

FORM 1

NOTICE OF DELEGATION OF DECISION TO CABINET MEMBER BY STRONG LEADER

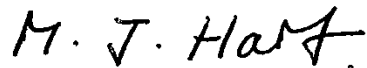
Section 15(4) of the Local Government Act 2000, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

I, Councillor Marcus Hart, as Strong Leader, delegate the decision to make no changes to the Council Tax Reduction Scheme for 2024/25 to the Cabinet Member detailed below:

Councillor David Ross, Cabinet Member for Finance and Capital Portfolio

Dated: 28 September 2023

Signed:

A handwritten signature in black ink that reads "M. J. Hart". The signature is written in a cursive style with a period at the end.

Leader of the Council

FORM 2

NOTICE OF DECISION OF CABINET MEMBER

Pursuant Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

In accordance with the authority delegated to me by the Leader, I have made the following decision:

Subject	Decision	Reason for decision	Date for Decision to be taken
Council Tax Reduction Scheme Review 2024/25	To agree that no changes should be proposed to the Council Tax Reduction Scheme for 2024/25.	The Council is required to review the Council Tax Reduction Scheme each year. There is no strong case to revise or replace the scheme at this stage. Collection rates for this client group are higher than previous years and will continue to be monitored throughout 2023/24. The scheme will be reviewed again in 2024/25.	28 September 2023

I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.

Dated: 28/09/23



Councillor: David Ross
Cabinet Member for Finance and Capital Portfolio

WYRE FOREST DISTRICT COUNCIL

Cabinet Decision for Strong Leader Approval

Council Tax Reduction Scheme Review 2024/25

OPEN	
CABINET MEMBER:	Councillor David Ross, Cabinet Member for Finance and Capital Portfolio
HEAD OF SERVICE:	Lucy Wright – Head of Revenues, Benefits and Customer Services
DATE:	28 September 2023

1. PURPOSE OF REPORT

- 1.1 To discharge the requirement to consider, for each financial year, whether to revise the scheme or to replace it with another scheme.

2. RECOMMENDATION

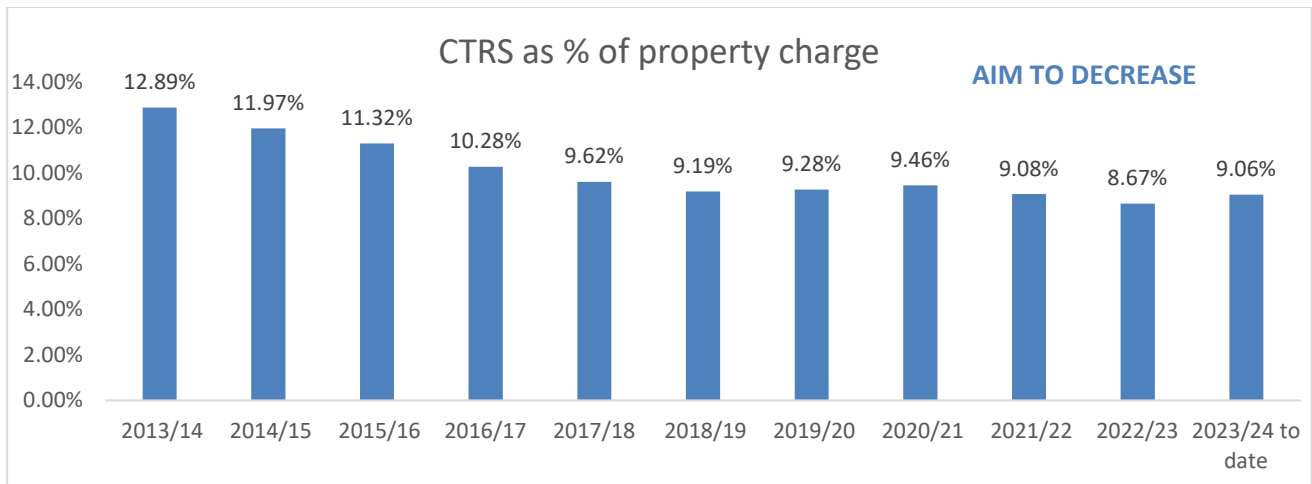
- 2.1 That the Cabinet Member **AGREES** that no changes should be proposed to the council tax reduction scheme for 2024-25.

3. BACKGROUND

- 3.1 The Council Tax Reduction Scheme (CTRS) provides a council tax discount for those on low incomes. The discount is up to 100% for those of pensionable age and up to 90% for those of working age. Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992 (inserted by Schedule 4 to the Local Government Finance Act 2012) places a duty on the Council to consider every year whether to revise a scheme or replace a scheme. This report discharges the requirement in respect of 2024-25. Any change to the scheme would have to be approved by full Council and this would have to happen no later than its meeting in February 2024, to meet the statutory deadline of 11th March 2024.
- 3.2 The legislation does not allow the Council any discretion in respect of the reductions to be given to those of pensionable age.
- 3.3 The Council introduced an income banded reduction scheme on 1st April 2019 for working age claimants who are on a low income. The maximum discount that low income working age households can receive under the scheme changed in April 2023 from 80% to 90%. This was due to the cost of living crisis together with the recognition that collection rates among this client group were much lower and the administration and costs of collection are therefore higher. The amount of council tax reduction a working age household can receive is based on the income bands as shown in the table overleaf:

