
Subject:	COUNCIL TAX REDUCTION SCHEME 2021/22
Meeting and Date:	Council – 3RD March 2021
Report of:	Mike Davis, Strategic Director (Corporate Resources)
Portfolio Holder:	Councillor Chris Vinson, Portfolio Holder for Finance, Governance, and Digital
Classification:	Unrestricted

Purpose of the report: To determine the Council Tax Reductions Scheme (CTRS) for the financial year 2021/22 .

Recommendation: It is recommended that Council:

Approves a revised Council Tax Reductions Scheme (CTRS) for the financial year 2021/2022 to embody within the scheme the principal that the income bands within the income grid used in the Scheme are automatically adjusted upwards or downwards from time to time to reflect:-

(a) Adjustments of the National Living Wage

(b) Adjustments in Working Tax Credit and Universal Credit received by claimants from the government as a COVID support measure.

Such that the percentage discount receivable by claimants is not negatively affected by these adjustments to the National Living Wage and adjustments in Working Tax Credit and Universal Credit awarded to claimants by the government as a COVID support measure.

And that accordingly the grid shown at Appendix 2a be substituted for the grid currently in the scheme, with the figures shown to be uplifted by £20 (or any other amount) for any period of 2021/22 to reflect the Government's adjustments in Working Tax Credit and Universal Credit.

Members are advised that Section 106 of the Local Government Finance Act 1972 applies to this item.

Accordingly, if any sum of council tax become payable by any member and has remained unpaid for at least two months, that member must, if present at the meeting, declare that fact to the meeting as soon as possible after the meeting has started and may not participate in any vote on that item.

1. Summary

2. The Welfare Reform Act 2012 abolished Council Tax Benefit from April 2013 and, in accordance with Section 13A of the Local Government Finance Act 1992 the Council approved a local CTRS, with effect from 1 April 2013.
3. The current scheme, which has been in place since April 2020, was agreed and approved at full council on 29 January 2020. The Local Government Finance Act 1992 requires that for each financial year, the Council must consider whether to revise its scheme or to replace it with another scheme.
4. Where a new scheme is proposed or revisions to an existing scheme are proposed, there must be prior consultation with major precepting authorities, and such other persons as are likely to have an interest in the operation of the scheme. Accordingly, a consultation has been undertaken.
5. It is proposed that no changes are made to the basic design of the CTRS for 2021/2022 but, in order to enable the CTRS to cope with certain changes during the year, that two minor revisions are made to increase/decrease the income bands used to determine discounts to reflect:
 - a. the level of the National Living Wage set by government; and
 - b. to 'track' the amount by which the government enhances or reduces levels of Working Tax Credit/Universal Credit as a response to the COVID 19 pandemic from time to time or removes them.
6. National Living Wage
7. The starting point for the figures contained within the grid is the hourly rate of the National Living Wage (NLW) for the relevant year. When the grid was first created this was £8.21 per hour. Currently it is £8.72 per hour.
8. The government had previously asked the Low Pay Commission to increase the NLW to two thirds of median earnings by 2024. This would mean increasing the NLW to £9.21 per hour (with a likely range of 6p above or below), from April 2021. The Low Pay Commission consulted on that proposed increase and Appendix 2 illustrates what the CTRS income grid would look have looked like if £9.21 had been agreed (as previously presented to Council on 27th January 2021).
9. The outcome of the consultation was in fact to increase the NLW to £8.91 and not £9.21. So, to ensure the CTRS income grid reflects the base levels of pay that working age people can expect to receive, the CTRS income grid will reflect that NLW at £8.91 per hour as shown in the grid at Appendix 2a.
10. The CTS scheme must be approved (11 March). Councillors are therefore asked to approve a revision to the scheme whereby the principle would be embodied within the scheme that the

salary bands shown in the income grid will be automatically be adjusted upwards (or, exceptionally, downwards) from time to time to reflect adjustments of the NLW.

