

REPORT TITLE: THE COUNCIL TAX REDUCTION SCHEME – CONSULTATION RESULTS & SCHEME AMENDMENT

16 DECEMBER 2020

REPORT OF CABINET MEMBER: Cllr Neil Cutler, Deputy Leader and Cabinet Member for Finance and Risk

Contact Officer: Terri Horner: Service Lead - Revenues and Benefits Tel No: 01962 848 160 Email thorner@winchester.gov.uk

WARD(S): ALL

PURPOSE

Approval to consult on proposed changes to the Council Tax Reduction (CTR) scheme was given by Cabinet on 16 September 2020 (see CAB3253). This report is to confirm the outcome of that consultation which closed on 1 November and to detail a new income banded CTR scheme and request that Cabinet recommend approval of this scheme to Council from 1 April 2021.

RECOMMENDATIONS:

That Cabinet agree and recommend to Council the new income banded Council Tax Reduction scheme for working age applicants with effect from 1st April 2021 as set out in this report.

IMPLICATIONS:**1 COUNCIL PLAN OUTCOME****1.1 Homes for all**

1.2 Changes to the CTR scheme from 1st April 2021 will enable all potential applicants to obtain help towards their Council Tax liability quickly, thereby ensuring that all low-income households are provided with financial support from the earliest possibility.

1.3 Living Well

1.4 Changes to the CTR scheme for working age applicants will allow for the automatic granting and potential backdating of support. This will ensure that households will not lose entitlement. Often failure to claim on time or lack of knowledge of the existence of the scheme leads to households struggling to pay higher levels of Council Tax.

1.5 The new scheme will ensure that applicants receive entitlement from the earliest possible date and also allow for the straightforward backdating of entitlement where the applicant was unaware or where circumstances have prevented the applicant from claiming.

1.6 By reducing the level of Council Tax payable, more of the household's finances can be used for other essential expenses, relieving some financial pressures.

1.7 Your Services, Your Voice

1.8 There is a requirement under the legislation to undertake a consultation with stakeholders. A full consultation has taken place over the autumn time and this report details the outcomes of the consultation with the public and the major precepting authorities.

1.9 All consultees were given the opportunity to give their views on each part of the recommended new scheme. A summary of the consultation results is provided within section 6 and full results are shown within Appendix 3.

2 FINANCIAL IMPLICATIONS

2.1 The current Council Tax Reduction scheme cost £6.4m in May 2020 which is borne by the Council's Collection Fund. Costs are shared between the Council and the Major Precepting Authorities in proportion to the share of Council Tax.

2.2 Whilst the approach and 'shape' of the scheme is changing, there is no deliberate intention either to reduce the level of support available to households nor to increase the overall costs of the scheme itself. The cost of the scheme for 2020/21 is considerably higher at present than the Council's

budget (£5.77m) due to the increase in CTR cases caused by Covid. The higher level of CTR is likely to continue in to 2021/22, although, not likely at the same level. This will be subject to future restrictions imposed by the government on Covid and the recovery of businesses in the area.

- 2.3 Financial modelling has been undertaken throughout the project and the intention is that the overall costs of the scheme falls within the same cost envelope as at present. With the continued effects of the COVID-19 crisis, the Council, as with all other authorities, will no doubt experience a rise in the number of applicants over the wintertime. Based on the previous 'lockdown' it is anticipated that the costs of the scheme will increase between 1% and 2%. However, this increase would occur irrespective of any change in scheme design.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Section 13A of the Local Government Finance Act 1992 requires the Council as the billing authority to make a localised council tax reduction scheme in accordance with section 1A of the Act. Each financial year the council must consider whether it wants to revise the scheme, leave as is or replace it. Consultation must occur on any options required to change the scheme prior to introduction, and is set out in Schedule 1A (3) of the Local Government Finance Act 1992
- (a) consult any major precepting authority which has power to issue a precept to it,
 - (b) publish a draft scheme in such manner as it thinks fit, and
 - (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 3.2 This cabinet report correctly sets out the result of consultation undertaken following the previous cabinet decision, report CAB3253. The result of the consultation should be conscientiously taken into account by the decision makers when this decision is made.
- 3.3 A decision by the council is obliged to be made by 11th March of the year prior to the scheme coming into place.
- 3.4 The purpose of this report is to recommend to council that the new scheme be approved and implemented with effect from 1st April 2021.

