



5<sup>th</sup> December 2023

Report of Councillor Ashley Baxter,  
Deputy Leader of the Council

## Local Council Tax Support Scheme 2024/25

### Report Author

Claire Moses, Head of Service (Revenues, Benefits, Customer and Community)



claire.moses@southkesteven.gov.uk

### Purpose of Report

This report reviews the responses to the public consultation of the Council's Local Council Tax Support Scheme 2024/25 and makes recommendations regarding the proposed Scheme for 2024/25 which will be subject to approval by Council on 28<sup>th</sup> January 2024.

### Recommendations

#### Cabinet is asked to recommend to Council:

1. **The introduction of the Local Council Tax Support Scheme for 2024/25 based on the same overarching criteria as the existing scheme and including the following:**
  - a. **Continuation of the War Pension and Armed Forces Compensation Disregard for Housing Benefit and Council Tax Support with effect from 1 April 2024 (as detailed in paragraph 3.4).**
  - b. **The alignment of the value of the capital tariff limit and disregard for working age claimants to the pension age claimant values with effect from 1 April 2024 (as detailed in paragraph 3.5).**

**c. The introduction of a second home premium of 100% with effect from 1 April 2025, following the required 12 months' notice to those ratepayers impacted by this change (as detailed in paragraph 3.7).**

<b>Decision Information</b>	
Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Healthy and strong communities High performing Council
Which wards are impacted?	All wards

## **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***

- 1.1 The actual cost of the Council Tax Support Scheme for working age and pension age residents 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.
- 1.2 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.
- 1.3 Should the Council wish to approve the continuation of core elements of the current scheme, plus approval of public consultation options 2, 4 and 5, the financial impact of this would be:
  - Continuation of the Care Leavers Exemption: This will be a cost of circa £13,000 (based on 15 eligible awards for 2023/24). This cost is shared between SKDC and the preceptors; and

- Continuation 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 2023/24 (if all eligible Special Constables applied for the discount).

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

### ***Legal and Governance***

- 1.4 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.
- 1.5 The regulations for the scheme proposed to be adopted are to be collated and made available for Council in January 2024.

Completed by: Graham Watts, Assistant Director (Governance Public Protection) and Monitoring Officer

### ***Risk and Mitigation***

- 1.6 The Council, and other preceptors, bear the risk of the cost of the Council Tax Support scheme if an increase in caseload causes costs to increase beyond predictions.
- 1.7 Any revisions to the scheme must be approved by 31 January 2024.
- 1.8 The scheme cannot be changed mid-year and therefore it is vital the correct scheme is in place.

Completed by: Tracey Elliott, Governance and Risk Officer

## **2. Background to the Report**

- 2.1 The Council has a clear commitment in its Corporate Plan 2020-2023 to healthy and strong communities and being a high performing council. This report, and the support provided through the councils Localised Council Tax Support Scheme, is aimed at delivering these priorities.

2.2 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 after due consultation with precepting authorities, key stakeholders, and residents.

2.3 There are currently 7,137 residents in receipt of Council Tax Support in South Kesteven. Of these, 4,020 people of working age and 3,117 of pension age are protected under the legislation and receive Council Tax support as prescribed by the Government (broadly similar to the level of Council Tax Benefit).

2.4 A breakdown of caseload is shown in the table below:

1 <sup>st</sup> of month	Working age	Pension age	Total
March 2022	4,388	3,164	7,552
June 2022	4,356	3,162	7,518
September 2022	4,209	3,157	7,366
December 2022	4,114	3,150	7,264
March 2023	4,094	3,141	7,235
June 2023	4,113	3,133	7,246
October 2023	4,023	3,129	7,152
November 2023*	4,020	3,117	7,137

\*Data as of 10 November 2023

2.5 The Council agreed to a LCTSS, which came into effect on 1 April 2013. The core scheme currently provides:

- 80% support for working age claimants
- 100% support for pension age claimants

2.6 The Local Government Finance Act 2012 requires any proposed scheme to go through certain steps before it can be adopted by the Council as a Billing Authority:-

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

- (a) *consult any major precepting authority which has 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*

2.7 There is uncertainty regarding the impact of remaining legacy benefit claimants moving to Universal Credit by the end of 2026, which resumed in May 2022. The transition date from Housing Benefit to Universal Credit has been pushed back on many occasions (nationally). In July 2023, a report to this committee advised the transfer date would be completed by 2024; this has since been postponed to 2026.

