



NORWICH City Council

Committee Name: Council

Committee Date: 22/02/2022

Report Title: Council tax reduction scheme (CTRS) 2022-23

Portfolio: Councillor Davis, Cabinet member for social inclusion
Councillor Kendrick, Cabinet member for resources

Report from: Executive director of corporate and commercial services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

To consider a council tax reduction scheme for 2022/23 as recommended by cabinet.

Recommendation:

- 1) To retain a maximum 100 per cent entitlement for working age CTRS recipients for the Council Tax Reduction Scheme for 2022/23.
- 2) To make the following changes to the council tax reduction scheme (CTRS) for 2022/23 by continuing with the 2021/22 scheme with the following annual modifications:
 - a) To increase the working age applicable amounts for allowances and premiums by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
 - b) To increase the level of income brackets used to decide non-dependent deductions and level of non-dependent deductions by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
 - c) To increase the level of income brackets used to decide entitlement to second adult reduction by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
 - d) To retain the maximum household capital limit of £16,000;
 - e) To add the option to recalculate entitlement when the council investigate fraud where the DWP have not revised DWP passported benefit entitlement.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the people living well and inclusive economy corporate priority's.

This report addresses the strategic action in the Corporate Plan.

Report Details

1. Since 1 April 2013 the council has operated a council tax reduction scheme (CTRS), which replaced council tax benefit.
2. The CTRS helps people on low incomes and/or certain welfare benefits to pay their council tax bill. This provides support to those under the greatest financial pressure.
3. Pensioners have been protected by the government so any changes to CTRS will only impact working age claimants. Therefore, the council can only control the cost of CTRS in relation to working age claims.
4. The council adopted the government's default CTRS in 2013, having made various changes since then but maintaining the principle of a full support (100% discount) scheme. The government has been reducing its financial support to local authorities for the cost of the scheme therefore changes to the council tax discounts and exemptions have been made to try and address any shortfall.
5. There will be no revenue support grant to help cover the cost of the scheme. The reduction in funding has already been incorporated into the Medium Term Financial Strategy (MTFS).
6. The council tax reduction scheme cross party working group met on 2 November 2021 to review in detail the options. The minutes of that meeting are attached as Appendix 1.
7. The council tax reduction scheme cross party working group resolved unanimously to recommend the Council Tax Reduction Scheme 2022/23 to cabinet and council.
8. Following that meeting, a further proposal was made to the member working group to revise the scheme to provide flexibility for the Council to reassess entitlement following a fraud investigation.
9. This flexibility would only apply where the customer is in receipt of DWP passported benefits, but the DWP have not actioned their investigation.

The intention is to prevent overpayments knowingly continuing, thereby causing incorrect excess awards and perpetuating customer debt. There is no risk to this provision as cases actioned by the DWP will not be impacted.

10. The member working group support the additional proposal detailed in paragraphs 8 and 9 above.

Proposed recommendations

- a) Retain a 100% support scheme for the 2022/23 year.
- b) That council make the following changes to the council tax reduction scheme (CTRS) for 2022/23 by continuing with the 2021/22 scheme with the following modifications:
 - 1) To increase the working age applicable amounts for allowances and premiums by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
 - 2) To increase the level of income brackets used to decide non-dependent deductions and level of non-dependent deductions by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
 - 3) To increase the level of income brackets used to decide entitlement to second adult reduction by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
 - 4) retain the maximum household capital limit of £16,000.
 - 5) To recalculate entitlement when the council investigate fraud where the DWP have not revised DWP passported benefit entitlement.

Consultation

11. As preceptors Norfolk County Council and the Office of the Police and Crime commissioner have been consulted on these proposed changes.
12. Norfolk County Council acknowledges the proposals but stated its preference for support to be restricted to 75% from 100%, to limit support to the value of a band D property and to restrict the capital limit to below £16,000.
13. The Office of the Police and Crime Commissioner similarly responded with the same preferences.
14. At the time of writing the Financial Consortium have not responded, a verbal update will be provided at cabinet.

Implications

Financial and Resources

15. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget.
16. The total estimated cost in 2022/23 of the current 100% scheme is £15.9m of which the cost to Norwich City Council is £2.2m.
17. Around 80% of all claimants receive relief at 100% and an assumed Council tax increase in 2022/23 of 4% (comprising the elements for Norwich City Council, Norfolk County Council and the Police and Crime Commissioner for Norfolk) has been used to calculate this overall cost.

Legal

18. Council is required to mandate amending the scheme by 28th February of the start of the following year, or by 11th March if retaining the scheme.
19. An equality impact assessment has been completed and is appended to this report.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	IIA completed, see below
Health, Social and Economic Impact	The scheme continues existing conventions.
Crime and Disorder	N/A
Children and Adults Safeguarding	N/A
Environmental Impact	N/A

Risk Management

Risk	Consequence	Controls Required
Council fails to mandate a CTRS scheme for 2022/2023	Assessment of cases will be ultra vires, therefore subject to legal challenge	Council mandate a CTRS scheme for 2022/2023.

