



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

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

3 December 2021

Report of: Councillor Adam Stokes

Deputy Leader of the Council



Localised Council Tax Support Scheme 2022/23

This report is for Finance, Economic Development and Corporate Services Overview and Scrutiny Committee to review consultation responses and comment on the proposed changes to the Localised Council Tax Support Scheme 2022/23, as well as proposals made in relation to the Discretionary Hardship Fund, discount for care leavers and Special Constables.

Report Author

Claire Moses (Head of Revenues and Benefits)



01476 406210 ext. 6484



claire.moses@southkesteven.gov.uk

Corporate Priority:	Decision type:	Wards:
High Performing Council	Budget and Policy Framework	All Wards
Reviewed by:	Alison Hall-Wright (Head of Finance and ICT)	10 November 2021
Approved by:	Richard Wyles (Assistant Director of Finance (s151 Officer))	10 November 2021
Signed off by:	Councillor Adam Stokes (Deputy Leader of the Council)	11 November 2021

Recommendation (s) to the decision maker (s)

- Finance, Economic Development and Corporate Services Overview and Scrutiny Committee is asked to recommend to Cabinet the Local Council Tax Support Scheme for 2022/23 after considering the feedback from the recent consultation.**

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.

Consultation and communication:

- 1.11** Cabinet met on 14 September 2021 to consider the following options: -
- (a) No changes to the financial element of the scheme – retain the current scheme at 80% maximum entitlement;
 - (b) 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; and
 - (c) Approve a consultation process for the above two proposals.
- 1.12** The decision by Cabinet was 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.
- 1.13** Public consultation began on 1 October 2021 and ran to 31 October 2021. Consultation has been undertaken with major precepting authorities, stakeholders and residents through a variety of methods, as detailed below: -
- (a) An online survey (paper surveys were issued upon request);
 - (b) All South Kesteven District Council Members and Parish Clerks were issued with an email advising them of the consultation;
 - (c) Partner organisations were also advised of the proposed scheme – include Citizens Advice; and
 - (d) Major preceptors – Police and Crime Commission and Lincolnshire County Council

Key Findings from the public consultation

- 1.14** 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

Special Constabulary Council Tax Discount Scheme

- 1.15** On 6 November 2020, a paper was presented to the Lincolnshire Leaders and Chief Executive Group from the Police and Crime Commissioner (PCC).
- 1.16** The PCC proposed that a Council Tax discount scheme for Special Constables be introduced in Lincolnshire. The paper provided each District Council with the Special Constabulary numbers and the total value of discount available, should it be awarded – this was further broken down across all three precepting authorities – Lincolnshire County Council, Police and Crime Commissioner and Districts.
- 1.17** At the time, South Kesteven District Council had 22 Special Constables, giving a total potential discount of £9,564 for the year.
- 1.18** The PCC sought agreement from Lincolnshire councils that the proposal be incorporated within Council Tax Support Schemes with effect from 1 April 2021.
- 1.19** South Kesteven District Council agreed to incorporate the scheme and have been liaising with the PCC in order to implement such a scheme and agree eligibility criteria. The website has been updated: <http://www.southkesteven.gov.uk/index.aspx?articleid=8125>

- 1.20** The PCC will write to all Special Constables who live within the district of South Kesteven, by 30 April 2022, confirming they have met the hours worked criteria, and will provide a link to the Councils website.
- 1.21** The special constable will be required to complete the application form and upload the letter from the PCC. An award will be made no later than 31 May 2022.
- 1.22** The award of the discount will be referenced to service during 2021/22. As a result, the eligibility for the discount will be considered, and an award made no later than the 31 May of the following financial year and will be applied to the Council tax account in 2022/23.
- 1.23** If the scheme is approved to continue in 2022/23, the award of the discount will be referenced to service during 2022/23. As a result, the eligibility for the discount will be considered, and an award made no later than the 31 May of the following financial year and will be applied to the Council tax account in 2023/24.

Discretionary Payment scheme

- 1.24** A Discretionary Payment (DP) is available to anyone in receipt of Council Tax Support and have a shortfall between the weekly amount awarded and their Council Tax liability.
- 1.25** The total amount of funding allocated for each year is £20,000. For 2021/22, the decision was taken to move any unspent funding from 2020/21 into the new year. As a result, in 2021/22 there was a total of £41,915 funding.
- 1.26** To date, £15,554 has been awarded, meaning there is £26,361 remaining, to be issued up to 31 March 2022.
- 1.27** Discretionary Payments can be applied for independently but are often considered as part of the application process for Discretionary Housing Payments (support for shortfall between Housing Benefit / Universal Credit award and eligible rent). Officers are aware of the DP and actively encourage customers to apply where eligibility criteria is met.
- 1.28** During previous meetings of this Committee, reference has been made to the impact of the removal of the £20 uplift for Universal Credit and Officers were tasked to consider the impact and potential to extend the Discretionary Payments to support those affected.
- 1.29** Since these meetings, there have been a number of changes to Universal Credit as announced in the Autumn Budget on 27 October 2021. From 1 December 2021, the following changes will take place:-
- (a) The taper rate in Universal Credit (UC) will reduce from 63% to 55%, meaning working age UC claimants will be able to keep an additional 8p for every £1 of net income they earn; and
 - (b) The amount that households with children or a household member with limited capability for work can earn before their Universal Credit award begins to be reduced (the work allowance) has increased by £500 per year.

As a result of these changes, some households may experience an adverse impact on their financial situation and if so, they will be encouraged to apply for funding should they meet the criteria.

- 1.30** In addition to this, residents will also be supported by South Kesteven District Council in the form of the Household Support Fund (HSF) grant which is available from 1 December 2021 to 31 March 2022. The scheme has been agreed with all other Lincolnshire Districts in line with Government guidance.

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 1.4.

2.2 The timetable is as follows: -

- 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, along with the Cabinet report on 14 September 2021.

4 Preferred Option

4.1 To review the outcome of the consultation process and for a final scheme to be presented to Cabinet on 7 December 2021 to consider recommendation to Council on 27 January 2022.

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 The outcome of this Committee will be included in the report to Cabinet for the meeting on 7 December 2021.

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 previously been provided to inform the proposed changes for consultation.

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.

7.4 The Discretionary Payment fund of £20,000 made available during 2021/22 will continue to be available into 2022/23.

- 7.5 Should the Council wish to approve the proposal of the Council Tax Discount for Police Special Constables, this will be a direct cost to the General Fund of circa £9,564 for awards relating to 2021/22.

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 Officer and Deputy Monitoring Officer

9 Equality and Safeguarding Implications

- 9.1 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 2**. The scheme is being amended in line with statutory requirements and uprating the financial allowances.

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 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. The reports can be accessed here

- (a) 29 June 2021 report – item 7:
<http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=664&MId=4146>
- (b) 20 July 2021 report - item 6
<http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=664&MId=4147>
- (c) 14 September 2021 report – item 6:
<http://moderngov.southkesteven.gov.uk/documents/g4148/Public%20reports%20package%2014th-Sep-2021%2014.00%20Cabinet.pdf?T=10>

15 Appendices

15.1 There are two appendices to this report, as detailed below:

- (a) Appendix 1: Public consultation – key findings
- (b) Appendix 2: Equality Impact Assessment