

**EXECUTIVE MEMBER FOR ENVIRONMENT, FINANCE AND GOVERNANCE**

**Date: Tuesday 26th April, 2022**  
**Time: 10.00 am**  
**Venue: Oberhausen Room**

**AGENDA**

Please note: this is a virtual meeting.

The meeting will be live-streamed via the Council's [Youtube channel](#) at 10.00 am on Tuesday 26th April, 2022

1. Section 13A (1) (a) (Exceptional Hardship Fund) Policy

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Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Monday 18 April 2022

**MEMBERSHIP**

Councillors B Cooper (Chair), ,

**Assistance in accessing information**

**Should you have any queries on accessing the Agenda and associated information please contact Susie Blood, 01642 729645, [susie\\_blood@middlesbrough.gov.uk](mailto:susie_blood@middlesbrough.gov.uk)**

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<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	<i>Director of Finance – Ian Wright</i>
<b>Submitted to:</b>	Executive Member for Environment, Finance and Governance
<b>Date:</b>	26 April 2022
<b>Title:</b>	Section 13A (1) (a) (Exceptional Hardship Fund) Policy
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Strategic priority:</b>	Vulnerability
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will have a significant impact in two or more wards
<b>Urgent:</b>	No
<b>Why:</b>	N/A

<b>Executive summary</b>
<p>This report seeks approval to revise the Council’s Section 13A (1) (a) Exceptional Hardship Fund policy so that residents who are adversely affected by the Council’s recently adopted Council Tax Support (CTS) scheme, and cannot afford the new shortfall in Council Tax, can apply for a payment from this fund.</p> <p>The proposed decision is that the Executive Member for Environment, Finance and Governance:</p> <ul style="list-style-type: none"> <li>• <i>Approves the amendment to the Section 13A(1)(a) policy (attached)</i></li> <li>• <i>That delegated authority to approve any future similar schemes or modifications to schemes be provided to the Director of Finance, as Section 151 Officer.</i></li> </ul> <p>Now that the Council has adopted its new CTS scheme, there is a legal requirement as outlined under the Local Government Finance Act (LGFA) 1992, Section 13A (1) (a) (as amended) that a policy needs to be in place to ensure support can be given to affected residents..</p>

As part of the CTS scheme, appropriate budget was assigned to provide support for those affected. This has been discussed internally with S151 officer, and other key Finance Officers, and formed part of the consultation with Middlesbrough residents, stakeholders, and partners where it was communicated that the Council would adopt an appropriate scheme.

## **Purpose**

1. This report seeks approval to amend the Council's Section 13A (1) (a) policy, under the Local Government Finance Act (LGFA) 1992 (as amended).

## **Background and relevant information**

2. On 23 February 2022, Full Council approved the Council's revised CTS scheme for working age residents. The new scheme is distinctly different from any of the Council's previous schemes and offers more support for working aged residents who have a low income (an increase from 85% to 90% maximum support).
3. The new scheme is budget neutral there are some residents who will be negatively impacted by the scheme from April 2022.
4. The Council already has an existing Section 13A (1) (a) policy which provides the Council with the power to make discretionary payments to Council Tax payers where hardship can be demonstrated and funds remain available. This updated policy will replace the previous one.
5. Whilst adopting the CTS scheme, the Council consulted Middlesbrough residents, stakeholders, partners, councillors, etc. upon the proposed scheme. The consultation also detailed that an exceptional hardship scheme would be used to help those residents who were unable to afford the additional annual council tax where there entitlement to CTS was reduced or ended. See appendix.
6. The policy covers a number of specific areas including:
  - How to claim
  - Who can claim
  - What the fund can and can't cover
  - Guidelines for consideration
  - Length and payment of awards
  - Changes in circumstance
  - Signposting to further help and support
7. The revised Section 13a policy is attached to this report for consideration and approval.
8. All wards are affected by the proposals put forward in the Council's recently adopted Council Tax Support scheme and the proposed Section 13A (1) (a) policy.

## **What decision(s) are being recommended?**

That the Executive Member for Environment, Finance and Governance:

- *Approves the amendment to the Section 13A(1)(a) policy (attached)*
- *That delegated authority to approve any future similar schemes or modifications to schemes be provided to the Director of Finance, as Section 151 Officer.*

## **Rationale for the recommended decision(s)**

9. It is a legal requirement that the Council has a Section 13A (1) (a) scheme.
10. Under the new CTS scheme, there are a number of residents who are negatively impacted. The policy provides a mechanism for residents who are impacted under the new CTS scheme to apply for an Exceptional Hardship payment.
11. Appropriate budget is available to provide support through the Section 13A (1) (a) policy.

**Other potential decision(s) and why these have not been recommended**

12. No other potential decisions have been recommended as in accordance with Section 13A (1) (a) of the Local Government Finance Act (LGFA) 1992 (as amended), the Council is required to have such a policy.

**Impact(s) of the recommended decision(s)**

***Legal***

13. Full Council, on 23 February 2022 adopted a new Council Tax Support scheme, and as such the Council now needs to amend the Exceptional Hardship policy. In determining the correct governance approach, this is not an amendment to a Full Council determination, which would require the report to be presented to Full Council, but a matter for the Executive to approve under its delegation, as the policy is a bi-product of the scheme and does not affect the Council Tax Scheme as adopted.
14. The legal framework governing this report is Section 13A (1) (a) under the Local Government Finance Act (LGFA) 1992 (as amended). This provides for the Council to have an exceptional hardship policy, and for eligible residents to receive financial support towards their Council Tax account.

***Strategic priorities and risks***

15. The proposed policy will contribute as follows to the Council's strategic plan.

<b>People</b>	<b>Place</b>	<b>Business</b>
<i>Provide working age Council Tax Support recipients with additional financial support in line with government guidance.</i>	<i>NA</i>	<i>It is important to ensure residents of Middlesbrough who cannot afford to pay their full council tax are able to receive an additional reduction.</i>

16. This policy will impact positively on the following risks:

- 08-059 Incorrect assumptions in the MTFP;
- 08-075 Reduction in Council Tax Collection;

***Human Rights, Equality and Data Protection***

17. The proposed policy has been implemented in response to the adoption of the Council's new CTS Scheme. In adopting this the council carried out a Level 1 and Level 2 Impact Assessment (shown as an appendix to this report) which referred to the provision of a Section 13A (1) (a) Exceptional Hardship fund. This is designed to mitigate some of the impact on those who have been negatively impacted by the change.

***Financial***

18. The scheme, including the exceptional hardship fund, is anticipated to be cost neutral, and as such the amount allocated will be subject to the available funds.

## Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
The Section 13A (1) (a) policy will be published on a number of pages on the Council's website.	Mark Symmonds	Immediately following approval.
Update delegated authority.	Legal	Immediately following approval.
Training will be rolled out for relevant staff to ensure they are able to support residents to claim the support, and administer awards fairly and consistently within the proposed policy	Mark Symmonds	Immediately following approval.

