



Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>CABINET – 4<sup>th</sup> April 2022</b>
Report Number	<b>AGENDA ITEM 11</b>
Subject	<b>£150 Council Tax Rebate and Refugee Hosting Allowance</b>
Wards affected	All
Accountable member	Cllr Mike Evemy – Deputy Leader and Cabinet Member with responsibility for Finance Email: mike.evemy@cotswold.gov.uk
Accountable officer	Mandy Fathers – Business Manager for Operations and Enabling Email: mandy.fathers@publicagroup.uk
Summary/Purpose	<p>To update the Council's Section 13A Policy for the determination of applications for a reduction in Council Tax liability to ensure that households supporting Ukrainian refugees under the Homes for Ukraine scheme will not affect the sponsors benefits or Council Tax status.</p> <p>Payments in respect of the £150 Council Tax Rebate scheme (energy payments) can be treated as capital within the Council's Local Council Tax Support scheme and will be therefore be disregarded for the purposes of calculating entitlement to Local Council Tax support.</p>
Annexes	Annex A – Letter from Department of Levelling Up, Housing and Communities
Recommendation(s)	That Cabinet approves the amendments to the discretionary Section 13A Policy for the determination of applications for a reduction in Council Tax liability as detailed within paragraph 2.11 and 2.12.
Corporate priorities	<ul style="list-style-type: none"><li>• Delivering our services to the highest standards</li><li>• Helping residents and communities access the support they need for good health and wellbeing</li></ul>
Key Decision	NO



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Exempt	NO
Consultees/ Consultation	Leader of the Council, Portfolio Holder, Chief Executive and Deputy Chief Executive, Monitoring Officer, Interim Head of Legal Services, Finance Business Partner, Group Manager, Director of Finance (Publica)

## BACKGROUND

- 1.1 The Council implemented a local Council Tax Support Scheme on 1 April 2013.
- 1.2 Each year the Council has to decide whether to make changes to its Council Tax Support scheme (CTS) for working age customers. The current scheme was adopted in 2020/2021, with assistance of Stroud and Cotswold District Citizens Advice Bureau and delivered an increase in support to the most vulnerable residents within the District.
- 1.3 On 16 February 2022, the Council approved that the CTS scheme would remain unchanged for 2022/2023 in order for it to continue to support the Council's key priority to help residents and communities access the support they need for good health and wellbeing. The only changes required to the scheme were the annual uplift of allowances (which provides an increase in financial support) and non-dependent deductions.
- 1.4 Since then the Government has published its guidance to Local Authorities on the delivery of the Council Tax Rebate scheme, which would see those households in Council Tax bands A to D and those more vulnerable residents in Council Tax bands E to H receive a payment of up to £150.00 per household.
- 1.5 In its response to the refugee crisis caused by the Russian war on Ukraine, the Government is also considering giving a monthly allowance of £350.00 to households who come forward and host a Ukrainian refugee for a maximum of 6 months.
- 1.6 The Council has responsibility for approving changes to the CTS scheme. As the next meeting of Council is not until 25 May 2022 and the changes proposed in this report need to come in to effect for the whole of the 2022/23 financial year, it is proposed that the Chief Executive takes a decision using the Council's Urgency Powers. This will enable CTS applications to be processed under the revised CTS scheme from mid-April. Due to the guidance which has been received from the Department for Levelling Up, Housing and Communities (see paragraph 1.7), this report now proposes changing the Discretionary Council Tax Discount Scheme which Cabinet is able to approve. The decision can therefore be taken by the Cabinet rather than the Chief Executive needing to take a decision using Urgency Powers.
- 1.7 Since this report was prepared, on 1 April 2022, the Department for Levelling Up, Housing and Communities issued a letter, attached at Annex A. The letter sets out how the Government will implement the changes relating to the disregard of the £350.00 support payments to households who host Ukrainian refugees. This will be through the Council's policy for discretionary discounts to Council Tax, its "Section 13 A Policy for the determination of applications for a reduction in Council Tax liability" rather than through a change to the Local Council Tax Support scheme.

**1.8** Officers have reviewed the Local Council Tax Support Scheme and advise that payments in respect of the £150 Council Tax Rebate scheme (energy payments) can be treated as capital and will be therefore be disregarded for the purposes of calculating entitlement to Local Council Tax support.

**1.9** The recommendations in this report have therefore been updated accordingly.

## **2. MAIN POINTS**

**2.1** The Council's CTS scheme is based on income bands with certain disregards on some income, such as child maintenance payments and disability payments. This means that these payments are totally disregarded when assessing a household's income.

**2.2** Other income not already allocated within the 'disregarded group' in the CTS scheme would qualify as 'income' and be considered when calculating a person's income assessment.

