

Report to Cabinet

Council Tax Reduction Scheme 2021/22

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Reason for Decision

The purpose of the report is to present to Cabinet, the proposed Council Tax Reduction Scheme for 2021/22.

Executive Summary

Members will recall that there is a requirement to have a Council Tax Reduction (CTR) scheme to support residents who qualify for assistance in paying Council Tax. The Local Government Finance Act 2012 places a requirement that each year a billing authority must consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme. Any change to the 2021/22 scheme must be agreed by full Council in line with budget setting and no later than 10 March 2021. For Oldham, this requires the Council to agree a revised 2021/22 scheme at the 4 March 2021 Council meeting. Any proposed change must be subject to prior consultation with the major preceptors, such as the Greater Manchester Combined Authority, and the public.

Since 2015/16, the CTR scheme has limited CTR to a maximum of 85% of Council Tax for a Band A property and removed the second adult rebate for those of working age. Following a public consultation exercise in Autumn 2018, the scheme was then amended from April 2019 to introduce a range of changes to the scheme largely aimed at those CTR claimants who receive Universal Credit (UC). These included the application of some earnings disregards and treatment of information received from the Department for Work and Pensions (DWP) about UC as a claim for CTR. There were no changes to the CTR scheme for 2020/21.

The number of CTR claimants of working age has increased during the COVID-19 pandemic and this impacts on the level of Council Tax that can be collected by reducing the Council Tax Tax Base. Local Council Tax Support Grant funding of £3.183m has been allocated for Oldham to offset the impact of increased caseloads on the tax base and this will be allocated to support financial position of the Council for 2021/22.

The economic impact of the pandemic in 2020/21 for those CTR claimants of working age has been partly offset by Government support for in the form of the Hardship Fund grant which offered an additional reduction in Council Tax bills of up to £150. The Council also used the Hardship Fund grant to ensure CTR claimants were not detrimentally affected by the change in Housing Benefit earnings disregard regulations introduced under the Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371). This Hardship Fund protection will not be in place in 2021/22.

However, there is continued uncertainty about future impacts of the pandemic for residents and the local economy which would impact on the Council's ability to accurately model any proposed changes to the 2021/22 CTR scheme.

Members will be aware that the Council Tax is accounted for in the Collection Fund and has an impact on the General Fund budget of the Council one year in arrears. The Collection Fund challenges created by the pandemic have been acknowledged by the Government and it has allowed Councils to manage the impact of Council Tax (and Business Rates) losses in the Collection Fund for 2020/21 over 3 financial years rather than one. As advised above, it has also provided support in 2021/22 in the form of the Local Council Tax Support Grant as well a support for both irrecoverable Council Tax and Business Rates income losses through a Local Tax Income Guarantee for which a sum of £1.000m has been incorporated into the 2021/22 budget. These areas of Government financial support are important in considering the approach to the CTR scheme for 2021/22.

Having regard to all relevant information, Members are therefore requested to consider the recommendation to maintain the current Council Tax Reduction scheme in 2021/22, being mindful of the aim of ensuring continuity about entitlement to those residents on the lowest incomes.

The Council will continue to maintain a hardship provision for those residents in most need which is currently funded from the Council's existing revenue budget at a value of £0.144m. The Council will consider its financial position during 2021/22 to assess if further support can be given to those residents in most need and to alleviate the impact of the loss of 2020/21 COVID Hardship awards.

At its meeting on 28 January 2021, the Overview and Scrutiny Performance and Value for Money Select Committee (PVFM) scrutinised the proposed Council Tax Reduction Scheme for 2021/22. The Select Committee was content to agree the proposal that there are no changes to the 2020/21 CTR scheme for 2021/22. It was therefore content to commend the proposed CTR scheme for 2021/22 to Cabinet without additional comment.

Recommendation

It is recommended that Cabinet approves and commends to Council the proposed Council Tax Reduction scheme for 2021/22 to:

- a) Keep the Council Tax Reduction scheme unchanged in 2021/22.
- b) Review the financial position during 2021/22 to assess whether resources can be found to support additional Exceptional Hardship Payments to support those residents in most need in 2021/22 and to alleviate the impact of the loss of COVID Hardship Fund grant awards.

