

Southend-on-Sea Borough Council

Report of Executive Director (Finance & Resources)

To
Council
on
10th December 2020

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Agenda
Item No.

Local Council Tax Support Scheme 2021/22

Policy & Resources Scrutiny Committee
Executive Councillor: Councillor Gilbert

1. Purpose of Report

To adopt the Local Council Tax Support Scheme for 2021/22.

2. Recommendations

2.1 That the current Local Council Tax Support Scheme be re-adopted for 2021/22.

3. Background

3.1 For each new financial year, each billing authority must consider whether to revise its Local Council Tax Support Scheme (LCTSS) or to replace it with another scheme. The design of the LCTSS must be finalised by 31 January each year at the very latest. Failure to provide a scheme by this date would trigger the imposition of the Governments default scheme. The Government default scheme would require the Council to revert back to the level of support that would have been provided under the national Council Tax Benefit arrangements. Reverting to this scheme would mean that the Council would have to find in the region of circa £1.6 million from elsewhere in its annual budget.

3.2 The Council designed a scheme for 2013/14 which passed the reduction in funding received onto working age claimants, making it a cost neutral scheme.

3.3 The scheme has been re-adopted each year since. It has proved to be a robust scheme with no legal challenges and good rates of increasing collection. However, Southend has been live with universal credit since July 2017 which has some impacts on the LCTSS around claim dates and treatment of income.

3.4 As the scheme impacts on the Council Tax base, a key component in estimating the resources available to the Council, it is deemed prudent to confirm the scheme in December allowing Cabinet to agree a Council Tax base in January 2021 for the financial year 2021/22.

4. Current Scheme

4.1 Local Council Tax Support replaced Council Tax Benefit with effect from 1 April 2013. People of pension age continue to be protected from adverse changes by the Government but for people of working age, the Council has adopted a scheme which has the following key elements:

- The calculation of support is based on 75% of the Council Tax liability rather than 100%;
- The calculation of support is based on a maximum of a band D property. This means that anyone of working age that lives in a property with a Council Tax band of E, F, G or H, has their support calculated as if their property was a band D;
- The capital limit is £6,000 so those with capital exceeding £6,000 are required to make full payment of their Council Tax liability;
- The introduction of an exceptional hardship scheme which is intended to help people whose individual circumstances mean that the increased Council Tax bill is causing them exceptional hardship.

4.2 In 2018/19 the Scheme was adapted to include 3 assessment changes. A flat rate deduction for Non-dependents in the household. A minimum income floor for Self Employed earners and the Universal Credit Award Notification accepted as a claim for LCTS.

4.3 As Members will be aware people with disabilities that have had their property adapted can apply for a reduction in their Council Tax liability. Within the Council Tax Support Scheme disability benefits are disregarded when calculating the amount of support given and additional allowances for living expenses are applied.

4.4 The scheme was designed to take into account the ability to pay and the collectability of the resultant Council Tax liability. The amount of Council Tax due from working age recipients of LCTSS collected in year has been as follows:-

Year	% collected in year
2013/14	73.6
2014/15	76.2
2015/16	77.8
2016/17	80.2
2017/18	80.2
2018/19	80.8
2019/20	81.0
2020/21	59.18

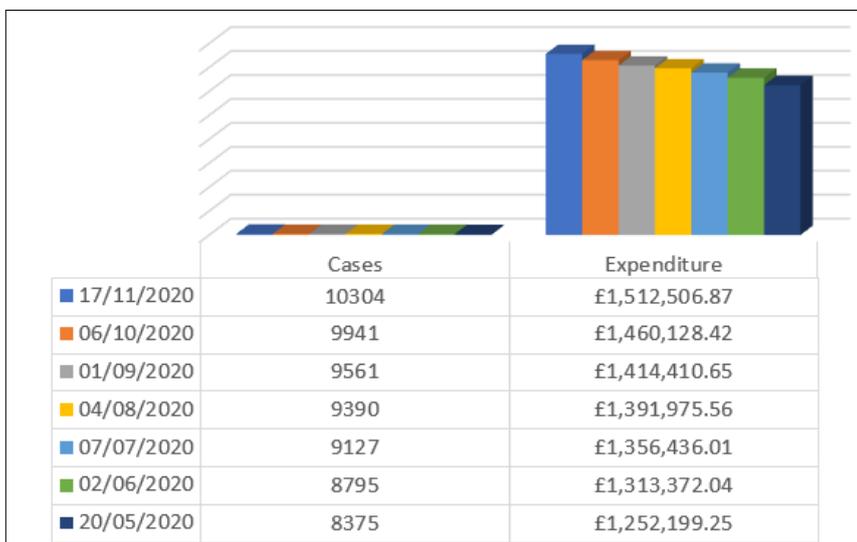
- 4.5 Although pensioners only account for 36% of the caseload, they account for 45% of the total cost. This is a consequence of the Government's requirement that the LCTSS must leave pensioners entitlement to assistance unaltered from the previous Council Tax Benefit arrangements, with any reduction in entitlements only affecting those of working age.
- 4.6 There have been relatively few complaints about the criteria of the scheme and the majority of people affected have accepted that they need to pay something. Council Tax officers continue to offer flexible payment arrangements to those on differential incomes and they can use the exceptional hardship fund for those who absolutely cannot pay.

