

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee
DATE: 8 March 2022
CHIEF OFFICER: Steven Mair, Director of Finance (Section 151 Officer)
WARD(S): ALL

PART I **FOR COMMENT & CONSIDERATION**

COUNCIL TAX SUPPORT SCHEME 2022/23

1. Summary and Recommendations

- 1.1 This report sets out the proposed Council's Council Tax Support scheme for 2022-23. The Committee is requested to scrutinise the report and make any comments to Cabinet which meets on 9th March 2022.

Recommendations:

Cabinet is requested to recommend to Council that the Council Tax Support Scheme remaining unchanged for 2022-23 and that as allowed within the scheme the income bands are updated once more in line with inflation (3.1%) to protect the most vulnerable from the ongoing and significant cost of living rises.

Reason:

The Council must have a Council Tax Support scheme in place each year and legislation states that the scheme must be ratified by members no later than the 11 March preceding the start of the scheme.

Legislation also requires that if there are to be amendments to the scheme a full public consultation must take place prior to the changes being made and since this has not taken place the scheme being recommended contains no changes (other than the allowed annual uprating of the income bands as stipulated within the scheme)

Commissioner Review

"On 1st December 2021, the Secretary of State issued Directions to Slough Borough Council under Section 15(5) and (6) of the Local Government Act 1999. Annex B of the Directions provides that Commissioners shall exercise...

The requirement from Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authorities financial affairs, and all functions associated with the strategic financial management of the Authority. This Direction included as d) the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty.

The set of budget reports presented to this cycle of meetings exposes the recklessness in the way the Authority has managed its affairs over the past few years and the scale of both central government support required and the challenge in re-establishing financial stability.

Commissioners consider that the proposals contained in this set of budget reports meet the requirements of the Directions. It should be made clear however, that no variation from either the general or specific proposals identified can be agreed or acted upon without the prior approval of Commissioners who reserve their right to amend budgets if required. This will require commitment and determination from all Councillors and every budget holding officer who will need to recognise their personal accountability in these matters.

At this stage it is not proposed to extend any additional funding, whether by cashflow or longer term finance to any of the Council's subsidiary companies and the Council's shareholder representatives should be required to make this clear.

It will be essential for a full appraisal of the Council's let estate, both GF and HRA but excluding HRA housing, to be undertaken and reported. In the first instance it should be explicit that all renewals and new leases or licenses will be based on the principles of normal commercial terms and a fully repairing and insuring basis.

This budget specifies a level of capital receipts required to balance the budget overall. This figure needs to be regarded as a minimum goal in cash terms to be achieved by year end and a disposal strategy will need to be brought forward to identify a significant increase in receipts banked in the early years of the MTF5.

Commissioners do not underestimate the scale of the challenge, both financial and operational, facing the Council. We will continue to provide advice and challenge to assist the Authority on its journey back to mainstream local government."

2. Report

Introductory paragraph

- 2.1 The awarding of Council Tax Support is in line with government legislation and government guidance and is a key priority of the Council by providing support in housing needs and helps residents to contribute to strong, healthy and attractive neighbourhoods.

Options considered

- 2.2 To continue the banded income Council Tax Support Scheme with two options:
- retain the income bands used for the 2021-22 scheme (Appendix 1)
 - uprate the income bands by 3.1% for the 2022-23 scheme (Appendix 2)
- 2.3 If uprating of the bands is agreed, it should be recognised that the current scheme allows the Council to uprate by the appropriate level of inflation measured by the Consumer Price Index (CPI) at 1st October preceding the effective financial year **or** by a percentage representing the increase in personal allowance within the applicable amounts for the Housing Benefit for the relevant financial year, **whichever is the lowest**. The CPI was 4.2% but the personal allowance uprating has been announced as 3.1% and so the recommendation is that the latter is applied.

Background

- 2.4 The Council Tax Support scheme was introduced in April 2013. At this time the government changed it from a national scheme for all customers to a local scheme for working age customers. The national scheme remained for all non-working age customers.
- 2.5 Slough Borough Council in line with the legislation developed a Local Council Tax Support scheme which was approved by members on 10 December 2012. SBC did not make any changes (apart from uprating) to the scheme for 2014-15 or 2015-16, and then a number of changes were made for 2016-17. There were no material changes made to the scheme for 2017-18, 2018-19 or 2019-20 and the limited uprating was applied.
- 2.6 The Council changed from a scheme with needs-based assessment to a banded income scheme from April 2020 following a consultation process carried out in October and November 2019. An income banded scheme is one where the income of the person claiming (and their partner if they have one) minus any relevant disregarded income (e.g. Child Benefit, Personal Independence Payments, housing element of Universal Credit) is compared to the table of bands in Appendix (1 or 2) .
- 2.7 The scheme has remained unchanged apart from the allowed uprating of the income bands. The scheme retains a criteria of protected claimants (these are persons previously receiving severe disability premium, enhanced disability premium, disabled child premium, war pension, war widow's pension or a war disablement pension) who continue to be exempt from the band C restriction and allowed up to 100% of their liability. All of their income, unless it is disregarded, will be used to calculate which band they fall in.