Council Tax Reduction Scheme 2021/22

1 Background

- 1.1 Prior to April 2013, Council Tax payers who qualified for assistance could apply for Council Tax Benefit (CTB) to help pay their Council Tax. The CTB scheme was administered by Local Authorities on behalf of the Department for Work and Pensions (DWP) and was assessed on a means tested basis. Under this national scheme, Council Tax payers could receive benefit of up to 100% of their Council Tax liability. The Council then received full funding from the Government for all correct CTB awards made. Changes introduced by the Government abolished CTB from 1 April 2013 and made Local Authorities responsible for setting up their own local Council Tax Reduction schemes (CTR) for working age residents. The Government also reduced the amount of funding given to Councils to pay for the schemes in 2013/14 by 10%. The CTR scheme for pensioners is set by the Government and is not subject to the changes applied to those of working age. In devising new CTR schemes, many Local Authorities adopted schemes that replicated the old CTB schemes and then applied a minimum payment for working age customers to make up the funding difference.
- 1.2 Since 2014/15, the amount of grant received from Government to pay for CTR has been included within the general grant (Revenue Support Grant) that the Council receives and the amount to support CTR schemes is not specifically identified year on year. Revenue Support Grant (RSG) has been reduced each year and with the introduction of the pilot of 100% Business Rates Retention and the subsuming of RSG into the Council's Business Rates Top Up Grant, it is fair to say the link between Central Government funding and Central Government support for CTR has been cut.
- 1.3 The legislation confers an obligation on the Council to consider whether to review the CTR scheme on an annual basis. The scheme cannot be amended in-year and can only be changed following consultation with the major preceptors, the Greater Manchester Combined Authority (GMCA) on behalf of the Mayor of Greater Manchester and the Police and Crime Commissioner and with the public.
- 1.4 A change to the scheme in 2021/22 would require approval by full Council prior to the deadline for the setting of the Council's budget (which is no later than 10 March 2021). The last Council meeting before this date is 4 March 2021.
- 1.5 When evaluating changes to the scheme for 2021/22, the current operation and costs of the scheme can be taken into account. In recommending a scheme for 2021/22, particular consideration has been given to the COVID-19 crisis and its impact on residents, the economy and caseload together with the availability of additional Central Government grant funding.

2 Current Position

- 2.1 The Council currently has a CTR scheme that awards a maximum payment of 85% of a Band A rate of Council Tax and has removed the provision to award second adult rebate for claimants of working age. From April 2019, the Council also introduced changes to support CTR claimants in receipt of Universal Credit (UC) including the application of some earnings disregards and the use of DWP information as a claim for CTR.
- 2.2 Current projections for the annual collection rates for CTR cases due in 2020/21 suggest a collection rate between 70% and 80%. This is a lower CTR collection rate to that recovered in 2019/20 due to the major social and economic impact of the Coronavirus (the 2019/20

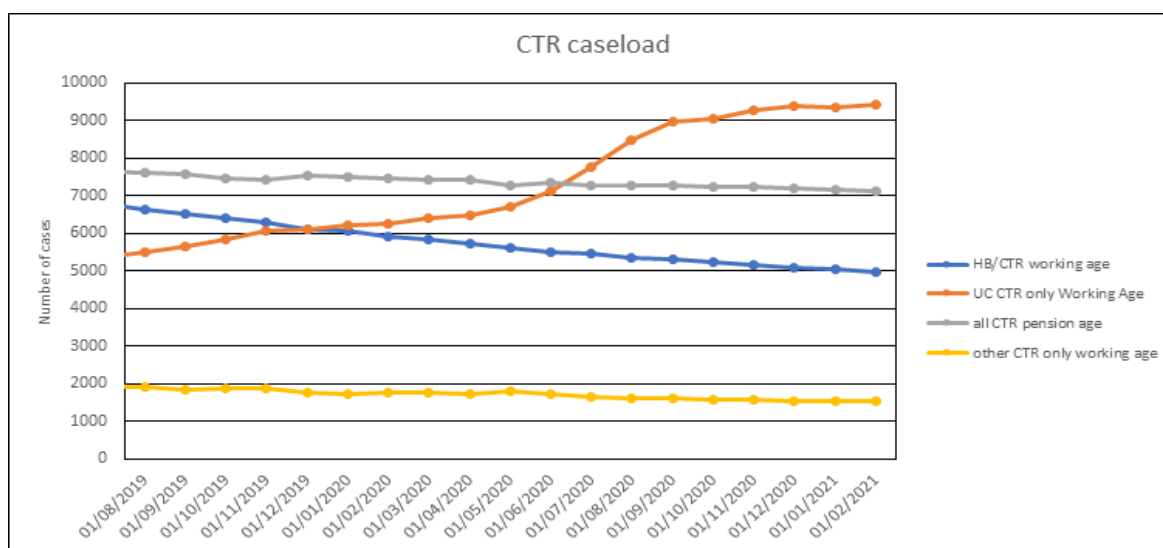
collection rate was 82.45%). An additional 5% collection of CTR debt could result in an extra £285k in Council Tax receipts for 2020/21.

