

Wiltshire Council

Cabinet

12 September 2023

Subject: Council Tax Reduction Scheme Review and charges for long term empty properties

Cabinet Member: Cllr Nick Botterill – Cabinet Member for Finance, Development Management and Strategic Planning

Key Decision: Non-Key

Executive Summary

In 2013 Wiltshire Council introduced a local Council Tax Reduction (CTR) Scheme which has been subject to review and amendment since inception to ensure its suitability and bring it in line with other welfare benefits. Changes to the scheme's operation require consultation and the purpose of this report is to set out proposals for consultation to further adapt the scheme to improve administration and accommodate the effects of the ongoing rollout of Universal Credit, as well as ensuring the support for low-income households remains at the appropriate level considering the ongoing cost of living crisis.

In 2013 councils were given the power to charge council tax premiums on long term empty homes. Further powers were provided in 2019 to adapt these premiums.

This report describes options for changes to the CTR scheme with potential financial impacts and also includes a proposal to amend our approach to the treatment of and associated council tax charges for long-term empty properties.

These options are subject to consultation and the results of the consultation will be brought back to Cabinet in December for a subsequent decision to ensure any changes are included within the timeframe for the calculation and setting of the council tax taxbase, for council tax setting purposes, and in time for implementation for the 2024/25 financial year.

The report also raises awareness of proposals to change legislation giving council's the discretionary power to add premiums of up to 300% to those owning second homes. A further report will be brought to Cabinet with recommendations on premium charges once the Levelling Up and Regeneration Bill for England is enacted later this year.

Proposals

Cabinet is asked:

- 1) To delegate to the Director Finance, to go out to consultation on the proposals included in this report;
- 2) To approve an increase in the Council Tax premium charge levied on long term empty properties with effect from 1 April 2024.

Reason for Proposal

Since 2013 the council has operated two schemes to determine entitlement to Council Tax Reduction (CTR). The scheme for those of pensionable age is a national scheme and mandated and applies 100% relief to those households.

The scheme for those of working age is referred to as the local scheme as a scheme set by the council. Both the administration and the rules of the working age scheme have been heavily impacted by the roll out of Universal Credit which is managed by the Department for Work and Pensions (DWP).

The local scheme was successfully launched in 2013 and at the time efforts were made to keep the scheme cost neutral. The result was that many working age households were expected to contribute toward their council tax for the first time. Whilst this approach was widely adopted by many local authorities, the impact of changes to the calculation of council tax to allow the inclusion of the Adult Care levy, the impact of Covid-19 and the current cost of living crisis was not anticipated and has resulted in more customers being unable to meet their council tax liability especially low-income households in receipt of Council Tax Reduction.

As a local scheme the council should review the scheme regularly to ensure it meets the priorities of the council and delivers an appropriate level of support for low-income households. Due to the impacts detailed above it is right that the council review the scheme and are required to consult on any changes recommended to the scheme.

It also proposed that changes are made to increase the premiums charged on long term empty properties and adopt the same approach as our neighbouring authorities.

Andy Brown
Corporate Director of Resources and Deputy Chief Executive (S151 Officer)

Wiltshire Council

Cabinet

12 September 2023

Subject: Council Tax Reduction Scheme Review and charges for long term empty properties

Cabinet Member: Cllr Nick Botterill – Cabinet Member for Finance, Development Management and Strategic Planning

Key Decision: Non-Key

Purpose of Report

1. This report provides a series of options for consideration and a recommendation on which to consult in order to offer an appropriate, local, means tested Council Tax Reduction (CTR) scheme to working age customers on a low or fixed income by April 2024, and meet the requirements for consultation, with a variety of stakeholders.

Background

2. Since 2013 the council has operated two schemes to determine entitlement to Council Tax Reduction (CTR). The scheme for those of pensionable age is a national scheme and mandated and therefore this report does not include any review of this scheme. All proposals for changes to CTR within this report relate only to the scheme for those of working age. Both the administration and the rules of the working age scheme have been heavily impacted by the roll out of Universal Credit which is managed by the Department for Work and Pensions (DWP).
3. The ongoing rollout of Universal Credit has had a number of effects on the financial help that the council provides and administers. It has changed the relationship between the council and the claimant, who in the past relied upon Housing Benefit (administered by the council) for their housing costs. Now Universal Credit includes housing costs for the majority of tenants, reducing both the information held by the council and the urgency with which customers once engaged with us. Universal Credit is a benefit that can be used to top up a low income. It can be claimed by those in work, those temporarily out of work, as well as those unable to work. Around two thirds of all working age households in receipt of CTR are also in receipt of Universal Credit, and it is expected that the remaining third will migrate from Housing Benefit to Universal Credit over the next two to three years. The overall impact of migration upon council services will be significant as many of these customers are vulnerable and supported by other council services such as Adult Social Care, Mental Health and Learning Disabilities Teams and the Court of Protection Team.
4. Methods of exchanging information between local authorities and the DWP have changed. Much of the information sent by the DWP automatically populates the software system used by Revenue and Benefits. However, automation has caused

