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Finance and Resources

Overview and Scrutiny Committee

Report for:	Finance and Resources Overview and Scrutiny Committee
Title of report:	Revisions to Council Tax Support scheme for 2024/25
Date:	5 September 2023
Report on behalf of:	Councillor Symington, Portfolio Holder for Corporate & Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	
Background papers:	
Glossary of acronyms and any other abbreviations used in this report:	CTS – council tax support

Report Author / Responsible Officer

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Corporate Priorities	Ensuring economic growth and prosperity Ensuring efficient, effective and modern service delivery
Wards affected	ALL
Purpose of the report:	1. To make members aware of proposals for consultations on changes to the Council's Local Council Tax Support scheme
Recommendation (s) to the decision maker (s):	1. Provide feedback on the proposed changes
Period for post policy/project review:	Further report to be made in December 2023 after consultation

1 Introduction/Background:

- 1.1 The Council Tax Support (CTS) is a scheme that has been in operation for many years and requires annual review. The local Dacorum CTS aims to reduce the council tax bills of residents considered to be financially vulnerable and hence are on low incomes. This scheme does not cover residents of pension age, as the rules for calculating CTS for pensioners are set nationally by central Government.
- 1.2 For residents of working age, the law allows a wide flexibility to local councils to set their own rules for the calculation of CTS. The process for making amendments to a CTS scheme is set out in Schedule 1A of the Local Government Finance Act 1992 (LGFA), and includes two separate consultations.
- 1.3 This report proposes amendments to the 2024 CTS scheme to increase the level of support for certain groups of working age residents.

2 Key Issues/proposals/main body of the report:

- 2.1 The Council's current CTS scheme includes a number of measures which mean that for some residents, the maximum help they can get with their council tax is not their whole bill. This is in contrast to the CTS rules for residents of pension age, for whom the maximum reduction in council tax is 100%.
- 2.2 The Council's current scheme also provides for a maximum reduction of 100% for residents who:
 - a. Receive a disability benefit or are registered blind.
 - b. Have a disabled child who lives with them
 - c. Have a child under the age of five who lives with them
 - d. Receive a war disablement pension, war widow's pension or war widower's pension.
- 2.3 For residents of working age who do not fall into one of these protected groups, the maximum help they can get is a reduction of 75% of their council tax bill. Also, if the property they live in is in band E or above, their CTS is worked out as if they lived in a band D property.
- 2.4 This report proposes that these restrictions are removed from the CTS scheme from April 2024. This will mean that for all residents, the maximum reduction they can get will be 100% of their council tax bill.
- 2.5 This report also proposes that the backdating period for working age residents is extended from one month to three months. This is line with the period for residents of pension age, and provides extra time to apply, in particular for residents who claim Universal Credit and do not realise they have to make a separate application to the Council to receive CTS.
- 2.6 A review of CTS schemes across the county shows a variation in the maximum reduction available to working age residents:

Number of councils	Maximum reduction available
3	100%
2	91.5%
1	80%
3	75%

- 2.7 The cost of the CTS scheme is funded through the wider calculation of the council tax base and hence is provided for by a reduction in the total council tax that can be collected across the borough. This is because the estimated cost of the scheme is one of the factors used to calculate the council tax base each year.

- 2.8 This means that changes to the scheme will impact not just on the Council, but also on the major preceptors, ie Herts County Council and the Police & Crime Commissioner for Hertfordshire, as it reduces the total council tax collected.
- 2.9 The following table shows the estimated change to the council tax base for Dacorum if the proposed changes are taken forward:

Proposed change	Number of households affected	Adjustment to taxbase compared to no change	Approx reduction in total council tax for DBC
Remove 25% minimum payment	1,000	Reduce by 0.35%	£35,000
Remove band D cap	50	Reduce by 0.02%	£2,000
Extend backdating period to three months	50	Reduce by 0.01%	£1,000
Combined impact	1,000	Reduce by 0.38%	£38,000

