

Delegated Cabinet Member Decision Report

Decision Maker and Portfolio area:	Cllr A Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon
Date of Decision:	02 March 2023
Subject:	Council Tax Support Fund
Report Author:	Adam Parsey
Ward(s) Affected:	All

Reason for the decision: To request approval from Cabinet Member for Finance and Low Carbon for the proposed approach in relation to Council Tax Support Fund.

Summary: On 19 December 2022 the Government announced £100m of additional funding for Local Authorities to support the most vulnerable households in England. This included the Council Tax Support Fund of which detailed guidance was provided on 23 December 2022.

Oldham's allocation of the fund is £572,847. This allows the Council to deliver additional support to households in receipt of Council Tax Reduction, whilst also providing flexibility to determine local approaches to support other vulnerable households in their area.

The Government expects Local Authorities to use the majority of their funding allocation to reduce bills for current working age and pension age Council Tax Reduction (CTR) claimants by up to £25.

Local Authorities are required to apply the reduction of up to £25 from the start of the 2023/34 financial year to existing CTR recipients, so that it is reflected in Council Tax bills issued in March 2023.

Local Authorities can use their remaining allocation as they see fit to support vulnerable households with Council Tax bills.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

Option 1: To apply Council Tax reductions of up to £25 as directed by Central Government to current CTR recipients ahead of annual billing and to continue to provide the reduction to new CTR recipients throughout the 2023/24 financial year. Awards to be monitored throughout the year with remaining funds to be used to supplement the Exceptional Hardship Payment (EHP) scheme.

Option 2: To apply Council Tax reductions of up to £25 as directed by Central Government to current CTR recipients ahead of annual billing and to use all remaining funds to supplement the Exceptional Hardship Payment (EHP) scheme.

Recommendation(s):

The preferred option is option 1.

Implications:

*What are the **financial** implications?*

As outlined in the guidance issued on 23 December 2022, the grant is to fund expenditure in respect of CTR claimants for the period from the 1 April 2023 to 31 March 2024. The grant will be paid under Section 31 of the Local Government Act 2003.

The Department for Levelling Up, Housing and Communities will undertake a quarterly data collection exercise to monitor implementation progress and therefore arrangements will be put in place to support this data collection process.

The recommended allocation of the grant is in line with the grant conditions. Based on eligibility in 2022/23, Phase 1 of the proposal is anticipated to utilise 75% of the total grant available. This means that approximately 25% of the grant is expected to be available to fund a payment to new CTR recipients throughout the year.

The forecast total payments in respect of the above indicates that a surplus balance of £39,000 will be available to supplement the Exceptional Hardship Payment (EHP) scheme. Expenditure throughout the year will need to be monitored to ensure total expenditure does not exceed the overall grant allocation.

(Chris Kelsall - Assistant Director of Finance)

What are the **procurement** implications?

Not applicable

What are the **legal** implications?

Legal issues are set out in the body of the report. The recommended option is in line with central government recommendations. As such, whilst the Authority, in exercising a discretion, is bound by general public law decision making principles, the proposal is lawful and is considered to be a reasonable exercise of such discretion. Colin Brittain- Assistant Borough Solicitor

What are the **Human Resources** implications?

Not applicable

What are the **Children and Young People** Implications?

Not applicable

Equality and Diversity Impact Assessment attached or not required because (please give reason)

An Equality Impact Assessment is set out at Appendix A

What are the **property** implications?

Not applicable

Risks:

Not applicable

Co-operative agenda:

The approval of support for low-income residents is consistent with and embraces the principles of the co-operative agenda.

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution?

Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget?

Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No

List of Background Papers under Section 100D of the Local Government Act 1972:

Title	Available from
Council Tax Support Fund guidance	https://www.gov.uk/government/publications/council-tax-support-fund-guidance/council-tax-support-fund-guidance

Please list any appendices: -

Appendix number or letter	Description
Appendix A	Equality Impact Assessment

Report Author Sign-off:	
Adam Parsey	Exchequer Client Manager (Revenues)
Date:	2/3/23

1. Background

- 1.1 On 19 December 2022 the Government announced £100m of additional funding for Local Authorities to support the most vulnerable households in England. This included the Council Tax Support Fund of which detailed guidance was provided on 23 December 2022.
- 1.2 This allows Local Authorities to deliver additional support to households in receipt of Council Tax reduction (CTR), whilst also providing flexibility to determine local approaches to support other vulnerable households in their area. Oldham's allocation of the fund is £572,847. The Government expects Local Authorities to use the majority of their funding allocation to reduce bills for current working age and pension age CTR claimants by up to £25.
- 1.3 Local Authorities are required to apply the reduction of up to £25 from the beginning of the 2023/34 financial year to existing CTR recipients, so that it is reflected in Council Tax bills issued in March 2023. This is phase one of the Council Tax Support Fund. Local Authorities can use their remaining allocation as they see fit to support vulnerable households with Council Tax bills. The Government expects Local Authorities to deliver this using discretionary powers conferred under s13A(1)(c) of the Local Government Finance Act 1992.
- 1.4 The Government stated that they will assess the expected reasonable additional costs associated with the implementation of the policy, such as staffing and software costs in line with New Burdens principle.