- 2.8 The restart follows a pause during the Covid pandemic when Department for Work and Pension (DWP) staff were focussed on supporting a surge of new claimants to Universal Credit.
- 2.9 The six benefits being replaced all have complex eligibility criteria and Universal Credit is designed to provide each claimant with individually tailored support to help them into employment. The rollout will be carefully managed by the DWP, and claimants will be asked to move to Universal Credit.
- 2.10 It is not yet known how many of the legacy customers will be moved over during the remaining months of 2023/24 and throughout 2024/25 and whether or not their entitlement to Council Tax Support will change.
- 2.11 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.

## **Financial cost of the current Council Tax Support Scheme (2023/24)**

- 2.12 Despite the scheme being a 'local' CTS scheme, due to the nature of protection provided to pensioners and vulnerable working age customers, the Council will always incur some costs over which it has no influence.
- 2.13 The current caseload can be broken down as follows and shows any changes implemented will only apply to 16.07% of the caseload (working age), as pensioners and vulnerable working age are protected. This is a reduction from the previous year of 4.72% (working age caseload was 20.79%):

<b>Caseload breakdown</b>	<b>Caseload</b>	<b>% of caseload</b>
Total caseload	7,137	100%
Pensioner (protected)	3,117	43.67%
Working age vulnerable (protected)	2,873	40.25%
Working age (local discretion)	1,147	16.07%

- 2.14 Based on caseload on 10 November 2023, the current cost of the scheme is £7,236,262 (increased by £179,289 from £7,056,973 at the same point in 2022) with South Kesteven's share being £651,264 (9%) increased by £16,136 from the previous year.
- 2.15 Due to the protections from changes (referenced in paragraph 2.13) to pensioners and vulnerable working age customers, any reduction in cost to the proposed scheme can only be applied to the 1,147 working customers, or 16.07% of the caseload. This means out of the Council's current share of the cost of £651,264, only £104,658 (16.07%) can be influenced by changes to the current scheme.

## **Current Local Council Tax Support Scheme – 2023/24**

2.16 The Council's local scheme has been subject to amendments since the introduction in April 2013 to maintain the link with Housing Benefit and the previous Council Tax Benefit scheme.

2.17 The current scheme has the following restrictions for working age customers:-

- Maximum entitlement capped to 80%.

2.18 The current scheme also has the following amendments to Council Tax technical restrictions for all Council Taxpayers: -

- Introduction of additional premiums to properties empty over 2 years, plus the original charge: -
  - 200% premium – empty between 2 and 5 years.
  - 300% premium – empty between 5 and 10 years.
  - 400% premium – empty over 10 years.
- Unoccupied discount of 100% for the first month.
- Care leavers' council tax exemption – 100% for those aged between 18 and 25; and
- Reduction for Special Constables who live in the district – 25% for each special constable resident in the household (up to 2 resident, equalling 50% reduction).

## **Council Tax Exemption for care leavers – 2023/24**

2.19 In 2019/20, a scheme was approved for a local discretionary Council Tax exemption of up to 100% for care leavers aged 18 to 21 years, with the exemption ending on each individual's 22<sup>nd</sup> birthday.

2.20 The scheme was amended for 2021/22 and the age limit was increased to 24 years of age, with the discount ending on each individual's 25<sup>th</sup> birthday.

## **Special Constabulary Council Tax Discount Scheme – 2023/24**

2.21 This scheme was first introduced on 1 April 2022. The award of the discount is retrospective; therefore the discount was awarded for the financial year 2021/22.

2.22 In the financial year (2022/23), the discount has been awarded to only one Special Constable. The scheme has now closed for the financial year (2022/23).

2.23 If the scheme continues, the Police and Crime Commissioner (PCC) will write to all eligible Special Constables who live in South Kesteven, by 30 April 2024, to confirm they have met the hours worked criteria, and will provide a link to the Council's website.

- 2.24 Each Special Constable wishing to take advantage of the discount scheme will be required to complete an online application form and upload the letter from the PCC.
- 2.25 The award of the discount will be referenced to service during 2023/24. As a result, the eligibility for the discount will be considered, and an award made no later than the 31 May 2024. This will be applied to the Council tax account for 2023/24.
- 2.26 In the response to the public consultation (Appendix Three), the PCC are supportive of the continuation of support for Special Constables but raised concerns regarding the extension of the scheme to police volunteers.

