

Rother District Council

Report to:	Cabinet
Date:	13 December 2021
Title:	Council Tax Reduction Scheme – Outcome of Consultation to Proposed Changes
Report of:	Chris Watchman – Revenues and Benefits Manager
Cabinet Member:	Councillor Dixon
Ward(s):	All
Purpose of Report:	To consider the recommendations arising from the Overview and Scrutiny Committee meeting held on 22 November 2021, regarding the outcome of the recent consultation on changes to the Council Tax Reduction Scheme for 2022/23. The report and recommendations arising are reproduced below and the Minutes of that meeting (Appendix D) should be read in conjunction with this report.
Decision Type:	Key
Officer Recommendation(s):	Recommendation to COUNCIL: That the changes to the Council Tax Reduction Scheme as outlined in this report be approved and adopted with effect from 1 April 2022.

Introduction

1. Following the work and recommendations of the Anti-Poverty Task and Finish Group, Cabinet approved going out to consultation on changes to the Council's Council Tax Reduction Scheme (CTRS) to come into being from the 1 April 2022 (Minute CB21/18 refers). The objective of the change is to improve access to the CTRS for self-employed people who are also carers and those self-employed residents who are registered disabled. The current CTRS reflects previous national benefits in assuming a minimum level of working and income. Experience has shown that the current scheme disadvantages those households where full-time work is not possible, and in particular where they are carers or where they are disabled. Appendix A replicates the information considered by Cabinet.
2. The Council is legally required to consult with the community and stakeholders on any substantive change to the CTRS and this report updates Members on its outcome and makes recommendations to implement the changes as proposed.

Consultation Response

3. The response rate to the consultation was very low. There were nine responses from the community plus the major preceptors also responded. Of the community responses, it appears that seven of the nine had some level of support to the proposed changes. Those that did not support the changes were more opposed on the grounds of the potential for fraud and misrepresentation of income by self-employed applicants rather than the principles behind the changes. It must be stressed however, that this is a small and unrepresentative sample and cannot be said to reflect the views of CTRS applicants, the self-employed or the residents of Rother. Details of the responses are contained at Appendix B.
4. All the major preceptors have responded to the consultation. The Sussex Police and Crime Commissioner and East Sussex Fire Authority are in support of the changes, whereas East Sussex County Council (ESCC) is not. With regard to the ESCC comments, given the nature of the proposal, it is not possible to accurately predict the uptake and the ultimate cost of the changes. It is expected to have a relatively small impact on the total income derived from Council Tax, but will make an important difference to those households affected. The uptake and ultimate cost will be monitored through 2022/23 and will be considered when the CTRS is next reviewed. Copies of the responses are shown at Appendix C.

Conclusion

5. Whilst it is disappointing that the consultation response was small, given the limited nature of the proposed changes it is understandable. It is important to recognise the concerns of the major preceptors in protecting their income from Council Tax as to not have unintended consequences on their ability to continue to deliver essential services. It is, however, expected that the changes will not have a material impact on income but assurance will be given to the major preceptors that the cost of the changes will be monitored and will be considered at the next review of the CTRS. On this basis, it is proposed that Cabinet be asked to recommend to full Council the adoption of the changes to the CTRS for self-employed people who are also carers and those self-employed residents who are registered disabled.

Other Implications		Applies?	Other Implications		Applies?
Human Rights		No	Equalities and Diversity		Yes
Crime and Disorder		No	External Consultation		Yes
Environmental		No	Access to Information		No
Risk Management		No	Exempt from publication		No
Chief Executive	Malcolm Johnston				
Report Contact Officer:	Chris Watchman				
e-mail address:	Chris.Watchman@rother.gov.uk				
Appendices:	Appendix A – Extract from Cabinet Report 28 June 2021 Appendix B – Consultation Responses Appendix C – Responses from Major Preceptors Appendix D – OSC Minutes 22.11.21				
Relevant Previous Minutes:	CB21/18				
Background Papers:	None				
Reference Docs:	None				