4 WORKFORCE IMPLICATIONS

- 4.1 At present, COVID-19 has caused an increase in CTR claims. This generates additional work for an already small team and the use of agency staff has been required in order for the team to process all additional claims and respond to the increase in enquiries.

- 4.2 Changes to the scheme will enable a reduction in administration and allow staff to be able to undertake all CTR work using existing resources. Failure to implement changes will inevitably lead to an increase in administration with the corresponding increase in costs and the requirement for more staff.
- 4.3 Changes to a more simplified approach will also allow for the work to be undertaken by other staff within the Revenues and Benefits service and should reduce the need for agency staff within the team overall, which are costly.

5 **PROPERTY AND ASSET IMPLICATIONS**

- 5.1 None

6 **CONSULTATION AND COMMUNICATION**

- 6.1 As required by the legislation, the Council has consulted with both major preceptors and also the public. In the case of the public consultation, a full consultation was undertaken during the period 21 September 2020 until 1 November 2020.

Major Preceptors

- 6.2 All major preceptors were requested for their views on the recommended new scheme. The Council received the following positive joint response:

Dear Ms Horner,

Thank you for consulting us about proposed changes to Winchester City Council's council tax reduction scheme. This is a joint response from Hampshire County Council, Hampshire Fire and Rescue Authority and the Hampshire Police and Crime Commissioner.

As noted in your letter, the changes are being made due to the rollout of Universal Credit being incompatible with the existing scheme. We agree it is sensible to make changes so that the scheme is compatible with Universal Credit.

The consultation proposes a number of options for changes to the scheme. As the billing authority is responsible for running the scheme, we believe that Winchester City Council is best placed to know the circumstances of existing recipients and thus what the fairest changes are. Therefore, we do not wish to comment in detail on the proposed options, other than noting we would most favour those which best meet two general principles. These are that the cost of the scheme needs to be kept within the resources available and that support should be prioritised for the most vulnerable. We note the consultation states that the overall cost of the scheme will remain the same as before and one of the aims of the changes is to support the most vulnerable, so based on this we are satisfied that the proposals meet these two principles.

Yours sincerely,
 Christopher Szubert
Accountant
 Corporate Finance
 Hampshire County Council

Public Consultation

6.3 The public consultation produced 188 responses. Full details are provided in Appendix 3.

6.4 The Council proposed 11 options for changes and a summary of the responses are as follows:

Option 1 – The introduction of an income banded scheme to replace the current scheme for all applicants of working age

Yes: 43.02%, No: 38.37%, Don't Know: 18.60%

Option 2 - To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two for all applicants

Yes: 58.44%, No: 27.27%, Don't Know: 14.29%

Option 3 – To remove non-dependant deductions from the scheme

Yes: 54.79%, No: 24.66%, Don't Know: 20.55%

Option 4 – Disregarding Carers Allowance, the support component of the Employment and Support Allowance and the housing element of Universal Credit

Yes: 60.56%, No: 22.54%, Don't Know: 16.90%

Option 5 - To reduce the maximum limit of capital from £16,000 to £6,000

Yes: 38.03%, **No: 50.70%**, Don't Know: 11.27%

Option 6 – Removing the current earnings disregards and replacing them with a standard £35 disregard for single applicants and £70 for applicants who are disabled, carers, those in special employments or lone parents or couples.

Yes: 51.47%, No: 27.94%, Don't Know: 20.59%

Option 7 - To allow further income disregards where an applicant, their partner or any dependant is in receipt of a disability benefit

Yes: 58.21%, No: 23.88%, Don't Know: 19.40%

Option 8 – Removing the Extended Reduction provision

Yes: 52.31%, No: 27.69%, Don't Know: 20.00%

Option 9 - Removal of Second Adult Reduction from the scheme

Yes: 54.69%, No: 23.44%, Don't Know: 21.88%

Option 10 – Any new claim or change in circumstances which changes Council Tax Reduction entitlement will be made from the date on which the change occurs, (rather than on a weekly basis as at present)

Yes: 71.88%, No: 9.38%, Don't Know: 18.75%

Option 11 – Extending the 'backdating' provisions within the scheme

Yes: 68.75%, No: 10.94%, Don't Know: 20.31%

- 6.5 It can be seen from the above that the overall response to the proposed changes have been positive and that the consultees largely support the recommended new CTR scheme. The one proposal that received less support was Option 5, *to reduce the maximum limit of capital from £16,000 to £6,000*. This proposal does offset some of the cost of the other recommended changes as they increase the amount of CTR. However, it is imperative that full consideration is given to the responses received from the consultation and as a result further work was undertaken to model this particular change within the scheme. Whilst a reduction in capital limit would significantly offset the cost of other adjustments, the self-financing of the scheme can still be maintained without making this particular change, at this time. As a result of this further consideration it is no longer proposed to reduce the capital limit from £16,000 to £6,000 but instead to monitor the impact of the additional work required to calculate tariff income on capital in excess of £6,000 through the next financial year.

