



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

**Finance, Economic Development and
Corporate Services Overview and Scrutiny
Committee**

20 July 2021

Report of: Councillor Adam Stokes

Cabinet Member for Finance and
Resources



Local 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 and seeks comments from this Committee regarding potential changes to the scheme in readiness for public consultation.

Report Author

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Corporate Priority:	Decision type:	Wards:
Administrative	Key	All Wards

Reviewed by:	Alison Hall-Wright, Head of Finance and ICT	8 July 2021
Approved by:	Richard Wyles, Interim Director of Finance	8 July 2021
Signed off by:	Councillor Adam Stokes, Cabinet Member for Finance and Resources	9 July 2021

Recommendation (s) to the decision maker (s)

- Finance, Economic Development and Corporate Services Overview and Scrutiny Committee is asked to comment on the outcome of the financial modelling and agree which of the proposed changes should be included as part of public consultation.**

1 The Background to the Report

1.1 A full report was presented to this Committee on 29 June 2021 where it was agreed financial modelling of the proposed changes for consultation would be undertaken and presented to the Committee. The report can be accessed here:

<http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=664&MId=4146&Ver=4>.

Council Tax Support options for 2022/23 – Outcome of Financial Modelling

1.2 Based on the current core elements of the existing scheme, a range of different scenarios have been modelled, along with an assumed increased charge in Council Tax of 3%.

1.3 The caseload levels are a significant factor when considering changes to a scheme – a variance in caseload will impact the cost of the scheme. The volatility of caseload is a concern and longer-term changes will not be known for some time. For example if there are changes to the timing of the Government roadmap of unlocking the economy, this could lead to a further increase in caseload numbers. In addition, the furlough scheme is in place to the end of September 2021. It is unknown whether this will be extended or remain in place, but with some changes. As a result, varying changes to caseload have also been included as part of the financial modelling but these assumptions are caveated on events that are outside of the Council's control or influence.

1.4 The full outcome of financial modelling is provided in **Appendix 1**, giving an indication of the potential cost to the Council. The proposed changes resulting in a reduced cost to the scheme are summarised below and highlighted in the appendix.

Option	Changes to core elements	Considerations
A	Council Tax increase of 3% No change to caseload	Due to no change in caseload, most changes to the scheme would result in an increase in cost. The schemes providing savings are: 1) 10A – 70% Maximum award (current award is 80%) – total saving is £22,377 with SKDC share being £2,014 2) 20A – Reduce capital limit to £8,000 (current is £16,000) – total saving is £6,056 with SKDC share being £1,445
B	Council Tax increase of 3% 1% Caseload increase	Due to an increase in caseload, there are no options that provide a saving to the scheme costs.
C	Council Tax increase of 3% 2% Caseload increase	Due to an increase in caseload, there are no options that provide a saving to the scheme costs.
D	Council Tax increase of 3% 1% Caseload decrease	The reduction in caseload does offer more options for consideration. The schemes providing savings are:

Option	Changes to core elements	Considerations
		<ol style="list-style-type: none"> 1) 10D – 70% Maximum award (current award is 80%) – total saving is £95,078 with SKDC share being £8,557 2) 18D – Reduce capital limit to £10,000 (current is £16,000) – total saving is £1,430 with SKDC share being £129 3) 19D – Reduce capital limit to £9,000 – total saving is £46,853 with SKDC share being £4,217 4) 20D – Reduce capital limit to £8,000 – total saving is £89,420 with SKDC share being £8,048
E	Council Tax increase of 3% 3% Caseload decrease	<p>The reduction in caseload does offer more options for consideration.</p> <p>The schemes providing savings are:</p> <ol style="list-style-type: none"> 1) 9E – 75% Maximum award (current award is 80%) – total saving is £53,432 with SKDC share being £4,809 2) 10E – 70% Maximum award – total saving is £122,262 with SKDC share being £11,004 3) 11E – Band cap at Band C (currently there is no cap) – total saving is £50,691 with SKDC share being £4,562 4) 16E – Reduce capital limit to £12,000 (current is £16,000) – total saving is £18,586 with SKDC share being £1,673 5) 17E – Reduce capital limit to £11,000 – total saving is £20,930 with SKDC share being £1,884 6) 18E – Reduce capital limit to £10,000 – total saving is £73,962 with SKDC share being £6,657 7) 19E – Reduce capital limit to £9,000 – total saving is £59,921 with SKDC share being £5,393 8) 20E – Reduce capital limit to £8,000 – total saving is £164,443 with SKDC share being £14,800
F	Reduce the frequency of the re-assessment of Universal Credit (UC) to be reduced	It is difficult to model the financial impact of this change, however, re-assessing a UC claim each month does impact on recovery as each re-assessment results in a new Council Tax bill being issued. There is a requirement to give 14 days' notice of the instalment that