- 2.3 The roll out of the full service of Universal Credit commenced in Oldham from April 2017. Universal Credit (UC) is a single monthly payment which replaces six working age benefits (known as legacy benefits). These are Housing Benefit (HB), Income Support (IS), Working Tax Credits (WTC), Child Tax Credit (CTC), Employment and Support Allowance (Income-related) and Job Seekers Allowance (Income-related). The current roll out of UC follows a process of natural migration i.e. as a claimant experiences a relevant change of circumstances such as becoming fit for work, entitlement to legacy benefits ends and UC must be claimed instead. Oldham was an early adopter of UC full service and at August 2020 (the latest available figures), rollout was 63% complete in Oldham East and Saddleworth and 59% in Oldham West and Royton. The North West average is 56%. It will take some time before the full migration of working age claims is complete.
- 2.4 The Government has indicated that managed migration (the bulk transfer of all eligible working age HB cases to UC by Local Authority) will be complete nationally by September 2024 although no indicative timetable has been set for Oldham to date. The slow migration of HB to UC has resulted in the emergence of UC/CTR as a new CTR working age scheme with some discrete differences in calculation methods to determine needs and income from those used for legacy claims such as Housing Benefit.
- 2.5 The Council continues to make awards to residents who are experiencing severe financial hardship under the Exceptional Hardship Payments (EHP) scheme, although the budget for this is limited to £0.144m. However, in response to the COVID-19 economic situation, the Government announced additional resources to be paid to the Council Tax accounts of those working age claimants in receipt of CTR in 2020/21. This Hardship payment, awarded under S13(a)1(c) of the Local Government Finance Act 1992, equates to a maximum of £150 for new and existing claimants and is paid in addition to CTR already awarded. The approach to the allocation of the Government funding (Oldham was awarded £3.015m) was agreed by Cabinet on 23 April 2020. The estimated cost of awarding this hardship payment to support those on low incomes in 2020/21 is £2,803,945. The payment has the impact of reducing the Council Tax to be collected and removes the risk of non-payment for this element of the charge from those of working age on low incomes. The Hardship Fund grant in 2020/21 has not been extended into 2021/22.
- 2.6 The COVID-19 Funding for Local Government in 2021/22 Consultation Policy Paper that was issued alongside the Provisional Local Government Finance Settlement on 17 December 2020 advised of a new grant, the Local Council Tax Support Grant (Oldham's allocation is £3.183m for 2021/22). The grant was confirmed on 10 February 2021 when the February 2021: COVID-19 Funding for Local Government in 2021/22 Policy Paper was issued. This funding is un-ringfenced and the Council can utilise it as it sees fit. The Government has allocated the resource recognising that there will be a reduction in the Council Tax Taxbase as a result of the increase in Council Tax payers qualifying for CTR support due to higher unemployment and the general economic conditions. A report approved by Cabinet on 14 December 2020, highlighted the reduction in the Council Tax Taxbase for 2021/22 compared to 2020/21 and advised that the cause was the increase in CTR claimants. The £3.183m grant is therefore being used to support the Councils 2021/22 budget to compensate for the foregone Council Tax income caused by the lower Taxbase.
- 2.7 There have been several changes to the Housing Benefit (HB) scheme since April 2016. This means that the working age CTR scheme does not align with revised HB regulations. While in recent years, Local Authorities have sought to mirror HB regulations in CTR, this approach is less necessary for 2021/22 as more working age claimants have moved onto UC following a relevant change in their circumstances. However, Members will recall that the approval of the report on the Hardship Grant Funding at the 23 April 2020 Cabinet

allowed the Council to use its discretion in 2020/21 under S13(a)1(c) of the Local Government Finance Act 1992 to mirror changes in CTR that had been made to HB by the Social Security (Coronavirus) (Further Measures) Regulations 2020 (SI 2020/371). These new changes increased the disregard from earnings that applied to the calculation of Housing Benefit (HB) by £20, where a person was entitled to Working Tax Credit (WTC), or worked for a specified minimum number of hours per week (the additional earnings disregard). This ensured claimants were not worse off as a result of the increase in the maximum rate of the basic element of Working Tax Credit of approximately £20 per week.