7 **ENVIRONMENTAL CONSIDERATIONS**

- 7.1 Failure to adopt a new simplified scheme will inevitably lead to an increase in administration. This in turn will lead to the increased use of resources.

8 **EQUALITY IMPACT ASSESSEMENT**

- 8.1 A second stage Equality Impact Assessment is shown at Appendix 1. Details of those households affected by these changes are referred to below at para 11.14.

9 **DATA PROTECTION IMPACT ASSESSMENT**

- 9.1 None required, the project has used only existing data held. No further personal data has been requested, obtained, held or published

10 **RISK MANAGEMENT**

10.1 The following risks are associated with the changes

Risk	Mitigation	Opportunities
Property <i>No risk</i>	N/A	N/A
Community Support <i>Recommended changes to the support of some working age applicants</i>	<ul style="list-style-type: none"> Where an applicant may receive less Council Tax Reduction, they may apply for additional support under the Council's Exceptional Hardship Fund (see para 11.17) In some cases, applicants may receive more support under the recommended scheme. 	By accepting the recommendations, there is an opportunity to: <ul style="list-style-type: none"> Modernise the current scheme; Enable a scheme that will be fit for purpose; and Reduce administration.
Timescales <i>It will be essential for the Council to agree the new scheme if it is to be introduced for the 2021/22 financial year.</i>	<ul style="list-style-type: none"> The project is on time and if the recommendations are accepted by the Council, the new scheme shall be implemented on 1 April 2021. 	
Project capacity	<ul style="list-style-type: none"> Resources have already been allocated to the project which are sufficient 	
Financial / VfM <i>Changes to the scheme could potentially lead to changes in overall scheme costs</i> Potential increase in Fraud.	<ul style="list-style-type: none"> Extensive modelling has been undertaken to estimate the costs of the scheme. This continues at present. Experience of similar schemes identifies that 	<ul style="list-style-type: none"> The Council has indicated that it is not looking to make savings from scheme changes. However, a natural reduction in the resources required to administer

Risk	Mitigation	Opportunities
	<p>fraud tends to occur after a claim is made i.e. changes in circumstances are not reported. The change in scheme allows for a change in emphasis as evidence will only be requested in a very small number of cases. The vast majority of cases will be processed based on the information provided. The current scheme is not designed to prevent fraud, the new scheme with its reduced requirements will, by design, reduce fraud e.g. no requirement to report all income changes , non dependants etc.; Reviews will be undertaken on a risk based approach together with other Council Tax discounts</p>	<p>this scheme should yield savings once the new scheme is bedded-in.</p>
<p>Legal <i>Failure to set the scheme in accordance with the legislation and failure to comply with the legal requirements for developing a new CTR scheme</i></p>	<ul style="list-style-type: none"> • The project is being undertaken strictly in accordance with legislative requirements. Should the Council not agree the new scheme, the current scheme will remain in force. 	
<p>Innovation <i>Failure to maximise the potential of change and automation</i></p>	<ul style="list-style-type: none"> • The recommended approach takes full advantages of the latest automation of claims and the gathering of data 	<ul style="list-style-type: none"> • If the recommendations are accepted, there will be more opportunity to enhance customer's online experience by

Risk	Mitigation	Opportunities
		receiving immediate decisions of discounts being granted.
<p>Reputation <i>Failure to implement the new scheme on time or failure to deliver a comprehensive and robust scheme</i></p>	<ul style="list-style-type: none"> By accepting the recommendation, the Council s following previous successful implementations by other Local Authorities 	<ul style="list-style-type: none"> By accepting the recommendations, there is an opportunity for the Council to enhance its reputation by developing an up to date an effective CTR scheme

11 SUPPORTING INFORMATION:

BACKGROUND

- 11.1 Council Tax Reduction (CTR) was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government:
- Placed the duty to create a local scheme for **Working Age** applicants with billing authorities.
 - Reduced initial funding by the equivalent of ten per cent from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme; and
 - Prescribed that persons of **Pension age** would be dealt with under regulations set by Central Government and not the authorities' local scheme.
- 11.2 Since that time, funding for the Council Tax Reduction scheme has been amalgamated into other Central Government grants paid to Local Authorities and also within the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Central Government sources.
- 11.3 The current Council Tax Reduction scheme created by the Council is divided into two schemes, with pension age applicants receiving support under the rules prescribed by Central Government, and the scheme for working age applicants being determined solely by the local authority.
- 11.4 Pensioners, subject to their income, can receive up to 100 per cent support towards their council tax. The Council has no powers to change the level of support provided to pensioners and therefore any changes to the level of CTR can only be made to the working age scheme.

