



Report To: Executive Board

Date: 16 December 2024

Subject: Local Council Tax Support Scheme 2025/26

Purpose: To determine the Council Tax Support scheme, 2025/26

Key Decision: No

Portfolio Holder: Councillor Thomas Kemp, 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: Not applicable.

Exempt Report: No

Summary

This report seeks Executive Board decision on its final Council Tax Support scheme for 2025/26, having regard to the fundamental review carried out this year, and the feedback obtained through the consultation process. Executive Board final scheme recommendation will be presented to Council for approval on 26 February 2025.

Recommendations

That Executive Board

1. Determines whether to: -

i. Revise its scheme, with any or all the modification options: -

- a. Increase the maximum CTS for households with children to 85%.
- b. Remove the earnings disregard to Universal Credit claims.
- c. Introduce a standard £10 rate for non-dependent deductions.
- d. Introduce a minimum award of £1 per week.
- e. Increase the threshold for changes in Universal Credit to £30 per week, with discretion for flexibility.
- f. Uprate in line with DWP uprating amounts for 2025/26.

Or

ii. Retain its current Council Tax Support scheme, updated in line with DWP uprating for 2025/26.

2. Recommends its decision to Full Council for approval.

3. Delegates approval for the 2025/26 final scheme policy to the Section 151 Officer in consultation with the Portfolio Holder for Finance, including administrative and minor changes.

4. Determines whether to introduce an Exceptional Hardship Fund to operate alongside the Council Tax Support scheme.

5. Subject to recommendation 4, delegate decision on the fund budget and scheme detail to the Section 151 Officer, in consultation with the Portfolio Holder for Finance.

Reasons for Recommendations

Full Council must make any revision to its scheme, or any replacement, and agree its final scheme no later than 11 March 2025 in respect of the 2025/26 financial year.

Executive Board decision on its recommendation to Full Council for the 2025/26 scheme will reflect on the data and information provided through the fundamental review, and the results of consultation on its proposed modification options.

Other Options Considered

The do-nothing option would see the current scheme retained. This has been rejected as this would not be consistent with Executive Board's earlier decision for fundamental review.

However, after considering the consultation responses, Executive Board could choose to retain the current scheme if it can justify its decision.

1. Background

1.1. The Council Tax Support (CTS) scheme, which replaced the previous national Council Tax Benefit scheme from April 2013, provides financial assistance to households on low incomes or benefits through a reduction in Council Tax. Each year the Council is required to consider whether to revise its CTS scheme.

1.2 The Local Government Finance Act 2012 sets out the process by which Councils must approve a local Council Tax Support scheme. Regulations continue to prescribe the scheme for pensioners, allowing up to 100% support against Council Tax liability.

- 1.3 The current scheme provides a maximum amount of 75% support for working age claimants. It protects War pensioners and Care Leavers up to the age of 25.
- 1.4 A fundamental review has been carried out this year, and, following Executive Board's decision in September, consultation on a range of scheme modification options has taken place. This matter is now brought back to Executive Board for a decision on its final scheme recommendation, for approval by Full Council in February 2025 ahead of implementation of 1 April 2025.

2. 2025/26 Scheme Modification Proposals

2.1 Executive Board resolved at its meeting on 17 September 2024 to consult on a number of scheme modifications. These are set out in summary below: -

i. Increase the maximum CTS for households with children to 85%.

Currently there are around 2,400 households with children in receipt of CTS. Recent DWP estimates shows 30% of children in East Lindsey live in relative low-income households.

ii. Remove the earnings disregard for Universal Credit claims.

The current scheme requires a manual process to administer earnings disregards. The DWP has regard to earnings and disregards in its calculation of the claimants UC award. This change would see the full amount of the UC award included in the CTS calculation and will improve administrative efficiency.

iii. Introduce a standard £10 rate for non-dependant deductions.

This would replace the current scale of deductions which are based on the non-dependant's earnings.

Exceptions to the deduction would continue to apply for households meeting certain criteria, including where claimant or partner is receiving Personal Independence Payment, Disability Living Allowance or Attendance Allowance, or where the non-dependent is over 18 on certain benefits.

iv. Introduce a minimum weekly award of £1.00 per week

Under the current scheme CTS will be awarded and Council Tax bills updated even where the CTS amounts to just a few pence per week.

