

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Finance and Executive Director - Commercialisation (S151)

To: Cabinet Tuesday, 15 December 2020
South Holland District Council – 20 January 2021

(Author: Sharon Hammond Head of Revenues & Benefits)

Subject Local Council Tax Support Scheme 2021/22

Purpose: For each financial year a billing authority must consider whether to revise its Local Council Tax Support scheme, or replace it with another scheme. This report seeks Cabinet decision on the final proposals for the 2021/22 scheme, to be presented to Council for approval on 20 January 2021.

Recommendations:

- 1) That Cabinet approves, and recommends to Council: -
 - a) Continuation of the current Local Council Tax Support scheme, including uprating in line with DWP's annual update of allowances and premiums for housing benefit for 2021/22;
 - b) Extend the backdating period for working age claimants from one month to three months; and
 - c) Delegation to Executive Director, Commercialisation (S151) in consultation with the Portfolio Holder for Finance to approve the final scheme in line with this report, and any administrative and minor changes.

1.0 BACKGROUND

- 1.1 The Local Council Tax Support (CTS) scheme replaced the former national Council Tax Benefit (CTB) scheme from April 2013.
- 1.2 Each year the Council is required to consider whether to review its Local CTS scheme. The Local Government Finance Act 2012 sets out the process by which Councils must approve a scheme. Regulations include protection for pensioners but allow Councils to make changes in the way that support is calculated for working age claimants.
- 1.3 Where Councils seek to amend their scheme it is necessary to consult major preceptors and stakeholders to inform a final scheme design.
- 1.4 The current South Holland scheme provides a maximum amount of 70% support for working age claimants. It protects War Pensioners, and from 2019/20 introduced a new class for Care Leavers aged 18-21.

1.5 A number of significant changes were introduced in financial year 2017/18, and these are summarised below for information: -

- Second Adult Rebate removed from 2019/20. (This affected households where the claimant's own income is too high to receive CTS, but there were other adult(s) living in the household whose combined income is low).
- A minimum level of CTS at £5 per week was introduced. (Where the amount of CTS each week would be less than £5, no CTS is now awarded).
- An increase in non-dependent deductions by 10% was implemented. (A nondependent is an adult living with a claimant but who is not dependent upon them, for example an adult son or daughter. Non-dependents are now expected to contribute more towards the household's Council Tax bill).
- Restricted CTS to Band D. (This means claimants living in dwellings that are banded E, F, G or H have their entitlement to CTS calculated at the level of Council Tax Band D).
- Reduced the Capital Limit to £8,000. (This means claimants with more than £8,000 in capital are no longer entitled to any CTS).
- Reduced the lower capital threshold to £3,000. (This lowered the amount that is disregarded in the calculation of CTS).
- Limited backdating to 1 month. (This change was in line with the changes made by DWP for Housing Benefit).
- Removed family premium for new claims. (This change was in line with changes made by DWP for Housing Benefit).

2.0 CURRENT SCHEME REVIEW

2.1 At July 2020 the forecasted amount of CTS discount for 2020/21 was £4,310,244, with a total caseload of 5,193 of which 2,380 (46%) are working age, compared to 2,813 (54%) pensioners. The working age claimant element costs are approximately £1,677,865, with £171,142 (10.2%) borne by this council.

2.2 This is higher than expected as a result of the COVID-19 impact which has increased CTS take-up. With the COVID-19 position being unprecedented it is not possible to forecast with any degree of certainty, but it would be reasonable to anticipate further increase in CTS caseload and expenditure through the remainder of this financial year.

2.3 The following table shows 2020/21 forecast expenditure and indicates the potential cost to South Holland District Council, and the other major precepting authorities.