2. Phase One – Annual Billing

- 2.1 The Government has directed Local Authorities to apply a reduction of up to £25 to existing CTR recipients to reduce their 2023/24 Council Tax liability. This needs to be automatically applied ahead of annual billing so that it is reflected in Council Tax bills issued in March 2023.
- 2.2 The Council is required to apply the reduction as follows;
 - Where a CTR recipients' liability for 2023-24 is, following the application of CTR, more than £25, then their liability would be reduced by £25.
 - Where a CTR recipients' liability for 2023-24 is, following the application of CTR, less than £25, then their liability would be reduced to nil.
 - Where a CTR recipients' liability for 2023-24 is nil, no reduction will apply.
- 2.3 The Council Tax administrative system software provider has developed an upgrade to allow Local Authorities to implement and deliver the scheme in time for annual billing 2023/24. This will allow the Council to implement Phase One of up to a further £25 reduction in Council Tax for working age and pension age CTR recipients on their annual bill.
- 2.4 The system upgrade will allow for automatic allocation of up to £25 to current CTR recipients at annual billing and for new recipients throughout the financial year. The requirement to allow the automatic allocation of the reduction throughout the financial year is optional to allow for individual authorities to make their own decisions regarding the implementation of the scheme. The upgrade allows for a limit to be applied within system parameters of the total allocated amount to fund the scheme. This mitigates the risk of any overspend.

- 2.5 Until the upgrade is fully implemented within the system, we cannot accurately calculate the value of those awards that would be applied ahead of annual billing. This means an exact value cannot be determined of how much of the £572,847 will be allocated during annual billing.
- 2.6 The Council Tax administration system provider has confirmed the necessary system upgrade will cost £895 excluding V.A.T.
- 2.7 If the Council Tax Support Fund had been available in 2022/23, it is estimated that £425,120 would have been required to fund the £25 awards for annual billing (Phase One). This estimate is based the CTR caseload, Council Tax charges, and CTR award amounts as at February 2023.
- 2.8 The required system upgrade has been installed and undergoing testing. Following testing and implementation of the upgrade into the live system, the Council will be able to determine how much of the £572,847 will be allocated during annual billing.
- 2.9 The Council has the discretion to determine how the remaining funds following annual billing are used to support vulnerable households with their Council Tax bills.

3. Phase Two – Post Annual Billing

- 3.1 The Government has given Local Authorities discretion to use remaining funding following Phase One as they see fit, on the condition it is used to support vulnerable households with Council Tax bills for 2023/24 only.
- 3.2 The guidance also provides details of an in-year scheme following the awards made through annual billing. However, the discretion provided by Central Government means that the Council is not required to continue providing reductions of up to £25 to new CTR recipients after annual billing.
- 3.3 The Council Tax system upgrade detailed in section 2.4 can be used to auto allocate up to £25 to new CTR claimants throughout the financial year.
- 3.4 If the Council chose to continue to use this module throughout the financial year it can be configured to apply or remove reductions automatically dependant on entitlement. This means Council Officers would not be required to manually add, remove, increase, or decrease the reductions if a resident change of circumstances impacted their entitlement. Such manual adjustments will significantly impact on the workloads of the Benefits team at a time when staffing resources are already stretched, and a move toward a reduction in the use of Agency staff had been planned. There is also the increased risk of errors with a manual process.
- 3.5 As advised in section 2.5, until the system upgrade is fully implemented it is not possible to calculate the value of awards that would be applied ahead of annual billing. However, if the Council Tax Support Fund had been available in 2022/23, it is estimated that £425,120 would have been required to fund the £25 awards for annual billing (Phase One). This estimate is based on the CTR caseload, Council Tax charges, and CTR award amounts as at February 2023.
- 3.6 Further to the above, if the scheme had been available in 2022/23 and the Council had chosen to continue to provide reductions of up to £25 to new CTR recipients; whilst it is not currently possible to determine the level of award these recipients

would have received, if all the recipients had been awarded the maximum £25 it would have resulted in awards totalling an additional £108,325. This would have left at least £39,402 of the overall allocation remaining as set out below.

