

EXECUTIVE 10th November 2022

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| Report Title | Local Council Tax Support Scheme 2023/24 |
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| Lead Member | Lloyd Bunday, Executive Member for Finance and Transformation |

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| Key Decision | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Are there public sector equality duty implications? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Does the report contain confidential or exempt information (whether in appendices or not)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972 | |

List of Appendices

None

1. Purpose of Report

- 1.1. The purpose of this report is to update the Executive on the Local Council Tax Support Scheme for 2022/23 and propose the continuation of the scheme for 2023/24.

2. Executive Summary

- 2.1. The report provides an update on the Local Council Tax Support Scheme (LCTSS) 2022/23, with regards to claimant caseload, expenditure and Council Tax Collection performance to enable Members to make a recommendation to Council on a LCTSS for 2023/24.

3. Recommendations

3.1. Executive is recommended to:

- (a) Consider the information as set out in the report and endorse a proposed 2023/24 Local Council Tax Support Scheme which maintains the current 2022/23 scheme, allowing for the changes required to reflect the annual uprating of allowances and premiums and any statutory base legislation changes which are required to be made to the scheme.
- (b) Recommend the proposed LCTS Scheme 2023/24 to Council for approval at its meeting on the 24 November 2022.

3.2. Reasons for Recommendations – to deliver a Local Council Tax Support Scheme for 2023/24 that meets statutory requirements.

3.3. Alternative Options Considered – The Council could choose to increase or decrease the minimum contribution payable by the customer. Decreasing the contribution would lead to a budget pressure and increasing the contribution would result in the scheme exceeding the breakeven requirement as detailed in 7.1.2 and 7.1.3.

4. Report Background

4.1. 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.

4.3. Local discretion relates to the maximum level of support available to working age claimants, and therefore the minimum percentage of the Council Tax bill they are expected to meet. There is also local discretion in relation to eligibility criteria.

4.4. Due to the formation of the new Unitary Authority from 1st April 2021 a single LCTSS was consulted on and implemented for North Northamptonshire from 2021/22, this included a review of the four separate sovereign District and Borough LCTS Schemes and resulted in a scheme where all working age claimants were required to pay a minimum of 25% towards their Council Tax liability.

4.5. The LCTSS was reviewed for 2022/23 and it was decided at full Council on 1st December 2021, that the scheme for 2022/23 would remain the same as that in place for 2021/22 (minimum 25% payment), with the exception of changes to be made for the annual uprating of allowances and premiums and statutory base legislation changes which are required to be made to the Scheme.

5. Issues and Choices

- 5.1. The Local Government Finance Act 1992 (1992 Act), Section 13A (2), amended by the Local Government Finance Act 2012 (2012 Act) stipulates that for each financial year, each billing authority must consider whether to continue its LCTSS or replace it with another scheme.
- 5.2. There are around 17,423 claimants in receipt of LCTS in North Northamptonshire, of these 57% are of working age and 43% of pensionable age. The current LCTS expenditure for 2022/23 is £15.8m, this may change by the end of the financial year depending on whether claimant caseload increases or decreases.
- 5.3. Since the implementation of the LCTSS on 1st April 2021, the number of claimants has reduced by 667.
- 5.4. Council Tax collection rates are monitored on a monthly basis, the amount of Council Tax collected for the financial year 2021/22 was £210m, which equates to 96.42% of the net debit raised. This is 0.55% above the collection rate for 2020/21.
- 5.5. The amount of Council Tax collected for the period 1st April 2022 – 31st August 2022 was £110.7m, which equates to 48.55% of the net debit raised. This is 1.55% above the 2022/23 target and 1.05% above the collection rate at the same point in time during 2021/22.
- 5.6. Historically, concerns have been raised about a person's ability to pay the minimum 25% contribution towards their Council Tax. The Council has a scheme in place where an individual can apply for a Council Tax Discretionary Discount under a provision within Section 13A of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) and this provides the Council with discretionary powers to reduce Council Tax liability. The Council Tax Discretionary Discount awards are made to help mitigate any unforeseen or exceptional hardship circumstances that threaten taxpayers' ability to pay the Council Tax.
- 5.7. For the financial year 2021/22, 257 Council Tax Discretionary Discount applications were received. Of these 14 (£7,408) were awarded and 243 refused.
- 5.8. For the period 1st April 2022 to 31st August 2022, 142 Council Tax Discretionary Discount applications had been received. Of these 109 have been processed, resulting in 5 awards (£2,200) and 104 refusals. There are 33 applications awaiting assessment, this is where further information has been requested from the customer to complete their application.
- 5.9. The majority of those refused assistance from the scheme have excess income so it is considered they are able to make their Council Tax payments, no one has appealed the refusals and officers can clearly show the methodology used.

- 5.10. In nearly all the cases the Revenues and Benefits Social Inclusion Team has spoken with the customer and has been able to help in other areas such as Discretionary Housing Payment applications, Personal Independence Payment applications, utilities and general money and debt advice.
- 5.11. It is reassuring to see that the overall advice and support is being taken up which can assist individuals in accessing further help.
- 5.12. Taking into account the position of the current LCTSS, it is proposed that the Council continues with the same scheme from 1st April 2023 (2023/24). The only changes being the annual uprating of allowances and premiums and the application of any statutory base legislation changes which are required to be made to the scheme. The Council will also continue to operate the Council Tax Discretionary Discount Scheme in line with S13A of the Local Government Finance Act.

6. Next Steps

- 6.1. The LCTSS will be presented to Council for approval at its meeting on 24th November 2022.

