



<b>REPORT TO:</b>	Corporate & Community Committee
<b>DATE:</b>	6 October 2022
<b>SUBJECT:</b>	Local Council Tax Support Scheme 2023/24 - consultation
<b>PURPOSE:</b>	To update Corporate & Community Committee on the local Council Tax Support scheme, and seek views as part of the consultation process for the 2023/24 scheme.
<b>KEY DECISION:</b>	N/A
<b>PORTFOLIO HOLDER:</b>	Councillor Jonathan Noble, Portfolio Holder for Finance
<b>REPORT OF:</b>	Christine Marshall, deputy Chief Executive – Corporate Development (S151)
<b>REPORT AUTHOR:</b>	Sharon Hammond, Head of Revenues and Benefits (PSPS)
<b>WARD(S) AFFECTED:</b>	All
<b>EXEMPT REPORT?</b>	No

## SUMMARY

The Council Tax Support Scheme was first introduced in April 2013 and is reviewed annually. The scheme for the current year was approved by Council in January 2022.

This report updates members on the scheme to date, and the proposals for 2023/24 ahead of final scheme recommendations and approval.

## RECOMMENDATIONS

That Corporate and Communities Committee consider, and provide comment to Cabinet on: -

- i) The proposals for the 2023/24 local Council Support scheme, and
- ii) Views on instigating a fundamental review of the scheme for future implementation

## **REASONS FOR RECOMMENDATIONS**

To enable Members to help inform the final scheme for 2023/24 through feedback to Cabinet, as part of the consultation process.

## **OTHER OPTIONS CONSIDERED**

To retain current scheme, and not undertake a review, or to retain the current scheme without updating.

## **1. BACKGROUND**

- 1.1 Council Tax Support (CTS) provides financial assistance to people on low incomes, by way of reduction in Council Tax.
- 1.2 As part of the Government's programme of welfare reform, the previous Council Tax Benefit (CTB) scheme was replaced by localised support arrangements. From April 2013, Councils have been required to establish local CTS schemes. The support is provided in the form of a discount applied to the Council Tax bill.
- 1.3 The Welfare Reform Act also contained provisions regarding the introduction of Universal Credit (UC) which impacts on the administration of Housing Benefit. UC was introduced for the Boston area in April 2015, and the full service was rolled out in September 2018, for new claims only. The government has confirmed their latest plans for the migration of existing legacy claims to be complete by the end of 2024.
- 1.4 Whilst regulations provide 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 because of this reform. This includes both existing and new benefit claimants. (The scheme for pensioners continues to be prescribed by government, providing support up to 100%).
  - Councils were required to also consider ensuring support for other vulnerable groups
  - Local schemes should support work incentives and avoid disincentives to move into work.

Boston Borough Council's scheme continues to deliver these intentions.

## **2. 2022/23 SCHEME REVIEW**

- 2.1 At 31 May 2022 the amount of CTS discount awarded for 2022/23 was £3,675,639. The following table demonstrates how scheme expenditure has changed over the last few years.

Year	Cost of CTS scheme £	Difference between years
2018/19	3,705,651	
2019/20	3,807,971	2.76%
2020/21	4,229,929	11.08%
2021/22	3,727,103	-11.88%
2022/23 (@ 31/05/22)	3,675,639	-1.38%

- 2.2 The table below shows the profile of Council Tax Support caseload and expenditure as at 31 May 2022. The cost to Boston BC being approximately £493k (13.4%).

	*Total Claims	**2022/23 CTS Expenditure
<b>All Groups</b>	<b>4142</b>	<b>3,675,639</b>
Elderly	2038	2,063,578
Working Age	2104	1,611,061

- 2.4 Collection and recovery have been impacted as a result of the covid pandemic with the disruption and delays to recovery in 2020/21 having a knock-on effect into 2021/22 and subsequent years. Usual statutory recovery processes are back in place, and whilst recovery and collection continue beyond the end of the year in question, the prospect of recovery reduces. The current cost of living and energy cost crises add further risk to collection and recovery.
- 2.5 It remains difficult to forecast caseload and expenditure with any degree of certainty in the current economic climate. As the level of CTS expenditure fluctuates through the year, 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 and are generally more static. As the scheme responds to circumstances and the economic climate, the caseload will also fluctuate, increasing and reducing as people go on and off benefits across the working age claimant group.

