

## **REPORT TO EXECUTIVE**

Date of Meeting: 4<sup>th</sup> April 2023

## **REPORT TO COUNCIL**

Date of Meeting: 18<sup>th</sup> April 2023

Report of: Director Finance

Title: Council Tax Support Fund 2023

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

### **1. What is the report about?**

Recognising the impact of rising bills, the government will be providing new grant funding in 2023-24 for local authorities to support economically vulnerable households with their council tax payments. This report sets out how this scheme, known as the Council Tax Support Fund, will operate locally.

### **2. Recommendations:**

It is recommended that Council agrees to the adoption of the proposed policy for the application of the Discretionary Scheme element of the Council Tax Support Fund scheme.

### **3. Reasons for the recommendation:**

- 3.1 The Mandatory Scheme is set out in the guidance from government on use of the funding.
- 3.2 The proposed Discretionary Scheme follows the principles of the Mandatory Scheme for customers who become entitled after 1 April, avoiding an arbitrary cut-off in support.
- 3.3 The Discretionary Scheme policy allows flexibility to redirect any remaining funding to ensure the most support possible is provided to vulnerable households across Exeter.

### **4. What are the resource implications including non-financial resources**

The cost of payments will be met, up to our allocated funding level, with a section 31 grant from the Department for Levelling Up, Housing and Communities (DLUHC). DLUHC have also committed to a New Burdens assessment for the administrative costs of delivering this scheme. The work of delivering the support will fall to the Benefits and Welfare team with additional customer contact possible for the Customer Services and Payments & Collection teams.

## **5. Section 151 Officer comments:**

5.1 The report seeks approval for the adoption of a policy to distribute any funding left over from our allocation. The policy is similar to those adopted previously and will enable funding to be used to provide support to economically vulnerable residents.

## **6. What are the legal aspects?**

The Council Tax Support Fund will operate in accordance with the Council's discretionary powers to reduce any person's Council Tax liability. This is set out in section 13A (1)(c) of the Local Government Finance Act 1992. The policy is in accordance with government's guidance for this scheme, 'Council Tax Support Fund guidance' issued on 23 December 2022.

## **7. Monitoring Officer's comments:**

The content of this report raises no issues of concern for the Monitoring Officer.

## **8. Report details:**

8.1 Anticipating rises in Council Tax charges of around 5% from April 2023, the Government has provided £100M to local authorities to help economically vulnerable residents with their Council Tax bills. The Council Tax Support Fund (CTSF) is a single year grant payment to be made to Council Tax Billing Authorities.

8.2 The indicative allocation for Exeter City Council is £186,776 which must be fully spent by the end of March 2024. The government expectation for use of the funding falls into two parts:

- To reduce the liability of all current recipients of Council Tax Support at the start of 2023-24 by up to £25 where they have a remaining liability (the "Mandatory Scheme")
- To determine a local approach for using any remaining funds to help economically vulnerable residents with their Council Tax bills (the "Discretionary Scheme")

8.3 All "payments" will be by way of a reduction in the customer's liability to pay Council Tax in the billing year 2023-24. No cash payments will be made to customers under this scheme. The Mandatory Scheme requires a change to the Revenues and Benefits system in order to make the payments as part of the End of Year processes. The software supplier (Capita) has provided this change and the CTSF payment will be shown on customers' bills for 2023-24 when they are produced in March 2023. This will be a largely automated process carried out as part of Annual Billing for all customers with a live Council Tax Support award at the time.

8.4 The Mandatory payment will be for any Council Tax Support customers who have a live award covering 1 April 2023.

8.5 Council Tax Support awards that have an entitlement start date after 1 April 2023 will not be entitled to a payment under the Mandatory Scheme. The guidance leaves it open for authorities to decide how these claims should be treated. The proposed policy for the Discretionary Scheme would treat these customers in the same way as customers entitled on 1 April. As their claims for Council Tax Support are processed, their award of

CTSF under the Discretionary Scheme will be credited to their Council Tax account at the same time.

8.6 The Local Council Tax Support scheme operates for Working Age customers only. Under this scheme the maximum support that can be given is 80% of a customer's Council Tax liability. For a single person in a Band A property their annual liability after Council Tax Support is awarded is £206 in 2022-23. Therefore all working age Council Tax Support customers will have a liability of at least £25 in 2023-24 and qualify for the maximum CTSF payment. In addition there are currently 976 pensioner cases who would qualify for a payment of up to £25 because they have a means tested deduction from their Council Tax Support award. Using 2022-23 caseload data as a guide, the Mandatory Scheme will pay £131,650 to 5288 customers.

8.7 The projected budget remaining for the Discretionary Scheme is around £57,000 or 30% of the total funding. The guidance leaves it to local authorities to decide how to use the remaining funding in line with local circumstances. The only requirements are that it is used to support economically vulnerable residents with their Council Tax bill. In the mandatory scheme, any low income households becoming entitled to Council Tax Support after 1 April 2023 will not benefit from the reduction. There is little justification to treat two households with otherwise identical circumstances that differently. The proposed Discretionary Scheme therefore extends the principles of the Mandatory Scheme to newly entitled customers through 2023-24.

8.8 Experience from a similar scheme that ran during 2020-21 (The Covid-19 Council Tax Hardship scheme) suggests this funding would be fully utilised in paying newly entitled claims during the year. The policy retains the flexibility to use any remaining funds to provide additional support if there are fewer newly entitled cases than forecast.

8.9 The Discretionary Scheme will come to an end when all funding has been utilised or at 31 March 2024, whichever comes sooner.

## **9. How does the decision contribute to the Council's Corporate Plan?**

The Council Tax Support Fund scheme supports Exeter's communities and neighbourhoods by helping low income residents meet their increased Council Tax liability at a time of heightened pressures on household budgets.

## **10. What risks are there and how can they be reduced?**

10.1 Overspending the CTSF allocation would be a direct cost to Exeter City Council. Spend will be closely monitored through the year to ensure no further awards are made once the allocation is fully spent.

10.2 Underspending the CTSF allocation will mean economically vulnerable residents not receiving all of the support possible. By retaining flexibility in the discretionary policy, additional support can be given towards the end of the financial year if it starts to look like the fund won't be fully spent.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because:

11.4.1 The proposed discretionary scheme is an extension of the principles of the mandatory scheme, so that newly entitled council tax support customers can receive equal benefit from this fund. The only restrictions being that the funding must be spent by 31 March 2024 and that the funding received is a limited pot, therefore discretionary payments will have to cease once the funding is completely spent if that happens earlier than 31 March 2024.

11.4.2 There is no differential treatment in the scheme rules and access to the support is automatic.

11.4.3 An Equalities Impact Assessment has been included in the background papers for Member's attention.

## **12. Carbon Footprint (Environmental) Implications:**

No direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

There are few constraints on the use of funding remaining after paying the Mandatory Scheme cases. A number of options were considered, however the available funding is minimal compared to the overall shortfall faced by Council Tax Support recipients. £57,000 would clear just 3% of the remaining liability of current Council Tax Support recipients. Using the funding to extend the principles of the Mandatory Scheme to newly entitled customers seems to be a fairer approach than targeting a small number of customers with larger awards.

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**Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

Council Tax Support Fund Guidance – gov.uk (included with this report)

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