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**Report of:** Eugene Walker, Executive Director, Resources  
**Report to:** Councillor Terry Fox, Cabinet Member for Finance, Resources and Governance  
**Date of Decision:** 3<sup>rd</sup> March 2021  
**Subject:** Review of Sheffield's Council Tax Support Scheme

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Finance and Resources		
Which Scrutiny and Policy Development Committee does this relate to? <b>Overview and Scrutiny Management Committee</b>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given?		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

**Purpose of Report:**

The purpose of this report is to detail the Council's review of its Council Tax Reduction Scheme and to seek approval for the proposal that apart from statutory changes the Council is required to make, that the scheme, in respect of the financial year 2021/22, should not be amended. In addition, to seek approval that the Council Tax Hardship Scheme be maintained in respect of 2022/23

**Recommendations:**

Note the review of the Council's Council Tax Support Scheme, detailed in this report.

That, in line with the review, the Council's Council Tax Support Scheme is not revised, apart from the changes the Council is required to make by statute or replaced with another scheme.

Approve the amendments to the Council's CTS Scheme to accommodate the changes the Council is required to make by statute.

That the Council's Council Tax Hardship Scheme continues to operate as detailed in this report.

**Background Papers:**

*N/a*

<b>Lead Officer to complete:-</b>	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated/additional forms completed/EIA completed, where required.
	Finance: <i>Eugene Walker</i>
	Legal: <i>Brendan Twomey</i>
	Equalities: <i>Adele Robinson</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	<b>EMT member who approved submission:</b> <i>Eugene Walker</i>
3	<b>Cabinet Member consulted:</b> <i>Terry Fox</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	<b>Lead Officer Name:</b> <i>John Squire</i>
	<b>Job Title:</b> <i>Finance Manager</i>
<b>Date:</b>	

## **1. PROPOSAL**

Legislation requires each Billing Authority to annually consider whether to revise or replace its Council Tax Reduction Scheme. For that purpose, we have carried out a review of the Council's scheme, which is known as Council Tax Support (CTS).

This report sets out the background to the original decision on the design of our CTS scheme for 2013/14. It further provides an overview of the outputs from year 7 of the scheme 2019/20 and the details from the review of the scheme in operation in year 8 2020/21. This review informed the reports proposals on whether to revise or replace the Scheme in 2021/22.

The report recommends that the Council maintains the current CTS scheme in its present form in 2021/22, except for any changes the Council is by statute, required to make. The report also provides information on the assistance provided under the Council Tax Hardship Scheme (CTHS) and recommends that the scheme continues in 2021/22.

### **BACKGROUND**

In April 2013, as part of a wide-ranging welfare reform programme, the Government abolished Council Tax Benefit (CTB) and the Council, as required by law, approved, and implemented its own local scheme of CTS. The Government provided grant funding to the Council to finance the CTS scheme in 2013/14. The Council's funding was approximately £5.5m (10%) below the level of subsidy it received to pay Council Tax Benefit in 2012/13. In addition to the cut in funding, the Government also required the Council to protect pensioners by providing them with the same rate of support that they would have received under CTB. This requirement meant that the actual cut in funding for CTS fell on working-age customers (and a small number of non-protected pensioners) amounting to a 23% cut.

After a consultation exercise, the Council decided that the design of its CTS scheme should align as closely as possible to the CTB scheme that it replaced but, unlike CTB, in order to manage the cut in funding, made the difficult decision to limit support offered to working-age customers to 77% of their net Council Tax liability. The same scheme has remained in place since 2013/14, other than changes required by statute.

Unlike CTB, CTS is not a benefit but a discount, and therefore an award of CTS reduces an individual's Council Tax liability. Collectively, the cost to the Council of the CTS scheme in any year is measured by the amount of Council Tax the Council foregoes, i.e. discounts granted and therefore cannot collect, under the scheme.