problems of its own. Over the last few years, the number of notifications received from the DWP for those on Universal Credit has dramatically increased, from approximately 5,000 notifications per month in 2019 to approximately 11,000 per month in 2023.

5. Despite automation, the quantity of data now being received from the DWP has led to large numbers of error reports that need to be manually checked and, where necessary, corrections made to entitlements. At current staffing levels, this is simply no longer feasible. Furthermore, the current CTR scheme is affected by many of these changes that are often very small and have what is considered an insignificant impact. Consequently, claims for CTR are subject to frequent amendments, often as a result of a relatively minor change in earned income or reassessment of entitlement to Universal Credit by the DWP. This leads not only to an increased workload, but also to more frequent issuing of revised council tax bills and changes in entitlement notifications, which confuses customers and increases customer contact.
6. Along with other councils in England it is time to review the CTR scheme as the need for change is recognised. We have looked at changes made to CTR schemes by other councils and found that some councils have opted to simplify their schemes to eliminate the need to process the ever-increasing number of electronic notifications received from the DWP. This has been achieved by disregarding Universal Credit as income in the calculation of CTR. Surrey Heath Borough Council, St Albans City and District Council, Westmorland and Furness Council, Cambridge City Council, have all followed this route. Some authorities have also specifically chosen to directly increase the levels of support provided to council taxpayers. (See appendix 5)
7. The estimated cost of the CTR scheme in 2024/25 will be approximately £31.5m before any change is made. The report sets out proposals on which a consultation will be based to change the scheme in an attempt to solve the issues raised above. It provides estimated costed options for a local CTR scheme which may offer better support to those who most need help, specifically those in receipt of Universal Credit. In doing so the council would also minimise the administrative costs of maintaining claims for CTR. Any proposal to increase the CTR will impact upon the formula used to calculate the council tax taxbase. Whilst changes to the CTR scheme will reduce the taxbase, these falls will be partially offset by improved collection rates which will increase the taxbase which will have an impact upon all precepting authorities and levels of precepts.
8. Currently approximately 26,000 households in Wiltshire receive full or partial help with their council tax through the current Council Tax Reduction scheme, assistance amounting to an estimated £30m for the current financial year. The caseload has remained relatively stable since December 2021.
9. Welfare reform and efforts to reduce the cost of the welfare bill resulted in the abolition of a national council tax benefit scheme for working aged households with effect from April 2013. The council currently applies the national scheme to those of pensionable age and a locally designed scheme for those of working age.
10. Currently 37% of households who receive council tax reduction are of pensionable age. Entitlement to a reduction in their council tax is determined by the national scheme where the rules are set by government which determine the means, criteria

and levels of reduction up to 100% of the council tax due. Currently 9,500 pensioner households receive a means tested council tax reduction.

