

Hambleton District Council

Report To: Cabinet

Date: 1 December 2020

Subject: **Council Tax Reduction Scheme 2021/22**

Portfolio Holder: Economic Development and Finance
Councillor P R Wilkinson

Wards Affected: All Wards

1.0 Purpose and Background

1.1 The purpose of the report is to recommend to Cabinet and seek approval to:

- a) continue with the current design of the Local Council Tax Reduction Scheme which was introduced in April 2020; and
- b) increase the level of income, within the income bands, as shown in paragraph 1.4 of the report by the appropriate level of inflation measured by the Consumer Price Index at the 1 October 2020.

1.2 Each year the Council is required to review its Local Council Tax Reduction Scheme in accordance with the requirements of Schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme or replace it. As with the majority of authorities in England, the Council has approved changes to its scheme several times since its introduction in April 2013 to aid administration and reduce complexities.

1.3 The Council Tax Reduction Scheme is calculated based on household income compared to household size up to a maximum of 90% of their Council Tax charge. The minimum that a resident would need to pay towards their Council Tax is 10%.

1.4 The table below demonstrates the simplified banded scheme that was introduced in April 2020:

Band	Maximum award level	Passported	Single (weekly £)	Couple (weekly £)	Family with 1 child (Weekly £)	Family with 2+ children (Weekly £)
1	90%	Income based jobseeker allowance, Income based employment support allowance, Income support	£0.00- £130.00	£0.00- £160.00	£0.00- £200.00	£0.00- £250.00
2	80%	N/A	£130.01- £170.00	£160. 01- £210. 00	£200.01- £250.00	£250.01- £300.00

Band	Maximum award level	Passported	Single (weekly £)	Couple (weekly £)	Family with 1 child (Weekly £)	Family with 2+ children (Weekly £)
3	60%	N/A	£170.01- £210.00	£210.01- £260.00	£250.01- £320.00	£300.01- £350.00
4	30%	N/A	£210.01- £310.00	£260.01- £350.00	£320.01- £420.00	£350.01- £450.00
5	0%	N/A	Above £310.01	Above £350.01	Above £420.01	Above £450.01

- 1.5 Following the introduction of the scheme in April 2020, with the aim of providing more financial support to the most vulnerable in the district and reducing the administrative burden placed on the council by the introduction of Universal Credit, there have been no significant complaints made.
- 1.6 The intention to monitor the scheme, for any design flaws and impacts on collection rates, has occurred less than anticipated due to the impact of the Covid-19 pandemic as resources have been used to support the introduction of the Coronavirus Hardship Fund (which has seen customers Council Tax balances being reduced by up to £150. 00) and the Test and Trace Support Payment Scheme.
- 1.7 It is for these reasons that it is suggested that the only change to the scheme is to increase the income bands by the rate of Consume Price Index to keep in line with inflation.

2.0 Link to Council Priorities

- 2.1 The funding environment is constantly changing which requires a review of how services are provided. The provision of a Council Tax Reduction Scheme to support financially vulnerable residents is a statutory function. A simplified system for residents will not only reduce the administration costs of the scheme but also link to the Council's priority for providing a special place to live and driving economic vitality.

3.0 Risk Assessment

- 3.1 There are no significant risks in approving the Council Tax Reduction scheme

4.0 Financial Implications

- 4.1 Since April 2013, funding for a local Council Tax Reduction Scheme has been amalgamated into other central government grants paid to Local Authorities and also within the business rates retention regime.
- 4.2 The cost of the current Council Tax Reduction Scheme in October 2020 is £4,070,211 which is spread across the District Council (6%), Parish Councils (2%) County Council (74), Fire (4%), and Police (14%) in accordance with the proportion of Council Tax which each organisation levies (shown in brackets).

4.3 The total cost of £4,070,211 can be split into the national scheme which covers applications from pensioners and cannot be changed by the Council at £2,364,811 and the local scheme available to working age customers which this report covers which stands at £1,705,399.

5.0 Legal Implications

5.1 Schedule 1A of the Local Government Finance Act 1992 (as amended) states:

“For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.”

5.2 Section 13A of the same Act gives billing authorities power to reduce the amount of Council Tax payable:

1. Where a person is liable to pay Council Tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit.
2. The power under subsection (1) above includes power to reduce an amount to nil.
3. The power under subsection (1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

6.0 Equality/Diversity Issues

6.1 Equality and Diversity Issues have been considered however these are the same issues as reported in the April 2020 scheme which went to cabinet in December 2019.

7.0 Recommendation

7.1 That Cabinet approves and recommends to Council that the current income banded Council Tax Reduction Scheme with no changes other than the increase of the income bands in line with CPI at 1 October 2020, is adopted from April 2021.

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Background papers: Local Council Tax Reduction Scheme
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