



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 7 NOVEMBER 2022
Report Number	AGENDA ITEM 7
Subject	COUNCIL TAX SUPPORT SCHEME
Wards affected	All
Accountable member	Cllr Mike Evemy – Deputy Leader and Cabinet Member 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	To present the results of the public consultation on proposals for revising the current Council Tax Support scheme with effect from 1 April 2023
Annexes	Annex A – Consultation Responses Annex B - Remodelling following consultation responses
Recommendation(s)	That Cabinet recommends to Council: <i>a) The increase to income bands as detailed within paragraph 2.8 and Annex B of this report from 1 April 2023.</i>
Corporate priorities	<ul style="list-style-type: none"> Delivering our services to the highest standards
Key Decision	YES
Exempt	NO
Consultees/ Consultation	Leader and Deputy Leader, Chief Executive and Deputy Chief Executive, Monitoring Officer, Head of Legal Services, Finance Business Partner, Group Manager, Director of Finance (Publica), Gloucestershire County Council, Gloucestershire Police Commissioner, Parish and Town Councils, Bromford Housing, Citizens Advice and Residents of the District



1. BACKGROUND

- 1.1 Councils are required to review their Council Tax Support (CTS) schemes each year for those people of working age, and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation. In August 2022, officers proposed changes to the scheme, which The Deputy Leader and Cabinet Member for Finance and the Chief Finance Officer agreed should be consulted upon.

2. MAIN POINTS

- 2.1 On 1 April 2013, the Council implemented its own CTS scheme of support to help those people on low incomes pay their Council Tax.
- 2.2 On 1 April 2020 this was changed to an income banded scheme and the percentage of CTS paid was based on the following income bands:

Income Band	Single Person	Couple	Lone Parent with 1 child	Lone Parent 2 children	Lone Parent 3 children	Lone Parent 4+ children	Couple with 1 child	Couple with 2 children	Couple with 3 children	Couple with 4+ children	Maximum % entitlement
Income £											
Band 1	0.00 to 125.	0.00 to 140	0.00 to 175	0.00 to 195	0.00 to 215	000 to 255	0.00 to 225	0.00 - 245	0.00 - 265	0.00 - 305	100.0%
Band 2	125.01 to 175	140.01 to 190	175.01 to 200	195.01 to 220	215.01 to 240	255.01 - 280	225.01 to 275	245.01 - 295	265.01 - 315	305.01 - 355	80.0%
Band 3	175.01 to 225	190.01 to 240	200.01 to 250	220.01 to 270	240.01 - 290	280.01 - 330	275.01 to 325	295.01 - 345	315.01 - 365	355.01 - 405	60.0%
Band 4	225.01 to 275	240.01 to 290	250.01 to 300	270.01 - 320	290.01 - 340	330.01 - 380	325.01 to 375	345.01 - 395	365.01 - 415	405.01 - 455	30.0%
Band 5	275.01 to 325	290.01 to 340	300.01 to 350	320.01 - 370	340.01 - 390	380.01 - 430	375.01 to 425	395.00 - 445	415.01 - 465	455.01 - 505	10.0%

- 2.3 Since 2019 household income has increased which has resulted in some households being moved into a higher income band, and therefore receiving a lesser percentage of support.
- 2.4 With inflation at 10.1% in September, it is anticipated that national benefit payments will increase by this amount from April 2023. Without changes to the CTS scheme, this would result in more households being moved into a higher income band and therefore having to pay a higher share of the full Council Tax for their property.
- 2.5 To give support to households through the cost of living crisis, proposals were made to increase income bands 2 to 6 for single people and couples by £10.00 a week, and by £20.00 a week for those with children as follows:



