

Board/Committee:	Full Council
Date of meeting:	10 th February 2023
Title:	Local Council Tax Support scheme for 2023/24
Author:	Head of Benefits, Procurement & Insurance
Status:	FOR DECISION

Purpose

The purpose of this report is to update Members on the revised Local Council Tax Support scheme for working age applicants introduced from 1st April 2022 and of the intention to make no changes to the scheme for the 2023/24 financial year.

Recommendation

That Council approves the Local Council Tax Support scheme for the 2023/24 financial year and notes the continuation of the unchanged statutory scheme for pension age customers.

1.0 Background

- 1.1 Each year the Council is required to review its Local Council Tax Support scheme (LCTS) in accordance with the requirements of schedule 1A of the Local Government Finance Act 1992 to either maintain the scheme or replace it.
*Note: LCTS is also referred to as Council Tax Reduction or CTR.
- 1.2 LCTS was introduced from 1 April 2013 when it replaced the central government funded Council Tax Benefit regime. From its inception, the funding available to the Council from government has reduced year on year.
- 1.3 Until the 2022/23 financial year, the Council's scheme has remained generally unchanged from the Council Tax rebate scheme. The report to Council on 2nd February 2022 confirmed that due to the effect of full Universal Credit implementation, fundamental change to the scheme was needed for a number of reasons.
- 1.4 Council approved the 2022/23 scheme as recommended

2.0 Report

- 2.1 LCTS was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government:
 - Placed the duty to create a local scheme for **Working Age** applicants with billing authorities.

- Reduced initial funding by the equivalent of ten per cent from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme and
- Prescribed that persons of **Pension age** would be dealt with under regulations set by Central Government and not the authorities' local scheme

2.2 Since that time, funding for the LCTS scheme has been amalgamated into other central government grants paid to Local Authorities and also within the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Central Government sources

2.3 The current LCTS scheme administered by the Council is divided into two schemes, with pension age applicants receiving support under the rules prescribed by central government, and the scheme for working age applicants being determined solely by the local authority.

2.4 Pensioners, subject to their income, can receive up to 100 per cent support towards their council tax. The Council has no power to change the level of support provided to pensioners and therefore any changes to the level of LCTS can only be made to the working age scheme

2.5 When LCTS was introduced in 2013, for working age applicants, the Council broadly adopted the previous means tested Council Tax Benefit scheme as the basis of awarding support. Due to the reduction in funding from Central Government, the Council required all working age applicants, to pay a minimum payment of 30%.

2.6 The simplified scheme introduced from 2022/23 addressed issues including:

- A previously complex scheme which was difficult to customers to understand and deterred some residents from claiming
- A complex assessment process requiring highly trained staff undergoing a significant amount of training
- A lengthy timescale for processing claims when linked to a claim for Universal Credit which is paid 6 weeks in arrears.
- An over burdensome administrative process when compared to other Council tax discounts such as single persons discount.
- The problems with the introduction of full-service Universal Credit; and
- The significant increase in administration costs due to the high level of changes received in respect of Universal Credit

2.7 The revised scheme from 1/4/2022 was approved by full Council and is a grid based scheme based on simple income bands as follows:

Household type and weekly Income level

Single Person	Single with 1 Child	Single with 2+ Children	Couple	Couple with 1 Child	Couple with 2+ Children	Amount we will reduce your Council Tax by:
£0 to £100	£0 to £160	£0 to £220	£0 to £140	£0 to £205	£0 to £260	70% (band 2)
£100.01 to £180	£160.01 to £240	£220.01 to £295	£140.01 to £240	£205.01 to £281	£260.01 to £340	55% (band 3)
£180.01 to £215	£240.01 to £255	£295.01 to £350	£240.01 to £290	£281.01 to £320	£340.01 to £400	40% (band 4)
£215.01 to £255	£255.01 to £280	£350.01 to £450	£290.01 to £340	£320.01 to £370	£400.01 to £430	25% (band 5)
More than £255	More than £280	More than £450	More than £340	More than £370	More than £430	0% (band 6)

2.8 No changes are proposed for the 2023/24 scheme, which is based on the income bands above and includes the conditions and protections detailed below:-

- The highest level of discount will remain at a maximum level of liability (70%) or capped at Band C whichever is lower as in the current scheme. Band 1, and all current applicants that are in receipt of a 'passport benefit' such as Income Support, Jobseeker's Allowance (Income Based) and Employment and Support Allowance (Income Related) receive maximum discount;
- All other discount levels are based on the applicant's (and partner, where they have one) net weekly income;
- The scheme allows for variation in household size with the levels of income per band increasing where an applicant has a partner, and /or dependants;
- There are no charges made where an applicant has non-dependants

living with them. This was a significant change last year and means that the administration of the scheme is more straightforward whilst also protecting low income families where adult sons and daughters for example remain at home;

- To support working applicants, a standard £25 per week disregard is provided against all earnings, there were previously 5 standard earnings disregards ranging from £5 to £25;
- Disability benefits such as Disability Living Allowance and Personal Independence Allowance continue to be disregarded;
- Where any applicant, their partner or dependent child(ren) are disabled, a further disregard of up to £79.30 is given, thereby maintaining the previous level of support to those with disabilities;
- Carer's Allowance and the Support Component of Employment and Support Allowance are disregarded, an enhancement to the previous scheme;
- Child benefit and child maintenance continue to be disregarded;
- The total disregard on war pensions and war disablement pensions continues

2.9 Although the pensioner scheme is prescribed by central government pension age customers benefit from the reduced administrative process.