## Appendices

1	Proposed Section 13A (1) (a) Policy
2	Council Tax Support Scheme – Level 1 Impact Assessment
3	Council Tax Support Scheme – Level 2 Impact Assessment
4	Council Tax Support Scheme – Full Council Report – 23.02.22

## Background papers

Body	Report title	Date
Full Council	Local Council Tax Support 2022/23	23 February 2022

**Contact:** Janette Savage - Head of Resident & Business Support.  
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# **Section 13A (1) (a) (Exceptional Hardship Fund) Policy**

**Live from: 01 April 2022**

**Live until: 01 April 2025**



<b>Title</b>	Section 13A (1)(a) (Exceptional Hardship Fund) Policy		
<b>Creator</b>	Author(s)	Mark Symmonds (Support Services Manager)	
	Approved by	Janette Savage	
	Department	Resident and Business Support	
	Service area	Finance Governance and Support	
	Head of Service	Janette Savage	
	Director	Ian Wright	
<b>Date</b>	Created	4 February 2022	
	Submitted	26.04.2022	
	Approved	Xx xx 2022	
	Updating Frequency	3 years	
<b>Status</b>	Version: 0.5		
<b>Contributor(s)</b>	Head of Service – Resident & Business Support, Strategic Business Manager,		
<b>Subject</b>	Exceptional Hardship		
<b>Type</b>	Policy		
	Vital Record		EIR
<b>Coverage</b>	Middlesbrough Council		
<b>Language</b>	English		
<b>Document Control</b>			
<b>Version</b>	<b>Date</b>	<b>Revision History</b>	<b>Reviser</b>
0.1	04.02.22	First draft	M Symmonds
0.2	10.02.22	Second draft	Janette Savage, Martin Barker
0.3	07.03.22	Third draft	M Symmonds, D Nolan, Ann-Marie Johnstone, A Perriman, S Blakey
0.4	08.03.22	Fourth draft	J. Savage
0.5	28.03.22	Fifth draft	
<b>Distribution List</b>			
<b>Version</b>	<b>Date</b>	<b>Name/Service area</b>	<b>Action</b>
<b>Contact:</b>	<a href="mailto:Mark_Symmonds@middlesbrough.gov.uk">Mark_Symmonds@middlesbrough.gov.uk</a>		

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## Summary

This policy provides for awards under Section 13 A (1) (a) of the Local Government Finance Act 1992.

The Exceptional Hardship Fund (EHF) is a local scheme introduced from 1 April 2013 and is intended to provide additional financial help to residents on low incomes claiming Council Tax Reduction (CTR). An award made from the EHF is referred to as an Exceptional Hardship Payment (EHP).

An EHP is extra money that the Council can pay in addition to an award of CTR if it is considered that the resident needs extra help. The main principles of the scheme are outlined below:

- EHP is intended to provide some additional help to residents who are suffering from severe or exceptional circumstances. It is intended to compensate working age residents who receive less financial support (for example, due to changes brought about by the new CTR scheme);
- The award is to provide short-term support only and should not be considered as a long-term solution;
- The scheme is discretionary; therefore, the resident has no statutory right to a payment;
- All applications must be treated on their own merit, having regard to the priorities set out in this policy;
- The scheme is administered by the Council;
- The level of award will be determined by the Council and payment will be made directly to the Council Tax account;
- Payment from the EHF is not an award of CTR and as such is not subject to the statutory appeals mechanisms. The Council does have a review process and further information can be found in the Reviews section of this policy;
- The Council has the right to amend, suspend or cancel an EHP when necessary or appropriate;
- The total amount payable in any financial year is cash limited and therefore applications cannot be considered once the funding is fully allocated within the relevant year;
- All residents who claim will need to engage with the Council and complete the full application process. Any incomplete applications will not be considered.

## Context

This policy should be read in conjunction with the Council's Council Tax Reduction scheme. It also forms part of the Council's Welfare Strategy.

## Purpose

The purpose of this revised policy is to:

- Prevent homelessness
- Alleviate poverty;
- Safeguard residents in their home;
- Help residents through personal crises, severe or exceptional circumstances and difficult life events such as death, family illness, etc;
- Assisting residents where they or their family members are sick or disabled;
- Other reasons or circumstances not listed above where they are considered to be exceptional or severe.

## Objective

The Council's Section 13 a 1 (a) (Exceptional Hardship) policy has the following objective:

*“Provide additional help to residents who are suffering from severe or exceptional circumstances, and need short term help to pay their council tax.”*

## Outcome

The outcomes expected from this policy are to:

- Set out the general principles of a Section 13 A 1 (a) (Exceptional Hardship) scheme provided by Middlesbrough Council,
- Provide support to residents who show exceptional hardship to help pay their Council Tax,
- Link into the Council's Welfare Strategy, and in particular the Debt Management policy for the fair and consistent collection of Council Tax;
- Enable signposting of debtors to debt advice as appropriate.

## Definitions

Definitions are contained within the Council's Council Tax Reduction scheme, and this policy should be read in conjunction with this scheme.

Resident, when used in this policy refers to someone who lives in Middlesbrough, has a liability for Council Tax, and has claimed (or is claiming) a Section 13 a payment under this policy. In the context of this policy, the term resident is being used for consistency and replaces the terms customer, claimant, applicant, etc

## Scope

This policy applies to all employees (both permanent and temporary), contractors and consultants of the Council who are given the authority to pay Council Tax Reduction or collect outstanding Council Tax.

## Legislative and regulatory framework

Key elements of the legislative and regulatory framework for this policy are set out below.

<b>Local Government Acts 1992 (as amended)</b>	Establishes requirements to manage the Council's financial affairs and the appointment of a section 151 officer.
<b>Council Tax (Administration and Enforcement) Regulations 1992</b>	Make provision for the administration and enforcement of Council Tax.
<b>Section 13A (1) (a) &amp; ( c ) of the Local Government Finance Act 1992 (as amended by Section 10 of the Local Government Finance Act 2012)</b>	Gives the Council additional discretionary powers to reduce the amount of Council Tax payable for individuals, or for classes of Council Tax payer.
<b>Data Protection Act 2018</b>	Controls the lawful passing of personal data from one part of the Council to another.
<b>Social Security Contributions and Benefits Act 1992</b>	The primary legislation for the administration of most benefits in the UK
<b>Social Security Administration Act 1992</b>	The primary legislation for most benefits in the UK
<b>Insolvency Act 1986</b>	Consolidates enactments relating to company insolvency and winding up, and bankruptcy of individuals
<b>Equality Act 2010</b>	Is an amalgamation of previous anti-discrimination laws. It is a law which protects from discrimination of unfair treatment on the basis of certain personal characteristics such as age
<b>General Data Protection Regulation 2016 (GDPR) and Data Protection Act 2018 (DPA2018)</b>	The GDPR/DPA2018 place a duty on the Council to comply with the data protection principles relating to processing of personal data: (1)(a) Lawfulness, fairness and transparency; (1)(b) Purpose limitation; (1)(c) Data minimisation; (1)(d) Accuracy; (1)(e) Storage limitation; (1)(f) Integrity and confidentiality (security); (2) Accountability (including the rights of data subjects).
<b>Freedom of Information Act (FOIA) 2000</b>	Under the FOIA, the Council has a duty to make information available to the public upon request, unless specific exemption(s) apply. It is also obliged to proactively and routinely publish information that has been frequently requested in the past in its Publication Scheme. Information requests

	frequently include requests for information held in emails.
<b>Local Government Acts 1972, 1985, 1988 and 1992, Lord Chancellor's Code of Practice on Records Management (S46 Freedom of Information Act)</b>	Establishes requirements to manage records and information, and gives implied authority to share certain kinds of information with partners.

