

Report to: Cabinet

Date: 7 February 2024

Title: Local Council Tax Reduction Scheme 2024/25

Report of: Robert Cottrill, Chief Executive

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

Ward(s): All

Purpose of report: To gain Cabinet's recommendation to Full Council that the 2023/24 Local Council Tax Reduction Scheme is adopted as the 2024/25 scheme and 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: Budget and policy framework

Officer recommendation(s):

- (1) Cabinet recommend to Full Council that the 2023/24 Local Council Tax Reduction Scheme is adopted as the 2024/25 scheme.
- (2) Subject to Full Council approval Cabinet grants the Chief Executive 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 Finance and Resources
- (3) That the Exceptional Hardship Scheme continues in 2024/25 subject to funds being available.
- (4) That an initial £25,000 be added to the Exceptional Hardship Scheme with this coming from the additional income raised from changes to Council Tax Discounts and Exemptions
- (5) That Cabinet with the objective of implementing a revised Local Council Tax Reduction Scheme in future years:
 - (a) authorise the Chief Finance Officer to enter into consultation with the major precepting authorities

(b) authorise the Chief Executive 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

(c) on completion of the consultation and drafting authorised under (a) and (b) above, authorise the Chief Executive to consult with other interested parties

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 On 20 November 2015 the Council adopted a revised scheme for 2016/17 that:
- Limited a Council Tax Reduction to 80% of the council tax liability
 - Assumed a minimum income for claimants who have been self-employed for more than 12 months
- 1.4 There have not been any changes to the scheme since 2016/17 so the current 2023/24 scheme follows the principles of protecting the most vulnerable, incentivising individuals into work and takes into account the financial pressures on the Council and the major preceptors.

2 Local Council Tax Reduction Scheme 2023/24

- 2.1 The scheme provides financial support to c4,000 of the most disadvantaged working-age residents with help in meeting their council tax liabilities.
- 2.2 The current cost of the scheme, in terms of a reduction in Tax base, is c£8.4m and is shared by the Council, East Sussex County Council, Sussex Police, and East Sussex Fire & Rescue in relation to their share of Council Tax.

	% share of Council Tax	Cost
East Sussex County Council	73%	£6,132,000
Eastbourne Borough Council	12%	£1,008,00
Sussex Police	10%	£840,000
East Sussex Fire and Rescue	5%	£420,000

- 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 Chief Executive 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 £17,000 remaining in the fund as of 30 September 2023. The Council may decide to add to this fund.

4 Proposal

- 4.1 That the Local Council Tax Reduction scheme 2023/24 is adopted as the scheme for 2024/25. A draft of the proposed scheme will be presented when the item is considered by Full Council.
- 4.2 That the Exceptional Hardship Scheme continues, subject to funds being available, into 2024/25.
- 4.3 That the Council conduct a statutory consultation on a 100% CTR scheme in 2023/24 financial year as planned and following the chancellor's autumn

statement . The outcome of this consultation will be key in informing and potentially introducing the council's revised CTR scheme (the 100% reduction scheme). Whilst the outcome of any consultation cannot be predetermined, the council will be working closely with other preceptors to ensure a satisfactory approach is developed and the 100% CT reduction scheme is introduced in a collaborative way.

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 Local Council Tax Reduction Scheme supports the Council's objective of addressing deprivation through helping residents on a low income meet their council tax liabilities.

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 2024/25 scheme will be in the region of £8.6m (2023/24 cost will be in the region of £8.4m). 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.
- 10.3 In relation to the scheme for 2025/6, the statutory basis for a billing authority's LCTR scheme is provided by section 13A of the 1992 Act; and the statutory basis for consulting over revisions to such a scheme is provided by Schedule 1A to the same Act.

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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 Equality Analysis as one was carried out when the scheme was implemented, however a new Equality & Fairness Analysis will be compiled on completion of the consultation, should Full Council approve the proposal. It remains the case that working age people would benefit from the proposed changes, promoting greater equality throughout age groups, with those adversely impacted financially through the cost-of-living crisis potentially eligible for this financial relief, albeit not immediately.

13 Environmental sustainability implications

- 13.1 There are no sustainability implications arising from this report.

14 Appendices

- None

15 Background papers

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

- None