



**OPEN REPORT  
COUNCIL**

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**Council - 26 January 2023**

## **LOCAL COUNCIL TAX SUPPORT SCHEME FOR 2023/24**

### **Report of the Director of Resources**

#### **Report Author and Contact Details**

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#### **Wards Affected**

District Wide

### **Report Summary**

This report provides information relating to proposed changes to, and seeks approval to adopt, the Local Council Tax Support Scheme for the financial year 2023/24.

### **Recommendations**

1. That the Council approves and adopts the scheme detailed in this report as the Local Council Tax Reduction Scheme for 2023/24.
2. That £20,000 be set as the budgeted amount for all Discretionary Hardship Fund applications under Schedule 11 of the scheme for 2023/24 (to be reviewed by a further report to Council during the year if it appears that this amount may be insufficient).
3. That the proposed delivery of the Council Tax Support Fund as set out in paragraph 2.15 of the report be approved and endorsed.

### **List of Appendices**

None

### **Background Papers**

Council Tax Reduction Scheme 2022/23

Letter & guidance from DLUHC 23/12/2022: Council Tax Support Fund

DWP HB A1/2023 DWP 'Housing Benefit uprating for the financial year ending March 2024'  
The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023 No.16

**Consideration of report by Council or other committee**

No

**Council Approval Required**

Yes

**Exempt from Press or Public**

No

## Local Council Tax Support Scheme for 2023/24

### 1. Background

- 1.1 The government abolished the national social security Council Tax Benefit from April 2013 and replaced it with Local Council Tax Reduction Schemes, to be determined by each Council annually.
- 1.2 The Government did not give local authorities complete freedom in the design of their schemes, as pensioners were (and continue to be) protected from any losses under local schemes. Due to the fact that pensioners are protected, only those of working age are subject to any revised calculation in respect of their Council Tax Support awards.
- 1.3 The scheme approved and adopted for 2013/14 (and retained for all subsequent years) was based on the government's default scheme as set down in The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (S.I. 2012 No 2886, as amended) which replicated the provisions for Council Tax Benefit but subject to the following amendments:
  - (a) The amount of any reduction for working age claimants is reduced by 8.5%;
  - (b) The period for extended payments is increased from four to eight weeks to assist claimants who move back into work;
  - (c) The full amount of income from war widow pensions etc. is disregarded in the calculation of income (instead of standard £10 disregard);
  - (d) Provision is made for additional awards in cases of hardship, with the budget available in 2022/23 being £18,000.
- 1.4 It should be noted that the local scheme originally adopted from 1st April 2013 and retained for subsequent years, continues to be well received and unlike similar schemes elsewhere has neither been subject to Judicial Review or criticism from the Valuation Tribunal Service (who hear appeals on council tax support calculations). It should also be noted that the Council has not been required to attend a VOA Appeal Tribunal to defend decision making on individual claims under the terms of its scheme. This has not been the case for some neighbouring councils.
- 1.5 The Council has previously consulted widely on this scheme that protected working age claimants from significant reductions with the remaining savings achieved from other changes to Council Tax discounts on empty properties and second homes.
- 1.6 It should be noted that the decision of the billing authority regarding the scheme to be adopted commits the major precepting bodies to the same scheme.

## 2. Key Issues for 2023/24

- 2.1 The local Council Tax Reduction Scheme must be reviewed annually and any changes made approved no later than 31st January in the financial year preceding that for which the changes are to have effect. **No significant technical changes are proposed to the scheme to be adopted for 2023/24 and so no new consultation with the public or with precepting authorities has been necessary.** The Benefits Manager is required to monitor expenditure in-year and is satisfied that based on projected caseload and relevant changes occurring that the costs of the 2022/23 scheme falls within budget
- 2.2 A regular in-year review continues monitoring the impact of Full Service Universal Credit on local resident's entitlements and their ability to budget for the payment of council tax. These findings will inform our decisions on changes to our future year's scheme. A small number of local authorities have replaced their income related means tested scheme with a 'banded scheme'; but no such change is proposed for the coming year.
- 2.3 The government makes annual changes to the prescribed elements of the scheme for pensioners by uprating the allowances, premiums and non-dependent deductions used in the calculation of a reduction.
- 2.4 Working age equivalent figures are also subject to annual uprating and so will increase by a set percentage during the coming financial year. Any changes to the allowances, premiums and non-dependent deductions for working age claimants remain at the discretion of the local authority but the practice has been to update these amounts in advance of next year's scheme by reference to the annual uprating circular published by the Department for Work & Pensions for housing benefit purposes. The DWP published Circular HB A1/2023 Housing Benefit uprating for the financial year ending March 2024 on 10<sup>th</sup> January 2023 and this does not contain any significant changes to the amounts used during 2022/23.
- 2.5 The amounts in the DWP circular are replicated in The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023 No.16. The circular also contains the working age uprating's to be used for housing benefit calculations. These changes are reflected in the Council's scheme for 2023/24.
- 2.6 As part of the Government's ongoing Welfare Reform, some technical changes to the national Housing Benefit Scheme have occurred over successive years. The decision has previously been made not to mirror these changes within the Local Council Tax Reduction Scheme for working age households as the impacts concerned lead to individual families being affected disproportionately. The overall impact of this decision on the cost to the Council's scheme is minimal, but will again be subject to an ongoing review in planning subsequent years' schemes.
- 2.7 It is proposed, in the interests of clarity and equity, that all allowances, premiums and non-dependent deductions and any other associated amounts in the scheme be uprated for both pensioner and working age claimants in line with the 'Prescribed Requirements' regulations and the

