

**Report to:** Audit Committee

**Date of Meeting:** 2 June 2021

**Report Title:** Chief Auditor's Summary Audit and Risk Report

**Report By:** Tom Davies  
Chief Auditor

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### **Purpose of Report**

To inform the Audit Committee of the key findings from the Council Tax Reduction Scheme audit.

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### **Recommendation(s)**

**1. That the Audit Committee accepts the report.**

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### **Reasons for Recommendations**

To monitor levels of control within the organisation.

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## Summary Report to Audit Committee

### Report to Audit Committee

### Council Tax Reduction Scheme

#### Background Information

This review was undertaken as part of the 2020-21 agreed revised audit plan. In April 2013, Council Tax Benefit awarded on behalf of the Department for Work and Pensions (DWP) was replaced by a locally administered Council Tax Reduction (CTR) scheme. From this date, CTR was no longer supported by DWP subsidy but instead financed via a combination of Council funding and annual grant settlements from the Government, which have now declined by around 70% since 2010.

The Council Tax Reduction service awards over £10 million each year in Council Tax reductions to approximately 9,500 claimants in the Borough. The current coronavirus pandemic has seen local residents being placed into 'furlough' by their employers. Under this scheme, government subsidy ensures that employees continue to receive 80% of their earned income. However, it is expected that the furlough scheme will end in April 2021 and unemployment levels are then predicted to rise. This increase in unemployment is therefore likely to generate a higher number of CTR claims throughout 2021/22 and beyond.

The administration of Council Tax Reduction plays a vital role in the economy of the Borough and it is therefore imperative that the service is carried out effectively, efficiently and economically.

This aspect of the Council's activities was last audited in 2017. The Service was then graded as B: Satisfactory and a number of minor improvement recommendations were made.

We believe that there is a very positive management attitude towards continual improvement of the efficiency and quality of service and commend management for the progress that has been made

#### Audit Conclusion

##### Overall Audit Assessment: A – Good

Most controls are in place and working effectively. Some minor improvements are possible to ensure statutory compliance, best practice and efficiency.

## Key Findings

This audit found that the Council Tax Reduction service is carried out effectively and efficiently. Performance targets for processing new claims and change of circumstances calculations were within target levels for both assessment categories during the period 01/04/20 to 30/09/20.

The Council established its own CTR schemes for Working Age and Pensionable Age claimants in April 2013. The schemes have seen a continual reduction in recipients since it was introduced – decreasing by 21% from 11,985 in March 2014 to 9,450 in March 2020. This general downward trend in claimants can partly be explained by the introduction of a minimum entitlement threshold of £5.00 in 2013; the commencement of Universal Credit (UC) full service in December 2016; and additional changes introduced to the CTR Working Age scheme in 2019.

More recent figures (as at 30/09/20) show a slight increase in the number of CTR recipients (9,533), which is likely to have been caused by the impact of COVID-19 on local residents' financial circumstances.

The total value of the CTR scheme has reduced since it commenced, decreasing from £11,004,926 in 2013/14 to £10,389,853 in 2019/20. Consequently, the cost to Hastings Borough Council has also reduced from £1,607,820 in 2013/14 to £1,390,162 in 2019/20. In turn, the Council's percentage contribution of the overall cost has reduced from 14.61% in 2013/14 to 13.38% in 2019/20.

The introduction of Universal Credit has impacted significantly upon the number of change in circumstance calculations for UC cases. As at 30/09/20, 32% (3,072) of CTR recipients were in receipt of UC. During the period 01/04/20 to 30/09/20, a total of 8,790 change in circumstances calculations were undertaken for these cases alone – on average, 1,465 per month. This equates to around three changes per claim over a six month period. The Revenues and Benefits service have been able to accommodate the increase of work in this area as the Housing Benefit caseload has significantly decreased in recent years.

Additionally, the need for interventions (targeted claim reviews) has also reduced. This is because CTR awards based on earnings often involve claimants in receipt of UC and, for these claims, earnings are now automatically updated.

The Northgate Revenues and Benefits system was originally designed to record Council Tax Benefit overpayments. It is not equipped for displaying CTR excess reduction amounts or periods for an individual claim. Additionally, there are no reports currently available detailing the annual value of CTR excess reductions.

## Management Response

Overall I am happy with the Audit Assessment "A".  
I have commented on individual recommendations.

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**Wards Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

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|---------------------------------------|-----|
| Equalities and Community Cohesiveness | No  |
| Crime and Fear of Crime (Section 17)  | No  |
| Risk Management                       | Yes |
| Environmental Issues                  | No  |
| Economic/Financial Implications       | Yes |
| Human Rights Act                      | No  |
| Organisational Consequences           | No  |
| Local People's Views                  | No  |
| Anti-Poverty                          | No  |

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**Additional Information**

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