

# Cabinet report



2 February 2021

## LOCAL COUNCIL TAX REDUCTION SCHEME 2021/22

Name of Cabinet member	<b>Councillor Rob Middleton</b> Cabinet member for Resources
Report sponsor	<b>Steve Richardson</b> Director of Finance and Resources
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Exempt / confidential / not for publication	<b>No</b>
Council Plan reference	<b>1 - Balanced Budget</b>
Wards affected	<b>All Wards</b>

### Executive summary

This report recommends that the proposed Council Tax Reduction Scheme for working age people, which contains some amendments, is put forward to full Council for final approval on 24 February 2021 and will take effect from 1 April 2021.

The primary amendment, which was the subject of a full public consultation, seeks to introduce a tolerance rule on all working age cases, which would prevent the reissue of a Council Tax bill in every case where the Council Tax Reduction award has changed by £0.50 or less a week.

Other aspects of the scheme will remain the same. For example; maintaining the maximum level of Council Tax support for working age claimants at 80% and replicating legislative amendments to the Prescribed Scheme in respect of Council Tax Reduction and to other related benefits, to retain administrative simplicity

## 1. Decision/s to be made

- 1.1 That Cabinet recommend to Full Council to approve the following in relation to the Local Council Tax Reduction Scheme to take effect from 1 April 2021:
- i. Introduce a tolerance rule on all working age cases, which would prevent the reissue of a Council Tax bill in every case where the Council Tax Reduction award has changed by £0.50 or less a week.
  - ii. Delegate, to the Director of Finance and Resources, approval of any additional technical legislative amendments required, to reflect changes to related benefits and retain administrative simplicity.
  - iii. Retain all other aspects of the Local Council Tax Reduction Scheme, as adopted by the Council on 22 January 2020.

## 2. Why is the decision needed?

- 2.1 For each financial year, the Council must consider whether to revise its Local Council Tax Reduction Scheme or to replace it with another scheme.
- 2.2 The decision to revise or replace the scheme from 1 April 2021 must be made no later than 11 March 2021.
- 2.3 The MKC scheme allows for the amounts used in the calculation of the Council Tax Reduction to be updated in line with the Housing Benefit Regulations and for administrative amendments to be made to provide parity with changes made to associated legislation. The approval of these changes has been delegated to the Director of Finance and Resources.
- 2.4 Any other revisions to the scheme can only be made following consultation with any major precepting authority and such other persons as the authority considers are likely to have an interest in the scheme.
- 2.5 A report, submitted to Cabinet on 1 September 2020, detailed why the amendment to the scheme was required and sought agreement to consult.
- 2.6 The report (available [here](#)) highlighted that the amendment was required due to an increase in the reissue of revised Council Tax demands caused by frequent fluctuations in Universal Credit awards (UC). Fluctuations in income change the Council Tax Reduction award from the Monday after they occur. A reassessment of a CTR award results in a revised Council Tax Bill with revised instalments and consequently interrupts the recovery cycle as well as generating enquiries from recipients of the revised bill.
- 2.7 The amendment seeks to ensure that a new bill is only issued when the award changes by more than £0.50 a week.

2.8 It is proposed that the maximum level of support continues at the current level of 80% for working age claimants (and 100% for those of pensionable age, as prescribed by central Government regulations).

**3. Consultation outcome**

3.1 A public consultation on the draft scheme ran for 8 weeks from 29 September 2020 to 26 November 2020.

3.2 The details of the public consultation and the findings are shown at Annex A. In summary all respondents agreed in principle with the introduction of a tolerance rule. Three respondents suggested the level should be higher than £0.50.

3.3 Discussions were undertaken with both the major precepting authorities prior to the consultation period. Both agree with the change proposed. Their full responses are contained in Annex A.

**4. Implications of the decision**

Financial	Yes	Human rights, equalities, diversity	Yes
Legal	Yes	Policies or Council Plan	Yes
Communication	No	Procurement	No
Energy Efficiency	No	Workforce	No

**a) Financial implications**

- i. The change itself is cost neutral in relation to the cost of the CTR scheme itself.
- ii. The reissue of a revised Council Tax bill interrupts the recovery cycle and can have an adverse impact on the Councils Council Tax collection rate. A tolerance rule will reduce this occurrence.
- iii. A tolerance rule of £0.50 a week will mean a CTR award may be up to £24.50 a year more or less than it would be if no such rule existed. Although the overall cost of the change to MKC is neutral, any increase in the contribution expected from low income residents, increases the risks in terms of collection.
- iv. The retention of a Discretionary Council Tax Reduction Fund will mitigate this risk to a certain extent. However, the pressure on this fund may increase and result in an increase in spend, although this is likely to be minimal.
- v. [Annex A, to the Cabinet report of 1 September 2020](#), provides additional information on the number of cases likely to be affected and the level of change in income required to trigger a relevant change in the CTR award.

## b) Legal implications

- i. Schedule 1A of the Local Government Finance Act 1992 requires;
  - for each financial year, that each billing authority must consider whether to revise its scheme or to replace it with another scheme.
  - The authority must make any revision to its scheme, or any replacement scheme, no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.
  - Any persons as the authority considers are likely to have an interest in the scheme are to be consulted.
- ii. The Council must only consider adopting those revisions to the scheme that have been subject to a consultation (described at Annex A).

## c) Other implications

Equality Impact Assessments have been completed in respect of the original Scheme in 2012 and for subsequent changes to the scheme. An Equality Impact Assessment was completed in respect of the proposed amendment the recommendation is that the Cabinet should support the amendment.

## 5. Alternatives

Reject the proposed amendment and continue the scheme as is.

## 6. Timetable for implementation

**24 February 2021** Full Council to approve or reject Cabinet recommendation on CTR Scheme for 2021.

**1 April 2021:** Revised CTR Scheme to take effect.

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## List of annexes

Annex A – Consultation Details and Findings

## List of background papers

Cabinet report of 1 September 2020

Annex A of Cabinet report of 1 September – Statistical information on impact of the change to the scheme on residents

Public consultation <https://www.milton-keynes.gov.uk/consultations/601>

Schedule 1A of the Local Government Finance Act 1992