



<b>Report for:</b>	Cabinet
<b>Title of report:</b>	Revisions to the Council Tax Support Scheme for 2024/25, the Council Tax Base 2024/25 and Forecast Council Tax Position as at 31 March 2024
<b>Date:</b>	12th December 2023
<b>Report on behalf of:</b>	Councillor Ron Tindall, Leader of the Council
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	Appendix 1 – Council Tax Support Scheme revisions- consultation responses from major preceptors Appendix 2 – Revisions to the Council Tax Support Scheme for 2024/25 survey response report for public consultation
<b>Background papers:</b>	CA/75/21 – report to Cabinet on proposals for changes to CTS and the consultation process <a href="#">FINAL - 2024 Council Tax Support Policy Cabinet Sept 2023 1.pdf (dacorum.gov.uk)</a> Council Tax Support Fund 2023-24 guidance <a href="#">Council Tax Support Fund guidance - GOV.UK (www.gov.uk)</a>
<b>Glossary of acronyms and any other abbreviations used in this report:</b>	CTS – Council Tax Support HCC – Hertfordshire County Council PCC – Police and Crime Commissioner for Hertfordshire

## Report Author

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<p><b>Corporate Priorities</b></p>	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency.</p>
<p><b>Wards affected</b></p>	<p>All</p>
<p><b>Purpose of the report:</b></p>	<ol style="list-style-type: none"> <li>1. To advise of the responses to consultation on proposed changes to the Council Tax Support scheme from April 2024.</li> <li>2. To advise of options for Council in respect of the proposed Council Tax Support scheme changes.</li> <li>3. To agree the estimated Collection Fund surplus or deficit as at 31 March 2024.</li> <li>4. To determine the Council Tax Base for 2024/25.</li> </ol>
<p><b>Recommendations to the decision makers:</b></p>	<ol style="list-style-type: none"> <li>1. To recommend that Council changes the council tax support scheme from April 2024 to: <ol style="list-style-type: none"> <li>a. increase the backdating period for working age CTS applications to three months in line with pension age applications;</li> <li>b. remove the restriction for residents in properties from bands E to H for maximum CTS to be calculated using band D.</li> </ol> </li> <li>2. To approve an additional one off payment of support to Council Tax Support Claimants.</li> <li>3. That Cabinet approves the Collection Fund surplus estimate of £665,115.33 as at 31 March 2024. The Dacorum Borough Council share of this surplus is £77,517.77.</li> <li>4. Cabinet recommends to Council that Dacorum’s share of the Council tax surplus (£77,517.77) be transferred to the funding equalisation reserve, specifically to manage fluctuations in the collection fund position.</li> <li>5. That Cabinet approve the payment profile for the surplus identified at 3) above and contained at section 2.39 to this report (Table 4).</li> <li>6. That Cabinet approves the calculation of the Council’s tax base for the year 2024/25 incorporating an estimated collection rate of 98.5%.</li> <li>7. That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 2012, the amount calculated by the</li> </ol>

Council as its tax base for the year 2024/25 shall be 60,276.5 and its constituent elements shall be:

**Table 1 Taxbase 2024/25**

<b>Part of Area - Parished and Non Parished</b>	<b>100% Tax base</b>	<b>98.5% Tax base</b>
Hemel Hempstead	32,886.6	32,393.3
Aldbury	477.0	469.8
Berkhamsted	8,715.3	8,584.6
Bovingdon	2,165.9	2,133.4
Chipperfield	911.2	897.6
Flamstead	671.5	661.5
Flaunden	182.2	179.5
Great Gaddesden	463.5	456.6
Kings Langley	2,406.1	2,370.0
Little Gaddesden	638.2	628.6
Markyate	1,346.8	1,326.6
Nash Mills	1,241.2	1,222.6
Nettleden with Potten End	815.2	803.0
Northchurch	1,415.0	1,393.8
Tring Rural	728.6	717.7
Tring Town	5,450.4	5,368.7
Wigginton	679.5	669.3
<b>Total Taxbase</b>	<b><u>61,194.4</u></b>	<b><u>60,276.5</u></b>

**Period for post policy/project review:**

The CTS scheme is subject to an annual decision by Council as to whether to make changes or not

## 1 Introduction:

- 1.1 Following Cabinet decision CA/75/21, the Head of Revenues & Benefits has consulted on the following proposals for amendments to the 2024 CTS scheme. This report advises on the responses to the consultation and advises on the options for Council in respect of the proposed changes.
- 1.2 Council is in addition required to set the Council Tax Base for 2024/25 so it can be used in budget preparations and formal setting of Council Tax by Full Council in February 2024. It is also necessary to approve the estimated Council Tax Collection Fund surplus or deficit as at 31 March 2024.

