

Report to:	EXECUTIVE CABINET
Date:	8 February 2023
Executive Member:	Councillor Jacqueline North, First Deputy (Finance, Resources and Transformation)
Reporting Officer:	Ilys Cookson – Assistant Director Exchequer Services
Subject:	COUNCIL TAX SUPPORT FUND
Report Summary:	The government has provisionally allocated £455,437 to Tameside to fund a Council Tax reduction by up to £25 for residents in receipt of Council Tax Support. Any remaining monies are to be used on a discretionary basis to support economically vulnerable households with council tax bills under Section 13A(1)(c) of the Local Government Act 1992.
Recommendations:	That Executive Cabinet approve the Council Tax Support Fund 2023/24 as detailed in Section 4 of this report.
Corporate Plan:	The report supports the ‘Nurturing our Communities’ and ‘Live Longer and Healthier Lives’ Corporate Plan priority themes.
Policy Implications:	The government has instructed local authorities to pay up to £25 towards Council Tax bills for claimants in receipt of Council Tax Support, and to administer the remainder to support economically vulnerable households with Council Tax bills in their area.
Financial Implications:	£25 Council Tax reduction
(Authorised by the statutory Section 151 Officer)	The Council has been provided with an allocation of £455,437 to fund a reduction in Council Tax for residents in receipt of Council Tax support of up to £25. Funding is based on the number of Council Tax Support Claimants. Section 3 of the report sets out the current numbers of claimants eligible for the reduction and the estimated total cost is £332k. It should be noted that not all claimants will have a Council Tax Liability in excess of £25 and claimant numbers will change, therefore the total actual cost of the scheme will likely be different to the current estimate.
	Discretionary Fund
	Based on the number of claimants estimated to be eligible for the Council Tax Reduction, it is estimated that a balance of around £123k will be available for a Discretionary Fund. It is proposed that this discretionary fund is utilised to support Council Tax payers in receipt of specific discounts and relief, and for hardship awards. Details of the proposed allocation of discretionary funds is set out in section 4 of this report.
	Administration, reconciliation and costs
	The Council must maintain records of all reductions applied and will be required to complete regular monitoring returns to Government. Adequate monitoring and reporting systems will be needed to ensure reconciliations can be completed appropriately and that the funding allocation for the discretionary scheme is not exceeded.
	New burdens funding has been promised by Government but as yet

no allocation of funding has been received. There is expected to be a significant administrative burden placed on the Council for the operation of this scheme, at a very busy time of year, and a risk that the cost of this administrative burden is not covered by any additional funding.

Legal Implications:

(Authorised by the Borough Solicitor)

The legal implications are detailed in the main body of the report.

Risk Management:

Risks are set out in section 5 of this report.

Access to Information:

Further information available: [16/2022: Council Tax information letter - 23 December 2022 - GOV.UK \(www.gov.uk\)](#)

[Council Tax Support Fund guidance - GOV.UK \(www.gov.uk\)](#)

Background Information:

The background papers relating to this report can be inspected by contacting Ilys Cookson Assistant Director Exchequer Services



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1. INTRODUCTION

- 1.1 Local authorities received notice and guidance from government on 23 December 2022 that funding was to be made available in the forthcoming financial year to support vulnerable households with Council Tax payments. Provisional amounts per authority were detailed with final allocations being confirmed in the Local Government Finance Settlement through a grant under section 31 of the Local Government Act 2003.
- 1.2 Similar funds have been made available by the government in 2020-21 and 2021-22 to support Council Tax Support claimants and other vulnerable households with their Council Tax payments.
- 1.3 The provisional funding allocated to Tameside is £455,437 based on the number of Council Tax Support claimants. The government expects local authorities to use the majority of their funding allocation to reduce bills for current working age and pension age local Council Tax Support claimants by up to £25. Local authorities can use any remaining allocation to support vulnerable households with Council Tax bills.
- 1.4 The Council Tax discount must be applied to eligible Council Tax Support claimants bills at the start of the financial year and so bills issued in March 2023 will detail the reduction. There will be no requirement for Council Tax Support claimants to apply for the reduction.