- 11.5 When Council Tax Reduction was introduced in 2013, the Council adopted the previous means tested Council Tax Benefit scheme as the basis of awarding support and enhanced the scheme by increasing the earnings disregards in order to encourage people into work. Many other authorities in England took this opportunity to introduce a requirement for claimants to make some contribution to Council Tax, leaving Winchester's scheme as one of the most generous in the Country. Since that time, other minor changes have been made to bring the scheme into line with either Housing Benefit or Universal Credit. For example, disregarding income and capital from the We Love Manchester Emergency Fund, Windrush payments and London Emergency Trust.

The main issues with the current scheme

- 11.6 There are a number of issues with the current scheme that need addressing if the system is to continue to provide effective support to low income taxpayers and also if the Council is able to provide the service in an efficient manner. The main issues are as follows:
- The introduction of Universal Credit for working age applicants; and
 - The need for a simplification of the scheme;
- 11.7 Each of the above are examined in detail below.

Council Tax Reduction and the roll out of Universal Credit

- 11.8 The introduction of Universal Credit within the area has, as experienced in all other areas, brought a number of significant challenges to both the administration of Council Tax Reduction and also the collection of Council Tax generally. All Councils have experienced the following:
- The reluctance of Universal Credit claimants to make a prompt claim for Council Tax Reduction leading to a loss in entitlement;
 - A high number of changes to Universal Credit cases are received from the Department for Work and Pensions requiring a change to Council Tax Reduction entitlement. On average 40% of Universal Credit claimants have between eight and twelve changes in entitlement per annum. These changes result in amendments to Council Tax liability, the re-calculation of instalments, delays and the demonstrable loss in collection; and
 - The increased costs of administration through multiple changes with significant additional staff and staff time being required.
- 11.9 It is clear that the existing means tested Council Tax Reduction scheme, which is too reactive to change, will not be viable in the longer term now that Universal Credit has been rolled out fully within the area and with the massive increase in Universal Credit claimants due to the COVID-19 crisis. The move to a new more efficient scheme from 2021 is now imperative.

The need for a simplified approach to the Council Tax Reduction Scheme.

11.10 Notwithstanding the introduction of Universal Credit, the existing scheme is based on an 'old fashioned;' means tested benefit scheme. It has major defects namely:

- It is complex for customers to understand and is based on a complex calculation of entitlement;
- The administration for staff is complex, with staff having to request significant amounts of information from applicants;
- Staff have to undergo significant training to be proficient in processing claims;
- The timescales for processing applications is lengthy, mainly due to the complexity and evidence required to support the applications; and
- The administration of the scheme is costly when compared to other discounts for Council Tax.

11.11 Clearly there is a need now to simplify the scheme, not only to mitigate the effects of Universal Credit, but also make it easier for customers to make a claim and to significantly reduce the costs of administration.

The recommended approach for the 2021/22 Council Tax Reduction Scheme

11.12 In view of the problems being experienced with the current scheme, a new scheme has been devised and a full consultation was undertaken between 21 September and 1 November to consider the proposed changes. A summary of the consultation results is provided at section 6 and results with commentary are shown within Appendix 3. The overall response to the proposed changes are positive and the consultees largely support the recommended new Council Tax Reduction scheme. The one proposal that received less support was Option 5, *to reduce the maximum limit of capital from £16,000 to £6,000*. This proposal does offset some of the cost of the other recommended changes as they increase the amount of CTR. However, it is imperative that full consideration is given to the responses received from the consultation and as a result further work was undertaken to model this particular change within the scheme. Whilst a reduction in capital limit would significantly offset the cost of other adjustments, the self-financing of the scheme can still be maintained without making this particular change, at this time. As a result of this further consideration it is no longer proposed to reduce the capital limit from £16,000 to £6,000 but instead to monitor the impact of the additional work required to calculate tariff income on capital in excess of £6,000 through the next financial year..