### **Caseload and cost of CTS**

Funding for CTS is included in the overall grant we receive from Government. It is therefore unresponsive to changes in demand, for example, a significant increase in demand for assistance from the scheme, perhaps triggered by a rise in unemployment, would lead to the Council forgoing more Council Tax than it had planned for.

Similarly, the amount of Council Tax that the Council can afford to forego, (the amount that overall Council Tax liability is reduced by) under the scheme, is sensitive to changes in Government funding. As overall funding continues to be cut, then maintaining or increasing the level of support under the scheme, comes at a real cost to the Council.

Consequently, when reviewing the CTS scheme each year, the Council needs to ensure that it is able to meet the financial demands of that scheme throughout the year in question and be aware of the financial impacts that this may have.

Since the introduction of CTS in 2013, and until this year, there had been a continued reduction in the CTS caseload, though the impact of the pandemic has seen the caseload increase. By way of example:

Date	Caseload
April 2013	60,000
April 2014	58,000
August 2014	56,000
April 2015	55,000
June 2016	53,100
July 2017	51,600
September 2018	50,262
November 2019	47,075
March 2020	46,273
November 2020	47,018

Any change in caseload has an impact on the “cost” – the amount of Council Tax foregone - of the scheme in each year, as does the rate by which Council Tax may increase from year to year. In 2020/21 the maximum increase in Council Tax implemented by the Council without triggering a referendum on the size of the increase will be 3%. The table below shows the cost of the actual amount of Council Tax forgone for each year since 2013/14, together with a forecast cost for 2020/21 which is based on reducing caseload and the maximum Council Tax increase.

Year	Forecast Cost	Actual Cost
2013/14	£41m	£39.1m
2014/15	£37.5m	£37.4m
2015/16	£37.8m	£37.25m
2016/17	£37m	£37.2m
2017/18	£37.1m	£37.7m
2018/19	£39.6m	£39.1m
2019/20	£40.3	£39.2
2020/21	£39.3	£39.5
2021/22	£41.3m	

This table shows that despite the overall decline in caseload since 2013 (though factoring in the increase we expect to see in 2020/21), increases in Council Tax, including the more recent inclusion of the Adult Social Care Precept, means that the estimated cost of the scheme on its present form in 2021/22 will be the highest since the scheme was introduced. This needs to be seen in the context of significant cuts to the Council's funding from Central Government over this period.

### **Council Tax Collection Rates & Recovery**

The table below shows an analysis of collection rates over the 6 full financial years that CTS has been in place.

<b>YEAR</b>	<b>OVERALL COLLECTION RATE</b>	<b>NON-CTS CASES</b>	<b>WORKING AGE CTS CASES</b>
2013/14	93.70%	93%	65%
2014/15	94.04%	95.18%	67%
2015/16	94.33%	95.22%	69%
2016/17	94.41%	95.13	70.7%
2017/18	93.5%	94.22%	77.49%
2018/19	94.07%	94.07%	70.8%
2019/20	93.14%	93.63%	71.92%

This shows that since CTS was introduced in 2013/14, that whilst there has been a slight improvement in the overall collections rate, when comparing the collection rate for 2018/19 with that in 2013/14, the collection rate amongst working age CTS recipients has increased at a greater rate than the overall collection rate, and is now over 5% higher than when CTS was introduced in 2013/14.

This suggests that the majority of taxpayers in receipt of CTS are becoming increasingly familiar with the fact that they now have to pay part of their Council Tax liability and that the consistent level of support provided under the CTS scheme is giving a significant degree of certainty and stability to the majority of those taxpayers when managing their finances.

However, due to the pandemic, and the Council's decision to suspend all Council Tax recovery action, it is not clear how the pandemic will affect the overall collection rate. Further to this, the funding the Council received from Central Government in respect of the Coronavirus Council Tax Hardship fund, which saw all working age Council Tax Support recipients receive a further reduction in their Council Tax liability of up to £150, will possibly give a skewed view of the collection rate for CTS cases, and Coronavirus Council Tax Hardship payment will not be repeated in 2021/22.

The table below details the number of summonses that have been issued to taxpayers in receipt of CTS.

