

Full Council 1st December 2021

Report Title	Local Council Tax Support Scheme 2022/23
Report Author	Janice Gotts, Executive Director of Finance Janice.gotts@northnorthants.gov.uk

List of Appendices

None

1. Purpose of Report

- 1.1. The purpose of this report is to update Full Council on the Local Council Tax Support Scheme for 2021/22 and propose the continuation of the scheme for 2022/23. This proposal was considered by the Executive at their meeting on 18th November 2021; the Executive are recommending that Full Council approve the recommendation.

2. Executive Summary

- 2.1 The report provides an update on the Local Council Tax Support Scheme (LCTSS) 2021/22, with regards to claimant caseload, expenditure, and Council Tax collection performance to enable Members to make a determination on the LCTSS for 2022/23.

3. Recommendations

- 3.1 Full Council is requested to:
- (a) Consider the information as set out in the report and approve a proposed 2022/23 Local Council Tax Support Scheme which maintains the current 2021/22 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.
- 3.2 Reason for Recommendations – to deliver a Local Council Tax Support Scheme for 2022/23 that meets statutory requirements.

4. Background and Context

- 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.
- 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 that 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 for North Northamptonshire from 1st April 2021, a Task and Finish Group review the four existing District and Borough LCTS Schemes and develop a single scheme for consultation and implementation covering the whole of North Northamptonshire for 2021/22.
- 4.5 The Task and Finish Group received 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.
- 4.6 The Task and Finish Group considered all the background information, and the following scheme was issued for consultation:
 - The LCTSS headline rate at 25%, i.e., a minimum payment of 25% to be made towards Council Tax
 - Backdating of LCTS claims restricted to one 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 four weeks
 - Removal of the Work-Related Activity Component for new Employment and Support Allowance claimants
 - Removal of the Severe Disability Premium where another person is paid Universal Credit (carers element) to look after them.
- 4.7 An eight-week consultation process took place (two weeks longer than the statutory six-week requirement); and following this the results were presented to the North Northamptonshire Shadow Overview and Scrutiny Committee for consideration.
- 4.8 On 7th January 2021, following the feedback from the consultation process and Scrutiny, the Shadow Executive approved the LCTSS for 2021/22 as set out in paragraph 4.6 above.

5. Issues and Choices

- 5.1 Legislation requires that for each financial year, each billing authority must consider whether to continue its LCTSS or to replace it with another scheme.
- 5.2 There are around 17,938 claimants in receipt of LCTS in North Northamptonshire, of these 58% are of working age and 42% of pensionable

age. The current LCTSS expenditure for 2021/22 is £15.8m, however 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 new LCTS Scheme on 1st April 2021, the number of claimants has reduced by 152 and the expenditure has reduced by £237,275.
- 5.4 It is worth noting that although over the past six months the claimant caseload and expenditure has been steadily declining, the furlough scheme¹ subsequently ended on the 30th September 2021 therefore the claimant caseload may increase again if people claim Universal Credit (and subsequently LCTS) following changes to their employment circumstances. The impact of this will not be known until at least mid-November 2021, this is because the Department for Work and Pensions (DWP) takes a minimum of five weeks to process Universal Credit claims.
- 5.5 Council Tax collection rates are monitored on a monthly basis, the amount of Council Tax collected during the period 1st April 2021 – 30th September 2021 was £123.5m, which equates to c56.79% of the net debit raised. This is 0.79% above the 2021/22 target and 0.38% above the collection rate at the same point in time during 2020/21.

Council Tax Discretionary Discount

- 5.6 Concerns were previously 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, there is a provision within Section 13A of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012), that 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 period 1st April 2021 to 30th September 2021, 89 Council Tax Discretionary Discount applications were received. Of these 40 have been processed, resulting in one award and 39 refusals. There are 49 applications awaiting assessment, this is where further information has been requested from the customer to complete their application.
- 5.8 The majority of those refused access to the scheme have excess income so it is considered that they are able to make the payments, no one has appealed the refusals and officers can clearly show the methodology used.
- 5.9 In nearly all of the cases the Revenue 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.

