

Report of:	<i>Director of Finance - Ian Wright Executive Member for Finance & Governance - Councillor Chris Hobson</i>
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Submitted to:	<i>Executive - 19 January 2021</i>
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Subject:	<i>Local Council Tax Support 2021/2022</i>
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Summary

Proposed decision(s)
<i>That Executive approves the Council Tax Support (CTS) scheme for 2021/2022 and authorises the report to be considered at the full Council meeting of 24 February 2021.</i>

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

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
<i>The CTS scheme will enable residents to pay their required Council Tax instalments which, in turn, will mean that the Council has funding to allow physical regeneration.</i>	<i>Support to Middlesbrough's local economy. When residents are billed for the correct amount of Council Tax, this will give them certainty of their remaining income which will in turn support the local economy.</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>

Ward(s) affected
<i>All wards are affected by the proposals put forward in the CTS scheme.</i>

What is the purpose of this report?

1. This report seeks approval for the CTS scheme for 2021/2022.

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 Reduction Scheme – Section 13 (2) confirms that each billing Authority in England must make a Council Tax Reduction 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. From 1 April 2013, the Government replaced the national Council Tax Benefit scheme with a new CTS scheme to be designed and administered by Local Authorities. The Government passed this responsibility to Councils with a 10% cut in the grant funding and prescribed that pensioners must be no worse off under any local scheme. This translated into an effective reduction in funding for working age claimants of 20% and meant that some residents, many of whom had previously been required to pay nothing, now had to pay at least 20% of their Council Tax. Middlesbrough's scheme was approved by full Council on 9 January 2013 and remained unaltered (apart from some minor legislative changes) until 2018/2019 when the scheme was amended to bring regulations in line with the current Housing Benefit scheme, whilst also increasing the amount of support provided to 85% for working age residents. This therefore meant residents claiming CTS had a minimum of 15% of their Council Tax to pay as opposed to the previous 20% charge.
4. The current CTS scheme is working well with no challenges to the regulations. Central Government made some slight changes to the prescribed regulations between late December and early February each year which will be incorporated into the new scheme. Apart from these minor changes, it is not recommended to alter any other elements.

What decision(s) are being asked for?

5. That Executive approves the Council Tax Support (CTS) scheme for 2021/2022 and authorises the report to be considered at the full Council meeting of 24 February 2021.

Why is this being recommended?

6. The Council recognised the financial challenges faced by some residents due to the Government's welfare reforms when increasing the amount of support provided through the CTS scheme in 2018/2019. The roll out of Universal Credit (UC) in Middlesbrough which commenced in October 2018 has been a challenge for some residents to claim CTS although the Revenues and Benefits service has amended its procedures so that UC claimants can be smoothly transitioned on to CTS.
7. As the only changes to the scheme are minor legislative changes set by Central Government, no stakeholder consultation has been carried out. Similarly, these proposals have not been examined by the Overview and Scrutiny Board or by a Scrutiny Panel due to the scheme remaining the same.

Other potential decisions and why these have not been recommended

8. The Council could reduce or increase the amount of support awarded. However, as indicated earlier in this report, the Council recognised the financial challenges placed on residents through the Government's welfare reforms when increasing the CTS support for 2018/2019, therefore this is not considered a viable option.
9. In addition, the Council is not in a financial position to consider awarding additional support without affecting other Council services. If this were to be considered, a full consultation exercise would also need to be carried out which has not taken place during the current financial year.

Impact(s) of recommended decision(s)

Legal

10. There are no legal implications regarding this report, apart for the need to adopt the 2021/22 scheme by 11th March 2021.

Financial

11. There are no additional costs to the Council under the proposals for the 2021/2022 CTS scheme.
12. Although the Council Tax collection figures are lower for those receiving CTS than the overall in-year collection figures, the Revenue Services section will continue to actively pursue the debt which is owed to the Council.
13. The option of absorbing more of the cost of the CTS scheme, or amending the percentage working age claimants have to pay remains an option for future years.
14. The impact of the full Universal Credit roll out and other welfare reforms continues to be closely monitored to confirm the effect this has on resident's ability to pay their Council Tax and will be taken into account with any future proposals around the CTS scheme

Policy Framework

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

Equality and Diversity

16. There are no disproportionate adverse impacts on any group or individuals with characteristics protected in UK equity law. The previous impact assessment carried out when the scheme was revised for 2018/2019 is still relevant.

Risk

17. The Council Tax Support scheme is a statutory requirement, agreed annually by full Council. By implementing a local scheme, this ensures that there is adequate governance in place to comply with all relevant legislation and ensures the Council does not breach governance requirements or fail to deliver organisational priorities. In addition, by reviewing the scheme annually, the Council continues to effectively review and amend the scheme to comply with legislative changes.

Actions to be taken to implement the decision(s)

18. The CTS scheme will be updated in line with the Government's prescribed regulations. Subject to Council giving approval for this scheme, the scheme for 2021/2022 will be published on the Council's website by 31 March 2021.

Appendices

19. No appendices attached to this report.

Background papers

20. No background papers were used in the preparation of this report.

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