11. Analysis of the remaining 63% of caseload (the working age claimants) suggests that around 7,900 householders are in the protected group and are in receipt of multiple benefits which mean they currently have their council tax reduction based on 100% of their council tax liability. Of the remainder, 7,100 recipients are in receipt of Universal Credit, and are usually either working or looking for work. A further 1,300 recipients are either in receipt of legacy benefits or are employed. These recipients are expected to contribute at least 20% towards their council tax bill under the current scheme. It is the degree of support offered to recipients of Universal Credit upon which this report and the proposed changes to the scheme are focussed.
12. The local scheme was successfully launched in 2013 and at the time efforts were made to keep the scheme cost neutral. The result was that many working age households were expected to contribute toward their council tax for the first time. Whilst this approach was widely adopted by many local authorities, the impact of changes to the calculation of council tax to allow the inclusion of the Adult Care levy, the impact of Covid-19 and the current cost of living crisis was not anticipated and has resulted in more customers being unable to meet their council tax liability especially low-income households in receipt of Council Tax Reduction. (Appendix 4 demonstrates the amount of debt owed by households and by those currently in receipt of CTR.)
13. Universal Credit has offered those claimants greater flexibility in terms of working and continuing to claim benefit. The migration of more customers onto Universal Credit, however, has resulted in an unprecedented increase in the notification of changes reported by the DWP to local authorities. Under the current CTR scheme, the council needs to process every one of these changes, regardless of the value of the change. Since January 2023 Wiltshire Council has on average received 11,000 notifications per month.
14. These notifications from the DWP often lead to the amendment of any entitlement to council tax reduction, the production of a revised bill and the recalculation of instalments. In some cases, this may happen every month. This causes confusion for the customer, a reluctance to pay and can delay collection of their direct debit which increases subsequent payments.
15. As a result of changes to the scheme in 2015, a fund was created to award a discretionary additional council tax reduction to those who were least able to pay their council tax.

Main Considerations for the Council

16. The council must consult on any changes to the scheme and approve them before implementation in February 2024 and deployment from April 2024.
17. To provide options for consideration, the data currently held within the revenues and benefits system (NEC) has been analysed using specially designed software.

Analysis has enabled the modelling of planned changes and the costs of a range of options, shown at Appendix 1.

18. Through analysis and engagement with neighbouring authorities as well as national bodies, six potential proposals have been offered for consideration, and within these options there are variations on a theme. The main drivers for change are:

- To simplify the scheme to reduce the number and frequency of changes to recipients' entitlement to council tax reduction. This will be achieved by eliminating the need to process the unprecedented increase in the number of Universal Credit change notifications received from the DWP.
- To reduce administration costs, staff time and printing and postage.
- To transfer responsibility for making and maintaining an application for council tax reduction to the applicant, rather than relying on information provided by the DWP. This will empower applicants to take ownership of their council tax reduction, as well as their council tax bill. This proposal should be considered against the backdrop of the council's development of an electronic portal that will facilitate applicants to interact more easily with the council, including the uploading of supporting evidence and the reporting of changes in their circumstances. The portal will also enable applicants to view their entitlement to council tax reduction, their council tax bills, and other related documentation online.
- To reduce the costs of recovering council tax debt caused by the current cost of living crisis by increasing the reduction applied by the scheme for those customers most in need and least likely to pay the amount of their council tax liability not covered by their reduction.

19. For all of the reasons above, the scheme must be reviewed, and consideration given to changes required to reflect the additional burden caused by the impact of Universal Credit, the cost of living crisis and the increase in Council Tax liabilities.

The Proposals

20. **Proposal 1** is a composite proposal consisting of 3 elements:

- i. To disregard Universal Credit as income in the calculation of council tax reduction; and
- ii. To bring applicable amounts for Universal Credit recipients in line with all other applicants; and
- iii. To transfer responsibility for making and maintaining an application for council tax reduction to the applicant, rather than relying on information provided by the DWP.

21. The proposals that follow should be considered as potential additions to this crucial, composite proposal.

22. **Proposal 2** includes proposal 1, with the addition of restricting the basis for calculating CTR to the maximum council tax liability of a Band D property (after any relevant discounts have been applied). This would mean that those recipients living in Band E or higher properties will have to contribute more towards their council tax liability.
23. **Proposal 3** includes proposal 1, with the addition of enhancing the current scheme which is based on a maximum of entitlement to CTR of 80% to 90% of total council tax liability to better accommodate those in need of CTR who are of working age and who do not fall within a protected group.
24. **Proposal 4** includes proposal 1 and combines proposal 2 and 3 so as to raise the maximum **entitlement** to CTR to 90% of total council tax liability, while also restricting the basis for calculating CTR to the maximum liability of a Band D property (after any relevant discounts have been applied).
25. A comparative costing analysis for these proposals is set out in **Appendix 1**.
26. It is also proposed to update the council tax premium applied in accordance with The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 and increase the premium from 50% to 100% for dwellings that are empty and unoccupied for more than two years, and to increase this to 200% if the dwelling remains empty for five years and 300% if the property is empty for longer than ten years. Empty properties subject to probate are exempt from council tax until six months after probate is granted.
27. Government guidelines suggested any local CTR scheme should:
 - be relatively simple to understand from both the customer's perspective and from an administrator's perspective.
 - must minimise the impact on vulnerable groups such as the disabled and those entitled to either war disablement or war widow's pensions.
 - support the aim of making work pay.
 - be feasible in terms of adapting existing software.