## 2 Key Issues of the report:

### Revisions to Council Tax Support scheme for 2024/25

- 2.1 Following Cabinet decision CA/75/21, the Head of Revenues & Benefits has consulted on the following proposals for amendments to the 2024 CTS scheme. This report advises on the responses to the consultation and advises on the options for Council in respect of the proposed changes.
  - a. Increasing the maximum support available to all working age residents to 100% of their council tax liability. (The maximum level is currently 75% of liability for residents who are not classed as vulnerable)

- b. Removal of the cap which limits maximum support to the equivalent of a band D council tax. (Currently residents in band E to band H have their CTS limited)
- c. Increasing the backdating period for working age residents to three months. (This period is currently one month).

2.2 The proposals only impact residents of working age, as the rules for residents of pension age are set by the Government.

2.3 The consultation has taken place in two stages, first with the major council tax preceptors (HCC and the PCC), and then with the general population.

2.4 The proposed changes would be of direct benefit to low income residents, by making the CTS scheme more generous. A consequence of this is that the council tax base would be reduced, and this has an impact on the council tax income available for all preceptors.

2.5 The estimated impact of the changes consulted on is shown in table 1 below;

**2.6 Table 1: Consultation Proposals and Financial Impact**

Proposal	Number of households impacted	Reduction in taxbase		Reduction in total collectable council tax		
		DBC	HCC & PCC	DBC	HCC	PCC
Increasing maximum level of support to 100% of liability (removal of 25% minimum payment)	1,000	0.35%	0.05%	£50,000	£390,000	£60,000
Removal of the cap limiting CTS to a band D property	50	0.02%	0.003%	£3,000	£24,000	£4,000
Increase backdating period to three months	50	0.01%	0.002%	£2,000	£14,000	£2,000
<b>Combined impact of all three proposals</b>	<b>1,000</b>	<b>0.38%</b>	<b>0.055%</b>	<b>£55,000</b>	<b>£428,000</b>	<b>£66,000</b>

2.7 For each proposal, there is also information about the estimated number of households that would be affected; change to the council tax base and estimated reduction in total collectable council tax for the Council, HCC and the PCC. The reduction in collectable council tax is based on the 2023/24 council tax charges for each body.

2.8 Before making any changes to the CTS scheme, the Council is required to carry out consultation with the major preceptors and also with the wider public.

2.9 As part of the Local Government Finance Settlement for 2023/24 funding was provided to reduce bills for working age and pension age CTS claimants by up to £25. The guidance also says that the Council can use the remaining allocation as it sees fit, to support vulnerable households with council tax bills.

- 2.10 The consultation asked for views on the changes as shown in the table at paragraph 2.6.
- 2.11 The full responses to the consultation made by the major preceptors are attached in appendix A.
- 2.12 In summary, both HCC and the PCC strongly object to the proposals, due to the reduction in the amount of council tax they would be able to collect, and the potential impact on the services they provide.
- 2.13 There have been 143 responses to the public consultation made available through the Let's Talk Dacorum online platform. The majority of responses have come from residents who do not receive CTS at the moment.
- 2.14 The full detail of the survey questions and responses is attached as Appendix B.

### **Consultation Results Summary- revisions to Council Tax Support scheme for 2024/25**

- 2.15 51% of respondents agree with the statement "The lowest income residents in the borough should not have to pay any Council Tax" and 45% of respondents disagree.
- 2.16 61% of respondents agree with the statement "The Council should make changes to the council tax support scheme that help reduce the pressure on voluntary organisations, such as those that provide debt advice" and 22% of respondents disagree.
- 2.17 58% of respondents agree with the statement "No changes should be made to the council tax support scheme that reduce the amount that can be spent on services provided by Hertfordshire County Council, Hertfordshire Police and Dacorum Borough Council" and 20% of respondents disagree.
- 2.18 82% of respondents agree with the statement "Three months is a reasonable amount of time for a resident to apply for help with paying their council tax". 11% of respondents disagree.

### **Revisions to Council Tax Support scheme for 2024/25- Options**

- 2.19 Following the consultation, a decision needs to be taken by Council as to whether or not to progress with any or all of the proposed changes.
- 2.20 There is no support for the changes from the major preceptors, and a mixed response from the public in respect of the proposed increases in maximum CTS and no clear statement of intent, from a small volume of responses.
- 2.21 In light of the consultation responses, it is recommended that Council does not proceed with the proposal to increase the maximum level of support to 100% of liability for all working age applicants, as this has the most significant impact on the total collectable council tax, and hence a material impact on preceptor income streams.
- 2.22 Proceeding with the proposal to remove the cap at Band D will not have such an impact on total council tax, and does not affect as many residents, but will have a significant positive impact on the few households affected.
- 2.23 The proposal to increase the backdating period to three months is well supported by respondents to the consultation and has the lowest financial impact, as well as bringing Dacorum policy in line with similar national benefit processes.
- 2.24 Detail of the estimated financial impact of the two recommended changes is shown in the tables below.