- 2.8 The Council chose to mirror this change in Earnings Disregards to ensure entitlement to CTR was also not reduced as a result. The estimated cost of providing this support, which is also funded by the Government’s Hardship Fund is £211,055 in 2020/21. There is no current indication that the £20 increase in the standard rate of Working Tax Credits will be extended into 2021/22.
- 2.9 As of February 2021, the overall CTR caseload is 23,125. The caseload for those of pension age remains relatively static but Table 1 below demonstrates how CTR claims from those who are in receipt of UC are increasing as other working age CTR cases are reducing, for example, from those who are in receipt of HB.
- 2.10 Although the number of CTR cases has increased above 2019/20 levels, it is suggested that a prudent approach would be to wait until the number of cases in receipt of UC outnumbers those on HB by a decent margin before considering a fundamental change to the CTR scheme. However, it is important to understand the overall impact of the increase in CTR claimants on the level of Council Tax that can be collected and this is an important consideration in determining the impact of the CTR scheme for 2021/22.
- 2.11 Some temporary changes to UC have also been made to support those impacted by coronavirus such as the removal of the minimum income floor in 2020/21 for the self - employed. This change in turn is reflected in the Council’s CTR scheme. This is because the Council applies the DWP’s assessment of income for UC in determining entitlement to CTR and the removal of the minimum income floor will result (in the main) in an increased entitlement to CTR.
- 2.12 The rapidly changing environment created by the current crisis has presented difficulties in accurately modelling and consulting on a new CTR scheme for 2021/22 to better suit the UC regime.

Table 1: Caseload Changes



3 Options/Alternatives

3.1 Given the current context of COVID, the financial position of the Authority and the uncertainty prevailing, there are 2 main options presented for consideration. These are:

1. Maintain the present level of support i.e. maintaining the level of support at 85% of the Council Tax for a Band A property.
2. Reduce the maximum level of support from 85% to 82.5% in 2021/22.

Option 1 Maintain the current 85% maximum scheme

3.2 The current scheme limits the maximum CTR award to 85% of Council Tax for a Band A property. The scheme is understood and established in Oldham and the basis of the calculation is very similar to the Housing Benefit and Pensioner CTR scheme. This scheme requires a minimum payment towards Council Tax for all those of working age. Oldham's scheme requires a minimum payment of 15%.

3.3 An overall CTR collection rate of 80% would deliver the income needed to meet the Council Tax requirements for 2020/21 if the current scheme remained in place. A comparison of the maximum levels of support for 2020/21 for Local Authorities is set out below.

Table 2 Great Manchester Local Authority Charges 2020/21

Local Authority	Council Tax Band A 2020/21	Maximum Support %	Annual Charge	Monthly (12 Months)	Monthly (10 Months)	Minimum Weekly Payment if in receipt of Full CTR
Bolton	£1,210.27	87.50%	£151.28	£12.61	£15.13	£2.90
Bury	£1,274.19	80%	£254.84	£21.24	£25.48	£4.89
Manchester	£1,149.80	82.50%	£201.22	£16.77	£20.12	£3.86
Oldham	£1,314.77	85%	£197.22	£16.43	£19.72	£3.78
Rochdale	£1,296.33	85%	£194.45	£16.20	£19.44	£3.73
Salford	£1,292.99	85%	£193.95	£16.16	£19.39	£3.72
Stockport	£1,326.64	100%	£0.00	£0.00	£0.00	£0.00
Tameside	£1,218.12	75%	£304.53	£25.38	£30.45	£5.84
Trafford	£1,095.34	100%	£0.00	£0.00	£0.00	£0.00
Wigan*	£1,076.71	80%	£215.34	£17.95	£21.53	£4.13

*except for households with Children under 5

3.4 CTR is a demand led scheme so costs can fluctuate as the caseload changes. The working age caseload has increased as more residents are claiming UC during the COVID crisis; current estimates are that the caseload may increase by 25% over previous average claims. The Council Tax Base makes an allowance for the increased cost of the CTR scheme by reducing the assumed level of Council Tax that can be collected. The impact of the increase in claimants, taking the April 2020 working age CTR claimant numbers compared with claimant numbers in February 2021, has reduced the 2020/21 Tax Base and overall level of Council Tax collected by an estimated 533 Band D equivalents which equates to approximately £1.054m in foregone Council Tax Income.

- 3.5 The financial impact is not only in relation to the reduction in the Taxbase compared to 2020/21 levels, also foregone is the Taxbase growth that had been anticipated within the budget setting estimates.
- 3.6 As advised earlier, the Government has provided support in relation to the impact of Council Tax foregone arising from COVID-19 in the form of the Local Council Tax Support Grant funding of £3.183m. As this is an unringfenced grant it is being used to support financial position of the Council for 2021/22.
- 3.7 In addition, recognising the significant implications that COVID is having on the local income generation of Councils, the Government is providing grant to alleviate irrecoverable Collection Fund losses in 2020/21 (for both Council Tax and Business Rates). As the loss of Council Tax income (accounted for in the Collection Fund) for 2020/21 will not have a budgetary impact until 2021/22, this grant is also being used to support the financial position in 2021/22 (being carried forward as a reserve). One other mechanism the Government has introduced to support Councils is allowing 2020/21 Collection Fund losses to be addressed over 3 financial years (2021/22 to 2023/24).
- 3.6 Although a number of additional COVID related grants were announced alongside the Provisional Local Government Finance Settlement, at this stage, it is not clear if Government will provide further financial assistance in 2021/22 to support Councils or Council Taxpayers facing the on-going impact of COVID-19. It is also unclear just how quickly the economy might pick up which would potentially reduce the numbers of households qualifying for CTR. In considering the option not to change the level of CTR, Members are reminded of the reduction in the Tax Base and the consequent impact on overall level of Council Tax available to support the 2021/22 budget and the grants that Government has provided in this regard. Table 3 illustrates the change in CTR working age caseload from April 2020 to February 2021.

