

## **Cabinet – 15 December 2021**

### **Council Tax Reduction Scheme – 2022/23**

**Portfolio:** Councillor Andrew

**Related portfolios:** All

**Service:** Customer Engagement

**Wards:** ALL

**Key decision:** No

**Forward plan:** No

#### **1. Aim**

To agree upon a new local council tax reduction (LCTR) scheme that can be approved by Council in January 2022

#### **2. Summary**

Cabinet on 8 September 2021 agreed to consult on a preferred LCTR scheme to apply to households in Walsall with effect from the financial year starting in April 2022. Consultation was conducted between the period 1 October and 30 November and views expressed have been taken in-to account in theses final recommendations which will go forward to full Council in January 2022

The council is not reducing the funding it provides for its local council tax reduction scheme, this is a cost neutral proposal that has been consulted upon.

#### **3. Recommendations**

To recommend to Council:

That the Council approves the Local Council Tax Reduction Scheme as set out in Appendix 1 and detailed in Appendix 2 to this report, adopting the principles approved by Cabinet in September. Taking account of recent changes in the provision of welfare support nationally and having given regard to the equality impact assessment and consultation comments.

#### 4. Report detail - know

##### **Context**

- 4.1 A detailed report was submitted to Cabinet on 8 September 2021 setting out objectives and proposals to consider for a new simplified council tax reduction scheme. A preferred option was considered and approved for public consultation.
- 4.2 The purpose of the changes are to simplify the scheme for claimants to understand and to simplify the application and administrative process, reducing constant changes in the amount of the award, enabling people to better budget for the payments of council tax charges.
- 4.3 The scheme is based on household income and size. The change will generate some winners and losers. The scheme is not looking to make any savings and should remain cost neutral to council tax payers. Vulnerable households who are facing a loss will be able to seek additional hardship funding, each case will be assessed on its own merits. Key features of the Scheme were highlighted in the report to Cabinet in September and are updated and reproduced at Appendix 1.
- 4.4 Public and key stakeholder consultation was conducted between the 1<sup>st</sup> October and the 30<sup>th</sup> November 2021, with the majority of respondents in favour of the proposed changes.
- 4.6 Major preceptors have been consulted on the proposals and have responded without any objections.
- 4.7 During this consultation period there have been a couple of key government decisions relating to universal credit which impact households on low income, and consequently the modelling data used to determine the cost of any new LCTR scheme. These factors have been reviewed as part of the exercise to determine any appropriate scheme changes from those that were proposed.
- 4.8 In addition to changes in universal credit payments we have also seen a continued reduction in case numbers receiving LCTR, this is due to easing of lockdown restrictions and a growth in the labour market.
- 4.9 Full details of the scheme are reproduced at Appendix 2.

**Economic:** Provide an incentive for those on low income and enable better targeted support

**People:** Reduced complexity and easy to access scheme

**Internal:** Increased automation to enable more focused support towards our most vulnerable households

**Children:** The LCTR will differentiate between household make-ups and can ensure families with children are supported properly. Again, resources can be focused on helping those most at risk with targeted support.

**Communities:** Communities will be encouraged to participate in consultation for the revision and again support can be targeted.

### ***Risk management***

- 4.10 Moving to a new scheme will require system changes and re-calculations of liability which impact council tax base calculations. Accurate modelling of data and staff training is key to avoid errors and confusion. System modelling and test data will be carried out using our existing software suppliers.
- 4.11 LCTR is a dynamic award, claimant numbers can increase as well as decrease, modelling for the scheme has been carried out using the best available data to arrive at a cost neutral scheme and performance against these estimates will be monitored throughout the period.
- 4.12 Consultation has been carried out in accordance with the legislation in order to avoid a challenge against the scheme and to allow residents the opportunity to comment on the proposal and influence the final scheme.
- 4.13 Current improvements in data sharing between areas of the council in relation to things such as free school meals and other projects such as the use of robotics and document management need to be considered when making changes to this scheme in order to maximise its efficiency.

### ***Financial implications***

- 4.13 The funding from government for LCTR is now part of the financial settlement and is no longer separately identifiable.
- 4.14 The new scheme is intended to be cost neutral although changes in household incomes are dynamic and can result in fluctuations both up and down in total value of awards.
- 4.15 The scheme impacts the collection fund which means the cost falls upon all council tax payers and impacts the council and its major preceptors, as a result any scheme changes must be consulted with the major precepting authorities.
- 4.16 A simplified scheme, enabling better debt management for customers should help the council to reduce its bad debt provision which would have a positive impact on the collection fund and subsequently the general fund. Bad debt provision currently stands at £8.9m for all council tax debts and collection for debts where LCTR is awarded to working age customers is around 70% within year, leaving over £2m to collect in subsequent years. Total annual liability for Council tax in 2021/22 is £153m of which we aim to collect over 94% of this within the year.
- 4.17 Modelling software and expert consultation support is required from our existing suppliers in order to ensure the new scheme can be administered effectively and scheme details are legally documented. These costs will be met from service budgets.
- 4.18 The proposed scheme in September has been remodelled using data available in November and this is the only cost neutral option, two additional schemes have also been modelled using this data taking in-to account comments relating to both disabled claimants and families with children but neither of these options deliver a cost neutral solution and therefore cannot be recommended. Any shortfall in the

budgeted costs can be used as hardship support funding and this will be targeted to those in most need. (See Table Below for analysis of options considered)

