

Cabinet / Council



URN: 23-051

Report Title: Council Tax Support Scheme 2024-25

Report to: Council

Date of meeting: 14th December 2023

Responsible Cabinet Member: Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

Responsible Director / Officer: Miranda Lee – Head of Customer Services

Is this a Key decision? Yes

Date added to Forward Plan of Key Decisions if a Key Decision: 30th May 2023

EXECUTIVE SUMMARY / INTRODUCTION FROM CABINET MEMBER

This report seeks Council approval of the recommended Council Tax Support Scheme 2024/25.

RECOMMENDATIONS:

That Council approves the recommendation to:

- 1) To amend the Council Tax Support Scheme 2024/25 to reduce the maximum council tax support to 80% of the Council Tax liability
- 2) To protect Care Leavers from this change
- 3) To make provision for a hardship scheme of £200,000
- 4) To form a cross party Member Working Group to agree the hardship scheme and to monitor and receive regular reports on the impact of the change to the Council Tax Support Scheme
- 5) To delegate the ability for the Head of Customer Services & Revenue & Benefits Service Manager to make any smaller adjustments to the scheme that may be required to align to the wider welfare benefits system for 2024/25

1. Introduction

- 1.1 The Cabinet Report dated 11th September 2023 requested permission to commence a consultation on a number of options in relation to the 2024/25 Council Tax Support Scheme.
- 1.2 On the 1 April 2013 the Council introduced a new Local Council Tax Support Scheme which replaced Council Tax Benefit following the Government announcement in the Spending Review 2010 that financial support for council tax would now be localised.

1.3 In designing a local scheme, the council had to consider:

- The amount of funding initially provided to local authorities to run a localised scheme was approximately 10% less than was spent on the previous Council Tax Benefit Scheme, this funding has continued to reduce.
- Support for pensioners must be protected and would not be affected by the local scheme, meaning that the rules around a localised scheme would only apply to those customers of a working age.

1.4 The Great Yarmouth Borough Council Scheme for 2023 was introduced following a consultation with the public. The scheme was decided by Council on 15 December 2022.

1.5 Schedule 1A of the Local Government Finance Act 1992 states:

1. For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme: and
2. the authority must make any revision to its scheme, or any replacement scheme, no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.

1.6 As each Local Authority decides their local scheme it is possible that other nearby Local Authorities can have different types of schemes with varying financial implications for customers.

2. Current Position

2.1 There have been minimal changes to the scheme since its first introduction and financial assistance for those classed as working age customers has been limited to a maximum of 91.5% of their council tax liability. Those customers of pension age remain unaffected by the Council Tax Support Scheme and continue to receive the same financial level of assistance as they did under the Council Tax Benefit Scheme.

2.2 Serious consideration has been given to the 2024/25 Council Tax Support Scheme in recognition that the Council, like many other Local Authorities, is facing considerable challenges with budgets and have a lack of clarity around future government funding settlements.

2.3 Unlike council tax benefit where the expenditure was fully subsidised, funding for Council Tax Support schemes was less than council tax benefit and has since been lost within the Revenue Support Grant and core funding which has continued to reduce and be re-purposed over recent years. Taking the financial challenges into account, this year the council has considered options to reduce the overall cost of the Council Tax Support scheme.

3. Options Considered for the 2024/25 Scheme

Option 1 – Retain the current scheme by maintaining the level of financial award for working age customers at a maximum of 91.5% of their Council Tax liability.

Option 2 – Reducing the maximum level of financial award to 87.5% of their Council Tax Liability.

Option 3 – Reducing the maximum level of financial award to 85% of their Council Tax Liability.

Option 4 – Reducing the maximum level of financial award to 80% of their Council Tax Liability.

Option 5 – Reducing the maximum level of financial award to 75% of their Council Tax Liability.

Options have also been considered to protect customers that may be more vulnerable. The Council consulted on whether to protect certain households which may be viewed as more vulnerable to any changes to the scheme. Our current scheme has no protections in place. It could also be considered that these households are likely to be in receipt of more income than other working age households, therefore, it may be viewed as more equitable to continue with limited protections, on the basis that any change to the scheme should affect the majority of working age households.

4. Consultation

- 4.1 A public consultation on the 5 options ran for a 12 week period and has now closed. As well as being published on the Councils website, every household in receipt of council tax support at that time was contacted directly by letter advising them that the council was considering a change to the Council Tax Support Scheme for 2024/25 and that a change could affect the level of financial support they would receive. They were invited to take part in the formal consultation.
- 4.2 The options under consideration ranged from continuing with the current scheme, to various stepped reductions in the maximum award from 87.5% to 75% of the Council Tax Liability.
- 4.3 A total number of 146 responded to the consultation, 76% of the responders were in receipt of Council Tax Support.

