



Corporate Policy and
Resources Committee

Thursday 10 December
2020

Subject: Local Council Tax Support Scheme 2021/22

Report by:	Assistant Director of Operational and Commercial Services
Contact Officer:	Alison McCulloch Revenues Manager alison.mcculloch@west-lindsey.gov.uk
Purpose / Summary:	To adopt a Local Council Tax Support Scheme for 2021/22.

RECOMMENDATION(S): That members;

1. Note the content of the report; and
2. **Recommend to Full Council** the adoption of Option 1 of the report for the Local Council Tax Support Scheme for West Lindsey District Council for 2021/22.

IMPLICATIONS

Legal:

The Council has to determine a local scheme for council tax reduction by 31 January 2021.

Financial : FIN/73/21/CC

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

- If Option 1 is approved, no additional costs are forecast for the LCTS scheme for 2021/22. This does not take into account any adjustments such as 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. How the funding is now provided to the Council, 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 :

The changes are minimal and therefore should not impact on staff.

Equality and Diversity including Human Rights :

None arising from this report.

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 -

<https://www.legislation.gov.uk/ukpga/2012/17/contents/enacted>

Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

<https://www.legislation.gov.uk/ukpga/2018/25/enacted>

Risk Assessment :

- 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 31st January otherwise a default scheme similar to the current Council Tax Support default scheme applied to customers of pension age. Applying a similar scheme to all working age customers would increase the annual expenditure on Council Tax Support.
- d. The amount of council tax support awarded last year was just over £6 million however at the end of August 2020 this had increased to £6.8 million.

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. Further re-modelling of the scheme took place in 2019/20 and 2020/21 with minor changes being made to the scheme.

Due to the health and economic impacts Covid-19 has had on the residents of West Lindsey during 2020/21, Members may wish to consider the appropriateness of imposing a further financial burden during 2021-22 on those already experiencing hardship. In addition this could have a negative impact on the collection rate and reduce the yield over the year.

The finalised local council tax support scheme must be approved and adopted by Full Council by 31st January 2021 at the very latest.

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 pre-2013 level of assistance to pensioners. West Lindsey District Council also made the decision in 2013/14 to protect those in receipt of a War Pension and those claimants receiving a Disability Benefit.

2. Options

Three options have been considered for the 2021/22 scheme being:

2.1 Option 1

To make no change to the current scheme 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 'Upratings'.

Costs/Savings

There would be no direct saving to the council under this option.

Advantages	Disadvantages
The financial modelling shows that West Lindsey District Council can still bridge the funding by continuing with the current scheme for a further year	Very small saving to the council
There has been a slight increase in the number of households claiming LCTS due to the 'furlough' scheme and the economic effects of Covid-19 which has increased the costs of the scheme temporarily. This increase has proved temporary as the cases are gradually reducing as more customers continue to return to work.	

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 for 2021/22 ie: do not apply the up-rate household allowances and deductions

Costs/Savings

There would be no direct saving to the council under this option.

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.

2.3 Option 3

To reduce the cap on liability from 90% to 70%.

Costs/Savings

This would provide a saving to West Lindsey District Council of £11,864 based on a collection rate of 25%.

Advantages	Disadvantages
This option would provide the greatest saving to WLDC.	Since the introduction of the LCTS scheme the Revenues team have taken significantly more enforcement action in order to maintain collection rates. In 2019/20 10,615 reminder notices and 4,402 summonses were issued. This resulted in the

	Lincoln Magistrates granting 2,432 liability orders.
	It is unlikely that council tax support claimants will be able to afford to pay 30% of the council tax which is approximately £360 per annum on a Band A property.
	There is a risk that the overall collection rate will reduce as a less generous local council tax support scheme could put pressure on general collection rates which outweighs the savings from the benefit reductions.
	This option may be in conflict to the council's vision of West Lindsey being a place where people want to live, work, invest and visit as its reputation could suffer if a considerably less generous scheme was adopted.

3. Recommendations

It is recommended that the Members consider the three options and agree Option 1 being to adopt the scheme based on the 2020/21 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 2021/22

It is recognised that whatever decision is reached this would only be a scheme for 2021/22. 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