Extract from Cabinet report - Council Tax Reduction Scheme

1. The CTR presentation in April 2021 illustrated that Rother is ahead of many local authority areas in having an income banded system in operation and that the level of financial support offered was typical. The income banded scheme had many advantages for the claimant and simplified the administration. Further work would be undertaken in time for any final decisions in June, to illustrate the impact of increasing the amount of help given. It was, however, clear that moving towards a 100% CTR scheme would have significant implications on the Council and other organisations who receive a share of council tax revenue.
2. The APT&FG did however agree three actions to recommend to the OSC:
 - a. that the current CTR Scheme Hardship Fund should be reviewed and a plan for better promoting the scheme in the community be developed. In addition it was suggested that the Council should establish a donations page on the Council website to supplement the Hardship Fund.
 - b. that Cabinet be requested to consider increasing the maximum support under the CTR Scheme above the current 80% when the Council achieves its financial stability ambition, as set out in the draft Corporate Plan
 - c. that Cabinet be requested to consult with the public and key stakeholders on improving access to CTR Scheme for self-employed people who are also carers and those self-employed residents who are registered disabled. The current scheme reflected previous national benefits in assuming a minimum level of working and income. Experience has shown that the current scheme disadvantages those households where full-time work is not possible, and in particular where they are carers or where they are disabled. Details of the current scheme and the proposed changes are shown at Appendix B.

Minimum Income Floor

The minimum income floor affects those claimants who are currently self-employed. Financial support is given for a start-up period of one year after which it would be assumed that the claimant is achieving a minimum level of income when assessing CTR. This would be based on 35 hours multiplied by the National Minimum Wage and this is in line with the approach taken under Universal Credit.

It is proposed to amend the Minimum Income Floor as follows:

- For self-employed applicants with caring responsibilities for a vulnerable person (excluding care for dependent children) the Council will have the discretion to reduce the assumed hours worked from 35 per week to take into account the care and support being provided.
- For self-employed applicants who are lone parents, the income from self-employment will be calculated using the greater of either their actual income taken from their profit and loss accounts or 16 hours at the national living wage.
- For self-employed applicants who also undertake PAYE employment the Council will have discretion to use the number of self-employed hours at the national

living wage that, when combined with the hours worked during the PAYE employment, does not exceed 35 hours per week.

- For self-employed applicants in receipt of a disability benefit, the income from self-employment will be calculated using the greater of either their actual income taken from their profit and loss accounts or 16 hours at the national living wage.

Extract from the current Council Tax Reduction Scheme

20.0 Earnings of self-employed earners

20.1 Subject to paragraph 20.2, 'earnings', in the case of employment as a self-employed earner, means the gross income of the employment plus any allowance paid under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 to the applicant for the purpose of assisting him in carrying on his business unless at the date of claim the allowance has been terminated.

20.2 'Earnings' shall not include any payment in respect of a person accommodated with the applicant under arrangements made by a local authority or voluntary organisation and payments made to the applicant by a health authority, local authority or voluntary organisation in respect of persons temporarily in the applicant's care) nor shall it include any sports award.

20.3 This paragraph applies to –

- a. royalties or other sums paid as a consideration for the use of, or the right to use, any copyright, design, patent or trade mark; or
- b. any payment in respect of any
 - (i) book registered under the Public Lending Right Scheme 1982; or
 - (ii) work made under any international public lending right scheme that is analogous to the Public Lending Right Scheme 1982, where the applicant is the first owner of the copyright, design, patent or trade mark, or an original contributor to the book of work concerned.

21.0 Calculation of net profit of self-employed earners

21.1 For the purposes of the average weekly earnings (of self-employed earners) the earnings of an applicant to be taken into account shall be:

- a. in the case of a self-employed earner who is engaged in employment on his own account, the net profit derived from that employment;
- b. in the case of a self-employed earner whose employment is carried on in partnership or is that of a share fisherman within the meaning of the Social Security (Mariners' Benefits) Regulations 1975, his share of the net profit derived from that employment, less-
 1. an amount in respect of income tax and of national insurance contributions payable under the Act; and
 11. one-half of the amount calculated in respect of any qualifying premium; and
 111. £25, this deduction shall apply once only irrespective of whether a person is also employed or self-employed in a number of occupations. For the avoidance of doubt a single £25 per week disregard shall be granted to any claim. Irrespective of the household

composition, the number of employed persons within the household or the type or number of employment (s) or self-employment(s).

