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**REPORT TO:** Cabinet

**DATE:** 2 March 2021

**SERVICE AREA:** Finance, Corporate Affairs

**REPORTING OFFICER:** Revenues, Welfare & Customer Services Manager  
(*Julie Gillett*)

**SUBJECT:** **LOCAL COUNCIL TAX REDUCTION SCHEME  
2021/22**

**WARD/S AFFECTED:** ALL DISTRICT

**FORWARD PLAN REF:** N/A

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**1.0 PURPOSE OF REPORT**

1.1 The Council agreed a new Local Council Tax Reduction Scheme for 2013/14 replacing the national scheme for Council Tax Benefit. Harrogate Borough Council (HBC) is legally required to consider the scheme each year.

**2.0 RECOMMENDATION**

2.1 That HBC maintains the Local Council Tax Reduction Scheme in its current format for 2021/22 with the reflection of legislative changes that have come into effect since the 2020/21 scheme review.

**3.0 RECOMMENDED REASONS FOR DECISION**

3.1 The current scheme provides financial assistance for low-income households in the district and supports the Council's aims under its Welfare Strategy.

3.2 Legislation requires the Council Tax Reduction policy to be approved on an annual basis by 11 March preceding the start of the financial year the policy applies to.

**4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION**

4.1 To make no changes to the scheme. This is not a viable option as the Council must reflect national legislative changes in the local scheme.

- 4.2 Any change made under local discretion would mean disruption in service provision and add complexity to welfare support provision. Changing the scheme would mean reducing support for the most financially vulnerable placing increased pressure on low-income households in the district.

## **5.0 THE REPORT**

### **5.1 BACKGROUND**

- 5.1.1 Council Tax Reduction (CTR) provides support for low-income households in the district. The support provided is based on a means-test currently in line with the previous national system of Council Tax Benefit which was abolished by the government in 2013 as part of a series of welfare reforms.
- 5.1.2 The scheme is split between those of pension age and working age. The rules for the pension age claimants are set by the government with no local discretion; the rules for working-age households are for the billing authority to determine.
- 5.1.3 The government's intention was for local schemes to protect vulnerable groups and make work pay. The council scheme supports these objectives with a range of income disregards for people in work making the scheme more generous for those in work.
- 5.1.4 The HBC local scheme is aligned with Housing Benefit (HB) processes which is still claimed by people entitled to CTR Reduction. The alignment of the schemes allowed administrative efficiencies to be achieved.
- 5.1.5 The introduction of Universal Credit (UC) within the district in 2016 has introduced an additional level of complexity with CTR claims as a majority of new working age claims are claiming UC instead of HB, and so the administrative team is dealing with a range of complex legislation to manage customer needs across two different benefit schemes.
- 5.1.6 The roll out of UC to working age customers is complex and the council needs to balance case load between existing customers who continue to claim HB and new customers who, in the majority of cases, will claim UC.
- 5.1.7 The national Move to UC pilot was running in Harrogate until it was suspended following the outbreak of the Coronavirus pandemic. It was in the first phase, testing a series of hypotheses about the best way to move claimants from legacy benefits onto UC. The actual number of claimants moved across as part of the pilot was purposefully low and the DWP had revised the project completion to September 2024. There was been no update or announcements about recommencement of Move to UC project or revised national timescales.
- 5.1.8 The migration of existing customers to UC means it would be sensible for a closer alignment between UC and the local CTR scheme to ensure the system is as straightforward as possible for both our customers and our administrative processes. A full review and consultation process was planned for 2020/21 to allow roll out of a new scheme for the 2021/22 financial year. However this did not happen due to the Coronavirus

pandemic as resources within Welfare Services had to be prioritised on the additional work involved in our response, including increased CTR applications and the Test and Trace Support payment scheme.

- 5.1.9 Work has been undertaken this year in order to review procedures and improve the speed of processing new CTR applications, resulting in new claims now being processed within 21 days, for the first time within 3 years, ensuring claimants receive support as soon as possible.

## **5.2 ADMINISTRATION OF THE SCHEME**

- 5.2.1 The previous Council Tax Benefit scheme was fully funded by the government. The localisation of support initially reduced the level of funding by 10% (the funding gap was originally bridged by wider council tax reforms, particularly in relation to empty properties) and since 2013/14 has been rolled into the Revenue Support Grant which reduced year on year to zero in 2018/19. From the Ministry of Housing, Communities and Local Government we continue to receive a Localising council tax support grant for administration purposes. The allocation for 2020/21 was £116,700, however we have not yet been informed of the allocation for 2021/22.
- 5.2.2 The service undertakes a number of checks and controls to ensure the amounts claimed are correct and the opportunity for fraud is minimised and managed. Over the last twelve months, these have included a full benefit review of “high risk” claims and participation in a number of information exchanges with the Department for Work and Pensions to check customer data and update benefit accounts.
- 5.2.3 Currently the scheme awards over £8.4 million in council tax reduction to nearly 8,000 households in the district. At current Council Tax levels, 13% of this cost is directly funded by Harrogate Borough Council. The scheme is accounted for in council budgets and provides much needed support to district residents.

## **5.3 PROPOSED AMENDMENTS TO THE SCHEME**

- 5.3.1 There are changes to the scheme from a legislative perspective to ensure the scheme remains aligned to national welfare changes. These amendments include:
- Uprating of personal allowances and premiums
  - Updating of non-dependant deductions
  - Uprating of income disregards
  - Updating of eligibility rules in line with the UK’s immigration policy
- 5.3.2 The updated full Local Council Tax Reduction Scheme policy 2021/22 is contained in Appendix A

## **6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS**

6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

## **7.0 CONCLUSIONS**

- 7.1 The scheme continues to achieve its objectives by supporting low income or households in the district and vulnerable residents and providing a generous scheme supporting 100% awards to those in most need.
- 7.2 Additionally the scheme helps to support the Council's corporate priorities of "Supporting our communities" through provision of the reduction to eligible customers, and providing "Excellent public services" by continuing to be in a financial position to provide the support.

**OFFICER CONTACT:** Please contact Julie Gillett, Revenues, Welfare & Customer Services Manager if you require any further information on the contents of this report. The officer can be contacted by e-mail – [julie.gillett@harrogate.gov.uk](mailto:julie.gillett@harrogate.gov.uk)