

Southend-on-Sea City Council

Report of Executive Director (Finance & Resources)

To
Council
on
15th December 2022

Agenda
Item No.

Report prepared by: Tracey Nicola
Benefits Service Manager

Local Council Tax Support Scheme 2023/24

Executive Councillor: Councillor Stephen George

1. Purpose of Report

To adopt the Local Council Tax Support Scheme for 2023/24.

2. Recommendations

2.1 That the current Local Council Tax Support Scheme be re-adopted for 2023/24.

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 £1.1 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 2023 for the financial year 2023/24.

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	85.08
2022/23	56.99 (end of Oct)

- 4.5 Although pensioners only account for 39% of the caseload, they account for 48% 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 continued to be postponed. At the latest budget statement the new date for full rollout has been given as 2024, 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 commence or where they will fall in the schedule of that roll out.

6. Impact of Covid-19 and Cost of Living Crisis

- 6.1 The impact of the Covid-19 pandemic has been far reaching since the first lockdown in March 2020 and the current Cost of Living Crisis is creating impact now. There have been numerous changes to Government Policies and various grant schemes set up to support people affected throughout the year by both of these factors. There is continuing uncertainty about what further changes these may bring and the toll of its impact on the economy and peoples lives, especially for the Working Age population.
- 6.2 The Government introduced the Council Tax Energy Rebate Scheme this year which gave £150 to everyone in Council Tax bands A to D, and a Discretionary Fund which as a Council we used to provide support to people in receipt of LCTS in bands E to H, council tax payers where a Severely Mentally Impaired exemption or discount was held, a carer disregard was held, a disabled band relief was applied. An additional payment was also made to pensioners in receipt of Council Tax Reduction.
- 6.3 The Government have also provided £2.8m in Household Support Fund for the 2022/23 year which has allowed us to further support vulnerable people with the increased cost of their fuel and food bills.
- 6.4 It should be noted that the percentage of people making no payments when on Council Tax Reduction has decreased, with just 14.77% of individuals yet to make a payment in this financial year. The collection of tax for those in receipt of Council Tax Reduction is positive also, with approx. 82% of the total debt billed collected each financial year; in the current financial year, 56.99% of the debt raised had been collected on 31st October 2022.

The case numbers of people in receipt of LCTS in this financial year have steadily decreased, with the caseload now similar to that pre-covid.

- 6.5 The pandemic effected large numbers of Southend's residents. Many were furloughed during the lockdowns, with reduced incomes bringing financial and mental health stresses. Whilst the number of people seeking assistance from the benefits system has started to drop back to pre covid levels over the last year it is worth noting that the unemployment rate in Southend is at 4.2% compared to a UK average of 3.8% so people are still clearly feeling the effect of current cost of living crisis.
- 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 2023/24.

Support Offered	Description
Council Tax Energy Rebate Scheme £10,260,250.00 71,213 households supported	The main scheme gave £150 to households in Council Tax bands A to D, 66,424 households. The discretionary scheme provided additional support for 4789. This was awards to people in receipt of LCTS in bands E to H and pensioners in receipt of Council Tax Reduction, council tax payers where a Severely Mentally Impaired discount or exemption was held, a carer disregard was held or a disabled band relief was applied.
Household Support Fund £1,413,078 18,848 households supported	The grant was used to support vulnerable households between 1st April 2022 and 30th September 2022. 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 city.
Household Support Fund £1,413,078	The grant will be used to support vulnerable households during the winter months, to the 31 st March 2023. 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 £270,000	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 £409,532	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
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 impact of the Covid-19 pandemic and cost of living crisis.

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, 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 is available as a background paper to this report

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