

Report to:	Cabinet Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) Council	Date of Meeting:	7 th January 2021 12 th January 2021 21 st January 2021
Subject:	Council Tax Reduction Scheme, Council Tax Base 2021/22		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

The purpose of this report is to provide details of the review of the local Council Tax Reduction Scheme for 2020/21 and to recommend that there is no change to the scheme for 2021/22 for working age claimants.

The report also provides an updated Council Tax Base for Sefton Council and each Parish area for 2021/22.

Recommendation(s):

Cabinet:

- (1) Note the contents of the review of the Council Tax Reduction Scheme for 2020/21;
- (2) Recommend to Council that there are no changes to the existing Scheme for 2021/22 for working age claimants; and
- (3) Recommend that Council approves the relevant Council Tax Base for Sefton Council and each Parish Area as set out in Annex A.

Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services):

(1) That the report be noted.

Council:

- (1) Notes the contents of the review of the Council Tax Reduction Scheme for 2020/21;
- (2) Approve that there are no changes to the existing Scheme for working age claimants for 2021/22; and
- (3) Approve the relevant 2021/22 Council Tax Base for Sefton Council and each Parish Area as set out in Annex A.

Reasons for the Recommendation(s):

Council Tax Reduction Scheme

Each financial year, the Council must consider whether to revise or replace its local Council Tax Reduction Scheme. The Council must approve and adopt the 2021/22 Council Tax Reduction Scheme by 11 March 2021, as set out in the Council Tax Reduction Scheme (Amendment) (England) Regulations 2017.

The report provides an update on key aspects of the local Council Tax Reduction Scheme. After consideration of the factors outlined later in the report it is proposed that the local Council Tax Reduction Scheme for 2021/22 remains unchanged for working age claimants

Council Tax Base

In accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as amended, the Council is required to set a tax base for both Sefton Council and each Parish Area for 2021/22 before 31st January 2021.

Alternative Options Considered and Rejected: (including any Risk Implications)

Council Tax Reduction Scheme

The Council Tax Reduction Scheme was last revised in 2018/19 following a public consultation process. The changes introduced then continue to address the Council's priorities to minimise the impact on vulnerable residents, by striking a balance between dealing with Council priorities. Ongoing monitoring and evaluation assess the impact of those changes to ensure that they remain fit for purpose. No alternative options have been considered for 2021/22.

What will it cost and how will it be financed?

(A) Revenue Costs

Council Tax Reduction Scheme 2021/22

There would be no additional revenue implications as a result of a decision to retain the current scheme. The cost of the current council tax reduction scheme discounts has been reflected in the council tax base.

Council Tax Base

Changes to the council tax base will have an impact on the level of Council Tax income transferred from the Collection Fund to the Council's General Fund in 2021/22. It will also impact on the amounts due to the Police and Crime Commissioner, the Fire and Rescue Service, and the Combined Authority.

The following table shows the impact of the changes to the tax base between 2020/21 and 2021/22, based on the 2020/21 Council Tax Band D charge:

Council Tax Income	Sefton Council £ million	Police & Crime £ million	Fire & Rescue £ million	Combined Authority £ million
Budget 2020/21	138.651	17.997	6.826	1.613
Forecast 2021/22	135.088	17.535	6.651	1.572
Change	-3.563	-0.462	-0.175	-0.041

(B) Capital Costs

No capital costs applicable.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

The local Council Tax Reduction Scheme will continue to be administered from existing resources.

Legal Implications:

Local Council Tax Reduction Scheme

By Section 5 of Schedule 1A of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) for each financial year each billing authority must:

- a. Consider whether to revise its Council Tax Reduction Scheme or to replace it with another scheme
- b. Make any revision to its scheme, or any replacement scheme, no later than 11 March in the financial year preceding that for which the revision or replacement is to have effect.
- c. If any revision to a scheme, or any replacement scheme, has the effect of

reducing or removing a reduction to which any class of person is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.

