

**Meeting date:** 6 October 2022

**Report to:** Full Cabinet

**Subject/report title:** COUNCIL TAX REDUCTION SCHEME 2023/24

**Report from:** Director of Resources & Deputy Chief Executive

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**Wards affected:**

- All Wards |  Bickenhill |  Blythe |  Castle Bromwich |  Chelmsley Wood |  
 Dorridge/Hockley Heath |  Elmdon |  Kingshurst/Fordbridge |  Knowle |  
 Lyndon |  Meriden |  Olton |  Shirley East |  Shirley South |  
 Shirley West |  Silhill |  Smith's Wood |  St Alphege
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**Public/private report:** Public

**Exempt by virtue of paragraph:**

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**1. Purpose of Report**

- 1.1 To provide an update on Solihull Council's Council Tax Reduction (CTR) Scheme from April 2023.

**2. Decision(s) recommended**

- 2.1 Cabinet is asked to recommend that Full Council approves the Council's Council Tax Reduction Scheme for 2023/24.

**3. Matters for Consideration**

- 3.1 Local authorities are responsible for developing their own local schemes for Council Tax support.
- 3.2 Each year Full Council must approve the Council's CTR scheme. We are now looking to agree our scheme from April 2023 onwards.
- 3.3 From April 2017 the Council decided that all working age residents who are liable for council tax should pay a minimum of 15% towards their council tax irrespective of

income.

- 3.4 Pensioners are protected from any changes to local schemes and are not affected by this change.
- 3.5 There is an obligation on the Council to consider whether to revise or replace its CTR scheme each year. We are not proposing to make any changes or revisions to our CTR scheme for April 2023, the reasons for this are set out in section 5.
- 3.6 All benefit rates and applicable amounts will be updated in line with the Department for Work & Pensions housing benefit amounts once available.

Caseload

- 3.7 The Council receives CTR claims through two sources – through our online application form and directly from the Department of Work and Pensions where the claimant has made a claim for universal credit and is of working age.
- 3.8 The impact of Covid-19 resulted in an increase in the number of new claims received for CTR. In the peak of the Covid pandemic our CTR caseload increased to 14,293 which is the highest number of cases since August 2017.
- 3.9 Our current CTR caseload as at August 2022 is 12,892. We are starting to see a slight reduction in caseload month on month with numbers returning to those experienced pre-pandemic.

CTR Caseload Figures (as at April each year)	
2013	18,500
2014	16,604
2015	16,085
2016	15,337
2017	14,727
2018	13,428
2019	12,903
2020	13,206
2021	14,088
2022	12,997

- 3.10 The number of working age CTR claimants now represents 60% of the total number of cases. Pre-pandemic the number of working age CTR claimants represented 51% of

the total number of cases.

### Collection Rates

- 3.11 Based on analysis of the impact on collection rates seen by authorities who introduced a minimum payment requirement for their CTR schemes we assumed a collection rate of 80% for our CTR customers.
- 3.12 Our collection statistics show that we collected 82.17% of council tax from CTR customers in 2021/22 which was 2.17% ahead of our 80% target. In comparison this was 2.45% ahead of the amount collected for 2020/21 (£59,871 in cash terms).
- 3.13 Our overall council tax collection was 97.88% for 2021/22 which was 0.11% ahead compared to 2020/21 but slightly below our target of 98%.

### Support Mechanisms

- 3.14 Since the introduction of the minimum 15% payment of council tax for working age CTR customers we have worked with our financial inclusion partners to put measures of support in place for customers who find it difficult to pay. A summary of the current support mechanisms available is detailed below.
- 3.15 The Financial Inclusion Officers in Income & Awards work with those CTR claimants that have fallen into persistent arrears on their account. As part of this contact, officers are engaging with claimants to help them undertake personalised budgeting and maximise their entitlements to benefits, exemptions and further discounts. Officers on this team are working closely with the community advice hubs to ensure debt counselling and specialist welfare benefit assistance is being offered to help applicants make affordable repayments.
- 3.16 As part of this personalised budgeting, officers are identifying where claimants may qualify for discretionary grants. We are utilising the Discretionary Hardship Payment Scheme to clear any eligible rent arrears or cover short term housing costs to provide breathing space for the repayment of council tax debt. This intervention has prevented rent arrears cases from being entered into court by their landlords and at the same time enabled claimants to find additional income to pay their council tax in part or full.
- 3.17 Regular case conferencing has been established within the Income & Awards Team to identify complex CTR cases that have exhausted all recovery options and personalised budgeting support. In these instances, officers are considering the use of the Discretionary Reduction in Liability for Council Tax as set out by Section 13A (1)(c) of the Local Government Finance Act 1992. An online application form has been developed with guidance to help make it easier for applicants to get the right help. To date we have received 17 applications. There are currently 5 cases being considered for the use of this hardship.
- 3.18 In the first quarter of 2022/23 we assisted 259 households through the Household Support Fund. 127 of these were households with children, 128 were households with residents deemed vulnerable (often single individuals requiring financial assistance) and 4 pensioner households. The majority of financial assistance provided has been around essential goods (i.e. one off expenses such as washing machines, cookers

and fridge freezers) which has allowed the household expenditure that would have otherwise been used for this to be utilised on other essential utility bills such as energy and water, rent/mortgage. As we move into the second quarter, we continue to see similar demands for, and provide much needed help from, this fund.