## Roles and Responsibilities

<b>Director of Finance / Chief Financial Officer</b>	Under Part 7 of the Council's Constitution, the Chief Financial Officer (Section 151 Officer) is responsible for regulating and controlling the finances of the Council and hence that person will be responsible for the proper administration of the Council's financial affairs.
<b>Head of Service – Resident and Business Support</b>	Overall responsibility for the delivery of the Revenues and Benefits Service and the Policy Owner.
<b>Records Manager</b>	Responsible for the development and implementation of the corporate Records Management Policy and Retention Schedule. Will liaise with the Data Protection Officer.
<b>Strategic Business Managers / Support Services Manager and other relevant managers.</b>	Where appropriate, responsibility for overseeing day-to-day compliance with this policy and the standards set out within it by their staff and other personnel they manage or commission.
<b>All staff, contractors, consultants, interns and any other interim or third parties</b>	Responsible for compliance with this policy.
<b>Data Protection Officer</b>	Responsible for provision of advice and guidance to the Council on its obligations in relation to data protection.

## Supporting policies, procedures and standards

The following policies, procedures and standards will be implemented across the Council to ensure that the Council's debts are managed effectively and securely.

<b>Council Tax Reduction Scheme</b>	The Council's approach to the provision of a Council Tax Reduction Scheme for residents who have a low income, are liable for Council Tax and are unable to pay their full Council Tax bill.
<b>Debt Management Policy</b>	This provides a framework for the collection of all Council debt using consistent procedures across the organisation.

<b>Debt Write Off Policy</b>	This provides a framework for the consistent management of uncollectable debts.
<b>Welfare Strategy</b>	This provides a framework for a joined up approach to a holistic welfare advice and support service for all relevant residents who owe a debt.
<b>Data Protection Policy</b>	This summarises the Data Protection Policy position of Middlesbrough Council and how it will comply with legislation, and associated codes of practice and official guidance in relation to the processing of personal data.
<b>Records Retention Schedule</b>	This defines how long different records should be retained to comply with legal, regulatory or other requirements and the proper arrangements for archiving and destruction.
<b>Records Management Policy and supporting procedures</b>	This provides a framework for ensuring that the Council's records are well kept and that the systems used to hold them are fit-for-purpose.
<b>Information Security and Infrastructure Security Technical Policies</b>	These set out policies and standards for the management and maintenance of the security of Council infrastructure and applications.
<b>Vital Records Standards</b>	This sets out how vital records will be identified and the steps to be taken to ensure their protection and preservation.
<b>Vulnerability Policy</b>	Intended for use by Middlesbrough Council employees when engaging with residents / customers where payment of a collectable debt is being considered.
<b>Stop the Knock approach</b>	A solution designed as a 'helping hand' to support residents / customers who are experiencing difficulties in meeting payment obligations.

## How to claim

The main elements of claiming are as follows:

- The Council encourages electronic claims to be submitted wherever possible;
- The link to the electronic claim form is on the Council's website in the 'Make a claim online' section. The claim must contain sufficient evidence/information to enable the Council to get a balanced view of the resident's situation and circumstances.

If additional evidence is required and requested, this must be provided within one month of the request date.

As part of the process of applying for additional support from the Exceptional Hardship Fund, all residents who claim must be willing to undertake all of the following:

- Make a separate application for assistance;
- Provide full details of their income and expenditure;
- Accept assistance from either the Council or third parties such as the Citizen's Advice Bureau or similar organisations to enable them to manage their finances more effectively including the termination of non-essential expenditure;
- Consider alternative payment methods and arrangements that might assist the resident;
- Assist the Council to minimise liability by first ensuring that all relevant discounts, exemptions and other reductions are claimed and have been granted; and
- Maximise their income through the application for other welfare benefits, cancellation of non-essential contracts and outgoings and identifying the most economical tariffs for the supply of utilities and services generally.

### Who can make a claim for an EHP

The Council will accept claims from:

- Residents (or anyone acting on the resident's behalf) who:
  - are already receiving some CTR; **and**
  - get less than the maximum CTR allowed under the scheme; **and**
  - need further financial assistance with their Council Tax.

**Or**

- have applied for CTR; **and**
- have been determined as having nil entitlement; **and**
- they have not been excluded from the scheme, due to ineligibility to claim or excess capital; **and**
- they are of an opinion that they require further financial assistance.

The resident must be aware that an application for an EHP is being made on their behalf.

### What an EHP cannot cover

An award of EHP cannot be paid in the following circumstances:

- Reduction in any benefit as a result of Jobseeker's sanctions, Child Support Agency sanctions or sanctions following benefit related offences;
- Council Tax Reduction is suspended;
- Due to hardship caused by previous proven fraudulent activity;
- Where the resident is deemed to have high or unreasonable non-essential expenditure commitments. The Council reserves the right to refuse to award EHP where there is evidence to show that the resident's financial situation has been caused by or worsened by non-priority expenditure.

## Priority for award of EHP

The fund is cash limited, meaning the Council may refuse an application due to insufficient funds. However, it should be noted that vulnerable groups (outlined below) will be given priority:

- Those at risk of homelessness; or
- Where the resident or members of their dependant family are sick or disabled and who are entitled to a severe disability premium; or
- Where the household includes any children under 5 years old.

The Council reserves the right (based on evidence provided) to determine other vulnerabilities and prioritise these over other cases.

## Guidelines for consideration

The following guidelines should be used to assess each case. The list is not exhaustive but will give a starting point to ensure consistent and transparent decision making.

- Is the resident claiming all of the benefits that they are entitled to?
- Is there a risk of eviction and homelessness?
- Are there any social or health problems currently being faced by the resident and / or their family that could cause them extra financial costs?
- Does the resident or their dependant family have any income that is disregarded under the CTR? Is it reasonable to use that disregarded income to meet the shortfall?
- Does the resident or their dependant family have any savings or capital?
- Has the resident provided a budget statement showing their income and outgoings?
- Is there evidence to show that the resident's financial situation has been caused by or worsened by non-priority expenditure?
- Does the resident have any priority debts; these may include Council Tax, Rent, Mortgage, fuel bills, arrears of maintenance, unpaid Income tax or VAT, etc.;
- Is there likely to be a detrimental impact to the family if an EHP is not awarded?
- Are there any other funds or funding schemes that can be accessed such as Benevolent funds or charitable organisations that would be appropriate to use instead of an EHP;
- If it is reasonable to award an EHP having regard to the amount of unallocated budget in the EHF;
- The Council will (where applicable) signpost residents to help them to claim other sources of income, or to services who can provide help and support with their financial situation, or any other circumstances where support has been identified (such as language barriers, etc.);
- The Council will be mindful of the Public Sector Equality Duty (PSED), and as such has conducted an Equality Impact Assessment for this policy – Link to be placed to Impact Assessment

The Council will not make any allowance for the following:

- Any loss resulting from the resident's failure or delay in claiming any income to which they are entitled;
- Any debt, which, in the opinion of the Council arises from the financial imprudence of the resident including proven fraud.

## **Decision**

The Council will write to the resident advising them of the decision. The notification will contain the following information:

### **If the award is made**

- Period of the EHP award;
- Weekly amount of EHP;
- The resident's right to ask for a review/appeal of the award and the time and manner of doing so;
- The right of the Council to amend, suspend or cancel an EHP when deemed necessary or appropriate.