This change would mean if entitlement to CTS was below £1 per week, there would be no CTS award made. This would streamline administration and smooth the process for the customer to manage their Council Tax account.

v. Increase the threshold for changes for Universal Credit cases to £30 per week (£130 per month), with discretion.

Since 2020 the threshold has been £15 per week (£65 per month). This increase would recognise the increase in national and real living wages and provide greater stability where work is reduced or increased by a few hours each week.

The provision for discretion will allow flexibility to ensure the council can be agile to make changes to CTS where any change appears to be more permanent, or at the request of a claimant.

This change will result in fewer changes, and therefore greater stability for household budgeting. It will also reduce the number of bills issued.

vi. Uprate the 2025/26 scheme in line with DWP uprating.

This will be consistent with previous years, aligning the scheme with the DWP's annual update of allowances and premiums for 2025/26. Whilst consultation is not necessary for this decision, it provides an opportunity to seek wider views.

2.2 The consultation also sought to establish views on whether the council should: -

vii. Introduce a Discretionary Exceptional Hardship Fund scheme.

Recognising that in any CTS scheme there may be hardship, by putting aside a budget the council would be able to provide further, short-term, financial support focused on those hard cases that need additional help in exceptional circumstances.

This would be developed under the provisions of Section 13A (1) (c) of the Local Government Finance Act 1992 and would sit alongside the Council Tax Support Scheme.

It is proposed that such a scheme is designed to provide short-term financial support where there are unforeseen or exceptional circumstances which means Council Tax cannot be paid, and to support those residents who are taking steps to help themselves. The scheme should include signposting to other sources of help and support.

With each application decided on its own merits, any award would be applied as a credit to the Council Tax account. As a discretionary award, Council Taxpayers would not have a statutory right to an award but would have the right to appeal to the Valuation Tribunal if they disagreed with the outcome of an application.

2.3 The local scheme protections for War Pensioners and Care Leavers up to the age of 25 are not affected by these proposals.

2.4 The scheme modelling and associated indicative costs do not include provision for 2025/26 Council Tax increases, for DWP up-ratings, or for any increase in CTS that may arise through additional take-up or increased entitlement, generated by the economy or by the governments 'Move to Universal Credit' and Pensions Credit take-up programmes.

3. Consultation Response

3.1 The consultation exercise took place between 19 September and 15 November 2024.

3.2 Major precepting authorities have been consulted on the proposals.

Lincolnshire County Council response was supportive of the move to modernise the scheme, making it simpler for the council taxpayer, and to generate operational efficiencies. However, it does not support the change to vary the level of support to families citing the governments ongoing continued funding to support anyone who is vulnerable and that the proposed change to the scheme would reduce the income LCC receives which in turn reduces the available budget for spending on its services.

The Police and Crime Commissioner notes the proposals and supports proposals which simplify the scheme for claimants, and which lead to efficiencies in administration.

3.3 Wider public consultation included publicity through media release, website and social media. Letters were issued to major precepting authorities, and an email was sent to 54 groups that represent individuals identified in the Equality Act.

A total of 143 responses were received. Whilst this is an increase on the 103 responses received last year, it has to be recognised this is still a low response rate and the results cannot be relied upon as being wholly representative or statistically significant, but members must take the consultation responses into account when making their decision.

3.4 Feedback from the public consultation is summarised below (note where these do not add up to 100% there were responses in the 'I don't now' category which are not shown here, but can be seen in the appendix): -

	Agree	Disagree
Increase the maximum CTS to 85% for households with children	43.2%	54.0%
Remove the earnings disregard to Universal Credit claims	50%	41.4%
Introduce a standard £10 rate for non-dependant deduction	63.0%	26.8%
Introduce a minimum weekly award of £1.00 (<i>entitlement below £1.00 would receive no CTS</i>)	72.7%	17.3%
Increase the threshold for earnings changes for Universal Credit cases to £30 per week (£130 per month), with discretion	64.7%	28.8%
Update the 2025/26 in line with DWP uprating	65.7%	19.3%

- In addition, 65.5% agreed the councils should introduce an Exceptional Hardship Fund scheme, 28.1% disagreed.