	New Scheme Costs	Existing Scheme Costs
November Scheme (Based on September Proposals) – Recommended Scheme.	£13,797,983	£13,901,486
November Scheme (Based on September Proposals, with all Child Benefit Disregarded as income)	£14,237,353	£13,901,486
November Scheme (Based on September Proposals, with all Child Benefit disregarded as income and Disability premium disregards increased to £55)	£14,300,027	£13,901,486

### ***Legal implications***

- 4.19 The legislation relating to council tax reduction schemes includes:
- Section 13A of the Local Government Finance Act 2012 - introduced the council tax reduction scheme.
  - The Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 (Statutory Instrument 2012 / 2885) contains the mandatory elements for any local scheme and details the scheme that must be adopted for pensioners.
- 4.20 The council must make any revision to its discount scheme before the end of March in the financial year preceding that for which the revision or replacement scheme is to have effect.

### ***Procurement Implications/Social Value***

- 4.21 None

### ***Property implications***

- 4.22 None

### ***Health and wellbeing implications***

- 4.23 There are complex interconnections between living conditions, lifestyles, and health problems; high unemployment, low pay, and reductions in public support make it more likely that there will be an adverse effect on health and wellbeing for the residents of Walsall. Implications will vary depending on the size of the reductions in support.

### ***Staffing implications***

- 4.24 A simplified and more automated scheme will result in staff tasks being redirected to more targeted support for our most vulnerable customers.

## ***Reducing Inequalities***

- 4.25 The implications for reducing inequalities have been taken into account and assessed as set out below.
- 4.26 Government has stated that LCTR schemes should provide support for the most vulnerable; however they have not prescribed the protection that local authorities should provide for vulnerable groups other than pensioners.
- 4.27 In designing local schemes authorities are reminded of their responsibilities in relation to vulnerable groups and individuals and the Department for Communities and Local Government (now MHCLG) consultation response makes specific reference to the following Acts. a) The Child Poverty Act 2010, which imposes a duty on local authorities and their partners, to reduce and mitigate the effects of child poverty in their local areas. b) The Disabled Persons (Services, Consultation and Representation) Act 1986, and Chronically Sick and Disabled Persons Act 1970, which include a range of duties relating to the welfare needs of disabled people. c) The Housing Act 1996, which gives local authorities a duty to prevent homelessness with special regard to vulnerable groups.
- 4.28 An equality impact assessment must be completed and consultation with appropriate groups with protected characteristics that may be affected by changes to entitlement. We will also use the equality impact assessment to identify any unintended consequences for vulnerable groups to ensure that our local scheme is fair and equitable. Hardship provision under the proposed scheme will enable us to consider mitigating disproportionate impacts against any equality groups.

## ***Climate change***

- 4.29 A simplified scheme will reduce the number of accounts and reminder notices being issued and help to ensure the delivery of services and actions of those in the Council's Climate Change Action Plan.

## ***Consultation***

- 4.30 The council has fully adhered to the statement of intent issued by the Department for Communities and Local Government which specifies that it must:
- Consult any major precepting authority
  - Publish a draft scheme in such a manner as it thinks fit, and
  - Consult other such persons as it considers are likely to have an interest in the operation of the scheme.
- 4.31 The council has undertaken a public consultation exercise on the option approved by the cabinet in September to ensure it gives the best possible opportunity for interested parties to put forward their views. In addition a listening and engagement session with key stakeholders has taken place to discuss the options described and potential impacts.
- 4.32 Overall consultation from all sectors was largely supportive of the September proposals and there was good support for a simplified scheme. Concerns were voiced about the impacts on families with children and for those in receipt of disability benefits, as a result of these comments two further options have been modelled but do not meet the scheme principles as neither would be cost neutral

(see 4.18 above). A summary of all the consultation outcomes is attached at Appendix 3

- 4.33 Consultation included writing to a representative sample of council tax payers, including those impacted by the scheme changes, as well as the provision of an online questionnaire to capture resident's views about the proposed changes.
- 4.34 Conversations with near neighbours have already taken place with regard to scheme changes and staff consultation has fed in to the process.

## **5. Decide**

The scheme details are set out in Appendix 2 and should be recommended to Council, as they comply with the scheme principles as set out in the September Cabinet report and are supported by the consultation process. Additional options have been considered following consultation on the scheme but have been discounted on the basis that they do not meet the principle of being cost neutral.

## **6. Respond**

The decision will be implemented as set out in the recommendation and will take effect from the next Council Tax billing year April 2022.

## **7. Review**

Following implementation in April 2022, the scheme will be monitored and future changes will be recommended for future years, with hardship support available to those suffering. The final scheme recommendations which will go before Council in January 2022.

## **Background papers**

September 2021 Cabinet Report – LCTR Proposals for consultation

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Signed  
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Childrens and Customer  
3<sup>rd</sup> December 2021



Signed  
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Portfolio Holder Regeneration

3<sup>rd</sup> December 2021