

Report of:	Executive Member for Finance and Governance Director of Finance
Submitted to:	Council
Date:	27 February 2023
Title:	<i>Local Council Tax Support 2023/24</i>
Report for:	Decision
Status:	Public
Strategic priority:	Vulnerability
Key decision:	Yes
Why:	Decision(s) will have a significant impact in two or more wards
Urgent:	No
Why:	

Executive summary

This report outlines the proposed Council Tax Support scheme for 2023/24. Each Billing Authority in England has a statutory requirement to make a Council Tax Support scheme by no later than 11 March each year, approved by full council decision.

With the exception of minor legislative amendments made this year by central government/DLUHC, the scheme itself remains unchanged from 2022/23, however the proposed recommendation is to uplift the income bandings for 2023/24 to reflect the recent inflation rise for working age benefits. This recommendation is proposed in order to maintain the current level of support for applicants, recognising the financial challenges placed on residents due to the Cost of Living and Energy crises.

The implications of the recommendations have been considered by the appropriate officers of the Council and are set out in the main body of the report.

It is therefore requested that the Council:

- Approves the Council Tax Support (CTS) scheme for 2023/24.

Purpose

1. To seek approval of the Council Tax Support (CTS) scheme for 2023/24.

Background and relevant information

2. From 1 April 2013, the Government replaced the national Council Tax Benefit scheme with a new CTS scheme to be designed and administered by Local Authorities. The Government passed this responsibility to Councils with a 10% cut in the grant funding and prescribed that pensioners must be no worse off under any local scheme. This translated into an effective reduction in funding for working age claimants of 20% and meant that some residents, many of whom had previously been required to pay nothing, now had to pay at least 20% of their Council Tax.
3. Middlesbrough's scheme was approved by full Council on 9 January 2013 and remained unaltered (apart from some minor legislative changes) until 2018/2019 when the scheme was amended to bring it in line with the current Housing Benefit scheme regulations, whilst also increasing the amount of support provided to 85% for working age residents. This therefore meant non-pensioner residents claiming CTS had a minimum 15% of the Council Tax charge to pay as opposed to the previous 20%.
4. The introduction and full roll out of Universal Credit within the Middlesbrough area has subsequently brought a number of significant challenges to both the administration of CTS and also the collection of Council Tax generally. It became clear that the existing means-tested CTS scheme, which was too reactive to change, was no longer viable and therefore a new simplified scheme was introduced in 2022/23.
5. Following consultation with stakeholders, partners and the general public, the new scheme, approved by Full Council on 23 February 2022 modelled support on an income-band basis, facilitating extra support for households on the lowest incomes, up to a maximum 90% reduction.
6. On 17 November 2022, the Chancellor announced in the Autumn Statement that benefits including Universal Credit and working age benefits would increase in line with inflation at 10.1% from April 2023.
7. For some claimants, this increase in income from benefits due to the inflation uplift would mean a change in band based on the income ranges set, which would result in their experiencing a drop in the level of support.
8. The CTS scheme provides for income band ranges to be increased "by the appropriate level of inflation decided by the council". It is therefore proposed to adjust the income band ranges for 2023/24 to reflect the inflation increase applied to benefits and maintain the level of support for applicants.

9. The income ranges for the current 2022/23 CTS scheme are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £100.00	£0 - £160.00	£0 - £220.00	£0-£140.00	£0 -£205.00	£0 - £260
Band 2	72%	£100.01 - £180.00	£160.01 -£240.00	£220.01 - £295.00	£140.01 - £240.00	£205.01 - £281.00	£260.01 -£340.00
Band 3	36%	£180.01 -£215.00	£240.01 - £255.00	£295.01- £350.00	£240.01 -£290.00	£281.01 – £320.00	£340.01 -£400.00
Band 4	23%	£215.01 - £255.00	£255.01 - £280.00	£350.01 – £450.00	£290.01 - £340.00	£320.01 - £370.00	£400.01 -£480.00
	0%	Over £255.00	Over £280.00	Over £450.00	Over £340.00	Over £370.00	Over £480.00

10. The proposed new income ranges for the 2023/24 are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £110.10	£0 - £176.16	£0 - £242.22	£0 - £154.14	£0 - £225.71	£0 - £286.26
Band 2	72%	£110.11 - £198.18	£176.17 - £264.24	£242.23 - £324.80	£154.15 - £264.24	£225.72 - £309.38	£286.27 - £374.34
Band 3	36%	£198.19 - £236.72	£264.25 - £280.76	£324.81 - £385.35	£264.25 - £319.29	£309.39 - £352.32	£374.35 - £440.40
Band 4	23%	£236.73 - £280.76	£280.77 - £308.28	£385.36 - £495.45	£319.30 - £374.34	£352.33 - £407.37	£440.41 - £528.48
	0%	Over £280.76	Over £308.28	Over £495.45	Over £374.34	Over £407.37	Over £528.48

11. The cost of implementing the new ranges has been modelled and estimated at £90,000 against current council tax reduction scheme expenditure. Due to the variables contained within the scheme, the actual spend may vary depending on circumstances.