Other Options Considered

20. The member working group dismissed introducing a customer contribution rate, thereby retaining a 100% rebated scheme.

Reasons for the decision/recommendation

21. Council is required annually to mandate a CTRS scheme.

Background papers:

See appendices.

Appendices:

Appendix 1: Minutes of the council tax reduction scheme cross party working group on 2 November 2021.

Appendix 2: Equality impact assessment.

Contact Officer:

Adrian Mills

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Cross-Party Working Group – Council Tax Reduction Scheme
16:00 to 16:30
2 November 2021

Present: Councillors Giles (chair, following appointment), Ackroyd, Davis, Grahame, Hampton (substitute for Councillor Thomas (Va)), and Kendrick

In attendance: Annabel Scholes (executive director corporate and commercial services), Adrian Mills (strategic manager (benefits), ARP), Julie Gowling (revenues and benefits operations manager), Martin Bryant (benefits and development officer), Michele Sundram (revenues and benefits team leader) and Nicola Bristow (financial inclusion officer)

Apologies: Councillors Bogelein and Thomas (Va)

1. Appointment of chair

RESOLVED to appoint Councillor Giles as chair.

2. Declarations of interest

There were no declarations of interest.

3. Minutes

RESOLVED to approve the accuracy of the minutes of the meetings held on 22 September 2021.

4. Council Tax Reduction Scheme (CTRS) 2022-23

Adrian Mills, strategic manager benefits, ARP, presented the report and explained the considerations, as set out in Appendix 1 and the letter from Norfolk County Council stating its position to billing authorities. Members were advised that the council would need to undertake a full public consultation for a 12 week period if it decided to change the scheme and consider the results by 28 February 2022 or if it decided to continue with the existing scheme agree a mandate by 11 March 2022.

Having considered the report, Councillor Davis moved, and Councillor Kendrick seconded recommendations 6 to retain a 100 per cent entitlement for working-age , 1(c), 2(c), 3 (c), to retain the maximum household capital limit of £16,000 set out under 4, and not to apply the council tax reduction for 2022 band D to all working-age customers regardless of income group if residing in band E to H properties.

During discussion the working group noted that discretions within the scheme applied to customers on legacy benefits rather than those on universal credit, and that there was statutory provision for customers in receipt of state pensions.

Councillor Davis explained the reasons for recommending the working age applicable amount was increased by the Consumer Price Index (CPI) at the rate of 3.1 per cent set in September 2021 which was higher than the estimated 2022/2023 composite rate of council tax (excluding adult social care) at 2.5 per cent. It was also noted that the government used CPI to uprate other social security benefits.

The working group supported the retention of the maximum household capital limit. Adrian Mills advised members that in terms of CTR the value of resided properties was disregarded for all council tax bands A to H and that only empty properties were taken into account as capital. Members also were advised that it was a fairer system for customers as they could be in a short-term position and without assistance with their council tax could be required to sell their home or move into other accommodation which would be unfair. It was also noted that some householders were living in houses that had increased in value but were cash poor and unable to afford heating or food.

In reply to a member's question about simplifying the system, Adrian Mills said that options to improve the customer journey were being explored which included data sharing with the Department of Works and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) to automate the process. Members were advised that there would be strict protocols in place for the use of this data.

The chair thanked the officers for their hard work in producing the report. The executive director of corporate and commercial services echoed this and added her personal thanks to Adrian Mills, as this would be the last year he would present the report as the contract with ARP was coming to an end, and that he had used the feedback from the informal meeting (July 2021) to provide the options in the report. Members praised Adrian Mills for his explanation of the scheme and presentation of the report which was easy to understand. Adrian Mills thanked the members and paid tribute to Julie Gowling, Michelle Sundram and Martin Bryant who had provided the data exports for the report and Martin Bryant had helped prepare the report.

RESOLVED unanimously to:

- (1) recommend to cabinet, when reviewing the Council Tax Reduction Scheme for 2022-23, that the scheme retains a maximum 100 per cent entitlement for working age CTR recipients, and taking into consideration the following:

- (a) **Working age applicable amount – premiums and allowances** – to increase the working-age applicable amount by the Consumer Price Index (CPI) level at the rate of 3.1 per cent in September 2021;
 - (b) **Income brackets used to decide non-dependent deductions and level of non-dependent deductions** - to increase the working-age applicable amount by the Consumer Price Index (CPI) level at the rate of 3.1 per cent in September 2021;
 - (c) **Income brackets used to decide entitlement to ‘second adult reduction’** - to increase the working-age applicable amount by the Consumer Price Index (CPI) level at the rate of 3.1 per cent in September 2021;
 - (d) retain the maximum household capital limit of £16,000.
- (2) unanimously, not to recommend to cabinet that it amends the scheme to apply the council tax reduction calculation for 2022 band D liability to all working-age applicants regardless of income group if residing in band E to H properties.