- d. Before revising its scheme or making a replacement scheme, an authority must:
- i. Consult any major precepting authority which has power to issue a precept to it.
 - ii. Publish a draft scheme in such manner as it thinks fit, and
 - iii. Consult other such persons as it considers are likely to have an interest in the operation of the scheme.

Equality Implications: The equality implications have been identified and mitigated.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: The Council Reduction Scheme proposed for 2021/22 will help to maintain fairness and consistency. The Scheme provides support to those experiencing financial hardship as well as supporting those making the transition to Universal Credit.
Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: Not applicable
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Provide support to those in financial hardship as well as supporting people into work.
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6216/20) and the Chief Legal and Democratic Officer (LD4408/20.) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet recommendation to Council and approval by Council on 21st January 2021.

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Appendices:

Annex A: Council Tax Base Report 2021/22

Background Papers:

There are no background papers available for inspection.

1. Local Council Tax Reduction Scheme

1.1 Introduction/Background

1.2 Local Council Tax Reduction replaced Council Tax Benefit (CTB) from 1st April 2013. The Council Tax Reduction Scheme is a discount awarded to households on a low income to help towards Council Tax payments. The amount awarded is based on a person's household and income. The local scheme rules only apply to working-age Council Tax payers. Pensioners are protected by legislation and must be provided with the level of Council Tax support specified by the Government.

1.3 The grant transferred to the Council, Police and Crime Commissioner and Fire Service in 2013/14, £24.2M; to fund the local scheme was £3M lower than had previously been provided to fund CTB in 2012/13. The Council therefore had to introduce changes to the national default Council Tax Support Scheme in order to ensure that the local scheme was cost neutral. As the Government had specified the level of support that had to be provided to pensioners, the saving requirement had to be met by reducing the level of support available to working age claimants and through changes to Council Tax empty property discounts.

1.4 The Council is required, by law, to review the Scheme each year irrespective of whether it is being amended.

1.5 The Council Tax Reduction Scheme for 2021/22 must be agreed by Council by 11th March 2021.

2. Review of the Council Tax Reduction Scheme for 2020/21

2.1 To satisfy the requirement to review the Scheme, the following areas have been evaluated:

- Claimant caseload
- Scheme expenditure
- Impact on most vulnerable claimants
- Council Tax collection
- Attachment of Benefits
- Review of the Council's principles for the Scheme
- Council Tax Exceptional Hardship Fund.

2.2 Claimant Caseload

The table below shows the caseload data at 30th September 2020 compared to caseload data at the end of each year since the Council Tax Reduction Scheme was introduced in 2013/14:

Year	Date	Pensioners	Working Age	Total	Change
2013/14	03.04.14	14,655	16,025	30,680	n/a
2014/15	01.04.15	13,925	15,349	29,274	-1,406
2015/16	31.03.16	13,206	14,886	28,092	-1,182
2016/17	31.03.17	12,541	14,524	27,065	-1,027
2017/18	31.03.18	11,970	14,005	25,975	-1,090
2018/19	31.03.19	11,404	14,160	25,564	-411
2019/20	31.03.20	10,871	14,326	25,197	-367
2020/21	30.09.20	10,691	15,505	26,196	+999

The working age caseload can be split further:

Year	Date	Employed	Other	Total	Change
2013/14	03.04.14	2,874	13,151	16,025	n/a
2014/15	01.04.15	2,748	12,601	15,349	-676
2015/16	31.03.16	2,504	12,382	14,886	-463
2016/17	31.03.17	2,193	12,331	14,524	-362
2017/18	31.03.18	1,900	12,105	14,005	-519
2018/19	31.03.19	1,597	12,563	14,160	+155
2019/20	31.03.20	1,268	13,058	14,326	+166
2020/21	30.09.20	1,049	14,456	15,505	+1,179

2.3 Pensioner Claimants: Since the initial implementation of the scheme in 2013/14 the number of Pensioner claimants has declined in every year. Claimant numbers reduced by -312 between 2018/19 and 2019/20. Pensioner claimant numbers have continued to fall in 2020/21.

