



Cabinet Report

Date **9 FEBRUARY 2023**

Title **COUNCIL TAX SUPPORT GRANT SCHEME**

Report of **CABINET MEMBER FOR STRATEGIC FINANCE,
TRANSFORMATIONAL CHANGE AND CORPORATE
RESOURCES**

EXECUTIVE SUMMARY

1. This report is being brought to cabinet to consider the implementation of a new scheme to be put in place for the annual billing exercise in 2023.
2. At Autumn Statement 2022, the government announced its intention to increase referendum principles to 3 per cent for core council tax and up to 2 per cent for the Adult Social Care precept.
3. Recognising the impact of rising bills, the government announced the Council Tax Support Grant scheme as it recognises that council tax increases set by local authorities may mean some individuals may struggle to make council tax payments.
4. The outcome of the recommendation from this report will ensure that the draft scheme can be implemented in time for the annual billing exercise in February 2023 to provide this additional support to eligible Local Council Tax Support (LCTS) claimants.

RECOMMENDATION

- (a) That the Cabinet adopt the draft Council Tax Support Grant scheme as attached in Appendix 1 to provide additional support to eligible Local Council Tax Support claimants as at 1 April 2023.
- (b) That a discretionary scheme is developed which awards £25 to newly eligible LCTS claimants after 1 April 2023 and to delegate authority to the Cabinet Member for Strategic Finance, Transformational Change and Corporate Resources to agree further details of the discretionary scheme.

BACKGROUND

5. In January 2023, central government announced that £100 million of funding would be provided to local authorities to support the most vulnerable households in England. The funding is being provided to deliver additional support to residents in receipt of LCTS.
6. The expectation is that local authorities will use their grant allocation to fund further reduction in the council tax liability of individuals receiving LCTS with an outstanding council tax liability, by up to £25.
7. Local authorities can use remaining funds to determine their own local approach as they see fit to support vulnerable households with council tax bills.
8. The draft scheme, as at Appendix 1, allows for any LCTS claimant to be awarded up to £25 reduction in their council tax liability if they have a balance to pay once any other discounts have been applied.
9. Central government advises that local authorities should revisit their discretionary approach at intervals during the year to ensure that expenditure for 2023 -2024 remains within their allocation. Therefore, the draft scheme provides for any remaining funds to be allocated to those eligible residents who become entitled to LCTS after the initial grant has been allocated during the year.
10. If the fund is exhausted during this time, the Council will close the scheme. However, if there are remaining funds towards the end of the scheme, the Council will decide how best to distribute the funds depending on the amount remaining.
11. There will be no application process for the scheme. The Council will identify eligible claimants and apply the additional support grant to their council tax liability automatically.
12. Central government has stated that local authorities are required to put a scheme in place for the annual billing exercise. To meet the statutory deadline of 11 March, the Council must undertake this exercise no later than 24 February.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

Provision of affordable housing for Island Residents

13. This scheme assists with the payment of council tax, a housing-related expense, for eligible residents in receipt of Local Council Tax Support and therefore contributes towards the affordability of their housing.

Responding to climate change and enhancing the biosphere

14. This scheme does not impact on climate change or the biosphere.

Economic Recovery and Reducing Poverty

15. The Council intends to take full advantage of powers within legislation to provide additional support to Island residents and reduce poverty. This scheme provides additional financial support to eligible residents in receipt of Local Council Tax

Support who may be vulnerable and are on low incomes to assist with the financial pressure of council tax increases

Impact on Young People and Future Generations

16. The provisions of this scheme do not directly impact young people, however there may be young people or children in the eligible households. The scheme will assist in supporting economically vulnerable households with payment of their council tax.

Corporate Aims

17. This scheme supports the corporate aim to '*Provide greater support to those on low incomes, including through the local council tax support scheme*'. Residents in receipt of LCTS are considered to be 'low-income households' and include those with vulnerabilities.

