

Corporate Scrutiny Committee 10th October 2023

Report Title	Local Council Tax Support Scheme 2024/25
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Relevant Executive Member	Cllr Lloyd Bunday Executive Member for Finance and Transformation

List of Appendices

None

1. Purpose of Report

- 1.1. The purpose of this report is to update the Corporate Scrutiny Committee on the Local Council Tax Support Scheme for 2023/24 and propose a scheme for 2024/25.

2. Executive Summary

- 2.1 The report provides an update on the Local Council Tax Support Scheme (LCTSS) 2023/24, with regards to claimant caseload, expenditure and Council Tax collection performance to enable Members to provide feedback to the Executive Committee on a LCTSS for 2024/25.
- 2.2 The Executive will be asked to resolve to recommend to Council at its meeting on the 7 December 2023, that the LCTSS for 2024/25 remains the same as the scheme in place for 2023/24, 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.

3. Recommendations

- 3.1 It is recommended that the Corporate Scrutiny Committee:
- a) Consider the proposed Local Council Tax Support Scheme for 2024/25 that will be presented to Executive on the 16 November 2023.
 - b) Provide feedback to the Executive to inform its decision making at the meeting on the 16 November 2023, noting that the scheme will be presented to Council at its meeting on the 7 December 2023.

Reason for recommendations – to deliver a Local Council Tax Support Scheme for 2024/25 that meets statutory requirements.

4. Report Background

- 4.1 From the 1 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 pensionable age 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 Unitary Authority from the 1 April 2021, a single LCTSS was consulted on and implemented for North Northamptonshire Council 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 2023/24 and it was decided at full Council on the 24 November 2022, that the scheme for 2023/24 would remain the same as that in place for 2021/22 and 2022/23 (minimum of 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 17,493 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 2023/24 is £16.7m, 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 the 1 April 2021, the number of claimants has reduced by 598.
- 5.4 Council Tax collection rates are monitored on a monthly basis, the amount of Council Tax collected for the financial year 2022/23 was £221m, which equates to 96.80% on the net debit raised. This is 0.47% above the in-year collection rate for 2021/22.

- 5.5 The amount of Council Tax collected for the period 1 April 2023 – 31 August 2023 was £116m, which equates to 47.82% of the net debit raised. This is 0.82% above the 2023/24 target and 0.73% below the collection rate at the same point in time during 2022/23.
- 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 mitigate any unforeseen or exceptional hardship circumstances that threaten taxpayers' ability to pay the Council Tax.
- 5.7 For the financial year 2022/23, 301 Council Tax Discretionary Discount applications were received. Resulting in 21 awards totalling £22,718 and 280 refusals.
- 5.8 For the period 1 April 2023 to 31 August 2023, 152 Council Tax Discretionary Discount applications have been received. Of these 100 have been processed, resulting in 11 awards (£11,848) and 89 refusals. There are 52 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 either have excess income so it is considered that they are able to afford to make the payments or they did not provide further information that was requested to support their application. No one has appealed the refusals and the service can clearly show individuals 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.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 If the LCTSS remains the same in 2024/25 as in 2023/24, 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.
- 6.1.2 The actual cost of the scheme for 2022/23 was £16m against an estimated cost of £16.4m, assumed within the council tax base for 2022/23 medium term financial plan. For 2023/24 expenditure is £16.7m, against an estimate cost of £16.7m. Therefore, based on the current trend in caseload and expenditure since 1 April 2021, the scheme could continue as in 2023/24 without the need to increase the minimum contribution (25%) and remain cost neutral in 2024/25.

6.1.3 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 of around £400k.

6.2 Legal and Governance

6.2.1 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 Scheme (Prescribed Requirements) (England) Regulations 2012 and updating regulations on an annual basis to reflect consistency with changes in social security legislation.

6.2.2 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 2024/25 must be determined by 11 March 2024.

6.3 Relevant Policies and Plans

6.3.1 The LCTSS is part of the arrangements for the collection of Council Tax and as such aligns with the Council's priorities as set out within the Corporate Plan as part of the delivery of modern public services.

6.4 Risk

6.4.1 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 in time last year.

6.4.2 Given that the proposal is to extend the current arrangements into 2024/25 there are no system development issues associated with the proposals.

6.5 Consultation

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

6.5.2 If the Council decide 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 a 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.

6.6 Equality Implications

- 6.6.1 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 7 January 2021. Include consideration of any equality implications.
- 6.6.2 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.
- 6.6.3 When the Equalities Impact Assessment was reviewed for the 2022/23 and 2023/24 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 2024/25 LCTSS as the proposal is to continue with the minimum 25% contribution.

6.7 Climate Impact

- 6.7.1 There are no climate impacts arising from the proposals.

6.8 Community Impact

- 6.8.1 There are approximately 10,189 working age LCTS claimants in North Northamptonshire; this represents approximately 7% 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.

6.9 Crime and Disorder Impact

- 6.9.1 There are no crime and disorder impacts arising from the proposals.

7. Background Papers

- 7.1 North Northamptonshire Shadow Executive Committee Meeting, 7 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 \(moderngov.co.uk\)](#)

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

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

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

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

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

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

- 7.5 North Northamptonshire Council, Finance and Performance Scrutiny Committee 18 October 2022, Local Council Tax Support Scheme 2023/24

<https://northnorthants.moderngov.co.uk/documents/s12303/6%20-%20Final%20Local%20Council%20Tax%20Support%20Scheme%202023-24.pdf>

- 7.6 North Northamptonshire Council, Executive Committee 10 November 2022, Local Council Tax Support Scheme 2023/24

<https://northnorthants.moderngov.co.uk/documents/s12704/Local%20Council%20Tax%20Support%20Scheme%202023-24.pdf>

- 7.7 North Northamptonshire Council, Council meeting 24 November 2022, Local Council Tax Support Scheme 2023/24

<https://northnorthants.moderngov.co.uk/documents/s12910/Full%20Council%20Local%20Council%20Tax%20Support%20Scheme%202023-24%20v2.pdf>

- 7.8 Local Government Finance Act 1992.

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

- 7.9 Welfare Reform Act 2012.

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

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

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