2.4 Working Age Claimants: The number of working age claimants reduced each year between 2013/14 and 2017/18 before starting to increase in 2018/19. Claimant numbers have increased significantly in 2020/21 as a result of the economic impact of Covid-19. Claimant numbers are expected to continue to rise into 2021/22 as the Government removes support provided through the job support scheme and self-employed scheme.

2.5 Scheme Expenditure

The following table shows the Council Tax Reduction Scheme expenditure reported in the Revenue Outturn Return compared to the mid-year estimate for 2020/21:

Year	Source	Pensioners £000	Working Age £000	Total £000	Change £000
2013/14	RO Return	13,305	9,907	23,212	n/a
2014/15	RO Return	12,152	10,364	22,516	-696
2015/16	RO Return	11,895	9,760	21,655	-861
2016/17	RO Return	11,540	10,559	22,099	+444
2017/18	RO Return	11,378	10,948	22,326	+227
2018/19	RO Return	11,695	11,069	22,764	+438

2019/20	RO Return	11,790	11,784	23,574	+810
2020/21	Estimate	11,961	13,492	25,453	+1,879

Notes:

2020/21 Estimate: Pensioner & Working Age cost have been split based on the weekly average recorded on the monthly CTR304 reports up to 30 September 2020.

2.6 Council Tax Base Return Data

The following table provides a view of the Council Tax Reduction Scheme expenditure based on weekly payments recorded in early October as reported in the Council Tax Base Return:

Year	Source	Pensioners £000	Working Age £000	Total £000	Change £000
2013	CTB Return	12,602	10,214	22,816	n/a
2014	CTB Return	12,491	10,260	22,751	-65
2015	CTB Return	11,991	10,033	22,024	-727
2016	CTB Return	12,503	9,918	22,421	+397
2017	CTB Return	12,579	9,816	22,395	-26
2018	CTB Return	12,634	9,742	22,376	-19
2019	CTB Return	11,995	11,780	23,775	+1,399
2020	CTB Return	12,021	13,503	25,524	+1,749

2.7 Impact on the most vulnerable claimants

The local Council Tax Reduction Scheme addresses the Council's priorities to minimise the impact on the most vulnerable, by seeking to strike a balance between dealing with Council priorities whilst supporting those experiencing financial challenges. The Council, having recognised the impact on communities, has introduced a range of mitigating actions, including:

- Provision of an Exceptional Hardship Fund (see Section 2.11)
- Allowing a Universal Credit notification, received from the Department for Work and Pensions (DWP), to be treated as a claim for local Council Tax Reduction, thus removing the need for those in receipt of Universal Credit to have to make a separate claim for support towards their Council Tax.
- Making provision in the local Council Tax Reduction Scheme for awards to be backdated for up to 6-months for working-age vulnerable claimants.
- Deciding that the Council's local Council Tax Reduction scheme for working-age families should not to replicate the rules that are in place in the national Housing

Benefit scheme and the Council Tax Reduction Pensioner scheme whereby the removal of the family premium and the “2-child” rule restrict the level of award.

- Offering 12-month (rather than 10-month) instalment payments to Council Tax payers.
- Adopting a sensitive approach to enforcement action to consider the potential vulnerability of Council Tax Reduction claimants. Before cases are referred to Enforcement Agents a vetting stage has been introduced and cases are dealt with under a separate debt recovery process to minimise potential increases in debt.
- Establishing a co-ordinated working relationship between the Council’s contracted Enforcement Agents and Citizens Advice Sefton to support people in debt. Citizens Advice Sefton has direct lines of communication with the Enforcement Agents and can arrange for recovery action to be placed on hold whilst discussing and agreeing affordable payment arrangements.
- Implementing processes for Council staff to refer claimants to the Money Advice and Pension Service, or Citizens Advice Sefton for help and support with debt/budgeting advice or making/maintaining their Universal Credit claim.
- Putting an escalation process in place for the debt advisor based at South Sefton foodbank to contact nominated Council Tax staff to request a hold on recovery action or discuss affordable payment arrangements.
- Participating in Sefton’s Welfare Reform Anti-Poverty Partner’s Group – staff from the Council’s Council Tax and Benefit team, work with partner organisations and other Council services to support residents suffering financial vulnerability and to provide practical support such as signposting claimants for winter coats, school uniforms.