CONSULTATION

18. There is no requirement for any consultation on this scheme.

FINANCIAL / BUDGET IMPLICATIONS

19. The funding allocation for the Isle of Wight Council's scheme is £265,261.
20. As at 6 January 2023, the Local Council Tax Support caseload was 9977. However, there may be some claimants within this figure who will not be eligible for a grant payment because they do not have any council tax liability left to pay. This is likely to include some pension age claimants who have a reduction of 100 per cent through their LCTS award.
21. If all 9977 claims received the full £25 grant payment, this would use £249,425 of the funding.
22. The proposed discretionary scheme allows remaining funding left over from the initial allocation to be used during 2023 – 2024 to support newly eligible claimants.
23. Central government will also be providing funding for the implementation of the scheme separately to the grant funding. The amount the Council will receive for new burdens is yet to be determined.
24. The spend of the funding will be monitored through the Benefits database system and will be reported on a quarterly basis to central government.
25. Once the fund is exhausted, the scheme will be closed and therefore there will be no cost to the council.

LEGAL IMPLICATIONS

26. Local authorities are expected to deliver this scheme using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992.

27. The grant is being funded by central government under s31 of the Local Government Act 2003.

EQUALITY AND DIVERSITY

28. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
29. The Equality Impact Assessment has been completed as a background paper to this report. It shows that there is no impact to any of the protected characteristics based on the proposed scheme. The scheme applies to all eligible Local Council Tax Support claimants from both the working age and the pension age schemes.

OPTIONS

30. Option A:
- (a) That Cabinet adopt the draft Council Tax Support Grant scheme as attached in Appendix 1 to provide additional support to eligible Local Council Tax Support claimants as at 1 April 2023.
 - (b) That a discretionary scheme is developed which awards £25 to newly eligible LCTS claimants after 1 April 2023 and to delegate authority to the Cabinet Member for Strategic Finance, Transformational Change and Corporate Resources to agree further details of the discretionary scheme
31. Option B:
- (a) That Cabinet adopt the statutory Council Tax Support Grants scheme to provide additional support to eligible Local Council Tax Support claimants as at 1 April 2023
 - (b) That a discretionary scheme is adopted which distributes any remaining funds amongst the same group of claimants.
32. Option C:
- (a) That Cabinet adopt the statutory Council Tax Support Grants scheme and a different discretionary scheme to support eligible Local Council Tax Support claimants as at 1 April 2023.
 - (b) That a discretionary scheme is developed based on an application process for residents to apply for a payment if they are experiencing exceptional financial hardship.

RISK MANAGEMENT

33. Based on the attached draft scheme for Option A, the spend of the funding will be regularly monitored, and the scheme provides that once the funding is exhausted, the scheme will close. This means that there is no risk to the council's finances as the scheme is fully funded.

34. Given the time constraints, a scheme must be agreed before the annual billing exercise which takes place 24 February 2023 in order for residents to receive an accurate bill showing their reduced liability. Without this, there is the risk of having to reproduce these bills which would come at a cost and would not be compliant with government's timeframes.
35. It is government's intention that any assistance from this fund will not affect the eligibility of recipients for other benefits, so residents should not be negatively impacted as a result of receiving the support.
36. Where the scheme is open for the 2023 – 2024 year, Option B risks that any claimants who become entitled to LCTS **after** 1 April 2023 will not receive the benefit of a payment under the Council Tax Support Grant because it only makes payment to those entitled **as at** 1 April 2023.
37. Option C risks causing confusion for residents as there are already two exceptional hardship payment schemes in place to assist with council tax liability which require residents to complete application forms for consideration.

EVALUATION

38. Option A is being recommended because it allows for the implementation of a statutory and discretionary scheme which complies with the intentions of central government. It also allows the funding to be closely monitored throughout the year and will ensure the fund is utilised to its potential as much as possible. The administration of this option is possible to achieve given the timeframes involved.
39. Option B is not being recommended because it does not provide the grant to those residents who claim LCTS after 1 April 2023, meaning they will be disadvantaged compared to those who were entitled as at 1 April 2023.
40. Option C is not being recommended as this is an administratively complex scheme to set up and would require a lot of resource to maintain. It would also be considered confusing, as it would be an additional hardship fund to those already in place for assistance with council tax.

BACKGROUND DOCUMENTS

41. The Equality Impact Assessment for this paper has been completed separately to the report.

APPENDICES ATTACHED

42. Appendix 1 – Draft Council Tax Support Grant Policy document

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