

MAIDSTONE BOROUGH COUNCIL

REPORT OF THE EXECUTIVE HELD ON 23 NOVEMBER 2022

Council Tax Reduction Scheme 2023-24

Issue for Decision

Each year Full Council has to approve the Council Tax Reduction Scheme for the following year. This reference makes a recommendation on the scheme to be implemented for 2023-24. This matter has been considered by the Communities, Housing and Environment Policy Advisory Committee before being passed to the Executive. The final decision on the scheme has to be made by Full Council.

Recommendation Made

That the Council be recommended to agree that no changes be made to the Council Tax Reduction Scheme for the year 2023/24.

Reasons for Recommendation

- 1.1 The Council Tax Reduction Scheme (CTRS) was introduced in April 2013 as a replacement for Council Tax Benefit (CTB), a national scheme administered on behalf of the Department for Works and Pensions (DWP).
- 1.2 Since its introduction in April 2013, our local scheme has been reconsidered on an annual basis. In 2020 a full review and consultation was carried out to take account of the increase in claimants moving onto Universal Credit. The consultation sought views on moving to a banded scheme from April 2021 for working age claimants.
- 1.3 Council Tax Reduction provides financial assistance in the form of a rebate on the Council Tax bill, the cost of the scheme generally reduced before the COVID pandemic. In 2020/21 there was an increase in claims due to the pandemic and the number of people claiming Universal Credit. The figures below give the cost of the scheme to the public, in the amount of CTR awarded annually rather than collected as Council Tax. 2016/17 - £8,786,555 2017/18 - £8,385,298 2018/19 - £8,616,425 2019/20 - £8,652,758 2020/21 - £10,694,613 2021/22 - £10,264,367 2022/23 - £10,046,498 (estimated).
- 1.4 From April 2021, a new income banded scheme was introduced which has an in-built, simplified claiming process with wide income ranges. The new banded scheme means that frequent liability changes have been avoided, and revised bills are only being issued where income crosses into another earnings band. This has made it less cumbersome for customers and has allowed us to convey a relatively simple eligibility message to residents.

- 1.5 Feedback from the Customer Services team and Citizens' Advice has been positive with fewer enquiries being made about eligibility and understanding of the income banded scheme for households with no children, 1-2 children and 3 plus children.
- 1.6 Table 1 shows the banded scheme which awards a maximum of 80% support for those on a passported benefit. Bands 2 to 5 give a maximum award of between 65% and 10% based on the person's earnings. All other income is disregarded. An extra 5% support is given to those in Bands 2 to 5 if a disability benefit is in payment.

Table 1

Band	Household size and earnings threshold			Maximum Award
	No Children	1 -2 Children	3+ Children	
Band 1	*Passported/Max UC	*Passported/Max UC	*Passported/Max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 3	£316 - 631.99	£387 - £774.99	£441 - £882.99	50%
Band 4	£632 - £947.99	£775 - £1,162.99	£883 - £1,324.99	25%
Band 5	£948 - £1,263.99	£1,163 - £1,550.99	£1,325 - £1,766.99	10%

*Passported in the table refers to legacy benefits (job seekers allowance, income support, employment support allowance) for customers who have not migrated to Universal Credit.

Alternatives considered and why rejected

Option 1 - To make no changes to the Council Tax Reduction Scheme for 2023/24. The advantages of this are that claimants have got used to this simplified scheme, they are aware how much they need to pay. It also makes no change to the budget.

Option 2 – To revise the current scheme. This would require consultation with the other preceptors and with those affected by any changes. There could also be additional costs if the payment towards the administration of the scheme was withdrawn by the major preceptors.

This is the second year of the income banded scheme, and it is advisable for two years to be completed before considering any changes.

Appendices

Council Tax Reduction Scheme 2023/24

Background Papers

None.