- 3.19 The number of residents requiring support from our Financial Inclusion Team increased in 2021/22 with a total of 1351 referrals received. Of these, 1089 residents actively engaged with the support provided. We have continued to work with partners including the DWP Job Centre, Age UK, Act on Energy, various Foodbanks and Connect.
- 3.20 For those on a low income who are moving to affordable accommodation, the Financial Inclusion Officers are assisting with rent deposits, rent advances and basic furnishings to reduce the pressures of setting up a new home and the impact of paying other priority debts such as council tax. They are working closely with the home options team at Solihull Community Housing to target residents that are threatened with homelessness.

#### **4. What options have been considered and what is the evidence telling us about them?**

- 4.1 We could consider revising the CTR scheme to decrease or increase the minimum payment of 15% for our working age customers. However, given the reasons in section 5 this is not our preferred option.

#### **5. Reasons for recommending preferred option**

- 5.1 The reasons why we are not proposing to make any changes to our CTR scheme are:
- (a) The support for customers is based on each individual's ability to pay and this means tested approach is fair and equitable.
  - (b) Pensioners continue to be protected under the original scheme rules.
  - (c) Collection rates for CTR customers have been achieved in 2017/18, 2018/19 and 2019/20 and 2021/22. (The collection rate for 2020/21 was less than the pre-Covid collection target and was as a result of the Council's decision to not undertake any recovery action from March 2020 to July 2020).
  - (d) The Council provides a variety of support mechanisms as detailed in section 3. These support mechanisms are available for any CTR claimant who is suffering financial hardship as a result of their council tax liability. The support mechanisms are in place to offer longer term solutions to help claimants with money management.
- 5.2 As outlined in section 6.3 below, any change to the CTR scheme which increases the costs further will put additional pressure on the MTFs at a time when the Council's finances are under substantial strain.

## 6. Implications and Considerations

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
<p>People and Communities:</p> <ol style="list-style-type: none"> <li>1. Improving outcomes for children and young people in Solihull.</li> <li>2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it.</li> <li>3. Take action to improve life chances and health outcomes in our most disadvantaged communities.</li> <li>4. Enable communities to thrive.</li> </ol>	CTR provides means tested awards to those residents who require financial support in relation to their council tax liability.
<p>Economy:</p> <ol style="list-style-type: none"> <li>5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres.</li> <li>6. Maximising the opportunities of UK Central and HS2.</li> <li>7. Increase the supply of affordable and social housing that is environmentally sustainable.</li> </ol>	N/A
<p>Environment:</p> <ol style="list-style-type: none"> <li>8. Enhance our natural environment, improve air quality and reduce net carbon emissions.</li> </ol>	N/A
<ol style="list-style-type: none"> <li>9. Promote employee wellbeing</li> </ol>	N/A

6.2 Consultation and Scrutiny:

6.2.1 In accordance with Schedule 1A of the Local Government Finance Act 2012, paragraphs 3 and 5 confirm that there is a requirement to review the CTR scheme each year; however consultation is only required when revisions or replacements are proposed. As no revisions or replacements are proposed to the CTR scheme for April 2022 consultation is not required.

6.3 Financial implications:

6.3.1 The approved MTFS reflects the expectation that claimant numbers will continue to fall during 2022/23, recovering to pre-pandemic levels by 2023/24.

6.3.2 The total estimated cost of the CTR scheme in 2022/23 is £13.255 million, the Council's share of which has been reflected in the MTFS (through the council tax

base) for the year. Government support to local authorities to mitigate the effect of the pandemic on the tax base has now ended and any increase to the cost of the CTR scheme above the levels currently assumed would need to be funded from the Council's own resources.

- 6.3.3 The tax base for 2023/24, including an updated assessment of the cost of the CTR scheme, will be finalised in December for approval by the cabinet member for Resources in January 2023. Any implications for the MTFs will be reported to the Budget Strategy Group and will be addressed as part of the MTFs update.
- 6.4 Legal implications:
  - 6.4.1 None
- 6.5 Risk implications, including Risk Appetite:
  - 6.5.1 There is a risk that the CTR caseload could start to rise again as a result of the increased cost of living. Any increase in the caseload prior to 30 November would be taken into account as part of the tax base calculation for 2023/24, but further increases after that date would increase the council tax deficit on the collection fund. Caseload statistics are monitored monthly.
  - 6.5.2 The risk appetite for this scheme is cautious/low based on the need for a robust policy. The proposed scheme for 2023/24 mirrors that of the national housing benefit regulations ensuring a consistent approach is taken to the means tested assessment.
- 6.6 Equality implications:
  - 6.6.1 From the monitoring undertaken the most significant impact has been for those of working age. Our working age v's pensioner caseload split prior to 2020/21 was 51% working age v's 49% pensioner. This has risen to 60% working age v's 40% pensioner age. Mitigating actions to address this included implementing the government's Council Tax Hardship Fund for the financial year 2020/21 to award a maximum of £150 to all those of working age in receipt of CTR (applied directly to their bill). There is also the implementation of the Council's Council Tax Discretionary Reductions Policy. This policy applies to any ratepayer regardless of age. Of the claims received so far all have been received from those of working age.
  - 6.6.2 As there are no changes proposed to the CTR scheme from last year a Fair Treatment Assessment has not been undertaken. We will continue to monitor how many groups covered under the scheme may be affected and will address or mitigate against any negative impact that arises. This includes maximising the use of the support mechanisms referred to in section 3.
- 6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):
  - 6.7.1 None
- 7. List of appendices referred to**
  - 7.1 None

**8. Background papers used to compile this report**

8.1 None

**9. List of other relevant documents**

9.1 None