<b>YEAR</b>	<b>NUMBER OF SUMMONSES ISSUED TO CTS TAXPAYERS</b>
2013/14	20,000
2014/15	17,000
2015/16	16,000
2016/17	13,185
2017/18	18,375
2018/19	16,700
2019/20	19,828

### **Options for design of our 2020/21 CTS scheme**

One of the major changes to the welfare system has been the introduction of Universal Credit (UC). However, due to delays in the rollout of UC, and the impact of the pandemic, it is considered that it is not appropriate to change the CTS scheme. Further, there is still an ongoing benefit of maintaining a scheme in 2021/22 whose design is aligned to Council Tax Benefit (CTB) and Housing Benefit (HB,) as it would continue to offer the following advantages:

- a. It will continue to spread the burden of the reduced funding for CTS equitably across all working- age claimants and, by applying the means test already established by CTB, ensure that those with greatest need continue to receive the greatest level of support.
- b. During a challenging period of change for many low-income households, particularly during the pandemic, it will provide continuity for those already claiming CTS and ensure that no additional confusion or disruption is brought about.
- c. There will be no requirement to change ICT systems, undertake training, amend documentation, and produce publicity material, all of which increase costs and would be required if the current scheme were to be amended.
- d. The way in which UC will interact with CTS will be a key factor in any redesign of our scheme. As the Government has yet to rollout the managed migration of our working age Housing Benefit caseload to UC, the full impact has yet to be felt. Further, whilst it is true that the pandemic has led to a significant increase in UC claims nationally, these are often made by claimants who are new to the benefit schemes, and it is still too early to evaluate the impact this has had on new CTS recipients ability to meet their Council Tax payments. As such, there is a risk in making changes to our CTS scheme for 2020/21 before the impact of the wider rollout of UC can be properly assessed.

The tables set out below show the impact on the cost of a scheme for 2021/22, based on the current CTS caseload but differing levels of support and a Council Tax increase of 5%, and also show the potential increase in arrears that may accompany any change in the level of support provided by the scheme. The second table shows the weekly cost for CTS recipients, based on the cost for Band A properties.

Limit	Cost	Saving	Arrears	Increase in Arrears	Net saving
77%	£41.3m	N/a	£3.2m	N/a	N/a
75%	£40.7m	£0.6m	£3.4m	£0.2m	£0.4m
70%	£39.2m	£2.1m	£4m	£0.6m	£1.5m
65%	£37.8m	£3.5m	£4.5	£1.3m	£2.2m

Limit	Single Person weekly	Single Person annually	Family weekly	Family annually
77%	£4.39	£228.70	£5.85	£304.94
75%	£4.77	£248.59	£6.36	£331.46
70%	£5.72	£298.31	£7.63	£397.75
65%	£6.67	£348.03	£8.90	£464.04

These tables show that although reducing support initially lowers the cost of the scheme, when an increase in the arrear's figures are taken into consideration, the savings are reduced. This also does not take into account the additional resources that may be required to collect additional liabilities or if the numbers of taxpayers in arrears increases.

Further, this analysis assumes no deterioration in the collection rate amongst working age CTS recipients, and whilst we have yet to fully review the impact the expansion of UC will have on the collection of Council Tax, there is a concern that the way UC is calculated, and paid, may have a detrimental impact on Council Tax collection.

If the Council was to consider making the scheme more generous, then the cost to the Council and impact on those receiving support would be as set out below (based on the cost for Band A properties).