5. Current developments

- 5.1 The managed migration onto Universal Credit which was originally due to begin in January 2019 and conclude by 2020 has been further postponed. The Government announced a test and learn approach using a pilot of 10,000 cases. This pilot started in Harrogate in June 2019, however, it proved to be a slow process with only 2 cases migrated in a 5 month period. We then had the impact of Covid-19 which placed a hold on all migration projects. A revision of the timetable has still not been set. There is no planned date for national rollout, however, the last suggested start date was 2023/2024. Due to continuing delays, at this stage Southend-on-Sea Council do not know when the managed migration will actually commence or where they will fall in the schedule of that roll out.

6. Impact of Covid-19

- 6.1 The impact of the Covid-19 pandemic has been far reaching since the first lockdown in March 2020. There have been numerous changes to Government Policies and various grant schemes set up to support people affected throughout the year. There is continuing uncertainty about what further changes this pandemic may bring and the toll of its impact on the economy and peoples lives, especially for the Working Age population.
- 6.2 The Government subsidised a £150 Covid-19 Hardship Payment to all working age people who received Council Tax Reduction for this financial year. This has helped us to maintain a reasonable collection rate against those in receipt of Council Tax Reduction, in a year where there has otherwise been a freeze on further recovery enforcement. Without this award the collection rates would not be on par with previous years. Below is a table of the amount we have awarded by month since April. The budget given by the Government for this year was £1,661,945.00, of which we have spent £1,512,506.87 of our allocation up to the 17th November 2020. This means we have spent 91% within the first 9 months.



- 6.3 It should be noted that the % of people making no payments when on Council Tax Reduction has increased. It should also be noted that the overall caseload has seen a circa 23% increase from May to November.
- 6.4 There is an ongoing effect from Covid-19 to our Council Tax base. Since the pandemic started there has been a steady increase in the number of people claiming Council Tax Reduction and this has reflected to an increase of 1,221 Band D equivalent properties into the base, even accounting for the offset of the £150 Covid-19 Hardship Payment. Covid-19 has also impacted the Council Tax Base as the lockdowns had slowed or ceased new builds that were planned, and properties being occupied.
- 6.5 As part of the Spending Review 2020 the Government announced hardship support for Council Tax payers, which is obviously welcomed and will assist Southend-on-Sea Council Tax payers experiencing hardship in 2021/22. The full detail of the announcement is not yet available but will become clearer as part of the Local Government provisional financial settlement.
- 6.6 The pandemic has effected large numbers of Southend's residents. Many have been furloughed during the lockdowns, with reduced incomes bringing financial and mental health stresses. There is also a growing number of unemployed having to seek assistance from the benefits system, possibly for the first time in their lives, and the effect that has on their mental state as well as the ability to cover the remaining charges. The unemployment rate in Southend is at 4.1% compared to a UK average of 3.9%.

7. Reasons for Recommendations

- 7.1 There have been no administrative issues with the existing scheme and residents have responded positively with very few complaints. We are proposing to retain the existing scheme as it stands to give residents consistency in this continuing period of welfare reform and uncertainties to the universal credit timeline and Covid-19 pandemic.

8. Corporate implications

8.1 Contribution to Council's Southend 2050 Ambition

The maintenance of a cost neutral LCTSS will assist with maintaining a robust budget. It will also provide work incentives to residents who have been long term unemployed supporting Opportunity and Prosperity. The scheme will protect pensioners to ensure a decent living standard and it also confirms the disregard of disability benefits supporting Safe and Well.

8.2 Financial Implications

There are no changes to the Scheme therefore there are no additional financial implications.

Were the Council to revert to the default scheme (the old council tax benefit scheme), the financial impact would be in the region of £1.6million.

8.3 Legal Implications

The Local Government Finance Act 2012 provided for the introduction of the localisation of Council Tax support by making changes to the Local Government Finance Act 1992. These require that:

- For each financial year, each billing authority must consider whether to revise its scheme or replace it with another scheme
- The authority must make any revision to its scheme, or any replacement scheme, no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect

A detailed exceptional hardship discount policy has been written under section 13a of the Council Tax legislation.

8.4 People Implications

There are no changes to the Scheme therefore there are no implications to Residents.

8.5 Property Implications

There are no specific property implications.

8.6 Consultation

Before final approval of local schemes, Councils are required to consult:

- Major precepting authorities (Police and Fire)
- The public
- Relevant stakeholder groups e.g. Citizens Advice Bureau, voluntary bodies

Full consultation was undertaken with these groups in 2012 prior to proposing the current scheme. There have been further consultations in 2015 and 2017.

This year we have not consulted on the scheme as no changes are being proposed.

8.7 Equalities and Diversity Implications

An equality impact assessment was undertaken as part of the adaptations of the scheme from April 2018 and can be found attached to the Council Report in appendix 1

8.8 Risk Assessment

A full risk assessment was carried out as part of the original LCTSS scheme. The risks remain unaltered.

8.9 Value for Money

The recommendations in this report will not contribute to an increase in Council Tax.

8.10 Community Safety Implications

There are no specific community safety issues identified.

8.11 Environmental Impact

There are no specific environmental impacts identified.

9 Background Papers

Latest Equality Impact Assessment Report

10 Appendices

None