**2.3** The £150 Council Tax Rebate is currently not disregarded. However, for other statutory benefit schemes; such as Housing Benefit, it will be treated as a local welfare provision and disregarded in full within any calculation. The Department for Work and Pensions will enact legislation to ensure payments are also fully disregarded within the calculation of Universal Credit.

**2.4** A one off payment of £150.00 could result in households moving into a higher income band and therefore being charged a higher level of Council Tax for a one-month period.

**2.5** The intention of this additional financial support is to assist households with their energy bills and not penalise them through a reduction of benefits and/or support, such as CTS. Officers advise that the £150.00 Council Tax Rebate can be treated as capital rather than income within the current CTS, a change to the CTS is therefore not required.

**2.6** Should the Government implement a scheme to award a monthly payment to households who host a Ukrainian refugee; and that household is in receipt of CTS, the current CTS scheme would not allow this award to be disregarded. Please see paragraph for 2.10 for an update on this position from the Department for Levelling Up, Housing and Communities.

**2.7** The additional payment would significantly increase a household's income, which would result in a higher income band for the assessment of CTS; and in some cases move the household off CTS altogether.

**2.8** The intention of this additional financial support will be to host Ukrainians, to support the refugee crisis and be by way of a 'thank-you' for doing so from Government.

**2.9** Therefore, a slight amendment is required to the Council's 2022/2023 CTS scheme to ensure that both payments are fully disregarded in the assessment of CTS claims and that any further

incentive payments that support the Ukrainian refugee crisis is also fully disregarded from the assessment of CTS.

- 2.10 The letter received from the Department for Levelling Up, Housing and Communities specifies that the disregard of the £350.00 monthly thank you payment for CTS will be achieved through the Council's Discretionary Council Tax Policy rather than through the CTS Scheme. Usually the cost of Discretionary Council Tax Discount falls upon the Billing Authority (this Council rather than being shared proportionately with the precepting authorities). The Department of Levelling Up Homes and Communities revised Regulations will mean that no billing authority payment needs to be made into the Collection Fund in respect of a Discretionary Discount awarded to a host household.
- 2.11 It is proposed that a paragraph is added into section 2.1 of the "Section 13 A Policy for the determination of applications for a reduction in Council Tax liability" to include discretionary awards to be made to those households who are in receipt of CTS and receive a £350 hosting allowance, and that any non-dependent deductions also affected by additional Ukrainian nationals into a household are also awarded discretionary funding.
- 2.12 It is further proposed that section 4.1 of the Policy is amended as follows:

**"Decision making process**

4.1 Individual applications will be determined by the Cabinet Member with responsibility for Finance, except for decisions related to the Policy on households hosting Ukrainian refugees, which will be taken by the Group Manager Resident Services."

**3. FINANCIAL IMPLICATIONS**

- 3.1 There will be no financial impact on the Collection Fund or the Council's General Fund as the cost of the 2022/23 CTS scheme was estimated excluding additional applicant income from the Council Tax Rebate or financial support for Ukrainian host households.

**4. LEGAL IMPLICATIONS**

- 4.1 The Welfare Reform Act 2012 abolished Council Tax Benefit and instead required each authority to design a scheme specifying the reductions, which are to apply to amounts of Council Tax.
- 4.2 The Local Council Tax Support Scheme is required under Section 13A of the Local Government Finance Act 1992 ("the Act"), as amended. The Act states that, for each financial year, Billing Authorities must consider whether to revise their CTS scheme or replace it with another scheme. The prescribed Regulations set out the matters that must be included in such a scheme. Before making any changes, under Section 40 of the Act, the Council must:



- Consult with any major precepting authorities
- Publish the draft scheme
- Consult other parties likely to have an interest in the scheme.

**4.3** The deadline for making decisions is 11 March in the financial year preceding that for which the revision or replacement scheme is to take effect (under paragraph 5, schedule 1A of the Act).

**4.4** This is a small change to the Council's CTS scheme that will not negatively affect its collection fund or its residents. As such, a full consultation would therefore not be a legal requirement.

## **5. RISK ASSESSMENT**

**5.1** Failure to disregard the £150 Council Tax Rebate or the hosting allowance within the Council's CTS scheme will impact negatively on the residents of Cotswold District and not support the Government's incentive of helping households with rising energy bills or with the refugee crisis.

## **6. EQUALITIES IMPACT**

**6.1** There are no unacceptable adverse effects on the protected characteristics covered by the Equalities Act 2010 that have been identified.

## **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**7.1** None

## **8. ALTERNATIVE OPTIONS**

**8.1** The Cabinet could decide not to make changes to the Discretionary Council Tax Discount scheme. [Comment: with the consequence that ..... ?]