

# **TONBRIDGE & MALLING BOROUGH COUNCIL**

## **CABINET**

**14 February 2023**

### **Report of the Director of Finance and Transformation**

#### **Part 1- Public**

#### **Matters for Recommendation to Council**

##### **1 LOCAL COUNCIL TAX REDUCTION SCHEME 2023/24**

**A report providing the proposed Tonbridge & Malling Borough Council Working Age Local Council Tax Reduction Scheme 2023/24, requesting Cabinet Members to approve and recommend the updated Scheme to Full Council.**

##### **1.1 Background**

- 1.1.1 Each year Members should approve a Local Council Tax Reduction Scheme at Full Council prior to the beginning of the financial year the Scheme is to be effective. Schemes are in two parts for working age and pension age households.
- 1.1.2 Government sets a prescribed Scheme for pension age households, which through default becomes the annual Scheme. Government prescribes maximum help up to 100% of council tax liability, a minimum requirement of a pension age scheme.

##### **1.2 2023/24 Working Age Scheme**

- 1.2.1 For the 2023/24 working age Scheme, changes have been made to bring it in line with statutory prescribed requirements from Government national benefit rates. The Scheme has also been uplifted in line with new rates of National Living Wage (NLW) where the NLW is used as a factor in calculating income discount bands. The draft Scheme is attached at **Annex 1** and the income bands can be found at p103 of the Scheme.
- 1.2.2 From April 2024 the National Living Wage rises from £9.50 per hour to £10.42. This rise, around 9.7% was based on recommendation of the Low Pay Commission to Government. Were we to increase our local council tax reduction scheme income bands by a lower percentage or not at all this would effectively penalise those households earning NLW rates of pay. It would be a counter intuitive approach, when Government has introduced measures aimed at easing the impact of rising costs of living for households with low incomes.

### **1.3 Government funded Council Tax Support for 2023/24**

- 1.3.1 Members are advised that in December 2022, Government announced a council tax support fund for 2023/24 to mitigate increases in council tax for low income households. Each household receiving local council tax reduction on 1 April 2023 will receive a further discount of £25, or less if the bill is lower after the application of council tax reduction.
- 1.3.2 When the council tax bills are produced for 2023/24 following ratification of the budget and levels of council tax at Full Council, the £25 discount will automatically be applied to relevant household bills.
- 1.3.3 Any residual balance of the grant allocation can be used to support households receiving help with council tax reduction at the discretion of the Council. Our recommended approach, subject to Member endorsement, would be to similarly help households who move on to council tax reduction within the financial year, not just those who are entitled at 1 April, and others with exceptional circumstances needing extra help. This additional discretionary help will only be up to the level of our grant.
- 1.3.4 It is my intention to bring forward a further report on this discretionary policy to the next meeting of the Cabinet on 7 March.

### **1.4 Legal Implications**

- 1.4.1 A Scheme must be considered and agreed by 11<sup>th</sup> March prior to the financial year of operation.

### **1.5 Financial and Value for Money Considerations**

- 1.5.1 Financial effectiveness and cost of the Scheme will be monitored during the coming year. Any changes to the Scheme requires public consultation and approval of Full Council. Changes made to the Scheme for 2023/24 aim to be cost neutral to the Council.

### **1.6 Risk Assessment**

- 1.6.1 The draft 2023/24 Scheme sets out how the Council will operate its discretionary powers to reduce risk of legal challenge and provide greater equality in the application of the Scheme.

### **1.7 Policy Considerations**

- 1.7.1 The Scheme will continue to operate in line with existing associated policies.

### **1.8 Equality Impact Assessment**

- 1.8.1 Changes made in line with Government uprating of national rates.

## **1.9 Recommendation**

- 1.9.1 Cabinet is requested to **RECOMMEND** the draft Local Council Tax Reduction Scheme for 2023/24 to Full Council.

Background papers:

Nil

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