CHAIR



Equality Impact Assessment

What is being assessed	The Local Council Tax Support Scheme 2022 - 2023	Status	Annual assessment of statutory function
Officer completing	Adrian Mills	Role	Head of ARP
Team	Revenues and Benefits	Directorate	Corporate and Commercial services
Senior leadership team sponsor	Annabel Scholes	Role	Executive Director

What are the main aims or purpose of the policy, practice, service or function? *(include links to project briefs, cabinet reports etc)*

Local Authorities are required to set a working age Local Council Tax Reduction Scheme annually which provides a local discount to for our working age low-income residents. Government prescribes a statutory Council Tax Support Scheme for Pensioners which local authorities have no control over. The Council proposes to make the following changes to the council tax reduction scheme for 2022/23 by continuing with the 2021/22 scheme with the following annual modifications:

- a) To increase the working age applicable amounts for allowances and premiums by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
- b) To increase the level of income brackets used to decide non-dependent deductions and level of non-dependent deductions by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
- c) To increase the level of income brackets used to decide entitlement to second adult reduction by the September 2021 Consumer Price Index (CPI) rate of 3.1 per cent;
- d) To retain the maximum household capital limit of £16,000;
- e) To add the option to recalculate entitlement when the council investigate fraud where the Department of Work and Pensions have not revised their passported benefit entitlement.

How does it fit with other services and policies, and how does it support our [corporate objectives](#) and [City Vision](#)?

This supports the council's priorities to promote An inclusive economy and for People to live well. It also links to the Norwich 2040 Fair City theme.

What is the reason for the proposal or change (financial, legal etc)? *The Equality Act requires us to make this clear.*

Legal: A Local Council Tax Reduction Scheme is a statutory function that the Council must provide and review on an annual basis as set out in Section 13A of the **Local Government Finance Act 1992**

Who implements, carries out or delivers the policy, practice, service or function? *(person/team/body and other organisations who deliver under procurement or partnership arrangements)*

The Council's Revenues and Benefits service.

What outcomes do we want to achieve, why and for who?

To provide maximum financial support to help residents on low incomes who are required to pay Council Tax to Norwich City Council.

Will anyone be disproportionately affected by the programme, and/or will it create any benefits? *(customers, employees, groups in the wider community etc)*

No - all residents on a low income can claim a reduction in their Council Tax liability, based on their domestic and financial circumstances and that the same maximum discount is applied to all resident and client groups, subject to means testing.

The Council's local Scheme replicates the Government's previously prescribed Council Tax Benefit Scheme in its qualifying rules and assessment, continuing with practices established over many years and long-standing compliance with Equalities legislation.

The scheme continues to retain the Department for Work and Pensions established conventions for benefit assessment.

The [Financial Inclusion Consortium](#) regularly works with customers to support applications for council tax reduction.

If yes, complete the relevant sections below for any benefits and adverse impacts identified.

Equality Impact Assessment

Affected group	Key findings from analysis of data and evidence. Identify any gaps in data here	Level & type of impact: low/medium/high, positive/adverse	Justifiable if adverse	Actions to mitigate impacts, maximise benefits or address identified gaps in data	By when
Age	No impact identified				
Disability	No impact identified				
Gender reassignment	No impact identified				
Marriage and civil partnership	No impact identified				
Pregnancy and maternity	No impact identified				
Race/ethnicity	No impact identified				
Religion and belief	No impact identified				
Sex/gender	No impact identified				
Sexual orientation	No impact identified				
Other groups	No impact identified				
<p>What evidence and data has been used for this assessment, including community engagement and consultation? (include links to data sources, consultations etc)</p> <p>The Financial Inclusion Consortium were invited to comment on the proposals but the council did not receive a response – this is likely due to the fact that the proposals have remained the same and the consortium has previously expressed support for them.</p> <p>The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of the impacts identified has influenced your proposal, and how the findings of the Equality Impact Assessment can be measured going forward.</p>					

Equality Impact Assessment

How has the equality impact assessment informed or changed the proposal?

No, given continuation of the existing scheme with annual up ratings of the applicable amounts.

What actions have been identified going forward?

No actions have been identified.

How will the impact of your proposal and actions be measured moving forward?

The next annual review due later in 2022 for the 2023/2024 scheme will consider, in the usual way, any proposals for the following year's scheme.

Officer completing assessment	Adrian Mills	Date	26/01/2022
Senior leadership team sponsor	Annabel Scholes	Date	
Equality lead (strategy team)	Emma Smith	Date	31/01/2022