



B O S T O N

B O R O U G H C O U N C I L

REPORT TO:	CABINET
DATE:	21 OCTOBER 2020
SUBJECT:	COUNCIL TAX SUPPORT SCHEME – 2021/22
PORTFOLIO HOLDER:	JONATHAN NOBLE – FINANCE
REPORT AUTHOR:	COUNCIL TAX AND BENEFITS MANAGER
EXEMPT REPORT?	No

SUMMARY

The Council Tax Support Scheme was introduced in April 2013, and the 2020/21 scheme was agreed in December 2019. This report informs members on the introduction and the operation of the scheme to date, and provides an update on the process now being undertaken and the options being put forward for consultation, prior to the formal approval of the 2021/22 scheme by Council in January 2021.

RECOMMENDATIONS

That the Cabinet reviews the scheme to date, reviews the proposed options, then makes recommendations on the Council Tax Support Scheme for the 2021/22 year prior to Council approval in January 2021.

REASONS FOR RECOMMENDATIONS

To enable members to review the operation of the scheme to date, in line with the council tax reduction scheme regulations 2013 and propose scheme options for 2021/22, prior to Council approval in January 2021.

ALTERNATIVES CONSIDERED

To not undertake a review.

REPORT

1 INTRODUCTION AND BACKGROUND

- 1.1 As part of the Government's programme of welfare reform, the old Council Tax Benefit scheme was replaced by localised support arrangements for Council Tax from 2013/14, with Government grant support reduced by 10%. From April 2013, Councils have been required to establish local Council Tax Support (CTS) schemes. The support is in the form of a discount applied to the Council Tax demand notice.
- 1.2 The Welfare Reform Act also contains provisions regarding the introduction of Universal Credit which impacts on the future administration of Housing Benefit. There continues to be a phased approach to the introduction of a new single welfare credit. Universal Credit roll-out for the Boston area began in April 2015. Universal Credit full service was rolled out in the Boston area on the 12th September 2018, for new claims only, migration of existing claims is not due to be complete until at least 2023.
- 1.3 The 2013/14 introduction of council tax support was accompanied by a cash-limited government grant to councils, which was taken into account in setting the Council Tax Base and when forming the first year's CTS local scheme.
- 1.4 Whilst the new regulations provided councils with flexibility to set up their own local arrangements, the Government expressed clear intentions in relation to certain aspects of a local scheme. These included:
- For pensioners there should be no change in the level of awards as a result of this reform. This includes both existing and new benefit claimants.
 - Councils were required to also consider ensuring support for other vulnerable groups
 - Local schemes should support work incentives, and in particular avoid disincentives to move into work.
- 1.5 The Government expects that Councils should continue to have a significant degree of control over how expenditure on the current council tax support bill is achieved. This includes freedom to collaborate to reduce costs, develop schemes that support priorities that are shared by a number of neighbouring authorities and the ability to manage financial risks.
- 1.6 At the time of setting up Boston's local scheme, the CTB caseload was made up in the following way –

Table 1 - Profile of Council Tax Benefit customers (as at July 2012)

	Number	Percentage	CTB expenditure
Working Age	3,194	50.05%	
Pensioners	<u>3,187</u>	<u>49.95%</u>	
Total	<u>6,381</u>	<u>100%</u>	<u>£4,889,578*</u>

*Estimated full year expenditure. A breakdown of working age and pension age expenditure is not available.

1.7 During each year the levels of CTS as well as caseloads fluctuate and it is only at the end of a financial year that we can be assured of the total expenditure incurred. Pensioner caseloads tend to attract higher levels of awards than those of working age. This is due to factors such as higher levels of income, non-dependents in the household and generally going on and off benefits in the working age claimant group.

2 BOSTON'S LOCAL SCHEME

2.1 Since 2013 the Council's local scheme uses a number of principles:-

- Protecting the most vulnerable – pension-age and war pensioners
- A means-testing scheme based on the Council Tax Benefit rules as far as possible
- The scheme will be reviewed annually
- Protect war pensioners from reductions in support
- Maximum entitlement to be capped at 75% of Council Tax liability

2.2 The review of the scheme for 2021/22 identified that the projected costs were contained within the budgeted resources. A similar scheme to previous years, with up ratings in line with the Government for specific deductions, was approved for the current year.

