

## Council Tax Support Scheme 2022/23

Report of the Finance & Resources Portfolio Holder

### Recommended:

1. That the Council Tax Support scheme for 2022/23, as shown in Annex 1 to the report, be approved.
2. That the Head of Finance and Revenues, in consultation with the Finance & Resources Portfolio Holder, be authorised to make any necessary changes to the Scheme that are required by the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2022 when they are confirmed by the Department for Levelling Up, Housing & Communities.
3. In the event that further temporary uplifts to Universal Credit are introduced, the Head of Finance and Revenues, in consultation with the Finance Portfolio Holder, be authorised to disregard the increase in income as part of a national response to the Covid-19 pandemic.

### Recommendation to Council

#### SUMMARY:

- The Council is required to approve its Council Tax Support scheme ahead of each financial year.
- Given the ongoing Covid 19 pandemic and the financial uncertainty this brings to many families, no significant changes are proposed to Test Valley Borough Council's Council Tax Support Scheme for the forthcoming 2022/23 financial year.

### 1 Introduction

- 1.1 The Council is required to have a Council Tax Support (CTS) scheme to assist residents with their liability to pay Council Tax.
- 1.2 The scheme must, as a minimum, meet the prescribed requirements published by central government for pensioner claimants. The scheme must also make provision for residents liable to Council Tax who are of working age.
- 1.3 This report considers the options available to the Council for its CTS scheme for the financial year 2022/23.

## 2 Background

### History to CTS

- 2.1 CTS was introduced on 1 April 2013 to replace the former Council Tax Benefit scheme.
- 2.2 Government funding for the new CTS was reduced by 10%, yet the pre-existing maximum support offered to pensioners was required to continue. Some Councils covered the shortfall by immediately introducing minimum charges to working age residents. Some, like Test Valley, took the decision to review their scheme once the actual impact of Universal Credit was more fully understood.
- 2.3 The Council was able to avoid introducing minimum charges in the early years of CTS as a result of making additional charges for long-term empty properties and a reducing CTS caseload.
- 2.4 However, the point was eventually reached where the cost of the CTS scheme could no longer be contained within its existing budget and a range of options were consulted on to take effect from 1 April 2019.
- 2.5 This resulted in the introduction of a minimum charge for most working age claimants of 10%. Other changes were also introduced at that time and included an increase to the minimum CTS payment and a £30 per week earnings tolerance for changes in circumstances. At the same time, the Council was able to continue offering up to 100% CTS for the most vulnerable members of our community.

### Regulations

- 2.6 Each year the government makes amendments to the Council Tax Reduction Schemes (Prescribed Requirements) Regulations. These Regulations provide definitions of new types of income / benefits and how they must be treated for the pension-age element of Council Tax Support schemes. In many cases this will also affect the working-age element of the Council's scheme.
- 2.7 The 2022 Regulations have not yet been published but must be incorporated into the final CTS scheme. It is therefore recommended that the Head of Finance and Revenues, in consultation with the Finance & Resources Portfolio Holder, be authorised to make any amendments necessary to the Council's CTS scheme when the Regulations are published.

## 3 Corporate Objectives and Priorities

- 3.1 A CTS scheme is a legislative requirement, however the Council is able to design and maintain a scheme which supports its own objectives and priorities.
- 3.2 The Corporate Plan 2019 to 2023, "Growing Our Potential", includes priorities to ensure people are able to live well and fulfil their aspirations. Maintaining the current levels of support within our CTS scheme helps protect the incomes of some of our most vulnerable residents.

#### **4 Consultations/Communications**

- 4.1 As no material changes to the CTS scheme are proposed, it has not been necessary to carry out a consultation exercise.

#### **5 Options**

- 5.1 It is a legal requirement for the Council to approve its CTS scheme in advance of the start of each financial year. The options are:

- Option 1 – Recommend the 2022/23 CTS scheme shown in (Annex 1) for approval. (Recommended)
- Option 2 – Make minor changes to the drafted CTS scheme of a nature that would not require full public consultation.

#### **6 Option Appraisal**

- 6.1 Any significant changes to the CTS scheme require a public consultation exercise to be carried out.
- 6.2 It is therefore recommended that the Council's existing scheme is continued in 2022/23, after allowing for inflationary uplifts in scheme parameters and any changes that are required by The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2022.
- 6.3 Officers will continue to review the effectiveness of the current scheme and investigate alternate delivery options at the appropriate time.

#### **7 Resource Implications**

- 7.1 CTS is a discount that is applied to the Council Tax charge of eligible customers, reducing the amount of Council Tax payable.
- 7.2 An estimate of the amount of CTS that will be awarded each year is included in the annual tax base calculation. This is the calculation that sets the expected income that the Council will generate from Council Tax each year.
- 7.3 The coronavirus pandemic has had wide-ranging impacts on the global and local economy. One element of this that directly affects the Council is the volatility that has been caused in the CTS caseload.
- 7.4 The amount of CTS together with the number of band D equivalent properties that relates to is shown in the following table. The total cost of CTS is shared with other preceptors (HCC, Hampshire PCC and Hants & IoW Fire & Rescue). TVBC's share of the total cost in 2022/23 is approximately 10.4% (2021/22 – 10.7%).

	2020/21	2021/22	2022/23
Tax base for the year	49,855	50,316	<b>51,338</b>
CTS deduction to arrive at tax base	2,827	3,129	<b>2,871</b>
CTS as % of tax base	5.67%	6.22%	<b>5.59%</b>
Total CTS included in budget (£'000)	4,760	5,493	<b>5,283</b>
TVBC share of budgeted CTS (£'000)	510	588	<b>549</b>

- 7.5 The figures show that there was a sharp increase in CTS caseload assumed in the budget for 2021/22 and that this is returning to more usual levels from 2022/23.
- 7.6 Most of the additional costs faced in 2021/22 were met by a one-off government Covid-19 Hardship grant. That scheme provided £573,710 of support to those of Working Age on the lowest incomes (TVBC share £61,000).
- 7.7 The estimated cost to the Council of £549,000 has been built into the tax base for the 2022/23 financial year and can therefore be accommodated within budget.

## 8 Legal Implications

- 8.1 The Council has a legal responsibility to create, maintain and renew its CTS scheme on annual basis. These powers are contained in Section 13A of the Local Government Finance Act 1992 as amended.

## 9 Risk Management

- 9.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

## 10 Equality Issues

- 10.1 An Equalities Impact Assessment has been carried out in respect of the recommended CTS scheme and is attached at Annex 2.

## 11 Other Issues - Wards/Communities Affected

- 11.1 All wards and communities are affected by the Council's CTS scheme.

## 12 Conclusion and reasons for recommendation

- 12.1 The pandemic has created many challenges across Test Valley for the council and residents.

12.2 One of the direct budgetary impacts is in the CTS caseload, which has seen a significant change in demand during the coronavirus pandemic. As a result of this volatility, it is not recommended that any significant changes are made to the Council’s working-age scheme for the coming year.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	2	File Ref:	N/A
(Portfolio: Finance & Resources) Councillor M Flood			
Officer:	Carl Whatley	Ext:	8540
Report to:	Cabinet	Date:	12 January 2022