



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>CABINET 16 NOVEMBER 2023</b>
Report Number	<b>AGENDA ITEM 6</b>
Subject	<b>COUNCIL TAX SUPPORT SCHEME</b>
Wards affected	All
Accountable member	CLlr Dan Levy – Cabinet Member with responsibility for Finance Email: dan.levy@westoxon.gov.uk
Accountable officer	Mandy Fathers – Business Manager for Operations and Enabling Email: mandy.fathers@publicagroup.uk
Summary/Purpose	To present the results of the public consultation on proposals for revising the current Council Tax Support scheme with effect from 1 April 2023
Annexes	Annex A – Consultation Responses
Recommendation(s)	That Cabinet resolves to recommend to Council to: <i>a) Approve the increase to income bands as detailed within paragraph 2.5 from 1 April 2023.</i>
Corporate priorities	<ul style="list-style-type: none"><li>• Delivering excellent modern services whilst ensuring the financial sustainability of the Council</li></ul>
Key Decision	YES
Exempt	NO
Consultees/ Consultation	Portfolio Holder, Chief Finance Officer, Monitoring Officer, Head of Legal Services, Finance Business Partner, Group Manager, Director of Finance (Publica)

## 1. BACKGROUND

- 1.1 Councils are required to review their Council Tax Support (CTS) schemes each year for those people of working age, and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation. In August 2022, officers proposed changes to the scheme, which The Cabinet Member with Responsibility for Finance approved, should be consulted upon.

## 2. MAIN POINTS

- 2.1 On 1 April 2013, the Council implemented its own CTS scheme of support to help those people on low incomes pay their Council Tax.
- 2.2 On 1 April 2020 this was changed to an income banded scheme and the percentage of CTS paid was based on the following income bands:

Income Band	Single	Couple	Lone Parent	Couple with Children	Maximum % Entitlement
1	0 - 125	0 - 140	0 – 175	0 - 225	100
2	125.01 - 175	140.01 - 190	175.01 – 200	225.01 - 275	80
3	175.01 - 225	190.01 - 240	200.01 – 250	275.01 - 325	60
4	225.01 - 275	240.01 - 290	250.01 – 300	325.01 - 375	30
5	275.01 - 325	290.01 - 340	300.01 – 350	375.01 - 425	10
6	325.01 +	340.01 +	350.01 +	425.01 +	0

- 2.3 Since 2019 household income has increased which has resulted in some households being moved into a higher income band, and therefore receiving a lesser percentage of support.
- 2.4 With inflation at 10.1% in September, it is anticipated that national benefit payments will increase by this amount from April 2023. Without changes to the CTS scheme, this would result in more households being moved into a high-income band and therefore having to pay a higher share of the full Council Tax for their property.
- 2.5 To support households through this cost of living crisis, proposals were made to increase income band 2 by £10.00 a week, income band 3 by £15 a week, income band 4 by £25 a week and income bands 5 and 6 by £25 a week as follows:

Income Band	Single	Couple	Lone Parent	Couple with Children	Maximum % Entitlement
1	0 - 125	0 - 140	0 - 175	0 - 225	100
2	125.01 - 185	140.01 - 200	175.01 - 210	225.01 - 285	80
3	185.01 - 240	200.01 - 255	210.01 - 265	285.01 - 340	60
4	240.01 - 295	255.01 - 310	265.01 - 320	340.01 - 395	30
5	295.01 - 350	310.01 - 365	320.01 - 375	395.01 - 450	10
6	350.01 +	365.01 +	375.01 +	450.01 +	0

- 2.6** A consultation took place for a four-week period from 26 September 2022 to 9 October 2022.
- 2.7** A summary of responses to the consultation can be found in Annex A, attached to this report.
- 2.8** It should also be noted, that during the financial year 2023/2024 the Council will have a Hardship Fund available to support those residents who are in financial crisis and struggling to pay their Council Tax. The Council approved the Hardship Policy in October 2022.

## **5. FINANCIAL IMPLICATIONS**

- 5.1** The Council administers a Council Tax Support scheme with an annual expenditure of approximately £5.8 million. For 2013/2014, the Government reduced the level of funding for the local scheme effectively creating a grant reduction of 10% a year across all of the precepting authorities.
- 5.2** With effect from 2013/2014 the scheme was funded through Formula Grant rather than direct subsidy and consequently the Government has transferred the risk (and therefore cost) of increased take up within the scheme to the local taxpayer, from the national taxpayer. Any increase in cost will lead to a reduced tax-base and therefore reduced income to the precepting bodies.
- 5.3** As part of the four year settlement that Formula Grant has now been phased out and, therefore funding for CTS falls solely to local taxpayer.
- 5.4** The proposed changes increase the cost of the CTS scheme by approximately £81,935. This will be reflected in a decrease in the council tax base and council tax income recognised in

the collection fund. The decrease in income will be spread proportionately across the major precepting authorities (Oxfordshire County Council, The Office of the Police and Crime Commissioner and West Oxfordshire District Council as well as Town and Parish Councils). Making these proposed changes will decrease the total tax base by around 39 band D properties and a loss of income as follows:

Financial Year	OCC	Police	Town/Parish	WODC	Total
2023/2024	£64,345.34	£9,400.07	£3,733.45	£4,456.14	£81,935

5.5 The reduction in Council Tax income retained by the Council of £4,456 will be taken into account as part of the 2023/24 budget setting process.

## 6. LEGAL IMPLICATIONS

6.1 The Welfare Reform Act 2012 abolished Council Tax Benefit and instead required each authority to design a scheme specifying the reductions, which are to apply to amounts of council tax.

6.2 The CTS scheme is required under Section 13A of the Local Government Finance Act 1992 (“the Act”), as amended. The Act states that for each financial year, billing authorities must consider whether to revise their CTS scheme or replace it with another scheme. The prescribed regulations set out the matters that must be included in such a scheme. Before making any changes, under Section 40 of the Act, the Council must:

- Consult with any major precepting authorities
- Publish the draft scheme
- Consult other parties likely to have an interest in the scheme.

6.3 The deadline for making decisions is 11 March in the financial year preceding that for which the revision or replacement scheme is to take effect (under paragraph 5, schedule 1A of the Act). If the Council does not make/revise a CTS scheme by 11 March 2023, a default scheme will be imposed on the Council, which will be effective from April 2023.

## 7. RISK ASSESSMENT

7.1 There are two risks to consider:

- That the benefit caseload increase significantly, resulting in expenditure exceeding the levels estimated within this report
- That the administration, collection and recovery costs (including the costs for write-offs) could increase as a result of creating additional and relatively small liabilities

7.2 Although neither risk can be mitigated the scheme will be closely monitored during 2023 with any concerns being addressed to the Chief Finance Officer.

**8. EQUALITIES IMPACT**

- 8.1** To ensure compliance with the Equality Act 2010 an Equality Impact Assessment has been carried out which concludes there is no negative impact on any of the protected characteristics.

**9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 9.1** None

**10. ALTERNATIVE OPTIONS**

- 10.1** The criteria for the CTS scheme are at the Council's discretion, and therefore, various alternatives and options are open to the Council.

(END)