



**Corporate Policy and  
Resources Committee**

**Thursday 15 December  
2022**

**Subject: Local Council Tax Support (LCTS) Scheme 2023/24**

Report by:	Director of Change Management, ICT & Regulatory Services
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Purpose / Summary:	To adopt a Local Council Tax Support Scheme for 2023/24 as recommended by Corporate Policy and Resources Committee.

**RECOMMENDATION(S):**

**That the Corporate Policy and Resources Committee recommends to Full Council the adoption of Option 1 of the report for the Local Council Tax Support Scheme for West Lindsey District Council for 2023/24.**

**To summarise Option 1 provides:**

**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'.**

## IMPLICATIONS

### Legal:

The Council has to determine a local scheme for council tax reduction by 31 January 2023

### Financial: FIN/109/23/CPR/SSc

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%).

Year	Total	WLDC 12.5%	LCC 75%	PCC 12.5%
2022/23	£6,531,706	£816,463	£4,898,780	£816,463
2023/24 Option 1	£6,159,130	£769,891	£4,619,348	£769,891
2023/24 Option 2	£6,053,074	£756,634	£4,539,806	£756,634

- If Option 1 is approved, no additional costs are forecast for the LCTS scheme for 2023/24. This doesn't include any adjustments such as new legislation affecting the default/pension age scheme or 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, the scheme should fit within the level of available government grant. Due to the way that 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.

When this figure was calculated it did not include an estimated % increase in the council tax due it was just based on the actual estimated spend for 2022/23 with the DWP increase and did not account for the annual council tax increase.

### 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 2023/24 Equality Impact Assessment.

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**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 have 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 £6.6 million however; at the 24 October 2022 this had decreased slightly to £6.5 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**

**X**

**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 and 2021, following the Covid-19 pandemic, the Government awarded a grant to all local authorities for a payment to be paid to all working aged council tax support claimants. This was paid direct to council tax accounts. It also permitted the use of any surplus to support economically vulnerable people and households.

Following the allocation of these awards, it was also possible to introduce discretionary hardship funds for all council taxpayers to apply for if they continued to experience financial difficulties caused by the pandemic. These funds are now exhausted but supported 374 families.

A further discretionary hardship fund was agreed by Corporate Policy and Resources Committee for 2022/23 in the sum of £31,717.85 which was the result of a refund of overpaid Magistrates court fees. To date 27 families have been assisted from this fund.

A significant change to the LCTS scheme for 2023/24 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 2023 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 6,081 council tax support claimants and of these 2,455 are pensioners and 3,626 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 2021/22 was 98% which was in the top quartile performance being 66<sup>th</sup> position out of 308 local authority reported outturns. The national average was only 95.8% 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.

The Council recognise that many of our residents are feeling the effects of the increased cost of energy, petrol, and food prices. We are working with our partners across the public and voluntary sectors to support our residents, and particularly those who are vulnerable and hardest hit by the cost-of-living crisis. The current West Lindsey scheme is one of the most generous in Lincolnshire and if we were to look at changing the scheme we may be impacting on those most affected by the cost of living increases and adding to their financial burden.

## **3. Consultation**

- 3.1 Consultation was undertaken between 26<sup>th</sup> August and 7<sup>th</sup> October 2022. Invites to the consultation were sent electronically to the Citizen Panel members who received electronic surveys, a total of 1,002 members. This was also published on the West Lindsey District Council website and advertised through Facebook. In total, there were 50 responses received.

### 3.2 The questions and responses asked are detailed below:

1. Do you agree that the only change that should be made to the scheme is the up-rating of all allowances and premiums in line with Department for Work and Pensions allowances?

Yes	46	(92%)
No	1	(2%)
Don't know	3	(6%)

2. Are you currently in receipt of Council Tax Support?

Yes	7	(14%)
No	43	(86%)
Don't know	0	(0%)

### 3.3 The results

These results show that the majority of respondents were not in receipt of council tax support but would agree to increasing the uprating of all allowances and premiums in line with Department for Work and Pensions allowances.

## 4. Consultation with major preceptors

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 2023/24 but both would agree to increasing the uprating of all allowances and premiums in line with Department for Work and Pensions allowances (option 1 of this report).

## 5. Costings

The current estimates for the 2022/23 scheme are £6,531,707 being split as below:

Total	LCC – 75%	PCC – 12.5%	WLDC – 12.5%
£6,531,707	£4,898,780	£816,463	£816,463

## 6. Options

Two options have been considered for the 2023/24 scheme being to maintain or slightly reduce the level of financial support as detailed below:

### 6.1 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 'Up-ratings'.

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

Initial estimates for 2023/24 show that there would be no direct saving to the council under this option as it would just maintain the current scheme. Any reductions in the cost of the scheme would be due to a reduction in council tax support claimants.

Based on a 3% increase in up-ratings this equates to an approximately cost of:

<b>Total</b>	<b>LCC – 75%</b>	<b>PCC – 12.5%</b>	<b>WLDC – 12.5%</b>
£6,159,130	£4,619,348	£769,891	£769,891

<b>Advantages</b>	<b>Disadvantages</b>
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 or are	



receiving private pensions that reduces their CTR entitlement. .	
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.	

## 6.2 Option 2

To make no changes to the current scheme for 2023/24 ie: do not apply the up-rate household allowances and deductions

### Costs/Savings

Initial estimates for 2023/24 show that there would be a slight saving to the council under this option however, it would effectively create a reduction in income for those affected.

If we do not apply the applicable amount up-ratings to working age claimants their Department for Works and Pensions (DWP) income will exceed their applicable amount and they will be entitled to less council tax support. This in turns means their council tax bills will increase which will require more council tax to be collected.

Based on no increase in up-ratings this equates to an approximately cost of:

Total	LCC – 75%	PCC – 12.5%	WLDC – 12.5%
£6,053,074	£4,539,806	£756,634	£756,634

Advantages	Disadvantages
Slight reduction in costs to the council	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.
	Loss of reputation to the council in that it would show a lack of support to those in most financial hardship.

**7. Recommendations**

It is recommended that the Members consider the two options and agree to Option 1 being to adopt the scheme for 2023/24 based on the 2022/23 scheme adjusted for the uprating of incomes and allowances for 2023-24.

**8. Local Council Tax Support Scheme 2024/25**

It is recognised that whatever decision is reached this would only be a scheme for 2023/24. 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 2023/24 - 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 2023/24.</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>Consultation has taken place digitally with the residents of West Lindsey and the majority of people who completed the consultation agreed with the process of applying the 2023-24 upratings of income and allowances.</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> <p>Pensioner protection will be achieved by keeping in place national rules which broadly replicate the former council tax benefit scheme.</p>

<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
<b>Is there any evidence or research that demonstrates why some individuals or groups are, or are not, affected?</b>	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><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>