### **If the application is refused**

- Reason for refusal; and
- The right of the resident to ask for a review/appeal of the award and the time and manner for doing so.

## **Start Dates**

The start date of the EHP award will be determined by the authority.

## **Length of Award**

EHP claims are for short-term emergency support and the length of the award will be determined by the Council. Residents who claim EHP must be made aware that they must seek advice with regard to their housing needs and ways to manage financially in the long term. EHPs cannot be paid indefinitely.

## **Payments**

An award of EHP will be paid directly into the resident's Council Tax account.

A maximum number of claims that can be made against this fund (in any one year) is two.

## **Change in Circumstance**

Residents must report immediately, in writing, any change in circumstance that might affect the amount of EHP they get. Examples of these changes include:

- If they change address;
- If they leave their home temporarily;
- If their income changes;

- If the household make up changes.
- Or any other change which may impact on the amount of EHP a resident receives.

## **Fraud, Overpayments and recovery**

The Council is committed to protecting public funds and as such, only those entitled will qualify.

A resident who tries to fraudulently claim an EHP by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

The Council may seek recovery of an overpaid EHP in certain circumstances:

- Misrepresentation or failure to disclose a material fact, fraudulently or otherwise;
- An error made when the claim was determined.

## **Reviews**

Residents can request a review of EHP decisions. They must do this in writing (by post or electronic means) within one month of the date they are notified of the decision. The resident (or appointee) must sign the review request letter. Late requests will be only considered where the Council is satisfied that there were good reasons for the delay, and there are funds still available.

If a review is requested regarding the decision, this will be looked at by a Senior Officer who was not involved in the original decision. The resident will be notified (where possible) of the outcome of the review within 14 days, and this decision is final.

## **Monitoring and review arrangements**

The implementation and effectiveness of this policy and its supporting procedures will be checked and monitored by the Head of Service and associated management team.

The policy for the first 12 months will be subject to quarterly review, followed by a full review every 3 years.

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**Template for Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Council Tax Reduction (CTR) Scheme 2022-23			
<b>Coverage:</b>	Service Specific (affects all wards)			
<b>This is a decision relating to:</b>	<input checked="" type="checkbox"/> <b>Strategy</b>	<input checked="" type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input checked="" type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input checked="" type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>

<b>Description:</b>	<ul style="list-style-type: none"> <li>○ <a href="#">Key aims, objectives and activities</a></li> <li>○ The aim is to introduce a cost effective, simplified Council Tax Reduction scheme with effect from 1st April 2022.</li> <li>○ The proposed changes will provide the following: <ul style="list-style-type: none"> <li>○ Simplified claiming arrangements for all working age applicants;</li> <li>○ Speed of processing - applications will be dealt with more efficiently and without the need for significant levels of evidence; and</li> <li>○ Reduced administration costs. The proposed changes will prevent the administration costs from rising year on year which would be inevitable under the current scheme. The cost of the scheme has to be affordable to the council, and as such is not mandated by Central Government. The council can choose to fund the scheme over and above the current cost (or vice versa), however our options appraisal shows why remaining with the current scheme and various alternative options are not recommended.</li> </ul> </li> <li>○ The new scheme will affect all working age applicants who are currently in receipt of Council Tax Reduction on 1st April 2022 or those who apply after 1st April 2022. The scheme will not affect pension age applicants</li> <li>○ <a href="#">Statutory drivers (set out exact reference)</a></li> <li>○ The Local Government Finance Act Section 67 (2012 Act) inserted into LGFA 1992 (Functions to be discharged by the Authority) making or revising a Council Tax Support Scheme – Section 13 (2) confirms that each billing Authority in England must make a Council Tax Support scheme by no later than 11 March each year. Any scheme cannot be made by officers, with the above legislation confirming that authorisation of the full scheme is subject to member approval</li> <li>○ <a href="#">Differences from any previous approach</a></li> <li>○ The proposed scheme has been simplified for working age claimants, using a broad ‘income grid’ approach, whereby a claimant’s CTR is decided by a number of factors, but predominantly by where their net weekly income compares to a broad income band range.</li> <li>○ <a href="#">Key stakeholders and intended beneficiaries (internal and external as appropriate)</a></li> <li>○ The key stakeholders include working age residents on low incomes, and precepting authorities such as Cleveland Police and Cleveland Fire. Consultation has been carried out with all stakeholders.</li> <li>○ <a href="#">Intended outcomes.</a></li> <li>○ More support for claimants on low income;</li> <li>○ Simplification of the scheme;</li> <li>○ Reduction in the administrative burden and the provision made for bad debtors;</li> <li>○ Reduce, if not remove, the high level of rebilling that occurs throughout the year due to benefit changes which ultimately leads to a delay in cash collection.</li> </ul>
<b>Live date:</b>	1 April 2022
<b>Lifespan:</b>	The proposed scheme (if accepted) will be in place for 2022-23 year. Each year the Council needs to confirm its scheme by 11 <sup>th</sup> March.
<b>Date of next review:</b>	Annually - reviews can be made every April, and the Council will review roll out, implementation and any unforeseen problems, and use this learning when designing schemes in future years.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Human Rights</b></p> <p>Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	☒	☐	☐	<p>This proposed scheme is designed to ensure that the Council operates a simpler approach to Council Tax reduction, offering more support for the most financially vulnerable claimants of the scheme. The proposed scheme will be simpler to understand and will hopefully be positive in helping those residents who choose not to claim (who would otherwise qualify for help), to make a claim for the discount. There are no concerns that the proposed scheme could infringe qualified or absolute human rights.</p> <p>Evidence used to inform this assessment includes analysis of the various circumstances of the resident (using a modelling tool of proposed scheme options), compared to current support provisions. In addition, engagement has taken place with senior officers who have been involved in the development of the proposed scheme and supporting detailed delivery plans.</p> <p>Consultation has also taken place with residents of Middlesbrough, stakeholders, partners and Major Precepting authorities. The results are that all of the major changes have attained a majority of support. This consultation has resulted in a few minor suggested changes to the proposed scheme, which generally impact positively on those who will claim the discount.</p>

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
<p><b>Equality</b></p> <p>Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law?            Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Council must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>The proposed scheme should make thinks simpler and more transparent for those who claim (or consider claiming) Council Tax Reduction.</p> <p>It is potentially relevant to all the protected characteristics.</p> <ul style="list-style-type: none"> <li>Age               <ul style="list-style-type: none"> <li>The Government have legislated that the Council cannot amend their Council Tax Reduction scheme for pension age claimants, which central Government recognise as being a protected group, and as such should not be impacted by any proposed changes brought about by any revised scheme.</li> <li>The scheme is open to all working age applicants. Approximately 2,800 of the 18,000 who currently claim, may lose some support under the new scheme - many of the losses are generally small in weekly terms.</li> </ul> </li> <li>Disability - No specific impact due to membership of this group.</li> <li>Gender reassignment - No specific impact due to membership of this group.</li> <li>Marriage and Civil Partnership - No specific impact due to membership of this group.</li> <li>Pregnancy - No specific impact due to membership of this group.</li> <li>Race (ethnicity, nationality, colour) - No specific impact due to membership of this group.</li> <li>Religion or Belief (and lack of belief) - No specific impact due to membership of this group.</li> <li>Sex - No specific impact due to membership of this group.</li> <li>Sexual orientation - No specific impact due to membership of this group.</li> </ul> <p><b>The Armed Forces Bill</b> places a new duty on public bodies to have due regard to ensure those who serve in the Armed Forces, whether Regular or Reserve, those who have served in the past, and their families, should face no disadvantage compared to other citizens in the provision of public and commercial services. Special consideration is appropriate in some cases, especially for those who have given most such as the injured and the bereaved. War Pensions and War Disablement Pensions will continue to be disregarded for both working age and pension age applicants, therefore they are not impacted by these proposals.</p>