Limit	Cost	Increased Cost	Arrears	Reduction in Arrears	Net Increase
77%	£41.3m	N/a	£3.2m	N/a	N/a
80%	£42.2m	£0.9m	£2.9m	£0.3m	£0.6m
85%	£43.7m	£2.4m	£2.4m	£0.8m	£1.6m
90%	£45.2m	£3.9m	£1.9m	£1.3m	£2.6m
100%	£48.2m	£6.9m	£0.8m	£2.4m	£4.5m

Limit	Single Person weekly	Single Person annually	Family weekly	Family annually
80%	£3.81	£198.87	£5.09	£265.16
85%	£2.86	£149.16	£3.81	£198.87
90%	£1.91	£99.44	£2.54	£132.58

Given the Council's current and ongoing financial situation any increase in the level of support comes at a significant cost, which could negatively impact the Council's ability to maintain funding of other vital services. Equally, although reducing support would see the cost of the scheme reduce, the Council is acutely aware that any move to make the scheme less generous could have a significant impact on those households eligible for assistance under its CTS scheme and who in addition to dealing with problems arising from the pandemic, are either also dealing with the ongoing impacts of historical cuts in other benefits or will be impacted by further welfare reform changes such as the issues related to the further roll out of Universal Credit, as outlined above.

However, by continuing to maintain the same level of support provided by our CTS scheme since 2013, the Council is making a real and significant financial commitment to protecting the most financially vulnerable households in the City.

### **Ongoing impact of Universal Credit (UC)**

UC, which replaces 6 means tested benefits and tax credits into 1 benefit, was introduced in a limited way in Sheffield in January 2016, The wider rollout commenced in November and December 2018, and meant that from December 2018, any new claim for any 1 of the benefits that UC replaced (income based Jobseeker's Allowance, income related Employment and Support Allowance, Income Support, Housing Benefit, Child Tax Credit and Working Tax Credit) that the individual would have made, would be a claim for UC. This also meant that any claim for the legacy benefits that the individual was receiving would end, and the support they received would be met by UC.

The structure of UC means that where a UC claimant is in employment, if there are any changes to their earnings, it will automatically lead to a recalculation of the UC award. If a UC recipient is in receipt of CTS, this change to the award of UC may have an impact on the level of CTS they receive. The Department for Work and Pensions (DWP) will send the Council a notification of the change in UC when CTS is in payment.

As each change requires a reassessment of CTS, it has an impact on the administration of CTS. It also has an impact on the Council Tax Service, as any change in CTS results in a new bill being issued. Other Councils have reported that this in turn can have an impact on collection of Council Tax as customers are confused about the amount they need to pay. They also report that this can lead to an increase in customer contact.

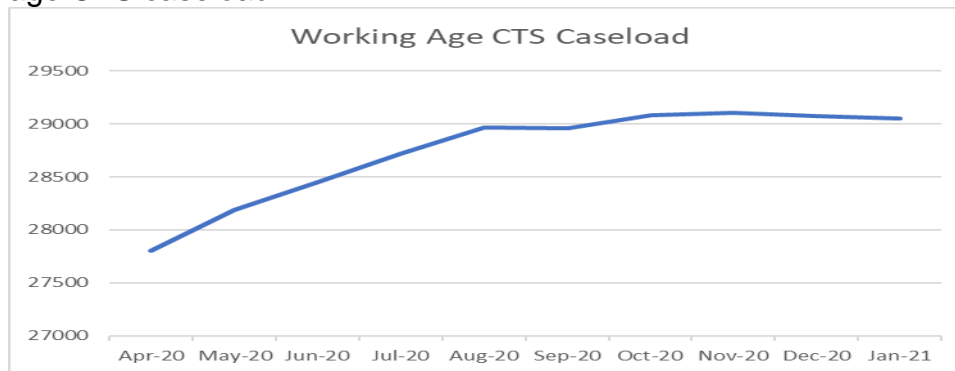
By way of example, theoretically, a customer on UC could see their UC award change each month. If they are in receipt CTS, this could result in them receiving 12 different revised Council Tax bills throughout the year, on top of the bill they receive in advance of the new financial year.

Taking this one step further, if the customer is confused by the bills and doesn't pay anything, or pays incorrectly, they may never enter the recovery cycle of reminder, final reminder Summons, Liability Order as the issuing of each bill restarts the recovery process.