Table 3 Increases in CTR working age caseload during the COVID 19 crisis

Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
13,959	14,105	14,375	15,423	15,503	15,891	15,903	16,014	16,036	15,952	15,983

- 3.7 The report sets out in paragraphs 2.4, 2.5 and 2.8 the additional national COVID hardship funding and other 2020/21 only changes to benefit regulations designed to help those on low incomes during the coronavirus crisis. The COVID hardship funding will not be offered in 2021/22 and other changes to benefit regulations are only in effect for 2020/21. Therefore, residents will be aware that the amount of financial support received in 2021/22 will be less than that received in 2020/21 and this will be reflected in the amount of Council Tax they have to pay, even if the Council's local CTR scheme has not actually changed. Maintaining the CTR scheme at 2020/21 levels goes some way to mitigating the impact on CTR claimants.

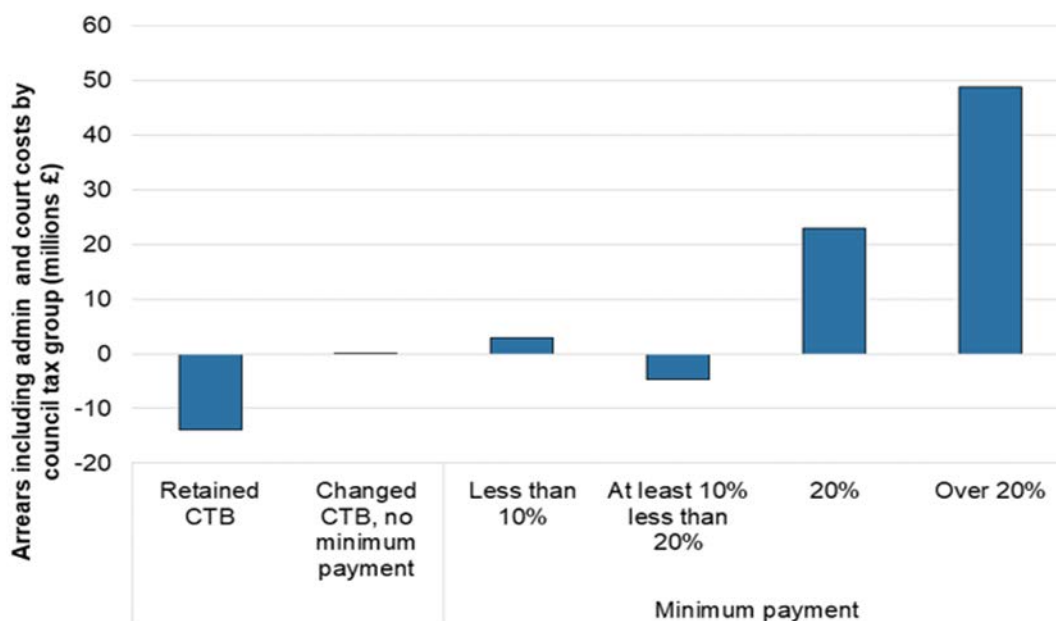
Option 2 – Reducing the maximum support to 82.5%

- 3.8 Increasing the Council Tax charge by reducing the support available for Council Tax per annum year on year has been a common approach by Local Authorities since 2013. Many of those with high minimum payments also have cut CTR in other ways e.g. removing earnings disregards. The Council may wish to reduce the level of maximum support offered to counteract any rising costs of the scheme as a result of increases in caseload.
- 3.9 For Oldham, Council Tax income would potentially increase by £0.294m for each 2.5% reduction in Council Tax support assuming a prudent collection rate of 80%. Oldham's share of this income would be £0.250m, once the Greater Manchester Combined Authority

(GMCA) has received its share for the Mayoral Police and Crime Commissioner precept and Mayoral General Services precept including Fire Services.

- 3.10 It is important to note that an increase in minimum payments can impact collection levels and result in Council Tax becoming a more regressive tax for low income residents than for those on higher incomes. An increase in Council Tax for those on low incomes at a time when the COVID-19 crisis is having a detrimental impact on the local economy and the availability of jobs taken together with an anticipated reduction in COVID-19 hardship funding and the ending of the one year 2020/21 package of COVID-19 support for benefit claimants, would also impact on residents' ability to make payments.

