



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Finance and Economic Overview and Scrutiny Committee

Wednesday, 17 July 2024

Report of Councillor Ashley Baxter,
Cabinet Member for Finance, HR and
Economic Development

Local Council Tax Support Scheme Proposals 2025/26

Report Author

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Purpose of Report

This report outlines the Council's proposed Local Council Tax Support Scheme for 2025/26 ahead of public consultation.

Recommendations

That the Finance and Economic Overview and Scrutiny Committee:

- 1. Note the content of the report.**
- 2. Offers comment and feedback on the proposal of a 'no change' Local Council Tax Support Scheme 2025/26 for stakeholder consultation.**
- 3. Approves the areas for stakeholder consultation as detailed in the report (paragraphs 2.14 to 2.25).**

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Enabling economic opportunities Effective 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 and Procurement

- 1.1 The actual cost of the current year's scheme 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.

Completed by: Richard Wyles, Deputy Chief Executive and Section 151 Officer

Legal and Governance

- 1.3 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.

- 1.4 The regulations for the scheme proposed to be adopted are to be collated and made available for Council in January 2025.

Completed by: Graham Watts, Monitoring Officer

Risk and Mitigation

- 1.5 The Council, and other preceptors, bears the risk of the cost of the Council Tax Support scheme if an increase in caseload causes costs to increase beyond predictions.
- 1.6 Any revisions to the scheme must be approved by 31 January 2025.

Completed by: Tracey Elliott, Governance & Risk Officer

Diversity and Inclusion

- 1.7 An Equality Impact Assessment will be undertaken as part of the ongoing process, dependent upon the options recommended for consultation. It is expected that any changes to the current scheme that reduce the current maximum award of support will have an adverse impact on specific household income. Whilst this impact would not be related to any specific, protected characteristic identified in law, we are mindful of socio-economic impact, as a specifically mentioned area for consideration in the Equality Act 2010, and will give due regard as part of the equality impact assessment.

Completed by: Carol Drury, Community Engagement Manager

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 (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 7,172 residents claiming LCTSS in the South Kesteven District. Of these, 3,076 are pensioners who are protected under the legislation and receive LCTSS as prescribed by the Government (broadly similar to the level of Council Tax Benefit). It is the 4,096 claimants of working age who will be affected by changes to the level of support determined by a local scheme.
- 2.2 The Council agreed to a LCTSS which came into effect on 1 April 2013. Our core scheme currently provides:
 - 80% support for working age claimants
 - 100% support for pension age claimants

2.3 The proposed scheme must follow prescribed stages as stated in the Local Government Finance Act 2012 before it can be adopted by this 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*

2.4 There is ongoing 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).

2.5 The restart follows a pause to the process during the Covid pandemic when Department for Work and Pension (DWP) staff were focussed on supporting a surge of new claimants to Universal Credit. 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.

2.6 The rollout is being managed by the DWP and started in April 2024, whereby claimants are being contact by DWP and asked to move to Universal Credit. The number of legacy customers moving over during 2024/25 is unknown, along with whether or not their entitlement to Council Tax Support will change.

2.7 A change to the Council Tax Support scheme with such uncertainties as described above could lead to customers being worse off, or a significant increase in cost to the Council.

Financial cost of the current Council Tax Support Scheme

2.8 For 2023/24, the cost of the scheme was £7,207,563. This was an increase from £6,999,604 at the same point in 2023. An increase of £207,959. The Council's share of the total cost for 2023/24 was £648,681 and the share of the increase was £58,381 (based on a 9% share).

2.9 On 1 April 2024, the cost of the 2024/25 scheme increased to £7,665,334. This is as a result of the Council Tax increase and an increase in those in receipt of the support.

2.10 During 2024, there has been a small increase in claim numbers for working age customers (as detailed in the table in paragraph 2.16). As a result, as of 28 June 2024, the cost of the LCTSS is £7,710,979. This is an increase of £45,645.

2.11 It is difficult to accurately determine the reasons for the increase in cost, however, officers have noticed an increase in contact with the Cost of Living Team and an increase in applications for Discretionary Council Tax Payments and Discretionary Housing Payments. This would indicate a downturn in economic activity and financial support for residents. Whilst this is a minor increase, it is an indication of how the financial volatility and other external factors can influence claim numbers.

2.12 Further details of caseload increase are shown in the table below:

1 st 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
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
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
September 2023	4,001	3,115	7,116
December 2023	4,014	3,090	7,104
March 2024	4,046	3,082	7,128
June 2024*	4,096	3,076	7,172

* As of 28 June 2024

South Kesteven District Council Local Council Tax Support Scheme – 2024/25

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

Restrictions for working age customers – effective from 1 April 2013:

2.14 The current scheme has the following restrictions for working age customers:-
Maximum entitlement capped to 80%

Council Tax technical restrictions – effective from 1 April 2013 (and onwards)

2.15 The current scheme also has the following amendments to Council Tax technical restrictions for all Council Taxpayers as a result of changes to legislation: -

- Introduction of changes to the properties which are unoccupied and unfurnished: -
 - 100% discount for one month;
 - 25% discount for the following 5 months;
 - 100% charge thereafter.
- 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.