Analysis of the impact of UC on CTS caseload and council tax arrears is ongoing, and prior to the lockdown in March 2020, we were seeing a gradual decrease in the overall CTS. However, since lockdown, due to the increase in unemployment



and the number of people claiming UC, we are seeing an increase in our working age CTS caseload:



### **Impact of Coronavirus**

The lockdown is having a detrimental impact on the Council's finances due to the significant additional duties being undertaken by the Council to support citizens during the pandemic. Further to this, the Council has also seen a significant reduction in income during this period, and it is unlikely that the full cost of this will be covered by Government. Reducing the amount of support provided through the CTS scheme could mitigate for this reduction in income. However, this cost would be borne by vulnerable citizens who are experiencing hardship as a result of the pandemic, and maintaining the scheme in its current form will continue to provide support to households who have been affected by the pandemic, and through the Council Tax Hardship Scheme, we can further mitigate any hardship that is experienced by households as a result of their Council Tax costs.

Further, the increase in the number of UC claimants caused by the Coronavirus has led to an increase on our working age CTS caseload, and based on current projections, the caseload may continue to increase, and as detailed above, this comes at a cost to the Council, and any changes that were made to the scheme to make it more generous, would increase the cost to the Council. However, any changes that made the scheme less generous could cause additional hardship to households who have been adversely affected by the current pandemic. By making no changes to the scheme, and maintaining the Council Tax Hardship Scheme, the Council will be able to continue to offer support for households in need of support, and for those households least able to meet their reduced Council Tax costs, the Council can provide further support through the hardship scheme.

It is also unclear how the end of the job retention scheme will affect the rate of unemployment, which could lead to an increase in the CTS caseload. Any increase in the level of support that is provided by the CTS scheme, is an ongoing cost to the Council, and will continue to be incurred. However, there is merit in maintaining the scheme in its current form, and at the same level of support, as it provides certainty during these uncertain times.

### **Council Tax Hardship Scheme**

Since 2013 the Council has had a locally funded Council Tax Hardship Scheme (CTHS) which provides additional assistance to taxpayers who are in severe financial hardship. The scheme allows the Council to target support to those in the greatest need and is therefore an effective method of providing support to those most directly affected by the introduction of CTS.

The funding for the scheme for 2019/20 is £1.6m. For 2021/22, one way of providing further financial assistance to households who are struggling financially would be to increase the funding available under the CTHS. This will allow any additional support to be targeted at the most financially vulnerable households.

It is recommended that the CTHS continues in 2021/22 with the level of funding to be determined when there is more certainty regarding the demand for support and the level of Council Tax to be set in 2021/22.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

Maintaining the current scheme based on its means-tested format will continue to spread the available support equitably across all claimants and ensure that those with the greatest need continue to receive the greatest level of support. By not making the Scheme more generous we will limit the amount of Council Tax foregone, thus ensuring that the level of Council Tax collected continues to contribute to the provision of services. By not making the scheme less generous we will continue to minimise the level of Council Tax that some of the most financially vulnerable households in the City must pay.

By continuing the CTHS scheme, the Council will be able to provide financial support for its most financially vulnerable citizens.

## **3. HAS THERE BEEN ANY CONSULTATION?**

Under the 1992 Local Government Finance Act, where a billing authority decides to revise its scheme, it is required to comply with set preparation requirements, including publishing the draft scheme and consultation. The proposal is, upon review, not to revise its scheme, apart for revisions referred to in the legal section, which the Council is statutorily required to make. Therefore, under the proposals, the preparation requirements do not apply and as such there is no requirement on the Council to consult.

Further, given the nature of the proposals, which are to continue with the provision of the CTS Scheme and the CTHS unchanged, it was considered that there was no need to undertake a consultation process

## **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

### **Equality of Opportunity Implications**

As a Public Authority, the Council have legal requirements under Section 149 of the Equality Act 2010. These are often collectively referred to as the 'general duties to promote equality' with particular regard to persons sharing the relevant protected characteristics-age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. We have considered our obligations under this duty, and due to the nature of the proposals they do not give rise to any equality issues under the duty. As such, it was considered that an Equality Impact Assessment was not necessary.

