

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Finance, Strategies, Partnerships and Assistant Director Finance

To: Cabinet Tuesday, 7 September 2021

(Author: Sharon Hammond Head of Revenues & Benefits)

Subject Local Council Tax Support Scheme 2022/23 - Consultation

Purpose: To consider options for the local Council Tax Support scheme for 2022/23

Recommendation: That Cabinet approves consultation on the following: -

- 1) 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 2022/23.

1.0 BACKGROUND

- 1.1 Each year the Council is required to consider whether to review its local Council Tax Support (CTS) scheme. This report advises Cabinet about the conclusion of the 2021 annual review and the resultant proposals for consultation in respect of the 2022/23 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 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, a new class was introduced for Care Leavers aged 18-21.
- 1.5 A number of changes have been introduced in recent years, summarised below for information: -
 - Second Adult Rebate has been removed (introduced 2017/18)
 - A minimum level of Council Tax Support at £5 per week (introduced 2017/18)
 - Non-dependant deductions increased by 10% (introduced 2017/18)
 - Council Tax Support restricted to Band D Council Tax Liability (introduced 2017/18)
 - Capital Limit reduced to £8,000 (introduced 2017/18)

- Lower capital threshold reduced to £3,000 (introduced 2017/18)
- Remove family premium from new claims made (introduced 2017/18)
- Backdating reduced to 1 month (introduced 2017/18)
- Care Leavers as a class in the scheme (introduced 2019/20)
- UC claims are automatically classed as claims for CTS, removing requirement for a separate CTS claim (introduced 2020/21)
- UC earnings tolerance rule of £15 per week (£65 month) (introduced 2020/21)
- Backdating for working age up to 3 months (reintroduced 2021/22)

1.1 FUNDING THE COUNCIL TAX SCHEME

1.2 In 2013/14, the amount of Government grant available to meet the cost of any support was reduced by approximately 10% nationally, although at a local level this equated to an 11.4% cut. From 2014/15 the Government grant has been subsumed within the Revenues Support Grant (RSG) and is not separately identifiable.

1.3 At 31 May 2021 the amount of CTS discount awarded for 2021/22 was £4,438,106. This reflects the increased CTS take-up as a result of the COVID-19 impact. The following table demonstrates how scheme expenditure has changed over the past four years.

Year	Cost of CTS scheme £	Difference between years
2017/18	4,026,206	
2018/19	3,971,364	98.64%
2019/20	4,013,820	101.07%
2020/21	4,309,431	107.36%
2021/22 (@ 31/05/21)	4,438,106	102.99%

1.4 It remains difficult to forecast caseload and expenditure with any degree of certainty in the current economic climate, not least with the potential for further job losses when the furlough scheme ends.

1.5 The table below shows the profile of Council Tax Support caseload and expenditure as at May 2021. The cost to South Holland being approximately £452,687 (10.2%).

	Total Claims	Percentage	2021/22 CTS Expenditure
All Groups	5,287		4,438,106
Elderly	2,701	51.1%	2,588,629
Working Age	2,586	48.9%	1,849,477

2.3 2021/22 is the ninth year of the local Council Tax Support scheme. The following table compares in-year collection rates since introduction of the changes in 2013/14. (2012/13 in-year collection performance is also shown for information). Over this period, the level of support provided to working age claimants has reduced from 91.5% in 2013/14 to 75% in 2014/15 and then 70% from 2017/18.

Date	Collectable Debit	In-Year Collection Rate
2012/13	£35.4m	97.90%
2013/14	£36.7m	97.94%
2014/15	£37.8m	97.86%
2015/16	£39.1m	98.05%
2016/17	£41.1m	98.19%
2017/18	£43.3m	98.06%
2018/19	£46.2m	97.83%
2019/20	£48.5m	97.63%
2020/21	£51.5m	96.91%

- 2.4 In-year collection rate as a percentage in 2020/21 was impacted by Covid, however over £1.4million more Council Tax was collected.
- 2.4 Collection and recovery have been impacted as a result of the pandemic. There was a 'soft' approach to recovery in the first half of 2020/21 with statutory processes recommencing in the second half of the year. More arrears have been carried into 2021/22 however usual processes are now back in place to catch up, including the re-opening of courts for Liability Orders. Whilst recovery and collection continue beyond the end of the year in question, the prospect of recovery reduces. A provision for bad debt has been made.
- 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 1st 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, a premium Council Tax is charged on dwellings which are empty, unoccupied and unfurnished for more than 2 years.

3.0 ESTABLISHING A COUNCIL TAX SUPPORT SCHEME FOR 2022/23

- 3.1 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.
- 3.2 The Local Government Finance Act requires that before a scheme can be adopted by the billing authority, it must (in the following order): -
- 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.
- 3.3 Each year since its introduction, as part of its decision-making process for the forthcoming year, the Council has resolved to update its scheme in line with Department for Work and Pensions (DWP) annual update of allowances and premiums for Housing Benefit. Full Council agreed at its meeting on 22 January 2020 that the decision for 2020/21 would also apply to future years. The 2022/23 DWP revisions could therefore be applied to SHDC's 2022/23 scheme without a further decision being necessary.

- 3.4 The unprecedented position as a result of the Covid-19 pandemic 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 2022/23 would help those working age claimants maintain consistency at a time when they may be facing other personal and financial changes and challenges. Also, any scheme modelling and forecasting at this time using current data and information would be unlikely to provide a reliable picture of the longer-term claimant profile and caseload.

2.0 **OPTIONS**

- 2.1 Recommended – No change. Consult on proposal to retain the current scheme, updated in line with DWP uprating's for 2022/23.
- 2.2 Do nothing – retain the current scheme without uprating.

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 The recommendation 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 local Council Tax Support schemes.

4.0 **EXPECTED BENEFITS**

- 4.1 This will provide continuity for working age claimants, maintaining current levels of support.

5.0 **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.

5.1 **Constitutional & Legal**

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

5.2 **Equality and Diversity / Human Rights**

- 5.2.1 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.

5.3 **Financial**

5.3.1 The proposals for consultation in this report would not significantly affect the cost of the current scheme. However, CTS is demand led, and if caseload increases then expenditure would increase. The cost of the scheme is shared with major preceptors as it forms part of the collection fund.

5.4 **Stakeholders / Constitution / Timescales**

5.4.1 Consultation will be carried out if Cabinet agree the recommendation.

6.0 **WARDS/COMMUNITIES AFFECTED**

7.0 **ACRONYMS**

CTS – Council Tax Support

RSG – Revenue Support Grant

DWP – Department for Work and Pensions

Background papers:-

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Key Decision: N

Exempt Decision: N

This report refers to a Mandatory Service

Appendices attached to this report:

None