- 21.2 The net profit of the employment shall be calculated by taking into account the earnings of the employment over the assessment period less any expenses wholly and exclusively incurred in that period for the purposes of the employment.
- 21.3 Subject to paragraph 21.4 no deduction shall be made, in respect of -
- a. any capital expenditure;
 - b. the depreciation of any capital asset;
 - c. any sum employed or intended to be employed in the setting up or expansion of the employment;
 - d. any loss incurred before the beginning of the assessment period;
 - e. the repayment of capital on any loan taken out for the purposes of the employment;
 - f. any expenses incurred in providing business entertainment, and
 - g. any debts, except bad debts proved to be such, but this sub-paragraph shall not apply to any expenses incurred in the recovery of a debt.
- 21.4 The authority shall refuse to make deduction in respect of any expenses where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.
- 21.5 For the avoidance of doubt deduction shall not be made in respect of any sum unless it has been expended for the purposes of the business;
- 21.6 Where an applicant is engaged in employment, as a child minder the net profit of the employment shall be one third of the earnings of that employment, less an amount in respect of
- a. income tax; and
 - b. national insurance contributions payable under the Act; and
 - c. one-half of the amount in respect of any qualifying contribution; and
 - d. £25, this deduction shall apply once only irrespective of whether a person is also employed or self-employed in a number of occupations. For the avoidance of doubt a single £25 per week disregard shall be granted to any claim. Irrespective of the household composition, the number of employed persons within the household or the type or number of employments or self-employments.
- 21.7 For the avoidance of doubt where an applicant is engaged in employment as a self-employed earner and he is also engaged in one or more other employments as a self-employed or employed earner any loss incurred in any one of his employments shall not be offset against his earnings in any other of his employments.
- 21.8 The amount in respect of any qualifying premium shall be calculated by multiplying the daily amount of the qualifying premium by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying premium shall be determined
- a. where the qualifying premium is payable monthly, by multiplying the amount of the qualifying premium by 12 and divided the product by 365;

- b. in any other case, by dividing the amount of the qualifying premium by the number equal to the number of days in the period to which the qualifying premium relates.

21.9 In this section, 'qualifying premium' means any premium which is payable periodically in respect of a personal pension scheme and is so payable on or after the date of claim.

22.0 Deduction of tax and contributions of self-employed earners

22.1 The amount to be deducted in respect of income tax under these sections shall be calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under section 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the basic rate of tax is to be applied and the amount of the personal reliefs deductible under this paragraph shall be calculated on a pro rata basis.

22.2 The amount to be deducted in respect of national insurance contributions under this part shall be the amount of Class 4 contributions (if any) which would be payable under section 15 of the Act (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable to the assessment period on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year applicable to the assessment period; but if the assessment period is less than a year, those limits shall be reduced pro rata.

22.3 In this section 'chargeable income' means-

- a. except where sub-paragraph (b) applies, the earnings derived from the employment less any expenses deducted; or
- b. in the case of employment as a child minder, one-third of the earnings of that employment.

23.0 Minimum Income Floor

23.1 Where no start up period (as defined within 23.2) applies to the applicant and the income from self-employment of the applicant or partner is less than an amount determined by the national living wage per hour multiplied by 35 hours per week (the Minimum Income Floor), the income used by the authority in the calculation of their award will be substituted to that appropriate amount. This amount shall not be less than 35 x the national living wage, or where higher the number of hours declared by the applicant multiplied by the national living wage. From that, the authority will deduct only an estimate for tax, national insurance and half a pension contribution (where a pension contribution is being made).

23.2 The authority shall determine an appropriate start up period for the employment activity being conducted by the claimant or partner. This will normally be one year from the date of claim, or one year from the date of commencement of the employment activity, whichever is sooner. During this period no Minimum Income Floor shall be applied. The start-up period ends where the person is no longer in gainful self-employment.

