



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Cabinet

7 December 2021

Report of: Councillor Adam Stokes

The Deputy Leader of the Council



Localised Council Tax Support Scheme 2022/23

This report reviews the Council's Local Council Tax Support Scheme in advance of the 2022/23 financial year.

Report Author

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Corporate Priority:	Decision type:	Wards:
High Performing Council	Budget and Policy Framework	All Wards

Reviewed by:	Alison Hall-Wright (Head of Finance and ICT)	16 November 2021
Approved by:	Richard Wyles (Assistant Director of Finance & s151 Officer)	17 November 2021
Signed off by:	Councillor Adam Stokes (The Deputy Leader of the Council)	24 November 2021

Recommendation (s) to the decision maker (s)

- Cabinet is asked to recommend to Council the Local Council Tax Support Scheme for 2022/23 is based on the same overarching criteria as the current year scheme as detailed in paragraph 1.11 and 1.12.**
- Cabinet is asked to include the continuation of the £20,000 Discretionary Payment fund for 2022/23 in their budget proposals.**

1 The Background to the Report

1.1 The Council Tax Benefit system was abolished on 31 March 2013 and replaced by the Local Council Tax Support Scheme (CTS). This scheme can be determined locally by the Billing Authority having had due consultation with precepting authorities, key stakeholders, and residents.

1.2 There are currently 7,918 residents claiming Council Tax Support in the South Kesteven District. Of these, 3,223 are pensioners and 2,657 are vulnerable working age, who are protected under the legislation and receive Council Tax support as prescribed by the Government (broadly similar to the level of Council Tax Benefit). It is the 2,068 remaining working age claimants where a local scheme can be determined which can change the level of support provided

1.3 The Council agreed to a Council Tax Support scheme which came into effect on 1 April 2013. The scheme currently provides 80% entitlement for working age claimants

1.4 The proposed scheme must go through specific steps to comply with the provisions stated in the Local Government Finance Act 2012 before it can be adopted by this Council as the Billing Authority: -

Before making a scheme, the authority must (in the following order): -

- (a) consult any major precepting authority which have power to issue a precept to it*
- (b) publish a draft scheme in such a manner as it thinks fit; and*
- (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme*

1.5 Despite the scheme being a 'local' CTS scheme due to the nature of protection provided to pensioners and vulnerable working age customers, there will always be an element of cost that the Council has to incur and for which it has no influence over.

1.6 The current caseload can be broken down as follows, to show those customers where the scheme changes would apply:

Caseload breakdown	Caseload	% of caseload
Total caseload	7,918	100%
Pensioner	3,223	40.70%
Working age vulnerable	2,627	33.18%
Working age	2,068	26.12%

1.7 In order to try and contain the cost of the 2022/23 scheme within the budget parameters, a number of options were modelled and considered.

1.8 Based on caseload as at 31 October 2021, the current cost of the 2021/22 scheme is £7,212,424 with South Kesteven's share of this being £649,118 (9%). The current cost of the scheme and the financial impact of changes to the claimant base and increases to the annual Council Tax charge is shown in the table below:

Current Scheme cost	Cost to SKDC (as 9% of the Council Tax bill)	Caseload increase per 1% - Additional Cost to SKDC	Council Tax (£) increase per 1% - Additional Cost to SKDC
£7,212,424	£649,118	£12,982	£13,704

This shows how very small changes to the scheme from both Council tax annual amount increases, and the claimant numbers have a significant financial impact.

- 1.9** Due to this protection from changes to pensions and vulnerable working age customers, any 'savings' to be made to the proposed scheme can only be applied to the 2,068 customers, or 26.12% of the caseload. This means out of the current Council spend of £649,118 – only £169,549 (26.12%) can be influenced by a change to the current scheme.
- 1.10** The reality is that out of the options modelled the only one that may reduce spend against budget is to decrease the 'maximum entitlement' – e.g. to reduce the maximum CTS customers can receive from the current position of 80%. The consultation included a question with regards to the level of maximum entitlement, asking consultees whether they agreed with the current scheme, of which 81.82% of respondents did agree.

Current Local Council Tax Support Scheme – 2021/22

- 1.11** The current scheme has the following restrictions to working age customers: -
- (i) Maximum entitlement capped at 80%;
- 1.12** The current scheme has the following amendments to Council tax technical restrictions for all Council Tax Payers;
- (i) Introduction of additional premium charges for empty properties
 1. Empty up to two years – premium of 100%
 2. Empty between two and five years – premium of 200%
 3. Empty after 10 years – premium of 300%
 - (ii) Unoccupied discount of 100% for the first month;
 - (iii) Care leavers council tax exemption – 100% for those aged between their 18th and 25th birthdays; and
 - (iv) Special Constabulary discount scheme of 25%.