11.13 It is recommended that a new scheme is introduced from 1st April 2021. The approach has been to fundamentally redesign the scheme to address all of the issues with the current scheme and in particular;

- (a) The problems with the introduction of full-service Universal Credit; and
- (b) The significant increase in administration costs due to the high level of changes received in respect of Universal Credit;

11.14 The recommended scheme has a number of features as follows:

- The overall expenditure (cost) of the scheme will remain as at present, subject to changes (increases and reductions) created by Covid;
- The recommended changes can **only be made to the working age schemes** as the current schemes for pensioners is prescribed by Central Government;
- It is recommended that the current means-tested schemes will be replaced by a simple income banded model as shown below:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Weekly income ranges							
Band 1*	100%	£0 - £100.00	£0 - £165.00	£0 - £220.00	£0- £140.00	£0 - £205.00	£0 - £260.00

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 2	75%	£100.01 - £180.00	£165.01 - £245.00	£220.01 - £300.00	£140.01 - £220.00	£205.01 - £285.00	£260.01 - £340.00
Band 3	45%	£180.01 - £240.00	£245.01 - £305.00	£300.01 - £360.00	£220.01 - £280.00	£285.01 - £345.00	£340.01 - £400.00
Band 4	25%	£240.01 - £300.00	£305.01 - £365.00	£360.01 - £420.00	£280.01 - £340.00	£345.01 - £405.00	£400.01 - £460.00
	0%	Over £300.00	Over £365.00	Over £420.00	Over £340.00	Over £405.00	Over £460.00

- Where any applicant or their partner are in receipt of Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance, a Band 1 discount will be given;
- the highest level of discount will remain at a maximum level of liability (100%) and all current applicants that are in receipt of a 'passport benefit', and have capital of less than £16,000, such as Income Support, Jobseeker's Allowance (Income Based) and Employment and Support Allowance (Income Related) will receive maximum discount
- All other discount levels are based on the applicant's (and partner's, where they have one) net income;
- The scheme allows for variation in household size with the levels of income per band increasing where an applicant has a partner, and / or dependants;
- There will be no charges made where an applicant had non-dependants living with them. A non-dependant is an adult who lives with the applicant, normally a grown up son, daughter, friend or relative. A non-dependant will normally reduce the claimants CTR by the amount we expect them to contribute to their household This is a significant change and means that the administration of the scheme will be more straightforward whilst also protecting low income families where adult sons and daughters for example remain at home;
- To encourage work, a standard £35 per week disregard will be provided against all earnings for single persons and £70 per week for disabled applicants, carers, those in special employment or couples or lone parents. This will take the place of the current standard disregards, childcare disregards and additional earnings disregards. Child Benefit will

continue to be disregarded and as the income bands for applicants with children are higher, they will be able to receive the same level of support with a higher income;

- Disability benefits such as Disability Living Allowance and Personal Independence Allowance will continue to be disregarded;
- Carer's Allowance and the support component of Employment and Support Allowance will be disregarded;
- Child Benefit and child maintenance will continue to be disregarded;
- The total disregard on war pensions and war disablement pensions will continue;
- Extended reductions will be removed - in certain cases, where applicants have been in receipt of prescribed benefits (such as Income Support, Jobseekers Allowance or Employment and Support Allowance) and move into work which ends their entitlement, CTR can be paid for an additional 4 weeks after commencing work or increasing their hours. This is known as an Extended Payment. Similar provisions do not exist for Universal Credit claimants. As Universal Credit is to replace those existing (legacy) benefits, the Council feels that these provisions are no longer appropriate;
- Second Adult Reduction will be removed - the current CTR scheme can grant a reduction up to 25% in certain cases where the income of a 'second adult' (not the applicant's partner) who resides with the applicant is unemployed or has a low income. The reduction is not based on the applicant's or their partner's income but is purely based on the income of the 'second adult'; Where the applicant, their partner and / or a dependant child is disabled, a further disregard will be made from their income prior to the calculation of CTR;
- The scheme has been designed so that disabled people are not disadvantaged. This is achieved by continuing to disregard their disabled income plus up to £80 per week of their other income. There may be a small number of cases that receive less support. They will be able to apply for assistance from the Exceptional Hardship Fund. In the case of those with a disabled child who will receive less support, this is primarily because they are large families;
- There may be other applicants with larger families who may see a reduction in support. Child Benefit will continue to be disregarded and as the income bands for applicants with children are higher, they will be able to receive the same level of support with a higher income. Cases which receive less CTR will be able to apply for assistance from the Exceptional Hardship Fund where they can demonstrate financial hardship.

