

## **Report to the Leader of the Council**

**Subject:** Council Tax Support Fund

**Date:** 1 March 2023

**Author:** Director of Corporate Resources and S151 Officer

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### **Wards Affected**

All

### **Purpose**

The purpose of this report is:

- 1) To seek approval for the Council's scheme of discretionary discounts to deliver additional financial support in 2023/24 to council taxpayers in the Borough of Gedling in accordance with the Council Tax Support Fund guidance issued by the Government as detailed in Appendix 1;
- 2) To establish by virement a Council Tax Support Fund budget of £172,600 to be funded by Government Grant;
- 3) To delegate to the Director responsible for Welfare Support Services the authority to determine applications for discretionary reduction in council tax under section 13A(1)(c) of the Local Government Finance Act 1992 in relation to the additional financial support for council taxpayers 2023/24 scheme in the Borough of Gedling in line with the scheme outlined this report.

### **Key Decision**

This is a key decision as it is likely to be significant in terms of its effect on communities living in an area comprising two or more wards of the Borough.

## Recommendations

### To approve:

- (a) the Council's scheme of discretionary discounts to deliver additional financial support in 2023/24 to council tax payers in the Borough of Gedling as detailed in the report at paragraph 2.1 and devised in accordance with the Council Tax Support Fund guidance issued by the Government;**
- (b) The establishment, by virement, of a Council Tax Support Fund budget of £172,600 to be funded by Government Grant;**
- (c) The delegation to the Director responsible for Welfare Support Services the authority to determine applications for discretionary reduction in council tax under section 13A(1)(c) of the Local Government Finance Act 1992 in relation to the additional financial support for council taxpayers 2023/24 scheme in the Borough of Gedling in line with the scheme outlined in this report;**

## Background

- 1.1 In December 2022, the Government announced the Council Tax Support Fund, which provides additional funding for local authorities to support the most vulnerable households in recognition of the impact of expected increases in council tax bills. The funding is intended to deliver additional support to those households already receiving council tax support, whilst also providing councils with resources and flexibility to determine local approaches to support vulnerable households with council tax bills.
- 1.2 Local authorities are required to put in place Local Council Tax Support schemes to offer council tax reductions to those facing financial hardship and must approve such schemes on an annual basis by the statutory deadline of 11 March. At Gedling this scheme is known as the Council Tax Reduction Scheme (CTRS) and the scheme for 2023/24 was approved by Council on 25 January 2023 and continues to protect our most financially vulnerable residents by offering a maximum award entitlement of up to 100% discount.
- 1.3 To supplement this local support, the Government expects that billing authorities will use their grant allocation to fund further reductions in the council tax liability of individuals receiving reductions through the CTRS, with an outstanding council tax liability, by up to £25 as a minimum. With the remaining funding, local authorities are able to determine their own local approaches to supporting economically vulnerable households with council tax bills.

- 1.4 The discount should apply to current CTRS 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 section 13A(1)(c) of the Local Government Finance Act 1992.
- 1.5 It is the Government's intention that any assistance provided from the council tax support fund will not affect the eligibility of recipients for other benefits.
- 1.6 The Government requires that there should be no need for any recipient of CTRS to make a separate claim for a reduction under this scheme in respect of the minimum reduction of up to £25. The billing authority should assess who is eligible for support and automatically apply the discount.
- 1.7 It is recommended that billing authorities review their local approach at intervals during the financial year, in order to ensure expenditure for 2023/24 remains within the government grant allocation.

## **Proposal**

- 2.1 The proposed scheme of discretionary discounts to deliver additional financial support in 2023/24 to council taxpayers in the Borough of Gedling developed in accordance with the principles Council Tax Support Fund guidance issued by the Government is as follows:

### The Government's Minimum Expected Reduction:

- i. To provide all recipients of both working age and pension age council tax reduction scheme (CTRS) support during the financial year 2023/24 with a further reduction in their annual council tax bill of up to £25. Where a taxpayer's liability for 2023/24 is, following the application of CTRS, less than £25, then their liability would be reduced to nil. Where a taxpayer's liability for 2023/24 is nil, no reduction to the council tax bill will be available.

