

Report to: Cabinet



Date of Meeting 1 February 2023

Document classification: Part A Public Document

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Review date for release N/A

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## Council Tax Support Fund 2023

### Report summary:

The government notified us on 23 December 2022 that they are providing £100million of additional funding for local authorities to support the most vulnerable households in England. The funding will allow councils to deliver additional support to households already receiving council tax support (also known as council tax reduction) against their 2023/24 Council Tax bill.

The government recognises increases in council tax could be higher from April 2023 than in recent years following the government announcement in the 2022 Autumn Statement, to increase the referendum principles for core council tax to 3% and up to 2% for Adult Social Care, with additional flexibilities for some other authority types.

For East Devon we have been allocated £216,504 under the Council Tax Support Fund 2023.

Although the government are setting out minimum requirements for how this fund will need to be used any remaining allocation is for local authorities to determine.

This report sets out our proposals for how best to utilise this fund in order to ensure this can be applied to the annual bills which will be issued in March 2023.

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

That Cabinet approves for delegated authority to be given to the Assistant Director for Revenues, Benefits, Corporate Customer Access, Fraud & Compliance to finalise the scheme including the amount to be provided under the top-up element as set out under section 2 of the report, in consultation with the Portfolio Holder for Finance.

### Reason for recommendation:

Our proposals ensures that the majority of funding is allocated onto the annual council tax bills so that our low income households have the benefit of this reduction applied to their bills. By retaining a small proportion allows the Council to also ensure that any new households that become eligible to Council tax reduction can also benefit from this support.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

**Equalities impact** Low Impact

[Equalities Impact Assessment](#)

**Climate change** Low Impact

**Risk:** Low Risk;

**Links to background information** [Council Tax Support Fund guidance - GOV.UK \(www.gov.uk\)](#)

**Link to** [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

## 1.0 Government guidance

- 1.1 The government expects local authorities to use the majority of their funding allocations (£216,504 for East Devon) to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25.00 against the 2023/24 financial year (mandatory element). Councils can use their remaining allocation as they see fit to support vulnerable households with council tax bills.
- 1.2 The government recognises that council tax increases set by local authorities may mean some individuals may struggle to meet council tax payments. The government expects that billing authorities will use their grant allocation to fund further reductions in the council tax liability of individuals receiving LCTS who have an outstanding liability, by up to £25.00.
- 1.3 This reduction applies to the 2023/24 year and for those LCTS households that have an outstanding council tax liability. This means that those households in receipt of 100% support would not qualify as they don't have a liability to pay council tax.
- 1.4 The government requires councils to deliver this funding using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992. This means that we will need to agree a local policy for determining our scheme.
- 1.5 The government does not expect that recipients of LCTS will need to make a separate claim for a reduction under this scheme. The billing authority should assess who is eligible and automatically apply the discount.

- 1.6 The government expects that this discount is reflected in the 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.
- 1.7 Local authorities will be required to maintain a record of support provided either through the main scheme or under the discretionary element. We will be required to provide quarterly returns to The Department for Levelling Up, Housing & Communities.
- 1.8 The government will provide new burdens funding to meet reasonable costs associated with the implementation of this fund.
- 1.9 A link to the guidance is available [here](#).

## 2.0 Proposed Scheme/approach

- 2.1 Like most schemes we've administered on behalf of government there are two elements:
- Main part – based on government criteria (up to £25)
  - Discretionary part - for local councils to determine
- 2.2 Based on modelling undertaken on current caseload to estimate the cost of providing up to £25.00 under the government criteria part of the scheme, this is as follows:

Council Tax Support Claims	No Liability to pay council tax	Households with a liability to pay	Estimated cost of providing up to £25
Pensioner	2,235	1,338	£32,737
Working Age	2,259*	2,310	£57,750
Total	4,494	3,648	£90,487

\*In receipt of 100% reduction for 2023/24. This assumes Council at their meeting in February to approve the recommended changes that were agreed by Cabinet (January meeting) to our working age scheme where those on the lowest incomes (Band 1) will move to 100% support, meaning from 1 April 2023 they will have no Council tax to pay.

- 2.3 This would leave approximately £126,017 of funding available for the discretionary part.
- 2.4 In order to determine the best approach for utilising the remaining funding we've also had to consider what can be provided by our software providers due to the short amount of time we commence the annual billing process.
- 2.5 Our proposal is to utilise the majority of the remaining funding to top up the amount for those eligible under the main scheme and then to retain approximately 10% (ideally slightly over) of the fund to support households who become eligible for LCTS during the financial year. It is also likely that we will also have existing households that we've modelled on that will fall out of being eligible when we apply the new benefit uprating levels for the 2023/24 year which is particularly likely with certain pensioners who are just within the eligibility thresholds. We will be able to assess this as part of our annual billing work.
- 2.6 Applying these principles we have modelled, means we could provide up to a further £25-£30 support to eligible households which in total would provide up to £50-£55 of Council Tax Support 2023 Funding. This would increase the estimated cost to £178,991-£196,523, leaving circa £37,513 to £19,981 remaining.
- 2.7 The remaining funding would then be available to support households who become eligible for LCTS during the financial year.
- 2.8 Our software providers have confirmed that our approach is supported with the changes they are making in order to accommodate this scheme in readiness to be applied to the annual bills which will be issued in March.
- 2.9 In order to firm up our policy including the amount that we can 'top-up' by in order to meet these principles we need to do this as part of our annual billing work. The recommendation

is for the scheme to be finalised through delegated authority to the Assistant Director in consultation with the Portfolio Holder for Finance so that we can ensure that we strike the right balance in the amount we provide upfront on the annual bills but also to retain a proportion for households those that become eligible during the year.

### **3.0 Summary**

3.1 This approach ensures:

- We apply the majority of the funding onto the annual bills so that eligible households receive the benefit of this upfront.
- Funding available to protect those households who become eligible after 1 April 2023.
- Simplest and quickest way to deploy funds which we know our software providers can support.
- Avoids costs of rebilling.
- Not overly burdensome to administer.
- Equalities impact assessment has been carried out and has been assessed as low.
- Appears to be the approach a number of other authorities are also taking in relation to the remaining funding although this will subject to what funding permits.

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#### **Financial implications:**

The financial details are contained within the report and scheme costs are being met from Government funding.

#### **Legal implications:**

What is proposed is within the authority of Cabinet to agree and the policy appears reasonable. Members must have regard to the equalities impact assessment prepared to support the proposal in terms of discharging the public sector equality duty. Otherwise there are no legal implications requiring comment.