It must also be fully operational by January 2024 and embedded for the purposes of council tax taxbase setting in late 2023.

28. In addition to these changes, it should be noted that the overall council tax outstanding at the end of 2022/23 rose from approximately £18.5m to approximately £22.6m. Whilst there are many factors influencing this figure (including the base value increases of Council Tax), the sum due from those already in receipt of CTR currently stands at £6.5m and is 29% of the total debt. It is important to note that while our current scheme obliges all working age customers not in the protected category to pay 20% of their council tax, much of that is not being collected.
29. As part of the proposed Levelling Up and Regeneration Bill for England there is inclusion of an increase to the maximum premium chargeable on second homes from 100% to 300%. There is an intention to bring a future report to Cabinet proposing that

the council increase the premium on second homes with effect from 1 April 2025, which will be the earliest date the change can be implemented.

Overview & Scrutiny Engagement

30. This report will be considered by Financial Planning Task Group on 8 September 2023 and Overview and Scrutiny Management Committee on 26 September 2023.

Safeguarding Implications

31. None have been identified as arising directly from this report.

Public Health Implications

32. The scheme is designed to support those on a low income, whether that be for long or short periods. The scheme works in conjunction with other national welfare benefits but is overly sensitive to any change in income. If it is agreed to amend the scheme for working aged people, it is likely to have a beneficial impact, reducing frequent recalculation of their bill. It is hoped that a more generous scheme would support the wellbeing of those most vulnerable in our communities, through the reduction of uncertainty and the implementation of a simpler scheme for customers and for those administering the scheme.

Procurement Implications

33. None have been identified as arising directly from this report.

Equalities impact of the proposals

34. A full EQIA will not be completed until the options have been debated and have been the subject of a full consultation exercise. However, the council tax reduction scheme is there to protect those on the lowest income from the challenge of paying their council tax in full. Under the umbrella of council tax reduction the most vulnerable will continue to be fully protected and receive a 100% reduction if they are in receipt of Personal Independence Payments (PIP), Disability Living Allowance (DLA), War Disablement Pensions or a War Widows Pensions, regardless of their age. Those of pensionable age are subject to the national scheme which may also protect them from paying any council tax. The proposed changes should improve the scheme's administration, reducing uncertainty arising from the frequent reassessment of claims and most frequently experienced by those in receipt of Universal Credit.

Environmental and Climate Change Considerations

35. None have been identified as arising directly from this report.

Risks that may arise if the proposed decision and related work is not taken

36. Changing any scheme, specifically a local scheme, carries with it an inherent risk of increasing costs, as we have no control over demand. The impact of the Covid-19 pandemic had on caseload and demand for this scheme has been significant, as

outlined in the report. With any change there is a risk of increased administration costs and inheriting further uncollectable council tax debt if the opportunity is not taken to review the current scheme. This risk has been exacerbated by the ongoing cost of living crisis.

- 37. Maintaining the current scheme as it is, will mean a growing financial burden will fall on those households whose income is low, and whom in many cases are already in debt to the council.
- 38. Whilst the team manage debt and payment plans appropriately, the scale in terms of the number of households in debt, the size of debts and limited ability to recover debt would place additional pressures and costs on the team, in terms of the need to recruit more staff to manage the most labour-intensive part of income management, debt recovery.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

- 39. Changes to the CTR scheme to make it more generous will have a direct adverse financial impact on the funding the council receive through this local taxation income stream and would require the council to manage this through the MTFS and budget process. This will require the identification of mitigation actions to ensure the council sets a balanced budget.
- 40. The Revenues and Benefits team have a good reputation for delivering change projects. They are suitably equipped and have the skills, knowledge, and connections with other service providers across the council to model and anticipate the impact of any change on mutual customers.

| Risk | Action to mitigate the risk |
|-----------------|--|
| 1.Communication | Corporate communications plan and consultation |
| 2.Cost | Analyse all possible options (See supporting papers) |
| 3.Complexity | Ensure understanding of staff & customers who will have to operate and claim for a growing number of benefit schemes |

Financial Implications

- 41. It has been and will continue to be difficult to anticipate demand for the scheme. From the outset it was believed that caseload would grow. The number of households claiming council tax reductions has remained relatively stable over the last few years at around 26,000 whilst the number of pensioners in receipt of Council Tax reduction continues to fall.
- 42. For costing purposes, the proposals have been grouped together as follows: (Please note that all proposals include proposal 1.)