	Singles	Couples	Lone parent 1 child	Lone parent 2 (or more) children	Couples 1 child	Couples 2 (or more) children
Discount awarded	(weekly net income level)					
90%	£0 - £97.99	£0 - £137.49	£0 - £199.99	£0 - £269.99	£0 - £219.99	£0 - £296.99
70%	£98 - £127.99	£137.50 - £170.49	£200 - £249.99	£270 - £304.99	£220 - £274.99	£297 - £335.49
50%	£128 - £157.99	£170.50 - £203.49	£250 - £274.99	£305 - £334.99	£275 - £302.49	£335.50 - £368.49
30%	£158 - £187.99	£203.50 - £236.49	£275 - £299.99	£335 - £364.99	£302.50 - £329.99	£368.50 - £401.49

- 3.4 The only other Councils in Worcestershire who have an income banded scheme are Redditch Borough Council and Bromsgrove District Council. The maximum discount they award is 100%. Wychavon District Council have a minimum contribution of 20%. Malvern Hills District Council and Worcester City Council don't have a minimum contribution, but they restrict the awards to a council tax Band D equivalent. Malvern Hills DC will not give any reduction if the award is under £10 per week. Worcester City will not pay the award if it is under £5 per week.
- 3.5 The financial impact of the scheme is closely monitored. Council Tax Reduction Scheme expenditure will increase each year when Council Tax increases. It is therefore important to look at the percentage expenditure against the total council tax property charge.
- 3.6 As at 1st August 2023 Council Tax Reduction Scheme as a percentage of the total property charge is 9.06%. This equates to £8.2m and does include £158,000 which has been awarded by central Government under the Council Tax Support Fund 2023 (see para 4.2). As a comparison, discounts (such as single person discount) reduce the tax base by £7.44m which is 8.18% of the property charge.
- 3.7 Expenditure was expected to increase due to the maximum discount changing from 80% to 90% from April 2023. However, expenditure, as a percentage of the property charge, is still lower than in 2020/21. Historically expenditure reduces during the year by an average of 0.32% so it is likely to reduce further by the end of the financial year.
- 3.8 The following chart shows CTRS expenditure as a percentage against the overall property charge since the scheme was introduced in 2013/14, as at the end of each financial year:



3.9 Historically, collection rates for claimants in receipt of Council Tax Reduction Scheme are lower than the overall collection rates. This has been the case since the abolition of Council Tax Benefit in 2013 until this year. Analysis of 300 council tax accounts for this client group has been carried out. Approximately 20% of claimants who previously paid late, or didn't pay at all, are up to date with their 2023/24 council tax liability. It is suggested this is due to the smaller council tax balance because of the discount that is now provided and makes payments more manageable. This results in lower administration costs, meaning the recovery team can focus on recovering larger balances.

4. KEY ISSUES

4.1 There is no case for revising Wyre Forest's Council Tax Reduction Scheme for 2024-25. The cost-of-living crisis continues and, while the rate of inflation is falling, prices for a range of goods and services remain much higher than they were 12-18 months ago.

4.2 The COVID-19 pandemic followed by the cost-of-living crisis has had an adverse impact on collection rates across the tax base. As a result of central government's hardship funding, all working age Council Tax Reduction Scheme claimants have received up to £25 towards their council tax bill in 2023-24. This Council Tax Support Fund 2023 was issued to local authorities for one year only.

4.3 Analysis shows that since the changes in April 2023, collection rates have improved within the client group. Collection rates as at 1st August 2023 show that 41.04% of the council tax due from working age Council Tax Reduction Scheme claimants has been collected. This compares to 35.53% as at 1st August 2022 – an increased collection rate of 5.51%. Collection rates for households not in receipt of Council Tax Reduction Scheme are 39.04% compared to 38.96% at the same time last year which is an increase of 0.08%.

4.4 Changing the scheme could have financial and other implications for the Council. Altering either the income bands or percentage discounts, in order to increase the

amount low-income households are required to pay, could have financial benefits for Wyre Forest District Council and in particular for the county council. However the lower the discount granted, the greater the likelihood that recipients would have difficulty in meeting their council tax liability as shown in previous years. This would result in increased costs of recovery, with no certainty that the projected additional income will materialise. This is particularly relevant for this client group whose collection rates were lower in 2022/23 than in the current financial year.

- 4.5 Conversely, if the discount or income bands were altered to make the scheme more generous, there would be a cost to the Council in terms of reduced revenue to fund the services that communities in Wyre Forest value. Analysis carried out last year shows that the additional cost of increasing the discount to 95% would be circa £150k and to 100% would cost approximately £420k. Given the financial gap facing the Council across the Medium Term Financial Strategy, this option would not be appropriate to consider.
- 4.6 A decision at this stage to leave the discount scheme unchanged for 2024-25 avoids the need to undertake consultation on proposals and the associated costs of doing so. It also avoids having to make significant software system changes at year end and the preparation of an equality impact assessment of changes.

5. FINANCIAL IMPLICATIONS

- 5.1 The recommendation has no additional financial implications for the Council.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The relevant legal provisions have been mentioned above. This is a Cabinet function. If the review led to a proposal to alter or replace the current scheme, there is a legal requirement to consult and the making or revising of a scheme would fall to full Council to discharge.

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 The introduction of the current scheme was the subject of an equality impact needs assessment. No further assessment is required if the scheme is left unchanged for 2024-25.

8. RISK MANAGEMENT

- 8.1 The main risks relate to compliance with the legislation. This report discharges the duty to consider whether to revise the scheme or replace it.

9. CONCLUSION

- 9.1 This report recommends that no changes should be proposed to the council tax reduction scheme for 2024-25.

10. CONSULTEES

10.1 Corporate Leadership Team.

11. BACKGROUND PAPERS

11.1 None.