¹The Coronavirus Job Retention Scheme introduced by the government to provide financial support to employers and their employees during the COVID19 coronavirus pandemic

- 5.10 It is reassuring to see that the overall advice and support is being taken up which can assist individuals in accessing further help.
- 5.11 When the decision was made to move to the new single scheme from 2021/22, the cost neutral impact was estimated at c£15.7m, with a 25% contribution rate. As at 1st April 2021 the actual cost was £16m but since then expenditure has reduced to close to the estimated figure at £15.8m. Therefore, based on the current trend in caseload and expenditure since 1st April 2021, the scheme could continue as in 2021/22 without the need to increase the minimum contribution (25%) and remain cost neutral in 2022/23.
- 5.12 Any change in the scheme will impact on the Council's budget. Generally, a 1% movement in the minimum payment rate from the current scheme of 25% 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.
- 5.13 Taking into account the position on the current LCTS Scheme, it is proposed that the Council continues with the same scheme from 1st April 2022 (2022/23). 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 discretionary scheme in line with Section 13A of the Local Government Finance Act.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 If the LCTS Scheme remains the same in 2022/23 as in 2021/22, there will not be a requirement for a consultation process, in addition the Revenue 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 financial assumptions around the current LCTS Scheme and the implications of changes to that scheme if it were to move from 25% are set out in paragraphs 5.11 and 5.12 above.

6.2 Legal

- 6.2.1 The requirements for a local authority to produce a LCTS Scheme are set out in the Local Government Finance Act 1992 (92 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.
- 6.2.2 The body charged with determining the LCTSS is Council – Executive is not the decision maker but will make a recommendation to Council for consideration in relation to the LCTSS. The date by which the Council must determine its LCTSS for 2022/23 is 11th March 2022.

6.3 Risk

- 6.3.1 There are a range of financial risks surrounding the LCTRS, as set out within the report. However, these are being effectively managed at this time.
- 6.3.2 There is low level of 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 a 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.
- 6.3.3 Given that the proposal is to extend the current arrangements into 2022 / 2023 there are no system development issues associated with the proposals.

6.4 Consultation

- 6.4.1 Formal consultation is required if the Council revise the LCTSS that is currently in place, and 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 are likely to have an interest in the operation of the scheme.

6.5 Consideration by Scrutiny

- 6.5.1 The Finance and Resources Scrutiny Committee considered the LCTSS 2022/23 at its meeting on 2nd November 2021 and approved the recommendation for continuation of the current scheme to be progressed forward to Executive. The Committee noted the limited number of discretionary awards approved under Section 13A of the Local Government Finance Act and requested further information on the reasons for refusal.

6.6 Climate Impact

- 6.6.1 None arising from this report.

6.7 Community Impact

- 6.7.1 There are approximately 10,328 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 that group depending on what change that is. These include financial impact for working age claimants and possible additional impacts in relation to health and wellbeing, housing and the consequences of debt or legal action. These impacts are most likely in relation to gender, age and disability with limited impacts for race and sexual orientation and no evidence of impact on transgender status, religion or belief.
- 6.7.2 A full Equality Impact Assessment was undertaken when the scheme was originally introduced in 2021/22 and is set out in the report to the Shadow Executive at its meeting on 7th January 2021.
- 6.7.3 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. These negative impacts no longer apply to the proposed 2022/23 LCTSS, because all current working age LCTS claimants contribute a minimum of 25% towards their Council Tax under the 2021/22 LCTSS and the proposal is for this to continue.

7. Background Papers

- 7.1 North Northamptonshire Shadow Executive Committee Meeting, 24th September 2020, Council Tax Support Scheme – Request to go out to Consultation.
- 7.2 North Northamptonshire Shadow Overview and Scrutiny Committee Meeting, 8th October 2020, Council Tax Support Scheme 2020 – Request to go out to Consultation
- 7.3 North Northamptonshire Shadow Overview & Scrutiny Committee Meeting, 10th December 2020, Council Tax Support Scheme – Consultation Analysis.
- 7.4 North Northamptonshire Shadow Executive Committee Meeting, 7th January 2021, Local Council Tax Support Scheme 2021/22.
- 7.5 Local Government Finance Act 1992.
- 7.6 Welfare Reform Act 2012.
- 7.7 Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.