2. GUIDANCE

- 2.1 The guidance sets out eligibility, payments, fraud and risk management, communication, monitoring and reporting requirements. The full guidance is detailed here: [Council Tax Support Fund guidance - GOV.UK \(www.gov.uk\)](http://www.gov.uk).
- 2.2 The guidance makes clear that where a taxpayer's liability for 2023-24 is, following the application of Council Tax Support, greater than £25, a reduction of £25 will be applied. Where a taxpayer's liability for 2023-24 is, following the application of Council Tax Support, less than £25, then their liability would be reduced to nil. Where a taxpayer's liability for 2023-24 is nil, no reduction to the Council Tax bill will be available and those bills should not be credited.
- 2.3 The discount must be applied automatically to those with a Council Tax liability and in receipt of Council Tax Support at the start of the financial year, and local authorities must consider how to treat households that become eligible for Council Tax Support during the financial year.
- 2.4 Any discount applied has the effect of reducing the amount of Council Tax payable and local authorities must provide information to residents on the Council Tax Support Fund for example via information on web sites.
- 2.5 Any remaining monies after the award of up to £25 for Council Tax Support claimants must be awarded using discretionary powers contained in Section 13A (1)(c) of the Local Government Finance Act 1992 to support financially vulnerable households with a reduction in their Council Tax bill. The award of the Council Tax Support Fund via Section 13A awards may take place throughout 2023/24 or until all funding is used.
- 2.6 In terms of monitoring and reporting, local authorities must maintain records of spend of both the mandatory and discretionary elements of the fund and report data to the Department of Levelling Up, Housing and Communities as required.
- 2.7 New burdens monies will be made available to cover staffing and software costs however the amount available and timescale of availability are not detailed within the guidance.

3. ADMINISTRATION

- 3.1 The administration of the Council Tax Support Fund comes at the busiest period of the year within the service where over 150,000 bills and invoices go out at the start of the year. This is coupled with the Business Rates national revaluation and the administration of the Energy Bill Support Scheme, for which guidance has not yet been received, resources are expected to be considerably stretched.
- 3.2 In Tameside the number of Council Tax Support claimants is as follows: Working age 10,024 and pension age 7,208 as at January 2023. Some pension age claimants will have their Council Tax liability reduced to nil by the Council Tax Support award

Table 1: Estimated total Council Tax Support claimants to receive an automatic payment:

Council Tax Support claimants with a liability to pay Council Tax			
Working Age	Pension Age	Total to receive automatic reduction	Total £ cost @£25 per household
10,024	3,241	13,265	331,625

- 3.3 The above households will not have to apply for the reduction and the amount will automatically be credited to Council Tax bills commencing April, subject to software being available to support the programming and amendments to Council Tax bills.
- 3.4 The estimated Fund allocated to Tameside is £455,437, and after the award of the mandatory element to households in receipt of Council Tax Support with a Council Tax liability, remaining monies should be used on a discretionary basis as follows:

Table 2: Estimated spend on the mandatory scheme and remaining monies:

Funding	£
Total funding available	£455,437
Less mandatory awards	-£331,625
Remaining monies available	£123,812

4. DISCRETIONARY SCHEME

- 4.1 An estimated £123,812 will remain from the funding allocation for 2023/24. In previous years the government have provided similar funds to support Council Tax Support claimants and vulnerable households. In 2021/22 the amount provided by the government was £1.012m and a £50 automatic award to Council Tax Support recipients. In 2022/23 the government also provided £530,400 in respect of energy rebate payments of £150 for eligible households in property bands A to D and remaining discretionary monies were used to support residents in receipt of severely mentally impaired discount, care leavers discount, carers discount and student exemption as detailed in the report to Executive Cabinet on 24 August 2022, in addition to those households evidencing hardship regardless as to property band.
- 4.2 The Council Tax Service currently has a Discretionary Hardship Policy (Section 13A Policy) as detailed on the Councils website [Section-13A-Policy.pdf \(tameside.gov.uk\)](https://www.tameside.gov.uk/section-13a-policy) as must be in place in accordance with government guidance to support local Council Tax Support schemes. The Council's existing Section 13A Policy must be used as a basis to award monies from the remaining monies Council Tax Support Fund according to guidance received.
- 4.3 Current Section 13A awards are managed by the Council Tax Service which holds all Council Tax liability records and Council Tax Support records, and is therefore best placed to determine eligibility based on financial information held. It is not known exactly how much

monies will remain after all existing and new Council Tax Support claims are paid the automatic £25, however it is proposed that those households evidencing hardship are supported where possible. A household may receive an automatic payment of £25 and will also be able to apply under the Section 13A Policy if evidencing extreme hardship.

- 4.4 Specific conditions are as follows:
- Priority will be to award to new CTS claims
 - The maximum paid will not exceed the Council Tax Support liability for 2023/24
 - Consider on a case by case basis Council Tax payers evidencing experience of extreme hardship in terms of Council Tax payments in accordance with Section 13A Policy.