Council Tax Exemption for care leavers – effective from 1 April 2019:

2.16 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 22nd birthday.

2.17 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 25th birthday.

Special Constabulary Council Tax Discount Scheme – effective from 1 April 2022:

2.18 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.

2.19 In the financial year (2023/24), the discount has been awarded to only one Special Constable. The amount awarded was £480.31.

2.20 The scheme has now closed for the financial year (2023/24) as the application deadline was 30 April 2024.

Continuation of the War Pension and Armed Forces Compensation Disregard for Housing Benefit and Council Tax Support – effective from 1 April 2024:

2.21 Section 134 8(a) of the Social Security Administration Act 1992, allows local authorities to modify any part of the Housing Benefit scheme to provide for the disregarding of prescribed war disablement pensions or war widows' pensions.

2.22 South Kesteven District Council has applied a disregard of 100% through Officer Delegated Decision. However, as a result of the 2021/22 Housing Benefit audit, a recommendation was taken forward for the Council Tax Support and Housing

Benefit War Pension and Armed Forces Compensation Disregard to be included as part of this consultation and decision making process and was first brought to this Committee for inclusion in consultation in July 2023, for the 2024/25 scheme.

The alignment of the value of the capital tariff limit and disregard for working age claimants to the pension age claimant values – effective from 1 April 2024:

- 2.23 This was first brought to this Committee for inclusion in consultation in July 2023, for the 2024/25 scheme.
- 2.24 As part of the consultation, it was proposed the capital tariff limit and disregard for working age claimants be aligned to that of the pension age claimant values with effect from 1 April 2024 – these being a capital tariff of £1 for every £500, and a disregard of £10,000.
- 2.25 As a result of consultation, and the approval of the 2024/25 scheme, the alignment was introduced from 1 April 2024.

Government led changes

- 2.26 As a billing authority, the Council can decide whether or not to amend core elements of its scheme each year.
- 2.27 There will be some technical changes that will still need to be applied to ensure that the Council's scheme complies with the Prescribed Scheme Regulations (covering Universal Credit, premiums, and discounts). These details will be announced by the Ministry of Housing, Communities and Local Government (MHCLG).
- 2.28 Technical amendments to the scheme in relation to uprating income, applicable amounts, disregards, and allowances are to be collated once statutory details have been released by the Secretary of State; it is intended that these will be circulated to Members for consideration at the Council meeting in January 2025. There will be no change to the adopted policy in the way LCTSS is calculated for these areas. Officers have considered if there is any need for any transitional arrangements to the revised scheme and concluded transitional arrangements are not needed for the 2025/26 scheme.

Council Tax Support scheme 2025/26

- 2.29 It is proposed there are no changes to the current LCTSS for 2025/26.
- 2.30 As detailed in paragraphs 2.4 to 2.7, there are a number of uncertainties with regards to the impact of Universal Credit migration. Changes to the Council Tax Support scheme would not be accurately modelled as the number of those in receipt of Council Tax Support will fluctuate during 2024/25 and therefore would not give an accurate indication of a stable claimant base.
- 2.31 There have been a number of changes to the scheme in recent years, and whilst these have been necessary, it does mean officers and recipients need to be aware

of how the changes can affect entitlement, should there be amendments to Council Tax Support awards in previous years.

2.32 Whilst it is proposed this is a 'no change' scheme, the Council are still required to undertake a consultation process – details of which are provided in Section 6 of this report.

3. Key Considerations

3.1 These are detailed in paragraph 2.29 to 2.32 of the report.

4. Other Options Considered

4.1 No other options have been considered as it is a legal requirement for this scheme to be reviewed, consulted upon, and approved on an annual basis.

5. Reasons for the Recommendations

5.1 These are detailed in paragraph 2.29 to 2.32 of the report.

6. Consultation

6.1 The indicative timetable to approve any new discount scheme would need to be considered as part of the annual review and public consultation of the LCTSS.

6.2 The LCTSS 2025/26 will need to be considered by Council no later than 31 January 2025 as the Billing Authority is required to approve the scheme after public consultation for implementation from 1 April 2025.

6.3 If the Committee agrees with the recommendation of a no change scheme, the timetable is as follows: -

- 1 September 2024 to 31 September 2024: Public and Major Precepting Authority consultation process. The Council is required to review their current LCTSS. 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.
- October 2024: Consultation analysis.
- 26 November 2024: Finance and Economic Overview and Scrutiny Committee – review the outcome of consultation and proposed scheme for 2025/26
- 16 January 2025: Cabinet – recommendation of scheme for 2025/26 for Council.
- 30 January 2025: Council – decision required: approval of final 2025/26 scheme for implementation from 1 April 2025. 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.