Table 1 – Consultation results

Options on Scheme	No. of Responses	% of Responses
Remain at 91.5%	100	68%
Reduce to 87.5%	23	16%
Reduce to 85%	7	5%
Reduce to 80%	3	2%
Reduce to 75%	7	5%
Don't know	6	4%

- 40 responders opted for a reduction in the current maximum level of award, 32 of these opted to have some protections
 - 49% of the responders were 55 or over
- 4.4 As part of the consultation process, these options were considered by Members of Scrutiny at the 24th October 2023 committee.
- 4.5 The Committee recognised that the Council is facing ongoing financial challenges in years ahead, however, there was concern that any change to the existing scheme would affect vulnerable families who were already struggling with the cost of living. There were some assurances that

should a change go ahead a hardship fund would be available to protect the most vulnerable, however, there was a preference to retain the current scheme.

- 4.6 The impact of any change has been considered by undertaking an Equality Impact Assessment on the recommended option. The equality impact assessment provides Members with more information on how a change to the Council Tax Support Scheme would affect individuals/households already in receipt of Council Tax Support or those that could be eligible, in particular, those with protected characteristics. The document explains why the Council is considering a change to the scheme and includes mitigation that could be in place to protect those most vulnerable to any change. The report is attached as **Appendix A**.

5. Proposals

- 5.1 In recognition of the Council's financial position, it is recommended that a change to the existing scheme is made to reduce the overall cost to the Council. However, it is also important that a hardship fund would be available to help mitigate the impact of the change on vulnerable households.
- 5.2 It is proposed that the maximum award of Council Tax Support for working age is amended to 80% of the Council Tax Liability, however, Members may wish to consider the other options consulted on. **Appendix B** provides the estimated cost options of each scheme considered.
- 5.3 This change would affect all working age recipients with no protections in place for certain groups except for Care Leavers. The Equality Impact Assessment recognises the impact of this change on individuals and households, however, also concludes that working age households on low income eligible for Council Tax Support are likely to be similarly impacted to those with additional disability financial support to help with day to day living.
- 5.4 It is recommended a hardship scheme is in place in the sum of £200,000 to help support individuals and households who may be in more financial difficulty. The scheme would only be eligible to working age recipients of Council Tax Support with an eligibility criteria prioritising the most vulnerable groups.
- 5.5 Considering, most working age recipients of Council Tax Support reside in a Band A property, for illustrative purposes based on this year's Council Tax Charge for Great Yarmouth, the impact of the change to a household is demonstrated in Table 1.

Table 2 – Average additional amount payable based on 23/24 Council Tax Charge

Band A Great Yarmouth	Full Charge £1,384.71					
Eligible for maximum support	Annual Due	Annual additional due	Monthly Due 12 inst	Monthly Additional 12m	Weekly over 52 wks	Weekly Additional 52 weeks
80%	£276.94	£159.94	£23.08	£13.33	£5.33	£3.08
Band A Great Yarmouth	Single Person Discount £1,038.53					
Eligible for maximum support	Annual Due	Annual additional due	Monthly Due 12 inst	Monthly Additional 12m	Weekly over 52 wks	Weekly Additional 52 weeks
80%	£207.70	£119.42	£17.31	£9.95	£3.99	£2.30

6. Financial Implications

- 6.1 Based on updated forecasts this proposal would reduce the overall cost of the scheme by approximately £827,000 across the preceptors (Great Yarmouth Borough Council, Norfolk County Council and the Police).
- 6.2 Pension age Council Tax Support recipients remain unaffected. The proposed change will apply to all working age recipients of Council Tax Support except for Care Leavers.
- 6.3 The inclusion of a hardship fund helps to mitigate the impact of this change.

7. Risks

- 7.1 Risk were identified associated with reducing the current level of financial support including:
- a) Households who may be struggling with the wider 'cost of living' issues.
 - b) Impact on council tax collection and additional administrative work.
- 7.2 In reviewing the options considered, the recommended scheme represents a 11.5% reduction in the maximum award that would be payable. The risks identified are mitigated by the protection of care leavers and provision of a hardship fund of £200k to help households which may struggle to pay their council tax and are adversely impacted by any changes to the scheme.

8. Recommendations

- 1) To amend the Council Tax Support Scheme 2024/25 to reduce the maximum council tax support to 80% of the Council Tax liability.
- 2) To protect Care Leavers from this change.
- 3) To make provision for a hardship scheme of £200,000.
- 4) To form a cross party Member Working Group to agree the hardship scheme and to monitor and receive regular reports on the impact of the change to the Council Tax Support Scheme.
- 5) To delegate the ability for the Head of Customer Services & Revenue & Benefits Service Manager to make any smaller adjustments to the scheme that may be required to align to the wider welfare benefits system for 2024/25.

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Consultations	Comment
Monitoring Officer Consultation:	Yes
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Yes S13 A Policy
Equality Issues/EQIA assessment:	Yes, attached at Appendix A