- If proposal 1 alone were adopted, then based on caseload estimates, there will be an estimated increase in the cost of the scheme across all major precepting authorities of £2.233m which equates to £1.890m for the council for financial year 2024/25 plus any inflationary factor applied to the council tax.
- If proposal 2 were adopted, the estimated increase in cost of the scheme would be £2.091m, which equates to £1.770m for the council.
- If proposal 3 were adopted, the increase in cost of the scheme would be £3.457m, which would equate to £2.926m for the council.
- If proposal 4 were adopted (which includes proposal 3) the increase in cost of the scheme would be £3.242m, which would equate to £2.744m for the council.
- Plans to increase the premium on empty homes would generate an additional £0.125m of Council Tax income, which would be approximately £0.100m for the council.

(Please See appendix 1 for more detailed costings of each proposed change to the CTR scheme summarising the costs and potential savings of the mitigating effects provided within this report)

43. Details are also provided below regarding how the scheme will change the approach to calculating the council tax taxbase, and compensating changes to make the scheme more affordable including a potential reduction in debt and debts written off.
44. Any change to the scheme would directly affect the formula used to calculate the council tax taxbase and affect the overall number of band D dwellings for taxbase setting purposes. Any change would therefore need to be built into the MTFs and budget setting process for 2024/25 and onward not only for Wiltshire Council but the Police, Fire & Rescue Service and parishes.
45. If proposals 1-4 were adopted the taxbase calculation would be affected in two ways. A more generous scheme reduces the taxbase, as we would be collecting less, however within the taxbase setting formula we assume a collection rate of 99.75%, with a lower percentage collection rate applied to households in receipt of council tax reduction.
46. If the scheme were more generous, we would expect households to be able to meet the shortfall. Increasing the collection rate formula for these households to 92.50% would generate a further £1.7m in income per year. There will also be a direct impact on the recoverability of some of the debts that would be expected to accrue for some of these households with the outstanding debt for these households expected to either remain the same or reduce. This will have a direct favourable impact on any calculation of the surplus/deficit on the Collection Fund, which is calculated annually and distributed to the major preceptors (the council, Police and Fire Service).
47. Consideration must be given to the value of debts written off each year which reduce the surplus on the collection fund. Over the last few years, the value of write off's have been increasing (as can be seen in the table in Appendix 6), with the exception of last year due to exceptional factors). Typically, write-offs average £0.750m and are expected to rise in 2023/24 to the £1m mark. Again, any reduction in forecast write

offs would be in the same proportion for the council (84.7%), Police (11.5%) and Fire & Rescue Service (3.8%). If we assume an improvement of 10%, we could estimate that writes offs would improve by £0.075 to £0.1m assuming these debts were attributable to those in receipt of CTR; Wiltshire Council share being £0.063 to £0.085m. (Appendix 1 summarises the financial impact)

48. The implications of amending the scheme are significant for both major precepting authorities (Police and Fire & Rescue Services) and for the larger towns and parish councils. It is vital therefore that the full impact of the proposals is discussed with precepting authorities as part of the consultation process. The outcomes will be reported alongside the Cabinet paper planned for December 2023 and inform the council tax taxbase setting process.
49. It is recommended that changes are made to the council tax premium with effect from April 2024 and whilst there is no obligation to consult on this discretionary policy change its inclusion within the report demonstrates why the change is timely, appropriate, and necessary.

Legal Implications

50. None have been identified as arising directly from this report.

Workforce Implications

51. None have been identified as arising directly from this report.

Consultation

52. If the decision is taken to amend our CTR scheme the Government have set out a series of steps that the council will need to follow:

Before making changes to the scheme the billing authority must in the following order:

- (a) consult any major precepting authority which it has the power to issue a precept to it
- (b) publish the proposed changes to the scheme in such a manner as it thinks fit, and
- (c) separately consult such persons as it considers are likely to have an interest in the operation of the scheme

(This would include specifically the Police and Fire & Rescue Services as well as precepting authorities, staff, members, customers, and the voluntary sector, prior to finalising the scheme before full council)

53. It is proposed that precepting bodies' attention is drawn to this matter by writing to them all with a link to the Council's website. Consultation will also extend to meeting with key claimant representative groups, such as Citizens Advice, and interested members of the public via the council's website.