3 CURRENT SCHEME FIGURES

3.1 As at 31 March 2020, the caseload and spend was as follows –

	Number	Percentage	CTS expenditure
Working Age	2,482	52.19%	£1,648,971
Pensioners	<u>2,273</u>	<u>47.81%</u>	<u>£2,158,999</u>
Total	<u>4,755</u>	<u>100%</u>	<u>£3,807,971</u>

3.2 The outturn position for 2019/20 was a 2.7% increase to the direct costs of the council tax support scheme when compared to 2018/19. There was a reduction in the caseload of 1.69%. This is due to the increase in council tax with the additionally 2% for Adult Social Care and the introduction of universal credit.

The cost of the scheme is borne by the major preceptors (LCC, LPCC & BBC) in proportion to their precepts. The cost to the Borough Council is therefore approx 11% of the total cost.

3.3 As at 31 July 2020, the caseload and spend so far for 2020/21 was as follows –

	Number	Percentage	CTS expenditure
Working Age	2,379	51.34%	£1,622,129
Pensioners	<u>2,255</u>	<u>48.66%</u>	<u>£2,158,092</u>
Total	<u>4,634</u>	<u>100%</u>	<u>£3,780,222**</u>

** This figure fluctuates in year with caseload changes and final expenditure will not be determined until 31 March 2021.

4. Proposals for the 2021/22 Council Tax Support scheme

4.1 When approving the 2018/19 CTS scheme, it was proposed that a fundamental review of the scheme would not be undertaken for at least two years due the delays in the roll out process of Universal Credit. This should allow sufficient evidence to determine the ongoing impacts. The migration of universal credit claims has not yet been decided and we believe will be complete until at least 2023.

The delays have also had a knock-on impact for our pensioner caseload and we will not see any changes to their housing costs being paid for from Housing Benefit until after March 2022.

Since the introduction of universal credit it has become apparent that those who are in receipt of universal credit along with earnings and claim council tax support can have their claims reassessed up to 12 times per year. Universal credit is assessed over a month period and the earnings received by the applicant within that time period are used, if these increase or decrease the assessment to universal credit will change, creating a reassessment for council tax support. If there is a change to their assessment this will alter the council tax instalments going forward. This may mean that some applicants may find that they could go up to 12 months without receiving a reminder for council tax. Our current records show that we have approx. 900 case where universal credit is in payment with earnings and a claim for CTS.

On this basis the 2020/21 CTS scheme be consulted on as follows.

Option 1

Continuation of the current scheme, as it is, with a 'no change' approach.

With uprating the amounts used in the calculation of Council Tax Support for working age claimants in line with Department for Work and Pensions Uprating for working age social security benefits and non-dependant deductions.

This option would maintain a consistent approach to Boston's CTS scheme since its introduction in 2013/14. It continues to recognise the additional needs of the vulnerable through the approach to its calculation.

Any further reduction in the grant funding or increase in CTS awards would need to be found from other budget areas or service cuts. Any consultation process should include this as an option with views on how or what services should be affected.

Option 2

Uprate in line with the Department of Work and Pensions uprating's for working age social security benefits and non-dependant deductions, but assess working age applicants who are working and in receipt of universal credit every 3 months.

If an applicant had a significant change in their income within the 3 month period the case should be reassessed, this will allow the applicant more consistency with their entitlement and allow the council tax to become due and if the need should arise place the account into the standard recovery cycle.

This option would maintain a consistent approach to Boston's CTS scheme since its introduction in 2013/14, however it would alleviate the challenges received by the introduction of universal credit. It continues to recognise the additional needs of the vulnerable through the approach to its calculation.

Any further reduction in the grant funding or increase in CTS awards would need to be found from other budget areas or service cuts. It would reduce the need for monthly recalculations which could offer administration savings. Any consultation process should include this as an option with views on how or what services should be affected.

Option 3

Continuation of 2020/21 scheme, but not apply any uprating's. This would make our scheme out of line with nationally calculated figures.

