

Report to: Cabinet

Date: 2 December 2020

Title: Local Council Tax Reduction scheme 2021/22

Report of: Tim Whelan, Director of Service Delivery

Cabinet member: Councillor Alan Shuttleworth, Cabinet member for direct assistance services

Ward(s): All

Purpose of report: To gain Cabinet's recommendation to Full Council that the 2020/21 Local Council Tax Reduction Scheme is adopted as the 2021/22 scheme.

Decision type: Budget and policy framework

Officer recommendation(s): (1) That Cabinet recommend to Full Council that the 2020/21 Local Council Tax Reduction Scheme is adopted as the 2021/22 scheme.

(2) That the Exceptional Hardship Scheme is continued in 2021/22.

Reasons for recommendations: The 2020/21 scheme meets the principles of supporting the most vulnerable with the Exceptional Hardship scheme providing an extra level of support for those most affected.

Contact Officer(s): Name: Bill McCafferty
Post title: Functional Lead for Thriving Communities
E-mail: bill.mccafferty@lewes-eastbourne.gov.uk
Telephone number: 01323 415171

1 Introduction

- 1.1 The government abolished the national Council Tax Benefit scheme from April 2013 and required local authorities to develop and adopt their own scheme of support for working age claimants. This change came with a 10% cut in funding; for the Council this was c£1m.
- 1.2 To protect pensioners from any reduction in support, the government put in place a national scheme that local authorities had to adopt. Therefore, any reduction in support had to come from those of working age.
- 1.3 The Council, on 16 January 2013, adopted a Local Council Tax Reduction scheme (LCTR) of support for 2013/14 which, in the main, followed the rules of

the Council Tax Benefit scheme, as well as agreeing changes to certain council tax discounts and exemptions.

1.4 On 20 November 2015 the Council adopted a revised scheme for 2016/17 that:

- Limited a Council Tax Reduction to 80% of the council tax liability
- Assumed a minimum income for claimants who have been self-employed for more than 12 months

1.5 There have not been any changes to the scheme since 2016/17 so the current 2020/21 scheme follows the principles of protecting the most vulnerable, incentivising individuals into work and takes into account the financial pressures on the Council and the major preceptors.

1.6 An Exceptional Hardship fund of £47,499 was established for 2016/17 to provide additional support to those most affected by the 20% reduction in liability and the change to the way self-employed claims are assessed. The Council contributed £6,426 to the fund with the remainder coming from the major preceptors in proportion to their share of the Council Tax. Of this amount there was £27,837.88 available in 2020/21.

2 Proposal

2.1 That the LCTR 2020/21 scheme is adopted for 2021/22.

2.2 That the Exceptional Hardship Scheme continues in 2021/22.

3 Outcome expected and performance management

3.1 That the LCTR scheme supports those on low incomes to meet their council tax liabilities and that the Exceptional Hardship Scheme provides additional support to those facing exceptional hardship.

3.2 The cost of the LCTR scheme and the Exceptional Hardship scheme will be monitored monthly.

4 Consultation

4.1 There is no requirement to consult as no changes to the scheme are being proposed.

5 Corporate plan and council policies

5.1 The Local Council Tax Reduction Scheme supports the Council's objective of addressing deprivation through helping residents on a low income meet their council tax liabilities.

6 Business case and alternative option(s) considered

6.1 No alternatives considered as it is a statutory requirement to have in place a

Council Tax Reduction Scheme.

7 Financial appraisal

The cost, in terms of a reduction in tax base, of the 2021/22 scheme will be in the region of £8.2m. The cost of the scheme in 2020/21 is likely to increase in line with any rises in council tax.

8 Legal implications

Recommendation (1) of this report reflects the duty on the Council under section 5 of the Local Government Finance Act 1992 to consider, for each financial year, whether to revise its council tax reduction scheme or to replace it with another scheme. It is open to the Council to decide to make no changes to the scheme from one financial year to the next.

If, despite the recommendation (1), the Council is minded to revise or replace the scheme for 2020/21, it must do so no later than 11 March 2021, following consultation with the major preceptors and other interested parties.

Under section 67 of the 1992 Act, adoption of a Council Tax Reduction Scheme is reserved to full Council. The role of Cabinet is to consider the proposed scheme and make a recommendation to Council, with any amendment to the scheme it considers appropriate.

Section 13A(1)(c) of the 1992 Act permits the Council to make further reductions to a person's council tax liability (in addition to any reduction already made under the CTRS) as it thinks fit. This provision forms the lawful basis for the Exceptional Hardship Scheme.

In accordance with Schedule 1A, paragraph 2(7), to the 1992 Act, the Council has a procedure under which persons may apply for an exceptional hardship payment.

Lawyer consulted 08.10.20

Legal ref: 009591-EBC-OD

9 Risk management implications

The main risk to the Council is that the cost of the scheme rises substantially. This could happen if there is an upturn in the number of people who become eligible for, and claim, CTR. This risk has to be accepted as the Council has no mechanism to prevent this happening.

- 9.1 Monthly monitoring will identify any unexpected rise in the amount of CTR being awarded and this will be notified to the relevant Finance officers.

10 Equality analysis

As there are no changes to the scheme being proposed there is no requirement for an Equality Analysis as one was carried out on the 2016/17 scheme.

11 Environmental sustainability implications

Nothing arising from this report has any detrimental Environmental impact.

12 Appendices

- None

13 Background papers

The background papers used in compiling this report were as follows:

- [Local Council Tax Reduction Scheme 2020/21](#)