- 23.3 Where a claimant or partner holds a position in a company that is analogous to that of a sole owner or partner in the business of that company, he shall be treated as if he were such sole owner or partner and in such a case be subject to the Minimum Income Floor where appropriate.
- 23.4 Ordinarily, no start-up period may be applied in relation to a claimant where a start-up period has previously been applied, whether in relation to a current or previous award of a Council Tax Reduction. The authority may allow a subsequent employment to qualify for a start-up period based on the previous history of the claimant and an assessment of such evidence that would support a decision to allow for a subsequent start up period.
- 23.5 In order to establish whether to award a start-up period, or at its discretion a subsequent start up period, the claimant must satisfy the authority that the employment is:
- Genuine and effective. The authority must be satisfied that the employment activity is being conducted.
 - Taking up at least 35 hours per week
 - Being conducted with the intention of increasing the income received to the level that would be conducive with that form of employment.
- 23.6 For the purposes of determining whether a claimant is in gainful self-employment or meets the conditions for a start-up-period, the Council will require the claimant to provide such evidence or information that it reasonably requires to make that decision, the Council may also require the self-employed person to attend an interview for the purpose of establishing whether the employment is gainful or whether the conditions for a start-up period are met.

Public Consultation on Changes to Council Tax Reduction Scheme

Introduction and Methodology

1. This consultation on changes to the Council Tax Reduction Scheme ran for 6 weeks from Friday, 13 August to Monday, 27 September 2021.
2. A range of 26 local organisations, that support either low income households or the self-employed, were invited to take part in the consultation as were the town and parish councils. An invitation to consult was sent to the members of the Rother Citizens Panel. The opportunity to consult was promoted on social media, mainly Twitter, and in three MyAlerts email messages on 23 August, 6 September and 18 September 2021. An article on the Council's website provided the scope of the review, some background information and links to the current Council Tax Reduction Scheme. A text extract from the web article is in Appendix A.
3. The purpose of the consultation was to ask for views on the Council's proposal to make changes to the Council Tax Reduction Scheme (CTRS) that would make it possible for more residents to get a reduction on their Council Tax bill. These changes primarily affected some of the low-income self-employed whose circumstances would make it difficult to work full-time on their businesses.
4. The current scheme's regulations set out that all self-employed applicants are presumed to work at least 35 hours a week and earn at least the minimum wage. This is regardless of the number of hours currently worked by the applicant or how much they earn. The proposal was to reduce the threshold to assume at least 16 hours worked and earning at least minimum wage. This would apply to self-employed applicants who are also disabled or carers for the disabled, lone parents and those who also work for an employer under PAYE employment.

Response Rate

5. Respondents were asked to send in their comments by email or in writing. We received nine emails from members of the public. There have been no responses from local organisations save the statutory consultees.
6. This is a small number of responses therefore they cannot be considered representative of the wider population and therefore they are reported as given without drawing any conclusions. Respondents that would be personally affected can give some insight into the impact on an individual.

Changes to Response Text to Protect Respondents

7. Some respondents made references to their own circumstances that might tend to identify them. Therefore, some redactions have taken place in order to maintain anonymity and to focus the comments on the purpose of the consultation. Redactions are indicated in brackets in the text and any text substitutions to help the reader are provided in brackets. A small number of

spelling and punctuation errors have been corrected in the text of submissions.

Responses in Opposition

8. The comments from those opposed to the changes were from two respondents who believed the self-employed were more likely to fraudulently represent their circumstances:
 - a. I have had a lot of dealings with self-employed people over the last 20 years and feel the system is being so abused by these people. It is so set up in this way it has become the norm for them to declare no income or income but with more expenses than income. Many of these people never pay tax despite earning well and we are now advertising on the radio for self-employed to claim universal credit so not only do they get their earnings tax free they get the same benefits as an unemployed person and now you would like to allow them to not pay council tax too. Why should they really when you can just increase it and make people like me an employed person who doesn't get anything to pick up their share.
 - b. As Council Taxpayers in Rother we totally oppose any new or additional benefits for the self-employed/ disabled.
 - c. Being a self-employed (tradesman) is a choice with pitfalls but many extreme tax-free benefits, perks and freedoms. IT IS THEIR CHOICE!
[Redacted sentences.]
 - d. True skilled tradesmen can operate profitably through CHECK A TRADE by telephone and the like, can be members of a trade union, have access to pension schemes, NI contributions like the rest of us. So why and whom are you helping? Are they a special case or is it the NO SKILL pretenders to being skilled tradesmen that you are helping that actually rip us off?
[Further sentences redacted.]

