

# Individual Executive Decision Notice

<b>Report title</b>	Council Tax Discretionary Reduction	
<b>Decision designation</b>	GREEN	
<b>Cabinet member with lead responsibility</b>	Councillor Louise Miles Cabinet Member for Resources	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	James Howse, Director of Finance	
<b>Originating service</b>	Revenues and Benefits	
<b>Accountable employee</b>	Tracey Richards	Head of Revenues and Benefits
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<b>Report to be/has been considered by</b>	Cabinet Members for Resources	13 February 2024
	Briefing	

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## Summary

To seek approval to use balance of grant funding to reduce the amount of council tax payable by working age households in receipt of council tax support at the point of raising the 2024-2025 council tax demand notice.

## Recommendation(s) for decision:

That the Cabinet Member for Resources, in consultation with the Director of Finance:

1. Approve the use of balances of grant funding to reduce the amount of council tax payable by working age households in receipt of council tax support at the point of raising the 2024-2025 council tax demand notice, fully funded from grant income.

## **1.0 Background**

1.1 At the Cabinet meeting of 22 February 2023, Cabinet delegated authority to the Cabinet Member for Resources in consultation with the Director of Finance to approve changes to the Council Tax Discretionary Discount Scheme.

## **2.0 Government Council Tax Support Fund**

2.1 Cabinet, 22 February 2023, approved the use of Government Council Tax Support funding of £0.660 million provided to households already receiving council tax support and to support vulnerable households with council tax bills.

### **1.1 Household Support Grant**

The Individual Executive Decision Notice (IEDN) for Household Support Fund Tranche 4 11 May 2023, agreed that an amount of £0.325 million be allocated from the Household Support Grant to support housing costs and council tax for low-income families.

1.2 The total amount of funding available for this area of support in 2023/24 was therefore £0.985 million.

1.3 £0.583 million of these funds have been successfully allocated / awarded. The balance available from these funding streams is therefore currently £0.402 million which could be used to further support residents in financial hardship.

1.4 Council Tax Support is used to reduce the council tax payable by households in receipt of a low income. Pensioners are considered under a national scheme and are eligible to claim up to 100% of their council tax liability. Whereas working age households, under a locally determined scheme, are either eligible to claim up to 88% of their council tax liability (if they are classified as vulnerable) or 78% if not.

1.5 To identify a way to support residents, consideration has been given to those households who may be struggling to meet their council tax payments. The 2023-24 council tax in-year collection rates are currently:

i.	Council Tax Support – Pensioners households	90.00%
ii.	Council Tax Support - Working Age households	70.00%
iii.	Non-Council Tax Support Households	83.00%

## **2.0 The Proposal**

2.1 To seek approval to use balances of grant funding to reduce the amount of council tax payable by working age households in receipt of council tax support when the 2024-2025 council tax demands are raised in March 2024.

2.2 For the working age households within this category, this will equate to around £28.00 council tax reduction for the 2024-2025 financial year.

### **3.0 Evaluation of alternative options**

3.1 Council could choose not to use the remaining grant funding as proposed, which would then be required to be returned to Government. This option has been discounted to ensure that residents of Wolverhampton receive the maximum amount of funding available.

3.2 The Council could choose to reduce the council tax liability for all households of the City. This has been discounted as it would equate to a reduction of around £3.42 for each household with no clear knowledge of the financial benefit this would have, in that some households are able to meet their annual council tax liability without it having a significant impact on their overall finances.

3.3 The Council could choose to reduce the council tax liability for all households who are in receipt of Council Tax Support, which would include pensioners. This has been discounted as it would provide an estimated reduction of approximately £16 for each household. As evidenced at points 2.7 and 2.8, pensioner households in receipt of a low income are eligible for a reduction of up to 100% of their council tax liability under a national scheme and are generally able to meet their council tax liabilities.

### **5.0 Reasons for decision**

5.0 Providing a Council Tax Discretionary Reduction is the most effective way to use the funding available to support those most likely to be in need. It will provide a decrease in the amount of council tax to be paid for households who have been identified as in the highest financial need using grant funding and an amount of income which was directly related to council tax.

### **6.0 Financial implications**

6.1 The Council has been awarded a Council Tax Support Grant totalling £660,529.

6.2 In addition, £325,000 allocated from the Household Support Grant which has been allocated to support housing costs and council tax low-income families. These grants need to be fully allocated by 31 March 2024, to avoid the requirement to repay unspent amounts to Government.

6.3 £0.583 million of these funds have been successfully allocated / awarded from the above two grant balances, with £0.402 million remaining, which would fund the proposed council tax discretionary reduction.

6.4 There will be some additional administrative costs in providing the council tax reduction estimated at £2,000 for software costs. The administrative costs would be met from existing revenue budgets within the Revenues and Benefits Service.

[LD/21022024/B]

## **7.0 Legal implications**

- 7.1 The Local Government Finance Act 2012 introduced Section 13A (1)(c) Local Government Finance Act 1992 which provides the Council with additional discretionary powers to reduce a person's council tax liability.
- 7.2 When the Council exercises any discretionary powers, it must do so rationally and in a considered and justified manner. This Report evidences the rationale and consideration for the recommendation before Cabinet.

[SZ/15022024/P]

## **8.0 Equalities implications**

- 8.1 An equality analysis has been carried out in respect of the Council Tax Discretionary Reduction. No adverse equality implications were identified, and the intentions of this recommendation are to financially support those most likely to be adversely impacted, across all protected characteristics.
- 8.2 Equalities considerations will be included in the monitoring of the reduction to ensure that it will demonstrate the approach taken is applied fairly and equally. In this way Councillors can be confident that the approach will meet the requirements of the Public Sector Equality Duty as established by the Equality Act 2010.

## **9.0 All other Implications**

- 9.1 None.

## **10.0 Schedule of background papers**

- 10.1 <https://www.legislation.gov.uk/ukpga/1992/14/section/13A>
- 10.2 <https://wolverhampton.moderngov.co.uk/documents/s232657/2023-2024%20Budget%20and%20MTFS%202023-2024%20to%202025-2026.pdf>
- 10.3 <https://www.gov.uk/government/publications/council-tax-support-fund-guidance/council-tax-support-fund-guidance>
- 10.4 <https://www.gov.uk/government/publications/household-support-fund-guidance-for-local-councils/1-april-2023-to-31-march-2024-household-support-fund-guidance-for-county-councils-and-unitary-authorities-in-england>

## **11.0 Appendices**

- 11.1 None