Screening questions	Response			Evidence
<p><b>Equality (continued)</b></p> <p>Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law?            Could the decision impact differently on other commonly disadvantaged groups?*</p>				<p>The proposed scheme is also relevant and impacts other groups.</p> <ul style="list-style-type: none"> <li>• Carers - No specific impact due to membership of this group.</li> <li>• Households with more than two dependants – Under the proposed scheme, Couples (and lone parents) with 2 or more children are all combined into the same income level. This means the income band is the same regardless of whether a claimant has 2 children, or more. This will negatively impact on some of the claims (depending on their other circumstances). The approximate number of claimants affected by this proposed change are 1,160. They are included in the overall number (2,800) of claimants impacted stated above. Any applicant who feels that they will experience exceptional hardship will be able to apply for additional support from the Council’s Exceptional Hardship Fund. This approach is in alignment with the Government’s approach to some other means – tested benefits.</li> <li>• Persons in receipt of Universal Credit - No specific impact due to membership of this group.</li> <li>• Applicants in receipt of the support component of Employment and Support Allowance (ESA) - No specific impact due to membership of this group.</li> </ul> <p>Evidence used to inform this assessment includes analysis of the various circumstances of the resident (using a modelling tool of proposed scheme options), compared to current support provisions. In addition, engagement has taken place with senior officers who have been involved in the development of the proposed scheme and supporting detailed delivery plans.</p> <p>Consultation has also taken place with residents of Middlesbrough, stakeholders, partners and Major Precepting authorities. The results are that all of the major proposed changes have attained a majority of support. This consultation has resulted in a few minor suggested changes to the proposed scheme, which generally impact positively on those who will claim the discount.</p>
<p><b>Community cohesion</b></p> <p>Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	☒	☐	☐	<p>The proposed scheme should not impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town. The scheme continues to be fair and consistent, although much broader in terms of the way in which net weekly income is assessed for support.</p> <p>Where there may be any different needs because of a protected characteristic or geography, the service will develop follow up actions focussed on addressing those unequal impacts. There are no concerns that the proposed scheme could have an adverse impact on community cohesion.</p> <p>Evidence used to inform this assessment includes analysis of the various circumstances of the resident (using a modelling tool of proposed scheme options), compared to current support provisions. In addition, engagement has taken place with senior officers who have been involved in the development of the proposed scheme and supporting detailed delivery plans.</p> <p>Consultation has also taken place with residents of Middlesbrough, stakeholders, partners and Major Precepting authorities. The results are that all of the major proposed changes have attained a majority of support. This consultation has resulted in a few minor suggested changes to the proposed scheme, which generally impact positively on those who will claim the discount.</p>

Screening questions	Response	Evidence
<p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>➤ If the answer to all of the above screening questions is No then the process is completed.</li> <li>➤ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul>		

<b>Assessment completed by:</b>	Mark Symmonds	<b>Head of Service:</b>	Janette Savage
<b>Date:</b>	26/01/2022	<b>Date:</b>	26/01/2022

**Template for Impact Assessment Level 2: Full impact assessment**

<b>Subject of assessment:</b>	Council Tax Reduction (CTR) Scheme 2022-23			
<b>Coverage:</b>	Service Specific (affects all wards)			
<b>This is a decision relating to:</b>	<input checked="" type="checkbox"/> <b>Strategy</b>	<input checked="" type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input checked="" type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input checked="" type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>

<b>Description:</b>	<ul style="list-style-type: none"> <li>○ <a href="#">Key aims, objectives and activities</a></li> <li>○ The aim is to introduce a cost effective, simplified Council Tax Reduction scheme with effect from 1st April 2022.</li> <li>○ The proposed changes will provide the following: <ul style="list-style-type: none"> <li>○ Simplified claiming arrangements for all working age applicants;</li> <li>○ Speed of processing - applications will be dealt with more efficiently and without the need for significant levels of evidence; and</li> <li>○ Reduced administration costs. The proposed changes will prevent the administration costs from rising year on year which would be inevitable under the current scheme. The cost of the scheme has to be affordable to the council, and as such is not mandated by Central Government. The council can choose to fund the scheme over and above the current cost (or vice versa), however our options appraisal shows why remaining with the current scheme and various alternative options are not recommended.</li> </ul> </li> <li>○ The new scheme will affect all working age applicants who are currently in receipt of Council Tax Reduction on 1st April 2022 or those who apply after 1st April 2022. The scheme will not affect pension age applicants</li> <li>○ <a href="#">Statutory drivers (set out exact reference)</a></li> <li>○ The Local Government Finance Act Section 67 (2012 Act) inserted into LGFA 1992 (Functions to be discharged by the Authority) making or revising a Council Tax Support Scheme – Section 13 (2) confirms that each billing Authority in England must make a Council Tax Support scheme by no later than 11 March each year. Any scheme cannot be made by officers, with the above legislation confirming that authorisation of the full scheme is subject to member approval</li> <li>○ <a href="#">Differences from any previous approach</a></li> <li>○ The proposed scheme has been simplified for working age claimants, using a broad ‘income grid’ approach, whereby a claimant’s CTR is decided by a number of factors, but predominantly by where their net weekly income compares to a broad income band range.</li> <li>○ <a href="#">Key stakeholders and intended beneficiaries (internal and external as appropriate)</a></li> <li>○ The key stakeholders include working age residents on low incomes, and precepting authorities such as Cleveland Police and Cleveland Fire. Consultation has been carried out with all stakeholders.</li> <li>○ <a href="#">Intended outcomes.</a></li> <li>○ More support for claimants on low income;</li> <li>○ Simplification of the scheme;</li> <li>○ Reduction in the administrative burden and the provision made for bad debtors;</li> <li>○ Reduce, if not remove, the high level of rebilling that occurs throughout the year due to benefit changes which ultimately leads to a delay in cash collection.</li> </ul>
<b>Live date:</b>	1 April 2022
<b>Lifespan:</b>	The proposed scheme (if accepted) will be in place for 2022-23 year. Each year the Council needs to confirm its scheme by 11th March.
<b>Date of next review:</b>	Annually - reviews can be made every April, and the Council will review roll out, implementation and any unforeseen problems, and use this learning when designing schemes in future years.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No negative impacts identified in the level one assessment.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Government have legislated that the Council cannot amend their Council Tax Reduction scheme for pension age claimants, which central Government recognise as being a protected group, and as such should not be impacted by any proposed changes brought about by any revised scheme.</p> <p>The level one impact assessment identified that most working age claimants will receive a higher level of support. However, there are some working age claimants will receive less support.</p> <p>In order to ensure that the proposed scheme is (in general) cost neutral to the council, when increasing the support for the most financially vulnerable from 85% to 90%, this in turn will create some who are worse off. Approximately 2,800 working age applicants may lose some support under the new scheme (many of the losses are generally small in weekly terms). This impact is justified due to the aim of the council for the scheme to be cost neutral. However, the impact can be partially mitigated.</p> <p>Any applicant who feels that they will experience exceptional hardship will be able to apply for additional support from the Council's Exceptional Hardship Fund (Section 13a payments).</p>
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed scheme has been designed to ensure that all disability benefits are fully disregarded (as in the current scheme) and a further disregard made from the applicant's other income to ensure that cases are not worse off.
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No effect other than for working age applicants generally.
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No effect other than for working age applicants generally.
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No effect other than for working age applicants generally.
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No effect other than for working age applicants generally.
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No effect other than for working age applicants generally.
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No effect other than for working age applicants generally.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No effect other than for working age applicants generally.
Dependants / caring responsibilities**	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Under the proposed scheme, Couples (and lone parents) with 2 or more children are all combined into the same income level. This means the income band is the same regardless of whether a claimant has 2 children or more. This will negatively impact on some of the claims (depending on their other circumstances). This approach is in alignment with the Government's approach to some other means – tested benefits.</p> <p>The approximate number of claimants affected by this proposed change are 1,160. They are included in the overall number (2,800) of claimants impacted stated above.</p> <p>This impact is justified due to the aim of the council for the scheme to be cost neutral. However, the impact can be partially mitigated.</p> <p>In order to mitigate the impact on negatively affected groups, any applicant who feels that they will experience exceptional hardship will be able to apply for additional support from the Council's Exceptional Hardship Fund. (Section 13a payments).</p>
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No effect other than for working age applicants generally.
<b>Community cohesion</b>						
Individual communities / neighbourhoods		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No negative impacts identified in the level one assessment.
Relations between communities / neighbourhoods		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Further actions		Lead	Deadline
<b>Mitigating actions</b>	Creation of a revised and funded Section 13 a scheme to allow for payments to be made for impacted CTR claimants who cannot afford to pay the additional Council Tax.	Mark Symmonds	April 2022

