

NORTH NORTHAMPTONSHIRE SHADOW AUTHORITY

SHADOW EXECUTIVE COMMITTEE MEETING

24 September 2020

Report Title	Council Tax Support Scheme – Request to go out to Consultation
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List of Appendices

None

1. Purpose of Report

- 1.1. To propose a new North Northamptonshire Council Tax Support Scheme for 2020/21, for consultation.

2. Executive Summary

- 2.1 The report details the proposed Council Tax Support Scheme for North Northamptonshire following the conclusion of the work undertaken by the Council Tax Harmonisation Task & Finish Group. In addition, further details of the consultation requirements and timeline are provided.

3. Recommendations

- 3.1 It is recommended that the Shadow Executive Committee:

Approve an 8 week consultation on a new Council Tax Support Scheme for 2020/21 on the elements included in the report which can be summarised as:

- The LCTSS scheme headline rate at 25%
- The alignment of the scheme across North Northamptonshire as outlined in paragraph 5.3.2.

- 3.2 *(Reason for Recommendations – to deliver a Council Tax Support Scheme for 2020/21 that meets all the statutory requirements).*

4. Report Background

- 4.1 Members will be aware that from April 2013 each Local Authority has been required to determine a Local Council Tax Support Scheme (LCTSS), which replaced the national council tax benefit scheme.
- 4.2 The scheme applies to working age claimants only as the government prescribes the scheme for pensioner claimants, which is aligned to the Housing Benefit scheme, and provides up to 100% support (CTRS Prescribed Requirements Regulations 2012).
- 4.3 Local discretion relates to the maximum level of support available to working age claimants, and therefore the minimum percentage of the bill that they are expected to meet. There is also local discretion in relation to eligibility criteria.
- 4.4 The Terms of Reference of the Task & Finish Group stated that they must,
- “Develop a process whereby within an agreed period of time, council tax rates in all areas within North Northamptonshire will become the same. This will include developing the same Local Council Tax Support Scheme (LCTSS) for the whole area”*
- 4.5 The Shadow Executive at its meeting on 27th August 2020 received an update report from the Task & Finish Group which included a recommendation in relation to LCTRS “to develop a scheme for consultation and propose to Shadow Executive in September 2020”.
- 4.6 This report proposes the scheme for consultation.

5. Issues and Choices

5.1 Consultation Requirements and Timeline

- 5.1.1 The Shadow Executive are not being asked to make a decision on the LCTSS scheme at this meeting but to approve the proposal by the Task & Finish Group to go out to consultation on the scheme detailed below.
- 5.1.2 The scheme must be approved and in place by 31 January 2021 and prior to that the authority must consult any precepting authority and any other persons who are likely to have an interest.
- 5.1.3 The minimum requirement for meaningful consultation is suggested at six weeks however the Task & Finish Group in this instance are recommending a consultation period of 8 weeks.
- 5.1.4 Therefore in order to meet the deadline of 31st January 2021 we are asking members of the shadow executive tonight to approve the recommendation to begin consultation on two areas,
- The North Northamptonshire LCTSS headline percentage reduction rate.

- The alignment of the LCSS scheme differences that currently exist.

5.2 **Details of the LCTSS scheme proposed for consultation**

5.2.1 The Task & Finish Group met throughout July and August to receive details of the existing schemes; giving them a thorough understanding of what was already in place, the various options that they could take to amend the scheme and the financial implications of any proposed changes both for the new authority, the wider North Northamptonshire residents and particularly those in receipt of Council Tax Support.

5.2.2 During the four meetings they received:

- information explaining Council Tax harmonisation and Local Council Tax Support Scheme
- further detailed information on Council Tax harmonisation and various scenarios
- further detailed information on Council Tax Support harmonisation and differences in the current schemes

5.2.3 The Task & Finish Group considered all of the background information and proposed the following for consultation:

5.2.4 **The Headline LCTSS rate for North Northamptonshire**

The Task & Finish Group proposed that the LCTRS scheme should be cost neutral for the new authority.

5.2.5 The existing rates across North Northamptonshire for 2020/21 are,

	Minimum contribution by the customer	Maximum discount awarded by the council
Corby	8.5%	91.5%
East Northamptonshire	20%	80%
Wellingborough	20%	80%
Kettering	45%	55%

5.2.6 The harmonised percentage that would have no net impact on Council Tax income would be 24.9%, based **on current caseloads**.

5.2.7 It is important to note that each 1% decrease from this break-even point would reduce Council Tax income by £110K. So for example setting the minimum payment at 20% would reduce income by around £538K.

5.2.8 The recommendation from the Task & Finish group was to consult on a headline LCTR scheme rate of **25%**.

5.2.9 However, consideration will need to be given for the potential increase in demand which is currently being experienced due to the Covid 19 pandemic as this will impact on the cost neutrality of the scheme. The pre Covid 19 cost neutral scheme is estimated at 24.3%.

5.3 **The alignment of the LCTSS scheme differences that currently exist.**

5.3.1 The Task and Finish Group received detailed information on the elements of each individual scheme for each Council in North Northamptonshire. The schemes within Kettering, Wellingborough and East Northamptonshire were predominantly all aligned as they mirrored the changes to the DWP Housing Benefit Scheme and HMRC Tax Credit scheme that had been made over the last seven years. The current LCTSS in the Borough of Corby does not include these elements however they are all currently aligned in the other three authorities.

5.3.2 The proposal is to consult on the changes set out below for the North Northamptonshire scheme.

- Backdating of LCTRS restricted to 1 month;
- Removal of the family premium for new claims;
- Limit to two dependent children;
- Temporary absence outside the UK limited to 4 weeks;
- Removal of Work Related Activity Component for new Employment & Support Allowance claimants;
- Removal of Severe Disability Premium where another person is paid Universal Credit (carers element) to look after them.