### Wider Local Support Scheme:

- ii. To provide those recipients of both working age and pension age CTRS support whose annual liability exceeds £25 with a further reduction in their annual council tax bill of up to £50 i.e. bringing the maximum reduction in their council tax liability to £75 when taking (i) and (ii) together. Where a taxpayer's liability for 2023/24 is, following the application of CTRS, less than £75, then their liability would be reduced to nil.
- iii. Those recipients of CTRS support whose annual liability exceeds £75 who are experiencing financial difficulties will be considered on a case by case basis for additional hardship relief using the same process and criteria applied to decision making under the Council's existing Discretionary Housing and Hardship Fund Payments Policy subject to availability of funding.

The scheme will be open to households that become eligible for CTRS during the

financial year whilst funds remain available and will be subject to a monthly review to ensure that expenditure can be maintained within the government grant allocation.

- 2.2 It is proposed that the Leader approve the establishment, by virement, of a Council Tax Support Fund budget of £172,600 to be funded by Government Grant
- 2.3 It is proposed that the Leader delegates to the Director responsible for Welfare Support Services the authority to determine applications for discretionary reduction in council tax under section 13A(1)(c) of the Local Government Finance Act 1992 in relation to the additional financial support for council taxpayers 2023/24 scheme in the Borough of Gedling in line with the scheme outlined in paragraph 2.1 above.

### **Alternative Options**

- 3.1 There is a strong expectation from Government that support is provided for council taxpayers by a reduction in their council tax bill in recognition of expected council tax increases, with the proposal at 2.1 (i) to be implemented as a minimum. An alternative to the proposed wider local support scheme could be to increase the maximum reduction in council tax liability to £85 for existing claimants only (i.e. close the scheme to new claimants) and to remove the fund for additional hardship relief at 2.1 (iii). This option, whilst increasing support for existing claimants, would not support our households that are more recently experiencing financial hardship and therefore overall it may not reach all of our most economically vulnerable households in paying increases in council tax, which is the primary purpose of the grant funding.
- 3.2 An alternative to the proposal at paragraph 2.3 would be to report each decision for discretionary reduction to the Portfolio Holder for Corporate Resources and Performance for his determination. Currently this would mean that the Portfolio Holder would have to consider approximately 2000 cases. This would place an unnecessary burden on the Executive which is not considered necessary where there is criteria for eligibility and policies available for the determination of the reductions proposed at 2.1 above.

### **Financial Implications**

- 4.1 The Government has allocated grant funding to local authorities on the basis of their share of the national caseload of CTRS recipients based on data from quarter 2 of 2022/23. The grant allocation for Gedling is £172,600 and this will be used to fund the scheme detailed at 2.1. The actual cost of the scheme will depend upon the number of eligible claimants that are in receipt of CTRS but whose liability has not been reduced to nil in accordance with the current approved CTRS scheme.
- 4.2 The cost of the Government's minimum expected reductions at 2.1 (i) will be accommodated within the grant funding allocation.

4.3 The Council currently has in the region of 2000 cases that are not on full CTRS that would be entitled to relief under the proposed scheme at 2.1 and the cost related to these cases can be accommodated within the grant funding allocation (For information there are in the region of a further 4500 recipients of CTRS which are already fully protected by the Council's approved CTRS scheme which provide a maximum award of up to 100%). However, the number of those entitled to relief under the CTRS is expected to increase and therefore monitoring and review of the proposed Wider Local Support Scheme is recommended at regular intervals to ensure that expenditure can be maintained within the grant allocation.

### **Legal Implications**

5.1 As detailed in the report, the power to administer the grant from Government arises under 13A(1)(c) of the Local Government Finance Act 1992. The scheme proposed is in line with Government guidance.

### **Equality Implications**

6.1 The scheme is intended to benefit those most vulnerable residents who are experiencing financial hardship. The scheme does not involve a claim process so is accessible for those most in need and has a positive impact across a range of individuals including those falling within a protected characteristic group.

### **Carbon reduction/Sustainability Implications**

7.1 There are no direct carbon reduction implications arising from this report.

### **Appendices**

8.1 Appendix 1 – Council Tax Support Fund Government Guidance

### **Background Papers**

9.1 Discretionary Housing and Hardship Fund Payments Policy

### **Reasons for Recommendations**

10.1 The Council is expected by Government to use its discretionary powers and provide additional support economically vulnerable council tax payers in line with the guidance it has published to be funded by the grant allocation provided.