\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

<b>Promotion</b>	<p>The revised Section 13 a Scheme will be promoted through various means; including (but not limited to):</p> <ul style="list-style-type: none"> <li>○ Information of the Council's website;</li> <li>○ Social media;</li> <li>○ Communication to staff, stakeholders, partners, claimants, etc.</li> </ul>	Mark Symmonds	April 2022
<b>Monitoring and evaluation</b>	<p>The scheme will be monitored in conjunction with the medium term financial plan, and alongside any changes brought about by central Government.</p> <p>Evaluation will be carried out in conjunction with monthly service review meetings, and against the service's Key Measure of Success</p>	Martin Barker, Mark Symmonds, Service Managers	Ongoing – for all years that this scheme is adopted.

<b>Assessment completed by:</b>	Mark Symmonds	<b>Head of Service:</b>	Janette Savage
<b>Date:</b>	26/01/2022	<b>Date:</b>	26/01/2022

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<b>Report of:</b>	<i>Director of Finance – Ian Wright Executive Member for Finance and Governance – Cllr Barrie Cooper</i>
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<b>Submitted to:</b>	<i>Full Council 23 February 2022</i>
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<b>Subject:</b>	<i>Local Council Tax Support 2022/23</i>
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**Summary**

<b>Proposed decision(s)</b>
<i>That Full Council approve a revised Council Tax Support (CTS) scheme for 2022/23.</i>

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?<sup>1</sup></b>
<i>Approval</i>	<i>Yes</i>	<i>No</i>	<i>No</i>

<b>Contribution to delivery of the 2020-23 Strategic Plan</b>		
<b>People</b>	<b>Place</b>	<b>Business</b>
<i>The purpose of the change is to implement a new working age CTS scheme which will not only provide additional support to low-income families but also improve current administration, make it easier to claim and to assist in the collection of Council Tax within the area.</i>	<i>N/A</i>	<i>The CTS scheme is important in ensuring residents who need support in paying their required Council Tax are billed for the correct amount based on their financial circumstances. This will ensure the right amount is collected from the correct residents.</i>

<b>Ward(s) affected</b>
<i>All wards are affected by the decision to change the CTS scheme.</i>

**What is the purpose of this report?**

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1. This report seeks approval for the amendment of the Council's Council Tax Support (CTS) scheme for 2022/2023.

### **Why does this report require a Member decision?**

2. The Local Government Finance Act Section 67 (2012 Act) inserted into LGFA 1992 (Functions to be discharged by the Authority) making or revising a Council Tax Support Scheme – Section 13 (2) confirms that each billing Authority in England must make a Council Tax Support scheme by no later than 11 March each year. Any scheme cannot be made by officers, with the above legislation confirming that authorisation of the full scheme is subject to member approval.

### **Report Background**

3. Council Tax Support (CTS) 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** claimants 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 **Pensionable age** would be dealt with under regulations set by Central Government and not the authorities' local scheme.
4. Pensioners, subject to their income, can receive up to 100 per cent support towards their Council Tax. The Council has no power to change the level of support provided to pensioners and therefore any changes to the level of CTS can only be made to the working age scheme.
5. When CTS was introduced in 2013, for working age claimants, the majority of Councils including Middlesbrough broadly adopted the previous means tested Council Tax Benefit scheme as the basis of awarding support. Due to the reduction in funding from Central Government, the Council also required all working age claimants, even those on the lowest income, to pay a minimum payment of 20%. In Middlesbrough, we usually refer to CTS as Council Tax Reduction (CTR).
6. Since that time the minimum payment required has reduced to 15% and only slight changes have been made to bring the scheme into line with either Housing Benefit or Universal Credit (UC).
7. This report follows on from the report discussed at Executive on 5 October 2021, where permission to consult the public, major preceptors and stakeholders on a revised scheme was sought and granted.

### **The current scheme**

8. There are some areas within the current scheme which can be amended which in turn will provide a differing level of support to low-income taxpayers, and will also help the Council to provide the service in a more efficient manner. The main areas are as follows:
  - The need to further assist low-income households and assist in the collection of Council Tax;
  - The introduction of UC for working age claimants; and

- The need for a simplification of the scheme.

9. Each of the above are examined in detail below.

### **Assisting low-income households and the collection of Council Tax**

10. In 2013, 80% maximum support was provided to working age claimants. In 2018/19, this increased to 85% maximum support to working age claimants.

11. A number of authorities have and are making changes to the CTS scheme (see Appendix A), for reasons such as;

- More support for claimants on passported benefits;
- Simplification of the scheme;
- Reduction in the administrative burden collecting from those households with limited means;
- Reduction in the provision made for bad debtors;
- Reduce, if not remove, the high level of rebilling that occurs throughout the year due to benefit changes which ultimately leads to a delay in cash collection.

Middlesbrough's proposed scheme will equally address these underlying concerns.

### **Council Tax Support and the roll out of Universal Credit**

12. The introduction of UC within the area has, as experienced in all other areas, brought a number of significant challenges to both the administration of CTS and also the collection of Council Tax generally. Many Councils have experienced the following:

- The reluctance of UC claimants to make a prompt claim for CTS leading to a loss in entitlement;
- A high number of changes to UC cases are received from the Department for Work and Pensions requiring a change to CTS entitlement. On average 40% of UC claimants have between 8 and 12 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 needed.

13. It is clear that the existing means tested CTS scheme, which is too reactive to change, will not be viable in the longer term now that UC has been rolled out fully within the area and with the massive increase in UC claimants due to the COVID-19 crisis. Giving weight to these circumstances, it would be appropriate to move to a more efficient scheme from 2022/23.