Table 4 Minimum Payments and Arrears



Source: www.counciltaxreduction.org

- 3.11 The table above takes into account the change in the Council Tax bases between years to calculate the additional amounts of uncollected taxes in 2016/17 compared with 2012/13 - the last year of CTB (most recent national comparative figures available). The 67 Councils that had a minimum payment of over 20% in 2016/17 had the largest overall increase in uncollected tax for that year.
- 3.12 A minimum payment of 17.5% for Oldham would still place the Council at the lower end of minimum payments required from residents across the country.
- 3.13 Council Tax was increased by 3.7% overall in Oldham in 2020/21 (including charges for Police and Fire Services). There are wider current economic impacts of COVID-19 and the legacy impacts of the Government's pre-existing Welfare Reform programme. An increase in the minimum payment from 15% to 17.5% may result in Council Tax becoming less affordable for residents and result in increased Council Tax arrears from this group.
- 3.14 It is important to note that if the maximum support was reduced to 82.5% it would have the impact of raising the amount of Council Tax to be collected and hence potentially reducing some of the losses and issues outlined at paragraphs 3.4 to 3.5; however, it may lead to a further increase in arrears.

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- 3.15 The allocation of grant resources by the Government provides support to enable the Council to maintain an unchanged CTR scheme as it compensates for the losses in Council Tax income which might otherwise have had to be made good by an amendment to the scheme.

4 Preferred Option

- 4.1 The preferred option is Option 1 – to retain the current 85% scheme in 2021/22.
- 4.2 Assuming there is Member approval of the 2021/22 scheme at Budget Council on 4 March 2021 and following the inclusion of prescribed scheme regulations for 2021/22, the Council's revised CTR scheme will be published on the Council's website.
- 4.3 It is important to note that the Council's CTR scheme relies on the incorporation of Prescribed Scheme Regulations which are published by Central Government each year. The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021.¹ regulations were laid on 13 January 2021.
- 4.4 Members can also elect to increase the discretionary funding available to support those residents in most need. This would not constitute a change to the CTR scheme, rather a use of the Council's discretionary powers under Section 13a (1) (c) of the Local Government Finance Act 1992. The 2021/22 revenue budget allocation for this Exceptional Hardship Payment (EHP) fund is £0.144m. It is proposed that consideration will be given during 2021/22 to an assessment as to whether further support can be provided to those residents in most need and to alleviate the impact of loss of 2020/21 COVID Hardship awards. This is also set out as a recommendation in this report.

Local Government and Social Care Ombudsman guidance

- 4.5 The Local Government and Social Care Ombudsman (LGSCO) issued good practice guidance² for Local Authorities in August 2019 following several complaints it received about CTR policies and the treatment of CTR overpayments. Since the introduction of CTR in April 2013, the LGSCO had become aware that CTR prescribed regulations did not recognise the concept of a CTR overpayment (created following a reduction in entitlement) or that a CTR overpayment may have been created as a result of 'official error'. Local CTR policies have also been silent on this issue which means that the Valuation Tribunal has no power to judge if a CTR overpayment is recoverable. As a result of advice taken from the Institute of Revenues, Rating and Valuation (IRRV) on this issue, write off procedures have been updated to allow for the Council not to seek recovery in cases where a CTR overpayment has been caused by a Local Authority error and the claimant could not reasonably have known that they were being overpaid. This will also ensure the treatment of CTR overpayments is consistent for those of working age and of pension age.

5 Consultation

- 5.1 Any changes to the 2021/22 scheme would require prior consultation with the major preceptor, the GMCA, with regard to the Mayoral Police and Crime Commissioner precept and Mayoral General Services precept including Fire Services. There would also be a requirement to carry out a public consultation.

¹ <https://www.legislation.gov.uk/uksi/2021/29/contents/made>

² <https://www.lgo.org.uk/information-centre/news/2019/aug/new-guidance-launched-for-council-tax-practitioners>

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- 5.2 The Council has notified GMCA of its intention not to amend the CTR scheme in 2021/22. Given this intention, there is no requirement for public consultation.
- 5.3 An important part of the consultation process is the scrutiny of the proposed CTR scheme by the Overview and Scrutiny Performance and Value for Money Select Committee. At its meeting on 28 January 2021, the Committee scrutinised the proposed CTR scheme for 2021/22. The Select Committee agreed the proposal that there are no changes to the 2020/21 CTR scheme for 2021/22. It was therefore content to commend the proposed CTR scheme for 2021/22 to Cabinet without additional comment.