Income Band	Single	Couple	Lone Parent 1 Child	Lone Parent 2 Children	Lone Parent 3 Children	Lone Parent 4+ Children	Couple with 1 Child	Couple with 2 Children	Couple with 3 Children	Couple with 4+ Children	Maximum % Entitlement
Net Income £ per week											
1	0 - 125	0 - 140	0 - 175	0 - 195	0 - 215	0 - 255	0 - 225	0 - 245	0 - 265	0 - 305	100
2	125.01 - 185	140.01 - 200	175.01 - 220	195.01 - 240	215.01 - 260	255.01 - 300	225.01 - 295	245.01 - 315	265.01 - 335	305.01 - 375	80
3	185.01 - 235	200.01 - 250	220.01 - 270	240.01 - 290	260.01 - 310	300.01 - 350	295.01 - 345	315.01 - 365	335.01 - 385	375.01 - 425	60
4	235.01 - 285	250.01 - 300	270.01 - 320	290.01 - 340	310.01 - 360	350.01 - 400	345.01 - 395	365.01 - 415	385.01 - 435	425.01 - 475	30
5	285.01 - 335	300.01 - 350	320.01 - 370	340.01 - 390	360.01 - 410	400.01 - 450	395.01 - 445	415.01 - 465	435.01 - 485	475.01 - 525	10
6	335.01 +	350.01 +	370.01 +	390.01 +	410.01 +	450.01 +	445.01 +	465.01 +	485.01 +	525.01 +	0

- 2.6** A consultation took place initially for a six-week period from 15 August 2022 to 25 September 2022, but it was extended to 2 October 2022 due to the national period of mourning.
- 2.7** A summary of responses to the consultation can be found in Annex A, attached to this report.
- 2.8** Following the feedback from response '10' in Annex A, further remodelling of the scheme has been undertaken based on the suggestions and can be found in Annex B of this report. This remodelling includes a £10 increase in income band 1 for single and lone parents and a £20 increase in band 1 for couples and couples with children.
- 2.9** Based on the current CTS caseload used for remodelling the scheme that the Council consulted on and then remodelling based on feedback given during consultation, there is no impact, either negative or positive, on CTS claimants as all retain their initial modelling bands. However, new claimants may benefit from this change.

5. FINANCIAL IMPLICATIONS

- 5.1** The Council administers a Council Tax Support scheme with an annual expenditure of £4.5 million. For 2013/2014, the Government reduced the level of funding for the local scheme effectively creating a grant reduction of 10% a year across all of the precepting authorities.
- 5.2** With effect from 2013/2014, the scheme was funded through Formula Grant rather than direct subsidy and consequently the Government has transferred the risk (and therefore the cost) of increased take up within the scheme to local taxpayers. Any increase in take-up of CTS will lead to a reduced tax-base and therefore reduced income to the precepting bodies.
- 5.3** The proposed changes increase the estimated cost of the CTS scheme by approximately £58,000. This will be reflected in a decrease in the Council Tax base and Council Tax income



recognised in the Collection Fund. The decrease in income will be spread proportionately across the major precepting authorities (Gloucestershire County Council, The Office of the Police and Crime Commissioner and Cotswold District Council as well as the Town and Parish Councils). Making these proposed changes will decrease the total tax base by the equivalent of 29 band D properties and a loss of income as follows:

Financial Year	GCC	Police	Town/Parish	Cotswold	Total
2023/2024	£43,106.62	£8,318.62	2,717.92	£4,274.84	£58,418

5.4 The reduction in Council Tax income retained by the Council of £4,275 will be taken into account as part of the 2023/24 budget setting process.

6. LEGAL IMPLICATIONS

6.1 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.

6.2 The CTS 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.

6.3 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). If the Council does not make/revise a CTS scheme by 11 March 2023, a default scheme will be imposed on the Council, which will be effective from April 2023.



7. RISK ASSESSMENT

7.1 There are two risks to consider:

- That the benefit caseload increases significantly, resulting in expenditure exceeding the levels estimated within this report
- That the administration, collection and recovery costs (including the costs for write-offs) could increase as a result of creating additional and relatively small liabilities

7.2 Although neither risk can be mitigated, the scheme will be closely monitored during 2023 with any concerns being addressed to the Chief Finance Officer.

8. EQUALITIES IMPACT

8.1 To ensure compliance with the Equality Act 2010 an Equality Impact Assessment has been carried out which concludes there is no negative impact on any of the protected characteristics.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

9.1 None

10. ALTERNATIVE OPTIONS

10.1 The criteria for the CTS scheme are at the Council's discretion, and therefore, various alternatives and options are open to the Council.

(END)