

# Southend-on-Sea Borough Council

## Report of Executive Director (Finance & Resources)

### To Council on 9th December 2021

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Benefits Service Manager

Agenda  
Item No.

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#### Local Council Tax Support Scheme 2022/23

Policy & Resources Scrutiny Committee  
Executive Councillor: Councillor Gilbert

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#### 1. Purpose of Report

To adopt the Local Council Tax Support Scheme for 2022/23.

#### 2. Recommendations

- 2.1 That the current Local Council Tax Support Scheme be re-adopted for 2022/23.

#### 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 2022 for the financial year 2022/23.

#### 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	89.5
2021/22	62.32 (end of Oct)

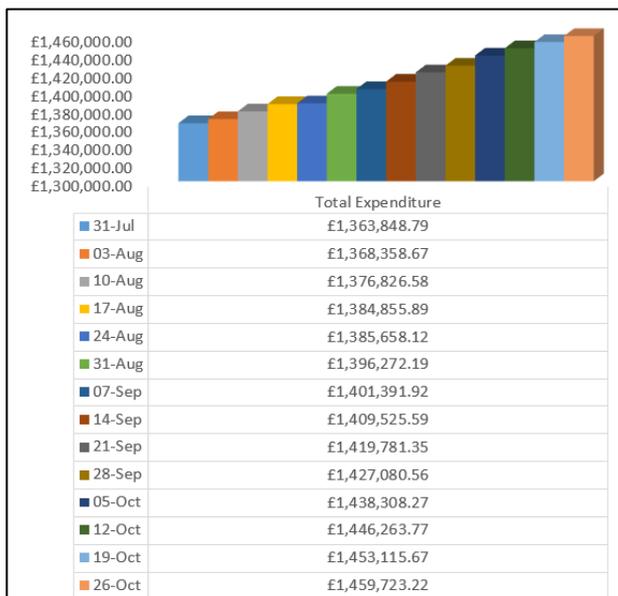
- 4.5 Although pensioners only account for 36% of the caseload, they account for 48% of the total cost, which is a 3% increase from last year. This is a consequence of the Government's requirement that the LCTSS must leave pensioners entitlement to assistance unaltered from the previous Council Tax Benefit 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. At the latest budget statement the new date for full rollout has been given as 2025, although this is expected to move again given previous precedent. An official timetable for any managed migration of current caseload onto Universal Credit has not been released. 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 has again subsidised a £150 Covid-19 Hardship Payment to all working age people who received Council Tax Reduction for this financial year. This was also provided in the 2020/21 year. This has helped us to maintain a reasonable collection rate against those in receipt of Council Tax Reduction. 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 £1,977,049.00, of which we have spent £1,459,732.22 of our allocation up to the 26<sup>th</sup> October 2021. This means we have spent 73.8% within the first 7 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 an increase from pre covid levels.
- 6.4 There is an ongoing effect from Covid-19 to our Council Tax base. The main impact has been an increased level of support provided to residents. 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 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 4.9% compared to a UK average of 4.5%.
- 6.6 It is worth noting that the Council has provided additional support to people affected throughout the pandemic to help ease their financial pressures. This support will continue to be offered through the remainder of this financial year and will help to ensure the residents of Southend are in a stronger financial position moving into 2022/23.

Support Offered	Description
Covid Local Support Grant £539,943 11,464 households supported	The grant was used to support vulnerable households between 17 <sup>th</sup> April 2021 and 30 <sup>th</sup> September 2021. Provided free school meals in the holidays for those that qualified and provided grants for food, fuel and other essentials to vulnerable households in the borough.
Household Support Fund £1,413,078	The grant will be used to support vulnerable households during the winter months, to the 31 <sup>st</sup> March 2022. It will provide free school meals in the holidays for those that qualify and provide

	grants for food, fuel and other essentials to vulnerable households in the borough
Essential Living Fund £233,000	This is the local welfare provision in Southend. It provides food, fuel, clothing, furniture and white goods for people under exceptional pressure or settling in the community.
Discretionary Housing Payments £577,816	This is available for people who have a shortfall between their rent and the Housing Benefit or Universal Credit Housing Costs entitlement. It is designed to help secure tenancies or support people in the short term whilst they look for more affordable housing.
School Uniform Grant £25,000	This is available for parents or guardians under exceptional circumstances, either, changed schools after being housed by the Local Authority as homeless, changed schools after being placed in a refuge or having lost clothing due to a fire or flood
Test and Trace Support Payments To date we have made 1155 awards, which is £577,500	This is £500 payment to anyone who has been identified by NHS Test and Trace as having to isolate (following a positive Covid Test, or if a close contact required to self isolate), if they are unable to work from home and will lose employed or self employed income as a result.
Council Tax Exceptional Hardship Fund	This is for people struggling on a low income and unable to meet their Council Tax payments. They can request a reduction to the charge of 100%. This is means tested assessment and is only awarded in exceptional circumstances, and after all the available discounts/exemptions have been exhausted to assist with the reduction and management of the debt.

## 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