

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

10 February 2022

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Council

1 LOCAL COUNCIL TAX REDUCTION SCHEME 2022/23

A report providing the proposed Tonbridge & Malling Borough Council Working Age Local Council Tax Reduction Scheme 2022/23, requesting Cabinet Members to approve and recommend the updated Scheme to Full Council.

1.1 Background

- 1.1.1 Each year Members should approve a Local Council Tax Reduction Scheme at Full Council prior to the beginning of the financial year the Scheme is to be effective. Schemes are in two parts for working age and pension age households.
- 1.1.2 Government sets a prescribed Scheme for pension age households, which through default becomes the annual Scheme.
- 1.1.3 For the 2022/23 working age Scheme, changes have been made to bring it in line with statutory prescribed requirements from Government, housing benefit and other national benefit rates, and increases to income bands where uplifts to the Minimum Wage, a component of the income band level calculation have been taken into account. The draft Scheme is attached at **Annex 1**.
- 1.1.4 From April 2022 the National Living Wage, used as a multiple in the income band table of the Working Age Scheme (p103 of Annex 1), rises from £8.91 per hour to £9.50. This rise, around 6.6% is above inflation, pension and benefit increases. Were we to increase income bands by an inflation rate figure this would effectively penalise those households earning NLW rates by removing some of the gains of the increase. I consider this would not sit well, especially given other Government measures on the cards with the potential to reduce incomes and push up household costs from April.
- 1.1.5 The attached Scheme applies to working age households and maximum help remains capped at 80% of council tax liability. For pension age households the Government Scheme prescribes maximum help up to 100% of council tax liability, a minimum requirement of a pension age scheme.

- 1.1.6 When the Scheme was introduced for April 2020 in its current 'simplified' format following public consultation, it was agreed to carry out an evaluation, report back to this Board on the findings and adapt the following year's Scheme if necessary. With the pandemic hitting just at that point, Government recognised the need for additional assistance to working age households and provided funding for a further national reduction of £150 in Council Tax for all households awarded help with a local council tax reduction. Government support was not continued into 2021/22 (current financial year) but Kent County Council made a provision to each District across Kent to assist. There were two caveats to this, firstly to reduce all working age council tax bills where there was an award of council tax reduction by £50 and secondly, to run a support fund at local discretion.
- 1.1.7 Court hearings for recovery of Council Tax arrears were reinstated to a limited extent this year. Our two allocated recent court dates have been a week either side of Christmas, far from ideal and the next scheduled date is March. With an eye to the unsympathetically timed Christmas dates potentially compounding financial stress for those low income households struggling with finances we took the opportunity to make a further to Council Tax bills of £40 for those households awarded Council Tax Reduction, using the funding from KCC. Not only did this reduce the amount owed by these households, it served to reset their Council Tax instalments, removing them from the 'Christmas summons lists'. Taking full advantage, it enabled us to reach out to the households that would otherwise have received a summons with costs, to offer various forms of extra help.
- 1.1.8 The temporary underpinning of our Local Council Tax Support Scheme this year by the application of further reductions of £50 and £40 has again meant it is not possible to truly evaluate the effectiveness of the Scheme. However, there have been no issues raised from the operation of the Schemes since April 2020.
- 1.1.9 At this point in time it does not look as though there will be any further additional support from Government or Kent County Council specifically for households receiving help through the Council Tax Reduction Scheme in 2022/23. I hope this will provide the opportunity to evaluate the effectiveness of the Scheme this coming year and for me to report findings at a later date.

1.2 Legal Implications

- 1.2.1 A Scheme must be considered and agreed by 11th March prior to the financial year of operation.

1.3 Financial and Value for Money Considerations

- 1.3.1 Financial effectiveness and cost of the Scheme will be monitored, reviewed and reported to the Finance, Innovation and Property Board during 2022/23.

1.4 Risk Assessment

- 1.4.1 The draft 2022/23 Scheme includes amendments to reduce risk of legal challenge and provide greater equality in its application.

1.5 Policy Considerations

1.5.1 The Scheme will continue to operate in line with existing associated policies.

1.6 Equality Impact Assessment

1.6.1 Changes made in line with Government uprating of national rates.

1.7 Recommendation

1.7.1 Cabinet is requested to **RECOMMEND** the draft Scheme for 2022/23 to Full Council.

Background papers:

Nil

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