

SLOUGH BOROUGH COUNCIL

REPORT TO:	Overview & Scrutiny Committee
DATE:	23 February 2023
SUBJECT:	Council Tax Reduction Scheme 2023-24
CHIEF OFFICER:	Steven Mair – Executive Director – Finance and Commercial (S151)
CONTACT OFFICER:	Andy Jeffs – Interim Head of Transactions – Revenues, Benefits and Charges
WARD(S):	All
EXEMPT:	No
APPENDICES:	Appendix A - Financial Modelling for new scheme Appendix B - Equality Impact Assessment (to follow) Appendix C - Consultation Document Appendix D – 2023-2024 CTRS

1 Summary and Recommendation

- 1.1 Slough is proposing a 9.99% increase in its Council Tax in 2023/24 after receiving dispensation from Government to charge 5% more than other councils without needing to have a referendum. In the correspondence from the Department for Levelling Up, Housing and Communities (DLUHC), officials confirmed that Ministers were conscious of the effects of a large increase in council tax on taxpayers in Slough, especially those on lower incomes. The Government's expectation is that the Council takes steps to mitigate the impact on those least able to pay and acknowledges the steps taken by the Council to protect those on the lowest income and in receipt of council tax support. This report proposes allocating £1.2m of the additional amount received as a further reduction in Council Tax to the poorest working age households and revising the current Council Tax Reduction Scheme (CTRS).
- 1.2 In Slough approximately 9,300 households currently receive a Council Tax Reduction, the gross cost of the scheme is £8.815m. This cost is spread across the Council, Fire and Police authorities in accordance with the proportion of Council Tax each organisation levies, with the cost to the Council being £7.757m, 88%. If the scheme isn't amended the gross cost will increase to £9.696m, £8.532m to Slough. The proposed change would increase the gross cost to £10.900m, £9.592m to Slough.
- 1.3 Section 13A(1)(a) of the Local Government Finance Act 1992 prescribes that Slough Borough Council is required to have a Council Tax Reduction Scheme and since 2013/14 the Council has had to consider annually whether to revise its scheme or to

replace it with a different scheme. Any revision to or replacement of the CTRS scheme must be subject to consultation.

- 1.4 This report informs the Cabinet of the proposed changes to the current scheme for 2023/24 and asks that a recommendation is made to Council to adopt the revised scheme.

Recommendations

The Overview & Scrutiny Committee is requested to consider this report and make any recommendations to Cabinet at their meeting on 27th February 2023:

The Cabinet will be asked to:

- (a) Recommend the Council Tax Reduction Scheme 2023/24 (Appendix D) to Full Council for adoption for the financial year 2023/24.
- (b) Agree to allocate £0.040m into the Council Tax Hardship Fund and to use the Council's £0.253m allocation of the Council Tax Support Fund to protect the current levels of support provided to those taxpayers who would otherwise lose under the proposed scheme.

Reason

- 1.5 Extending the scope of the localised CTRS and increasing the funding available in the Council Tax Hardship Fund will have a positive impact on those residents on the lowest income and ensure that if the Council increases the council tax by 9.99%, this impact is mitigated for those eligible for support. Approval of the CTRS scheme is required by Full Council before 10 March 2023.
- 1.6 As a direct result of the proposed changes to the scheme for 2023/24, 5,357 current working age claimants will pay less in Council Tax. Of these, 3,552 of the most vulnerable working age households currently paying 20% towards their Council Tax would not have to pay any in 2023/24.

Commissioner Review

- 1.7 The Commissioners are content with this report

2 Report

Introduction

- 2.1 The current CTRS scheme was amended for 2020/21 and was not varied or revised for 2021/22. The scheme for 2022/23 was updated in line with advice from the Department for Work and Pensions (DWP) and the Department for Levelling Up, Housing and Communities (DLUHC).
- 2.2 The scheme consists of two parts. The first part makes provision for pension age claimants which is prescribed on a national basis and cannot be amended by local

authorities. Pension age claimants receive a 100% discount on their Council Tax and therefore have a nil charge as required by the Regulations.