2.8 Council Tax Collection

The table below shows the amount of Council Tax billed and collected during 2019/20:

Recorded at 31 March 2020	Liability Raised £000	Received In Year £000	Collection Rate %
CTRS Cases - Working Age	4,225	3,060	72.4
CTRS Cases - Pensioner Age	1,650	1,714	103.9
Other Council Tax Payers	155,781	150,103	96.4
Total (in-year collection)	161,656	154,877	95.8

The in-year collection rate reduced from 97.2 % in 2012/13 under the council tax benefit system to 96.2% in 2013/14 when council tax support was localised. Since then the overall collection rate has remained within a narrow range from 95.8% to 96.3%. The in-year collection rate for 2019/20 was 95.8%, which is the lowest collection rate recorded to date, but 0.8% higher than the average for Metropolitan Districts.

In-year collection rates have continued to decline in 2020/21 as a result of the impact of Covid-19.

Council Tax Collection 2020/21

As at 31st October 2020, the in-year Council Tax collection figure was 62.94%. This is a drop of 1.2% on the equivalent comparison in 2019/20.

The main reason for the lower collection rate for 2020/21 has been the impact of Covid-19 on the economy. The Council has adopted a sensitive approach to Council Tax collection throughout the pandemic as detailed below: -

- A greater awareness of vulnerability has meant that as soon as an issue is identified, in most cases, recovery action is placed on hold whilst the vulnerability aspect is assessed. It may result in the Council entering into payment arrangements which take slightly longer to repay because of a genuine financial vulnerability being identified.
- There was no recovery action taken on accounts for 2020/21 until 30th June 2020 when the Council issued informal, "soft reminders" to 14,412 taxpayers who had fallen into arrears. A second batch of soft reminders was issued on 19th August 2020 to 3,548 taxpayers. On 8th October 2020, 9,844 second reminders were issued. This time the wording on the reminder was slightly stronger than the initial reminder.
- The emphasis of the soft reminder letters has been to encourage engagement with the Council to discuss options around payment arrangements and to advise about the support that is available, such as the Exceptional Hardship Fund, benefits advice, and signposting to debt advice agencies for help with managing finances.
- As there has been no formal recovery action taken, the Council has not issued Magistrates Court summons to apply for Liability Orders. As a Liability Order must be obtained prior to taking deductions from benefits and earnings, and also in order to refer cases to Enforcement Agents, there has not been any revenue from these recovery options.
- All applications for Liability Orders in the Liverpool City Region area were put on hold in April 2020 due to Covid-19. Magistrates Courts in the area will be commencing Liability Order hearings again in January 2021 and the Council will put steps in place to recommence formal recovery for appropriate cases.
- Enforcement Agent visits were suspended by 23rd March 2020 when national lockdown commenced. Enforcement visits were able to restart from 24th August 2020. The Civil Enforcement Agency (CIVEA) implemented a post-lockdown plan whereby prior to visits recommencing, Enforcement Agents had to issue pre-engagement letters to identify vulnerability and those affected by Covid-19. The Council asked Enforcement Agents to issue pre-engagement letters in August 2020 in respect of debt that had been referred before the pandemic. The letters gave 30 days for the taxpayer to engage with the firms to seek support and/or

arrange payment. Enforcement Agents commenced visits from 11th September 2020. Agents are trained in how to identify vulnerability and offer support. CIVEA has set out requirements for safe visits, i.e. they should be contactless, and agents do not enter the premises.

2.9 Attachment of Benefits

Since the introduction of the Council Tax Reduction Scheme in April 2013 the number of working age claimants falling into arrears continues to grow. One recovery option open to the Council in respect of benefit claimants is to apply for an Attachment of Benefit (AOB) via the courts. Under this option the Court can require a payment of up to £3.70 per week to be made by the DWP directly from the claimant's benefits to meet Council Tax arrears.