Responses in Support

9. The comments from those in support of the changes were from four respondents who generally supported the changes. One of these respondents stated they might be directly affected.
 - a. I would like to support the changes to the scheme.
 - b. I'm also delighted that there is no change to the minimum 20% payment as the Labour supporters wanted to happen.
 - c. I may be directly affected. I agree as it seems fair.
 - d. I have read the information in Rother alerts regarding CTR. It will not affect me, but I think any help that is given to people on low incomes is positive.
 - e. I have been aware in recent years of draconian measures taken against those who default on payments. While I understand it has to be paid hounding people with bailiffs and court summons is not necessarily the best way of managing the situation. If someone has nothing trying to take away even more is unhelpful and immoral. The charges racked up as they are chased for payment makes a bad situation much worse. I therefore support your current measure.

- f. I write specifically regarding the proposed changes being considered for self-employed carers.

What you are proposing implies each case will be looked at with no guarantee of any reduction and that is not good enough.

Carers, and I mean those in receipt of Carers Allowance, have their income/earnings already capped. They are not allowed, under the rules set by the government, to earn more than £128 per week. This is because by being awarded Carers Allowance the government has acknowledged that their main job is caring for a disabled person.

The disabled person will already have gone through the cruel and dehumanising process of claiming PIP, where they relive everything they cannot do for themselves in detail, both on paper and face to face with an assessor. The DWP involved in this process are all EO level or above. The face to face assessors all hold, in some form or another, a medical degree. It might be in nursing or physiotherapy, but they studied and qualified.

PIP is a passport benefit and unless the person being cared for is in receipt of it, the carer cannot claim Carers allowance.

With this in mind, what qualifications will your revenue staff have when making the decision proposed below -

"For self-employed applicants with caring responsibilities for a vulnerable person, the council will have the discretion to reduce the assumed hours worked from 35 on an individual basis and dependant on the level and amount of care being provided"

Let me suggest that for carers in receipt of Carers Allowance, this has already been done by people with a better medical understanding than unqualified revenues staff.

To qualify for Carers Allowance - (copied from <https://www.gov.uk/carers-allowance/eligibility>)

The type of care you provide

You need to spend at least 35 hours a week caring for someone. This can include: Helping with washing and cooking, taking the person you care for to a doctor's appointment, helping with household tasks, like managing bills and shopping. Your earnings are £128 or less a week after tax, National Insurance and expenses.

Might I suggest that your proposed changes must reflect the difference between people who have caring responsibilities and those carers in receipt of Carers Allowance.

Because people on Carers Allowance cannot work 35 hours a week. They already have an income cap. They do what is basically full time 24/7 caring for £67.50 per week.

So, to further put them, (and indirectly, the person they care for as they they are usually couples) through more stress and more hoops to jump through to justify tiny amounts earnt is just wrong.

For people who are self-employed carers who are in receipt of Carers Allowance you must make them exempt from everything. That is what UC does.

So no MIF and any earnings are exempt as they are under £128 per week anyway.

Show some common sense and compassion for once, for what will be a minute cost.

I speak as part of a couple in this situation. Where, now you have reintroduced the MIF for self-employed, the self-employed carer who occasionally earns £20 or £30 per week in casual work is now assumed to be working 35 hours for minimum wage. We had to end our claim for help and are worse off now. Because the carer in receipt of Carers Allowance for the disabled partner is prohibited from doing full time hours and cannot earn the minimum income floor levels.

Responses on Other Changes

10. There are three responses that are other responses that suggest improvements or changes they would like to see. One respondent is a self-employed single parent who believes they are above the income for eligibility. They appear to support the changes for self-employed single parents if there is no support from the other parent. However, it is more important to them to increase the eligibility requirements for low-income retired residents rather than the self-employed. The second response below is from a couple in retirement whose income has been reduced by the loss of Carers Allowance and who would also like more help for pensioner carers and disabled as well as the self-employed. The third respondent is in receipt of CTRS, consider the help to be too low, and would like Council Tax to be charged in line with a combination of income and the number of residents in a household.

