



Corporate Policy and  
Resources

Wednesday 4 December  
2019

**Subject: Local Council Tax Support Scheme for 2020/21**

Report by:

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Purpose / Summary:

Report to adopt Local Council Tax Support  
scheme for 2020/21.

**RECOMMENDATION(S):**

1. Note the contents of the report and;
2. Recommend that **Full Council** adopt Option 1 of the report for the Local Council Tax Support Scheme for West Lindsey District Council for 2020/21.

## IMPLICATIONS

### **Legal:**

The Council has to determine a local scheme for council tax reduction by 31 January 2020.

### **Financial : FIN/62/20**

The cost of the Local Council Tax Support scheme (LCTS) is shared between Lincolnshire County Council (75%), West Lindsey District Council (12.5%) and Lincolnshire Police (12.5%).

- If Option 1 is approved, no additional costs are forecast for the LCTS scheme for 20/21. This does not take into account any adjustments such as any new legislation affecting the default/pension age scheme and the uprated non-dependent deductions, applicable amounts and allowances as per the Department for Works and Pensions annual 'Up-ratings'.
- To comply with the Council budget guiding principles, a scheme has to be designed that aims to fit the level of available government grant. The Local Council Tax Support Grant has now been rolled into the Revenue Support Grant and it is no longer possible to identify the funding which directly relates to this area. It is therefore desirable that the financial impact is cost neutral or can demonstrate financial savings.
- The scheme that is chosen by the Council will need to be monitored to ensure the level of council tax collection remains comparable with previous years

### **Staffing :**

If, as suggested, no changes are made to the council tax support scheme from last year this should now be embedded with staff.

### **Equality and Diversity including Human Rights :**

### **Data Protection Implications :**

None arising from this report.

### **Climate Related Risks and Opportunities :**

None arising from this report.

**Section 17 Crime and Disorder Considerations :**

None arising from this report.

**Health Implications:**

None arising from this report.

**Title and Location of any Background Papers used in the preparation of this report:**

Local Government Finance Act 2012 - <http://www.legislation.gov.uk/ukpga/2012/17/section/11>

**Risk Assessment :**

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- a. If Council Tax Support caseloads rise or fall then WLDC and the other major precepting authorities will have to absorb those expenditure variations through the Collection Fund. It is therefore vital that the financial implications of the scheme decisions made are realistic in terms of bridging the funding gap.
- b. If there is a downturn in the local economy, or where there has been major redundancies if a major company ceases trading, Council Tax Support caseloads could rise significantly.
- c. Each Council must approve their local Council Tax Support scheme by 31<sup>st</sup> January otherwise a default scheme similar to the current Council Tax Benefit scheme will be imposed which will cause funding gaps between the amount of grant received and the amount of council tax support entitlement.
- d. The amount of council tax support awarded last year was just over £6 million but forecasts indicate this will be slightly lower this year. Whilst this is not a budget saving it will contribute towards the savings required by 2021.

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

*i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)*

Yes

No

**Key Decision:**

*A matter which affects two or more wards, or has significant financial implications*

Yes

No

## **Executive Summary**

Council Tax Benefit was a national scheme providing means-tested financial help to households to pay their Council Tax liability. This was abolished on 31 March 2013 and every Local Authority was tasked with designing a local scheme of financial support to replace Council Tax Benefit.

West Lindsey District Council consulted with the residents of the district and the precepting authorities and adopted a local scheme approved by Full Council in January 2013. This scheme was re-adopted for 2014/15 and for 2015/16 and, following further consultations in 2015, minor amendments to the scheme were agreed for 2016/17.

No changes were made to the scheme in 2017/18 but amendments were made in 2018/19 in anticipation of Universal Credit implementation and again in 2019/20. Data available shows that it has been effective and that the collection rate for Council Tax Support claimants last year was just over 70%, an increase of 1.5% on the previous year.

At the end of October this financial year the collection rates for council tax support claimants is 46.52% an increase on the same period last year of 3.22%.

In view of this it would therefore seem appropriate to continue to embed the current scheme with both staff and council tax support claimants for at least a further year taking this scheme through to 2021.

The finalised local council tax support scheme must be approved and adopted by Full Council by 31<sup>st</sup> January 2020.

## 1 Introduction

- 1.1 The Local Government Finance Act 2012 replaced Council Tax Benefit with a Council Tax Support scheme. Unlike Council Tax Benefit (CTB) which is set by Central Government, the new Council Tax Support scheme must be defined by individual Local Authorities (albeit with much central prescription).
- 1.2 Pensioners are protected by Government which means 'local schemes' must give the same level of assistance to pensioners awarded to them as that under the old Council Tax Benefit scheme. West Lindsey District Council also made the decision, since 2013/14, to protect those in receipt of a War Pension and those claimants receiving a Disability Benefit and the proposal is not to change this decision.

## 2. Options

There are 2 options for consideration for the 2020/21 scheme as detailed below and Appendix A details the cost of the scheme for each precepting authority.

Both the Lincolnshire Police and Crime Commissioner and Lincolnshire County Council have been consulted on this matter and both support the proposal of option 1 below.

### 2.1 Option 1

To make no change to the current scheme, adapted from the scheme applied to people of pension age, for another 12 months but to apply any new legislative requirements and the uprating of the non-dependent charges, applicable amounts and household allowances and deductions, used in the calculation of the reduction in accordance with the Department for Works and Pensions (DWP) annual up-ratings.

Advantages	Disadvantages
There has been a slight reduction in the number of households claiming LCTS which has reduced the costs of the scheme. In October 2018 we had 6,644 claimants and in October 2019 there were 6,416 claimants.	Very small saving to the council
Collection rates are being maintained under the current scheme.	
This option ensures the LCTS rules stay consistent with the DWP rules which avoids confusion for claimants.	

## 2.2 Option 2

To make no changes to the current scheme i.e. do not apply the up-rate household allowances and deductions:

Advantages	Disadvantages
	The Council would have three sets of rules to apply for families applying for financial help, this would cause confusion for the claimants, will lead to increased modification to IT and training for the Benefits Team and an additional set of regulations.

## 3. Recommendation

It is recommended that the Members consider both options and agree Option 1 being to adopt the scheme based on the 2019/20 scheme with adjustments to include any new legislation affecting the default/pension age scheme and the uprated non-dependent deductions, applicable amounts and allowances as per the Department for Works and Pensions annual 'Up-ratings'.

## 4. Local Council Tax Support Scheme 2020/21

It is recognised that whatever decision is reached, this would only be a scheme for 2020/21. A review of the scheme is undertaken annually when more knowledge of the impact of that year's scheme and collection rates are available. Monitoring will also take place to analyse the impact and any unintended consequences it has had on council taxpayers and benefit recipients.

**Appendix A – Forecast Cost of 2020/21 Scheme**

	<b>Total Cost</b>	<b>LCC – 75%</b>	<b>WLDC – 12.5%</b>	<b>LPA – 12.5%</b>
<b>Cost of 2018/19 Scheme</b>	£6,035,312	£4,526,484	£754,414	£754,414
<b>Forecast cost of the 2019/20 LCTS scheme at 30.9.19</b>	£6,248,772	£4,686,580	£781,096	£781,096
<b>Forecast cost of 2020/21 LCTS scheme at 30.9.19</b>	£6,511,220	£4,883,416	£813,902	£813,902