## **Consultation and communication – proposed 2024/25 scheme**

- 2.27 On 18 July 2023, Finance and Economy Overview and Scrutiny committee considered a number of options for public consultation and potential changes to the scheme from 1 April 2024. Details of these options are shown in Appendix One.
- 2.28 The recommendation of the Committee was to undertake consultation for the 2024/25 Localised Council Tax support scheme and to consider the outcome of the consultation findings prior to making a recommendation to Cabinet, who would make a final recommendation to Council in January 2024.
- 2.29 The public consultation took place between 1 September and 13 October 2023. Consultation was undertaken with major precepting authorities, stakeholders, and residents through a variety of methods, as follows:
  - Letters were issued to all 7,133 Council Tax Support recipients.
  - An online survey (paper surveys were issued upon request);
  - Members of the District Council (information by e-mail)
  - Parish Clerks (information by e-mail);
  - Partner organisations, including Citizens' Advice Bureau were advised of the proposed scheme
  - Police and Crime Commissioner (PCC) via e-mail; and
  - Lincolnshire County Council (LCC) via e-mail.
- 2.30 Of the 7,133 letters issued, a total of 370 responses were received – this is equivalent to 5.20% of the current recipients.
- 2.31 The key findings of the consultation are detailed within Appendix One and a summary of the responses is detailed below:

	Agreed		Disagreed		Didn't Know	
	No.	%	No.	%	No.	%
Agreed with the principles of the current scheme	302	81.6%	46	12.4%	22	6.0%
Thought the principles should continue for 2024/25	318	86.2%	32	8.4%	20	5.4%
Thought the Discretionary Council Tax Payment scheme should continue for 2024/25	340	91.9%	21	5.7%	9	2.4%
Thought the exemption for young people leaving the care system should continue	288	77.8%	52	14.1%	30	8.1%
Thought the Special Constable Discount scheme should continue	203	54.9%	121	32.7%	46	12.4%
Option 1: No change to current scheme	302	81.6%	46	12.4%	22	6.0%
Option 2: Continue with War Pension and Armed Forces Compensation Disregard for Housing Benefit and Council Tax Support	272	73.5%	65	17.6%	33	8.9%
Option 3: Regularity of changes to income to be reviewed	240	64.9%	38	10.2%	92	24.9%
Option 4 – Capital tariff limit and disregard for working age claimants to be aligned to pension age claimant values	231	62.4%	53	14.3%	86	23.3%
Option 5 – Introduction of a Second Home premium of 100%	318	85.9%	20	5.4%	32	8.7%
Option 6 – Introduction of a Volunteer Council Tax Discount Scheme	217	58.6%	115	31.1%	38	10.3%
Option 7 – Introduction of a Veterans' Council Tax Discount Scheme	260	70.3%	65	17.5%	45	12.2%

2.32 The Lincolnshire County Council (LCC) response to the consultation is detailed in Appendix Two. Their response is specifically focussed on Option 7 – the proposal to introduce a Veterans' Council Tax Discount Scheme. LCC has acknowledged there would be a significant increase in cost to the scheme which would reduce the council tax base and the amount of council tax collected locally. LCC have advised they would bear the vast majority of this cost, which could equate to several million pounds. The response goes on to state:

*This would reduce the level of resource available for Lincolnshire County Council and other preceptors, at a time when inflation and demand pressures has caused and continues to cause significant increases to the cost base. The proposal has the potential to adversely impact significantly more residents than the 8,500 the proposed change could potentially financially benefit, including vulnerable residents throughout Lincolnshire.*

*In addition, the proposal has the potential to mean that war veterans are treated significantly differently in South Kesteven in comparison to all other Lincolnshire districts. There are other relevant factors to consider, including:*

- *The term veteran could potentially apply after one day of service*
- *The existing scheme already provides targeted support to those most in need*
- *Being a veteran does not necessarily equate to financial hardship, which is a key value for money consideration*

*It must also be noted that financial modelling has not been made available, to demonstrate the potential financial impact of the changes proposed. This impacts the extent to which all stakeholders can understand the impact of the proposal and respond accordingly.*

*Taking all factors into account, the Council is not supportive of changing the council tax support scheme to incorporate an additional discount for war veterans.*

- 2.33 The Police and Crime Commissioners' (PCC) response to the consultation is detailed in Appendix Three. The PCC response focused on the Special Constable discount, as referenced in paragraph 2.21 to 2.26 of this report.
- 2.34 The impact of all options is detailed in Appendix One. This appendix provides a background of the option, impact of change if approved, including financial and impact or actions required if it is not approved.