DWP Uprating Circular mentioned in paragraphs 2.3 and 2.4. **No other changes to the local scheme for 2023/24 are proposed.** These documents provide changes to the financial amounts used in the means test adopted to calculate entitlements and are not significant and will be incorporated into the Council's scheme for 2023/24.

- 2.8 The anticipated costs of the Council Tax Support Scheme (including the discretionary scheme) in 2022/23 are £3.536 million, split between £1.785 million in respect of pension age claimants and £1.751 million for working age claimants. The cost of the Council Tax Support Scheme in 2023/24 will increase in line with council tax increases and will reflect changes in the numbers of eligible applications for CTS and the level of support required (not known at the time of writing the report). The cost of the scheme is shared with major precepting bodies, effectively reducing council tax income levels for each organisation relative to the value of precepts issued. It is taken into account in setting the tax base.
- 2.9 Approximately 3,155 Council Tax payers currently receive assistance towards their Council Tax Bills due to low household income. The protection given to pensioners has meant that since 2013 those of working age have received less help than those of pension age. Many working age claimants have also been affected by other welfare reforms which have reduced entitlement to Housing Benefit in some cases. Those making new claims for help with housing costs now need to claim Universal Credit, which has been problematic in some cases.
- 2.10 Full Service Universal Credit was introduced across Derbyshire Dales from 2018. Councils will still be administering Housing Benefit schemes until the migration of current Housing Benefit cases to Universal Credit takes place. The proposed Council Tax Support scheme would continue to largely mirror the current Housing Benefit scheme, as far as the calculation of entitlement is concerned, which would reduce complexity and confusion for those claiming and administering both awards. The amounts used in the calculation of awards in the scheme for 2023/24 will be uprated in the same manner as those up-ratings which apply to the Housing Benefit scheme.
- 2.11 Some council tax payers face difficulties in making payments. While there is a Revenues Debt Recovery Policy in place, officers judge each case on its merits. Payment arrangements can be put in place and the Council Tax Team and / or Benefits Manager has the flexibility to suspend recovery action, propose a write off (subject to approval by the Director of Resources) or reduce a debt based on the individual circumstances of the case. There is also the ability to award discretionary discounts to those suffering hardship if appropriate. As such processes are in place to assist those who may be experiencing financial difficulty, whether that is a result of welfare reform, the cost of living crisis or other financial constraints.
- 2.9 Alongside the 'main' Local Council Tax Support Scheme, the Council also has a Discretionary Hardship Fund (see below) to provide further financial support to CTS applicants facing undue financial hardship. This is intended to help those low income households that have council tax to pay after a main CTS reduction, giving them extra help to pay that balance. It is also

used to pay the 8.5% remaining council tax liability (after the CTS has been deducted from the council tax bill) for working age claimants who have other debts. Referrals are taken from Citizens Advice Bureau locally and from other similar partner agencies, who all insist how important this provision is in supporting low income households locally.

