



# Report to Policy Committee Agenda Item 8

**Author/Lead Officer of Report:**

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**Report of:** Tony Kirkham, Director of Finance and Commercial Services  
**Report to:** Finance Sub-Committee  
**Date of Decision:**  
**Subject:** Review of Sheffield's Council Tax Reduction Scheme

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? (EIA 1359)				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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:-				

**Purpose of Report:**

The purpose of this report is to provide the Committee with details of the Council's review of its Council Tax Reduction Scheme and seeks approval that the scheme for 2023/24 should not be amended, apart from statutory changes the Council is required to make. In addition the report seeks approval to maintain the Council Tax Hardship Scheme in 2023/24.

**Recommendations:**

It is recommended that the Finance Sub-Committee:

- i. Notes the review of the Council's Council Tax Reduction Scheme, detailed in this report.
- ii. Agrees that, in line with the review, the Council's Council Tax Reduction Scheme is not revised, apart from the changes the Council is required to make by statute.
- iii. Approves the amendments to the Council's Council Tax Reduction Scheme to accommodate the changes the Council is required to make by statute.
- iv. Agrees that the Council's Council Tax Hardship Scheme continues to operate as detailed in this report.

**Background Papers:**

*(Insert details of any background papers used in the compilation of the report.)*

Lead Officer to complete:-		
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>Matthew Arden</i>
		Legal: <i>Nadine Wynter</i>
		Equalities & Consultation: <i>Bev Law</i>
		Climate: <i>Not applicable</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>SLB member who approved submission:</b>	<i>Eugene Walker</i>
3	<b>Committee Chair consulted:</b>	
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 Committee by the SLB 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>Policy &amp; Support Manager</i>
	<b>Date:</b> <i>(Insert date)</i>	

## **1. PROPOSAL**

Legislation requires each Billing Authority to annually consider whether to revise or replace their Council Tax Reduction Scheme. The Council's scheme is referred to in this report as the Council Tax Reduction Scheme (CTRS) and the assistance provided under it, Council Tax Support (CTS). For that purpose, we have carried out a review of our CTRS.

This report sets out the background to the original decision on the design of our CTRS for 2013/14. It further provides an overview of the outputs from year 9 of the CTRS 2021/22 and the details from the review of the scheme in operation in year 10 2022/23. This review informed the report's proposals on whether to revise or replace the CTRS in 2023/24.

The report recommends that the Council maintains the current CTRS in its present form in 2023/24, except for any changes the Council is required to make by statute. The report also provides information on the assistance provided under the Council Tax Hardship Scheme and recommends that the scheme continues in 2023/24.

### **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 Council Tax Reduction Scheme. The Government provided grant funding to the Council to finance the CTRS in 2013/14. The Council's funding was cut by approximately £5.5m, 10% below the level of subsidy it received to pay CTB 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 CTS recipients (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 CTRS 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 CTRS 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 not responsive 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.

And as overall funding continues to be cut, maintaining or increasing the level of support under the scheme comes at a real cost to the Council.

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

Since the introduction of CTRS in 2013, other than during the height of the pandemic, there has been a continuous reduction in the CTS caseload:

<b>Date</b>	<b>Caseload</b>
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
November 2021	45,370
October 2022	43,081

Any change in caseload has an impact on the “cost” – the amount of Council Tax foregone - of the CTRS in each year, as does the rate by which Council Tax may increase from year to year. In 2023/24 the maximum increase in Council Tax implemented by the Council without triggering a referendum on the amount of the increase will be 3%. Further to this, the Government has confirmed the LAs can also apply a 2% Adult Social Care Precept to the Council Tax charge, which means the total maximum increase in Council Tax, including the Adult Social Care Precept, is 5%. 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 2023/24 which is based the maximum Council Tax increase and a continued decrease in caseload.

<b>Year</b>	<b>Forecast Cost</b>	<b>Actual Cost</b>
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	£40.3m	£39.2m
2020/21	£39.3m	£39.5m
2021/22	£41.3m	£40.1m
2022/23	£41.3m	£39.3
2023/24	£40.3m	

This table shows that due to the overall decline in caseload since 2013 (notwithstanding the un-sustained increase in caseload that we saw in 2021/22), 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 2023/24 will be higher than the cost for the scheme in 2022/23. 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 Council Tax collection rates over the 9 full financial years that the CTRS 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%
2020/21	90.47%	91.13%	73.86%
2021/22	90.42%	92.82%	68.98%

This shows that since the CTRS was introduced in 2013/14 the collection rate amongst working age CTS recipients has increased at a greater rate than the overall collection rate, until 2021/22. However, the collection rate for 2021/22 needs to be viewed in the context of the impact of the pandemic, which led to a reduction in the overall collection rate. Further to this, as the Council made the decision to pause recovery action during the pandemic, and as recovery action restarted after the pandemic, the Council decided to prioritise recovery action in respect of Council Tax payers who did not receive assistance from the CTRS, when issuing summonses for unpaid Council Tax. As such, no recovery action was taken against any working age recipient of CTS during 2020/21 and 2021/22, which will have had an impact on the collection rate from this cohort.