### **The need for a simplified approach to the Council Tax Support Scheme.**

14. Notwithstanding the introduction of UC, the existing scheme is based on a 'pre-dated' means-tested benefit scheme:

- It is difficult for customers to understand and is based on a complex calculation of entitlement;
- The administration for staff is very convoluted, with staff having to request significant amounts of information from claimants;
- Staff have to undergo extensive 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.

15. There is a need to simplify the scheme, not only to mitigate the effects of UC, which have been fast tracked as a consequence of Covid, but also make it easier for customers to make a claim, reduce the likelihood of fraud, and to reduce the costs of administration.

### The proposed approach for the 2022/23 Council Tax Support Scheme

16. It is proposed that an alternative approach be taken from 2022/23, through the redesign of the scheme to address all of the main areas highlighted in this report.

17. Work has been ongoing since early 2021 on designing and modelling a proposed alternative scheme.

18. Following approval at Executive on 5 October 2021, consultation with stakeholders, partners and the general public has now been undertaken, as well as with Major Precepting authorities. This consultation has resulted in a few minor suggested changes to the proposed scheme. If agreed by the Council, the proposed alternative scheme will take effect from 1<sup>st</sup> April 2022.

19. The proposed alternative scheme has a number of features as follows:

- More support shall be given to those households on the lowest of incomes than in the current scheme;
- The changes can **only be made to the working age schemes** as the current schemes for pensioners are prescribed by Central Government;
- The grid below represent weekly amounts.
- The current means - tested schemes will be replaced by a simple income grid 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
<b>WEEKLY Income Ranges</b>							
<b>Band 1*</b>	90%	£0 - £100.00	£0 - £160.00	£0 - £220.00	£0 - £140.00	£0 - £205.00	£0 - £260.00
<b>Band 2</b>	72%	£101.01 - £180.00	£160.01 - £240.00	£220.01 - £295.00	£140.01 - £240.00	£205.01 - £281.00	£260.01 - £340.00
<b>Band 3</b>	36%	£180.01 - £215.00	£240.01 - £255.00	£295.01 - £350.00	£240.01 - £290.00	£281.01 - £320.00	£340.01 - £400.00
<b>Band 4</b>	23%	£215.01 - £255.00	£255.01 - £280.00	£350.01 - £450.00	£290.01 - £340.00	£320.01 - £370.00	£400.01 - £480.00 **
	0%	Over £255.00	Over £280.00	Over £450.00	Over £340.00	Over £370.00	Over £480.00**

\*If the claimant is in receipt of a 'passport benefit' such as Income Support, Jobseeker's Allowance (Income Based) and Employment and Support Allowance (Income Related), it is proposed (as outlined above) that the maximum level of support will be 90% (Band 1);

\*\* - the amounts for Band 4 (Couple with two or more children), were originally proposed on the report to Executive on 5 October 2021 as being £400.01 to £430.00. Following consultation, it is now proposed that this rate be increased to £400.01 to £480.00, as this was inconsistent when compared to the band for Single Person with two or more children. This reflects a fairer and slightly more generous approach.

- All other discount levels are based on the claimant's (and partner's if appropriate) net weekly income;
- The scheme allows for variation in household size with the levels of income per band increasing where a claimant has a partner, and / or dependants. Couples (and lone parents) with 2 or more children are all combined into the same income level. This means the income band is the same regardless of whether a claimant has 2 children or more;
- There will be no charges made where a claimant has non-dependants living with them. 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 support claimants in or into work, the first £25 per week of the claimant / partner's net earnings will be disregarded before comparing the level of weekly income to the income grid. This will take the place of the current standard disregards and additional earnings disregards.
- Disability benefits such as Disability Living Allowance and Personal Independence Payments will continue to be disregarded;
- Where any claimant, their partner or dependant child(ren) are disabled, a further disregard will be given, thereby maintaining the current level of support to those with disabilities;
- Carer's Allowance and the Support Component of Employment and Support Allowance will be disregarded;
- Child benefit and Child Maintenance will be disregarded;
- An amount in respect of the housing element, limited capability for work elements, carers element and disabled child elements within UC will be disregarded;
- The total disregard on war pensions and war disablement pensions will continue;
- Extended payments will be removed; and
- The current scheme has a capital limit of £16,000. For consultation purposes the Council's proposed scheme was to reduce this limit to £6,000, which would have impacted 105 claimants out of 18,000. Having now concluded the consultation, it is proposed that the capital limit reduces from £16,000 to £10,000, which will reduce the 105 impacted claimants to 55.

### **How the proposed alternative scheme will address the problems with the current scheme**

20. With the simplification of the proposed alternative scheme, it will address the following:

- **Claiming process.** Claimants will see a reduction in the claiming process and, where appropriate to do so, CTS will be awarded automatically. For UC claimants any UC data received from the Department for Work and Pensions (DWP) will be treated as a claim for CTS. Where information is received from DWP, the entitlement to CTS will be processed automatically without the need to request

further information from the taxpayer. 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 claimant.** As there will no requirement for UC claimants to apply separately for CTS, and for all other claimants, the claiming process will be simplified, and backdating will be kept to a minimum;
- **Maintenance of collection rates** – the proposed alternative scheme will avoid reissuing of demand notices and re-setting instalments, and support the approach to the improvement of collection rates. The increased level of CTS support will mean those claimants on the lowest levels of weekly income will pay less Council Tax;
- **The income bands are sufficiently wide to avoid constant changes in discount.** The current CTS scheme is very reactive and will alter even if the overall change to the person's liability is small. The proposed alternative scheme, with its simplified income banding approach will have the following advantages:
  - Only significant changes in weekly income will affect the level of award;
  - Council Tax payers who receive CTS will not receive multiple Council Tax demands and adjustments to their instalments; and
  - The proposed alternative scheme is designed to reflect a more modern approach, where any discount changes will be effective from the day of the change rather than the Monday of the following week.

### **Transition to the proposed alternative scheme and the Exceptional Hardship Scheme**

21. Any change in scheme or a transition to a proposed alternative scheme may result in a change to the entitlement of certain claimants.
22. The changes to the scheme, will mean those regarded as the most vulnerable will gain in award, with others (as shown above) having a reduced award (i.e. those with capital over £10,000). It is proposed that the alternative scheme will contain additional provisions to protect individuals who experience exceptional hardship. Where any claimant 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 claimant.
23. This approach will enable individual claimants to be dealt with in a fair and equitable manner. The Exceptional Hardship Scheme will form part of the CTS scheme and fall to be paid through the Collection Fund.

### **Consultation Process**

24. Major preceptor and public consultation was open from 14 October 2021 to 7 December 2021 and publicised by way of:
  - Multiple social media posts advertising the consultation;

- Advertisement on numerous pages on the Council’s website with links to its online form available to complete. It also featured on the Latest News at the bottom of each page.
- Direct contact with partners, including
  - Major Preceptors,
  - members of Middlesbrough Council’s Financial Improvement Group,
  - Councillors,
  - Middlesbrough Citizen’s Advice Bureau and other welfare groups,
  - other targeted partners and stakeholders.
- Middlesbrough Council’s weekly e-bulletin for staff
- Inclusion on the Council’s resident’s e-Newsletter sent out to approximately 20,000 subscribers.

