

NORTH NORTHAMPTONSHIRE SHADOW AUTHORITY

SHADOW EXECUTIVE COMMITTEE MEETING

7 January 2021

Report Title	Local Council Tax Support Scheme 2021/22
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List of Appendices

Appendix 1 – Consultation analysis

Appendix 2 – Equalities Impact Assessment

Appendix 3 – Proposed North Northamptonshire Local Council Tax Support Scheme 2021/22

Appendix 4 - Information sheets provided to current Local Council Tax Support recipients

1. Purpose

- 1.1 The purpose of this report is to provide the Shadow Executive Committee with analysis of the outcome of the Local Council Tax Support Scheme (LCTSS) public consultation and to also provide updated information with regards to LCTS claimant caseload and expenditure to enable Members to make a decision on the LCTSS for North Northamptonshire 2021/22.

2. Recommendations

- 2.1 It is recommended that the shadow executive:
- (i) Give due regard to the outcome of the consultation as detailed in Appendix 1.
 - (ii) Give due regard to the Equalities Impact Assessment in Appendix 2.
 - (iii) Approve the proposed new North Northamptonshire Local Council Tax Support Scheme 2021/22 as detailed in Appendix 3 (summarised in 3.6).

3. Report Background

- 3.1 Members will be aware that from April 2013 each Local Authority has been required to determine a LCTSS, which replaced the national Council Tax Benefit Scheme.



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- 3.2 The scheme applies to working age claimants only as the government prescribes the scheme for pensioner claimants.
- 3.3 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.
- 3.4 The Terms of Reference of the Council Tax Harmonisation 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 for the whole area”*
- 3.5 The Task and Finish Group met throughout July and August to receive details of the existing schemes; giving them a thorough understanding what was already in place, the various options 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 LCTS.
- 3.6 The Task and Finish Group considered all the background information and proposed the following for consultation:
- The LCTSS headline rate at 25%
 - Backdating of LCTSS restricted to 1 month
 - Removal of the family premium for new claims
 - Limit on the dependents allowance to two dependent children
 - Temporary absence outside the UK limited to 4 weeks
 - Removal of the Work Related Activity Component for new Employment & Support Allowance claimants
 - Removal of the Severe Disability Premium where another person is paid Universal Credit (carers element) to look after them.

A draft of the full scheme that incorporates these proposals can be found at Appendix 3.

- 3.7 At its meeting on the 8 October 2020 the Shadow Executive approved an 8 week consultation on the proposed new LCTSS for North Northamptonshire 2021/22.

4. Consultation

- 4.1 The 8 week consultation ran for the period 5 October 2020 to 30 November 2020. This was more than the required statutory 6 weeks as members of the task and finish group recognised that the proposed changes could have an impact on vulnerable people therefore wanted to do more consultation than then minimum required. Members of the Shadow Overview and Scrutiny Committee also fully supported the longer consultation period.



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- 4.2 The consultation was an online survey and open to all residents, stakeholders and people representing organisations. The consultation was also available in other formats and languages upon request.
- 4.3 The consultation was communicated and promoted as follows:
- Banners on all District and Borough's websites
 - Advertising on email signatures
 - Internal staff communications
 - Social Media platforms
 - Press Releases
 - Liaison with the voluntary sector
 - Liaison with money and debt advice services
 - Liaison with homeless prevention forums & officers
 - Liaison with the Department for Work & Pensions (Job Centre Plus)
 - Emails to preceptors (Police, Fire, Town and Parish Councils)
 - Emails to local MPs
 - Member Briefing circulated to all North Northamptonshire Members
 - Letters sent to all current working age LCTS recipients (approximately 10,500) advising them of the consultation, an information sheet was also enclosed advising how the proposed changes would specifically impact them depending on the scheme their council currently operated (see Appendix 4)
 - All North Northamptonshire Members also received a copy of the letter sent to LCTS recipients and the supporting information sheet.
- 4.4 The consultation analysis was presented to the Shadow Overview & Scrutiny Committee (O&SC) on the 10 December 2020. The O&SC will be providing feedback to the Shadow Executive for consideration; however, a few issues were raised at the meeting that required clarification as follows:
- 4.5 **Armed Forces Covenant** – a consultation respondent was concerned that the proposed LCTSS did not have special dispensation for people in receipt of War, War Disablement and War Widows pensions. The O&SC were advised that the proposed LCTSS did disregard the income people received from War Pensions and that all four sovereign District and Borough Councils already allowed for this in their current schemes hence the reason it was not included in the consultation as no changes were being proposed.
- 4.6 **Family Premium and Severe Disability Premium** – concerns were raised in the consultation regarding the removal of the family premium and the severe disability premium. An explanation was given confirming that the family premium would only be removed for new claimants and not existing claimants. In addition, the Severe Disability Premium would not affect many customers (if any). The information sheets at Appendix 3 detail how the proposed changes affect current LCTS customers depending on their council's present scheme, these information sheets were sent to every current working age CTS recipient.



