

Report to Cabinet

26 January 2023

By Cabinet Member for Finance and Parking

DECISION REQUIRED REPORT



**Horsham
District
Council**

Not Exempt

2023-24 Council Tax Reduction Scheme and Housing Benefit modified scheme

Executive Summary

The Council Tax Reduction Scheme decides which working age residents the Council will help with paying their Council Tax. The policy also decides how much each group of residents should be helped. Each year, the Council reviews the policy and sets a new policy for the following financial year.

This report provides Cabinet with an overview of Horsham's current Council Tax Reduction scheme, along with a recommendation that no changes are made to the scheme for 2023/24. It also requests approval for continuing without change, the modified scheme for the voluntary disregard of war disablement pensions and war widow pensions in Housing Benefit claims. Cabinet is asked to refer these proposals for approval at full Council.

Recommendations

That the Cabinet is recommended to recommend to full Council:

- i) no changes in the Council Tax Reduction scheme for 2023/24, other than the updates prescribed by Government to reflect changes in the wider benefits system.
- ii) no changes to the modified schemes under Housing Benefit subsidy whereby the Council locally and voluntarily disregards war disablement pensions or war widow pensions in the housing benefit calculation.

Reasons for Recommendations

- i) & ii) The Council Tax Reduction and locally modified schemes are annual schemes requiring an annual review and approval, even when no changes to the scheme are being proposed. Review work on the scheme showed the schemes remains affordable for Horsham District Council and provides a good level of support to our less well-off residents.

Background Papers: None

Wards affected: All

Contact: Beccy Salmon, Revenues and Benefits Operations Manager (Horsham)
beccy.salmon@horsham.gov.uk

Dominic Bradley, Director of Resources, 01403 215300

Background Information

1 Introduction and background

- 1.1 Horsham District Council has a Council Tax Reduction scheme, which provides financial support for people on low incomes to help them afford their Council Tax payments. This scheme is reviewed and authorised annually by both Cabinet and Council, even when no changes are proposed to the scheme.
- 1.1 Horsham District Council also has a local modified scheme which disregards war disablement pension and war widow pension from the housing benefit calculation. This scheme should also be reviewed annually.

2 Relevant Council policy

- 2.1 The design and funding of the Council Tax Reduction and modified schemes form part of supporting residents through hard times and delivering a balanced budget in the medium term, as detailed in the Corporate Plan.

3 Details

- 3.1 Horsham's Council Tax Reduction scheme currently provides financial support for residents on low incomes and provides a means-tested discount to reduce their Council Tax payments.
- 3.2 The scheme ensures that the following protected groups are subject only to the means-test calculation when their Council Tax Reduction discount is awarded:
 - Pensioner household
 - Lone parents with a child under 5
 - Households where the means-test attracts an additional premium in their applicable amount due to disability or caring responsibilities
 - Households where the customer is in receipt of War Widows Pension
- 3.3 Any customer who does not fall into one of the protected groups will not be entitled to a discount if their capital exceeds £10,000 and will also have their discount:
 - reduced by 10%
 - restricted to a Band D equivalent liability amount
- 3.4 This scheme continues to provide the best support for residents on low income, whilst adding further protection to the most vulnerable within the Horsham District. The existing scheme has been in place since April 2013 and continues to provide a familiar source of financial support to Council Taxpayers. The recommendation of this report is that the above scheme remains unchanged.
- 3.5 The provisions of the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023 ["the Regulations"] were laid before Parliament on 13 January 2023 and come into force on 10 February 2023. The Government has amended the Council Tax Reduction Scheme to ensure that pension age Local Council Tax Support (LCTS) schemes are updated in line with changes in the wider benefits system. The annual update also provides an

opportunity to ensure that the residency requirements for accessing both pension age and working age LCTS remain consistent with the UK's immigration policy. Billing authorities must ensure that the requirements of the updated regulations are reflected in their LCTS schemes for 2023-24 by 11 March 2023. The detail is set out in the Appendix.

- 3.6 The local modified scheme disregards war disablement pension and war widow pension in full, from the means-tested calculation, whereas the national scheme only disregards 10%. This ensures a more generous award of Housing Benefit and Council Tax Reduction for customers in receipt of these benefits, within the Horsham district. The recommendation of this report is that the scheme remains unchanged.

4 Next steps

- 4.1 This proposal report is submitted to Council for approval.

