

MAIDSTONE BOROUGH COUNCIL

RECORD OF RECOMMENDATION OF THE CABINET

Recommendation Made: 25 October 2023

Council Tax Reduction Scheme

Issue for Decision

To seek approval for the Council Tax Reduction Scheme for 2024/25 to be recommended to full Council, following the scheme's annual review.

The Council Tax Reduction Scheme has been recommended to the Council by the Cabinet having been considered at its October 2023 Meeting. The matter was also considered by the Corporate Services Policy Advisory Committee in October 2023.

Recommendation Made

That the Council be recommended to:

- a. Amend the grid amounts in line with the Department of Work and Pensions annual percentage increase of welfare benefits for 2024/25; and
- b. Continue the scheme with the existing principles and percentage awards (maximum award of 80%) for 2024/25.

Reasons for Recommendation

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).

Since its introduction in April 2013, the Council's 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 into Universal Credit. The consultation sought views on moving to a banded scheme from April 2021 for working age claimants.

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.

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 - £10,037,337
2023/24 - £10,428,677 (estimated)

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.

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.

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 a 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.

The matter was considered by the Corporate Services Policy Advisory Committee on 11 October 2023, and recommended that the Cabinet approve the recommendations.

Alternatives considered and why rejected

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 options were rejected as the proposed scheme was felt to be transparent, easy to understand and worked well.

Appendix

As the information from the DWP is unavailable, the updated figures are not able to be presented, but the existing scheme can be found using the link below. The

recommendation is to continue the scheme based on the existing principles.

Existing Council Tax Reduction Scheme: [Maidstone S13A Scheme 202324 DRAFT](#)

Background Papers

None