

Appendix 1



MANCHESTER  
CITY COUNCIL

Council Tax Service  
Revenues and Benefits Unit

Cost of living mitigation

## **1. Purpose of document**

Manchester is the sixth most deprived Council in the country and recent increases in the cost of living have put additional significant pressure on household incomes within the city.

After housing and utility costs, Council Tax is often the next largest bill that households face. This policy outlines ways to mitigate that pressure for residents, while at the same time recognising the importance of Council Tax as a revenue stream to the Council's finances.

Key actions outlined in this policy include:

- Establishing arrangements that are paid over a longer period
- A more proactive approach to writing off summons costs
- An informal breathing space arrangement
- Moving towards a more intelligence-based approach to referrals to Enforcement Agents.

Additional detail on how these will work is given below with emphasis being placed on encouraging and rewarding engagement and those who pay their standard monthly instalment.

## **2. Writing off Summons Costs**

Summons costs of £79.50 are added whenever we take someone to court. It is possible to get two or even three summons costs added each year if entitlement to CTS changes. If residents do not pay for multiple years, it is possible to accumulate very significant debt made up of summons costs alone. In the most extreme example, a resident has outstanding arrears of £4,718 of which £2,710 is made up of accrued costs going back to 1995.

### **Historic Summons Costs**

All historic summons costs still outstanding on accounts where the resident is in receipt of Council Tax Support (CTS) will be written off, leaving just the most recent set of costs to be repaid. This recognises that costs and the minimum 17.5% that working age residents on CTS have to pay will not be cleared by 12 months of benefit attachments, meaning that, unless circumstances change, resident's debt will continue to increase. It will reduce the overall debt burden they face and therefore remove a disincentive to return to work.

### **Summons Costs where residents engage**

Residents are encouraged to engage with the Council Tax Service at the earliest opportunity if they are struggling to pay their Council Tax. To further encourage this, residents who make contact with the Council after they receive a summons will be given the option of making an arrangement for their outstanding debt and if they maintain this arrangement for six months, the costs will be written off, reducing the outstanding debt and the length of the arrangement.

### **3. Arrangements**

Staff have been reminded that the increase in the cost of living is reducing resident's disposable income and, therefore, their ability to pay their Council Tax and any arrears that they may have. Because of this they are taking a more pragmatic approach to negotiating arrangements.

To further reduce the pressure on residents who have no arrears but are struggling to pay the current year, staff will set up arrangements that do not clear the current year's Council Tax by March 2024. Any balance left outstanding will be added to 2024/25 Council Tax and a further arrangement made after annual billing in March 2024

### **4. Breathing Space**

Where appropriate, we will offer residents the option of making no payments towards any arrears they have for an agreed period so long as they make the monthly payments set out in their annual bill issued in March 2023 during the agreed period.

To be considered for this scheme resident's must be referred by a recognised advice provider including:

- The CABx,
- Advice workers employed by RSLs,
- The Oasis Centre
- Manchester MIND
- Ward Councillors
- Shelter Manchester
- Cheetham Hill Advice Centre

This list is not exhaustive

In all cases, residents must fully complete the Council's income/expenditure form which will be reviewed by Council Tax Staff.

Residents may be in breathing space up to the end of the financial year as necessary and could be allowed in twice in the year if circumstances are right.

### **5. Discretionary Council Tax Payment (DCTP) Scheme**

DCTP was not designed to protect residents against increases in the cost of living. This should be picked up by the benefits system. However, the DCTP scheme has been modified to include those suffering acute hardship due to high levels of inflation.

Officers will be asked to specifically consider whether a DCTP towards a resident's arrears will make a material difference in their ability to meet their ongoing Council Tax responsibilities. This consideration will be made alongside all of the above measures.

In 2022/23, 216 awards were made amounting to £46,804. These were a direct cost to the Council and it is expected that these figures will rise significantly. Payments will be closely monitored, to ensure expenditure is still controlled.

### **Conclusion**

The scale of the increases in the cost of living are so great that it is financially impossible for the Council to significantly mitigate its impacts for all of its poorer residents. This policy attempts to encourage early engagement, reward those who maintain agreed payments, get them into the habit of making regular payments and give advice agencies access to better outcomes for people they refer.

### **Reviewing process**

The City Treasurer, in compliance with the Council's delegated responsibilities, shall review this document periodically, and, with the Executive Member for Finance and Human Resources, amend it as appropriate.