54. Following consultation, it is proposed to report back to Cabinet in December 2023 for a final decision to be taken ahead of the timetable for implementation, which is 1 April 2024.

Options Considered

55. The options that have been considered are provided in **Appendix 1** and are included in the report.

Conclusions

56. The landscape of welfare benefits has greatly changed since the introduction of the local Council Tax Reduction scheme in 2013. Despite the cost of living crisis the number of households claiming the reduction has stabilised at around 26,000, but the cost of living crisis has most adversely affected those on low or fixed incomes compounded by the rolling out of Universal Credit and the various caps or restrictions placed on those in receipt of welfare benefits. At the same time households on legacy benefit continue to experience restrictions to their welfare benefits, further limiting their ability to pay council tax. The consultation proposal will seek views on the reductions applied by the scheme and its ability to better support those already receiving a council tax reduction.

57. The council tax reduction scheme was designed to limit the financial impact of paying council tax on those least able to afford it, but despite the scheme's provisions, it is now considered too sensitive to small fluctuations in a households' income. The vast increase in the number of changes notified to the council by the DWP has also had a significant impact on the ability to effectively administer the scheme. The proposals for consultation are made based on a better understanding of Universal Credit than was possible in 2013, and renewed determination by the DWP to move those on legacy benefits to Universal Credit over the next two to three years.

58. Whilst there is no simple council tax reduction scheme any adaptation must uphold the principle that any scheme should be equitable across all groups and offer incentives for those who can to work, wherever possible. Through the consultation process it is hoped that the rationale for changing the scheme will be understood and proposals considered and deployed to provide a more appropriate scheme for Wiltshire residents.

59. The council has not changed the premium charged on empty properties since the scheme was introduced. We have not followed the changes already made by our neighbouring authorities and if the proposals were adopted would not only generate additional income but encourage homeowners to return their properties to use.

60. When the Levelling Up and Regeneration Bill for England has passed through Parliament, the intention is to bring a future report to Cabinet proposing that the council increase the premium on second homes by 100% with effect from 1 April 2025, which will be the earliest date the change can be implemented.

Andy Brown

Corporate Director Resources and Deputy Chief Executive (S.151 Officer)

Report Author: John Caulfield, Benefits Operations Manager and Sally Kimber, Systems and Performance Manger

30 August 2023

Appendices

Appendix 1: Financial Impact of Proposals

Appendix 2: Explanation of applicable amounts

Appendix 3: Example calculation

Appendix 4: Breakdown of outstanding council tax debt, debt owed by those on CTR and debt owed by those on CTR and UC

Appendix 5: Other Unitary CTR Schemes (and schemes that also disregard UC as income

Appendix 6: Annual Amounts of Irrecoverable Council Tax Written Off

Background Papers

Financial models analysing impact of Options 1-5.

Appendix 1 Financial Impact of Proposals

| Financial Impact of Proposals | Increase in expenditure on the scheme as proposed £ M | Impact of changes to the taxbase £ M | Impact of changes to empty homes £ M | Potential reduction in debts written off £ M | Potential reduction in provision for credit losses £ M | Total Cost of the proposed changes to each organisation £ M |
|--|---|--|--|--|--|---|
| Proposal 1 | | | | | | |
| <i>Wiltshire Police & Crime Commissioner</i> | 0.258 | (0.197) | (0.014) | (0.009) | (0.031) | 0.007 |
| <i>D&W Fire & Rescue Service</i> | 0.085 | (0.065) | (0.005) | (0.003) | (0.010) | 0.002 |
| Wiltshire Council | 1.890 | (1.439) | (0.106) | (0.063) | (0.228) | 0.053 |
| Total Cost Impact | 2.233 | (1.700) | (0.125) | (0.075) | (0.270) | 0.063 |
| Proposal 2 | | | | | | |
| <i>Wiltshire Police & Crime Commissioner</i> | 0.242 | (0.197) | (0.014) | (0.009) | (0.031) | (0.009) |
| <i>D&W Fire & Rescue Service</i> | 0.080 | (0.065) | (0.005) | (0.003) | (0.010) | (0.003) |
| Wiltshire Council | 1.770 | (1.439) | (0.106) | (0.063) | (0.228) | (0.067) |
| Total Cost Impact | 2.091 | (1.700) | (0.125) | (0.075) | (0.270) | (0.079) |
| Proposal 3 | | | | | | |
| <i>Wiltshire Police & Crime Commissioner</i> | 0.400 | (0.197) | (0.014) | (0.009) | (0.031) | 0.149 |
| <i>D&W Fire & Rescue Service</i> | 0.132 | (0.065) | (0.005) | (0.003) | (0.010) | 0.049 |
| Wiltshire Council | 2.926 | (1.439) | (0.106) | (0.063) | (0.228) | 1.089 |
| Total Cost Impact | 3.457 | (1.700) | (0.125) | (0.075) | (0.270) | 1.287 |
| Proposal 4 | | | | | | |
| <i>Wiltshire Police & Crime Commissioner</i> | 0.375 | (0.197) | (0.014) | (0.009) | (0.031) | 0.124 |
| <i>D&W Fire & Rescue Service</i> | 0.124 | (0.065) | (0.005) | (0.003) | (0.010) | 0.041 |
| Wiltshire Council | 2.744 | (1.439) | (0.106) | (0.063) | (0.228) | 0.907 |
| Total Cost Impact | 3.242 | (1.700) | (0.125) | (0.075) | (0.270) | 1.072 |