### **3. Key Considerations**

- 3.1 It is proposed the current core elements of the 2023/24 scheme, as detailed in paragraphs 2.17 to 2.26 of this report are retained and continue for 2024/25.
- 3.2 Consideration needs to be given to all the options proposed and consulted on which are detailed in Appendix One.
- 3.3 It is proposed the following options **are included** within the Council Tax Support Scheme 2024/25 from **1 April 2024**:
  - 3.4 **Option 2: Continue with War Pension and Armed Forces Compensation Disregard for Housing Benefit and Council Tax Support – effective 1 April 2024**
    - 3.4.1 This is at no additional cost to the current scheme as this would be a continuation of the existing scheme.

**3.5 Option 4: Capital tariff limit and capital disregard for working age claimants to be aligned to pension age claimant values – effective 1 April 2024**

- 3.5.1 Currently, working age customers with capital over £6,000, have £1 of “tariff income” added for every £250.00 of capital they have. This increases the income used within a Council Tax Support scheme assessment by £1 per week.
- 3.5.2 It was proposed for this to be aligned to the same limits as pensioners – these being a capital tariff of £1 for every £500, and a disregard of £10,000.
- 3.5.3 There would be an increased cost to implement this scheme of £2,323.

3.6 It is proposed the following option **is included** within the Council Tax Support Scheme 2025/26 from **1 April 2025**:

**3.7 Option 5: Introduction of a Second Home premium of 100% – effective 1 April 2025**

- 3.7.1 This is a measure which is included in the Levelling Up & Regeneration Bill to allow councils the ability to charge a council tax premium of up to 100% for any property left empty for more than 72 days a year.
- 3.7.2 The bill received Royal Assent on 26 October 2023, and was incorporated within the Levelling-up and Regeneration Act 2023: [Levelling-up and Regeneration Act 2023 Stages - Parliamentary Bills - UK Parliament](#)
- 3.7.3 The Council must give residents one year’s notice of our intention to charge the 100% premium; therefore, if this were to be effective from 1 April 2025, notice would need to be given prior to 1 April 2024.
- 3.7.4 The current discount of 10% is a total cost of £56,453. If the introduction of the premium is approved, the 10% discount will be removed and an additional 100% charge will be applied.
- 3.7.5 There are currently 353 Council Tax properties which would attract a premium. Such premiums would increase Council tax annual liability by £631,915 per annum. If this was paid in full, South Kesteven’s share of this additional income would be £56,872 (9%).

3.8 It is proposed the following options **are NOT included** within the Council Tax Support Scheme 2024/25 and can be considered for the 2025/26 scheme as part of the 2025/26 consultation process:

- 3.8.1 Option 3: Regularity (frequency) of changes to income to be reviewed – to be considered as part of 2025/26 scheme consultation.
- 3.8.2 Option 6: Introduction of a Volunteer Council Tax Discount Scheme – to be considered as part of 2025/26 scheme consultation
- 3.8.3 Option 7: Introduction of a Veterans’ Council Tax Discount Scheme – to be considered as part of 2025/26 scheme consultation

## **4. Other Options Considered**

4.1 The detailed options which were subject to consultation are detailed in **Appendix One** of this report.

## **5. Reasons for the Recommendations**

5.1 These are set out in the report.

## **6. Consultation**

6.1 Consultation regarding the administrative and financial impact of changes and additions to the Local Council Tax Support scheme is a legal requirement. The scheme must be reviewed, consulted upon, and approved on an annual basis.

6.2 The timetable to approve a no change or any change to the 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 2.6.

6.3 The timetable is as follows: -

- 25 January 2024: Council – decision required: approval of final 2024/25 scheme for implementation from 1 April 2024. 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 2024.

## **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 8) agreeing to recommendations for consultation. The report can be located here: [Agenda for Finance and Economic Overview and Scrutiny Committee on Tuesday, 18th July, 2023, 10.30 am | South Kesteven District Council](#)

7.2 A full report was presented to Finance and Economic Overview and Scrutiny Committee on 28 November 2023 (item 11) agreeing to recommendations one and two as detailed within the report. The report can be located here: [Agenda for Finance and Economic Overview and Scrutiny Committee on Tuesday, 28th November, 2023, 2.00 pm | South Kesteven District Council](#)

## **8. Appendices**

8.1 There are three appendices included within this report:

- Appendix 1: Analysis of public consultation and Council Tax Support Scheme Options for public consultation
- Appendix 2: Lincolnshire County Council consultation response
- Appendix 3: Police and Crime Commissioner consultation response