The provision of the CTHS in tandem with the CTS scheme has allowed additional financial support to be targeted at those households in the most need as well as ensuring that on-going support can be prioritised to those taxpayers who are least able to improve their financial situation, such as:

- Persons with a disability,
- Those with caring responsibilities, and;
- Single parents with young children.

In 2013, the Council's CTS scheme was the subject of a Judicial Review where the way in which it had addressed the equalities implications of its scheme was challenged. The court, after considering a number of issues, including the Council's proposed CTHS, decided that it had satisfactorily addressed the equalities implications of the CTS scheme.

### **Financial and Commercial Implications**

The funding for the CTS Scheme has been subsumed within other elements of the Revenue Support Grant (RSG) formula and is no longer separately identifiable, and as such, it is not possible to quantify how much funding the Council receives for its Council Tax Support scheme.

However, based on current forecasting and allowing contingency for a small decrease in both caseload and a 4.99% increase in Council Tax, the Council will be able to maintain the current CTS scheme into 2021/22.

### **Legal Implications**

The Council is required, under the Local Government Finance Act 1992 (the 1992 Act), for each financial year, to consider whether to revise or replace its CTS scheme. The Council's review, detailed in this report complies with this requirement.

The 1992 Act provides that a billing authority's Council Tax Reduction Scheme must include proscribed matters set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021 (SI 2021/29). As a consequence, the Council is required, without any exercise of discretion, to amend the CTS Scheme, to reflect any changes made to those regulations. The Government by statutory instrument has proscribed amendments to the regulations in respect of CTS for 2020/21. This report includes a recommendation that the CTS scheme be changed to accommodate the amendments to the regulations under this requirement.

Under the 1992 Act, where a billing authority decides to revise or replace its scheme, it is required to comply with set preparation requirements, including publishing the draft scheme and consultation. The proposal is, upon review, not to revise or replace the Council's scheme apart for revisions referred to above which it is required to make by statute. If the proposals are approved, the preparation requirements will not apply.

Under the 1992 Act, a decision to revise a billing authority's scheme is required to be made by the authority, not its executive. This requirement does not apply to the review of a scheme and therefore, decisions not to revise a scheme may be made by the billing authority's executive. The proposals are, upon review, not to revise the Council's scheme, apart from statutory required revisions, referred to above. Accordingly, these proposals may be approved by the executive and not the Council. Under the Leader's Scheme of Delegation of Executive Functions, the decision to approve the proposals may be made by the Individual Cabinet Member for Finance, Resources and Governance.

## **Other Implications**

### **Human Resources Implications**

Given the ongoing uncertainty of the longer term impact of the expansion of UC, it is considered that maintaining the current CTS scheme into 2020/21 is unlikely to have any significant, negative implications for staff who are involved with the administration of the scheme

### **Environmental Implications**

No additional environmental implications are expected as a result of continuing with the current CTS scheme into 2020/21. Self-service options will continue to be promoted reducing the need for paper forms and the need for claimants to travel to appointments.

### **Contractual Implications**

None

## **5. ALTERNATIVE OPTIONS CONSIDERED**

There were 4 alternative options for changing the CTS scheme considered, which comprise:

### **Introduction of an Income Banded Scheme**

Under this scheme the level of support provided would be based on household income set between certain bands. If we were to consider this approach further work would need to be undertaken to work out the costs involved. The cost of our current scheme for 2020/21 based on a 3.99% increase in Council Tax is expected to be around £40 m (this is the amount of Council Tax forgone). This modelling could include variations on the level of reduction and the level of income in the income bands.

The advantages of this scheme are that it:

- Gives stability to those whose wages fluctuate each month.
- All non-dependents are asked to contribute the same amount. Some applicants may have to pay less.
- Moves away from the complex means test that currently exists.
- Once established it will probably be simpler to administer and may therefore make administrative savings.
- Is less complex and easier for applicants to understand.

Also, if we were to set the lowest Income Band reduction at higher than 77%, working age people with the lowest income may receive more CTS than they do now if their income falls into Band A.