### 3 CURRENT ECONOMIC POSITION

#### Cost of Living

- 3.1 As part of this years' review, there is recognition of the cost of living and energy cost crises, and the uncertainty and difficulties that households are experiencing.
- 3.2 We are likely to see fluctuations in numbers of CTS claimants, potentially increasing with the prospect of a recession, and the subsequent increased demand for benefits and local support for low-income households.
- 3.3 Any change to a CTS scheme must be considered alongside wider challenges faced by local authorities; the need to strike a balance between a local fair and affordable CTS scheme which provides support to those in most need, and the cost of the scheme to all residents is essential. As such, the importance of maintaining current levels of support, providing consistency and continuity for customers, has been a priority consideration in the proposals for the next financial year.

## **Further Support**

- 3.4 In addition to the local CTS scheme, the council has discretionary powers to award one-off Council Tax discounts to support households where there are exceptional personal circumstances or hardship. In line with local policy, applications are determined on a case-by-case basis, therefore ensuring due consideration is given to the unique circumstances of the applicant. It is anticipated, due to the current crises, that the council may see greater demand on the discretionary scheme.
- 3.5 BBC provides information on a range of wider support schemes which are delivered by, or signposted by, the council. Full details are published, and maintained, on the website and include the current Household Support Fund schemes.
- 3.6 People who are struggling to pay their Council Tax are encouraged to make contact with the council. This helps to ensure households are receiving any discounts and reductions that they may be eligible for. Alternative payment arrangements can also be made, for example helping with frequency of payment, or extending over a longer period.
- 3.6 By the end of November, a share of a discretionary Energy Rebate fund of £119k will be distributed to eligible low income / benefit households.

## **4 ESTABLISHING A COUNCIL TAX SUPPORT SCHEME FOR 2023/24**

- 4.1 For each financial year, the billing authority must consider whether to revise its scheme or replace it with another scheme. Council Tax Support schemes cannot be changed mid-year.
- 4.2 The Local Government Finance Act requires that before a scheme can be adopted by the billing authority, it must:-
  - Consult any major precepting authority which has power to issue a precept to it,
  - Publish a draft scheme in such manner as it thinks fit, and
  - Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

## **5. 2023/24 SCHEME CONSULTATION**

- 5.1 It is felt that retaining the current scheme for the next financial year will provide continuity for claimants at a time when they might be experiencing other financial and personal difficulties post-covid and now in the current economic climate. There would be no major changes to the level of Council Tax Support that a customer receives. It will maintain a consistent approach in respect of the core principles of Boston's scheme since its introduction in 2013/14, and continues to recognise the additional needs of the vulnerable through the approach to its calculation. Uprating in line with DWP will ensure the scheme continues to benefit the most vulnerable and low-income households using the nationally recognised rates of DWP income.

The use of the councils discretionary powers will ensure additional support is available for those most in need.

5.2 Corporate and Community Committee are asked to consider and respond to Cabinet on the consultation for 2023/24 as follows: -

1. Do you think that the Council should retain its current scheme for the next financial year, to provide continuity?
2. Each year the Government reviews and generally increases the amount people need to live on for the calculation of welfare benefit. By applying the same changes to our Council Tax Support scheme, we would ensure that our scheme remains up to date with the Department for Work and Pensions (DWP) allowances and premiums each year.

Do you think we should increase our scheme in line with the Department for Work and Pensions provisions for 2023/24?

### **Consultation, and Decision-Making Process**

- 5.3 Consultation is being carried out with major preceptors, and with members of the public and other stakeholders. The consultation has been promoted through social media, the council's website and Boston Bulletin. Hard copies have been available on request. The consultation runs to 30 September.
- 5.4 The final scheme will be considered at Cabinet on 7 December with recommendations for approval to Council on 23 January 2023.
- 5.5 All feedback from the consultation will be considered as part of the final 2023/24 scheme decision making process.