	2020/21 forecast
CTS Expenditure	£4,310,244
Cost to South Holland District Council (approx. 10.2%)	£439,645
Cost to Lincolnshire County Council (approx. 75.6%)	£3,258,544
Cost to Police and Crime Commissioner (approx. 14.2%)	£612,055

2.4 The Council Tax in-year collection rate as a percentage in 2019/20 was marginally lower than previous year, however over £3.2million more Council Tax was collected in 2019/20. Factors that affect in-year collection include the reduced level of CTS awarded following changes introduced in the 2017/18 scheme and people's ability to pay, the roll out of Universal Credit (UC) and now the impacts and effects on households due to the COVID-19 pandemic.

- 2.5 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.
- 2.6 Changes, decided by Council in January 2013, were introduced from 1 April 2013 to increase the council tax base and potential revenue to help fill the funding gap arising from the cut to grant in respect of CTS. Following a resolution by Council, from 1 April 2019, the premium Council Tax on dwellings which are empty, unoccupied and unfurnished for more than 2 years increased from 50% to 100%, increasing Council Tax payable to 200%. From 1 April 2020, for dwellings empty more than 5 years, the premium increased to 200%, increasing Council Tax payable to 300%. From 1 April 2021, for dwellings empty more than 10 years the premium will increase to 300%, taking Council Tax payable to 400%.

Additional COVID-19 support for 2020/21

- 2.7 As part of its response to COVID-19, the government announced in the budget on 11 March 2020 that it would provide local authorities with £500million of new grant funding to support economically vulnerable residents in 2020/21. South Holland's share of this 2020/21 grant funding is £461,387. The Government expectation is for local authorities to use their discretionary powers under Section 13 A (1) (c) of the Local Government Finance Act 1992 to provide all recipients of working age Council tax Support with a further reduction of up to £150 in 2020/21.
- 2.8 2,961 eligible council tax accounts have been updated with the additional hardship support, and revised bills issued. Current expenditure stands at £432k, being almost 94% of the total fund. It is predicted this fund will be fully spent on the Government's stated expectation, however in the event of any remaining fund balance, this can be used to increase financial assistance through other local support mechanisms.

3.0 ESTABLISHING A COUNCIL TAX SUPPORT SCHEME FOR 2021/22

- 3.1 The proposals considered, and approved for consultation, by Cabinet on 15 September 2020 are detailed below.

Continuation of the current Council Tax Support scheme, including uprating in line with DWP's annual update of allowances and premiums for housing benefit for 2021/22

The current unprecedented position as a result of COVID-19 presents financial impacts on both the council and its residents. The current Council Tax Support scheme is familiar to our customers and is relatively stable. It is considered that this is not the right time to make fundamental changes, and indeed maintaining the current scheme for 2021/22 would help those working age claimants maintain consistency at a time when they may be facing other personal and financial changes and challenges.

Extend the backdating period for working age claimants from one month to three months.

The timescale in which a new CTS application can be backdated was reduced from three months to one month from 1 April 2017 in line with changes to housing benefit for working age customers. To support customers that can demonstrate good cause for not applying for CTS sooner, reversing this decision would provide an extended period of backdated

support in appropriate cases, thereby supporting the most vulnerable who would otherwise be left with an amount of Council Tax to pay in that period. The cost to South Holland would be 10.2% of the amount of backdated CTS, but the overriding benefit would be provision of support that might prevent debt and would support households in most need. This would realign the time period for backdating CTS claims with the prescribed scheme for pensioners which already provides for backdating of up to three months.

4.0 **CONSULTATION**

4.1 On 15 September 2020, Cabinet approved consultation on the proposals set out above. The consultation exercise ran between 24 September and 20 November 2020.

4.2 Major precepting authorities have been consulted on the proposals. Lincolnshire County Council has responded confirming it has no comments or objections to the proposals. The Police and Crime Commissioner makes no comment in respect of the proposals included in the consultation, but does make a proposal to introduce a discount for members of the Special Constabulary.

4.3 The letter and details of the proposal from the Police and Crime Commissioner are provided in Appendix B to this report. This proposal will be presented to Cabinet as a separate report for consideration under the legislative provisions for discretionary Council Tax reduction in Section 13A (1) (c) of the Local Government Finance Act 1992 rather than the provisions for the Council Tax Support scheme.