12. New minor legislative amendments laid before Parliament on 13 January 2023 have been reflected in the Council Tax Support scheme and it will be published by 31 March 2023.

13. To complement the council tax reduction scheme the council has implemented a range of other support available to help families experiencing difficulties including the holistic Welfare Strategy led through Resident and Business Support and signposting via the council's website.

14. Further support has also been provided from Central Government through the Council Tax Support Fund, with Middlesbrough's allocation being £473,542 for 2023/24. Awards will be made through a temporary extension to the Council's Section 13A Policy, to provide financial assistance to economically vulnerable households of up to £25.00 (subject to conditions) being allocated directly to the council tax account provided the household is in receipt of Council Tax Support.

15. In addition, subject to available funds, any new Council Tax Support recipients within the relevant year will also be awarded a payment in line with Central Government Guidance.

16. Any unspent funds will be allocated to a discretionary scheme designed to support other households that are not in receipt of Council Tax Support. Additional support is expected to be made available through the Household Support Fund from April 2023.

17. Both schemes will end once the funds are committed.

What decision(s) are being recommended?

18. The report requests that the Council:

- Approves the Council Tax Support (CTS) scheme for 2023/24.

Rationale for the recommended decision(s)

19. The proposed banding changes will maintain the current simplified scheme and maintain assistance for low-income households, support the collection of council tax, whilst also fulfilling the obligations on Local Authorities to support the roll out of Universal Credit.
20. As the only changes to the scheme are minor income banding adjustments to reflect inflation benefit increases set by Central Government and provided for within the existing CTS scheme, no stakeholder consultation has been carried out. Similarly, these proposals have not been examined by the Overview and Scrutiny Board or by a Scrutiny Panel due to the scheme remaining the same.

Other potential decision(s) and why these have not been recommended

21. The Council could retain the current income bandings, which would reduce the amount of support awarded for those applicants subject to increases in their working age benefits that result in a band change. However, as indicated earlier in this report, the Council recognised the financial challenges placed on residents due to the Cost of Living and Energy crises and is therefore proposing that the level of support is maintained.
22. In addition, the Council is not in a financial position to consider awarding additional support through higher discounts or different income ranges without affecting other Council services due to current budgetary pressures. If this were to be considered, a full consultation exercise would also need to be carried out which has not taken place during the current financial year.

Impact(s) of the recommended decision(s)

Legal

23. The Local Government Finance Act Section 67 (2012 Act) inserted into LGFA 1992 (Functions to be discharged by the Authority) making or revising a Council Tax Reduction Scheme – Section 13 (2) confirms that each billing Authority in England must make a Council Tax Reduction scheme by no later than 11 March each year. Any scheme cannot be made by officers, with the above legislation confirming that authorisation of the full scheme is subject to member approval.

Strategic priorities and risks

24. The scheme supports the delivery of the Council's strategic priority to "address the causes of vulnerability and inequalities in Middlesbrough and safeguard and support those made vulnerable" as set out in the Strategic Plan refresh 2021-2024. The CTS scheme will enable residents to pay their required Council Tax instalments which, in turn, will mean that the Council has funding to work with communities and other public services in Middlesbrough to improve the lives of local people.

25. By implementing a local Council Tax Support scheme, it is ensured that there is adequate governance in place to comply with all relevant legislation and the Council does not breach governance requirements or fail to deliver organisational priorities (Risk 08-054). In addition, by reviewing the scheme annually, the Council continues to effectively review and amend the scheme to comply with legislative changes (Risk 08-055).

Human Rights, Equality and Data Protection

26. There are no disproportionate adverse impacts on any group or individuals with characteristics protected in UK equity law. The previous impact assessment carried out when the scheme was revised for 2022/23 is still relevant.

Financial

27. There are minimal potential additional costs to the Council for the proposed bandings adjustment, for which provision has been made.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
The CTS scheme will be updated as outlined above. Subject to Council giving approval to the changes, the scheme for 2023/2024 will be published on the Council’s website by 31 March 2023.	Janette Savage	31 March 2023

Appendices

A	2023-24 Proposed Council Tax Reduction Scheme, S13A and Schedule 1a of the Local Government Finance Act 1992
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Background papers

None

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