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- 4.7 **Pensioners** – concerns were raised in the consultation about how pensioners would be affected by the proposed changes, as per paragraph 3.2 pensioners are protected from the proposed scheme as the government prescribes the scheme for pensioner claimants.
- 4.8 **Harmonising over a period of time** – it was advised that MHCLG had now provided guidance on this and had confirmed that North Northamptonshire could take up to 24 months to implement a unitary-wide scheme, however if it were practicable to introduce a harmonised scheme on Vesting Day then the authority should do so. The Shadow Executive Committee had agreed a draft scheme for consultation, this had been consulted upon, the results of the consultation would be considered by Members, and if agreed could be introduced by 1st April 2021. The Monitoring Officer further confirmed that allowing a differential scheme across the Authority may leave the new council open to challenge on equalities grounds, given that claimants in one part of North Northamptonshire would receive different levels of support from those in another part of the area even if all of their other circumstances were the same. Officers felt that it could be proven it was practicable to introduce a harmonised scheme and that a charge of inequality in this matter from claimants in North Northamptonshire could be prevented.
- 4.9 **Discretionary Fund** – this was previously discounted as an option as none of the sovereign District and Boroughs operated a fund, instead the focus was providing money management advice and guidance. Assurance was given to members that existing resources and agreements would be carried forward post-Vesting Day, it was also confirmed that one of the current LGR workstreams were considering this matter, but it was intended that existing levels of support be maintained for the near future.

At present there is a mixture of service provision across the District & Boroughs, three externally fund their provision and one has both an internal and external provision. The types of support provided are:

- Support with benefit claims, (Universal Credit, Housing benefits and Local Council Tax Support and all Department of Works and Pension Benefits) to maximise income.
- Signpost or provide advice on Debt Relief Orders and IVA's.
- Give advice on utility grants
- Support customers to create a personal budget, going through the customer's income and expenditure
- Contact Creditors, arrange suitable repayment plans to suit both parties
- Make arrangements to pay arrears with the council tax team and enforcement agents.
- Give money saving tips
- Encourage customers to claim Discretionary Housing Payments and to interview customers whom we feel can make appropriate savings on

their outgoings to help prevent future reliance on claiming Discretionary Housing Payments.

By offering the above services we encourage customers to develop their own budgeting skills and confidence with regards to their personal finance.

4.10 Analysis of the consultation responses can be found at Appendix 1.

5. Implications (including financial implications)

5.1 Resources and Financial

5.1.1 The Shadow Executive Committee were previously advised that the estimated cost in the 2020/21 financial year of the existing LCTSS across the four sovereign councils is £15.7m.

5.1.2 The committee were also advised that although the scheme proposed for consultation was cost neutral, this position could change between the consultation period starting and the final scheme being agreed. This is due to several factors including the number of claimants receiving LCTS, their changing circumstances and the impact of Covid-19.

5.1.3 The cost neutral position has been reviewed based on December's LCTS caseload and expenditure. Although the caseload and expenditure has decreased slightly the breakeven position is still 24.9%.

5.1.4 If an LCTSS is approved 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 £109k. For example, a 20% scheme would create a pressure of around £0.54m.

5.1.5 Consultation is currently underway on the draft budget and it is important for the Shadow Executive to understand that decisions regarding the LCTSS will have an impact on the financial position for the new council. As such it is essential the scheme is set in the context of the overall financial position of the new council.

5.2 Risk

5.2.1 The risks identified and are set out in the table below:

Risk	Consequence	Likelihood	Controls
Affordability of local scheme for customers	Increased council tax arrears	Probable	Proactive recovery process and money and debt advice provision
Scheme open to legal challenge	Reputational loss or claim	Possible	Appropriate consultation and EqIA

Risk	Consequence	Likelihood	Controls
Software and systems not ready to calculate awards	Financial and reputational loss	Unlikely	Simple amendments to the existing software systems and testing plan in place
Council not able to recover any increase in arrears	Collection fund deficit/increased budget pressure	Possible	Prudent financial planning/proactive recovery process

5.3 Legal

- 5.3.1 The requirements for a local authority to produce a LCTSS are set out in Local Government Finance Act 1992 (92 Act), section 13A (2), amended by Local Government Finance Act 2012 (2012 Act). There are detailed provisions about the contents of such a scheme, the consultation process and the date by which a scheme, if it is proposed to be revised, has to be revised by.

The statutory provisions, Reg 3, Schedule 1A of the 92 Act, require that that a local authority

- (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

5.4 Equality

- 5.4.1 The Equalities Impact Assessment can be found at Appendix 2.