Provision for pension age claimants

2.3 There are approximately 2,700 pension age claimants who fall into three prescribed classes which are as follows:

- a) Class A – pensioners whose income is less than the applicable amount
- b) Class B – pensioners whose income is greater than the applicable amount, and
- c) Class C – alternative maximum Council Tax reduction

2.4 There are no plans to revise or to vary this part of the scheme.

Provision for working age claimants

2.5 The second part of the current scheme makes provision for approximately 6,600 working age claimants which the Council has discretion on.

2.6 The current scheme for working age applicants is an income banded/grid scheme means test, which compares income against a range of discounts available. This scheme applies only to a person who:

- a) has not attained the qualifying age for state pension credit, or
- b) has attained the qualifying age for state pension credit if they, or their partner, is a person on Income Support, on an income-based Jobseekers Allowance, on an income related Employment and Support Allowance or on Universal Credit.

2.7 To obtain a reduction under the current scheme the individual (or partner) must:

- a) have not attained the qualifying age for state pension credit, or
- b) they have attained the qualifying age for state pension credit and they or their partner is a person on Income Support, on income-based Jobseekers Allowance or on income related Employment and Support Allowance, or a person with an award of Universal Credit
- c) be liable to pay Council Tax in respect of a dwelling in which they are solely or mainly resident
- d) is not deemed to be absent from the dwelling
- e) not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme
- f) be somebody in respect of whom a maximum Council Tax Support amount can be calculated
- g) not have capital savings above £16,000
- h) not have income above the levels specified within the scheme
- i) be a person in respect of whom a day in which they are liable to pay Council Tax in respect of which the person's income is within a range of incomes specified within Schedule 1 of the scheme, and
- j) has made a valid application for reduction.

2.8 The authorities current CTRS means that the maximum discount allocated to a working age claimant is 80%. Depending on their circumstances the amount of

discount will reduce and is calculated on the basis of the following banded scheme based on weekly income as shown in Table 1 below:

Table 1 – Current Banded Scheme

Discount Band & Discount Award	Single	Couple	Lone Parent with one dependent child or young person	Couple with one dependent child or young person	Lone Parent with two or more dependent children or your persons	Couple with two or more dependent children or young persons
Band 1 80%	£0.00 - £76.00	£0.00 - £119.30	£0.00 - £163.43	£0.00 - £206.69	£0.00 - £232.76	£0.00 - £276.02
Band 2 65%	£76.01 - £107.08	£119.31 - £150.38	£163.44 - £232.75	£206.70 - £276.01	£232.77 - £302.77	£276.03 - £345.33
Band 3 50%	£107.09 - £138.16	£150.39 - £181.47	£232.76 - £267.41	£276.02 - £310.67	£302.08 - £336.72	£345.34 - £379.98
Band 4 35%	£138.17 - £169.25	£181.48 - £212.55	£267.42 - £336.72	£310.68 - £379.98	£336.73 - £406.05	£379.99 - £449.31
Band 5 20%	£169.26 - £200.33	£212.56 - £243.64	£336.73 - £406.05	£379.99 - £449.31	£406.06 - £475.35	£449.32 - £518.61
Band 6 0%	£200.34 and above	£243.65 and above	£406.06 and above	£449.32 and above	£475.36 and above	£518.62 and above

Note: All incomes shown in the table are weekly, discount bands vary depending on both weekly income and household, and any applicant with capital greater than £16,000 shall not be entitled to any Council Tax Support whatsoever.

2.9 The amount of discount to be granted is to be based on the following factors:

- a) the maximum Council Tax Support as defined within the scheme
- b) the Council Tax family as defined within the scheme
- c) the income of the applicant as defined within the scheme
- d) the capital of the applicant within the scheme.

2.10 Where an applicant or partner is in receipt of a 'relevant benefit' namely Income Support, Income Related Employment and Support Allowance, Income Based Job Seekers Allowance or Universal Credit (with no other income or income as specified in Schedule 3), discount will be awarded at Band 1 level.