Appendix 2

An applicable amount is the maximum amount of weekly income that an applicant can receive before their income starts to affect their CTR. It is compared against the applicant's income and capital to work out how much CTR they will receive. The applicable amount varies depending on the applicant's age, the size of their family, and any special needs they have, such as whether they are disabled.

At present, the applicable amount for customers in receipt of Universal Credit is calculated differently from other working age customers. Where the applicant is renting their property, the Universal Credit applicable amount will usually include a housing element to help with their rent. This means that renters and homeowners in receipt of Universal Credit whose income is otherwise identical may receive different amounts of CTR. We propose to change the CTR scheme so that the applicable amount for those in receipt of Universal Credit is calculated in the same way as all other working age applicants.

We propose to use the applicable amounts set by the Government for other benefits, such as housing benefit, as we currently do for all CTR applicant's not in receipt of Universal Credit. These applicable amounts are reviewed annually by the Government.

Example:

The applicable amount for a lone parent making a new claim for CTR, who has two children, one of whom is classified as disabled, would be calculated as follows:

| | |
|------------------------------|----------------|
| The lone parent: | £84.80 |
| Child 1: | £77.78 |
| Child 2: | £77.78 |
| Because child 2 is disabled: | <u>£74.69</u> |
| Total: | <u>£315.05</u> |

This applicable amount is then subtracted from the applicant's weekly income (after all relevant disregards) to determine their "excess income".

For example, if their income is £425.05, then they would have excess income of £110.00 (Income of £425.05 less their applicable amount of £315.05).

We then apply what is termed an income taper, by calculating 15% of their excess income, which amounts to £16.50. This is the amount that they would have to contribute towards their council tax. If their council tax is £30.50 per week, their award of CTR will be £14.00.

If the applicant's weekly income is less than their applicable amount (£315.05), they would have no excess income and would be entitled to the maximum amount of CTR. In general terms, a higher applicable amount leads to a higher award of CTR, while higher income leads to a lower award of CTR.

Appendix 3

Below is an example calculation where the applicant has a partner and three children (capped for benefit purposes at two children). The applicant is in receipt of Universal Credit. The applicant is also in receipt of a Carer's Allowance in respect of her partner who is disabled and in receipt of a Personal Independence Payment (PIP).

Table 1 below illustrates the current calculation under the council's existing CTR scheme, where the award of Universal Credit is taken into account as income, and the Universal Credit applicable amount has been used. The applicant's CTR award amounts to £15.19 per week.

Table 1.

| Current Scheme Calculation | | | |
|--|----------------|---|-----------------|
| Income | | Applicable Amount / UC Max Award | |
| Universal Credit | £237.85 | Standard Allowance | £ 133.57 |
| Earnings after disregard | £176.73 | Housing Element | £ 106.22 |
| Carer's Allowance | £76.75 | Child Element | £ 134.90 |
| Child Benefit 3 x children (disregarded) | £55.80 | | |
| PIP (disregarded) | £68.10 | Total Applicable Amount | £ 374.69 |
| Total Income used in calculation | £491.33 | | |
| Excess Income (Total Income less applicable amount) | £116.64 | | |
| Weekly Council Tax | £32.69 | | |
| Less taper of 15% of excess income | £17.50 | | |
| CTR Award per week | £15.19 | | |

In table 2 below, the award of Universal Credit has been disregarded as income, and the applicant's applicable amount calculated with the standard applicable amounts. Disregarding Universal Credit as income reduces the applicant's income, while calculating the applicant's applicable amount reduces it by a small margin, largely due to the removal of the housing element and the including of a carer's premium and a disability premium. In this scenario, the applicant's CTR increases significantly to £32.69 per week. It should be noted that such an increase will not be the case for all applicants, and there will be losers where the amount of the award of Universal Credit is low and the housing element of the Universal Credit applicable amount high.