Council Tax Support scheme options – 2022/23

- 1.13** As a billing authority, the Council can decide whether or not to amend core elements of its scheme each year.
- 1.14** There will be some technical changes that will still need to be applied to ensure that the Council's scheme complies with the Prescribed Scheme Regulations (covering Universal Credit, premiums and discounts). These details are still outstanding from the Department for Levelling Up, Housing and Communities (DLUHC).
- 1.15** Technical amendments to the scheme in relation to uprating, applicable amounts, disregards and allowances are to be collated once statutory details have been released by the Secretary of State; it is intended that these will be circulated to Members for consideration at the Council meeting in January 2022. There will be no change to the

adopted policy in the way CTS is calculated for these areas. Officers have considered if there is any need for any transitional arrangements to the revised scheme and concluded transitional arrangements are not needed for the 2022/23 scheme.

Key Findings from the public consultation

- 1.16** There were a total of 8,236 surveys, and of these, 308 were returned – this is a rate of 3.74%. Appendix 1 shows responses from the consultation, with key findings detailed below: -
- (a) 252 or 81.82% of respondents support the current scheme;
 - (b) 271 or 87.99% of respondents support the continuation of the Discretionary Payment fund;
 - (c) 225 or 73.05% of respondents support the continuation of a Council Tax exemption for care leavers; and
 - (d) 158 or 51.30% of respondents support the introduction and continuation of a Council Tax discount for Special Constables
 - (e) There were two questions asked, which enabled the respondent to provide commentary — these being 1) How do you feel you will be affected by these proposals & 2) Do you have any other comments. These have been grouped into common themes: -
 - (i) I have no comments;
 - (i) Do you consider medical issues for vulnerability;
 - (ii) Don't agree with Special Constable discount;
 - (iii) I don't wish to pay extra to support others;
 - (iv) The support received is helpful;
 - (v) I won't be affected;
 - (vi) Without Council Tax Support I would suffer hardship;
 - (vii) The scheme is very helpful for those of working age who are genuinely suffering financial difficulties; and
 - (viii) Everyone should be treated equally, and not have different rules

Major Preceptors

- 1.17** There is a requirement to consult with major preceptors when developing proposals for the 2022/23 scheme. This is a requirement as any Council Tax discount has a financial impact on all the major precepting authorities. The responses to the consultation are provided at Appendix 2 (Lincolnshire County Council) and Appendix 3 (Police and Crime Commissioner PCC).
- 1.18** The Police and Crime Commissioner have been consulted and are supportive of the current scheme remaining in place, with the existing criteria for 2022/23. The Police and Crime Commissioner have asked the Council to consider the continuation of the Special Constabulary discount scheme for 2022/23.
- 1.19** Lincolnshire County Council have been consulted and are supportive of the current scheme remaining in place, with the existing criteria for 2022/23. Lincolnshire County

Council are also supportive of the proposed continuation of the Special Constabulary Discount Scheme.

- 1.20** If the proposal to continue the Special Constabulary Discount is approved, the discount would be awarded through Section 13A of the Local Government Finance Act 1992. This provides the Council with discretionary power to discount the amount of council tax that is payable to use on a case-by-case basis or to specify a specific class where several council tax payers fall into a group due to similar circumstances.
- 1.21** The Collection Fund Regulations require that the Billing Authority funds the amount of any discretionary award made under Section 13A(1)(c) in full, by making a transfer payment from its General Fund to the Collection Fund of the amount of the award. This means that Council is effectively paying the shares of the Council Tax that are allocated to the County Council, the Police and Crime Commissioner and any Parish Council. The precepting authorities will be required to reimburse South Kesteven District Council at the end of each financial year.
- (a) Partner organisations were also advised of the proposed scheme – include Citizens Advice; and
 - (b) Major preceptors – Police and Crime Commission and Lincolnshire County Council.

2 Consultation and Feedback Received, Including Overview and Scrutiny

- 2.1** Cabinet is asked to consider the proposed scheme in advance of the 2022/23 financial year. The options were presented to the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 3 December 2021, however, at the time of writing this report, the Committee have not met and as a result, a verbal update will be presented on 7 December 2021.
- 2.2** The timetable to approve any change to the new scheme is set out below and considers the existing calendar of meetings. The full Council as Billing Authority needs to approve the scheme after consultation as outlined in paragraph 1.4.
- 2.3** The Council meeting takes place on 27 January 2022 where a decision is required, seeking approval of a final 2022/23 scheme for implementation from 1 April 2022. The Local Government Finance Act 2012 requires a full review of the scheme by the Billing Authority. South Kesteven District Council will need to approve the scheme by no later than 31 January 2022.

