

**Report to:** Cabinet

**Date:** 8 December 2022

**Title:** Local Council Tax Reduction Scheme 2023/24

**Report of:** Tim Whelan, Director of Service Delivery

**Cabinet member:** Councillor Zoe Nicholson, Deputy Leader of the Council,  
Cabinet member for Finance and Assets

**Ward(s):** All

**Purpose of report:** To gain Cabinet's recommendation to Full Council that the 2022/23 Local Council Tax Reduction Scheme is adopted as the 2023/24 scheme.

**Decision type:** Budget and policy framework

**Officer recommendation(s):** (1) Cabinet recommend to Full Council that the 2022/23 Local Council Tax Reduction Scheme is adopted as the 2023/24 scheme.

(2) Subject to Full Council adoption of the Scheme, Cabinet grants the Director of Service Delivery delegated authority–

(a) to implement the Scheme, such delegated authority to include any measures necessary for or incidental to its management and administration; and

(b) if necessary, and in accordance with paragraph 2.3, to amend the Scheme in consultation with the Cabinet Member for Assets and Finance

(3) That the Exceptional Hardship Scheme continues in 2023/24 subject to funds being available.

**Reasons for recommendations:** The Council must review the scheme each year and adopt a scheme for the coming financial year.

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## 1 Introduction

- 1.1 The government abolished the national Council Tax Benefit scheme from April 2013 and required local authorities to develop and adopt their own scheme of support for working age claimants. This change came with a 10% cut in funding.
- 1.2 To protect pensioners from any reduction in support, the government put in place a national scheme that local authorities had to adopt. Therefore, any reduction in support had to come from those of working age.
- 1.3 The Council, on 21 February 2022, adopted a revised Local Council Tax Reduction Scheme (LCTR) of support for those of working age for 2022/23 which increased the maximum award to 100% of a person's council tax liability, removed the Minimum-Income Floor rules for the self-employed and removed the £5.00 minimum award.

## 2 Local Council Tax Reduction Scheme 2023/24

- 2.1 The scheme provides financial support to c3,500 of the most disadvantaged working-age residents with help in meeting their council tax liabilities. The changes the Council made to the scheme for 2022/23 means that approximately 2,000 residents do not have to pay any council tax.
- 2.2 The current cost of the scheme, in terms of a reduction in Tax base, is c£8.3m and is shared by the Council, East Sussex County Council, Sussex Police, East Sussex Fire & Rescue and Town and Parish Councils in relation to their share of Council Tax.

	% share of Council Tax	Cost
East Sussex County Council	70.67%	£5,865,610
Lewes District Council	9.93%	£824,190
Town and Parish Councils	5.40%	£448,200
Sussex Police	9.47%	£786,010
East Sussex Fire and Rescue	4.53%	£375,990

- 2.3 Over the last two years the government has introduced various schemes of financial support. Firstly, in response to Covid-19 and more recently to address the Cost-of-Living Crisis. It would be prudent for Cabinet to grant delegated authority to the Director of Service Delivery to make in-year changes to the scheme, subject to consultation with the Cabinet member for Assets and Finance. This is to ensure that any future financial support the government puts in place does not reduce the amount of Council Tax Reduction a resident can receive.

Should such a change prove necessary, the Council would inform all major preceptors.

### **3 Exceptional Hardship Scheme**

- 3.1 The Exceptional Hardship Payment (EHP) Scheme, funded by the Council and major preceptors, is intended to provide additional financial support to those in receipt of a Council Tax Reduction and are experiencing exceptional hardship.

The EHP scheme was established in April 2016 when the LCTR scheme was amended to:

- a) Limit the maximum CTR to 80% of a person's liability
- b) Apply a minimum-income floor to certain self-employed claimants
- c) Introduce a £5.00 per week minimum award below which a claimant would not receive a reduction

There was £4,955.42 remaining in the fund as of 30 September 2022. The Council may decide to add to this fund.

### **4 Proposal**

- 4.1 That the Local Council Tax Reduction scheme 2022/23 is adopted as the scheme for 2023/24. A draft of the proposed scheme is at Appendix 1.
- 4.2 That the Exceptional Hardship Scheme continues, subject to funds being available, into 2023/24.

### **5 Outcome expected and performance management**

- 5.1 That the LCTR scheme supports those on low incomes to meet their Council Tax liabilities and that the Exceptional Hardship Scheme provides additional support to those facing exceptional hardship
- 5.2 The cost of the LCTR scheme and the Exceptional Hardship scheme will be monitored monthly

### **6 Consultation**

- 6.1 As there are no revisions to the current scheme, there is no requirement to consult.

### **7 Corporate plan and council policies**

- 7.1 The scheme supports the council's aim of a fairer council tax for those on the lowest incomes.

### **8 Business case and alternative option(s) considered**

- 8.1 No alternatives considered as it is a statutory requirement to have in place a Local Council Tax Reduction Scheme.

## **9 Financial appraisal**

9.1 The Council Tax Reduction Scheme reduces the Council Tax base and thereby the amount of Council Tax that can be collected. The total cost of the scheme is shared through the collection fund between the Council and preceptors. The recommendation in this report is to leave the scheme unchanged and might not have an immediate impact on the Council Tax collected by the Council.

9.2 The cost, in terms of a reduction in tax base regarding the 2023/24 scheme will be in the region of £8.45m (2022/23 cost will be in the region of £8.3m). The actual cost of the discount scheme for 2023/24 will not be known for certain until the end of the financial year and will be dependent on the actual caseload in year as well as the levels of Council Tax set by the Council and the major precepting authorities.

## **10 Legal implications**

10.1 The Council is required by the Local Government Finance Act 1992 (Schedule 1A, paragraph 5) to consider, for each year, whether to revise its council tax reduction scheme or to replace it with another scheme. It is open to the Council to decide to make no changes to the scheme from one financial year to the next.

10.2 Under section 67 of the 1992 Act, adoption of a Council Tax Reduction Scheme is reserved to full Council. The role of Cabinet is to consider the proposed revised scheme and make a recommendation to Council.

*Date of legal advice: 03.11.22*

*Legal ref: 011545-LDC-OD*

## **11 Risk management implications**

11.1 The main risk to the Council is that the cost of the scheme rises substantially. This could happen if there is an upturn in the number of people who become eligible for, and claim, CTR. This risk must be accepted as the Council has no mechanism to prevent this happening.

## **12 Equality analysis**

12.1 As there are no changes to the scheme being proposed, there is no requirement for an Equality Analysis as one was carried out on the 2022/23 scheme.

## **13 Environmental sustainability implications**

13.1 There are no sustainability implications arising from this report.

## **14 Contribution to Community Wealth Building**

14.1 Reducing the amount of Council Tax that the most financially challenged have to pay increases their disposable income which could be spent on goods and services in the local area thus increasing employment opportunities and contribute to business growth.

## **15 Appendices**

- Appendix 1 – Draft Local Council Tax Reduction scheme 2022/23

## **16 Background papers**

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

- None