- 2.10 When setting the budget for 2022/23 a budget of £18,000 was approved for the Discretionary Hardship Fund.
- 2.11 While the Council does not have limitless financial resources, it is suggested that the Discretionary Hardship Fund budget be increased to £20,000 for 2023/24. Should the amount appear to be insufficient during 2023/24, the Director of Resources will present a further report to Council to explain the reasons and to request additional funding.
- 2.12 One set of Local Scheme Regulations are prepared comprising sections dealing with applications from pensioner claimants (formerly the prescribed regulations) and a separate section for working age customers. Due to their combined size (in excess of 100 pages), the complete proposed local Council Tax Reduction Scheme for 2023/24 is intended as a background paper to this report and will be available to Members on request. The final adopted scheme for 2023/24 will be published in full on the Council's website by 31st March 2023.
- 2.13 An Equality Impact Assessment (EIA) is in place for the LCTS scheme. A copy is available on the Council's website [here](#). The changes proposed in this report are not significant so do not necessitate an immediate refresh of the EIA.
- 2.14 It should also be noted that Derbyshire District Citizens Advice Bureau and Age UK continue to give positive feedback to the Council's Benefit Manager for its fairness of treatment of low-income households under the provisions of the Local Scheme compared to neighbouring schemes within the east midlands area.
- 2.15 Alongside the provisional Local Government Finance Settlement on 19th December 2022, the Government announced £100m of additional funding for a Council Tax Support Fund for local authorities to support the most vulnerable households in England. This funding will allow councils to deliver additional support to households already receiving council tax support, whilst also providing councils with the resources and flexibility to determine the local approaches to support other vulnerable households in their area.

On 23<sup>rd</sup> December 2022, the government published guidance and provisional allocations for the Council Tax Support Fund. Derbyshire Dales District Council's provisional funding allocation is £83,755. Final allocations will be confirmed at the final Local Government Finance Settlement.

The Government expects local authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can use their

remaining allocation as they see fit to support vulnerable households with council tax bills.

The discount should apply to current LCTS claimants that have an outstanding council tax liability for the 2023/24 financial year. Government expects councils to deliver this using their discretionary powers under s13A (1)(c) of the Local Government Finance Act 1992.

The guidance also says that there should be no need for any recipient of LCTS to make a separate claim for a reduction under this scheme. The billing authority should assess who is eligible for support and automatically apply the discount.

Officers are currently modelling the impact of the £25 payments. For any remaining funding, currently estimated at around £27,000, officers will develop a scheme to support vulnerable households with council tax bills, for example, by awarding discounts to offset arrears in cases where there is evidence of severe hardship.

### **3. Options Considered and Recommended Proposal**

- 3.1 The District Council has no choice in adopting a new scheme from 1st April 2023; it remains the Council's legal responsibility. Given the existing scheme receives positive responses from support agencies locally it is proposed that the scheme from 1st April 2023 remains technically the same and only includes the uprating amounts for allowances, premiums and non-dependent deductions used in the calculation of a reduction suggested by Government. This also means that it is not necessary to undertake public consultation or to refresh the equality impact assessment.
- 3.2 It is proposed that the Council adopts the proposals included within this report concerning the technical changes due to be adopted and an increase in the discretionary hardship fund. The latter reflects the budgeting pressures felt by low income households due to the costs of living rises etc.
- 3.3 Aside from the additional amounts from the Council Tax Support Fund (see paragraph 2.15 above), the scheme proposed for year 2023/24 will maintain the amount of assistance given to working age claimants in receipt of Council Tax Support so that the calculation matches the calculation that was in place under the previous Council Tax Benefit scheme. This will mean that from 1 April 2023 working age claimants can receive full help towards their Council Tax if they are on a low income in the same way as pension age claimants.
- 3.4 If the current scheme is not maintained, based on current caseload, approximately 1,473 pension age claimants would be protected from reductions in their awards, whereas approximately around 1,682 working age claimants would receive less assistance towards their Council Tax payments than they would have received under the old Council Tax Benefit scheme. If the proposal to maintain the scheme from 1 April 2023 is agreed those 1,682 working age claimants would receive increased assistance.

3.5 A change to the scheme, to increase the amount that those in receipt of Council Tax Support are asked to pay, may jeopardise continued good performance in collection rates by placing an unrealistic burden on those affected by reductions to Council Tax Support.

3.6 A change in the scheme, to reduce the amount that those in receipt of Council Tax Support are asked to pay, would impact major preceptors (especially Derbyshire County Council) as the costs would be shared. Given the uncertainty relating to local authority finances at the current time, it is the view of officers that such a change is not affordable at the current time. If such an approach was to be considered, it would be necessary to consult with major preceptors.

#### **4. Consultation**

4.1 No consultation with the public or major precepting bodies is deemed necessary because no material changes to the current scheme are proposed.

#### **5. Timetable for Implementation**

5.1 Subject to approval at this meeting, the new scheme will be implemented before the budget and council tax are set for 2023/24 and will be reflected in the annual council tax billing for that year, due in March 2023.