11. Working Tax Credit/Universal Credit

12. The current grid at Appendix 1 is based on the NLW of £8.72 per hour, but then each amount is increased by £20 per week. This increase was made to effectively offset the £20 per week increase in Working Tax Credit and Universal Credit that each WTC/UC claimant received from the government for the year 2020/21 (this was given as a COVID support measure for claimants) in order to ensure that no claimants lose the additional £20 benefit of, or are negatively affected by, the increase .

13. It should be noted that the £20 increase in WTC/UC is a 'one year only' arrangement, and will be removed from 4 April 2021, unless legislation is amended. Legislation enabled the increases to be made effective, and for them to be withdrawn from 4 April 2021 (for WTC this is the Coronavirus Act 2020, section 77, and for UC this is The Social Security (Coronavirus) (Further Measures) Regulations 2020 [S.I 2020/371]).

14. The Chancellor, in his Spending review 25 November 2020, made no plans to amend the legislation further. There are calls, from welfare organisations such as the Joseph Rowntree Foundation, to make the £20 increase permanent and to extend it to other benefits. This may happen for some, or all, of 2021/22 but currently the increase will be removed from 4 April 2021, as originally planned.

15. It therefore follows, at time of writing, that from April 2021 the income grid in the CTRS scheme needs to revert to pre-COVID levels (see Appendix 1). This will ensure that when a claimant's WTC/UC is reduced by £20, the CTS income grid is also reduced by £20 overall, thereby keeping claimants at the correct level of CTS entitlement.

16. However, by amending the scheme to "track" the additional £20, if the term of this increase is extended, or if it is reintroduced at a later date, or for a different amount, the scheme will automatically adjust for this to protect claimants. If this amendment is not introduced, it might prove impossible to protect claimants in this way during 2021/22.

17. **Consultation**

18. In view of the limited revisions to the scheme, (which in effect only allow claimants to continue to benefit from Council Tax discounts which have been available to them in 2020/2021 through other mechanisms), a 'light touch' approach to consultation has been taken. Major precepting authorities have been consulted directly and the proposed revisions have been posted on the Council's website inviting comment.

19. At the time of writing, KCC have indicated that they agree with the proposed changes and no responses from other stakeholders or the public have been received.

20. Identification of Options for the Council Tax Reduction Scheme

21. The CTRS for the Dover District is broadly aligned with the schemes for Canterbury City Council and Thanet District Council. These three schemes are the most generous of the schemes in Kent and are amongst the most generous nationally.
22. The schemes have been designed in consultation with the major preceptors (Kent County Council, Police and Fire & Rescue) and take into account Dover District Council's policy on Council Tax discounts. Of these three major preceptors, the most significantly impacted are KCC as they charge over 70% of the total Council Tax. The structure of the schemes is reviewed on a Kent wide basis every three years.
23. The proposed changes to the CTS scheme affect working-age claimants only. Pension-age claimants are covered by a national scheme under prescribed regulations, and hence this report does not apply to pension-age claimants. The proposed changes to the CTS income grid are to enable the grid to keep pace with increases in the NLW and any national uplift in WTC/UC, and as such is a positive move designed to protect any working-age claimants from seeing a reduction in CTS due to them receiving either/both of those national increases. As the grid applies to all working-age people, regardless of their protected characteristics, the proposed change does not advantage any particular group over another.
24. Taking these factors into account, the realistic options available to the Council are:
 - a. Option 1 - Leave the scheme unchanged; or
 - b. Option 2 - Amend the scheme to track changes in the National Living Wage and Working Tax Credit/Universal Credit

25. Assessment of Options

26. Option 1 - Leave the scheme unchanged
27. If the scheme is left unchanged then CTRS claimants who benefit from an increase in the NLW and / or Working Tax Credit and Universal Credit will see those benefits eroded by a reduction in their CTRS. This is unhelpful to the claimants and is not in the spirit with which the NLW and Working Tax Credit and Universal Credit are increased. For these reasons this is not the recommended option.
28. Option 2 - Amend the scheme to track changes in the National Living Wage and Working Tax Credit/Universal Credit
29. By amending the scheme to track the changes, claimants will benefit from those changes without any offsetting reduction in CTRS. For this reason, this is the recommended option.