Any further reduction in the grant funding or increase in CTS awards would need to be found from other budget areas or service cuts. Any consultation process undertaken should include this as an option with views on how or what services should be affected.

5 Additional information

- 5.1 The Council is required to consult with major preceptors and the public in terms of any scheme changes. Any consultation should run for a reasonable period of time, and the responses to the consultation will be made available to members, and ultimately Council, as part of the decision making process. The more flexibility there is around consultation and the scheme options to be included in the consultation, the greater the likelihood that the consultation can be based on the best available information and therefore provide better information on which the Council can set its scheme for the following year.
- 5.2 The financial risk of the localised scheme is shared with Lincolnshire County Council and the Police and Crime Commissioner for Lincolnshire, as our major precepting authorities. Unlike Council Tax Benefit which was a fully funded scheme, Council Tax Support is now a local discount, and has the effect of reducing the council tax base.
- 5.3 The final decision regarding the scheme design rests with this Council.

6. Decision making and consultation

In order to ensure that the 2021/22 localised CTS scheme is implemented for April 2021, the following timetable of consultation and decision making is being followed:-

Consultation to include major preceptors, other interested parties, and Corporate and Community (C & C) Committee	September - October 2020
Analyse consultation responses	Early October 2020
C & C Committee Cabinet To recommend to Council the 2021/22 Local Council Tax Support Scheme	15th October 2020 21 st October 2020
Council formally approves final 2021/22 Local Council Tax Support scheme	18 th January 2021
Notification of approved new scheme to those affected, if required	January 2021
Implementation of new scheme	1 April 2021

7. Results from consultation

- 7.1 The consultation ran from 4th September to 2nd October 2020. The survey was published on the Council's website and social media sites. An article was also placed in the Boston Bulletin. A copy of the survey and press release was circulated to all Parish Councils a paper copy could also be requested by contacting the Transformation Officer.
- 7.2 72% strongly agree or agree with the proposal to continue the Council Tax Support scheme as it is.
- 7.3 65% strongly agree or agree with the proposal to continue with the current scheme is fair and provides supports to those most vulnerable.
- 7.4 39% agreed to a different timescale of assessment for universal credit claims.

CONCLUSION

There is a statutory requirement for an annual review of the Council's Council Tax Support scheme, and this report presents options that formed part of the consultation process. Cabinet will consider responses and propose its recommendations on the 2021/22 Council Tax Support scheme for formal Council approval in January 2021.

FINANCIAL IMPLICATIONS

The impacts upon the Council's budgets of the preferred option, once Council approval has been given, will be included in the 2021/22 Budget and Medium Term Financial Strategy. It is anticipated that these will be in line with the costs of the current year's scheme.

LEGAL IMPLICATIONS

The Council tax reduction scheme regulations 2013 requires that councils review local schemes on an annual basis.

ANY OTHER IMPLICATIONS

An equality impact assessment will be undertaken as any specific proposals for amending the scheme going forward are considered.

APPENDICES

None

BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
None	

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not previously been considered.

FINANCE PROFORMA

BOSTON BOROUGH COUNCIL

PROFORMA FOR EXECUTIVE APPROVAL OF THE RELEASE OF RESOURCES (CAPITAL AND REVENUE BUDGETS)

FROM:

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS IN RESPECT OF THE ATTACHED

REPORT:

REPORT DATE:

	£ Year 1 2019/20	£ Year 2 2020/21	£ Year 3 2021/22	£ Year 4 2022/23	£ Year 5 2023/24
Revenue					
Total Revenue					
Cost					

Funding required:

Total capital cost £0

Revenue cost £0

Considered by:

Date:

Financial Services Comments

There are no financial implications arising at this stage. The report to Council seeking approval on the 2021/22 CTS scheme to be adopted will identify budgetary considerations which will then be included in the 2021/22 Budget and Medium Term Financial Strategy.

Risk

That future caseload increases, and/or that impacts of wider Welfare Reform measures accrue, and additional costs are incurred.

Procurement

n/a

Value for Money Efficiency

n/a

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.