

**KEY DECISION: NO**

## **COUNCIL TAX SUPPORT SCHEME – 2022/23**

### **SUMMARY:**

This report sets out the work undertaken by the Council Tax Support Task and Finish Group, to review the Council's Council Tax Support Scheme (CTSS) and recommends action as follows:

### **RECOMMENDATIONS:**

Cabinet are requested to:

- a) Recommend to Council that the current Council Tax Support Scheme for working age customers continues for 2022/23 with the usual alignment to Housing Benefit rates.
- b) Commission the Council Tax Support Task and Finish Group to undertake a detailed review of the Council Tax Support Scheme in early 2022/23 to take into account the continuing impact of the Covid 19 pandemic and the increasing cost of the scheme and its local impact on scheme recipients and other local council tax payers.
- c) Note the deliberations and considerations of the Council Tax Support Task and Finish Group in arriving at recommendation a) and b) above

## **1. BACKGROUND**

- 1.1 Since 1 April 2013, local authorities have been providing their own Council Tax Support Scheme (CTSS) to replace the previous national Council Tax Benefit Regulations, which had supported residents with their Council Tax costs.
- 1.2 Whilst local authorities have the freedom to set their own local schemes, based on local circumstances and needs, local authorities are required to provide pensioners with the same level of support received under the previous national Council Tax Benefit arrangements.
- 1.3 Accordingly, most local authorities have devised hybrid schemes, whereby those of pensionable age receive up to 100% of their Council Tax bill in support, whilst the maximum level of support for working age customers is typically lower and a range of other local adjustments have been made.

- 1.4 In Rushmoor we are in our ninth year of operating our local scheme, which has been overseen by a cross-party Member Welfare Group, superseded in 2018 by the Council Tax Support Task and Finish Group, convened by the Overview and Scrutiny Committee.
- 1.5 In previous years, Rushmoor's local scheme has proved effective and Council Tax collection rates remained high at 97.9% for 2018/19, marginally down from 98% in 2017/18. A change to the maximum support someone can receive if they are of working age was reduced from April 2018 to 88% from 90%. For 2019/20 the collection rate was 97.8%, slightly lower than the previous year, and for 20/21 lower again at 96.8%. However, the situation has been closely monitored to understand the impact of Covid -19.
- 1.6 Due to a gradual recovery from the impact of furlough and job losses caused by the impact of Covid-19 on people's financial circumstances, there has been a slight improvement in the overall collection rate of Council Tax for this financial year so far. The collection rate at the end of September 21, was 94.19% in comparison to 93.5% at the end of September 2020.
- 1.7 Collection rates for recipients of CTS show a better position than those of the overall collection rate. The way these are calculated is slightly different to the main rates as CTS is awarded at the start of the year for up to the full annual charge. Main collection rates are calculated as a % of the Council Tax due in the year to date. The only date we are 100% sure of the actual figures is at 31 March 2022 when we have comparable figures.
- 1.8 For Working age recipients, the collection rate in terms of the amount of Council Tax paid for the full year and being paid in the current month (September 2021) was 72%. This was down on the same time last year, but the CT hardship grant paid in 20/21 was the main reason for this, with 62% of working age recipients having no balance to pay last year. For pension age recipients the collection rate is currently 98% which is slightly higher than pre-Covid. This is helped mainly by the pensioner CTS scheme allowing 100% support in most cases, due to it mirroring the previous national Council Tax Benefit scheme and a significant number of the remaining residents paying their instalments regularly.
- 1.9 It is assumed at the time of writing, that there will not be any additional financial support from the Department of Levelling Up, Housing and Communities(DLUHC) for 2022/23 to fund additional pressures on the local CTSS in England, on top of those in 2020/21.

## **2. WORK OF THE COUNCIL TAX SUPPORT TASK AND FINISH GROUP**

- 2.1 A Council Tax Support Task and Finish Group was established in 2019, as a sub-group of the Overview and Scrutiny Committee (OSC) and has been working to the previously agreed terms of reference.
- 2.2 The Group met on 17<sup>th</sup> August 2021, 6<sup>th</sup> October 2021, and 25<sup>th</sup> November 2021 to make their recommendations.