Proposed working age scheme

2.11 Following a period of consultation on whether to revise the current working age CTRS the Council is proposing to make changes to:

- a) provide targeted support to those households on the lowest incomes
- b) make the scheme easier for residents to understand and access
- c) provide greater stability to those who are in receipt of support
- d) make the scheme work better with the Universal Credit award system
- e) build in capacity to better manage demand, and
- f) reduce administration costs which will ultimately prevent any additional costs being added to the Council Tax.

2.12 The revisions to the scheme include:

- a) Passported cases (where the applicant or partner is in receipt of Income Support, Income-based Job Seeker's Allowance, or Income-Related Employment Support Allowance) along with customers whose income does not include earnings will receive the maximum discount of 100%
- b) the scheme will no longer limit the support to Council Tax at Band C level
- c) the maximum amount of support for people who are not working will increase
- d) for residents who are working only your earnings will be taken into account to calculate you CTRS
- e) we will no longer apply Earned Income Disregards or Child Care cost disregards
- f) for residents who are working their CTRS will be calculated based on the 7 income bands their level of earnings places them in. These income bands will be the same for all household types
- g) the minimum level of CTRS will change from £1.00 to £0.01 per week
- h) non-dependent deductions will still apply but will change to £11.00 per week where they are working 16 hours or more on average and their gross income is greater than or equal to £200.00 per week. A £5.00 deduction will apply where their gross income is less than or equal to £199.99 per week. This will apply regardless of what the income is
- i) the maximum capital limit will reduce from £16,000 to £6,000.

2.13 All other parts of the existing scheme will remain unchanged including:

- a) Disability Benefits such as Personal Independence Payment (PIP) and Disability Living Allowance (DLA) will continue to be disregarded
- b) no Non-dependent deduction will apply where the customer or partner is in receipt of Disability Benefits such as PIP and DLA
- c) no Non-dependent deduction will apply where the Non-dependent is either a full-time student or is aged under 18-years
- d) War Pensions and War Disablement Pensions will continue to be disregarded in full
- e) backdating will remain at 1 calendar month
- f) the minimum income floor for a self-employed person declaring less income than the national living wage will have their CTRS calculated on a notional income equal to that of the national living wage.

2.14 To simplify the current CTRS scheme we proposing to increase the number of bands from 6 to 8 and in each of those bands the reduction in Council Tax increases with those in band 1 with the lowest incomes not having any Council Tax to pay.

2.15 In addition to reduce the amount of administration with the current scheme we are proposing making all income bands the same for all household types, also making the scheme less confusing for residents. The proposed bands are shown in Table 2 below:

Table 2 – Proposed New Bands

Discount Band	Current Scheme Discount	Proposed Scheme Discount	Proposed Weekly Earnings Threshold
Band 1	80%	100%	No earnings
Band 2	65%	75%	<£115.38
Band 3	50%	60%	£115.39 - £184.61
Band 4	35%	40%	£184.62 - £253.84
Band 5	20%	30%	£253.85 - £323.07
Band 6	0%	20%	£323.08 - £392.30

Band 7		10%	£392.31 - £461.53
Band 8		0%	£461.54 and above

- 2.16 The proposal will also mean a simpler application process. The application form will be shorter, and less evidence will be required. This will mean residents will know their whether they are eligible more quickly and should receive any reduction they are entitled to more promptly.
- 2.17 Residents will be able to see any CTRS they are entitled to on the face of their Council Tax bill, rather than receiving separate, lengthy CTRS notification letters. The time saved by the Council will allow us to provide a better service to our residents.
- 2.18 The proposed scheme provides additional support to those with the lowest household incomes. As a direct result of this our modelling shows that over 5,300 of the current 9,300 households in receipt of CTRS will be better off. Inevitably, some households will have a little more to pay, but it is proposed for 2023/24 to protect their current levels of reduction using the Council Tax Support fund.
- 2.19 Where an applicant experiences exceptional hardship, they will be able to apply for additional support from the Council under its [Council Tax Hardship Scheme](#).
- 2.20 In addition to the additional funding Slough is proposing adding to the CTRS scheme for 2023/24, the government has as part of its 2023 Council Tax Support Fund allocated the Council £0.253m in additional funding to provide support to the most vulnerable households in England. The government expect us to use the majority of our funding allocation to reduce bills after the allocation of funding from the proposed CTRS scheme by up to a further £25 should there be a balance left to pay. The Council can use its remaining allocation as we see fit to support vulnerable households with Council Tax bills. The proposal is to use this funding to support initially any resident who as a result of the changes to the scheme will have more to pay.
- 2.21 We will review the impact of the proposed changes in 2023/24 and come forward with further proposals and consult to vary the scheme for 2024/25 should that be required.