6 Financial Implications

- 6.1 The direct grant previously paid by the Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government) for Council Tax Reduction Support has now been subsumed within the Council's Settlement Funding Assessment and Revenue Support Grant (RSG) figure which has itself been incorporated within Business Rate Top Up grant under the piloting of 100% Business Rate Retention. The link between CTR arrangements and grant compensation is no longer evident, given the level of grant funding that has been reduced under the Government's austerity agenda.
- 6.2 As at the time of preparing this report, 71.6% of claimants have made some payment towards their 2020/21 Council Tax bills, suggesting a collection rate at the end of the financial year of approximately 80%. As outlined above, data is not available to assess how many of these claimants making payments will fall into arrears during the rest of the year, however it is envisaged that proactive collection methods implemented by the Unity Partnership Ltd will enable the Council to collect an amount between 75% and 80% of the amount due in 2020/21. Weekly monitoring of the collection rate is being maintained to manage the risk of non-collection. One perceived risk at this stage is that the present collection rate will reduce throughout the remainder of the financial year and beyond as a result of the impact of COVID-19 on the local economy. The amount of disposable income many of the scheme's claimants will have available to meet Council Tax and other financial commitments is likely to reduce. This will have the impact of increasing the risk of arrears from those who are currently paying their Council Tax.
- 6.3 In addition to the impact of collection rates of CTR outlined above and as a direct result of current economic conditions resulting from the COVID-19 pandemic, there has been a significant increase in the overall numbers of working age claimants of CTR. This has resulted in a sharp decline of the overall Council Tax Base, as more taxpayers are entitled to CTR. As stated in para 3.4, since the start of the 2020/21 financial year the tax base has fallen by 533 Band D equivalents. Using the total Oldham Band D Council Tax charge for 2020/21 of £1,977.21 and multiplying this by the reduction, this equates to Council Tax income foregone of approximately £1.054m. This is clearly very important in the context of the financial position of the Council and has influenced the setting of the reduced Tax Base for 2021/22.
- 6.4 In 2020/21 the Government announced additional resources to be paid to the Council Tax account of those working age claimants in receipt of CTR in 2020/21. This Hardship Fund grant payment, awarded under S13(a)1(c) of the Local Government Finance Act 1992, equates to a maximum of £150 for new and existing claimants and is paid in addition to CTR already awarded. The approach to the allocation of the Government funding (Oldham was awarded £3.015m) was agreed by Cabinet on 23 April 2020 including the introduction of UC and HB earnings disregards. The £150 payment has the impact of reducing the Council Tax to be collected and removes the risk of non-payment for this element of the charge from those of working age on low incomes. The Hardship Fund Grant of 2020/21

has not been extended into 2021/22. It is anticipated that this grant will be used in full in 2020/21.

- 6.5 Announced alongside the Provisional Local Government Finance Settlement, the COVID-19 Funding for Local Government in 2021/22 Consultation Policy Paper advised of a new Government grant, the Local Council Tax Support Grant (Oldham's allocation is £3.183m for 2021/22). The grant was confirmed on 10 February 2021 when the February 2021: COVID-19 Funding for Local Government in 2021/22 Policy Paper was issued. This grant is un-ringfenced and the Council can utilise it as it sees fit, but as the Government has allocated the resource recognising that there will be a reduction in the Council Tax Tax Base as a result of the increase in Council Tax payers qualifying for CTR, it will be used to underpin the 2021/22 budget.
- 6.6 Also in recognition of the impact of the reduction in the Councils ability to collect Council Tax, the Government has offered support in 2020/21 in relation to the impact of foregone Council Tax and Business Rates arising from COVID-19 in the form of a grant (Local Income Tax Guarantee) to alleviate irrecoverable Collection Fund (Council Tax and Business Rates income) losses in 2020/21. As the loss of Collection Fund income for 2020/21 will not have a budgetary impact until 2021/22, this grant is being used to support the financial position in 2021/22 (being carried forward as a £1.000m reserve). One other mechanism the Government has introduced to support Councils is allowing 2020/21 Collection Fund losses to be addressed over 3 financial years (2021/22 to 2023/24).
- 6.7 At this stage, it is not clear if Government will provide further financial assistance in 2021/22 to support Council Taxpayers facing the on-going impact of COVID-19. It is also unclear just how quickly the economy might pick up which would potentially reduce the numbers of households qualifying for CTR.
- 6.8 The table below summarises the current scheme and potential options for consideration. Only two options have been modelled for the purposes of this report. Each option assumes collection rate of 80% (deemed feasible given current projected collection levels).