7. Implications (including financial implications)

7.1. Resources, Financial and Transformation

- 7.1.1. If the LCTSS remains the same in 2023/24 as in 2022/23, there will not be a requirement for a consultation process, in addition the Revenues and Benefits ICT systems would not need their parameters updating to accommodate the scheme changes. Therefore, there are no immediate resource implications from the proposals.
- 7.1.2. The actual cost of the scheme for 2021/22 was £15.6m against an estimated budgeted cost of £15.7m. For 2022/23 expenditure is £15.8m. Therefore, based on the current trend in caseload (steady decline) and expenditure since 1st April 2021, the scheme could continue as in 2022/23 without the need to increase the minimum contribution (25%) and remain cost neutral in 2023/24.
- 7.1.3. Generally, a 1% movement in the minimum payment rate from the current scheme amounts to a change in the Council's budget of c£80k. For example, changing to a 20% scheme would create an estimated cost pressure to be met of around £400k.

7.2. Legal and Governance

- 7.2.1. The requirement for a local authority to produce a LCTSS are set out in the Local Government Finance Act 1992 (1992 Act), Section 13A (2), amended by the Local Government Finance Act 2012 (2012 Act). There are detailed

provisions about the contents of such a scheme, in particular contained within the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 and updating regulations on an annual basis to reflect consistency with changes in social security legislation.

- 7.2.2. The body charged with determining LCTSS is Council. Executive is not the decision maker but will consider the scheme and comments from this meeting to make a recommendation to Council for consideration in relation to the LCTSS. The LCTSS for 2023/24 must be determined by 11th March 2023.

7.3. **Relevant Policies and Plans**

- 7.3.1. The LCTS Scheme is part of the arrangements for the collection of Council Tax and as such aligns with the Councils priorities as set out within the Corporate Plan as part of the delivery of modern public services.

7.4. **Risk**

- 7.4.1. There is a low-level risk with regards to the affordability of the scheme for customers if the LCTSS remains the same. Effective controls have been put in place such as proactive recovery processes and money and debt advice provision. This is reflected in the collection rates not being negatively impacted, and furthermore they are above target for this financial year and up on the same point at this time last year.

- 7.4.2. Given that the proposal is to extend the current arrangements into 2023/24 there are no system development issues associated with the proposals.

7.5. **Consultation**

- 7.5.1. Consultation is only required if North Northamptonshire Council decide to revise the LCTSS that is currently in place.

- 7.5.2. If the Council decided to revise the scheme, then it 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 likely to have an interest in the operation of the scheme.

7.6. **Consideration by the Executive Advisory Panel**

- 7.6.1. Not considered by the Executive Advisory Panel.

7.7. **Consideration by Scrutiny**

7.7.1 The Finance and Resources Scrutiny Committee considered the LCTSS 2023/24 at its meeting on 18th October 2022 and approved the recommendation for continuation of the current scheme to be progressed forward to Executive. The Committee noted the number of applications made under Section 13A of the Local Government Finance Act and requested further information on the reason for refusals and the current Council Tax account status for those customers who were refused.

7.8. **Equality Implications**

7.8.1. A full Equality Impact Assessment was undertaken when the LCTSS was originally introduced in 2021/22 and is set out in the report to the Shadow Executive at its meeting on 7th January 2021.

7.8.2. The only negative impacts identified when introducing the scheme for 2021/22 were around socio-economic exclusion and Health and Wellbeing, this was because three of the sovereign authorities operated a more generous LCTSS than the one being introduced.

7.8.3. When the Equality Impact Assessment was reviewed for the 2022/23 LCTSS, these negative impacts no longer applied as all claimants contributed a minimum of 25% towards their Council Tax liability and the proposal was for this to continue. Once again, the same applies to the 2023/24 LCTSS as the proposal is to continue with the minimum 25% contribution.

7.9. **Climate and Environment Impact**

7.9.1. None arising from this report.

7.10. **Community Impact**

7.10.1. There are approximately 9,994 working age LCTS claimants in North Northamptonshire; this represents approximately 6% of the North Northants community liable to pay Council Tax. If the LCTSS remains unchanged there won't be any impact on these claimants, however any changes to the LCTSS may have a financial impact on the group depending on what change that is.

7.11. **Crime and Disorder Impact**

7.11.1. No crime and disorder impacts have been identified.

8. **Background Papers**

- 8.1. North Northamptonshire Shadow Executive Committee Meeting, 7th January 2021, Local Council Tax Support Scheme 2021/22 (item 10).

[Meeting of North Northamptonshire Shadow Executive Committee on Thursday 7th January, 2021 - North Northamptonshire Council \(moderngov.co.uk\)](#)

- 8.2. North Northamptonshire Council Finance & Resources Scrutiny Committee, 2nd November 2021, Local Council Tax Support Scheme 2022/23.

[7. Local Council Tax Support Scheme 2022-23.pdf \(moderngov.co.uk\)](#)

- 8.3. North Northamptonshire Council Executive meeting, 18th November 2021, Local Council Tax Support Scheme 2022/23.

[Local Council Tax Support Scheme 2022-23 - Formatted.pdf \(moderngov.co.uk\)](#)

- 8.4. North Northamptonshire Council, Council meeting 1st December 2021, Local Council Tax Support Scheme 2022/23.

[Local Council Tax Support Scheme.pdf \(moderngov.co.uk\)](#)

- 8.5. Local Government Finance Act 1992.

<https://www.legislation.gov.uk/ukpga/1992/14/contents>

- 8.6. Welfare Reform Act 2012.

<https://www.legislation.gov.uk/ukpga/2012/5/contents>

- 8.7. Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.

<https://www.legislation.gov.uk/uksi/2012/2885/contents/made>