4.4 The wider public consultation on the scheme proposals agreed by Cabinet in September included publicity through local media, website and social media. A total of 25 responses have been received. This is lower than last year. With such a low response rate it has to be recognised that the results cannot be relied upon as being wholly representative or statistically significant.

4.5 High level findings from the 25 consultation responses are summarised below:

- 56% agreed that the council should retain the main characteristics of the current Council Tax Scheme.
- 40% felt that the current scheme is fair and provides support to those most vulnerable.
- 56% agreed we should increase the scheme in line with DWP provisions for 2021/22 and future years.
- 72% agreed that the council should extend the backdating period for working age claimants.

4.6 The full consultation results are shown at Appendix A.

5.0 **OPTIONS**

5.1 Option 1 – recommended.

- Continuation of the current Council Tax Support scheme, including uprating in line with DWP's annual update of allowances and premiums for housing benefit for 2021/2, and
- Extend the backdating period for working age claimants from one month to three months.

5.2 Option 2
Continuation of the current scheme into 2021/22, uprated in line with DWP updating of allowances and premiums for housing benefit, but do not extend the backdating period for working age claimants.

5.3 No alternative options are proposed. Any other changes to the scheme would require consultation.

6.0 EXPECTED BENEFITS

6.1 Continuation of the current scheme for 2021/22 will provide continuity for Council Tax Support recipients, and more certainty and stability in respect of the liability for Council Tax. Increasing backdating in appropriate circumstances to three month would provide additional support to households and may help to prevent debt.

7.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

7.1 Constitutional & Legal

7.1.1 The Local Government Finance Act 2012 introduced the framework for localism of Council Tax Support. The Local CTS scheme for 2021/22 must be approved by Full Council by 11th March 2021. Any change to CTS schemes must be subject to proper process, including consultation in order to protect the scheme from judicial review.

7.2 Equality & Diversity/Human Rights

7.2.1 The existing Local CTS scheme continues the DWP's previous Council Tax Benefit scheme conventions established over many years, regarding protections for vulnerable groups, including children, the disabled and war pensioners.

7.2.2 An Equality Impact Assessment is not required

7.3 Financial

7.3.1 It is difficult to forecast the Council Tax Support scheme costs in 2020/21 with any degree of certainty due to the current COVID-19 impacts, and the likelihood of further CTS take-up anticipated through the rest of this year due to the uncertain economic climate.

7.3.2 Council Tax Support scheme costs in 2020/21 are forecast to be approximately £4,310,244, of which £1,677,865 relates to working age costs, with £171,142 (10.2%) borne by this Council.

7.3.3 The additional cost of extending the backdating of working age claims in appropriate cases, is not considered to be material, and will be shared as part of the collection fund with all major preceptors. For example, at Band A, excluding parish charge, the cost of backdating for two additional months, assuming entitlement to the maximum 70% amount of CTS, would be around £137. The cost to SHDC would be £14, (10.2%). The number of eligible applications is expected to be low as there will need to be a demonstration of good cause for not applying sooner.

7.4 Stakeholders / Constitution / Timescales

7.4.1 Legislation requires consultation to be carried out with major precepting authorities and the public where changes to the scheme are proposed. Consultation has been carried out.

7.4.2 The final scheme must be decided by 11th March preceding the year to which the scheme relates.

8 WARDS/COMMUNITIES AFFECTED

8.1 All.

9 ACRONYMS

COVID – Coronavirus Disease
CTB – Council Tax Benefit
CTS – Council Tax Support
DWP – Department for Work and Pensions
UC – Universal Credit
UCDS – Universal Credit Data Share

Background papers:-	None
---------------------	------

Lead Contact Officer

Name and Post:	Sharon Hammond Head of Revenues & Benefits
Telephone Number	
Email:	Sharon.Hammond@pspsl.co.uk

Key Decision: N

Exempt Decision: N

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A	Consultation Results
Appendix B	Letter and Proposal from Lincolnshire Police and Crime Commissioner