Scheme Options	% Band A Property	CTR Billed	Collection Rate	CTR Income
	%	£m	%	£m
	87.5	5.330	80	4.264
	85.0	5.698	80	4.558
	82.5	6.066	80	4.853
	80.0	6.434	80	5.147

- 6.9 For each 2.5% movement of CTR benefit, Council Tax income shifts by approximately £0.368m. However, this is the Council Tax income figure prior to apportionment over the appropriate precepting percentages and projected collection rates of 80%. In 2020/21, the present allocation percentages are Oldham Council 84.86%, GMCA for Mayoral Police and Crime Commissioner Services 10.54% and finally GMCA for Mayoral General Services including Fire Services at 4.60%. Therefore a £0.368m movement would benefit Oldham Council's available funding by approximately £0.294m after projected collection losses and is then further reduced following the apportionment to the Council to £0.250m.
- 6.10 The average impact to claimants assuming February caseload numbers of 23,125 claimants of which there are 15,983 working age cases, and providing these remain constant, for each 2.5% CTR move, a claimant is likely to see a +/-£23.74 adjustment to their CTR benefit depending on whether the CTR scheme is made more or less beneficial.

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- 6.11 Given all the information presented above, the maintenance of an unchanged CTR scheme can be managed within the context of the current financial position of the Council.

(Anne Ryans/John Hoskins)

7. **Legal Services Comments**

- 7.1 The legislation states that each year an authority must consider whether to revise its Council Tax Reduction scheme.
- 7.2 The revision of a scheme is a decision that the legislation reserves to full Council. Any revision to apply to the scheme for the following year must be made no later than 10 March of the preceding financial year.
- 7.3 No revision of a scheme can occur unless the authority has, in the following order:
1. Consulted with the major precepting authority – The Greater Manchester Combined Authority for Police and Fire services
 2. Published a draft proposed scheme
 3. Consulted with others likely to have an interest in the scheme
- 7.4 In order to discharge its duties under the Equality Act 2010, the authority will need to consider the effects of proposals on people with a protected characteristic as defined by the Act, which can be done by way of an equality impact assessment as happened before the present scheme was made.
- 7.5 It is noted at para 4.5 that the Council will be implementing the best practice recommendations of the LGCSO in relation to what CTR overpayments are, when they can be recovered and how to appeal about a CTR overpayment decision. It is not felt that consultation on this point is required. Consultation is currently at the discretion of the authority. With no amendment to the policy, consultation would not be required. (Alex Bougatef)

8. **Co-operative Agenda**

- 8.1 The approval of support for residents who are of working age and on low incomes is consistent with and embraces the principles of the co-operative agenda.

9 **Human Resources Comments**

- 9.1 None

10 **Risk Assessments**

- 10.1 There are a number of risks to be managed in this process:
- Ensuring the revised scheme is not subject to a legal challenge on the basis of equality legislation
 - Developing a scheme which is both fair and affordable to the Council in 2021/22 particularly as it will only be based on limited collection rates information early in the financial year and assumptions on grant funding previously made
 - A more challenging financial environment with greater uncertainty than in previous financial years through which an early decision needs to be made on the make-up of the scheme for the next financial year.

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- Linking in Council Tax Collection Processes to the Council's Council Tax Collection Strategy. (Mark Stenson)

11 **IT Implications**

11.1 None

12 **Property Implications**

12.1 None

13 **Procurement Implications**

13.1 None

14 **Environmental and Health & Safety Implications**

14.1 None

15 **Equality, community cohesion and crime implications**

15.1 In taking financial decisions, the Council must demonstrate that it has given 'due regard' to the need to eliminate discrimination, promote equality of opportunity and promote good relations between different groups.

15.2 Demonstrating that 'due regard' has been given involves:

- Assessing the potential equality impacts of proposed decisions at an appropriate stage in the decision-making process so that it informs the development of policy and is considered before a decision is taken
- Ensuring that decision makers are aware of equality duties and any potential equality issues when making decisions.

N.B. Having due regard does not mean the Council cannot make decisions which have the potential to impact disproportionately. It means that we must be clear where this is the case and must be able to demonstrate that we have consulted, understood and mitigated the impact.

15.3 To ensure that the process of impact assessment is robust, it needs to:

- Be specific to each individual proposal
- Be clear about the purpose of the proposal
- Consider available evidence
- Include consultation and involvement with those affected by the decision, where appropriate
- Consider proposals for mitigating any negative impact on particular groups
- Set out arrangements for monitoring the actual impact of the proposal

15.4 As with previous Council Tax Reduction Schemes from 2013, an Equality Impact Assessment has been prepared to try to identify any potential disproportionate adverse Impacts arising from the proposed scheme and to identify any actions which might mitigate these impacts.

16 **Equality Impact Assessment Completed?**

16.1 An EIA is set out at Appendix 1.

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 FG-27-20

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: The background papers to this report are both available on
www.oldham.gov.uk

26 February 2020 Council Report - Council Tax Reduction Scheme 2020/21
23 April 2020 Cabinet Report - Hardship Funding 2020/21

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20 **Appendices**

20.1 Appendix 1 – Equality Impact Assessment