How the recommended new scheme will address the problems with the current Council Tax Reduction

11.15 Due to the simplicity of the recommended new scheme and by taking a more 'Council Tax discount approach', it will address the problems associated with the increased administration caused by failings in the current scheme and Universal Credit as follows:

- **The scheme will require a simplified claiming process.** All applicants will see a significant reduction in the claiming process and where possible Council Tax Reduction will be awarded with minimal administration and without the need to request further information from the applicant. For Universal Credit applicants *any* Universal Credit data received from the Department for Work and Pensions (DWP) will be treated as a claim for Council Tax Reduction. Where information is received from DWP, the entitlement to Council Tax Reduction will be processed without the need to request further information from the applicant.
- These changes will have the following distinct advantages namely:
 - **Speed of processing** – all claims will be able to be calculated promptly and largely automatically without the need to request further information which inevitably leads to delays;
 - **Maximising entitlement to every applicant.** As there will no requirement for Universal Credit applicants to apply, and for all other applicants, the claiming process will be significantly simplified, entitlement to Council Tax Reduction will be maximised with a reduced risk of loss of discount or the need for backdating;
 - **Maintenance of collection rates** – the new scheme will avoid constant changes in discount, the need for multiple changes in instalments and therefore assist in maintaining the high collection rates currently achieved. The increased level of discount will assist all those applicants on the lowest levels of income, again improving the overall collection rate;
- **The income bands are sufficiently wide to avoid constant changes in discount.** The current Council Tax Reduction scheme is very reactive and will alter even if the overall change to the person's liability is small. This is leading to constant changes in Council Tax liability, the need to recalculate monthly instalments and the requirement to issue a large number of Council Tax demands. The effect of this is that Council Tax collection is reduced. The new scheme, with its simplified income banding approach will have the following advantages:
 - In the vast majority of cases there will be no requirement to notify the Council of a change in income as the discount bands are so wide. Applicants will only be required to notify the Council when their income is likely to change the discount banding they are in

- Council Taxpayers who receive Council Tax Reduction will not receive multiple Council Tax demands and adjustments to their instalments; and
- The new scheme is designed to reflect a more modern approach, where any discount changes it will be effective from the day of the change rather than the Monday of the following week;

Transition to the new scheme and the Exceptional Hardship Scheme

- 11.16 The Council must be mindful that any change in scheme or a transition to a new scheme may result in a change to the entitlement of certain applicants.
- 11.17 Inevitably, with any change in scheme, there will be both winners and losers although the recommended scheme has been designed to protect the most vulnerable. Whilst the new scheme has been designed to protect vulnerable groups and to, where possible, minimise any reductions in entitlement, it is recommended that the new scheme will contain additional provisions to protect individuals who experience exceptional hardship. Where any applicant is likely to experience exceptional hardship, they will be encouraged to apply for an exceptional hardship payment. The Council will consider all applications for exceptional hardship on an individual basis, taking into account available income and essential outgoings. Where appropriate further support will be given to the applicant.
- 11.18 This approach will enable individual applicants to be dealt with in a fair and equitable manner. The Exceptional Hardship Scheme (see Appendix 5) will form part of the Council Tax Reduction scheme and fall to be paid through the Collection Fund.

Matters raised in the consultation responses

- 11.19 Whilst the overall response to the consultation demonstrated support for the new proposals, a number of issues were raised. Where possible and appropriate, a response has been provided next to each of those comments in Appendix 3. The issue regarding the reduction in capital limit from £16,000 to £6,000 has also been addressed at paras 6.5 and 11.12.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 The alternative to introducing a new scheme for Council Tax Reduction from 2021/22 is to leave the existing scheme in place. This would be a short-term option; lead to increasing costs of administration; and in the longer term, significantly affect the collection of Council Tax and the effectiveness of the scheme to support households within the City Council's area

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB3253 – CONSULTATION ON CHANGES TO THE COUNCIL TAX

APPENDICES:

Appendix 1 – Stage 2 Equality Impact Assessment;

Appendix 2 – Consultation response - Major Preceptors

Appendix 3 – Consultation responses - Public

Appendix 4 – Recommended Council Tax Reduction Scheme from 1 April 2021

Appendix 5 – Proposed Exceptional Hardship Scheme

Appendix 6 – Case studies