Payments by AOB do provide some certainty to both the Council and the debtor. For the Council, the payments do guarantee regular income from the debtor. For the debtor, there is the security of knowing that a debt is being paid by a deduction from their benefit.

However, AOB is not a perfect solution to the problem of growing debt for the following reasons: -

- An AOB cannot be applied without first having taken the debtor to court to obtain a Liability Order. Due to the need to follow the correct legislative timeline for obtaining a Liability Order, payment by AOB cannot commence until part-way through the year. Typically for a bill issued in March the first payments would not be made by the DWP until August of the same year.
- Many debtors have arrears outstanding for multiple years Council Tax. An AOB can only be used to collect one debt at a time. In addition, current legislation does not allow the Council to take any other form of debt recovery (e.g. use of Enforcement Agents) whilst an AOB is in place. To mitigate this, letters have been issued to people on AOB asking them to contact the Council for advice, to make alternate payment arrangements or seek financial advice from Citizens Advice Sefton. However, this initiative met with only a few people contacting the Council to make payment arrangements.
- Collection of Council Tax debt by way of AOB is not the highest priority of debt administered by the DWP. The level of recovery will therefore be affected when a person has multiple debts, e.g. rent and energy debts are given higher priority. The impact of Covid-19 meant that there were no new referrals to the DWP for new deductions between April – October 2020, which is the reason for the drop in live cases in the table below. The Council has recommenced issuing new instructions and these will be processed by the DWP when work priorities allow.
- Many new claimants for local Council Tax Reduction have already accrued debts before an AOB can be considered.
- At the commencement of the scheme in 2013 the maximum deduction of £3.70 was lower than the minimum weekly Council Tax charge for all property bands. The minimum contribution of 20% towards the Council Tax was greater than the amount

that could be collected within the year by AOB. This created a problem of debt being carried forward to the following year. Therefore, whilst debt payments were being collected regularly the amount of debt at the end of each year kept growing.

- To try and break the cycle of debt, the Council Tax Reduction Scheme was amended with effect from 1st April 2016 to reduce the minimum contribution rate to 16%. This rate was calculated so that the AOB payment of £3.70 per week was more than would be due from Council Tax for many of the claimants.
- A significant number of customers have arrears for more than one financial year. As only one AOB order may be deducted at a time there has been a significant increase in the number of pending cases. These cases are effectively stacked up until an earlier order is paid. No recovery action may be taken in the interim and the value of such cases is increasing year on year.
- The following table shows the amount of debt being recovered by AOB, and the amount of debt still waiting recovery by AOB as at 31st October 2020: -

	01.04.18	01.04.19	31.10.19	01.04.20	31.10.20
AOB in payment	£916,181	£1,121,179	£1,268,727	£1,160,881	£1,011,275
Number of cases	5,200	6,276	6,642	5,803	4,528
AOB Pending	£3,216,978	£3,987,625	£4,801,112	£4,382,203	£4,425,238
Number of cases	14,083	16,919	19,602	18,163	18,076

2.10 Review of Scheme Principles

The local Council Tax Reduction Scheme is based on five principles and the review is summarised below:

Principle	CTRS working for non-pensioner claimants?
The Council will continue to support work incentives	<p>Yes – The Council continues to operate a system which disregards certain amounts of money from customers earnings through employment and self-employment when calculating entitlement.</p> <p>This results in some additional support to those customers receiving Universal Credit who are in low paid work, following the removal of UC work allowances from April 2016</p>
The Council will continue to recognise the additional	Yes – The Council continues to make additional allowances and give additional support to those

