



REPORT TO:	Executive Board
DATE:	20 September 2023
SUBJECT:	Local Council Tax Support Scheme (Consultation) 2024/25
PURPOSE:	To agree consultation proposals for the local Council Tax Support scheme, 2024/25
KEY DECISION:	<i>No</i>
PORTFOLIO HOLDER:	Portfolio Holder for Finance
REPORT OF:	Christine Marshall, Deputy Chief Executive - Corporate Development (S151)
REPORT AUTHOR:	Sharon Hammond, Head of Revenues and Benefits
WARD(S) AFFECTED:	All
EXEMPT REPORT?	<i>No</i>

SUMMARY

The council is required to review its local Council Tax Support scheme each year and consult on its scheme proposals for the forthcoming year.

This report provides an update on the current scheme and seeks Executive Board approval to consult on proposals for 2024/25.

RECOMMENDATIONS

That Executive Board approves consultation on continuation of the current Council Tax Support scheme, including uprating in line with DWP's annual update of allowances and premiums for 2024/25.

REASONS FOR RECOMMENDATIONS

This will continue to align the CTS scheme and uprating for working age customers with DWP provisions for Housing Benefit and the CTS scheme for pensioners. This has been consistent each year since the introduction of the local scheme.

Additional analysis work as part of this year's review adds further emphasis to the need for a more fundamental scheme review, and work will begin in the next few months with any resulting new scheme being implemented 2025/26.

OTHER OPTIONS CONSIDERED

The 'do nothing' option was considered, which would see the current scheme retained without uprating.

1. BACKGROUND

- 1.1 This report updates Executive Board on the performance of the current Council Tax Support (CTS) scheme and sets out the considerations leading to proposals for consultation in respect of 2024/25.
- 1.2 The Local Government Finance Act 2012 sets out the process by which Councils must approve a local Council Tax Support scheme for working age claimants. Regulations continue to prescribe the scheme for pensioners.
- 1.3 East Lindsey District Council has retained a Council Tax Support Scheme since April 2013 that requires all working age households to pay at least 25% of their Council Tax liability. The scheme continues to protect War Disablement Pensioners, War Widow and War Widowers.
- 1.4 Some scheme changes were made in 2016/17 including restriction of CTS to Band D Council Tax liability. In 2019/20 a new class for Care Leavers was introduced, and in 2020/21 an earnings tolerance was introduced for Universal Credit claimants. From 2022/23 a provision was made in the local scheme for discretion to disregard national schemes introduced during a financial year in the calculation of support.

2. 2023/24 SCHEME REVIEW

2.1 Current Expenditure and Caseload

- 2.1.1 On 31 May 2023 the amount of CTS discount awarded for 2023/24 was £11,415,406. The table below demonstrates how CTS expenditure has changed over the past years, including the impacts of the pandemic. The cost to East Lindsey is approximately £970k (8.5%).

Year	Cost of CTS scheme £	Difference between years
2018/19	10,385,450	
2019/20	10,530,671	1.39%
2020/21	11,361,769	7.89%
2021/22	11,289,969	0.63%
2022/23	11,242,711	0.41%
2023/24 (@ 31/05/23)	11,415,406	1.53%

2.1.2 The following table shows the CTS caseload profile on 31 May 2023, between working age and elderly groups. This provides a view of the total live caseload and expenditure at a point in time, but it does not include a count of claims which have come on and gone off CTS in-year. 2023/24 expenditure will continue to fluctuate through the remainder of the year. It remains difficult to forecast caseload and expenditure with any degree of certainty in the current economic climate.

	Total Claims	2023/24 CTS Expenditure
All Groups	12,033	11,415,406
Elderly	5,684	6,296,999
Working Age	6,349	5,118,406

2.2 Council Tax Collection

2.2.1 Despite an additional net collection of £4.8million Council Tax in 2022/23 compared to 2021/22, the in-year collection rate was 0.37% down.

2.2.2 Independent analysis of the published 2022/23 council tax collection rates in England, recognised that the pandemic introduced a further significant step increase in a pre-existing trend in the increase in arrears, and without either a change to council tax support for those on low incomes, or in the amounts that can be repaid through attachments to earnings, it should be expected that total levels of arrears will continue to increase in future years.

2.2.3 Collection was severely impacted as a result of the pandemic with disruption and delays to recovery having a knock-on effect into subsequent years as more arrears were brought forward. Statutory recovery processes are in place, and whilst recovery and enforcement continues beyond the end of the year in question, the prospect of recovery reduces. The current cost of living and energy cost crises are a further risk to collection and recovery. A provision for bad debt has been made.

2.2.4 The Local Government Finance Act 2012 and subsequent regulations granted billing authorities greater discretion over discounts and exemptions for certain categories of empty dwelling from 1st April 2013. Changes were introduced by ELDC from 1st April 2013 which increase the council tax base and potential revenue, helping to fill the funding gap arising from the cut to grant in respect of CTS. From 1 April 2019, premium Council Tax is charged,

to the maximum levels permitted in legislation, on dwellings which are empty, unoccupied and unfurnished for more than 2 years.

2.3 Fundamental Review

- 2.3.1 In January, Executive Board agreed to undertake a fundamental review of the scheme. As part of this year's review, additional activity has been undertaken to analyse and evaluate the current scheme, through independent observations, benchmarking exercise of schemes across Lincolnshire and carrying out an internal client workshop.
- 2.3.2 The findings from this work provide a strong endorsement of the need to carry out a fundamental review of the scheme, supporting the earlier decision of Executive Board.
- 2.3.3 Carrying out a fundamental review will be a significant project, and to ensure development and implementation of a successful revised scheme, sufficient time must be allowed. This will need to include identifying the councils core objectives for its future scheme, ensuring robust data analysis, modelling and costings etc. and that decision making, and consultation processes comply with statutory requirements. For this reason, and in line with original proposals, the fundamental review will commence in 2023/24 with a view to implementation 2025/26.