- 4.5 In addition to managing remaining funds within the Section 13A Policy, consideration may also be given to an automatic £25 reduction in Council Tax to those residents known to the service who are not in receipt of Council Tax Support, but are on a low income by virtue of the benefits received and Council Tax discounts/reliefs awarded as follows:

Table 3: Not in receipt of Council Tax Support but in receipt of a Council Tax discount:

Potential Council Tax Support Fund Recipients: Not In Receipt Of Council Tax Support and with a Council Tax Liability		
Council Tax Discount Awarded	Number	Total £ cost @£25 per household
Severely Mentally Impaired Discount	406	10,150
Care Leavers Discount	177	4,425
Carers Discount	122	3,050
Disabled Relief	406	10,150
Total	1,111	27,775

- 4.6 If a further £27,775 were used to support those households with an automatic award of £25 at year start, where the household is known to be vulnerable by the award of specific Discounts and Reliefs, as above, the remaining monies to be used to support households evidencing hardship would be as follows:

Table 4: Remaining Funds for Discretionary Scheme Administered under Section 13A Policy:

Funding	£
Total funding available	£455,437
Less mandatory awards of £25 to Council Tax Support claimants	-£331,625
Remaining monies available	£123,812
Less automatic award of £25 to households in receipt of specified Discounts and Reliefs	£27,775
Remaining monies available for discretionary awards	£96,037

- 4.7 Therefore, as in previous years, it is proposed that discretionary monies remaining, after the automatic award of £25 to Council Tax Support claimants with a Council Tax liability, is used to support households known to be vulnerable in terms of the discounts and reliefs awarded as detailed in paragraph 4.5.

- 4.8 Remaining monies of an estimated £96k to be used in accordance with the government guidance and priority given to new Council Tax Support claims and new claimants of applicable reliefs and discounts as detailed in Table 3. It is estimated that there may be 2,500 new Council Tax Support claims received and 370 awards of Severely Mentally Impaired Discount, Care Leavers Discount, Carers Discount, and Disabled Relief throughout the year and which will be automatically awarded £25. This is expected to further reduce discretionary monies by an estimated £71,750. In addition to specific automatic awards any household may apply under the Section 13A Policy where evidencing hardship and the discretionary

scheme to be administered between June 2023 and 31 March 2024 or until such time that funds are exhausted.

- 4.9 The proposal strikes the balance between benefitting existing and new Council Tax Support claimants and those on specific reliefs and those just above the threshold, and are experiencing significant financial hardship and unable to pay Council Tax, after taking into account factors detailed in Section 4.

5. RISKS

- 5.1 The risks associated with this are such that resources are expected to be significantly stretched from March to early May 2023 as during that period over 150,000 Council Tax bills, Business Rates bills and Sundry Debtor invoices are sent out, in addition to over 15,000 benefit notifications. Customer contact during this period is extremely busy.
- 5.2 The year start 2023/24 is expected to be busier than usual due to the additional work imposed on the service by government, with the administration of the Council Tax Support Fund as detailed in this report, but also in addressing the anticipated increased contact from businesses as a result of the national revaluation by the Valuation Office Agency whereby all non-domestic premises are revalued to ensure values are current and also the administration of the Energy Bill Support Scheme and Alternative Funding for which guidance has not yet been received.
- 5.3 It is clear that with such considerable additional workload the priority, in accordance with legislation, is to ensure that Council Tax and Business Rates bills are sent in a timely manner to support the Councils cash income requirements.
- 5.4 There is a risk that due to the cost of living crisis the available funding for the discretionary scheme is insufficient. The guidance states that *'Local authorities should revisit their discretionary approach at intervals during the financial year, in order to ensure expenditure for 2023-24 remains within their allocation'*. The guidance does not provide for an appeals process to be in place.

6. CONCLUSION

- 6.1 The government has allocated £455,437 as a Council Tax Support Fund to be used primarily to automatically award a £25 reduction to Council Tax Support claimants with a Council Tax liability. Any remaining monies are to be used to award reductions to Council Tax under a discretionary scheme.
- 6.2 A total of 13,265 Council Tax Support recipients will receive an automatic reduction on their year start Council Tax bill at an estimated cost of £331.6k, leaving £123.8k to fund a discretionary scheme. As in previous years a £25 reduction could be awarded to those not in receipt of Council Tax Support but known to have low incomes due to being in receipt of Severely Mentally Impaired Discounts, Care Leavers Discount, Carers Discount and Disabled Relief and which totals £27.7k. This would leave £96.0k to be administered via a Section 13A Policy award as detailed in the guidance upon evidence of hardship.
- 6.3 Applications for a Section 13A award would commence in June 2023 after year start billing activity slows to enable resource to be effectively deployed to support the administration of this. The discretionary scheme will operate from June 2023 to end of March 2024 or until such time that the Council Tax Support Fund is exhausted.

7. RECOMMENDATIONS

7.1 Recommendations are set out at the front of this report.