3 Available Options Considered

- 3.1** Options considered as set out in the report and supporting appendices. The current scheme information is detailed in paragraph 1.11 and 1.12 of this report.

4 Preferred Option

- 4.1** The preferred option is to retain the existing scheme having regard for overall financial constraints of the Authority and the associated support the scheme provides to its recipients.

5 Reasons for the Recommendation (s)

- 5.1** These are set out in the report.

6 Next Steps – Communication and Implementation of the Decision

- 8.1** Following the recommendation from Cabinet, the scheme will be presented to Council in January 2022 for approval.

7 Financial Implications

- 9.1** The actual cost of the discount scheme for 2022/23 will not be known for certain until the end of the financial year and will be dependent on the actual caseload in year as well as the levels of Council Tax set by the District Council and the major precepting authorities.
- 9.2** An indicative range of costs based on various scenarios for 2022/23 has previously been provided to inform the proposed changes for consultation.
- 9.3** The estimated cost of the scheme, based on current caseload, is taken into consideration when calculating the Council's tax base for the financial year and will impact on the estimated Council Tax yield for the year. Any difference in the actual cost of the discount scheme to that estimated in the tax base calculation will be accounted for within the Collection Fund and will be considered when future years surpluses or deficits are declared.
- 9.4** The Discretionary Payment fund of £20,000 made available during 2021/22 will continue to be available into 2022/23.
- 9.5** Should the Council wish to approve the proposal of the continuation for Special Constabulary Discount for Police Special Constables, this will be a direct cost to the General Fund.

Financial Implications reviewed by: Richard Wyles, Assistant Director of Finance and s151 Officer

8 Legal and Governance Implications

- 10.1** The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, laid before Parliament on 22nd November 2012, set out the regulations for a default scheme and this was adopted by the Council subject to local policy needs in January 2013. The Secretary of State has issued amendment regulations setting out some changes that must be adopted by the Council for pensioners and the Council had also decided in 2013 to keep the schemes allowances and premiums in line with those for Housing Benefit for working age claimants. These are incorporated into amendments to the local scheme for approval by the Council.
- 10.2** The regulations for the scheme proposed to be adopted are to be collated and made available for Council in January 2022.

Legal Implications reviewed by: Graham Watts, Head of Democratic Services Officer and Deputy Monitoring Officer

9 Equality and Safeguarding Implications

- 11.1** The Authority is required to undertake an Equality Impact Assessment as part of its obligations under the Equality Act 2010 and is shown in Appendix 4. The scheme is being amended in line with statutory requirements and uprating the financial allowances.

10 Risk and Mitigation

- 12.1 The Council, along with the other preceptors, bears the risk of the cost of the Council Tax Support scheme should caseload increase cause the cost to increase more than predicted.
- 12.2 Any revisions to the scheme must be approved by 31 January 2022.
- 12.3 The scheme cannot be changed mid-year and therefore it is vital the correct scheme is in place.

11 Community Safety Implications

- 13.1 None

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

- 14.1 None

13 Other Implications (where significant)

- 15.1 None

14 Background Papers

- 16.1 A full report was presented to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 29 June 2021 and 20 July 2021 where it was agreed financial modelling of the proposed changes for consultation would be undertaken and presented to the Committee. A further report was presented to Cabinet on 14 September 2021, agreeing to recommendations for consultation. A final report was presented to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 3 December 2021 to review the outcome of the public consultation.
- 16.2 The reports can be accessed here
 - (a) 29 June 2021 report – item 7:
<http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CIId=664&MIId=4146>
 - (b) 20 July 2021 report - item 6:
<http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CIId=664&MIId=4147>
 - (c) 14 September 2021 report – item 6:
<http://moderngov.southkesteven.gov.uk/documents/g4148/Public%20reports%20pack%2014th-Sep-2021%2014.00%20Cabinet.pdf?T=10>

15 Appendices

- 17.1 There are four appendices to this report, as detailed below:
 - (a) Appendix 1: Public consultation – key findings
 - (b) Appendix 2: Lincolnshire County Council consultation response
 - (c) Appendix 3: Police and Crime Commissioner consultation response
 - (d) Appendix 4: Equality Impact Assessment