<p>needs of our most vulnerable residents.</p>	<p>receiving certain DWP sickness benefits, disability benefits and benefits for Carers when calculating entitlement.</p> <p>Additionally, the Council continues to disregard certain disability benefits as income when calculating entitlement</p> <p>Procedures were reviewed for the collection of non-payment of Council Tax to ensure non-disproportionate impact on the most vulnerable households. Also budgeting support and advice is made available to all claimants.</p> <p>The Council Tax Exceptional Hardship Fund is available to those in the greatest financial need with fair and transparent criteria for awards.</p>
<p>The Council will continue to recognise the additional needs of families with children</p>	<p>Yes – Child Benefit and Child Maintenance payments are not considered as income when calculating entitlement to CTRS.</p> <p>Additional allowances are given when calculating entitlement for where there is a disabled child in the family.</p> <p>The CTRS also mirrors provisions in the Housing Benefit scheme by taking child care costs into account for low income working families</p> <p>The Council continues to include the Family Premium when calculating the Council Tax Reduction. This was removed for all new Housing Benefit claims from May 2016. The Council has also chosen not to mirror the Housing Benefit scheme which restricts the amount of support given to families with more than two children within its CTRS;</p>
<p>The Council supports households staying together to make better use of housing in Sefton and reduce homelessness.</p>	<p>Yes - The amount of Council Tax Reduction taken away from a customer when other adults live in the household (known as a non-dependant deduction), was reduced in 2013 and remains at those lower levels.</p>
<p>The Council will continue to have due regard to the Armed Forces Covenant</p>	<p>Yes – War Disablement and War Widows pensions in calculating CTRS, including any Armed Forces compensation in accordance with the covenant is disregarded. This also includes the service attributable element of the armed forces pension could also be disregarded as income when calculating entitlement.</p>

2.11 Council Tax Exceptional Hardship Fund (EHF)

A key feature of the local Council Tax Reduction scheme was the creation of an exceptional hardship fund. In 2013/14, the Council set an annual budget for EHF of £150,000, agreeing to increase the budget to £170,000 with effect from 1st April 2020. The scheme was introduced by the Council to mitigate against potential issues that may have arisen because of the abolition of Council Tax Benefit and the introduction of the local Council Tax Reduction Scheme.

The fund aims to help vulnerable working age people experiencing financial hardship by reducing their Council Tax bill. Each year, approximately £20,000 is also used to fund council tax discounts for care leavers.

The fund is administrated within an agreed policy, the Discretionary Reduction in liability policy, approved by Cabinet Member for Regulatory, Compliance and Corporate Services.

As part of its response to Covid-19, the Government announced in the Budget Statement on 11 March 2020, that an extra £500 million of new grant funding would be made available to local authorities in 2020/21 to deliver support to economically vulnerable people and households in their local area. Sefton Council's grant allocation was £3,036,603, based on a client caseload of 14,058 working age claimants at 31 December 2019.

The Government's expectation was for billing authorities to provide all recipients of working age local council tax reduction during 2020/21 with a further reduction in their council tax bill of £150, using their discretionary powers to reduce the liability of council tax payers outside of their formal council tax reduction scheme design.

The Council utilised the allocation by providing a grant of £150 to existing working age council tax reduction scheme claimants, with any remaining funds used to provide this discount to new working age claimants in 2020/21 and to provide additional exceptional hardship discounts to council tax payers on a case by case basis in line with the Council's existing policy.

As stated at 2.4 above, it is assumed that the local council tax reduction caseload will continue to increase due to the economic impact of the pandemic and as the Government removes support provided through the job support scheme and the self-employed scheme. Each new claimant during 2020/21 will receive the automatic £150 discount.

The following table shows an illustration of how the Council thought its grant funding may be allocated at the beginning of 2020/21: -

New Hardship Funding 2020/21	£m
<u>Automatic £150 Discount</u>	
Existing Working-Age CTRS caseload 14,244	2.137
25% Increase in case load assumed (+3,500)	0.525
	2.662

Other Exceptional Hardship Discounts*	0.375
Total	3.037

* In addition to the existing £0.150 million already available after care leavers discounts have been applied.

As at 4th November 2020, the Council had allocated £2.491m by way of automatic £150 discounts to working age council tax reduction scheme claimants.