#### **6. Policy Implications**

6.1 The adoption of a local Council Tax Reduction Scheme is a statutory requirement. It links to the Council's priorities of "people" and "prosperity" as it provides financial support to pensioners and working age people on low incomes. This benefits the recipients directly but also benefits the local economy if spent in the area.

6.2 One of the Council's Corporate Plan actions is to achieve a sustainable financial position. This relies upon effective budget management, of which Council Tax plays a significant part. The proposed scheme will help to achieve this objective at the same time as offering financial help to those who require some assistance in paying their Council Tax due to reduced means.

#### **7. Financial and Resource Implications**

7.1 There are no resource implications arising from this report, apart from the additional resources that will be required to deliver the new Council Tax Support Fund. It is expected that there will be a New Burdens government grant to fund this.

7.2 Decisions regarding the Council Tax Support scheme and changes to discounts and exemptions will affect the determination of the Council Tax base for each financial year. An accurate Council Tax base and achieving a high Council Tax collection rate benefits the Council's overall cash flow.

- 7.3 Expenditure on Council Tax Support (CTS) has increased during the current year, reflecting the fact that local families are financially worse off as a result of social security benefit changes and the detrimental impact financially for local people unable to work due to the ongoing adverse impacts caused by COVID-19 on local employment patterns. The council tax charge itself has been subject to general annual increases approved by the Council and precepting authorities, which acts again to increase the cost of the scheme.
- 7.4 Caseload itself (the numbers of households claiming CTS at any one time) is subject to unpredictable fluctuations prompted by variations in the local economy with current cost of living increases having an obvious adverse effect. The previous eighteen months/ two years introduced unforeseen factors which at times increased caseload and the cost of the scheme. The economic forecasts for the next two years suggest high levels inflation until at least mid-2023, cost of living increases and recession which will undoubtedly have impacts on low income households' ability to budget.
- 7.5 Expenditure on the Local Council Tax Support Scheme will be funded from a government grant, up to the allocation of £83,755.
- 7.6 All of the above has a direct impact on collection rates and the council tax base. Should there be future significant increases in claims for LCTS, over and above that already reflected in the council tax base, the financial risks may increase.
- 7.7 To reassure all, the cost of the scheme together with an analysis of case load size is routinely monitored by the Council's Benefit Manager to identify financial risks. No significant changes are proposed for the 2023/24 scheme; however were risks likely to occur in future years, changes could be expected. Any significant changes to LCTS for future years would require public consultation in order to meet Government guidelines for implementation of such changes.
- 7.8 As explained above, certain factors have increased the cost of the Local Scheme. With the exception of the level of its own council tax charge, these economic and social factors are generally outside the Council's control or direct influence. While careful monitoring does take place, it is impossible to mitigate fully against the risk of increased claims for assistance. The financial risk is therefore assessed as "high".

## **8. Legal Advice and Implications**

- 8.1 Section 33 of the Welfare Reform Act 2012 abolished Council Tax Benefit from 1 April 2013.
- 8.2 Section 13A (1)(a) of the Local Government Finance Act 1992 requires Billing Authorities to adopt a Local Council Tax Support scheme.
- 8.3 Section 13A (1) (c) of the Local Government Finance Act 1992 (as amended by Section 10 of the Local Government Act 2012) allows the Council (in its capacity as billing authority) to reduce the amount of Council Tax payable to such extent as it thinks fit. This includes the power to award a discount such as for the delivery of the Council Tax Support Fund.

8.4 The District Council operates within the legislative framework provided by Government for the purposes of meeting its legal responsibilities. This should provide assurance to elected members that no legal action against the Council would occur. Essentially the same scheme implemented in year 1 (2013/14) persists for 2023/24 and, as already stated, no challenge has been made in previous years nor has there been a Judicial Review or criticism from the Valuation Tribunal Service (who hear appeals on council tax support calculations).

8.5 The legal risk is therefore assessed as low.

## **9. Equalities Implications**

9.1 None, as no major or material changes are proposed that would impact on people with protected characteristics. Changes pertain to the adoption of the allowance, premiums and nondependent amounts proposed by Government which are used to calculate individual claim entitlements. Previous EIAs have assessed the scheme and no issues were identified.

## **10. Climate Change Implications**

10.1 No detailed climate change impact assessment are required in relation to the recommendations of this report.

## **11. Risk Management**

11.1 Financial and legal risks have been assessed above. There are no other significant risks arising from these proposals

### **Report Authorisation**

Approvals obtained from:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Paul Wilson	17/01/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	16/01/2023
Monitoring Officer (or Legal Services Manager)	James McLaughlin	17/01/2023