Phase/Grant Allocation	Value of Awards £	Grant Allocation/ Balance £
Grant Allocation		572,847
Phase One – Annual Billing	425,120	
Phase Two – In year auto allocation (Based on all recipients receiving maximum £25)	108,325	
Total Awards		533,445
Remaining Balance of Grant		39,402

- 3.7 If the Council chose to auto allocate in year awards, it is proposed that a review will be undertaken quarterly to determine whether the scheme should continue based on the awards provided.
- 3.8 The system upgrade allows the Council to set a limit on how much is spent through the scheme. This means the system would not continue to allocate a reduction to new claimants if the funding limit had been reached, mitigating the risk of an overspend. If this option was agreed, award amounts would be monitored throughout the year to determine the expected level of funding remaining.
- 3.9 The Council has the option to set aside the Government suggested in year scheme and determine its own scheme to support low income residents. The funding would however still need to be used to support residents with Council Tax reductions for the 2023/24 financial year.
- 3.10 The Council already has a scheme in place to allow residents to request Discretionary Council Tax discounts which meets these criteria. The Exceptional Hardship Payment Scheme (EHP), is aimed at residents who cannot be reasonably expected to pay their Council Tax bill. Applications are considered on a case by case basis, but the main consideration is that:
- It is reasonable to expect other Council Tax payers to meet the cost of reducing the tax.
 - It would be unfair to ask the applicant to meet their Council Tax liability based solely on their own individual circumstances and not on circumstances that affect all or a significant proportion of the residents of Oldham.
- 3.11 If the Council chose to auto allocate in year awards of up to £25 to new CTR recipients the remaining expected funding could be used to supplement the EHP scheme. Based on an initial analysis this would be an estimated £39,402.
- 3.12 The Council could also choose not to apply the suggested Government in year scheme and use all the remaining funding after annual billing to supplement the EHP scheme. If this option was preferred there would be a significant risk that the

remaining funding of approximately £147,727 would not be used in full as the Council would be reliant on residents applying to the scheme.

3.13 The Council would be required to maintain a record of support provided through the EHP scheme that was funded from Council Tax support fund. This information would need to be provided quarterly to Central Government.

3.14 Available funding must be used within the 2023/24 financial year. Any unallocated funding will need to be returned to Central Government.

4. Options

4.1 Following consideration of the guidance provided by Central Government, the administrative system upgrades being provided and the Officer resources available to manage the scheme, two options are currently considered viable:

- Option 1: To apply Council Tax reductions of up to £25 as directed by Central Government to current CTR recipients ahead of annual billing and to continue to provide the reduction to new CTR recipients throughout the 2023/24 financial year. Any remaining funding would be used to supplement the EHP scheme.
- Option 2: To apply Council Tax reductions of up to £25 as directed by Central Government to current CTR recipients ahead of annual billing and use all the remaining funding to supplement the EHP scheme.

5. Preferred option

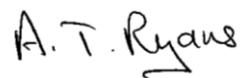
5.1 On balance, it is recommended the approach outlined in option 1 is adopted. This would ensure that support is provided consistently throughout the financial year to low-income residents who will become entitled to Council Tax reduction. The Council Tax administration system upgrade available to the Council would ensure that monitoring would be in place to mitigate the risk of any under or overspend.

6. Recommendation

6.1 It is recommended that:

- The Council adopts the proposal in relation to the Council Tax Support Fund applications as outlined in Option 1 above.

Approved by:

Handwritten signature of A. T. Ryans in black ink.