5 Views of the Policy Development Advisory Group and outcome of consultations

- 5.1 This proposal was presented to the Finance & Assets PDAG on 9 May 2022. The Councillors agreed that the schemes remained affordable for the Council and were necessary to help the Council's less well-off residents.
- 5.2 West Sussex County Council and Sussex Police Association indicated they were not in favour of increasing the amount of cost for the Council Tax Reduction scheme due to the significant budget pressures they are facing. Their share of the cost of the scheme is proportionately higher than the Council's share. No public consultation, therefore, took place.
- 5.3 The Monitoring Officer and the Director of Resources have been consulted to ensure legal and financial probity and their comments have been incorporated into the report.

6 Other courses of action considered but rejected

- 6.1 Horsham District Council has the authority to reduce the amount of financial support awarded through this scheme. However, this course of action was rejected because of the need to continue to support the financially vulnerable.
- 6.2 Horsham District Council has the authority to increase the amount of financial support awarded through this scheme. However, this course of action was rejected, in part due to the significant budget pressures at other public body preceptors.

7 Resource consequences

- 7.1 There will be no additional resource consequences for Horsham District Council if it decides to continue to adopt its current levels of support through the Council Tax Reduction and modified schemes.

7.2 The cost of the Council Tax Reduction scheme varies with the number of applicants and is directly related to rises and falls in the local economy. Numbers on Council Tax Support usually increase during a recession.

8 Legal considerations and implications

8.1 The legal authority for Council Tax Reduction schemes comes from:

- Local Government Finance Act 2012
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

8.2 The Regulations have been updated as per the prescribed requirements.

9 Risk assessment

9.1 There are no changes to the Council's risk profile in choosing to leave the scheme unaltered. However, the Council continues to carry a risk of the cost of the scheme increasing if the economic situation in Horsham District gets worse.

10 Procurement implications

10.1 There are no procurement implications stemming from this report.

11. Equalities and Human Rights implications / Public Sector Equality Duty

11.1 With no changes proposed to the current Council Tax Reduction scheme there is no change to the implication on equalities or human rights.

12 Environmental implications

12.1 There are no environmental implications arising from this report.

13 Other considerations

13.1 The application of the Council Tax Reduction Scheme includes sensitive personal data; however, this decision has no implications on the application of the scheme. There are no implications for crime and disorder.

Appendix – Updated Government prescribed requirements for the Council Tax Support Scheme 2023

Uprating

Reflecting the latest annual review of benefits and pension rates announced by the Department for Work and Pensions on 28 November 2022, the Regulations uprate the following amounts which must be included in pension age LCTS schemes from 2023-24:

- Non-dependant deductions – the adjustments made to the maximum amount of council tax reduction an applicant can receive to reflect non-dependant adults living in the property;
- Applicable amounts - the amount against which a person's income is compared to determine the amount of reduction to which they are entitled;
- Premiums – the additional amounts of income which persons with particular characteristics – such as those with disabilities – can have without their eligibility for a council tax reduction being affected;
- The amount which may be disregarded where the applicant is the parent of a specified student under the age of 25 and makes an eligible contribution to their maintenance; and
- The alternative maximum council tax reduction - this allows an LCTS recipient whose income or savings exceed the usual eligibility threshold to obtain a 25 per cent reduction in their bill where they share their home with one or more adults who do not pay rent, are not their partner, and who have a combined weekly income below the specified amount.

Income and capital disregards

Consistent with changes to the wider benefits system, the Regulations require that two new payments must be disregarded when assessing a person's income or capital:

- The new Adult Disability Payment established by the Scottish Government is not to be treated as the income of a pension age person claiming LCTS when moving to England; and
- The £350 monthly thank you payments made to "Homes for Ukraine" sponsors must be disregarded when assessing the income or capital of both working age and pension age applicants.

Demonstrating 'habitual residence'

The Regulations also provide that the following persons of working or pension age will not need to demonstrate "habitual residence" in Great Britain in order to receive LCTS:

- Those arriving from Ukraine in connection with the Russian invasion; and
- Other individuals granted leave to enter or remain in the UK outside the Immigration Rules and with recourse to public funds.

The Regulations laid before Parliament on 13 January 2023 and Explanatory Memorandum can be found at the following address:

<https://www.legislation.gov.uk/uksi/2023/16/contents/made>