- 2.10 The combined impact of all the changes would only be a small reduction in the council tax base.
- 2.11 The changes would provide additional assistance to around 1,000 of the lowest income households in the borough. Around 700 households would move to zero council tax bills, and so this would also lead to associated administrative efficiencies, relating to the reduced need for resident contact, or the issue of reminder notices and summonses.
- 2.12 Recommendations: that Cabinet -
- 1) approves the consultation on the proposed changes to the Council Tax Support scheme
 - 2) delegates authority to the Head of Revenues & Benefits to: consult with the major preceptors; publish a draft scheme; and consult with residents.
- 2.13 Recommendation: that Scrutiny –
- 1) Scrutinise, review and feedback on the proposed policy changes.

3 Options and alternatives considered

- 3.1 Any options for change which could lead to a resident being worse off are not being proposed.
- 3.2 Any significant changes to the structure of the scheme are not being proposed – this is because it would be likely to take several months to effectively model the impact of such changes, and so it would not be possible to make changes in time for 2024/25, given the required consultations.

4 Consultation

- 4.1 The required consultations are set out in schedule 1A , paragraph 3 of the Local Government Finance Act 1992.
- 4.2 “Before making a scheme, the authority must (in the following order):
- a. Consult any major precepting authority which has a power to issue a precept to it,
 - b. Publish a draft scheme in such manner as it thinks fit, and

- c. Consult other such persons as it considers are likely to have an interest in the operation of the scheme”

4.3 If this report’s recommendations are approved, the anticipated timeline is:

18 September – 16 October 2023 – major preceptor consultation

16 October 2023 – publication of draft scheme

16 October 2023 – 24 November 2023 – resident consultation

4.4 The outcome of the consultation process would be reported to Overview and Scrutiny, and then Cabinet, in December 2023.

5 Financial and value for money implications:

5.1 The proposed changes will provide benefit to the lowest income residents, without significant cost, and will also enable more efficient administration. The proposed cost of £38k will be one driver factored into the Council’s 2023 Medium Term Financial Strategy as part of the annual review of the council tax base and council tax collection projections.

6 Legal Implications

6.1 At this stage, no decision is being taken on the CTS scheme for 2024/25.

6.2 Following the consultation process, details of a final scheme will be submitted for the approval of Council, alongside the calculation of the council tax base for 2024/25.

7 Risk implications:

7.1 If changes are made without following the mandatory consultation process, the amended CTS scheme could be vulnerable to being challenged by judicial review.

7.2 This risk should be entirely mitigated by following the process as laid down in law.

8 Equalities, Community Impact and Human Rights:

8.1 Community Impact Assessment carried out and annexed - there are no negative impacts expected from these proposals. The CIA will be reviewed in light of any comments received during the consultation period.

8.2 Human Rights – there are no Human Rights Implications arising from this report.

9 Sustainability implications (including climate change, health and wellbeing, community safety)

9.1 The increase in the number of residents receiving a zero council tax bill is likely to have a beneficial effect on health and wellbeing by reducing financial stress for those households.

10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

10.1 The proposed changes can be made using software currently licensed by the Council. There are no other infrastructure implications.

11 Statutory Comments

Monitoring Officer:

S151:

Local Government statute sets out that both a Local Authority's council tax base and council tax support policy are reviewed and approved annually. The changes proposed to the council tax support policy will have an impact on the amount of council tax collected by both Dacorum and its precepting partners.

The financial impact of these proposed changes for the council are minor, but could have a significant impact to those residents that benefit from the scheme. The financial costs of this policy change are circa £38k and will feed into the annual review of council tax base and collection that feeds into the MTFS and 2024/25 budget setting process.

12 Conclusions:

- 12.1 The proposed changes would reduce the council tax burden on some of the lowest income households in the borough.
- 12.2 The proposed scheme would not be significantly different to other CTS schemes within the county.