2.10 With the simplicity of the new scheme and by taking a more 'Council Tax discount approach the new scheme has reduced administration especially for those claimants receiving Universal Credit as follows:

- **The scheme enables a simplified claiming process.**

All applicants have seen a significant reduction in the claiming process and, where possible, LCTS is awarded automatically without the need to request further information from the taxpayer in most cases. These changes have achieved the following advantages namely:

- (a) **Speed of processing** – claim processing times have reduced by an average of 5 days since April 2022 despite increased levels of claims.; System updates were not fully integrated until November 22 so this figure is expected to reduce further.
- (b) **Maximising entitlement to every applicant-** as there is no requirement for Universal Credit applicants to apply separately for LCTS, the claiming process has been simplified significantly. Entitlement to LCTS is maximised with a reduced risk of loss of discount or the need for backdating;
- (c) **Maintenance of collection rates** – the new scheme avoids constant changes in discount, the need for multiple changes in instalments and therefore assists in maintaining collection rates, albeit the cost of living crisis has affected some resident's ability to pay. However residents are more willing to claim a small reduction now that the process is simplified.

- **The income bands are sufficiently wide to avoid constant changes in discount.**

The previous LCTS scheme was very reactive and a small change in income would produce a change in entitlement. This led to constant changes in Council Tax liability, the need to recalculate monthly instalments and the requirement to issue a large number of Council Tax demands. The banded scheme, with its simplified income banding approach has the following advantages:

- a) Only significant changes in income affect the level of discount awarded;
- b) Council Taxpayers who receive LCTS will not receive multiple Council Tax demands and adjustments to their instalments and
- c) The new scheme is designed to reflect a more modern approach, where any discount changes will be effective from the day of the change rather than the Monday of the following week

- 2.11 Inevitably the introduction of any new scheme will produce winners and losers. All residents who were due to lose benefit were personally contacted and talked through the changes, all were offered the option of claiming an exceptional hardship payment but no one applied for this additional help.
- 2.12 Feedback from both residents and staff has been very positive and there have been no complaints or appeals about the new scheme.
- 2.13 There has been an increase in the number of claims received, some for short periods of time or modest amounts of discount, the overall static caseload figures have increased slightly
- 2.14 The Council maintains an Exceptional Hardship scheme to protect individuals who experience exceptional hardship. Where any applicant is likely to experience exceptional hardship, they will be encouraged to apply for an exceptional hardship payment under the Councils Policy, this policy is currently being updated and will be submitted to Board for approval.
- 2.15 This approach enables individual applicants to be dealt with in a fair and equitable manner. The Exceptional Hardship Scheme forms part of the LCTS scheme and falls to be paid through the Collection Fund

3.0 Financial Implications

3.1

FUNDING OF LOCAL TAX SUPPORT SCHEME 2023/24		
	£	%
Estimated Cost	4,270,000	
<u>Costs met by :</u>		
Gosport Borough Council	529,100	12.39%
Hampshire County Council	3,055,500	71.56%
Police & Crime Commissioners	519,700	12.17%
Hampshire Fire & Rescue Authority	165,700	3.88%

	£
Actual 2021/22	4,082,026
Actual to December 2022	4,220,779

The table above confirms the projected spend on the proposed LCTS scheme and is reflected in the Council's draft budget for 2023/24.

4.0 Risk Assessment

A full Equality Impact Assessment was undertaken prior to the implementation of the new scheme in 2022/23.

5.0 Conclusion

It is recommended that Members approve the unchanged LCTS for the forthcoming 2023/24 financial year.

A draft scheme for approval is included within Appendix 1

Financial Services comments:	As set out in report at 3.1
Legal Services comments:	
Equality and Diversity:	No IIA required as no changes to the scheme
Climate Change implications:	No IIA required as no changes to the scheme

Crime and Disorder:	NONE
Service Improvement Plan implications:	The updated and modernised LCTS scheme will aid the Service aim to streamline the claims process to assist our residents and reduce over complicated administration processes.
Corporate Plan:	The updated and modernised LCTS helps to support customers both through a simplified service but also financially to maximise claims made providing “the best service to our residents”
Risk Assessment:	Included within the report
Background Papers:	None
Appendices:	Appendix 1 – Draft LCTS scheme for working age applicants for 2023/24
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