As at 30th November 2020, Exceptional Hardship payments of approximately £125,000 have been awarded. The Council will continue to target spend of the remaining funding to those struggling to make Council Tax payments as a result of the pandemic.

Regular updates about the availability of the Exceptional Hardship fund are shared with partner organisations participating in Sefton's Welfare Reform Anti-Poverty group, such as Citizens Advice Sefton, the local Foodbanks, Sefton CVS and registered social landlords.

2.12 Summary of local Council Tax Reduction Scheme Review 2020/21

The number of claimants has increased in 2020/21 as a result of the impact of Covid-19 on working age households. In the first 6 months of the year the total number of claimants increased by 999 (4.0%) to 26,196 (10,691 pensioner age and 15,505 working age).

The forecast cost of the scheme has increased by £1.879m (8.0%) in 2020/21 to £25.453m (at 30/09/20). This is due to the impact of rising working age claimant numbers and an average council tax increase of 4.0%.

Working-age claimant numbers are expected to continue to rise into 2021/22 as the Government removes support provided through the job support scheme and self-employed scheme.

Council Tax in year collection rates fell by 1.0% to 96.2% in 2013/14 after the replacement of Council Tax Benefit with the local Council Tax Reduction scheme. The collection rate has remained at a similar level since, with a collection rate of 95.8% being achieved in 2019/20. This was 0.8% higher than the average collection rate for all Metropolitan Districts. The in-year collection rates have continued to decline in 2020/21 as a result of the impact of Covid-19. The collection rate recorded at the end of October 2020 was 1.2% lower than at the same point in 2019.

3. Council Tax Reduction Scheme - Consultation

The statutory provisions are silent on the consultation required when a council is not proposing to change its Council Tax reduction scheme.

Letters will be issued to the precepting authorities – Merseyside Police and Crime Commissioner and Merseyside Fire and Rescue Service notifying them that no change is being proposed. The combined Authority will also be notified of no change.

4. Local Council Tax Reduction Scheme - Equality Impact Assessment

Department for Communities and Local Government issued a report in February 2014 reminding local authorities of their key duties when deciding on local Council Tax Reduction Schemes:

- Public Sector Equality Duty (The Equality Act 2010)
- Duty to mitigate the effects of child poverty (The Child Poverty Act 2010)
- The Armed Forces Covenant
- Duty to prevent Homelessness (The Housing Act 1996)

A detailed equality assessment was undertaken and published as part of the design and implementation of CTRS for 2013/14. This assessment had been reviewed in the context of the proposed options for 2016/17 and found there was no disproportionate impacts as the mitigating actions put in place for the 2013/14 scheme remained. The assessment can be found at Annex D of the Council Report dated 24 January 2013.

ANNEX A

SETTING THE COUNCIL TAX BASE FOR 2021/22

1. Setting the Council Tax Base

- 1.1 The council tax base is the link between the Council's budget and the level of council tax. The tax base will be used to calculate the council tax in Sefton, once the Council's budget has been agreed. The Council is required to calculate its own tax base as well as the tax base for each parish council within its boundary and have them approved by the 31 January 2021.
- 1.2 The calculation of the council tax base takes into account many factors such as the rate of new building and the trends in people living on their own (Sole Occupier Discounts).
- 1.3 The tax base calculation assumes a collection rate of 97.0% in 2021/22, which is 1.25% lower than applied in 2020/21. This reflects the negative impact Covid-19 has had on council tax collection in the current year.

