

## Council Tax Support Scheme 2024/25 and 2025/26

### REPORT TO EXECUTIVE



<b>DATE</b>	<b>20 September 2023</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
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#### PURPOSE

1. To seek approval to commence a public consultation on the plans to temporarily revise Burnley Borough Council's Council Tax Support Scheme for 2024/25 and 2025/26.

#### RECOMMENDATION

2. The Executive is recommended to:
  - a. approve a statutory consultation of the Local Council Tax Support Scheme in accordance with Schedule 1A of the Local Government Finance Act 1992 and the Local Government Finance Act 2012 (as amended),
  - b. consider and approve for consultation a temporary revision to the Council Tax Support Scheme for the two forthcoming financial years (2024/25 and 2025/26) as set out in this report,
  - c. delegate authority to the Director of Resources to undertake the statutory consultation, and
  - d. note that the consultation will run for an 8-week period which is expected to commence on 25<sup>th</sup> September 2023 and will guide the final recommendations to be placed before Full Council in February 2024 for the approval of a temporary revision to the Council Tax Support Scheme for 2024/25 and 2025/26.

#### REASONS FOR RECOMMENDATION

3. To consult on the provision of temporary support, by increasing the level of subsidy for eligible working age claimants within the Council Tax Support Scheme, up to a maximum of 95% for 2024/25 and 90% for 2025/26, to help alleviate some of the financial hardship caused by the cost-of-living crisis.

## SUMMARY OF KEY POINTS

### 4. Council Tax Support Scheme

The Council Tax Support Scheme replaced Council Tax Benefit in April 2013. The Local Government Finance Act 2012 created the provision for local authorities to create their own local scheme to replace the national Council Tax Benefit scheme. Pensioners were protected from any reduction in Council Tax Support.

5. The government's policy objective in localising support for Council Tax were to:
  - Give local authorities a greater stake in the economic future of their local area,
  - Give local authorities the opportunity to reform the system of support for working age claimants,
  - Reinforce local control over Council Tax, and
  - Give local authorities a financial stake in the provision of support for Council Tax.
6. There are currently 9,698 households claiming Council Tax Support in Burnley; 2,884 (29.74%) are pensioners and 6,814 (70.26%) are working age. Pensioners are protected under government legislation and continue to receive Council Tax Support at the same level as they did under the Council Tax Benefit rules, up to a maximum of 100%.
7. Up until 2023/24, working age claimants on full Council Tax Benefit received up to a maximum of 85% subsidy on their bill and were asked to pay a minimum of between £161 for a single person and £215 per year for a standard bill for a Band A property (15%). Information held confirmed that 71% of taxpayers in this category were paying their Council Tax on time with the remainder collected through the Council's normal recovery processes over a longer period.
8. In 2023/24, Full Council approved that temporary assistance, up to a maximum of 100% subsidy on their bill, would be provided to working age claimants on full Council Tax benefit for the 2023/24 financial year only.
9. The Council proposes to seek public opinion on extending a temporary increase in the level of subsidy provided to working age claimants, from a maximum of 85% to a maximum of 95% for the 2024/25 financial year and 90% for the 2025/26 financial year. It is proposed that the level of subsidy returns to a maximum of 85% from 2026/27. This is intended to provide a transitional period in returning subsidy provided to previous approved levels.
10. It should be noted that any decision to change the scheme is required to be done after consultation. The Council, as billing authority, is the default lead authority for the Council Tax Support Scheme and is also required to consult with its precepting authorities, in particular the County Council, Fire and Police authorities as any changes to the scheme will affect the income they receive.
11. In addition to this proposal, a number of assessment criteria for Council Tax Support claims will be changed to bring the scheme in line with changes being made on a national level to Housing Benefit Regulations. These changes will not form part of the

proposed consultation as the scheme already includes provisions to make changes to reflect national changes to Housing Benefit Regulations.

12. An 8-week public consultation process is proposed and is expected to be carried out between 25<sup>th</sup> September to 19<sup>th</sup> November 2023 on changes to the scheme. This will include consulting with the Council's major preceptors.

#### **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

13. The cost of increasing the Council Tax Support subsidy for working age claimants from a maximum of 85% to a maximum 95% in 2024/25 and 90% in 2025/26 is estimated to cost £80k and £40k respectively. If the scheme is approved to be taken forward, it is proposed that the one-off cost in each financial year is funded from the Cost of Living Reserve.

#### **POLICY IMPLICATIONS**

14. The consultation could result in temporary policy amendments for the Council Tax Support scheme if approved by Full Council.

#### **DETAILS OF CONSULTATION**

15. None

#### **BACKGROUND PAPERS**

16. None

#### **FURTHER INFORMATION**

**PLEASE CONTACT:**

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