

Thursday, 1 December 2022

Council

Tuesday, 13 December 2022

**Report of the Portfolio Holder for Finance, Risk and Customer Services****Local Council Tax Reduction Scheme 2023/24****Exempt Information**

This proposal is not exempt information for the purposes of Part 1 of Schedule 12 (A) of the Local Government Act 1972.

**Purpose**

To advise members that the Local Council Tax Reduction Scheme for working age customers for 2023/24 should include continued alignment to Applicable Amounts with those of Housing Benefit.

**Recommendations**

- 1. That Council consider and endorse the proposed recommended changes detailed below:**
- 2. That the planned review for the introduction of a banding scheme for Council Tax Reduction be deferred until 2024 and that the current scheme for working age customers continues to be aligned to Applicable Amounts with those of Housing Benefit for 2023/24.**

**Executive Summary**

This report updates Members on the proposal to review the Local Council Tax Reduction Scheme for implementation on 1 April 2024.

Proposals have been submitted previously to Corporate Scrutiny committee in order to review the current Council Tax Reduction Scheme with the aim to finalise a new scheme for consultation.

The proposal was to replace the current 'traditional scheme' for working age claimants which was modelled in 2012 (and implemented in April 2013) based on the national Council Tax Benefit and has had various amendments made annually to continue to align to legislation changes in Housing Benefit.

The national scheme regulations continue for pensioners, which mirror the obsolete Council Tax Benefit Scheme.

At the meeting, Members reviewed the proposals in detail and asked for further modelling to be carried out (for up to 100% supported scheme) and reported back to committee.

However, in light of the unprecedented situation following the COVID-19 Pandemic and the economic situation, the review was postponed. It is suggested that this be extended until 2024 when the situation will become clearer. It is just too soon to forecast the potential longer-term consequences on demand for the scheme yet to be experienced. It requires

further time before we have a clearer idea on how the economy has responded to the recovery process including any lasting effects for individual businesses and their employees. Should this be approved Officers will start to work on modelling potential schemes for 2024/25. In any event, the earliest any changes could now be made would be 1 April 2024 to allow for the required consultation process.

Reports recommending this approach have previously been considered and approved at both Corporate Scrutiny and Cabinet.

### **Options Considered**

The current scheme for most working age customers bases an award on a maximum of 75% of their Council Tax liability. Those who receive a Severe Disability Premium, or who have a disabled child and those who receive a War Widows/War Disability Pension or Armed Forces Compensation Scheme payment have their awards based on 100% of their liability, known as Protected Groups.

Pensioners also continue, under the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, to have their awards based on 100% of their Council Tax liability.

Members at both Cabinet and Corporate Scrutiny Committee meetings had previously reviewed proposals to introduce a Banded Scheme, for implementation in 2021/22, starting on 1 April 2021, which would remove much of the complexity associated with the current scheme, whilst at the same time maintaining fairness and equality in the way in which awards are distributed amongst Council Tax payers.

However, in light of continuing issues post pandemic and the current state of the economy, the potential implications for the scheme need to be considered.

The current 'means tested scheme' was largely unaffected by the changes to the Welfare system as announced by the government in response to the outbreak of COVID19. The current scheme continues to be able to react quite quickly to the changes in claimants' income, therefore ensuring that they have not lost any Council Tax Reduction.

In addition, there has been and still is much uncertainty of the impact on the welfare system yet to come, and around the uncertainty of the current state of the economy and indeed when it will recover.

**In light of the proposals contained within this report, there are no proposed changes to the scheme for 2023/24 other than a provision for "approved blood schemes" (compensation payments for those affected by infected blood or blood products) which are to be disregarded when calculating an applicant's entitlement to a Council Tax Reduction and the usual alignment with Housing benefit - which is a minor change and did not require a formal consultation.**

### **Resource Implications**

Latest figures confirm that £4.67m has so far been awarded in Local Council Tax Reduction (LCTR) for 2022/23, to both working age and pensioner customers of which £2.5m relates to working age claimants. The live caseload has reduced over the past 12 months by 4% (5,187 as at 31 October 2021 to 4,987 claims as at 31 October 2022) Appendix 4 illustrates caseload figures.

The Welfare Reform Act abolished Council Tax Benefit from 1 April 2013. It was replaced by a new Local Council Tax Reduction Scheme for working age customers. A national scheme of regulations was introduced for pensioners, which mirrors the obsolete Council Tax Benefit Scheme.

The impact of grant funding and expenditure is closely monitored on a regular basis to identify whether the scheme is achieving its objectives but also not increasing cost burdens to the Medium Term Financial Strategy. The current maximum level of award under the existing scheme is 75% for working age claimants. Current financial modelling indicates that although grant levels are reducing the scheme maxima should not be changed for the 2023/24 scheme as it would add further potential hardship to claimants. This position is under regular review. Members should be aware of the impact of potential Central Government Grant reductions as a result of the Autumn Statement when formulating the scheme for 2023/24 as any subsequent changes to the scheme governance arrangements, would require a consultation exercise.

### **Legal/Risk Implications Background**

Department for Levelling Up, Housing and Communities (DLUHC) have confirmed that consultation on the scheme is not required annually if it is not amended. Other than the provision for additional blood schemes and early alignment of applicable amounts to those of Housing Benefit, there are no other proposed changes to the LCTR Scheme for 2023/24 and therefore no consultation has been required.

Section 13 A (2) and Schedule 1A of the Local Government Finance Act 1992, as well as Schedule 1A, paragraph 16 of the Local Government Finance Act 2012 legislate that the scheme must be agreed annually by full Council.

The current scheme is performing well and continues to provide support to the most vulnerable Council Tax payers.

### **Equalities Implications**

Full Equality Impact Assessments were considered and taken into account when the scheme was initially finalised and agreed.

### **Environment and Sustainability Implications (including climate change)**

Funding for the replacement of the previous Council Tax Benefit Scheme was changed from an unrestricted reimbursement of Council Tax Benefit Subsidy to a restricted, pre-allocated grant figure – which has subsequently been reduced year on year as part of the austerity measures. The Council must be aware that there must be a contingency if, for instance, a major local employer goes into administration.

### **Background Information**

The Welfare Reform Act 2012

[http://www.legislation.gov.uk/ukpga/2012/5/pdfs/ukpga\\_20120005\\_en.pdf](http://www.legislation.gov.uk/ukpga/2012/5/pdfs/ukpga_20120005_en.pdf)

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Regulations) 2012

[http://www.legislation.gov.uk/uksi/2012/2885/pdfs/uksi\\_20122885\\_en.pdf](http://www.legislation.gov.uk/uksi/2012/2885/pdfs/uksi_20122885_en.pdf)

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### **List of Background Papers**

Local Council Tax Reduction Scheme 2020/21, Corporate Scrutiny Committee 25 August 2020 & Cabinet 10 September 2020.

Local Council Tax Reduction Scheme 2020/21 Onwards and Consultation Results, Council 10<sup>th</sup> December 2019

Local Council Tax Reduction Scheme 2021/22, Corporate Scrutiny Committee, 14 November 2019

Local Council Tax Reduction Scheme 2021/22, Cabinet 26 September 2019 & 3 December 2020

## **Appendices**

**Appendix 1** Local Council Tax Reduction Working Age Expenditure Summary

**Appendix 2** Local Council Tax Reduction Caseload Summary

**Appendix 3** Equality Impact Assessment Pensioners & Severely Disabled

**Appendix 4** Local Council Tax Reduction Caseload Graph