3.5 The full consultation report is shown at Appendix 1.

4. Conclusion

- 4.1 Executive Board had regard to data and information through its fundamental review of the current scheme for 2025/26, and, in line with legislation, ELDC sought views through consulting on a range of scheme modification options. The modification options sought to make the scheme more generous for households with children, whilst streamlining elements of the current scheme to simplify and improve administrative efficiency. The net effect of the modification options is an increase in CTS expenditure estimated at £67k.
- 4.2 After considering the consultation responses, Executive Board could choose to retain the current scheme if it can justify its decision.
- 4.3 The introduction of an Exceptional Hardship Fund to sit alongside the CTS scheme, and, administered under the provisions of Section 13A (1)(c) of the Local Government Finance Act 1992, would provide for further short-term financial support and signposting for hard cases. If approved by Executive Board, details for the scheme will be developed for implementation in 2025/26. This scheme will not impact on the major precepting authorities.
- 4.4 Schemes cannot be changed mid-year, and the proposals made could be considered incremental, with a review after the first full year of the scheme (i.e. in 2026/27) to consider scheme performance and determine if any further modification is required.

Implications

South and East Lincolnshire Councils Partnership

None

Corporate Priorities

The Partnership Alignment and Delivery Plan includes a strategic partnership deliverable to review the Council Tax Support scheme. The fundamental review has been completed. A report to Executive Board in September provided details of the review, with this report providing the outcome of the review following consultation to inform East Lindsey's final decision for its 2025/26 scheme.

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

Under the principles of Consultation members are required to approach the consultation responses with a *receptive mind* and to give *conscientious consideration* to the outcome of

the consultation as part of their decision making. This means members must show they took the consultation responses into account so that the results of the consultation inform their decision. Members can evidence this (conscientious consideration of the consultation outcome) through their questions and debate. If members require any further information then they should proactively seek it before making their decision. There is no duty to adopt the views of the consultees but members cannot make a decision that is fundamentally different to that which they have consulted on.

Data Protection

None

Financial

The indicative net cost for the modification options is estimated to be around £67k, of which c.8.13% (£5.4k) will be borne by East Lindsey, c.77.03% (£51.6k) by Lincolnshire County Council and 14.84% (£10k) by Police and Crime Commissioner.

Whilst not directly associated with the decision on the CTS scheme, Members are reminded that East Lindsey District Council made a decision to implement a premium Council Tax charge on substantially furnished homes with no resident (second homes) from April 2025. This may generate additional income around £1m of which major preceptors would benefit in the same proportions as set out above.

The impacts upon the Council's budget will be included in the 2025/26 Budget and Medium-Term Financial Strategy.

The indicative costs provided in this report do not include any provisions for 2025/26 increases in Council Tax or for DWP up-ratings, or for any increase in CTS that may arise through additional take-up or increased entitlement, generated by the economy or by the governments Move to Universal Credit and Pensions Credit take-up programmes.

The introduction of an Exceptional Hardship Fund would require a decision on the amount to be allocated for the fund, and this will be a direct cost to East Lindsey, administered under the discretionary provisions contained in Section 13 A (1) (c) of the Local Government Finance Act 1992, not shared as a cost of the collection fund.

Risk Management

None

Stakeholder / Consultation / Timescales

The Section 151 Officer and Portfolio Holder for Finance have been consulted on this report.

Legislation requires consultation to be carried out with major precepting authorities, the public and other stakeholders where changes to the scheme are proposed. Consultation has been carried out, as detailed in Section 3 and Appendix 1 of this report.

Reputation

None

Contracts

None

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

The existing Council Tax Support scheme continues to be delivered on the basis of the DWP's previous means tested 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.

Health and Wellbeing

None

Climate Change and Environmental Implications

None

Acronyms

CTS: Council Tax Support

DWP: Department for Work and Pensions

UC: Universal Credit

Appendices

Appendices are listed below and attached to the back of the report:

Appendix 1 Consultation Report

Background Papers

None

Chronological History of this Report

None

Report Approval

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