |
| Meeting date: | 23 February 2021 |
| Title of report: | Local Council Tax Support Scheme 2021/22 |
| Report by: | Leader of the Council and Cabinet Member for Finance and Growth |
| Decision Type: | Key Decision |
| Ward(s) to which report relates | All |

Executive Summary:

- 1.1 Each year local authorities are required to formally approve their Council Tax Support Scheme. The scheme must be approved by Full Council and must be considered as part of the budget setting process. As part of the process, local authorities are required to consider whether to revise their existing scheme or replace it with a new one.
- 1.2 The report outlines the background, current scheme, context of overall Welfare Reform and recommendations for delivering a local scheme of Council Tax Support with effect from April 2021.

Recommendation(s)

That Cabinet approves the following recommendations for onward approval by Full Council:

- **the scheme continues in its current form for the year 2021/22;**
- **the current disregard of all War Widow's/Widower's Pension or War Disablement Pension is continued;**
- **the performance of the scheme continues to be closely monitored and will be reviewed and amended as appropriate on an annual basis.**

Key considerations

2 BACKGROUND

- 2.1 The current local scheme was introduced in Bury from April 2013. Prior to this, a national 'Council Tax Benefit' scheme was in place: Council Tax Benefit paid the full liability for Council Tax for the poorest claimants. Local authorities were, to all intents and purposes, fully funded by the Department of Work and Pensions for their Council Tax Benefit expenditure: Local Authorities therefore did not carry the risk of changing caseloads or changes in the level of deprivation.
- 2.2 The abolition of Council Tax Benefit and introduction of local schemes included the provision that the grant payable to Councils was set at 90% of the estimated spend on Council Tax Benefit in 2012/13. This meant that Councils had to address a 10% cut in the funding they received. Furthermore, the level of support was fixed, initially for 7 years, but has continued unchanged meaning that Councils had to bear the cost of increases in Council Tax and the risk of any increases in claimant numbers.
- 2.3 Before agreeing a scheme the Council had a duty to consult with major precepting authorities and such persons it considers to have an interest in the scheme.
- 2.4 The key issues the Council continues to face as a result of the introduction of local schemes are:
- The funding provided for the new provision was cut by 10% in 2013;
 - Funding levels remained static between 2013 and 2021;
 - The Government stipulated that the elderly were to be protected from any changes. This provision remains and means that as around 34% of Bury's benefit caseload are classed as elderly and therefore the impact of the funding reduction has a greater impact on the working age claimants within the borough;
 - The risk of changing caseloads was transferred to local authorities i.e. funding had to be determined in advance, not based on actual spend.

3 LOCALISED COUNCIL TAX SUPPORT

- 3.1 The scheme which was established in Bury in 2013, following consultation, reflected the Council's priority in considering the needs of vulnerable people and aimed to mitigate the detrimental impact of increased Council Tax and any reduction in Council Tax Support they would be entitled to.
- 3.2 The 2013 scheme successfully delivered on the above objectives whilst remaining within the available funding limits. However due to increases in Council Tax during the preceding years by 2017 the fixed budget was no longer capable of covering the schemes costs. In 2017 the scheme was amended so that the maximum amount that any Working age claim could receive was 80% of the liable Council Tax charge.

4 COUNCIL TAX SUPPORT SCHEME 2021/2022

4.1 The Council is required to review and amend its scheme annually.

4.2 In doing this it is necessary to consider a variety of factors:

- Performance of the scheme
- The level, and adequacy, of Government funding for 2021/22
- The Council's overall financial position
- Options for changing the scheme if required
- The outcome of previous consultation

Performance of the Scheme

4.3 The operation of the scheme appears to be meeting its objectives during the financial year 2020/21. As a result of the Covid 19 pandemic the case load had increased by 8% at its highest point in July and has now stabilised at 7% based on the December 2020 position.

4.4 At the same time, the Council is seeing an increase in the number of claimants who are in arrears on the amounts of Council Tax that they owe. Working practices have been amended to try and minimise the number of these accounts that proceed to recovery through the courts and beyond, however, year on year debts and the impact of Covid mean that a wide review of the Council's debt recovery processes is needed. This is currently underway and is also being considered in the context of the anti-poverty agenda and support for residents in need of assistance.

The level and adequacy of Government Funding for 2021/22

4.5 Due to Covid-19, Council Tax Support expenditure has increased by £1,267,873 and this has been, in part, offset by additional hardship funds that were provided by the government to all billing authorities at the outset of the pandemic. A continuation in demand at these levels would result in a cost pressure of c£1.35m in 2021/22 although it is anticipated that demand will continue to grow the longer the economic shutdown continues and once national wage support schemes, i.e. furlough, come to an end. Therefore additional costs are likely to be higher in the next financial year and the financial risk will need to be managed during the year.