30. Corporate Implications

31. Comment from the Strategic Director (Corporate Resources): The Strategic Director (Corporate Resources) has been involved in the preparation of this report and has nothing further to add (MD).
32. Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.
33. Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

34. Appendices

Appendix 1 – Current CTRS ‘income grid’ 2020/21 (with NLW at £8.72 per hour and a £20 uplift)

Appendix 2 - Illustrative 2021/22 CTRS income grid (as reported to Council on 27th January 2021, with NLW at £9.21 per hour (but not including the £20 uplift as it is subject to changes by government)).

Appendix 2a - 2021/22 CTRS income grid from April 2021 (with NLW at £8.91 per hour (but not including the £20 uplift as it is subject to changes by government)).

35. Background Papers

Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI: 2012:2914)

Detailed calculations for District and Parish/Town Council Tax Bases

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Current CTRS income grid 2020/21

ILLUSTRATIVE CTS INCOME GRID REVISED FOR ADDITIONAL £20 FOR INCREASED WTC AND UC (COVID-19) MARCH 2020 (this is the £20 uplifted grid, in place for 1 year only 01.04.20 – 31.03.21).

NLW at £8.72 PH This is the current grid in place.

£	Single person	Couple	Family/single parent with 1 child	Family/single parent with 2+ children	% discount on council tax bill
band 1 income range	0 to 107.20	0 to 147.20	0 to 197.20	0 to 247.20	90
band 2 income range	107.21 to 150.80	147.21 to 190.80	197.21 to 240.80	247.21 to 290.80	75
band 3 income range	150.81 to 194.40	190.81 to 234.40	240.81 to 284.40	290.81 to 334.40	60
band 4 income range	194.41 to 238.00	234.41 to 278.00	284.41 to 328.00	334.41 to 378.00	45
band 5 income range	238.01 to 281.60	278.01 to 321.60	328.01 to 371.60	378.01 to 421.60	30

Illustrative 2021/22 CTRS income grid

ILLUSTRATIVE CTRS INCOME GRID REVISED FOR POSSIBLE NLW AT £9.21 P/H (April 21) – this is the grid if the NLW increases to £9.21 from April 2021).

The grid does not include the possible £20 uplift, which will automatically be added if the £20 (or any other amount) uplift is implemented by Government.

£	Single person	Couple	Family/single parent with 1 child	Family/single parent with 2+ children	% discount on council tax bill
band 1 income range	0 to 92.10	0 to 132.10	0 to 182.10	0 to 232.10	90
band 2 income range	92.11 to 138.15	132.11 to 178.15	182.11 to 228.15	232.11 to 278.15	75
band 3 income range	138.16 to 184.20	178.16 to 224.20	228.16 to 274.20	278.16 to 324.20	60
band 4 income range	184.21 to 230.25	224.21 to 270.25	274.21 to 320.25	324.21 to 370.25	45
band 5 income range	230.26 to 276.30	270.26 to 316.30	320.26 to 366.30	370.26 to 416.30	30

CTS INCOME GRID FOR NLW AT £8.91 P/H (new National Living Wage from April 2021)

£	Single person	Couple	Family/single parent with 1 child	Family/single parent with 2+ children	% discount on council tax bill
band 1 income range	0 to 89.10	0 to 129.10	0 to 179.10	0 to 229.10	90
band 2 income range	89.11 to 133.65	129.11 to 173.65	179.11 to 223.65	229.11 to 273.65	75
band 3 income range	133.66 to 178.20	173.66 to 218.20	223.66 to 268.20	273.66 to 318.20	60
band 4 income range	178.21 to 222.75	218.21 to 262.75	268.21 to 312.75	318.21 to 362.75	45
band 5 income range	222.76 to 267.30	262.76 to 307.30	312.76 to 357.30	362.76 to 407.30	30