



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

# Cabinet

14 September 2021

**Report of:** Councillor Adam Stokes

Cabinet Member for Finance and Resources



## 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 and seeks approval of the recommendations arising from 20<sup>th</sup> July 2021 meeting of Finance, Economic Development and Corporate Services Overview and Scrutiny Committee.

### Report Author

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Corporate Priority:	Decision type:	Wards:
<b>Administrative</b>	<b>Key</b>	<b>All Wards</b>

<b>Reviewed by:</b>	Alison Hall-Wright, Head of Finance and ICT	1 September 2021
<b>Approved by:</b>	Richard Wyles, Assistant Director of Finance	1 September 2021
<b>Signed off by:</b>	Councillor Adam Stokes, Cabinet Member for Finance and Resources	6 September 2021

### Recommendation (s) to the decision maker (s)

- Cabinet is asked to approve the commencement of the consultation for the 2022/23 Localised Council Tax support scheme on a 'no-change' basis and to consider the outcome of the consultation findings prior to making a recommendation for the final scheme to Council.**

# 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 (LCTSS). This scheme can be determined locally by the Billing Authority having had due consultation with precepting authorities, key stakeholders and residents. There are currently 8,054 residents claiming Council Tax Support in the South Kesteven District. 3,257 are pensioners 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 4,797 working age claimants where a local scheme can be determined which can change the level of support provided.
- 1.2 The Council agreed to a LCTSS which came into effect on 1 April 2013. The scheme currently provides 80% entitlement for working age claimants.
- 1.3 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 ha power to issue a precept to it;*
  - (b)publish a draft scheme in such a manger 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*
- 1.4 Any scheme design has a wide-ranging set of competing and sometimes, conflicting objectives that need to be considered. These can be listed as (in no particular order): -
- National welfare benefits
  - Council budget capacity
  - Council tax collection rates
  - Economy
  - Demographics
  - Caseload (need for support)
  - Council objectives
  - Other Council comparisons
- 1.5 Given the current operating context, it is proving problematic to fundamentally re-assess any variation to the current LCTSS due to the volatility that is impacting on a number of the objectives listed above. This is primarily due to an absence of a stable base and a high degree of uncertainty which is leading to a wide range of different financial scenarios that could materialise. Therefore this could expose the Council to an increase in cost if claimant numbers continue to increase.
- 1.6 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:

<b>Current Scheme cost</b>	<b>Cost to SKDC (as % of the Council Tax bill)</b>	<b>Caseload increase per 1% - Additional Cost to SKDC</b>	<b>Council Tax (£) increase per 1% - Additional Cost to SKDC</b>
£7,310,522	£657,947	£13,469	£14,530

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.

- 1.7 A full report was presented to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 29 June 2021 which provided full details of the current scheme, the ongoing challenges that the pandemic has had on caseload volumes and the general direction of demand. The report also set out a range of changes that could be made to the scheme having regard to the relevant financial impact on both the Council and the claimant. The Committee requested specific modelling be undertaken and the findings of this was presented to the Committee at the following meeting on 20 July 2021. The Committee carefully considered all of the options and the decision was taken to recommend that the 2022/23 scheme remain unchanged due to the ongoing volatility to caseloads and the wider consideration of the economic recovery and the impact once the furlough scheme had ceased. The report can be accessed here (item 6) - <http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=664&MId=4147>
- 1.8 In summary the Committee recommendation is:
- 1) No changes to the financial element of the scheme – retain the current scheme at 80% maximum entitlement.
  - 2) The inclusion of a requirement that any national schemes introduced during the financial year are not considered or taken into consideration should the scheme result in a reduction in Council tax Support for the claimant.
  - 3) Approve a consultation process for the above two proposals.
- 1.9 The Council is statutorily required to review the current Council Tax Support scheme. The proposals and recommendations will seek to ensure the Council undertakes a robust review of its current scheme and understands the implications of adopting a new scheme.
- 1.10 If Cabinet approve these recommendations, it is the intention to proceed with full consultation as follows: -
- 1) Consultation to take place from 1 October 2021 to 31 October 2021
  - 2) Consultation letter to be issued to all recipients of Council Tax Support – this is currently a total of 8,104. This is broken down to 4,845 working age and 3,259 pension age
  - 3) Letter to include weblink for online survey to be completed. Bespoke online survey to be provided by third party supplier (same as used for business grants, business rates reliefs and test & trace). If support is required, a Benefits Officer is able to complete the survey on the recipient's behalf

- 4) Notification of consultation to be issued to all interested parties including, all South Kesteven District Councillors, Parish Clerks, Lincolnshire County Council, Police and Crime Commissioner and Citizens Advice South Lincolnshire.
- 5) Consultation to be promoted via social media and local media platforms
- 6) Analysis of consultation results and presentation to Cabinet on 7 December 2021

## **2 Consultation and Feedback Received, Including Overview and Scrutiny**

2.1 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 1.3 and 1.4

2.2 The timetable is as follows: -

- 1 October to 31 October 2021: Full consultation with recipients of Council Tax Support and key stakeholders as detailed in section 1.4 of this report.
- 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 considered as set out in the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee reports on 29 June and 20 July 2021.

## **4 Preferred Option**

4.1 To undertake a consultation process as set out in paragraph 1.2 of this report.

4.2 The preferred option for the 2022/23 Council Tax Support scheme is currently unknown and will be determined at a later date once full consultation and analysis of responses has taken place.

## **5 Reasons for the Recommendation (s)**

5.1 These are set out in the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee of 20 July 2021.

## **6 Next Steps – Communication and Implementation of the Decision**

6.1 Consultation process to be undertaken as detailed in paragraph 1.4 of this report

## **7 Financial Implications**

7.1 There is a minimal cost for the set-up of the bespoke online survey.

- 7.2 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.
- 7.3 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 Finance, Economic Development and Corporate Services Overview and Scrutiny Committee 23 November 2021.
- 7.4 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, Assistant Director of Finance and s151 Officer**

## **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: Graham Watts, Head of Democratic Services and Deputy Monitoring Officer**

## **9 Equality and Safeguarding Implications**

- 9.1 This will be undertaken as part of the consultation process. The consultation has been developed having regard to all participants. A letter will be issued to all those in receipt of Council Tax Support, providing them with a weblink to complete the online consultation. The information online will provide background as to the consultation and will be clear questions with a 'yes, no, don't know' response.
- 9.2 The letter will advise if support is required, to contact the Benefits Office who will help with the completion of the online form.
- 9.3 The letter and form will be available in other languages should this be required.
- 9.4 An email will be issued to all South Kesteven District Council Members, Parish Clerks and South Lincolnshire Citizens Advice to enable them to support any enquiries they may receive.

9.5 A full impact analysis will be undertaken upon closure of the consultation and will be presented within the report for Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 23 November 2021.

## **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 A full report was presented to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 20 July 2021 where it was agreed financial modelling of the proposed changes for consultation would be undertaken and presented to the Committee. The reports can be accessed her

14.2 29 June 2021 report – item 7:

<http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CIId=664&MIId=4146>

20 July 2021 report - item 6

<http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CIId=664&MIId=4147>

## **15 Appendices**

15.1 None

<b>Report Timeline:</b>	Date of Publication on Forward Plan (if required)	N/a
	Previously Considered by: Finance, Economic Development and Corporate Services Overview and Scrutiny Committee	20 July 2021
	Final Decision date	27 January 2022