



REPORT TO:	Cabinet
DATE:	7 December 2022
SUBJECT:	Local Council Tax Support Scheme 2023/24
PURPOSE:	To determine the Council Tax Support scheme for 2023/24.
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Jonathan Noble, Portfolio Holder for Finance
REPORT OF:	Christine Marshall, deputy Chief Executive – Corporate Development (S151)
REPORT AUTHOR:	Sharon Hammond, Head of Revenues and Benefits (PSPS)
WARD(S) AFFECTED:	All
EXEMPT REPORT?	No

SUMMARY

This report seeks Cabinet decision on the final proposals for the 2023/24 Local Council Tax Support scheme, to be presented to Council for approval on 23 January 2023.

The Local Government Finance Act 2012 introduced the framework for localism of Council Tax Support.

RECOMMENDATIONS

That Cabinet: -

1. Approves, and recommends to Council the continuation of the current Council Tax Support scheme, including uprating in line with DWP's annual update of allowances and premiums for 2023/24.
2. Delegates approval for the 2023/24 final scheme policy to the Section 151 Officer in consultation with the Portfolio Holder for Finance, including administrative and minor changes.

3. Determines whether, at this time, it wishes to progress a more fundamental scheme review for future years.

REASONS FOR RECOMMENDATIONS

This Council must make any revision to its scheme, or any replacement, and agree its final scheme no later than 11 March 2023 in respect of the 2023/24 financial year.

Retention of the current scheme will provide continuity for customers in terms of the level of support provided, and it will maintain scheme expenditure at an affordable level.

Commencing a fundamental review of the scheme may be considered timely and will give the opportunity to consider options which simplify the scheme for the customer, are more efficient to administer, and more fit for purpose for the future.

OTHER OPTIONS CONSIDERED

No change. This would retain the current scheme into 2023/24, not updated in line with DWP updating of allowances and premiums.

1. BACKGROUND

- 1.1 Council Tax Support (CTS) provides financial assistance to people on low incomes, by way of reduction in Council Tax. Each year the Council needs to consider whether to review its CTS scheme. This report advises Cabinet about the conclusion of the annual review and the results of consultation for the 2023/24 scheme.
- 1.2 The Local Government Finance Act 2012 sets out the process by which Councils must approve a local Council Tax Support scheme, including consultation with major preceptors and stakeholders, to inform a final scheme design.
- 1.3 Local CTS schemes replaced the former national Council Tax Benefit (CTB) scheme from April 2013. The scheme for pensioners continues to be prescribed by government and allows up to 100% support against Council Tax liability.
- 1.4 The Welfare Reform Act 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.
- 1.5 The scheme for Working Age claimants is determined locally. The Government set out its expectations for local authorities to protect the vulnerable and for schemes to support incentives to work.
- 1.6 Boston Borough Council has retained a Council Tax Support Scheme since April 2013 that requires all working age households to pay at least 25% of their Council Tax liability. The Council's local scheme applies a number of principles: -

- Protecting the most vulnerable – pension-age and war pensioners
- Continuation of a means-testing approach, based on the previous CTB rules as far as possible
- The scheme will be reviewed annually
- Protecting war pensioners from reductions in support

1.7 Since April 2022, the scheme also provides for discretion to disregard national schemes introduced during a financial year in the calculation of Council Tax Support.

2. CURRENT SCHEME FIGURES

2.1 At 31 May 2022 the CTS caseload and spend was as follows: -

	Total Claims	Percentage of Total	2022/23 CTS Expenditure
All Groups	4142		3,675,639
Elderly	2038	49.20%	2,063,578
Working Age	2104	50.80%	1,611,061

2.2 The cost of the scheme is borne by major preceptors, Lincolnshire County Council, and Police and Crime Commissioner for Lincolnshire, in proportion to their precepts. The cost to the Borough Council is approximately £493k (13.4%).

2.3 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.

2 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.

3 2023/24 SCHEME CONSULTATION

- 4.1 Consultation for the 2023/24 scheme proposals, as agreed with the Portfolio Holder for Finance, took place between 15 August and 30 November 2022, and sought views on:
 - i) Retaining the current scheme, and
 - ii) Updating in line with the Department for Work and Pensions uprating provisions
- 4.2 Major precepting authorities have been consulted on the proposals.

The Police and Crime Commissioner has responded, noting the proposal to retain the current scheme, aligned to the DWP uprating.
- 4.3 The Corporate and Community Committee received a report at its meeting on 6 October 2022 inviting review of the current scheme operation, and consideration of the proposals for 2023/24.

Members supported the retention of the current scheme and agreed the Council should uprate in line with DWP provisions, and were also in agreement that a fundamental review should take place with the view of improving the service, making it easier for claimants and saving money for the Council.
- 4.4 The wider public and stakeholder consultation was published by media release and on the Council's website and social media sites. The questionnaire was made available on the website, and paper copies were available on request.
- 4.5 A total of 87 responses have been received. Although an increase on the previous year, this is still a low response rate and it has to be recognised that the results cannot be relied upon as being wholly representative or statistically significant.
- 4.6 High level findings of responses are summarised: -

- The majority of respondents, (68%), agreed that the council should retain the current scheme for the next financial year.
- 75% of respondents agreed we should increase the scheme in line with DWP uprating provisions for 2023/24 and future years.

4.7 The full consultation report is shown at Appendix A.

5 THE TIME FOR FUNDAMENTAL REVIEW?

- 5.1 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.
- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 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.
- 5.6 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.

6. CONCLUSION

6.1 The recommendations made to retain the current scheme for 2023/24 along with uprating and harmonisation with DWP annual update of allowances and premiums will continue to align the CTS scheme for working age customers with DWP provisions for Housing Benefit and the CTS scheme for pensioners. This has been consistent each year since the introduction of local Council Tax Support schemes.

This is supported by the feedback obtained through the consultation exercise. This will provide consistency for claimants, and there will be no new additional impacts on current levels of expenditure as a result of the recommendations.

6.2 A fundamental review of the scheme would provide the opportunity to explore options and approaches for a more appropriate and administratively efficient scheme that is more reflective of the current times.

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 actual financial impact of any scheme will be subject to the normal fluctuations in demand as determined by various factors including economics, needs and demographics as well as overall council tax base which are part of the normal MTFS and consultation process to be undertaken.

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

The Section 151 Officer and Portfolio Holder for Finance have been consulted.

Legislation requires consultation to be carried out with major precepting authorities, the public and other stakeholders where changes to the scheme are proposed. Consultation has been carried out, as detailed in Section 4 of this report.

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.

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

ACRONYMS

CTS: Council Tax Support

UC: Universal Credit

CTB: Council Tax Benefit

APPENDICES

Appendix A – Consultation Report

BACKGROUND PAPERS

None

CHRONOLOGICAL HISTORY OF THIS REPORT

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

REPORT APPROVAL

Report author:	Sharon Hammond, Head of Revenues and Benefits
----------------	---

Signed off by:	Deputy Chief Executive - Corporate Development (S151) Christine.marshall@sholland.gov.uk
----------------	--

Approved for publication:	Portfolio Holder for Finance
---------------------------	------------------------------