Option	Changes to core elements	Considerations
		is due. This results in these bills being removed from the recovery process, with the ratepayer being faced with a balance at the end of the year they may not have been aware of.
G	National schemes introduced during a financial year will not take effect during the year. They will be included in the new financial year scheme, if applicable.	There will be no financial impact on the cost of the scheme as the financial change will not be included. It will however have a positive impact on the customer in the year as any additional income will not be used within the calculation

1.5 In deciding a scheme, it is possible to have a hybrid of various models as stated in Appendix 1. For example, savings from one change could offset the cost of another.

1.6 The current Council Tax Support Scheme provides maximum support at 80% of a person's liability. As a result, a Council Tax bill is raised for the residual amount and this is typically around £277.74 per annum (based on a Band B property). The collection of this residual amount is undertaken using the Council's recovery procedures – setting of instalments for cash or direct debit payments, issuing of reminders for missed instalments and taking additional recovery action if required. Any change to the scheme will result in an increase or decrease to the residual amount (depending on the variation to the 80%) and therefore, consideration may be needed to the disproportionate impact this may have on the cost of collection.

2 Consultation and Feedback Received, Including Overview and Scrutiny

2.1 The indicative 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 1.3.

2.2 The timetable is as follows: -

- 20 July 2021: Finance, Economic Development and Corporate Services Overview and Scrutiny Committee – review the outcome of financial modelling and comment on which proposed changes should be included as part of the consultation process.
- August to October 2021: Public consultation and analysis of results. The Council is required to review their current Council Tax Support scheme. The proposals and recommendations will seek to ensure the Council has a robust review of its current scheme and understand the implications of adopting a new scheme.
- 23 November 2021: Finance, Economic Development and Corporate Services Overview and Scrutiny Committee – review the outcome of consultation and proposed scheme for 2022/23.
- 7 December 2021: Cabinet – recommendation of scheme for 2022/23 for Council
- 27 January 2022: Council – decision required: approval of 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 are considered as set out in the report and supporting appendix.

4 Preferred Option

4.1 The preferred option is currently unknown and will be determined at a later date once full consultation and analysis has taken place.

5 Reasons for the Recommendation (s)

5.1 These are set out in the report.

6 Next Steps – Communication and Implementation of the Decision

6.1 Consultation process to be undertaken as detailed in Section two.

7 Financial Implications

7.1 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.

7.2 An indicative range of costs based on various scenarios for 2022/23 has been provided to inform the proposed changes for consultation. Once consultation has creased, modelling will be updated, with new caseload figures and provided in the next report to this committee on 23 November 2021.

7.3 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.

Financial Implications reviewed by: Richard Wyles, Interim Director of Finance

8 Legal and Governance Implications

8.1 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.

8.2 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: Mandy Braithwaite, Legal Executive

9 Equality and Safeguarding Implications

9.1 This will be undertaken as part of the consultation process, dependent upon the options recommended for consultation. It is expected that any changes to the current scheme that

reduce the current maximum cap of 80% will have an adverse impact on specific household income.

10 Risk and Mitigation

- 10.1 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.
- 10.2 Any revisions to the scheme must be approved by 31 January 2022.
- 10.3 The scheme cannot be changed mid-year and therefore it is vital the correct scheme is in place.

11 Community Safety Implications

- 11.1 None

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

- 12.1 None

13 Other Implications (where significant)

- 13.1 None

14 Background Papers

- 14.1 None

15 Appendices

- 15.1 Appendix 1 – Financial modelling for various proposed changes to the scheme

Report Timeline:	Date of Publication on Forward Plan (if required)	N/a
	Previously Considered by:	N/a
	Final Decision date	31 January 2022