Leaving aside the reduction in the collection rate for 2021/22, the overall trend 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 temporarily suspend all Council Tax recovery action, it is now clear that the pandemic had a detrimental impact on the overall collection rate.

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
2020/21	0*
2021/22	0*
2022/23 (to date)	7,000

\*Due to the pandemic, the Council suspended all recovery action, which meant that during 2020/21, the Council took no recovery action in respect of Council Tax arrears. Following the decision to recommence recovery action in 2021/22, due to the limited number of court dates available at the Magistrate’s Court, the Council has prioritised recovery of Council Tax arrears from households who are not in receipt of CTS, which meant that no recovery action was taken in respect of working age CTRS recipients in 2021/22. Recovery action in respect of this cohort commencing in May 2022.

### **Options for design of our 2022/23 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 which, when it was initially announced, was due to be completed by 2017 and is now expected to be complete by the end of 2028, and the impact of the pandemic, it is considered that it is not appropriate to change the CTRS as there is still an ongoing benefit of maintaining a scheme in 2023/24 whose design is aligned to the pension age element of CTRS (which we cannot make any changes to, and is based upon the old Council Tax Benefit (CTB) scheme), 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. 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.
- c. 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 led to an increase in UC claims nationally, these were often made by claimants

who were new to the benefit schemes. As such it is still too early to evaluate the impact this has had on new CTS recipients' ability to meet their Council Tax payments. Also, there is a risk in making changes to our CTRS for 2023/24 before the impact of the wider rollout of UC can be properly assessed.

- d. The Government announced that the rollout of UC is intended to be complete by 2028, and that they plan to migrate pension age HB claimants to a housing element included in Pension Credit, to also be completed by 2028. However, until this rollout is complete, there are benefits of maintaining a CTRS that is aligned with the working and pension age HB schemes and making changes to the CTRS could lead to confusion, as we could effectively end up operating 2 different CTS schemes, in addition to the HB schemes.
- e. Maintaining the CTRS in its current format will provide consistency and will mean that our working age CTRS recipients will not be subject to changes to both their assistance to their living and rent costs, and their Council Tax costs. It is considered that this provides a level of assurance to our working age CTRS recipients at a time when the current cost of living crisis is placing an enormous strain on the finances of households in Sheffield.

The tables set out below show the maximum potential cost of a scheme for 2023/24 and are based on the current CTS caseload but differing levels of support, and a Council Tax increase permitted of 5%. The tables also show the potential increase in arrears that may accompany any change in the level of support provided by the scheme. These figures are baselined against the current 77% 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%	£40.3m	N/a	£2.9m	N/a	N/a
75%	£39.7m	£0.6m	£3.1m	£0.2m	£0.4m
70%	£38.3m	£2m	£3.5m	£0.6m	£1.4m
65%	£36.8m	£3.5m	£4m	£1.1m	£3.4m

Limit	Single Person weekly	Single Person annually	Family weekly	Family annually
77%	£4.76	£248.00	£6.34	£330.66
75%	£5.17	£269.56	£6.89	£359.42
70%	£6.20	£323.48	£8.27	£431.30
65%	£7.24	£377.39	£9.65	£503.18

These tables show that although reducing support initially lowers the cost of the scheme, when an increase in the arrears 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 as a consequence of the cost-of-living crisis or roll-out of UC.

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. These figures are baselined against the current 77% scheme and are based on the cost for Band A properties.

Limit	Cost	Increased Cost	Arrears	Reduction in Arrears	Net Increase
77%	£40.3m	N/a	£2.9m	N/a	N/a
80%	£41.2m	£1.1m	£2.6m	£0.3m	£0.8m
85%	£42.6m	£2.3m	£2.2m	£0.6m	£1.7m
90%	£44.1m	£3.8m	£1.7m	£1.2m	£2.6m
100%	£47m	£6.7m	£0.8m	£2.1m	£4.6m

Limit	Single Person weekly	Single Person annually	Family weekly	Family annually
80%	£4.14	£215.65	£5.51	£287.53
85%	£3.10	£161.74	£4.14	£215.65
90%	£2.07	£107.83	£2.76	£143.77

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 some of the most financially vulnerable households in the City.

By continuing to maintain the same level of support provided by our CTRS since 2013, the Council is making a real and significant financial commitment to protecting those households.