2. Council Tax Base for Sefton Council in 2021/22

- 2.1 The tax base for 2021/22 is 82,772.1 Band D equivalent dwellings for Sefton Metropolitan Borough Council. This is a reduction of 2,182.3 (-2.6%) in comparison with the tax base for 2020/21. An analysis of the changes between the 2020/21 and the 2021/22 tax base is provided in the table below:

Tax Base for Sefton Council		Band D Equivalents		
		2020/21	2021/22	Change
H	Chargeable Dwellings			
	Dwellings on the Banding List	111,059.3	111,551.2	491.9
	Exempt Dwellings	-2,134.1	-2,216.8	-82.7
	Disabled Persons Reductions	-149.6	-150.2	-0.6

		108,775.6	109,184.2	408.6
Q	<u>Discounts</u>			
	Sole Occupier & Status Discounts	-10,092.1	-10,278.5	-186.4
	Empty Property Discounts	-60.6	-49.4	11.2
	Total	-10,152.7	-10,327.9	-175.2
E	Empty Homes Premium	630.8	704.0	73.2
J	<u>Adjustments</u>			
	New Dwellings on the Banding List	309.7	121.7	-188.0
	Banding Reductions	-166.6	-167.3	-0.7
	Exemptions, Discounts, & Premium	-420.4	-634.4	-214.0
		-277.3	-680.0	-402.7
Z	Council Tax Support Scheme	-12,567.8	-13,608.0	-1,040.2
B	Collection Rate Adjustment	-1,512.2	-2,558.2	-1,046.0
	MOD Properties	8.0	8.0	0.0
	Council Tax Base	84,904.4	82,722.1	-2,182.3

2.2 The impact of Covid-19 has seen the Council's tax base reduce for the first time since 2013/14, when local council tax support discounts were introduced to replace the previous system of council tax benefit.

2.3 The main reasons for the changes in the tax base are:

Dwellings on the Banding List: The number of properties on Banding List has increased by 523 (0.4%) in the year.

Exempt Dwellings: The number of dwellings subject to a specific exemption (Class A to W) have increased by 117 (4.6%). The largest increases were in the number of Class F exemptions (dwellings left empty by deceased persons) and Class E exemptions (an unoccupied dwelling which was previously the sole main residence of a person who has moved into a hospital or a care home).

Sole Occupier & Status Discounts: The number of dwellings receiving a 25% discount due to single occupancy or where one person is disregarded, has increased by 871 (1.8%).

Adjustments: A lower level of new house building has been forecast for 2021/22 due to the impact of Covid-19 on the economy. The number of exemptions and discounts are forecast to increase by a greater number than usual in 2021/22 due to the ongoing impact of Covid-19.

Council Tax Support Scheme (CTRS): There has been a significant increase in the number of claims for CTRS discounts since the first Covid-19 lockdown was announced in March 2020. The number of CTRS claimants has increased by 945 (3.8%) between 30 November 2019 and 30 November 2020. A further increase in claimant numbers is anticipated when the Government Furlough Scheme ends in April 2021. The Government anticipate unemployment to peak at the end of the second quarter in 2021/22. The tax base calculation assumes that CTRS discounts will increase by a further 5.0% in 2021/22.

3. Council Tax Base in Parish Areas for 2021/22

3.1 There are also new tax base figures for each parish area in 2021/22. The following table provides details of the new tax base for each parish compared to 2020/21:

Tax Base for Parish Areas	Band D Equivalents			%
	2020/21	2021/22	Change	Change
Parish of Aintree Village	2,077.3	2,017.8	-59.5	-2.9%
Parish of Formby	9,205.7	9,010.7	-195.0	-2.1%
Parish of Hightown	873.1	855.0	-18.1	-2.1%
Parish of Ince Blundell	170.5	166.0	-4.5	-2.6%
Parish of Little Altcar	333.3	327.2	-6.1	-1.8%
Parish of Lydiate	2,072.0	2,028.6	-43.4	-2.1%
Parish of Maghull	6,766.5	6,697.7	-68.8	-1.0%
Parish of Melling	1,014.7	1,029.5	14.8	+1.5%
Parish of Sefton	237.2	247.5	10.3	+4.3%
Parish of Thornton	788.8	767.4	-21.4	-2.7%

3.2 The tax base calculation for each of the parish areas is based on the same assumptions made in the calculation for Sefton Metropolitan Borough Council.

3.3 Most parish areas are experiencing a reduction in their tax base as a result of the impact of Covid-19. However, some parishes have experienced higher levels of housing growth in the past 12 months which has offset the impact of Covid-19.