10.2 The delegation is requested in order to ensure that no unnecessary burden is placed on the Executive.

**Statutory Officer approval**

**Drafted by the Chief Financial Officer:**

**Date: 1 March 2023**

**Approved by the Monitoring Officer**

**Date: 1 March 2023**

### Council Tax Support Fund guidance

#### 1. About this guidance

1. This guidance is intended to support local authorities in using their allocation from the £100 million Council Tax Support Fund, announced alongside the 2023-24 provisional local government finance settlement:

We are also today announcing £100 million of additional funding for local authorities to support the most vulnerable households in England. This funding will allow councils to deliver additional support to the 3.8 million 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

2. The funding is for the 2023-24 financial year. Provisional allocations for each local authority are set out at [Annex A](#), with final allocations to be confirmed at the final local government finance settlement.

3. This guidance applies to England only. It outlines the underpinning principles for use of the fund and expected eligibility criteria for delivery of the support package.

4. Any enquiries on this document or use of the fund should be addressed to: [council.tax@levellingup.gov.uk](mailto:council.tax@levellingup.gov.uk).

#### 2. Introduction

5. Council tax levels are a matter for local authorities to decide although the government sets referendum principles so that residents can have the final say over excessive increases. At Autumn Statement 2022 the government announced its intention to increase referendum principles to 3% for core council tax and up to 2% for the Adult Social Care precept, with additional flexibilities for some other authority types for both 2023-24 and 2024-25.

6. Recognising the impact of rising bills, the government will be distributing £100 million of new grant funding in 2023-24 for local authorities to support economically vulnerable households in their area with council tax payments.

7. Funding will be allocated to councils based on their share of local council tax support claimants according to the latest data. 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.

8. This document provides guidance to authorities about the operation and delivery of the relief.

### **3. Minimum reduction in council tax liability for local council tax support claimants**

9. The government recognises that council tax increases set by local authorities may mean some individuals may struggle to meet council tax payments.

10. Local authorities are required to put in place LCTS schemes to offer council tax reductions to those facing financial hardship and will be preparing their schemes for 2023-24 by the statutory deadline of 11 March.

11. To supplement this local support, the government expects that billing authorities will use their grant allocation to fund further reductions in the council tax liability of individuals receiving LCTS with an outstanding council tax liability, by up to £25. Local authorities are also able to use a proportion of their allocations to determine their own local approaches to supporting economically vulnerable households with council tax bills.

12. 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.

13. Funding will be allocated to local authorities on the basis of their share of the LCTS claimants, based on Q2 data from 2022-23. The money will be paid out as soon as possible to local authorities through a grant under section 31 of the Local Government Act 2003.

14. Where a taxpayer's liability for 2023-24 is, following the application of council tax support, less than £25, then their liability would be reduced to nil. Where a taxpayer's liability for 2023-24 is nil, no reduction to the council tax bill will be available and those bills should not be credited.

15. 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.

16. Council tax reductions should be applied from the beginning of the 2023-24 financial year for existing LCTS recipients and discounts should be reflected in council tax bills issued in March. It is for local authorities to decide how to treat households that become eligible for LCTS during the financial year.

17. Authorities will want to make their local populations aware of how the grant support package will be delivered e.g. through providing information on their websites.

18. It is the government's intention that any assistance provided from the Council Tax Support Fund will not affect the eligibility of recipients for other benefits.



#### **4. Discretionary support**

19. The government recognises that existing support mechanisms vary locally, including LCTS schemes, discretionary council tax discount/hardship schemes and local welfare schemes. Councils will want to consider using a proportion of their allocation to establish their own local approach to helping economically vulnerable households with council tax bills.

20. Local authorities should revisit their discretionary approach at intervals during the financial year, in order to ensure expenditure for 2023-24 remains within their allocation.

#### **5. Funding allocations**

21. The funding is for the 2023-24 financial year. Allocations are set out in [Annex A](#) and should be used within the 2023-24 financial year.

#### **6. Monitoring and reporting requirements**

22. Local authorities should maintain a record of support provided. In particular, councils should ensure that they are able to monitor and report on the level of expenditure provided to LCTS claimants through the provision of additional discounts. Local authorities should also maintain records of the mechanisms and levels of support provided through discretionary schemes.

23. The Department for Levelling Up, Housing and Communities will undertake a quarterly DELTA collection exercise to monitor implementation progress. Councils should therefore ensure they put in place arrangements to support this data collection process.

#### **7. New burdens**

24. The government recognises that the implementation of this policy will place an additional burden on local authorities. In accordance with the new burdens doctrine the government will conduct an assessment of the expected reasonable additional costs associated with the implementation of the policy, such as staffing and software costs, working closely with local government in doing so.