

MAIDSTONE BOROUGH COUNCIL

COUNCIL

18 DECEMBER 2019

**REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON
18 SEPTEMBER 2019**

COUNCIL TAX REDUCTION SCHEME 2020-2021

Issue for Decision

Each year the Full Council has to approve the Council Tax Reduction Scheme for the following year.

Where there are changes proposed, it is necessary for a public consultation to take place, requiring an early decision on any proposed changes.

This report recommends there are no changes to the current scheme for 2020-2021 for the reasons set out below.

Recommendation Made

That the 2019-2020 Council Tax Reduction Scheme be carried forward to 2020-2021 with no changes to the scheme.

Reasons for Recommendation

The Council Tax Reduction Scheme was introduced in April 2013 as a replacement for Council Tax Benefit, a national scheme administered on behalf of the Department for Works and Pensions.

When the government gave responsibility to local government to introduce a local scheme, funding in the form of a grant was cut by 10%. Government also protected the entitlement of elderly claimants meaning the reduction for working age population was in the region of 20%.

Councils introduced a local scheme which each year must be approved by Full Council.

The scheme is 'underpinned' by the Kent-wide agreement, which recognises that all Kent districts (as the billing authorities) will seek to have a common 'platform'.

Councils in Kent have, or are in the planning stages of implementing, a banded scheme.

Any changes to the scheme for any year have to be subject to public consultation before being approved.

The current scheme for 2019-2020 was approved by Full Council in December 2018 with no changes being made.

With changes within the welfare system, the current scheme is becoming outdated, promoting consideration across Kent of a simpler banded scheme.

Whilst further analysis is being undertaken to model the impact of moving to a banded scheme, it is proposed that no changes are made for 2020-2021 for the following reasons:

- Universal Credit went live in November 2018 and the current financial year 2019-2020 is the first full financial year to assess the impact of the changes for households in receipt of welfare benefits;
- Simplified schemes are being introduced across the country and the impact for claimants and costs associated can be better measured using the knowledge gained from other authorities; and
- Time needs to be spent modelling any changes to the current scheme. We will be able to use detailed and accurate data from software that has become available, but this could not be completed in time for implementation in 2020-2021.

Alternatives Considered and Why Not Recommended

Two alternative options were considered as follows:

Option 1 – Move to a new scheme. The problems with implementing a new scheme for 2020-2021 are detailed above.

Option 2 – Revise the current scheme. Whilst work is being undertaken to model the impact of moving to a simpler banded scheme, the current scheme is held to be effective. Should the Council seek to make any changes to the current scheme those changes would need to be modelled and a public consultation completed. It would not be possible to undertake a meaningful consultation in the time available.

As the proposed 2020-2021 scheme is unchanged from the current year 2019-2020, and consultation took place previously, no further consultation is necessary.

The Council Tax Reduction Scheme for 2020-2021 is attached as Appendix 1.

Background Documents

None

Appendices

Appendix 1: Council Tax Reduction Scheme 2020-2021