Consultation on proposed scheme

- 2.22 The Council has consulted with residents and preceptors on the proposed new scheme. The consultation ran for a period of 4-weeks and finished on 16 February 2023. Unfortunately, response to the consultation was very low.
- 2.23 Of the two responders one was content with the proposed changes to the scheme, and the other did not believe the additional funding went far enough when Council Tax was increasing by 9.99%.

3 Implications of the Recommendations

3.1 Financial implications

- 3.1.1 The gross cost of the current scheme is £8.815m and is spread across the Council, Fire and Police in accordance with the proportion of Council Tax each levy.

- 3.1.2 If the Council Tax for 2023/24 increases by 9.99%, the increase in gross cost is estimated to be £0.881m. That would increase the gross cost of the current scheme to £9.696m, £8.532m to Slough.
- 3.1.3 To ensure the most vulnerable households on the lowest incomes are supported, it is proposed that an additional £1.2m of the additional Council Tax raised is used to target support where required. This will increase the total gross cost of the scheme to £10.900m and £9.592m to Slough.
- 3.1.4 This additional funding for the scheme allows the increase of percentages given in each band and introduces a further two bands. We estimate through modelling it will remove 38% of those currently in receipt of CTRS from having to make any payment in 2023/24. See Appendix A for the full financial modelling of the proposed scheme.

3.2 Legal implications

3.2.1 Section 13A(2) of the Local Government Finance Act 1992 states that each billing authority must make a scheme specifying reductions which are to apply to amounts of council tax in respect of dwellings where persons are considered by the authority to be in financial need. This is referred to as a council tax reduction scheme. The Council also has a power to reduce council tax liability in other cases as it sees fit under section 13A(1)(c).

3.2.2 Schedule 1A of the 1992 Act prescribes requirements for a council tax reduction scheme. Paragraph 3 states that before making a scheme the authority must consult any major precepting authority which has power to issue a precept, publish a draft scheme in such manner as it thinks fit and consult such other persons as it considers are likely to have an interest in the operation of the scheme.

3.2.3 Case law has determined that for consultation to be lawful, it must be undertaken as a formative stage, for a sufficient period, provide sufficient information to allow respondents to provide an informed response and that the results must be taken into account by the decision-maker. The decision-maker is Full Council by virtue of s.67 of the 1992 Act which confirms that the function of making or revising a council tax reduction scheme is a function that must be discharged only by the authority.

3.3 Risk management implications

3.3.1 The risks in Table 3 below have been considered:

Table 3 – Risks Considered

Risk	Description	Action to avoid or mitigate risk	Mitigated risk rating
Forecast cost of scheme falls short of estimate	Claimants may have reduced benefits 'unnecessarily'	Use of data modelling tools and data analysis	Likelihood Low Impact Low
Forecast cost of scheme excessive	Unidentified increase in service demand	Use of data modelling tools and data analysis	Likelihood Low Impact Medium

Reduced amount of discount awarded to claimants	Claimants suffer hardship through increased payments	Use of data modelling tools and analysis, Council Tax Hardship Fund and Council Tax Support Fund	Likelihood Low Impact Medium
Effect on collection	Potential for arrears not to be cleared within the relevant financial year leading to delays in collecting liability and impacting in-year collection	Increasing the % discount awarded for the households with the lowest income will remove over 38% of current applicants from having to pay any council tax reducing the amount of recovery required to collect	Likelihood Low Impact Low

3.4 Equality implications

3.4.1 The EIA is attached as Appendix B.

3.5 Workforce implications

3.5.1 The proposed scheme will make it quicker and easier to process CTRS applications. The service is currently developing a structural re-design and any processing time savings as a result of this report will be captured as part of that process.

4 **Background Papers**

None.