The disadvantages of this scheme are that:

- It would require a software change and initial enquiries indicate that the cost maybe significant and therefore prohibitive
- Depending on the income bands introduced and the maximum income level used, some current CTS recipients may see a reduction in support and depending on the maximum level of income, some may no longer qualify
- Those customers at the “cliff edge” of the income bands may struggle to cope with the level of support provided as they move from one band to another. However, this could be mitigated by the CTHS.

### **Introducing a de-minimus income change**

Under this approach any change in income which resulted in a change in the award of CTS by a certain amount would be disregarded. Some LA's who have introduced this change have set the de –minimus change in income to £5 per week. Any increase in income up to £5 per week would not result in a change to the level of CTS.

If we were to adopt this scheme consideration would need to be as to the level of changes in income that would be considered to be de-minimus.

We would also need to set a baseline income level for each customer against which any future increases in income are compared.

The advantages of this scheme are that:

- All the other current entitlement rules are still maintained so there is no significant divergence from the way HB claims are processed.
- It gives a degree of stability, but in all probability lesser than the banded scheme, to those whose wages fluctuate each month.

The disadvantages of this scheme are that

- As we may not be responding to all changes in income and this could make some people slightly worse off.
- We are foregoing more Council Tax than we otherwise would.
- It would require a software change which may not be achievable or the cost maybe prohibitive.
- It would potentially be more difficult to administer
- It may cause confusion amongst customers as they may think any increase in income beyond an initial increase does not affect the level of CTS they receive

### **Introducing a UC specific scheme**

Introducing this type of scheme would result in different rules on entitlement eligibility for those working age customers in receipt of UC and those on legacy benefits and credits.

This could significantly increase the cost of administration and may require expensive software changes. It also has the potential to cause significant confusion amongst customers.

As a result of the complexity it would bring in terms of both administration and customer understanding, this is the least preferred option. It could also bring a significant risk of challenge as it would treat UC claimants differently to those who do not move onto UC.

### **Having a scheme which sets fixed assessment periods**

This scheme would see an award of CTS fixed for a certain period of time, regardless of any income changes within that time.

The advantages of this scheme are that

- It would be simple for customers to understand
- It would mitigate any impact that regular fluctuations in income have on Council Tax billing and collection.

The disadvantages of the scheme are that

- Claims would still have to be reassessed periodically, and;
- Depending on whether changes on reassessment are applied retrospectively or not we could:
  - be making customers worse off;
  - be missing out on Council Tax revenue as we are awarding more CTS than necessary or;
  - be impacting Council Tax collection rates as customers may have more Council Tax to pay over a shorter period of time.

Whilst consideration of the feasibility of introducing any one of the options outlined above was given, it is considered that there is significant merit in providing certainty during these uncertain times, and as such it was decided not to replace the current CTS scheme with one of the alternative options for 2021/22.

## **6. REASONS FOR RECOMMENDATIONS**

Legislation requires each Billing Authority to annually consider whether to revise or replace its Council Tax Reduction Scheme. For that purpose we have carried out a review of the Council's scheme.

Following from this review, it is recommended that the CTS scheme remains unchanged, as whilst reducing the support offered through the scheme may help with the Council's financial situation, this is countered by the fact that the burden will fall on vulnerable households who are experiencing financial hardship as a

result of the pandemic. It is also considered that maintaining the scheme in its current form and at the same level of support provides certainty, during what are uncertain times.

In reaching this decision, consideration has been given to both increasing and decreasing the level of support provided under the CTS scheme, and to moving away from a scheme based on the previous CTB scheme. Further detail on these considerations is provided in the main body of the report.

Given the current financial position of the Council, which has been subject to significant cuts since 2010, the Council is not able to introduce a more generous scheme in 2020/21.

By maintaining the CTHS, the Council will be able to continue to offer targeted support to those in the most severe financial need including those who are least able to change their financial situation, in order to mitigate the ongoing impact of the change from a fully funded national benefit scheme to the CTS scheme.