



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**



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


22 November 2022

Report of Councillor Adam Stokes,
Deputy Leader of the Council

Localised Council Tax Support Scheme 2023/24

Report Author

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Purpose of Report

This report is for Finance, Economic Development and Corporate Services Overview and Scrutiny Committee to review the consultation responses and comment on the proposed Localised Council Tax Support Scheme 2023/24, as well as proposals made in relation to the discount for care leavers, discount for Special Constables and Discretionary Hardship Fund.

Recommendations

That the Committee:

- 1. Recommends to Cabinet the proposed Local Council Tax Support Scheme for 2023/24 after considering the feedback from the recent consultation.**

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	High performing Council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The actual cost of the discount scheme for 2023/24 will not be known for certain until the end of that 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.
- 1.2 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.
- 1.3 The Discretionary Payment fund of £30,000 made available in previous years and is proposed for 2023/24.
- 1.4 Should the Council wish to approve the proposal to continue of the Council Tax Discount for Police Special Constables, this will be a direct cost to the General Fund of circa £10,000 for awards relating to 2022/23 (if all eligible Special Constables applied for the discount)

Completed by: Richard Wyles, Chief Finance Officer and s151 Officer

Legal and Governance

- 1.5 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.

- 1.6 The regulations for the scheme proposed to be adopted are to be collated and made available for Council in January 2023.

Completed by Graham Watts, Assistant Director of Governance and Deputy Monitoring Officer

Risk and Mitigation

- 1.7 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.
- 1.8 Any revisions to the scheme must be approved by 31 January 2023.
- 1.9 The scheme cannot be changed mid-year and therefore it is vital the correct scheme is in place.

Completed by: Tracey Elliot, Governance and Risk Officer

2. Background to the Report

- 2.1 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.
- 2.2 There are currently 7,414 residents claiming Council Tax Support in the South Kesteven District. Of these, 3,141 are pensioners and 2,731 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 1,542 remaining working age claimants where a local scheme can be determined which can change the level of support provided.
- 2.3 A breakdown of caseload can be seen in the table below:

1st of month	Working age	Pension age	Total
September 2019	4,190	3,451	7,641
December 2019	4,223	3,403	7,626
March 2020	4,290	3,374	7,664
June 2020	4,955	3,354	8,309

1 st of month	Working age	Pension age	Total
September 2020	4,950	3,320	8,270
December 2020	4,941	3,272	8,213
March 2021	4,881	3,246	8,127
June 2021	4,936	3,244	8,180
September 2021	4,611	3,205	7,816
December 2021	4,387	3,197	7,584
March 2022	4,388	3,164	7,552
June 2022	4,356	3,162	7,518
October 2022*	4,273	3,141	7,414

*Data as at 27 October 2022

- 2.4 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.
- 2.5 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*
- 2.6 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
 - Cost of Living
 - Council budget capacity
 - Council tax collection rates
 - Economy
 - Demographics
 - Caseload (need for support)
 - Council objectives
 - Other Council comparisons

- 2.7 A report was presented to this Committee on 19 July 2022, giving more details with regards to the impact of the move of legacy benefits to Universal Credit, and the impacts of cost of living.
- 2.8 Given the current operating context, it will be problematic to fundamentally re-assess any Council Tax scheme due to the volatility that is impacting on a number of the objectives listed above.
- 2.9 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.
- 2.10 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	7,414	100%
Pensioner	3,141	42.37%
Working age vulnerable	2,731	36.84%
Working age	1,542	20.79%

- 2.11 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.
- 2.12 Based on caseload as at 27 October 2022, the current cost of the 2022/23 scheme is £7,056,973 with South Kesteven's share of this being £635,127 (9%).
- 2.13 Due to this protection from changes to pensioners and vulnerable working age customers, any 'savings' to be made to the proposed scheme can only be applied to the 1,542 customers, or 20.79% of the caseload. This means out of the current Council spend of £635,127 – only £132,043 (20.79%) can be influenced by a change to the current scheme.
- 2.14 The reality is that out of any potential options 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 74.07% of respondents did agree.