3. Implications of the Recommendation

3.1 Financial implications

- 3.1.1 The current working age CTS expenditure for 2021-22 as of 23 Jan 2022 is £9.30m compared to £8.87m at this time last year (2020-21).
- 3.1.2 The current caseload stands at 10,008 which is a decrease of 724 claims to the finishing position at the end of 2020/21. This can be directly attributed to the impact of the pandemic starting to ease.
- 3.1.3 If the council does not uprate the income bands there will be less CTS paid out which will be a financial benefit to the Council. It is not possible to model this and give a specific figure at this time because this will be dependent on the level of council tax set, the caseload figure and the number paid out within each band. However it is worth noting that any actions to reduce the amount of CTS paid would mean that this difference would have to be collected from financially vulnerable residents at a time when the cost of living is rising sharply, these additional sums are likely to be difficult to collect and the costs of collection and the amount of bad debt provision required is therefore unlikely to give the council any financial gain.

3.2 Legal implications

3.2.1 Section 13A (2) of the Local Government Finance Act 1992 requires the Council as the billing authority to make a localised Council Tax Reduction Scheme in accordance with Section 1A of the act. Each financial year the Council must consider whether it wants to revise the scheme or replace it.

3.2.2 Council Tax Support legislation set a number of criteria that local authorities must adhere to in developing a scheme

Local authorities should ensure support for vulnerable groups;

3.2.3 Slough Borough Council defines vulnerable groups as those who meet the definition of protected claimants listed above. As such all of these households will remain entitled to be assessed with a maximum Council Tax Support of 100%.

Local schemes should support work incentives, and in particular avoid disincentives to move into work.

3.2.4 The current scheme ensures that SBC supports people into work by changing the income disregards in order to encourage work incentives, the first £25 earned will not be taken into account as income. Also a further £17.10 will not be taken into account as income where the applicant works more than 16 hours per week and have children or, if there are no children but the hours worked are 30 hours or more per week. The scheme also continues the award of extended payments. An extended payment is 4 weeks extra Council Tax Support, awarded when a claimant or their partner start work (including self-employment) or their hours or earnings from your current employment increase (for a period of at least five weeks).

3.3 Risk management implications

3.3.1 The scheme was previously reviewed by HB Law the Council's legal services provider and they have done so again this year. They have confirmed that the making or revising of a Council Tax Reduction Scheme can only be discharged by the authority, i.e. full council and that changes can only be made following a full public consultation. As no changes are now proposed there are no mitigating actions.

3.3.2 The council proposes to support people who are most vulnerable by continuing to offer a Council Tax Hardship Scheme. This is a discretionary discount policy to help those in severe financial difficulty to reduce their Council Tax liability if they are struggling to pay. It is therefore clear that any person negatively affected by this change would meet these criteria and would therefore be signposted in this direction and prioritised for help. The level of support provided by the Council Tax Hardship Scheme is subject to separate proposals depending on the level of Council Tax increase agreed. It is likely that increased funds will be available to support those in hardship.

3.3.3 During the year the scheme will be evaluated by for example using complaints monitoring to assess the impact it is having on our customers and consideration given to amending the scheme.

3.4 Environmental implications

3.4.1 Not applicable.

3.5 Equality implications

3.5.1 The scheme is generic and aims to provide support to all parts of the community based on their weekly household income and so all working age Council Tax Payers could be affected by this proposal as they could all potentially claim Council Tax Support

4. Appendices attached

- 'A' - Council Tax Support scheme 2022-23
- '1' - CTS income bands 2021-22
- '2' - CTS Income Bands 2022-23 (CPI increase)

5. Background Papers

- '1' - Council Tax Support scheme 2021-22
- '2' - Council Tax Support legislation
- '3' - The Council Tax reduction schemes (amendment) (England) Regulations. 2017 no. 1305