Table 2.

| Calculation disregarding UC income and using standard applicable amounts | | | |
|---|----------------|--|-----------------|
| Income | | Applicable Amount | |
| Universal Credit (disregarded) | £237.85 | Couple Allowance | £ 121.05 |
| Earnings after disregard | £176.73 | Child Allowance (capped at two children) | £ 141.60 |
| Carer's Allowance | £76.75 | Disability Premium | £ 51.60 |
| Child Benefit 3 x children (disregarded) | £55.80 | Carer Premium | £ 38.85 |
| PIP (disregarded) | £68.10 | | |
| Total Income used in calculation | £253.48 | Total Applicable Amount | £ 353.10 |
| Excess Income (Total Income less applicable amount) | £0.00 | | |
| Weekly Council Tax | £32.69 | | |
| Less taper of 15% of excess income | £0.00 | | |
| CTR Award per week | £32.69 | | |

Appendix 4:

Breakdown of outstanding council tax debt, into debt owed by those on CTR, broken down into working age, pension age and those in the protected group

| Total council tax outstanding as at 31 March 2023 | Amount of debt owed by households currently in receipt of CTR (working age, Pensioner, and protected households) | % of total debt owed by all households in receipt of CTR | Council tax arrears owed by those on CTR of Working Age | % | Council Tax arrears owed by those on CTR of Pensionable age | % | Council tax debt owed by those on CTR in a Protected groups | % |
|---|--|--|--|--------|--|-------|--|-------|
| £22,685,539 | £6,561,368 | 28.92% | £4,925,465 | 21.71% | £312,184 | 1.38% | £1,323,719 | 5.83% |

Appendix 5

Table 1 Other Unitary Council Schemes

| Council | Scheme Type | Maximum CTR as a percentage of CTax Liability for unprotected claimants | Banding Restriction to Maximum CTR | Minimum CTR award | How to Claim | In year Collection Rates 2022/23 | Net council tax Debit Raised in 2022/23 £m |
|--|-------------------------|--|---|--------------------------|---|---|---|
| Wiltshire Council | Taper | 80% | No | None | Award of UC accepted as a claim for CTR | 97.7 | 407.002 |
| Shropshire | Taper | 80% | No | £1.50 | Duty on Claimant | 98.2 | 235.771 |
| Cheshire East | Grid | 80% | Band D | £2.00 | Award of UC accepted as a claim for CTR | 98.2 | 315.560 |
| Cheshire West and Chester | Taper | 75% | Band D | None | Duty on Claimant | 96.9 | 263.294 |
| East Riding of Yorkshire | Taper | 75% | No | None | Application for UC accepted as an application for CTR | 97.3 | 250.526 |
| Buckinghamshire | Taper | 80% | No | None | Duty on Claimant | 98.2 | 474.245 |
| Swindon | Taper | 80% | Band D | None | Duty on Claimant | 95.9 | 153.181 |
| Bath & North East Somerset | Grid (for UC claimants) | 90% if in receipt of UC, 78% if not in receipt of UC | Band D | None | Award of UC accepted as a claim for CTR | 97.7 | 133.653 |
| Bournemouth, Christchurch and Poole | Taper | 80% | Band C | £0.50 | Duty on Claimant | 95.9 | 284.522 |

Appendix 6

Annual Amounts of Irrecoverable Council Tax written off in the year (for current and previous years).

| Year | Amounts written off as irrecoverable | Amounts written off under the discretionary hardship scheme |
|---------------|--------------------------------------|---|
| 2019 | £746,633 | £15,865 |
| 2020 | £914,519 | £638,144 |
| 2021 | £773,879 | £250,000 |
| 2022 | £493,074 | £139,975 |
| 2023 | Not yet available | £39,805 |
| Total: | £2,928,105 | £1,083,790 |