

Report to Cabinet – 20 December 2023

## **Council Tax Support Scheme 2024/25**

Report of the Finance and Resources Portfolio Holder

### **Recommended:**

- 1. That the Council Tax Support scheme for 2024/25, as shown in the Annex to the report, be approved.**
- 2. That the Head of Finance and Revenues, in consultation with the Finance and Resources Portfolio Holder, be authorised to make any necessary changes to the Scheme that are required by the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2024 when they are confirmed by the Department for Levelling Up, Housing and Communities.**
- 3. In the event that any new government initiatives are introduced that result in receipt of a grant or an increase in Universal Credit or other government benefits, that the Head of Finance and Revenues, in consultation with the Finance and Resources Portfolio Holder, be authorised to disregard these awards as income in accordance with government guidelines.**

### **Recommendation to Council**

#### **SUMMARY**

- The Council is required to approve its Council Tax Support scheme ahead of each financial year.
- Given the ongoing cost of living crisis and the financial uncertainty this brings to many families, no significant changes are proposed to Test Valley Borough Council's Council Tax Support Scheme for the forthcoming 2024/25 financial year.

### **1 Introduction**

- 1.1** The Council is required to have a Council Tax Support (CTS) scheme to assist residents with their liability to pay Council Tax.
- 1.2** The scheme must, as a minimum, meet the prescribed requirements published by central government for pensioner claimants. The scheme must also make provision for residents liable to Council Tax who are of working age.

- 1.3 This report considers the options available to the Council for its CTS scheme for the financial year 2024/25.

## 2 Background

### History to CTS

- 2.1 CTS was introduced on 1 April 2013 to replace the former Council Tax Benefit scheme.
- 2.2 Despite cuts to the underlying government funding at that time, the Council was able to avoid introducing restrictions on the maximum CTS allowance in the initial years. The reasons for this have been described in previous years' reports.
- 2.3 The point was eventually reached where the cost of the CTS scheme could no longer be contained within its existing budget and a range of options were consulted on to take effect from 1 April 2019.
- 2.4 This resulted in the introduction of a minimum charge for most working age claimants of 10%. Other changes were also introduced at that time and included an increase to the minimum CTS payment and a £30 per week earnings tolerance for changes in circumstances. At the same time, the Council was able to continue offering up to 100% CTS for the most vulnerable members of our community.

### Regulations

- 2.5 Each year the government makes amendments to the Council Tax Reduction Schemes (Prescribed Requirements) Regulations. These Regulations provide definitions of new types of income / benefits and how they must be treated for the pension-age element of Council Tax Support schemes. In many cases this will also affect the working-age element of the Council's scheme.
- 2.6 The 2024 Prescribed Requirements Regulations have not yet been published but must be incorporated into the final CTS scheme. It is therefore recommended that the Head of Finance & Revenues, in consultation with the Finance & Resources Portfolio Holder, be authorised to make any amendments necessary to the Council's CTS scheme when the Regulations are published.

## 3 Corporate Objectives and Priorities

- 3.1 A CTS scheme is a legislative requirement, however the Council is able to design and maintain a scheme which supports its own objectives and priorities.
- 3.2 The Corporate Plan 2023 to 2027, "A Place for Everyone – Supporting our Communities to Thrive" includes commitments to inclusion and prosperity. Maintaining the current levels of support within our CTS scheme helps protect some of our most vulnerable residents.

#### 4 Consultations/Communications

- 4.1 As no material changes to the CTS scheme are proposed, it has not been necessary to carry out a consultation exercise.

#### 5 Options

- 5.1 It is a legal requirement for the Council to approve its CTS scheme in advance of the start of each financial year. The options are:
- Option 1 – recommend the 2024/25 CTS scheme (Annex 1) for approval (recommended).
  - Option 2 – make minor changes to the drafted CTS scheme of a nature that would not require full public consultation.

#### 6 Option Appraisal

- 6.1 Any significant changes to the CTS scheme require a public consultation exercise to be carried out.
- 6.2 It is therefore recommended that the Council's existing scheme is continued in 2024/25, after allowing for inflationary uplifts in scheme parameters and any changes that are required by The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2024.
- 6.3 Officers will continue to review the effectiveness of the current scheme and investigate alternate delivery options at the appropriate time.

#### 7 Resource Implications

- 7.1 CTS is a discount that is applied to the Council Tax charge of eligible customers, reducing the amount of Council Tax payable.
- 7.2 An estimate of the amount of CTS that will be awarded each year is included in the annual tax base calculation. This is the calculation that sets the expected income that the Council will generate from Council Tax each year.
- 7.3 The amount of CTS together with the number of band D equivalent properties that relates to is shown in the following table. The total cost of CTS is shared with other preceptors (HCC, Hampshire PCC and Hants & IoW Fire & Rescue). TVBC's share of the total cost in 2024/25 is expected to be approximately 10.0% (2023/24 – 10.2%).

	2022/23	2023/24	<b>2024/25 (estimated)</b>
Tax base for the year	51,338	51,968	<b>52,468</b>
CTS deduction to arrive at tax base	2,871	2,747	<b>2,900</b>
CTS as % of tax base	5.59%	5.29%	<b>5.53%</b>

## ANNEX 3

Total CTS included in budget (£'000)	5,283	5,217	<b>5,538</b>
TVBC share of budgeted CTS (£'000)	549	511	<b>553</b>

- 7.4 The figures show that there has been a small increase of 153 band D equivalent properties in the CTS calculation in 2024/25 – this is based on the actual caseload as at 4 December 2023.
- 7.5 The estimated cost to the Council of £553,000 will be built into the tax base for the 2024/25 financial year and can therefore be accommodated within budget.

### **8 Legal Implications**

- 8.1 The Council has a legal responsibility to create, maintain and renew its CTS scheme on annual basis. These powers are contained in Section 13A of the Local Government Finance Act 1992 as amended.

### **9 Risk Management**

- 9.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

### **10 Equality Issues**

- 10.1 An Equalities Impact Assessment has been carried out in respect of the recommended CTS scheme. This did not identify any potential for discrimination on scheme users.

### **11 Other Issues – Wards/Communities Affected**

- 11.1 All wards and communities are affected by the Council's CTS Scheme.

### **12 Conclusion and reasons for recommendation**

- 12.1 The cost-of-living crisis has affected households throughout the borough. CTS is one way that the Council can offer support in the form of a discount from the full impact of Council Tax.
- 12.2 Due to the volatility in the wider economy at this time, it is recommended that a continuation of the current CTS scheme, uprated to take account of latest regulations, be approved.

#### Background Papers (Local Government Act 1972 Section 100D)

None

#### Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

**ANNEX 3**

No of Annexes:	1	File Ref:	N/A
(Portfolio: Finance and Resources) Councillor M Flood			
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