Current Local Council Tax Support Scheme – 2022/23

- 2.15 The current scheme has the following restrictions to working age customers:
- (i) Maximum entitlement capped at 80%;
- 2.16 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 Exemption for care leavers

- 2.17 The scheme was first approved for 2019/20, for a local discretionary Council Tax discount of up to 100% for care leavers aged 18 to 21 years, with the discount ending on the individuals 22nd birthday.
- 2.18 The scheme was amended for 2021/22 and the, the age limit was increased to 24 years of age, with the discount ending on the individuals 25th birthday.

Special Constabulary Council Tax Discount Scheme

- 2.19 The scheme was first approved for 2022/23. Currently, we have 3 Special Constables in receipt of the discount.
- 2.20 If the scheme is approved to continue in 2023/24, 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.
- 2.21 If the scheme continues, the Police and Crime Commissioner (PCC) will write to all Special Constables who live within the district of South Kesteven, by 30 April 2023, confirming they have met the hours worked criteria, and will provide a link to the Councils website.
- 2.22 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 2023.
- 2.23 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 Fund

- 2.24 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.
- 2.25 The total amount of funding allocated for each year is £30,000. For 2022/23, the decision was taken to move any unspent funding from 2021/22 into the new year. As a result, in 2022/23 there was a total of £38,815 funding available.
- 2.26 To date, £15,472 has been awarded, meaning there is £23,343 remaining, to be issued up to 31 March 2023.
- 2.27 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.
- 2.28 Work is being undertaken as part of the Cost of Living Strategic Working Group to promote the funding to ensure support is available by those impacted by current cost of living pressures.
- 2.29 In addition to this, residents will also be supported by South Kesteven District Council in the form of the Household Support Fund (HSF) grant. The Council are working in collaboration with Lincolnshire County Council and the Lincolnshire Districts to agree a scheme for implementation.

Consultation and communication:

- 2.30 A report was presented to this committee on 19 July 2022 to consider the following recommendations: -
- (b) No changes to the financial element of the scheme – retain the current scheme at 80% maximum entitlement;
 - (c) 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
 - (d) Approve a consultation process for the above two proposals
- 2.31 The decision by this Committee was to approve the commencement of the consultation for the 2023/24 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.

2.32 Public consultation began on 26 September 2022 and ran to 21 October 2022. Consultation has been undertaken with major precepting authorities, stakeholders and residents through a variety of methods, as detailed below: -

- An online survey (paper surveys were issued upon request);
- All South Kesteven District Council Members and Parish Clerks were issued with an email advising them of the consultation;
- Partner organisations were also advised of the proposed scheme – include Citizens Advice; and
- Major preceptors – Police and Crime Commission and Lincolnshire County Council

Key Findings from the public consultation:

2.33 There were a total of 7,414 residents eligible to respond to the survey, and of these, 27 did respond – this is a rate of 0.36%. The key findings are detailed below

- 1) 20 or 84.07% of respondents support the current scheme, which includes the continuation of the Council Tax exemption for care leavers, the Council Tax discount for Special Constables and the Discretionary Payment fund.
- 2) There was an additional question asked, which enabled the respondent to provide commentary. These have been grouped into common themes: -
 - (i) The criteria for eligibility need to be reviewed, to take into account the detrimental effect on pensioners / low income;
 - (ii) Carers aren't included;
 - (iii) The support is not enough, it needs to be 100%; and
 - (iv) General comments relating to cost of living and impact on mental health;

3. Key Considerations

3.1 These are set out in the report.

4. Other Options Considered

4.1 Options considered are set out in the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee report on 19 July 2022.

5. Reasons for the Recommendations

5.1 These are set out in the report.

6. Consultation

6.1 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 2.5.

6.2 The timetable is as follows: -

- 13 December 2022: Cabinet – **recommendation** of scheme for 2023/24 for Council
- 26 January 2023: Council – **decision required:** approval of final 2023/24 scheme for implementation from 1 April 2023. 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 a new scheme after consultation by 31 January 2023.

7. Background Papers

7.1 A full report was presented to Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 19 July 2022 (item 7) agreeing to recommendations for consultation. The report can be accessed here:

moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CIId=664&MIId=4273

8. Appendices

8.1 There are two appendices to this report, as details below:

- a) Appendix 1: Lincolnshire County Council consultation response
- b) Appendix 2: Police and Crime Commissioner consultation response