### **Table 2: Estimated Financial Impact of recommended changes**

Proposal	Number of households impacted	Reduction in taxbase		Reduction in total collectable council tax		
		DBC	HCC & PCC	DBC	HCC	PCC
Removal of the cap limiting CTS to a band D property	50	0.02%	0.003%	£3,000	£24,000	£4,000
Increase backdating period to three months	50	0.01%	0.002%	£2,000	£14,000	£2,000
<b>Combined impact of two recommended proposals</b>	<b>100</b>	<b>0.03%</b>	<b>0.005%</b>	<b>£5,000</b>	<b>£38,000</b>	<b>£6,000</b>

### **Council Tax Support Fund 2023/24**

- 2.25 In line with the Government guidance, an additional amount of up to £25 has been awarded to all residents receiving CTS for the 2023/24 year. (It is “up to” £25 because if a resident’s council tax liability after CTS is less than £25, a lower amount is awarded so the bill is reduced to zero).
- 2.26 The council proposes to make an additional payment of circa £45 per CTS claimant that have a remaining Council Tax liability for 2023/24. This will support those residents that would have potentially benefited from the proposed 2024 CTS changes consulted on but not taken forward at this point.
- 2.27 The report therefore seeks Cabinet agreement to carry out this exercise – the exact amount of the top-up and the number of residents who benefit will be determined by the number of live CTS accounts on the date the action is taken.

### **Financial and value for money implications of the Council Tax Support Scheme Changes**

- 2.28 The recommended CTS policy changes will provide some benefit to the lowest income residents, without significant cost, and will also enable more efficient administration. The recommendation not to proceed with the more costly change addresses the financial issues raised by the major preceptors in their consultation responses.
- 2.29 The proposed changes to the CTS policy will have a limited financial impact of: Circa £5k Dacorum, Circa £6k PCC and circa £38k HCC.
- 2.30 The proposed additional CTS payments of circa £45 per CTS claimant household will utilise the residual government funding of circa £120k remaining from the £195k provided in 23/24 to support Council Tax Support claimants.

### **Risk implications of the Council Tax Support Scheme Changes**

- 2.31 If changes are made without following the mandatory consultation process, the amended CTS scheme could be vulnerable to being challenged by judicial review.
- 2.32 This risk should be entirely mitigated by following the process as laid down in law.

## Declaration of Council Tax Collection Fund Surplus or Deficit

### How does a surplus or deficit occur?

- 2.33 The income collected from Council Tax goes into the Collection Fund. Throughout the year the actual number of properties in the borough inevitably varies from the figure estimated at the start of the year, as do allowances for exemptions, discounts or appeals. This leads to a change in the amount of Council Tax collected. Despite this variation in collection, the amount paid to the preceptors remains the same as the amounts specified at the start of the year, and does not reflect in-year changes to the amount of Council Tax. It is this emergent variance which creates a surplus or deficit on the Collection Fund.
- 2.34 A key driver in respect of the surplus or deficit position is the timing of when anticipated developments are completed. If there are more than expected, or they are completed more quickly, a surplus will arise; but if there are fewer, or they take longer to complete, then a deficit will result. Any surplus or deficit is shared between the major preceptors (i.e. Hertfordshire County Council, the Police and Crime Commissioner and the Borough) in proportion to their precepts for relevant years.

### Declaration of Surplus or Deficit

- 2.35 The actual deficit at 31 March 2023, together with an estimate of the surplus or deficit for the current year 2023/24 (the 'in- year' surplus or deficit), is required to be approved by Cabinet on behalf of the Council.
- 2.36 The actual surplus balance on the Council Tax Collection Fund at 31 March 2023 was £569,249.65. The compared to an anticipated surplus of £429,119.98 forecast during 2022/23; a difference of £140,129.67. The actual surplus is 0.483% of the 2022/23 precepts. The Council will receive its share of this surplus in 2024/25.
- 2.37 In 2023/24, the Collection Fund is estimated to achieve a total projected in- year surplus of £524,985.66. The surplus is 0.42% of the 2023/24 precepts.
- 2.38 The projected total surplus on the Council Tax Collection Fund as at 31 March 2024 is £665,115.33. This is made up as follows:

**Table 3 Estimated Council Tax surplus as at 31 March 2024**

	£
Difference between the forecast surplus and actual surplus at 31 March 2023.	-140,129.67
The 2023/24 forecast in-year surplus.	-524,985.66
<b>Total estimate surplus as at 31 March 2024</b>	<b>-665,115.33</b>

- 2.39 The proportion and profile of this total surplus that each of the Major Preceptors and the Borough will share when calculating the 2024/25 Council Tax is all follows:

**Table 4 Estimated Council Tax Surplus as at 31 March 2024- Authority Shares**

Precepting or Billing Authority	£
Dacorum Borough Council	-77,517.77
Hertfordshire County Council	-511,742.74
Police and Crime Commissioner for Hertfordshire	-75,854.82
<b>Total Surplus</b>	<b>-665,115.33</b>

- 2.40 Cabinet approval of the Collection Fund surplus estimated at 31 March 2024 is sought in Recommendation 3. Approval of the surplus distribution profile at 2.40 is sought in Recommendation 5.