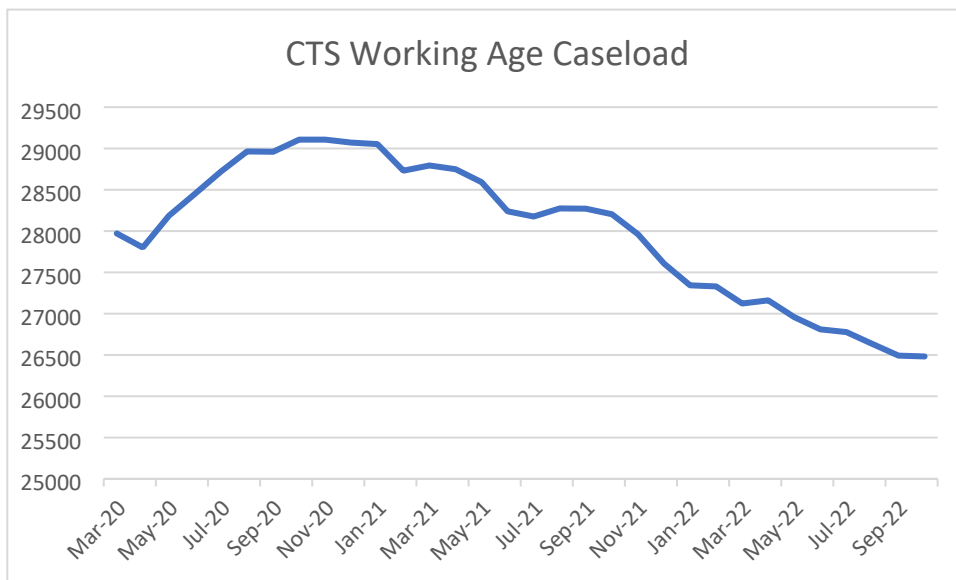
### **Ongoing impact of Universal Credit (UC)**

UC, which replaces six means tested benefits and tax credits with one benefit, was introduced in a limited way in Sheffield in January 2016, and the wider rollout commenced in November and December 2018, and meant that from December 2018, any new claim for any 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 rollout of UC which commenced in 2016, has not been as quick as the Government anticipated, and as such, we are not yet in a position to fully understand how UC will interact with our CTRS, and the impact this will have on the collection of Council Tax from CTS applicants who are in receipt of UC.

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 caseload. During the pandemic, we saw an increase in unemployment and the number of people claiming UC, which led to an increase in our working age CTS caseload. As restrictions were lifted we saw the downward trend in our working age caseload:



Further to the above, there have been two recent major changes to the way UC is calculated which could mean that working age households see a reduction in the amount of CTS they receive:

### **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 2022/23 is £2m. For 2023/24, 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 2023/24 with the level of funding to be determined when there is more certainty regarding the demand for support in the midst of a cost-of-living crisis and the level of Council Tax to be set in 2023/24.

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

Maintaining the current CTRS based on its means-tested format will continue to spread the available support equitably across all eligible households 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 the Council will be able to provide financial support for its most financially vulnerable citizens.

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

Under the Local Government Finance Act 1992, where a billing authority decides to revise its Council Tax Reduction 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 the CTRS, 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.

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

#### **Equality 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 consider that they do not raise 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 CTRS 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 CTRS 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 CTRS.

#### **Financial and Commercial Implications**

The funding for the CTRS 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 CTRS.

However, based on current forecasting the Council will be able to maintain the current CTRS into 2023/24.

## **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 CTRS. 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 prescribed matters set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (the Regulations). As a consequence, the Council is required, without any exercise of discretion, to amend the CTRS, to reflect any changes made to the Regulations. The Government by statutory instrument has prescribed amendments to the Regulations in respect of Council Tax Reduction Schemes for 2022/23. This report includes a recommendation that the CTRS be changed to accommodate the amendments to the Regulations required by the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022. The 2022 Regulations amend the prescribed requirements to increase certain of the figures which are used in calculating whether a person is entitled to a reduction and the amount of that reduction.

Under the 1992 Act, where a billing authority decides to revise or replace its Council Tax Reduction 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 CTRS 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 Council Tax Reduction 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, now that the Council has moved to a committee system these proposals may be approved by the Strategy and Resources Policy Committee or the Finance Sub-Committee.

## **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 CTRS into 2022/23 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 CTRS into 2023/24. 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**

### **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 2023/24 based on a 5% increase in Council Tax is expected to be around £40.3m (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.

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 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, which was treated as a de-minimis change, and did not lead to a change in the award of CTS, does not affect the level of CTS they receive, and does not need to be reported to the Council.

### **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 CTRS with one of the above alternative options for 2023/24.

## **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 CTRS 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 cost-of-living crisis. 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 CTRS, 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, the Council is not able to introduce a more generous scheme in 2023/24.

By maintaining the CTRS, 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.