

COUNCIL TAX SUPPORT SCHEME - 2021/22

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) Following the review of Council Tax Support by the Task and Finish Group, recommend to full Council that the current scheme for working age customer continue for 2021/22 with the usual alignment to Housing Benefit Rates. This does not require consultation.
- b) In light of the impact of the Covid-19 pandemic, a fundamental review of the Council Tax Support scheme be deferred until 2021/22.
- c) Recommend that any remaining funds from the Covid-19 Council Tax Hardship Fund be used to continue to support recipients of CTS, alongside the Council's own Exceptional Hardship Fund.
- d) Note the deliberations and considerations of the Council Tax Support Task and Finish Group in arriving at recommendation a) and b) above
- e) Note the Group's view on Hardship Funds and Government funding in 2021/22 (paragraphs 1.12 and 1.13)

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we are in our eighth year of operating our local scheme, which has been overseen by a cross-party Member Welfare Group, superseded in 2018 by the Council Tax Support Task and Finish Group, convened by the Overview and Scrutiny Committee.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 98.0% 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, however the situation has been closely monitored to understand the impact.
- 1.6. Due to the impact of Covid-19 on people's financial circumstances, there has been a downturn in the overall collection rate of Council Tax for this financial year. At the end of September 2020, it was 93.5% in comparison to 98.5% at the end of September 2019. Examples affecting the downturn in collection were where people asking for deferrals of their instalments from April 2020 and May 2020, meaning in most cases people will continue to pay in February and March, the normal 'free' months. Also, the Government's furlough scheme where people may not have had the 20% top up to their earnings from the employer, caused people to miss those early payments or pay less than was due. Or others who became unemployed and there were delays in claiming Universal Credit which resulted in no income.
- 1.7. As part of its response to Covid-19, the Government announced in the budget in March 2020 that it would provide local authorities with £500m of new grant funding to support economically vulnerable residents in 2020/21. Rushmoor's share of this 2020/21 grant funding was £0.542m. The Government expected local authorities to use their discretionary powers under Section 13 A (1) C of the Local Government Finance Act 1992 to provide all recipients of working age Council Tax Support with a further reduction of up to £150 in 2020/21.
- 1.8. Following development of software to administer this award, all working age recipients on 01 April 2020 received the additional £150 and revised bills were issued in April 2020 to over 2,500 residents. Current expenditure from this hardship fund stands at £0.385m which represents 70% of the original allocation. As CTS take up continues to increase, it is expected that most of this fund will be spent on awarding the lump sum payments. However, the Group have recommended that if there is any remaining funding it is to continue to provide financial assistance for working age CTS recipients alongside the councils Exceptional Hardship Fund of £12k for 2020/21.
- 1.9. 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.

- 1.10. 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 2020) was 85%. This was up on the same time last year, but the CT hardship grant is the main reason for this, with 62% of working age recipients having no balance to pay for the year. For pension age recipients the collection rate is currently 97% which is 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.
- 1.11. It is assumed at the time of writing, that there will not be any additional financial support from the Ministry of Housing, Communities and Local Government for 2021/22 to fund additional pressures on the local CTSS in England, on top of those in 2020/21.
- 1.12. The Group discussed the longer-term pressures on vulnerable individuals and families from Covid-19 and recognised the pressures there may be around their Council Tax costs in 2021/22. The Group recommended that the Council asks the Government, through the Local Government Finance Settlement consultation, for Hardship Funding to continue in 2021/22.
- 1.13. On 25 November 2020, the Chancellor announced in the Spending Review £670m funding to support working age Council Tax Support recipients. At the time of writing this report, it is unclear as to how much funding would be allocated to Rushmoor. Further details are expected in the Local Government Finance Settlement in late December 2020.

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

- 2.1. A Council Tax Support Task and Finish Group was established last year, 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 02 March 2020 and 06 October 2020 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
 - Early collection rate data following the onset of the Covid-19 pandemic

- The impact of the CT Hardship Funding in 2020/21

2.5 The current unprecedented position as a result of Covid-19 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 2021/22 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 2020/21 with any degree of certainty due to the current Covid-19 impacts, and the further take up of CTS anticipated through the rest of this year due to the uncertain economic climate and the end of government support schemes, such as furlough.

2.7 Having considered all the data available to answer the lines of enquiry set out in 2.4, the Group considered that there was only one potential option to recommend to Cabinet for consideration.

Option put forward by the Group

2.8 To maintain the CTSS for 2021/22, as an identical scheme to the current year, whilst the Council Tax Support Task and Finish Group continue to monitor 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 but there is a likelihood of further job losses and more people out of work, and as such it would be reasonable to anticipate further increases in CTS caseload and expenditure for the remainder of the financial year. Therefore, the intention would be to only recommend changes based on significant evidence and data from a possible review of the scheme in 2021 for future consultation with the public and the major preceptors. Furthermore, this would all be considered taking into account the continuing evidence available during these uncertain times.

TABLE 1: Council Tax collection rates within Rushmoor, for those receiving CTS - % of those where full year paid and paying in September 2020

CTS collection Rates at date stated	Collection rate for those of Working age	Collection Rate for Pensioners
September 2018	83.4%	91.9%
September 2019	92.3%	95.8%
September 2020	85%	97%

TABLE 2: Overall Council Tax collection rates

Month and Year	% Collected of in year charge due to date
September 2018	95.84%
September 2019	95.86%
September 2020	93.50%

- 2.9 Presently expenditure on the CTS scheme is £4.668m. The table below shows the comparative position.

TABLE 3: Council Tax Support – award data

CTS paid by group	September 2019	September 2020
Pensioner	£2,103,186.63	£2,137,277.80
Working age	£2,290,835.95	£2,530,525.31
Total	£4,394,022.58	£4,667,803.11

- 2.10 At 30 September 2019, the cost of CTS was £4.394m. As you can see from Table 3, the cost at the end of September 2020 was £4.668m an increase of £0.274m.
- 2.11 The cost of the scheme is higher than expected but understandable, due to the impact of Covid-19. If we see the same level of take-up in the second half of the year, expenditure for 2020/21 could increase to £4.791m. At this level, the cost to Rushmoor for the 2020/21 scheme would be £62k.

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 2021/22.

4. FINANCIAL IMPLICATIONS

- 4.1 The report has outlined impact of Covid-19 on the Council Tax Support Scheme and projected costs for 2021/22 should the scheme be carried over.
- 4.2 Whilst there are no financial implications arising directly from this report, the estimated cost of the Council Tax Support Scheme for 2021/22 will 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 2021/22. 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.

- 4.3 Members will need to consider the financial implications of the scheme when considering the Budget for 2021/22 at the Council meeting in February 2021.

5. CONCLUSIONS

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

Councilor Diane Bedford
Chairman of Council Tax Support Task and Finish Group

BACKGROUND DOCUMENTS:

- 2nd March 2020 presentation to Council Tax Support Members Task and Finish Group
- 6th October 2020 presentation to Council Tax Support Members Task and Finish Group

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