

Report to: Cabinet

Date: 13 June 2023

Title: Local Council Tax Reduction scheme 2024/25

Report of: Tim Whelan, Director of Service Delivery

Cabinet member: Councillor Robin Maxted, Cabinet member for finance and resources

Ward(s): All

Purpose of report: To seek Cabinet approval to commence the statutory consultation process the Council needs to follow in order to make changes to the current Local Council Tax Reduction scheme.

Decision type: Key

Officer recommendation(s): That Cabinet, with the objective of implementing a revised Local Council Tax Reduction Scheme for 2024/25 –

(1) authorise the Chief Finance Officer to enter into consultation with the major precepting authorities

(2) authorise the Director of Service Delivery to produce a draft scheme that calculates a Council Tax Reduction of 100% of a person's council tax liability, removes the Minimum-Income Floor for the self-employed and removes the £5.00 minimum award

(3) on completion of the consultation and drafting authorised under (1) and (2) above, authorise the Director of Service Delivery to consult with other interested parties.

Reasons for recommendations: Any billing authority wishing to revise its Council Tax Reduction scheme for the working-age must follow the statutory process as set out in this report.

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1 Introduction

1.1 The Local Council Tax Reduction (LCTR) scheme 2023/24 for the working-age has the following features:

- a) Calculates LCTR on 80% of a claimant's council tax liability
- b) Applies a minimum-income floor to certain self-employed claimants
- c) Has a minimum award of £5.00 per week such that a claimant qualifying for less than £5.00 per week does not receive any LCTR

1.2 The LCTR scheme acts as a discount and reduces the amount of council tax available to be collected.

2 Proposal

2.1 That the Council consults on adopting a scheme for 2024/25 that:

- a) Calculates LCTR on 100% of a claimant's council tax liability
- b) Does not apply the Minimum-Income Floor to self-employed claimants
- c) Does not have a minimum award value

2.2 If the Council decides to revise its scheme this will be another form of support to those most vulnerable. The Council has already set up a Cost-of-Living Crisis Fund which is primarily intended to support our local voluntary sector partners as they respond to the extreme challenges facing local people. In light of the urgency of this crisis, the Council made an initial payment of £20,000 to Eastbourne Food Bank to ensure availability of food for those in immediate need.

In addition, upwards of £130,000 has been awarded to local initiatives including specialist money and homelessness advice, new and existing community fridges and help for schools going above and beyond to help struggling families through activities including breakfast clubs and uniform banks.

2.3 The effect of these proposals would be to reduce the amount of council tax available be collected. i.e. increase the cost to the Council and preceptors.

3 Outcome expected and performance management

3.1 That following the consultation process Cabinet can make recommendations to Full Council in February 2024.

4 Consultation

4.1 The Local Government Finance Act 1992 requires that, for each financial year, the Council consider whether to revise its LCTR scheme or to replace it with another scheme. Cabinet has authority to recommend a revised or replacement scheme, but formal adoption is reserved to full Council.

To comply with the Act, before revising its scheme the Council must in the following order–

- (a) consult any major precepting authority which has power to issue a precept to it,
- (b) publish a draft scheme in such manner as it thinks fit, and
- (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.

4.2 Any consultation must adhere to the following principles:

- Consultation should occur when proposals are at formative stage;
- Consultations should give sufficient reasons for any proposal to permit intelligent considerations; and
- Consultations should allow adequate time for consideration and response

In addition, there must be clear evidence that the decision maker has considered the consultation responses, or a summary of them, before taking a decision.

A draft timetable is set out below:

07/06/2023	Report to Cabinet
08/06/2023 to 07/07/2023	Consultation with major preceptors
21/07//2023	Produce a draft scheme for 2024/25
24/07/2023 to 27/10/2023	Consultation with interested parties
04/12/2023	Report to Scrutiny Committee
13/12/2023	Report to Cabinet
21/02/2024	Report to Full Council

5 Corporate plan and council policies

5.1 Not relevant at this stage.

6 Business case and alternative option(s) considered

6.1 There are no other options available should the Council want to revise its scheme.

7 Financial appraisal

The cost to the Council in terms of a reduction in tax base would be c£122k.

7.1 The current cost of the scheme is c£8.02m and is met by the Council and preceptors in proportion to their share of council tax:

	% share of Council Tax	Current cost
East Sussex County Council	73%	£5,855,697
Eastbourne Borough Council	12%	£962,580
Police	10%	£801,150
East Sussex Fire and Rescue	5%	£401,075
Total cost		£8,021,502

A scheme based on 100% liability, no minimum-income floor and no minimum award would, at the current caseload and current levels of council tax, reduce the amount of Council Tax to be collected to c£9.03m and the additional cost of c£1m would be met by the Council and preceptors as set out in the table below:

	% share of Council Tax	Revised cost
East Sussex County Council	73%	£6,597,107
Eastbourne Borough Council	12%	£1,084,456
Police	10%	£903,713
East Sussex Fire and Rescue	5%	£451,857
Total cost		£9,037,133

8 Legal implications

- 8.1 The statutory basis for a billing authority's LCTR scheme is provided by section 13A of the Local Government Finance Act 1992; and the statutory basis for consulting over revisions to such a scheme is provided by Schedule 1A to the same Act.
- 8.2 The legal principles governing the consultation process reflect case law made by the High Court in judgments relating to consultations conducted by public bodies. The Council should, additionally, have regard to the consultation principles issued by the Cabinet Office in 2018.

Legal Services consulted 12.04.23

Legal ref: 011988-EBC-OD

9 Risk management implications

- 9.1 The forecasted increase in cost of the proposed new scheme is based on current caseload and Council Tax levels. An increase in caseload will increase the cost of the scheme by approximately £1,200 per case.

The preceptors contribute, in proportion to their share of council tax, to 2.5FTE posts in the Customer First Resolution Income maximisation and Welfare team that deal with council tax administration and collection. This contribution has been in place since 2016 when the 80% maximum award was introduced. The additional 2.5 posts were to assist in the collection of council tax from people who may not have had to pay anything towards their council tax in the past and to administer the Exceptional Hardship scheme. Should the scheme revert to a 100% scheme it is likely the preceptors will withdraw their financial support for the 2.5 posts.

10 Equality analysis

10.1 At this stage there is no requirement for an Equality Analysis.

11 Environmental sustainability implications

11.1 There are no environmental sustainability implications arising from this report

12 Appendices

- None

13 Background papers

The background papers used in compiling this report were as follows:

- None