



**Corporate Policy and  
Resources Committee**

**Thursday 16 December  
2021**

**Subject: Local Council Tax Support (LCTS) Scheme 2022/23**

Report by:	Assistant Director – Change Management & Regulatory Services
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Purpose / Summary:	To adopt a Local Council Tax Support Scheme for 2022/23

**RECOMMENDATION(S):**

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 2022/23.

## IMPLICATIONS

### **Legal:**

The Council has to determine a local scheme for council tax reduction by 31 January 2022

### **Financial : FIN/117/22/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 2022/23. 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 :**

*Please see appendix A – Local Council Tax Support Scheme 2022/23 Equality Impact Assessment.*

### **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 31<sup>st</sup> January otherwise a default scheme, similar to the current Council Tax Support default scheme applied to customers of pension age, will have to be implemented. 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 £6.8 million however; at the end of September 2021 this had decreased slightly to £6.7 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

X

**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 for low-income households to pay their Council Tax liability. This was abolished on 31 March 2013 by the Local Government Finance Act 2012 which placed a legal requirement on every billing authority to adopt a Localised Council Tax Support (LCTS) scheme.

Since the inception of the LCTS scheme on 1<sup>st</sup> April 2013 relatively minor changes have been made which has enabled claimants to receive a similar level of support each year and enabled the council to maintain an annual council tax collection rate of around 98%.

In 2020, following the Covid-19 pandemic, the Government awarded a grant to all local authorities with the requirement that an award of £150 (or less if their liability was less) be paid to all working aged council tax support claimants. It also permitted the use of any surplus to support economically vulnerable people and households.

Following the allocation of this award, it was also possible to introduce a discretionary hardship fund for all council taxpayers to apply for if they continued to experience financial difficulties caused by the pandemic. This fund is now exhausted but has supported an additional 320 families.

A further grant has been made for 2021/22 which has enabled an award of up to £200 to be made to all working aged council tax support claimants with the surplus being held as a discretionary hardship relief fund. To date this fund has supported an additional 62 families at a cost of £40.6k.

Due to the health and economic impacts Covid-19 has had on the residents of West Lindsey during 2020/21 and 2021/22, Members may wish to consider the appropriateness of imposing a further financial burden during 2022-23 on those already experiencing hardship. The pandemic is still causing considerable financial hardship to some residents as we are seeing through the discretionary hardship applications. The uplift of £20 per week for Universal Credit claimants has also ended resulting in additional financial hardship for those individuals affected.

A significant change to the LCTS scheme for 2022/23 is likely to have a negative impact on the collection rate and reduce the yield over the year.

Full Council must approve and adopt the finalised LCTS scheme by 31<sup>st</sup> January 2022 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 legislation 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 Current Situation**

We currently have 6,369 council tax support claimants and of these 2,549 are pensioners and 3,820 are working age claimants. This equates to 60% of our total caseload who would be impacted by any changes to the scheme.

Our council tax collection rate for 2020/21 was 98.01% which was in the top quartile performance being 41<sup>st</sup> position out of 313 local authority reported outturns. The national average was only 95.7% so this is considerably higher. Some of this success can be attributed to the Government's hardship award and to the council tax discretionary hardship relief scheme which has enabled our most financially vulnerable residents to receive some financial support from the Council.

A full review of the scheme would have normally taken place this year had it not been for the ongoing pandemic. During this unprecedented time many of our residents have suffered personal and financial consequences and it is therefore essential that we continue to support and afford them the opportunity to recover from the impact of the pandemic.

The full effects of the pandemic are still difficult to predict and there is still economic uncertainty. With this in mind, it is recommended to postpone any fundamental changes until at least next year when we can more accurately calculate the economic outcome of pandemic.

## **3 Options**

Two options have been considered for the 2022/23 scheme being to maintain or slightly reduce the level of financial support as detailed below:

### 3.1 Option 1

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'.

To apply any additional changes to government welfare benefit regulations during the year which are intended to increase the income of benefit recipients to avoid unintended consequences to customers.

#### Costs/Savings

There would be no direct saving to the council under this option as it would just maintain the current scheme.

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.	
The existing scheme works well and offers a high level of support for low income families who may otherwise find themselves in debt.	
There has been a slight decrease this year in the number of households claiming LCTS which suggests that the situation is improving gradually as more claimants 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.	
Retaining existing policy principles of keeping LCTS in line with other key welfare benefits promotes equality.	

### 3.2 Option 2

To make no changes to the current scheme for 2022/23 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 will cause confusion for the claimants, will lead to increased modification to IT, additional training for the Benefits Team and an additional set of regulations to be prepared and implemented.