- 2.3 The Group considered the on-going impact of Covid-19 and associated data regarding the CTSS.
- 2.4 The Group weighed up several factors and paid specific attention to the following matters during their deliberations:
- Current collection rate for Council Tax payments in Rushmoor amongst CTS recipients
  - How collection rate last year compares in Rushmoor this year, as opposed to previous years
  - Council Tax Support caseload data
  - Comparable data relating to CTS schemes for other local authorities in Hampshire and across England.
  - Early collection rate for the main Council Tax data following the ending of furlough schemes and the gradual return to work for many who lost their jobs or suffered reduced hours.
  - ONS data and local employment statistics
  - Evidence and data presented by Citizens Advice
  - Changes to national welfare benefits such as Universal Credit
  - Options to change the scheme were presented such as reviewing the Banding Cap level, considering a reduction in the maximum amount of council tax liability eligible for support and reducing the savings threshold
  - The impact of likely Council Tax increase in 2022/23 on residents and the prioritisation of cost reductions and savings
- 2.5 The on-going position because of Covid-19 in respect of Council Tax collection and payments and the subsequent relatively slow recovery presents financial impacts on both the council and its residents. The current CTSS is familiar to customers and is relatively stable. The group agreed that this is not the right time to make fundamental changes, and indeed maintaining the current scheme for 2022/23 would help those of working age maintain a consistency at a time when they may be facing other personal and financial changes and challenges. Also, any scheme modelling and forecasting at this time using current data and information would be unlikely to provide a reliable picture of the longer-term claimant profile and caseload.
- 2.6 It is difficult to forecast the CTSS costs in 2022/23 with any degree of certainty due to the residual Covid-19 impacts and any further restrictions in terms of people being able to work from home and retain their jobs. This creates a continuing level of uncertainty with the current economic climate. We have seen a small drop in people claiming Council Tax Support which we can assume is due to an increase in their financial resources, but it is a little early to be clear how this might play out for the remaining months of 2021/22 and into the new year.
- 2.7 Having considered all the data available to answer the lines of enquiry set out in 2.4, ( full details of various comparable and alternate modelled options are contained within detailed appendices attached) and recognising that there were factors that would both support changes in 2022/23 and also bring into

question the timeliness of a change, the Group on balance considered that the best option to recommend to Cabinet was one of no immediate change but keep the scheme under close review and undertake a more fundamental review in 2022/23.

**Option put forward by the Group**

2.8 To maintain the CTSS for 2022/23, as an identical scheme to the current year, whilst the Council Tax Support Task and Finish Group continue to monitor the financial recovery from the impact of Covid-19 on people’s ability to pay the Council Tax. With the Covid-19 position being unprecedented it is not possible to forecast with any degree of certainty what will happen. However, early indicators do show that it would be reasonable to anticipate further decreases in CTS caseload and expenditure for the remainder of the financial year. Finally, the group were clear that they would recommend a fundamental review of the scheme in early 2022 using robust data and future consultation with the public and the major preceptors.

**TABLE 1:** Council Tax collection rates within Rushmoor, for those receiving CTS - % of those where full year paid and paying in September 21

CTS collection Rates at date stated	Collection rate for those of Working age	Collection Rate for Pensioners
September 2019	92.3%	95.8%
September 2020	85.5%	97.2%
September 2021	72.4%	98.1%

**TABLE 2:** Overall Council Tax collection rates

Month and Year	% Collected of in year charge due to date
September 2019	95.86%
September 2020	93.50%
September 2021	94.19%

2.9 Presently expenditure on the CTS scheme is £5,173,766. The table below shows the comparative position.

**TABLE 3:** Council Tax Support – award data

CTS paid by group	September 19	September 20	September 21
Pensioner	£2,103,187	£2,137,277	£2,188,528
Working age	£2,290,835	£2,530,525	£2,985,237
Total	£4,394,022	£4,667,803.	£5,173,766

- 2.10 At 30 Sept 2021, the cost of CTS was £5,174m. As you can see from Table 3, the cost at the end of September 20 was £4.668m an increase of £0.506m.
- 2.11 The cost of the scheme is higher than at the same time in 2020 but it has dropped during 2021/22 from £5.220m in April 2021 to £5.174m in September 2021. This is a reduction of £46k and is due to the caseload beginning to reduce as people come off furlough and go back into work after Universal Credit. If we see the same level of reduction in the second half of the year, expenditure for 2021/22 could decrease by £90k. At this level, the reduction in cost to Rushmoor for the 21/22 scheme would be £12k.

### **3. LEGAL IMPLICATIONS**

- 3.1 There are no specific legal implications resulting from this report. The Council has already had an established CTSS and does not wish to make any changes for 2022/23.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 Whilst there are no financial implications arising directly from this report, the estimated cost of the Council Tax Support Scheme for 2022/23 will be included when calculating the total amount of Council Tax income for the year. Increases in the cost of the CTS scheme will have a direct impact on the amount of Council Tax that is assumed in the revenue budget for 2022/23. A reduction on the level of Council Tax will increase the pressure on the Council's Revenue budget and further savings or cost reductions may need to be identified to ensure a balanced budget can be agreed
- 4.2 Members will need to consider the financial implications of the scheme when considering the Budget for 2022/23 at the Council meeting in February 2022.

### **5. CONCLUSIONS**

- 5.1 Cabinet are asked to consider the issues raised in this report and to follow consider the Group's recommendation, that the Option as described in 2.8, be adopted.

**Councillor Diane Bedford**  
**Chairman of Council Tax Support Task and Finish Group**

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**BACKGROUND DOCUMENTS:**

- 17<sup>th</sup> August 2021 presentation to Council Tax Support Members Task and Finish Group
- 6<sup>th</sup> October 2021 presentation to Council Tax Support Members Task and Finish Group
- 25<sup>th</sup> November 2021 presentation to Council Tax Support Members Task and Finish Group

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