

**SOUTH HOLLAND DISTRICT COUNCIL**

**Report of:** Portfolio Holder for Finance, Commercialisation & Partnerships and Deputy Chief Executive (Corporate Development) & S151 Officer

**To:** Cabinet Tuesday, 14 December 2021  
South Holland District Council, 19 January 2022

**(Author:** Sharon Hammond Head of Revenues & Benefits)

**Subject** Local Council Tax Support Scheme 2022/23

**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 2022/23 scheme, to be presented to Council for approval on 19 January 2022.

**Recommendations:**

- 1) Cabinet approves, and recommends to Council: -
  - a) The 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 2022/23, and
  - b) The introduction of a provision in the scheme for discretion to disregard national schemes introduced during a financial year in the calculation of Council Tax Support.
- 2) Delegates approval for the 2022/23 final scheme to the Deputy Chief Executive (Corporate Development) & S151 Officer, in consultation with the Portfolio Holder for Finance, Partnerships and Commercialisation 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 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.

1.1 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)
- Universal Credit (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)

## 2.0 CURRENT SCHEME REVIEW

2.1 At May 2021 the forecasted amount of CTS discount for 2021/22 was £4,438,106, with a total caseload of 5,287 of which 2,586 (49%) are working age, compared to 2,701 (51%) pensioners. The working age claimant element costs are approximately £1.8million, with £453k (10.2%) borne by this council.

2.2 This reflects the increased take up as a result of the COVID-19 impact. It remains difficult to forecast future caseload with any degree of certainty in the current economic climate.

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.

	<b>2021//22 forecast</b>
<b>CTS Expenditure</b>	<b>£4,438,106</b>
Cost to South Holland District Council (approx. 10.2%)	£452,686
Cost to Lincolnshire County Council (approx. 75.1%)	£3,333,018
Cost to Police and Crime Commissioner (approx. 14.7%)	£652,402

2.4 The Council Tax net in-year collection rate as a percentage in 2020/21 was 0.72% lower than the previous year, however over £1.4million more Council Tax was collected in 2020/21. 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, most significantly for 2020/21 and future years, the impacts and effects on households due to the COVID-19 pandemic.

## 3.0 CONSULTATION FOR 2022/23 COUNCIL TAX SUPPORT SCHEME

3.1 At its meeting on 7 September 2021, Cabinet approved consultation to be undertaken on a proposal to continue the current scheme, including updating in line Department for Work and Pensions (DWP) up-ratings for 2022/23.

- 3.2 The consultation exercise ran between 14 September and 3 November 2021.
- 3.3 Major precepting authorities have been consulted on the proposals. Lincolnshire County Council has responded confirming it has no comments or objections to the proposals, however its recommendation for future changes to the scheme would be to consider alternatives to reduce the demand on the scheme, although they recognise in the current climate this is a challenge. The Police and Crime Commissioner noted that no change to the current scheme is proposed.
- 3.4 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 16 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.
- 3.5 High level findings from the 16 consultation responses are summarised below:
- 69% agreed that the council should retain the main characteristics of the current Council Tax Scheme.
  - 56% felt that the current scheme is fair and provides support to those most vulnerable.
  - 63% agreed we should increase the scheme in line with DWP provisions for 2022/23 and future years.
- 3.6 The full consultation results are shown at Appendix A.

#### **4. ADMINISTRATION**

- 4.1 Council Tax Support schemes cannot be changed in-year, and as such, under the current scheme, national initiatives introduced by government to support individuals and households through the covid pandemic, are treated as additional income, which can have the effect of reducing the level of CTS awarded.
- 4.2 It is therefore recommended that the CTS scheme is updated to provide discretion to consider disregarding national initiatives that are introduced in a financial year, with any decision first being subject to CTS administration and system capability assessment.
- 4.3 There will be no financial impact for the council or the major precepting authorities to the overall cost of the scheme however it could have a positive impact on the customer as any additional income could be disregarded in the calculation of CTS. Future year schemes could be updated, if appropriate, to include any additional support initiatives in the calculation of CTS schemes.

#### **5.0 OPTIONS**

- 5.1 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.
- 5.2 No alternative options are proposed. Any other changes to the scheme would require consultation.

## **6 REASONS FOR RECOMMENDATION**

- 6.1 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.
- 6.2 The recommendation to introduce discretion to disregard national initiatives introduced in a financial year, where appropriate, would have no additional financial impact for the scheme, but it could have a positive impact on the customer. Future year schemes could be updated, if appropriate, to include any additional support initiatives in the calculation of CTS schemes.

## **7 EXPECTED BENEFITS**

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

## **8 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.

### **8.1 Constitutional & Legal**

- 8.1.1 The Local Government Finance Act 2012 introduced the framework for localism of Council Tax Support. The Local CTS scheme for 2022/23 must be approved by Full Council by 11 March 2022. Any change to CTS schemes must be subject to proper process, including consultation in order to protect the scheme from judicial review.

### **8.2 Equality and Diversity / Human Rights**

- 8.2.1 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.
- 8.2.2 An Equality Impact Assessment is not required at this time.

### **8.3 Financial**

8.3.1 The proposal for the 2022/23 CTS scheme is anticipated to be broadly in line with the costs of the current year scheme, subject to demand. The impacts upon the Council's budgets once Council approval has been given, will be included in the 2022/23 Budget and Medium Term Financial Strategy.

8.3.2 For reference the current 2021/22 CTS scheme expenditure is £4,438,106, of which the cost to South Holland District Council is around £453k (10.2%).

#### 8.4 Stakeholders / Constitution / Timescales

8.4.1 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 of this report.

### 9 WARDS/COMMUNITIES AFFECTED

9.1 All

### 10 ACRONYMS

COVID	Coronavirus Disease
CTS	Council Tax Support
DWP	Department for Work and Pensions

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Background papers:-	None
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**Key Decision:** N

**Exempt Decision:** N

**This report refers to a Mandatory Service**

#### Appendices attached to this report:

Appendix A Consultation results