2.41 As part of 2024/25 budget proposals, scheduled to be presented at Cabinet in February 2024, Cabinet will be asked to recommend to Council to transfer the Council's share of the surplus to the Funding Equalisation Reserve, a reserve specifically created to manage fluctuations in the balance on the Collection Fund.

### **Council Tax Base 2024/25**

2.42 Annually all local authorities are required to calculate a Council Tax Base which is used to set the level of Council Tax. The process is governed by the Local Authorities' (Calculation of Tax Base) Regulations 2012.

2.43 The tax base is set having regard to:

- The Valuation List;
- Current exemptions, reductions and discounts;
- Discretionary discounts;
- Anticipated developments that may occur during the year;
- Expected long term collection rate.

2.44 The basic methodology for calculating the tax base is as follows:

- Calculations are made of the 'relevant amount' for the year in respect of the valuation bands shown in the Council's Valuation List. For each band, this amount represents the estimated full year equivalent number of chargeable dwellings listed in the band after taking into account the impact of disabled band reductions and discounts (including Council Tax Support).
- The 'relevant amounts' for each band are then aggregated and expressed as an equivalent number of band D dwellings.
- The Council then multiplies this aggregate of all relevant amounts by the estimated collection rate for the year. The resulting figure is the Council Tax Base for the year.
- The rules for calculating the Council Tax Base for any part of a Council's area (e.g. a parish, or that part of its area to which a levy or special levy relates) are the same as the rules for calculating the Council Tax Base for the whole of its area for that year, and the same estimated collection rate must be used.

2.45 The estimate of the collection rate is the only area over which the Council has any discretion. For 2023/24, the collection rate was 99.4%. Based on current performance data on collection rates, in light of the ongoing economic implications of the coronavirus pandemic and cost of living crisis, a reduction in the collection fund rate to 98.5% is proposed. Recommendation 3 seeks Cabinet approval for an estimated collection rate of 98.5% for 2024/25.

2.46 The tax base for 2023/24 was 59,922.3 (after adjusting for the estimated impact of Council Tax Support and a 99.4% collection rate), the proposed tax base for 2024/25 is 60,276.5. This represents an increase of 354.2 Band D equivalent, or 0.6% on the tax base. Recommendation 4 seeks approval for this proposed tax base for 2024/25.

2.47 Major Precepting Authorities, are required to request their tax base figure (and notify any changes to their tax base area), from the Council, before the end of December 2023. The Council must give notification of all requested tax base figures by the end of January 2024.

### **3 Options and alternative considered**

3.1 For Council tax support this is contained within the report.



Setting of the Council Tax and agreement of the Council Tax surplus is a statutory requirement.

#### **4 Consultation**

4.1 See above.

#### **5 Financial implications**

5.1 Contained within the body of the report.

#### **6 Legal Implications**

6.1 The final decision about whether or not to make changes to the CTS scheme is one which is required to be made by Council.

6.2 Setting of the Council Tax and agreement of the Council Tax surplus is a statutory requirement.

#### **7 Risk implications**

7.1. Contained within the body of the report.

#### **8 Equalities, Community Impact and Human Rights:**

8.1 For the Council Tax Support scheme, a Community Impact Assessment was carried out and annexed - there are no negative impacts expected from these proposals. No comments received during the consultation period have led to any amendment to the assessment.

8.2 There are no other direct Equalities, Community Impact and Human Rights implications arising from this report.

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

9.1 There are no direct sustainability implications arising from this report

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

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

10.2 Calculation of the Council Tax base is required to set Council Tax for 2024/25. This calculation has a direct impact on the income due to the Council in 2024/25.

#### **11 Statutory Comments**

##### **Monitoring Officer:**

No comments to add to the report.

##### **S151 Officer**

This is a Section 151 officer report. Comments contained within the body of the report.

#### **12 Conclusions:**

12.1 The proposed changes to Council Tax Support would reduce the future council tax burden on some of the lowest income households in the borough.

12.2 The proposed distribution of the remaining money in the Council Tax Support Fund 2023/24 will provide additional assistance to some of the lowest income residents with their council tax bills for the current year.

12.3 Agreement of the Council Tax Base 2024/25 and the Council Tax surplus estimated as at 31 March 2024 supports sound financial planning within the authority. Cabinet has delegated authority to set the Council Tax Base for 2024/25.