### 4 Consultation

Before a Council can determine to revise or replace its LCTS scheme it must consult with any major precepting authority which have the powers to issue a precept to it.

Consultation has taken place with both the Lincolnshire County Council and the Police and Crime Commissioner for Lincolnshire and both have submitted responses agreeing to make no change to the scheme for 2022/23.

### 5 Recommendations

It is recommended that the Members consider the two options and agree to Option 1 being to adopt the scheme based on the 2022/23 scheme.

### 6 Local Council Tax Support Scheme 2023/24

It is recognised that whatever decision is reached this would only be a scheme for 2022/23. 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 – Local Council Tax Support Scheme 2022/23 - EQUALITY IMPACT ASSESSMENT**

<p><b>Name, brief description and objectives of policy, procedure, function?</b></p>	<p>For Council to agree the Local Council Tax Support Scheme for West Lindsey DC for 2022/23.</p> <p>To ensure that all council tax payers are treated fairly under the local scheme.</p> <p>To ensure that council tax support is payable to the most vulnerable residents of the district.</p>
<p><b>Have you consulted on the policy, procedure, function and if so, what were the outcomes?</b></p>	<p>Consultation has taken place with Lincolnshire County Council and the Crime and Police Commissioner for Lincolnshire who have both agreed to the recommendation.</p> <p>No consultation has taken place with council taxpayers as the recommendations are to continue with the current scheme except for applying 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.</p>
<p><b>What barriers may these individuals or groups face, and how can you promote equality (where possible)</b></p>	
<p><b>Gender</b></p>	<p>There is no evidence that this policy would impact on people in any way because of this characteristic.</p>
<p><b>Age</b></p>	<p>Working age claimants of Council Tax Support may receive a reduced level of assistance as compared with the former Council Tax Benefit Scheme. This scheme aims to redistribute support and be more generous to those applicants on the lowest incomes.</p> <p>The government has stated that council tax support for older people will not be reduced as a result of the introduction of the council tax reduction scheme reform. This is because the government wants to ensure that low income pensioners, who would struggle to pay council tax without additional support, and whom the government does not expect to work to increase their income, will continue to receive support for their council tax.</p>



	Pensioner protection will be achieved by keeping in place national rules which broadly replicate the former council tax benefit scheme.
<b>Disability</b>	There is no evidence that this scheme would impact on people in any way because of this characteristic except in the case of War Pension and those claimants receiving a Disability Benefit who are protected by the Government.
<b>Race</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Religion or Belief</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Sexual Orientation</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Gender Reassignment</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Pregnancy, maternity or paternity</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Marriage and Civil Partnership</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Rural Isolation</b>	There is no evidence that this policy would impact on people in any way because of this characteristic.
<b>Socio-economic factors</b>	There is no evidence that this scheme would impact on people in any way because of this characteristic. However, any person unable to complete the application form will be offered assistance from the Benefits Teams in completing the application form and also be signposted to outside agencies such as Citizens Advice and Money Advice Service
<b>Other (eg: those with dependants/caring responsibilities, asylum seeker and refugee communities, children in the care system etc)</b>	There is no evidence that this scheme would impact on people in any way because of this characteristic. However, any person unable to complete the local council tax support application form will be offered assistance from the Benefits Team in completing the form and also be signposted to outside agencies such as Citizens Advice and Money Advice Service

<p><b>Is there any evidence or research that demonstrates why some individuals or groups are, or are not, affected?</b></p>	<p>There is no evidence or research available. This policy is based on nationally applicable legislation and it covers all applicants who must all meet a set of standards and criteria intended to ensure that evidence of hardship justifies a reduction in council tax liability.</p>
<p><b>If there is a potential adverse impact, please state why and whether this is justifiable.</b></p>	<p>There is no potential adverse impact from this policy.</p>
<p><b>Outcome of EIA</b></p>	<p> <b>No major change needed</b> <input checked="" type="checkbox"/>      <b>Adverse impact but continue</b> <input type="checkbox"/>  <b>Adjust the policy /proposal</b> <input type="checkbox"/>      <b>Stop and remove the policy/proposal</b> <input type="checkbox"/> </p>
<p><b>How will you monitor your policy, procedure, function to ensure there is no adverse effect on the protected characteristics (eg: gender, age, etc) in the future?</b></p>	<p>Due to the nature of the reductions in the level of support, all working age claimants have the potential to have reductions in their support, however, they can be considered for further assistance under the exceptional hardship policy.</p>