

# **Advice Note – Council Tax- Discretionary Discount**

## **HASSC Action Log Request**

14/08/2024



## Advice Note – Council Tax- Discretionary Discount

### HASSC Action Log Request

#### From Alan Fayter, Council Tax Manager

Advice for Committee

I have compiled this note on the limited information I gleaned from webcast clip

[Health & Adults Scrutiny Sub-Committee - Tuesday 4 June 2024, 6:30pm - Tower Hamlets Council webcasts \(public-i.tv\)](#) (time frame 15:20 – 16:20)

I'm not aware of any further review of this matter.

The council have powers to grant a local discount against the council tax under Section 13a of the LGFA. Such a decision is a budgetary matter, that should be funded as part of the annual budget. It is not simply a loss to collection.

The financial implications, like all other discounts form part of the calculations and tax setting.

A discretionary discount under 13a should have a budget under distinct fund and the budgeted amount should be sufficient to meet all claims. If the fund was insufficient all claims could not be awarded.

A budget should also be set aside for all costs of administering the scheme. Whilst it may be web-based, there would be costs of administration any robotics and the cost of staff administration time. There is also administration time in respect of ensuring, the balancing of budgets and government returns that must be done. There would also be development costs in terms of our software supplier, to allow any discretionary discount only to be awarded against the appropriate LBTH council tax element and not the GLA element.



Using a discretionary scheme is never a simple matter and in the past schemes have not been progressed, including a scheme to assist foster carers. Other support may sometimes be more cost effective.

Consideration should also be made to the cost of administering such scheme as this would have to be manually administered based on an application process that needs to assess entitlement and minimise any potential overpayment of reliefs or fraud. There will be also additional costs that need to be factored in for advertising and operating a scheme as well as administration of the actual grants.

### **Council Tax**

Council Tax has 3 Elements (Precepts).

The LBTH General Fund

The LBTH Adult Social Care Element (ASC)

The GLA Precept

The award of a discount cannot be claimed from our preceptor the GLA. Any discount we make as a discretionary scheme and cannot reduce the precept due for payment to the GLA.

The amount of council tax varies depending on the property band and individual assessment is in, A – H and any other relief that may be payable. This includes those with low income, benefiting from Council tax Reduction (CTRS) (Benefit).

The Sole Adult Occupier (25%) Discount is the most common reduction. There are various other disregards and discounts, that result in a discount. Those mandatory discounts are awarded before any discretionary discounts.

A discount will be variable based on the Band and any mandatory reductions or CTRS.



Consideration should be made to what mandatory support is available before any Discretionary relief.

Those on low pay could be entitled to council tax reduction (benefit) under this council generous scheme. This council operates a scheme where up to 100% relief can be awarded and it's one of the most generous national schemes.

There are also a disregard status that could result in a discount where, under the council tax regulations the applicant qualified as an apprentice.

*To qualify as an apprentice, you must be:*

- *Learning a recognised trade or profession*
- *Undertaking an NVQ or similar vocational qualification applicable to the role*
- *Earning no more than £195 per week (gross earnings)*

There are also other disregards in other circumstances such as where a full-time care giver is resident in an address.

There are also other important considerations to be thought off for the qualification under the scheme will affect the potential value and costing.

### **Current 13a Cost of Living Scheme (COLRF)**

The current cost of living relief scheme is funded. The award is based on the small 2024-25 increase to Council Tax, to one of the council's precepts, the general fund.

The relief this year on the average property (Band D) is £34.11 a year. £25.81 if the resident is a sole adult.

The COLRF relief did not discount the ASC rise.



## **Scheme Considerations –**

### **What Precepts are Discounted**

The criteria of the scheme will be relevant to the potential costs.

If the Discount relevant to full Council tax bill or just the 2 LBTH precepts or just 1 LBTH precepts,

If it is a Discount on the full bill, including The GLA Precept, this will be a separate cost, not just a reduction in income as we will have to make payment of the loss to them.

### **Criteria Considerations**

Various factors should be considered, not limited to but including: -

- Level of relief where there is more than 1 resident liable for Council Tax and only 1 meets the criteria.
- Are Partners income considered/relevant and if so when?

This may be relevant where there is a house share or if the property is a house in multiple occupation.

There may be several people in different trades with different wealth's and salaries resident in a property.

A decision needs to be made, on how the discount operates and if the percentage of discount varies based on the percentage of the bill the applicant is liable to pay, where other residents are liable. And under what circumstances the criteria apply.



### **Budget Implications- Calculations.**

To estimate the true cost, credible data would need to be used to allow the calculation of potential cost.

- 1) to estimated number of awards that would be possible based on the distinct criteria for the discount.
- 2) To estimate the potential number of dwellings in each band that could be subject to a discretion award.
- 3) the level of discount as a percentage being considered or the flat rate amount.
- 4) The Period of scheme, how many financial years it will operate over.

Additionally, where data allows, modified between Sole Adult households (who would have a 25% Discount already) those who are multi occupier households.

Depending on the period of the scheme, the loss of income based on annual rises should be factored in.

Any other factors that could affect the award and costing would need to be considered to get a good financial costing.

The Finance Team would be responsible for validating the potential costs over the relevant terms and then any proposal would form part of a budget passed by the Council.