Anne Ryans Director of Finance

Date: 2/3/23

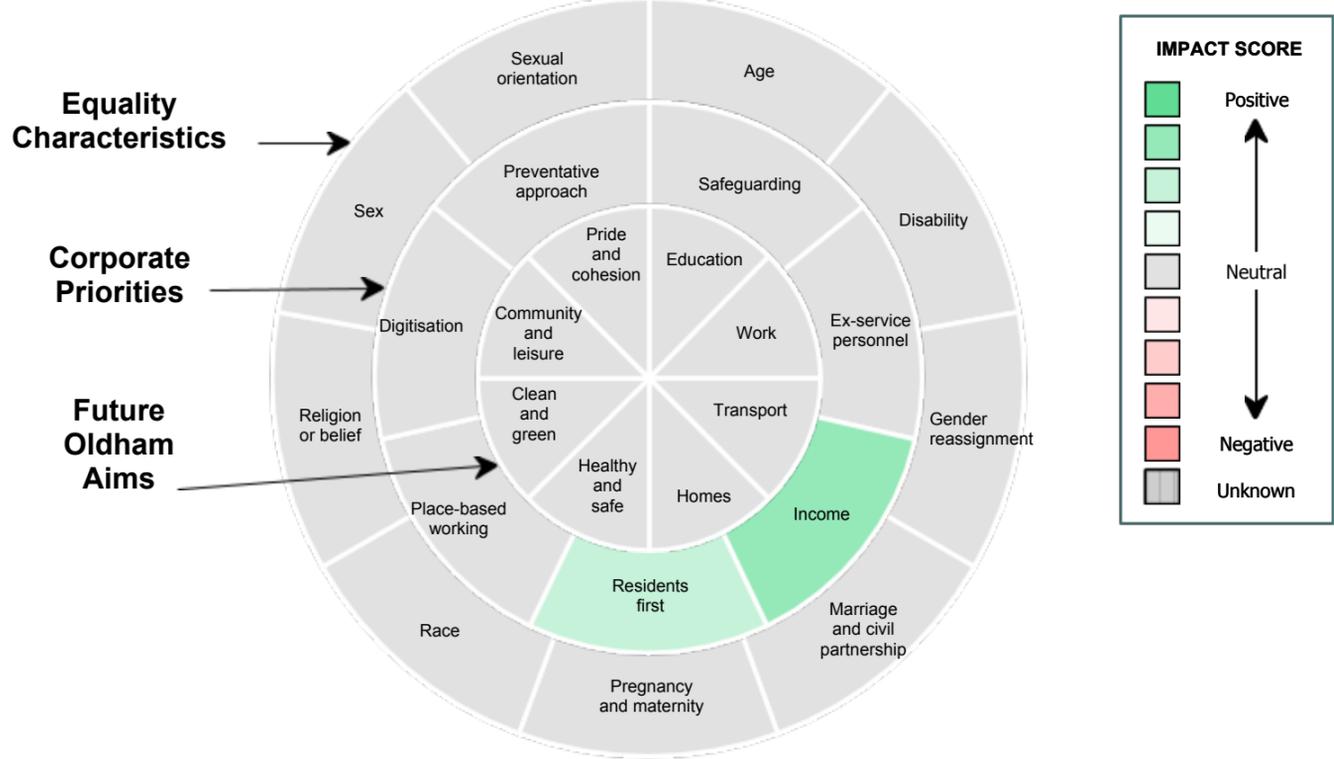
In consultation with

Handwritten signature of A. Jabbar in black ink.

CLlr A Jabbar MBE, Deputy Leader and/ Cabinet Member for Finance and Low Carbon

Date: 3/3/23

Council Tax Support Fund



Council Tax Support Fund				
	Impact	Likelihood	Duration	Comment
Equality Characteristics				
Age	Neutral	Possible	Short Term	
Disability	Neutral	Possible	Short Term	
Gender reassignment	Neutral	Possible	Short Term	
Marriage and civil partnership	Neutral	Possible	Short Term	
Pregnancy and maternity	Neutral	Possible	Short Term	
Race	Neutral	Possible	Short Term	
Religion or belief	Neutral	Possible	Short Term	
Sex	Neutral	Possible	Short Term	
Sexual orientation	Neutral	Possible	Short Term	
Corporate Priorities				
Safeguarding	Neutral	Possible	Short Term	
Ex-service personnel	Neutral	Possible	Short Term	
Income	Strong Positive	Very Likely	Short Term	The scheme reduces the amount of Council Tax a low income resident would be required to pay in 2023/24 by up to £25.
Residents first	Moderate Positive	Very Likely	Short Term	The proposal to automatically allocate reductions through the Council Tax support fund means that residents will not need to submit application and will receive the reduction alongside their Council Tax reduction.
Place-based working	Neutral	Possible	Short Term	
Digitisation	Neutral	Possible	Short Term	
Preventative approach	Neutral	Possible	Short Term	
Future Oldham Aims				
Education	Neutral	Possible	Short Term	
Work	Neutral	Possible	Short Term	
Transport	Neutral	Possible	Short Term	
Homes	Neutral	Possible	Short Term	
Healthy and safe	Neutral	Possible	Short Term	
Clean and green	Neutral	Possible	Short Term	
Community and leisure	Neutral	Possible	Short Term	
Pride and cohesion	Neutral	Possible	Short Term	