25. The consultation produced responses from organisations, major preceptors and the public. A summary of the results from the 45 completed questionnaires can be found at Appendix D. The actual wording of the questionnaire can be found in Appendix C.

26. The results suggest that a majority of respondents in general support the options presented, however following consultation we have slightly amended the proposals in 2 areas:

- the amounts for Band 4 (Couple with two or more children) of the income grid is now proposed be increased to ‘£400.01 to £480.00’ (see paragraph 19)
- the capital limit for the proposed scheme is proposed to be £10,000 instead of £6,000 (see paragraph 19)

### **Energy Bills Rebate Payments**

27. In addition to the above proposed changes to the scheme, on 11 February 2022 Council Tax (Demand Notices and Reduction Schemes) (England) (Amendment) Regulations 2022 [“the Regulations”] were laid which amend the Council Tax Reduction Schemes (Prescribed Requirements (England) Regulations 2012 to require that from 1 April 2022 all local council tax support schemes (including those for persons of working age as well as those of pension age) must disregard Energy Bills Rebate payments in determining a person’s eligibility for a council tax reduction and the amount of any such reduction.

### **What Decision(s) are being asked for?**

28. That Full Council approve a revised Council Tax Support (CTS) scheme for 2022/23.

### **Why is this being recommended?**

29. The proposed changes, will simplify a complicated scheme, further assist low income households and support the collection of council tax, whilst also fulfilling the obligations on Local Authorities to support the roll out of Universal Credit.

30. Changes to the existing scheme have been subject to full consultation which ran from the 14 October 2021 to 7 December 2021, a period of over 7 weeks. Responses informed the

scheme, were broadly accepted, and resulted in minor changes to the proposed capital limit and income bands for couples with 2 or more children (see paragraph 19). The questions which were asked during the consultation can be found at Appendix C, and a summary of the responses can be found at Appendix D.

### Other potential decisions and why these have not been recommended

31. The alternative to introducing a proposed alternative scheme for CTS from 2022/23 is to leave the existing scheme in place. This would be a short-term option; leading 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 Council's area.

32. Modelling (see below) has also been done on an alternative 'income grid' scheme with 85% maximum support and 100% maximum support.

- 100% support scheme is not recommended as this would be a cost to the Council in excess of £1,000,000 and on that basis would be unaffordable.
- 85% support scheme is equally not recommended. Whilst the overall cost of the scheme would be cheaper, it would have a detrimental impact on the cost of collection, and in addition places a further financial burden on some of the lower income residents of the town.
- Retain the existing means tested scheme with 85% support is not recommended. Although the current scheme will be cost neutral, it is complicated and difficult for claimants to navigate their way through, and this is resulting in a reduction in take up. It is also impacting on the timeliness of billing and collecting Council Tax amounts, and is also more resource intensive to administer. (see also para 11).

33. The principles of the 85% and 100% scheme are exactly as described earlier in this report (Para 19), however given weight to the options appraisal/rationale (**Appendix B**) these are not recommended.

Option	Scheme / Support	Cost / Saving to the Council	Support	Recommended / Not Recommended
1	Income Banded Scheme – 85% maximum support	£700,000 saving ***	85% - similar to existing support	Not recommended – See Appendix B
2	Income Banded Scheme – 90% maximum support	Cost neutral ***	90% - 5% increase on existing support	Recommended – See Appendix B
3	Income Band – 100% maximum support	£1,000,000 cost to the council ***	100% - 15% increase in support	Not recommended – See Appendix B.
4	Do nothing / remain with the same CTS	Cost neutral	85%	Not recommended – See Appendix B

	Scheme			
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\*\*\* - modelling and re-modelling of the proposed scheme and alternatives has continued weekly since June 2021 to ensure any weekly fluctuations in the caseload and CTS entitlement are continually monitored and reflected in these proposals.

### **Impact(s) of recommended decision(s)**

34. Any decision whether to change the scheme will need to be approved by full Council.

### **Legal**

35. Schedule 1A (3) of the Local Government Finance Act 1992, states:

Before making a scheme, the authority must:

- consult any Major Precepting authority which has power to issue a precept to it,
- 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.

This consultation has been carried out, following permission to consult being granted by Executive on 5 October 2021 (see paragraph 26)

36. In addition, in order to set a new scheme, the Council is obliged to make a resolution by **11<sup>th</sup> March** of the year prior to the scheme coming into place.

### **Financial**

37. The current CTS scheme budget is **£19.1m** which is borne by the Council's Collection Fund. Costs are shared between the Council and the Major Precepting Authorities in the following proportions:

- Middlesbrough Council (83.55%);
- Police and Crime Commissioner for Cleveland (12.63%)
- Cleveland Fire Brigade (Fire and Rescue Service) (3.82%).

38. Based on current modelling, were the proposed alternative scheme to be in place at the current time, the costs of this scheme is estimated to be cost neutral (this figure is subject to change as claimants move on and off the scheme over the remainder of the year)..

39. The proposed scheme has been costed on the current number of active claims as at the time this report is submitted. It does not assume any further impact to the scheme brought about by changes to claimant circumstances (for example, as a consequence of any future Covid restrictions or their removal). It is not possible to estimate the impact of any unforeseeables, hence the model has been costed on the current position.

40. The changes brought about by the proposed simplified scheme, should generate capacity to undertake age debt collection (leading to a reduction in bad debt), and compliance (which would reduce potential fraudulent claims).

41. The cost of the scheme has to be affordable to the council, and as such is not mandated by Central Government. The council can choose to fund the scheme over and above the current cost (or vice versa), however our options appraisal (appendix B) shows why remaining with the current scheme and various alternative options are not recommended.

## ***Policy Framework***

42. The CTS scheme does not change the Policy Framework.

## ***Equality and Diversity***

43. Any proposed alternative scheme shall be implemented in accordance with the Council's equality and diversity policies.

44. A Level 1 and Level 2 Impact Assessment has been carried out and can be found at Appendix E and F. Based on the proposed scheme, the Impact Assessments show that due to the Council's aim to adopt a proposed cost neutral Council Tax Support scheme, by increasing the maximum support from 85% to 90% there will be some who gain support and some who lose support. This impact is justified due to the aim to maintain a cost neutral scheme, and can be partially mitigated by the additional support available through the Council's Section 13a Exceptional Hardship fund.

## ***Risk***

45. This policy will impact positively on the following risks.

- 08-059 Incorrect assumptions in the MTFP;
- 08-075 Reduction in Council Tax Collection;

## **Actions to be taken to implement the decision(s)**

46. Following approval of Full Council, the scheme will be published on the Council's website by 11<sup>th</sup> March 2022

## **Appendices**

47. Appendix A – Other CTS schemes in the area and future plans  
Appendix B – Options appraisal - Rationale  
Appendix C – Consultation Questions  
Appendix D – Summary of consultation responses  
Appendix E – Level 1 Impact Assessment  
Appendix F – Level 2 Impact Assessment

## **Background papers**

48. There are no background papers associated with this report

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Local council tax support schemes

The Regulations also amend the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 to require that from 1 April 2022 all local council tax support schemes (including those for persons of working age as well as those of pension age) must disregard Energy Bills Rebate payments in determining a person's eligibility for a council tax reduction and the amount of any such reduction. Where a local authority has already determined its local council tax support scheme for 2022-23, it will need to revise it by the statutory deadline of 11 March 2022.