## **6 THE TIME FOR FUNDAMENTAL REVIEW?**

- 6.1 BBC continues to base its scheme, with some adjustments, on the previous means tested national Council Tax Benefit (CTB) scheme as the basis of awarding support. As welfare reform has moved on and recognising the substantial shift of claimants to Universal Credit, it may be timely to consider options for the future, which could simplify the scheme for customers and be more relevant to the current times.
- 6.2 The maximum level of support provided by BBC is 75% leaving all working age claimant households a minimum of 25% of their Council Tax to pay. In the event of non-payment, whilst enforcement actions are available, the remedy for benefit households is insufficient to clear the debt in-year, resulting in escalation year on year. For example, a household in Band B in Boston receiving 75% support will be required to pay £7.11 per week. If that claimant is on a relevant DWP benefit, income from an attachment of benefit would be £3.75 per week, leaving a weekly shortfall of £3.36, which will be carried forward to future financial years.
- 6.3 A fundamental review of the scheme would provide the opportunity to consider the overall level of CTS support, and how it is distributed to support claimant groups. This may explore the possibility of different levels of award for different needs and/or household types. Changes that reduce evidence requirements can speed up the claims process and reduce the potential for claim adjustments, in turn simplifying the process and improving the customer experience.

- 6.4 As responsibility passed to billing authorities to determine their own local scheme, perhaps not surprisingly whilst there are some similarities, there is no single standard approach, and schemes vary from authority to authority. In recent years however, a number of councils have moved away from the previous CTB based approach. By way of example, analysis of 2022/23 CTS schemes across England reveals that around a quarter of all schemes are now income banded.
- 6.5 Any fundamental review would need to be carefully planned, and have particular regard to ensuring there are no unintended consequences for claimants. For this reason, any such review should be built around an adequate timeframe that ensures full and robust data modelling and development of options, full consultation, and with clarity on the objectives for the scheme from the outset.
- 6.6 Whilst administrative saving alone is unlikely to be the key driver for a fundamental scheme review and change, there may be potential for improved administration efficiency through simplification and increased automation as secondary outcomes.

#### **EXPECTED BENEFITS TO THE PARTNERSHIP**

There are no benefits to the partnership as a direct result of this report, however, should there be support for a more fundamental review, whilst recognising the local CTS scheme is a matter for each individual authority, there may be opportunities for alignment of the review, and possibly some standardisation of future schemes.

#### **IMPLICATIONS**

##### **SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP**

None

##### **CORPORATE PRIORITIES**

None

##### **STAFFING**

None

##### **CONSTITUTIONAL AND LEGAL IMPLICATIONS**

None

##### **DATA PROTECTION**

None

## **FINANCIAL**

The proposal for consultation in respect of the 2023/24 scheme set out in this report would not significantly affect the cost of the current scheme. However, CTS is demand led, and if caseload increases then expenditure would increase. The cost of the scheme is shared with major preceptors as it forms part of the collection fund.

In the event of a direction to progress a more fundamental review for future implementation, cost of instigating the review, data modelling and development of options etc would need to be confirmed.

## **RISK MANAGEMENT**

None

## **STAKEHOLDER / CONSULTATION / TIMESCALES**

Consultation for the 2023/24 Council Tax Support scheme proposal, as agreed with the Portfolio Holder for Finance, is being carried out with major precepting authorities, the public and other stakeholders.

The survey has been published on the Council's website, social media and press release.

Consideration of the scheme proposals, as set out in this report, by the Corporate and Community Committee forms part of the consultation process.

## **REPUTATION**

None

## **CONTRACTS**

None

## **CRIME AND DISORDER**

None

## **EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

The existing Council Tax Support scheme continues to be delivered on the basis of the DWP's previous Council Tax Benefit scheme regarding protection for vulnerable groups, including children and the disabled. An equality impact assessment is not considered necessary at this time.

## **HEALTH AND WELL BEING**

None

## CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

## ACRONYMS

CTS: Council Tax Support

UC: Universal Credit

CTB: Council Tax Benefit

### APPENDICES

None

### BACKGROUND PAPERS

None

### CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body

### REPORT APPROVAL

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