3 CURRENT ECONOMIC POSITION

Cost of Living

- 3.1 There is recognition of the cost of living and energy cost crises, and the resulting uncertainty and difficulties that households are experiencing.
- 3.2 Any change to a CTS scheme must be considered alongside wider challenges faced by local authorities; the need to strike a balance between a local fair and affordable CTS scheme which provides support to those in most need, and the cost of the scheme to all residents is essential. As such, the importance of at least maintaining current levels of support has been a priority consideration in the proposals for the next financial year.

Further Support

- 3.3 In addition to the local CTS scheme, the government provided local authorities with an allocation of a £100million Council Tax Support Fund. This Councils allocation was £324,427. This funding provided up to £25 additional reduction in 2023/24 council tax bills for all CTS recipients at the start of the year, with the balance as a discretionary hardship fund, supporting economically vulnerable households with a reduction in council tax bills.
- 3.4 ELDC also provides information on a range of wider support schemes which are delivered by, or signposted by, the council. Full details are published, and maintained, on the website and include the current Household Support Fund scheme.
- 3.5 People who are struggling to pay their Council Tax are encouraged to make contact with the council at the earliest time. This helps to ensure households receive any eligible discounts and reductions. Alternative payment arrangements can also be made, for example helping with frequency of payment, or extending instalments over a longer period.

4. ESTABLISHING A COUNCIL TAX SUPPORT SCHEME FOR 2024/25

- 4.1 For each financial year, the billing authority must consider whether to revise its scheme or replace it with another scheme. Council Tax Support schemes cannot be changed mid-year.
- 4.2 The Local Government Finance Act requires that before a scheme can be adopted by the billing authority, it must: -
- Consult any major precepting authority which has power to issue a precept to it,
 - Publish a draft scheme in such manner as it thinks fit, and
 - Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

5. PROPOSAL FOR CONSULTATION

- 5.1 The proposal for the 2024/25 scheme consultation is to retain the current scheme, updated in line with DWP uprating's for 2024/25.

6. CONCLUSION

- 6.1 Consideration has been given to the current economic climate, with the recommendation for consultation for a no change scheme to maintain the current level of support for working age claimants, including uprating of amounts in line with DWP. Further support may be available to households in need through other funding streams administered by the council.
- 6.2 The review of the CTS scheme has this year been extended to obtain independent observations, benchmarking data and internal client engagement, with findings supporting the earlier decision of Executive Board to undertake a fundamental review of the scheme.
- 6.3 The fundamental review will commence later this year, with a view to implementation of any revised scheme in 2025/26. This timescale allowing for robust engagement, data analysis, modelling and scheme options to be developed, and for all required statutory decision making and consultation processes. This review will also consider scheme simplification and efficiency, with changes supported by robust data analysis. It is felt there would be limited benefits to making changes to the 2024/25 scheme in isolation, recognising the imminent fundamental review.

7. EXPECTED BENEFITS TO THE PARTNERSHIP

- 7.1 There are no benefits to the partnership as a result of the proposals for consultation on the proposals for the 2024/25 CTS scheme.
- 7.2 Whilst recognising that each sovereign council will retain responsibility for deciding its own local CTS scheme, there is an opportunity for S&ELCP to work together on a fundamental review of schemes for future implementation. Engaging a single provider may help the councils identify their objectives for a future scheme, and for data modelling and scheme

costings as a joined-up project. This may provide some economy of scale, and will present an opportunity, should the councils wish, to align their schemes. The fundamental review also provides the opportunity to simplify scheme administration and increase the use of technology.

8. IMPLICATIONS

8.1 SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

8.1.1 None

8.2 CORPORATE PRIORITIES

8.2.1 Health and Wellbeing

8.3 STAFFING

8.3.1 None

8.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS

8.4.1 There are no legal implications as this report relates to consultation.

8.5 DATA PROTECTION

8.5.1 None

8.6 FINANCIAL

8.6.1 There are no financial implications as a direct result of this report which is seeking approval to consult on options. Following consultation, a further report will be brought back to Executive Board for a final scheme decision.

8.6.2 Commencement of a fundamental scheme review for future implementation will require initial investment, and those costs will be identified through the procurement process. Later in the process, depending on final scheme decisions, further investment may be required for software.

8.7 RISK MANAGEMENT

8.7.1 None

8.8 STAKEHOLDER / CONSULTATION / TIMESCALES

8.8.1 Consultation with major preceptors and other interested parties will be carried out based on Executive Board's decision on the proposals set out in the report.

8.9 REPUTATION

8.9.1 None

8.10 CONTRACTS

8.10.1 None

8.11 CRIME AND DISORDER

8.11.1 None

8.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

8.12.1 The existing Council Tax Support scheme continues to be delivered on the basis of the DWP's previous Council Tax Benefit scheme regarding protection for vulnerable groups, including children and the disabled. An equality impact assessment is not considered necessary at this time.

8.13 HEALTH AND WELLBEING

8.13.1 None

8.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

8.14.1 None

8.15 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

8.15.1 None

9. ACRONYMS

CTS – Council Tax Support

DWP – Department for Work and Pensions

UC – Universal Credit

APPENDICES

None

BACKGROUND PAPERS

None

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body.

REPORT APPROVAL

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