5.4 **Options Considered**

5.4.1 Other options for the LCTSS were considered but not taken forward as follows:

- **Continuing with the four current schemes after April 2021.** This was considered but at present is not legally feasible; discussions are taking place with MHCLG regarding the ability to either defer the implementation of a single LCTSS or for harmonisation to take place over a period of time. Even if MHCLG allowed either option, it is worth noting that residents would not be treated the same across the new North Northants Council area. This would lead to confusion and result in differing levels of support for residents based on where you live. To ensure that people with the same circumstances get the same level of help we need to bring the current schemes together to make the best new scheme for the whole of North Northants.

- **Setting the level of contribution for working age customers to a lower than breakeven level.** This option was considered but this would mean the scheme is more expensive and this would impact on wider service delivery, residents and the finances of the new Council.
- **Introduction of a new banded scheme.** This would be based on levels of income grouped into bands. With the wider roll out of Universal Credit having taken place, this scheme could be seen as a simpler way to support people on low income. This has been discounted at this stage as the councils have no experience in administering this type of scheme and also use different software applications which would make this change very difficult in the timescale available.
- **Introduction of a Discretionary Council Tax Support Fund.** At present none of the District and Borough Councils operate a Discretionary Council Tax Support Fund for those in receipt of Council Tax Support to apply to if they are having difficulty making their council tax payments. This option was considered however it was felt that the new North Northants Council would instead commit to working with customers to provide them with a robust money and debt advice service, with a view to educating customers about money management and for this to be sustainable.

5.5 Consultation Approach

5.5.1 As previously mentioned the consultation will run for 8 weeks. This is more than the statutory 6 weeks, however members of the Task and Finish Group recognised that the proposed changes could have a significant impact on vulnerable people and therefore wanted to do more consultation than is required.

5.5.2 The consultation will be communicated and promoted as follows:

- Banners on all District and Borough's websites
- Advertising on email signatures
- Internal staff communications
- Social Media platforms
- Press Release
- Liaison with the voluntary sector
- Liaison with money and debt advice services
- Liaison with Homeless Prevention Forums & officers
- Liaison with the DWP (Job Centre Plus)
- Direct emails/letter to preceptors (Police, Fire, Town & Parish Councils)
- Member Briefing to be circulated to all members

5.5.3 The consultation will be an online survey and is open to all residents, stakeholders and people representing organisations. The consultation will be available in other formats and languages upon request.

5.6 Timetable

5.6.1 The planned timetable for the approval of the scheme is set out in the table below:

Milestone	Date
Proposed scheme for consultation considered by Shadow Executive	24 Sept 2020
Consultation on proposed scheme commences	5 October 2020
Consultation on proposed scheme concludes	30 November 2020
Consultation responses analysed and considered	1 December 2020 onwards
Final scheme approved by Shadow Executive	28 January 2021
Scheme operational	1 April 2021

6.0 Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 The estimated cost in the 2020/21 financial year of the existing LCTSS across the four sovereign councils is £15.7m.
- 6.1.2 The scheme proposed for consultation is cost neutral from a North Northamptonshire Council perspective, and does not lead to any financial pressures being placed on the new council's budget.
- 6.1.3 However, it should be noted the cost neutral position could change between the scheme being published for consultation and the final scheme being agreed. This is due a number of factors including the number entitled to LCTSS and their changing circumstances. A further factor being faced currently is the economic impact of Covid-19 and how it affects individuals and their entitlements to LCTSS. Since March 2020 the number of claimants has risen leading to the headline rate level of a breakeven scheme to rise from 24.3% to 24.9%. The breakeven position will be kept under review, particularly as government support for Covid-19, such as the furlough scheme, are reduced/come to an end.
- 6.1.4 If an LCTSS is approved in January 2021 which is not cost neutral it will lead to a pressure or surplus on the new council's budget. Each 1% deviation from the cost neutral position equates to approximately £110k.
- 6.1.5 At the time of consulting on the LCTSS the overall financial position and budget for 2021/22 for North Northamptonshire Council is not known as work

is still on-going to establish the position. It is important for the Shadow Executive to understand that the LCTSS will have an impact on the financial position for the new council. As such it is important the scheme is set in the context of the overall financial position of the new council. This will be something for the shadow executive to consider when it is approving the LCTSS in January 2021.

6.2 Legal

6.2.1 The adoption of a local council tax support scheme for North Northamptonshire is a legal requirement and is set out in Local Government Finance Act 1992 (92 Act), section 13A (2), amended by Local Government Act). The regulations state:

- (1) Before making a scheme, the authority must (in the following order):
 - (a) consult any major precepting authority which has power to issue a precept to it,
 - (b) publish a draft scheme in such manner as it thinks fit, and
 - (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme

6.3 Risk

6.3.1 There is a legal requirement to consult on any proposed LCTSS therefore failure to do so will leave North Northamptonshire Council open to legal challenges on the scheme that is implemented.

6.4 Consideration by Overview and Scrutiny

6.4.1 None

6.5 Environmental Impact

6.5.1 None

6.6 Community Impact

6.6.1 There are approximately 10,500 working age Council Tax Support recipients in North Northamptonshire; this represents approximately 7% of the North Northants community liable to pay council tax. Clearly any changes to the scheme may have a detrimental financial impact on this group. Mitigations could include an effective income and debt service that improves social inclusion and works closely with claimants to ensure they are advised and supported, in the first instance to try to prevent debts occurring but also to help with money and budget management.

7 Background Papers

7.7.1 Council Tax Harmonisation Task and Finish Group minutes and presentations. North Northants Shadow Executive Meeting 27/08/20 Report – Council Tax Harmonisation Task and Finish Group