- a. I am self-employed, work 18 hours a week and I am a full-time carer for my disabled [child] who is [in receipt of local care support and government disability allowances]. As I work, I do not receive or attempt to apply for the Carers Allowance.

I am also a lone parent but get adequate maintenance support in various forms from the [other parent] and tax credits due to my circumstances. It's plenty in my opinion and I manage to pay my council tax fine, with the 25% reduction.

[Redacted paragraph]

.... we also qualify for help from the Family Fund annually.

To recognise my situation and offer help at the district council level would be a new experience and welcomed I am sure but it also needs to be recognised that people in my situation do receive a great deal of help

already. However, I do also see that some lone parents are not adequately supported by the absent parent and I am lucky in that respect.

I wouldn't say no to a Council Tax reduction and less outgoings would obviously make my life easier. However, I live in [a rural village in Rother] and we have an awful lot of older people and I think that particular group is underfunded. [A local charity that supports older people] had to close recently due to lack of volunteers as just one example of where help is needed. The ageing population is a bigger worry and perhaps there is scope to help them by extending the hours of the bus pass or offering to pay their TV licence!

Self-employed people, generally, pay less tax and NI and already benefit from their employment status. I accept that we do not receive sick or holiday pay, workplace pensions etc., but the flexibility lends itself well to being a carer.

- b. I am an unpaid carer for my [partner], [redacted]. We are both on a state pension and [my partner] has got PIP for the next 10 years, [redacted]. Because we are now on a pension, we have lost my Carers Allowance and also now have to pay full Council Tax, it's as if we are being penalised for being elderly and that having worked, in our early lives, we don't count anymore. I still care for my [partner], just because I'm over 65 it doesn't mean [my partner] has suddenly gotten better and I don't look after [my partner] anymore. And suddenly we have to pay full council tax, which up until I became 65, we didn't have to pay, that now has to come out of our state pensions.

A reduction in Council Tax for ALL carers and their disabled partners/clients would be a tremendous relief for those of us on a low income and have to struggle even more now we have become elderly.

- c. Surely it is time to survey/administer each household (like the previous Rates system).

When residents paid according to how many people lived in a property?
IE: currently system is not fair when 1 or 2 people pay the same as a typical family of 4 and vice versa.

Also since COVID and before, Council Tax should be paid according to what people earn.

IE: my [partner] lost [their] job due to COVID affecting the travel industry, where [they] tried very hard to remain in [their] previous line of work [redacted], but could not due to constant and obvious age discrimination ([age over 55]), so is now a Care/Support Worker, but [their] rate of pay is very poor = we are down by £1,500 per month now compared to [their] previous salary. I am affected by a physical disability and do get/qualify for the reduced Council Tax Disability rate, but this too is still too low. Therefore, almost in every region/district there are enough rich/affluent people who can afford to pay the full Council Tax rates, so surely now time to consider us non affluent and not rich people who are very much struggling please, and dis-regarding (not means-testing) any savings we need to keep for aging/retiring [redacted].

Conclusion

11. It appears that 7 of the 9 respondents had some level of support to the proposed changes. Those that did not support the changes were more opposed on the grounds of the potential for fraud and misrepresentation of income by self-employed applicants rather than the principles behind the changes. However, once again it must be stressed that this is a small and unrepresentative sample and cannot be said to reflect the views of CTRS applicants, the self-employed or the residents of Rother.

Programme Office & Policy Unit on behalf of the Revenues and Benefits Service,
Acquisitions, Transformation and Regeneration
Rother District Council

29 September 2021

Responses from Major Preceptors

East Sussex Fire Authority

East Sussex Fire Authority recognises the impact that the COVID-19 pandemic has had on local communities, particularly, those who are vulnerable, both financially and for other reasons.

As you will be keenly aware, in common with other local authorities the Fire Authority already faces significant financial challenges due both to reductions in Government funding and the impact of COVID-19. Our current Medium Term Finance Plan identifies the potential need to make new savings of up to £2.5m over the next 5 years, in addition to £10.5m already delivered or planned.