4.6 In recognition of the increased costs of providing local council tax support the Government is making available a new 'Local Council Tax Income Support Grant' in 2020/21. A total of £2.080m has been received. This funding will be utilised to manage the financial impact in 2021/22 of increased demand.

The Council's Overall Financial Position

4.7 The Council, like most Authorities, is experiencing significant financial pressures due to funding reductions in previous years further impacted by the Covid pandemic. The Council is currently considering a range of options to reduce costs in future years in order to address a significant financial gap and proposals will be considered by Full Council in February 2021. Therefore the opportunity to provide additional funding is limited and would create a cost pressure that would need to be managed elsewhere within the Council's budget.

The Outcome of Previous Consultation

- 4.8 Any change in the Council Tax Support Scheme requires prior consultation with the major preceptor, the GMCA with regard to the Mayoral Police and Crime Commissioner precept and the Mayoral General Precept including Fire Services). There is also a requirement to carry out public consultation.
- 4.9 Given the financial position and the impact of Covid, no changes to the current scheme are proposed. There is therefore no requirement for formal consultation.

5 EXISTING ARRANGEMENTS WITHIN THE SCHEME

- 5.1 There are a number of existing arrangements within the scheme that require some consideration, one of which is for audit purposes to ensure there is continued visibility of some of the provisions within the current scheme:

War Widow's/Widower's Pension or War Disablement Pension

- 5.2 When deciding claims for Housing Benefit/Council Tax Support, the Social Security Administration Act 1992 section 134(8)(b) and 139(6)(b) provides Local Authorities with the discretion to increase the amount of war pension it disregards. Local Authorities can introduce a local scheme to disregard some or all of any War Widow's/Widower's Pension or War Disablement Pension remaining after the mandatory disregards have been applied. Bury currently applies a full disregard and have been doing so for a number of years. The auditors have asked that a reminder of this arrangement is set out in the report to members when considering the 2021/22 scheme as this is now a requirement of the annual audit certification process.

Council Tax Special Constable Discount Scheme

- 5.2 As part of the 2020/21 budget setting process it was agreed that a discount of 25% would be given against the Council Tax liability of any Special Constables living within the borough. The discount has been available from the 1st April 2020. The scheme has been updated to reflect the following criteria and the detail is set out in this report for completeness: To be eligible, a person must be:
- responsible for the Council Tax at an address within the borough (this includes jointly liable)
 - carrying out the duties of Special Constable for a Police force (evidence will be required)
- 5.3 The discount will be payable for the period that both criteria are satisfied. The discount is awarded by way of a credit on the Council Tax account for the property.

6 Discretionary Council Tax fund

- 6.1 A Discretionary Council Tax fund has been available for residents who may be experiencing significant hardship often as a result of multiple changes to the welfare system or complex circumstances, and a continuation of this fund is recommended at current levels. It should be noted that this fund has been supplemented during 2020/21 in response to the Covid pandemic and to reflect the changing welfare requirements and demands that are emerging. Monitoring arrangements are in place to review the fund position.

7 CONCLUSIONS AND RECOMMENDATIONS

7.2 It is recommended that:

- the scheme continues in its current form for the year 2021/22;
- the current disregard of all War Widow's/Widower's Pension or War Disablement Pension is continued;
- the performance of the scheme continues to be closely monitored and will be reviewed and amended as appropriate on an annual basis.

Community impact / Contribution to the Bury 2030 Strategy

Delivery of the Bury 2030 strategy is dependent on resources being available. The delivery of the strategy may be impacted by changes in funding and spending.

Equality Impact and considerations:

24. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Assessment of Risk:

The following risks apply to the decision:

| Risk / opportunity | Mitigation |
|--|---|
| The Covid pandemic has increased the number of eligible claimants for the scheme and there is a risk that funding may not be sufficient to cover all of the increased costs. | No changes to the scheme are proposed and the utilisation of the fund to support increased costs enables the council to maintain support at current levels. |
| The number of claimants requiring welfare support or who are unable to pay the remainder of the council tax bill is increasing as a result of Covid and this will increase pressure on the council in terms of costs and also other type of support and resources. | Regular monitoring is in place to review increase in demand and to consider further options for providing welfare and hardship support. |

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Consultation:

Legal Implications:

The legal implications are set out in the report.

Financial Implications:

The financial implications are set out in the report. The costs of the scheme are already being met from within existing resources. Careful monitoring will continue throughout the year to assess any changes and any impact on the financial position.

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Background papers:

Please include a glossary of terms, abbreviations and acronyms used in this report.

| Term | Meaning |
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