

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 5 DECEMBER 2022
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE AND TRANSFORMATION)

LOCALISED COUNCIL TAX SUPPORT SCHEME – 2023/24

1 Executive Summary

- 1.1 The Council's Council Tax Support Scheme replaced council tax benefits from April 2013. Our scheme was based on a broad framework agreed as part of a consultation undertaken with Hertfordshire County Council, Hertfordshire Police and Crime Commissioner and other interested parties.
- 1.2 Much of the previous council tax benefits scheme was retained within our local support scheme and we have continued to protect pensioners, disabled claimants, and claimants with children under five. This was achieved by calculating council tax support on 75% of the council tax liability and not 100%, and this was applied to working age claimants.
- 1.3 The purpose of this report is to inform Cabinet that it is our intention in 2023/24 to continue with the same council tax support scheme that Welwyn Hatfield Borough Council rolled out in 2022/23. Consultation has taken place with Hertfordshire County Council and Hertfordshire Police and Crime Commissioner on our intention to continue with the same scheme. Hertfordshire Police and Crime Commissioner are in agreement with our approach and Hertfordshire County Council had no comments to make.

2 Recommendation(s)

- 2.1 Cabinet recommends to Full Council that our localised council tax support scheme continues in 2023/24 to help people on low/no income to receive a reduction on their council tax.

3 Explanation

- 3.1 The Council's localised council tax support scheme is based on a reduction of 25% in council tax liability whilst still protecting some vulnerable groups. This means a claimant's assessed entitlement is calculated on 75% of the council tax bill.
- 3.2 Our scheme fully protects pensioners and families with children under 5 and those in receipt of Personal Independence Payments (PIP) (formerly disability living allowance) so that they continue to receive the same level of protection, and do not have to pay anymore council tax than they paid under the old council tax benefit system. This protects claimants with a disability premium, severe disability premium, child disability and families with young children.
- 3.3 Other claimants have an additional 25% to pay compared to the former council tax benefits scheme.

Implications

4 Legal Implication(s)

- 4.1 The Local Government Finance Act 2012 came into force on 31 October 2012, amended the Local Government Finance Act 1992 and imposed a duty on local billing authorities to introduce a localised council tax reduction scheme by January 2013. The scheme aligns with Universal Credit and support work incentives and avoids disincentives to move into work. For pensioners there is no change in their level of awards and local authorities are required to consider ensuring support for other vulnerable groups.

5 Financial Implication(s)

- 5.1 Based on the latest data available, the expenditure on the 2022/23 council tax support scheme currently stands at £7.7m. Our expenditure increased during the COVID-19 pandemic but has slowly started to reduce as it was doing pre-Covid.
- 5.2 The impact of any increased cost will likely lead to a collection fund deficit. Usually this deficit would be repayable in the following financial year, but the government is allowing councils to spread the cost of the deficit over the next three financial years.
- 5.3 The forecast cost of the council tax support scheme for future years is met from within the collection fund through a reduction to the budgeted tax base, which is approved in January each year. The cost therefore has to be estimated prior to the setting of the tax base which will then inform the Council Tax Resolution.
- 5.4 The council will need to estimate the costs for 2023/24 as part of its setting of the tax base in January 2023, and the impact of these estimates will form part of the budget setting process. The accuracy of this estimate will depend on the wider economic conditions outside the Council's control.

6 Risk Management Implications

- 6.1 The key financial risk related to our council tax support scheme is the possible loss of council tax revenue if less well-off residents are unable to pay. This is mitigated by assuming an element of non-collection within the tax base but a greater level of non-collection, or increase in demand for support, would need to be met by the major preceptors and this Council would need to find its share.
- 6.2 If demand is higher than estimated the collection fund will go into deficit and if demand is lower than estimated this would result in a surplus.

7 Security & Terrorism Implication(s)

- 7.1 There are no security and terrorism implications with the recommendation in this report.

8 Procurement Implication(s)

- 8.1 There are none.

9 Climate Change Implication(s)

- 9.1 The proposals in this report will not impact on greenhouse gas emissions.

10 Human Resources Implication(s)

- 10.1 There are none.

11 Health and Wellbeing Implication(s)

11.1 Those people who are on a means tested benefit required to meet their basic living needs could also be in receipt of council tax support which they require to meet their council tax liability. Any changes to the council tax support they receive could cause financial hardship.

12 Communication and Engagement Implication(s)

12.1 There has been liaison with Hertfordshire County Council and the Police & Crime Commissioner on our council tax support scheme proposal.

13 Link to Corporate Priorities

13.1 The subject of this report is linked to the Council's Corporate Priority: Our Council and promoting equality and fairness.

14 Equality and Diversity

14.1 An Equality Impact Assessment was not completed because this report does not propose changes to the existing policy or the development of a new service-related policy.

| | |
|----------------|---------------------------------|
| Name of author | Farhad Cantel |
| Title | Client Support Services Manager |
| Date | October 2022 |