

Title: Local Council Tax Reduction scheme
Lead Officer: * Andrea Wyatt ext 6831
Portfolio Holder: Councillor Tracy
Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder	17/01/2023	Councillor Tracey
Finance	12/01/2023	Andrew Rollins
Legal Services		N/A
Chief Executive	14/01/2023	Chris Elliott
Director of Climate Change		Dave Barber
Head of Service(s)	17/01/2023	David Elkington
Section 151 Officer	12/01/2023	Andrew Rollins
Monitoring Officer	12/01/2023	Andrew Jones
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	Recommendation to: Council	
Contrary to Policy / Budget framework?	No/Yes	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No:	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No/Yes, Forward Plan item – scheduled for (date)	
Accessibility Checked?	Yes/No	

Summary

The District Council is responsible for determining its' own Council Tax Reduction scheme. The scheme provides a reduction in Council Tax, for liable persons who are on a low income. Under the current scheme, all working age claimants have to contribute at least 15% towards their Council Tax. As a result of the cost of living crisis, Cabinet is asked to consider whether to increase the maximum reduction payable under the scheme from 85% to 100%.

Recommendation(s)

- (1)** That Cabinet recommends Council agree to increase the maximum Local Council Tax Reduction payable from 85% to 100% for working age claimants.
-

1 Reasons for the Recommendation

- 1.1 Since 2013, each local authority has been responsible for determining their own Local Council Tax Reduction scheme to assist residents who are on a low income to meet the costs of their Council Tax liability. Prior to 2013, the scheme was a national scheme with legislation set by Central Government. Prescribed legislation remains in place for low-income pensioners and therefore this proposal only affects working age claimants.
- 1.2 In 2014, the Warwick District Council working age scheme was amended so that the maximum reduction a liable person could receive was 92.5% and this was reduced further in 2015 to 85%. The proposal to increase the maximum reduction a working age claimant can receive is being proposed as a direct response to the current cost of living crisis.
- 1.3 Claimants who receive Local Council Tax Reduction are amongst the most vulnerable people across our District, not only because they are on the lowest incomes but many of them also have other vulnerabilities such as disabilities or caring responsibilities which restricts their ability to increase their income. The current cost of living crisis is therefore placing these people further into poverty.
- 1.4 The table below shows the minimum contribution a working age liable person who is in receipt of a reduction, currently must pay per annum towards their Council Tax and therefore if the proposal is agreed is the amount a household would save.

	Minimum amount a liable person has to pay with single person discount £	Minimum amount a liable person has to pay without single person discount £
Band A	155.64	207.52
Band B	179.89	239.30
Band C	205.12	273.49
Band D	229.99	306.65
Band E	286.79	382.38
Band F	332.15	449.47
Band G	388.98	516.21
Band H	465.63	621.02

2 Alternative Options

- 2.1 The Council could decide to continue to ask residents in receipt of a Reduction, to contribute at least 15% towards their Council Tax bill, but the purpose of the change is to assist residents during the cost of living crisis and therefore no other option has been recommended.

3 Legal Implications

- 3.1 The responsibility for determining the Local Council Tax Reduction scheme rests with Warwick District Council, any changes to the scheme must be consulted on and the decision to make changes rests with full Council.

4 Financial

- 4.1 There are financial implications for the District Council and for the major preceptors and these are shown in the table below.

Caseload	WDC	WCC	PCC
4606	£81,700	£731,503	£120,650

5 Business Strategy

- 5.1 If the scheme is amended there will be a direct positive impact on the health and wellbeing of some of our most vulnerable residents. The changes will provide further assistance during the current cost of living crisis.

6 Environmental/Climate Change Implications

- 6.1 None

7 Analysis of the effects on Equality

- 7.1 The effects on equality are positive and the scheme would be more generous.

8 Data Protection

- 8.1 None

9 Health and Wellbeing

- 9.1 The proposal will have a direct positive impact on residents who are entitled to claim a reduction which will contribute to their health and wellbeing.

10 Risk Assessment

- 10.1 There is a risk that by doing nothing, low- income residents across the District may be plunged further into poverty which would have a direct impact on health and wellbeing.

11 Consultation

- 11.1 All claimants who receive a Council Tax Reduction were invited to take part in the consultation. The scheme was published on the Intranet and was promoted via social media. Letters were sent to both the County Council and the police and Crime Commissioner.
- 11.2 There were 237 responses to the public consultation, whilst this may appear to be a low response rate, it is indicative of previous consultation exercises regarding changes to council tax reduction albeit a slightly higher rate than in previous years.
- 11.3 Of the responses, 54.11% were from recipients of Local Council Tax Reduction and 45.02% were from non-recipients with the remainder of responses being from residents not liable to pay Council Tax. 78.45% of respondents agreed that the maximum Council Tax Reduction payable should be raised to 100%.
- 11.4 Warwickshire County Council and the Police and Crime Commissioner raised similar concerns in each of their responses and do not support the proposals. The main concerns were around the additional pressures this would place on local authority finances, and the affect this would have on other services, including services provided to vulnerable residents.
- 11.5 The February budget report contains proposals to increase revenue raised through council tax on empty homes and second homes. If approved it will generate an additional £1.39 million income for the County and £229,000 for the Police and Crime Commissioner per annum, which would exceed the loss of revenue incurred by raising the maximum reduction. It should be noted however that this will not come into effect until 2024.
- 11.6 Concerns were also raised about the additional impact this would have on budgets should the caseload increase, whilst this is always a risk, the caseload has reduced from 4764 working age claimants in April to 4606 as at the end of December. The total amount paid in Council Tax Reduction has reduced during the year from £7,656,837 to £7,424,040 which is a total saving of £235,797.
- 11.7 Whilst the County and PCC do not support the proposals, it should be noted that recipients of Council Tax Reduction are amongst the most vulnerable across the District. Council Tax is a statutory debt, if it is not paid, residents could be plunged into more debt as Court costs are incurred and ultimately enforcement agent fees if the debt has to be passed to them.

11.8 Given the cost of living crisis, it is more likely that claimants in receipt of the reduction will struggle to pay or will prioritise payment of their Council Tax over other essential items such as utility bills or food. The current price cap on utility bills is set to increase from April 2023, so the current situation is only likely to worsen. As a District Council we are committed to the health and wellbeing of our residents, if we are able to reduce the amount claimants have to contribute towards their Council Tax, this will provide additional income, even for those in the lowest council tax band this would provide an additional £17.00 per month available for other essential items and would be invaluable for our claimants who are already vulnerable due to low-income but many also have other vulnerabilities such as disabilities, caring responsibilities and children.

Supporting documents:

Copies of the consultation responses from Warwickshire County Council and the Police and Crime Commissioner are attached at Appendices 1 and 2