Council Tax is our most important funding stream (70% in 2021/22). The Authority will need to take account of any further reduction in council taxbase on its income when considering options for achieving a balanced budget for 2022/23 and beyond. Given the scale of the financial challenge, which cannot be met by efficiencies alone, this may mean that the Authority has to revisit its Integrated Risk Management Plan 2020-25 and consider further changes to the service it provides across the communities of East Sussex and Brighton & Hove, including those who are most vulnerable.

The Fire Authority notes that the proposed changes to Rother DC's LCTRS are expected to result in only a minor reduction in income from council tax and improve the equity of the scheme. On this basis the Fire Authority would not oppose the proposed changes.

East Sussex County Council

East Sussex County Council recognises the impact that the COVID-19 pandemic has had on local communities, particularly, those who are vulnerable, both financially and for other reasons.

As you will be aware, in common with all local authorities, the County Council continues to face significant financial challenges in responding to day to day service demands and the ongoing impact of the pandemic. As we wait for the government to provide a multi-year financial settlement through the Spending Review 2021, plus the implications of the recently announced Adult Social Care Levy as the potential solution to the challenges faced by Adult Social Care, the authority's Medium Term Financial Plan (MTFP) presents a deficit position by 2024/25 of £18.4m. Any loss of income from Council Tax arising from these proposed changes would only serve to increase the deficit and consequently the potential need to make significant new savings to bridge the funding gap.

Council Tax is the County Council's most important funding stream (74% of net budget in 2021/22) and we rely on certainty of this income to enable us to effectively plan services for the future. The Council will need to take account of any further reduction in the tax base on its income when considering options for achieving a balanced budget for 2022/23 and beyond. Any reductions in income from Rother District residents will be felt across the whole of East Sussex and potentially impact on the services on which the most vulnerable in the whole rely.

Although only a minor change to the existing LTRS, little information has been presented for the authority to fully understand the impact, other than it will reduce the income received. On this basis, East Sussex County Council cannot support Rother District Council's proposals to change its LCTRS which could lead to a permanent reduction in its income from council tax.

Sussex Police and Crime Commissioner

Thank you for the opportunity to comment on your proposed changes to the Rother District Council Local Council Tax Reduction Scheme.

The Police and Crime Commissioner for Sussex (PCC) has reviewed the proposed changes to your LCTRS. As the changes are expected to result in only a minor reduction in the income receivable from council tax, and that it will improve the equity of the scheme, the PCC supports the proposed changes.

Minutes of the Overview and Scrutiny Meeting – 22 November 2021

OSC21/37. COUNCIL TAX REDUCTION SCHEME – OUTCOME OF CONSULTATION TO PROPOSED CHANGES

Members received the report of the Revenue and Benefits Manager which provided details of the outcome of the Council Tax Reduction Scheme (CTRS) consultation and made recommendations to implement changes as proposed.

The objective of the change was to improve access to the CTRS for self-employed people who were also carers and those self-employed residents who were registered disabled. The current CTRS reflected previous national benefits in assuming a minimum level of working and income. Experience had shown that the current scheme disadvantaged those households where full-time work was not possible, and in particular where they were carers or where they were disabled. Appendix A to the report replicated the information considered by Cabinet when approval was sought to go out to consultation.

The response rate to the consultation had been very low, with nine responses from the community plus responses from the major preceptors. Of the community responses, it appeared that seven of the nine had some level of support to the proposed changes; those that did not support the changes were more opposed on the grounds of the potential for fraud and misrepresentation of income by self-employed applicants rather than the principles behind the changes.

The Sussex Police and Crime Commissioner and East Sussex Fire Authority were in support of the changes, whereas East Sussex County Council (ESCC) were not. The CTRS was expected to have a relatively small impact on the total income derived from Council Tax but would make an important difference to those households affected. The uptake and ultimate cost would be monitored throughout 2022/23 and would be considered when the CTRS was next reviewed.

RESOLVED: That:

- 1) the outcome of the consultation be noted; and
- 2) Cabinet be requested to recommend to Council that the changes to the Council Tax Reduction Scheme as outlined in this report be approved and adopted with effect from 1 April 2022.

(Overview and Scrutiny Committee Agenda Item 9).