

Board/Committee:	Full Council
Date of meeting:	7 th February 2024
Title:	Local Council Tax Support scheme for 2024/25
Author:	Deputy Chief Executive, Head of Benefits, Procurement & Insurance
Status:	FOR DECISION

Purpose

The purpose of this report is to update Members on the Local Council Tax Support (LCTS) scheme for 2023/24 and to propose the scheme for 2024/25, for which no changes are intended.

The report provides an update on the 2023/24 LCTS scheme with regards to claimant caseload, expenditure.

Recommendation

That Council considers the information set out within the report and approves the LCTS scheme for 2024/25, which

- Maintains the current 2023/24 scheme for those of working-age, and
- Notes the continuation of the unchanged statutory scheme for pension-age customers that will be updated to reflect the annual uprating of allowances, premiums and any statutory base legislation changes required, which are yet to be received from the Department for Levelling up, Housing & Communities (DLUCH).

A draft scheme for approval is included within Appendix 1.

1 Background

From 1 April 2013, LCTS was introduced as a replacement for the former national Council Tax Benefit (CTB) scheme, for those of working-age only. The government continued to prescribe the scheme for those of pension-age.

As part of the introduction, the Government:

- Placed the duty to create a local scheme for **Working-Age** applicants with billing authorities.
The schemes are valid for one year and must be approved by Council before the 11th March immediately preceding the financial year in which it is to take effect.
- Prescribed that persons of **Pension-Age** would be dealt with

under regulations set by Central Government. The Council is required to administer, but cannot alter, the national CTS scheme for pensioners

- Reduced initial funding by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme

- 1.1. Since that time, funding for the LCTS scheme has been amalgamated into other central government grants paid to Local Authorities. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Central Government sources for the LCTS scheme.
- 1.2. When LCTS for those of working-age was introduced, the Council broadly adopted the previous means tested CTB scheme as the basis of awarding support.
Due to the reduction in funding from Central Government however, the Council required all working age applicants to pay a minimum payment, which is currently set at 30%; the maximum level of support therefore being 70%. This has remained the Council's position since 1 April 2017.
- 1.3. Pensioners, subject to their income and capital, are able to receive up to 100% support towards their council tax. The Council has no power to reduce 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.
- 1.4. For each new financial year, billing authorities are required to review their LCTS scheme in accordance with the requirements of schedule 1A of the Local Government Finance Act 1992 and consider whether to either maintain the scheme, or replace it.

The scheme must then be approved by Full Council.

Note: LCTS is also referred to as Council Tax Reduction or CTR.

2. Report

2.1. On 1 April 2022, Gosport's LCTS scheme was revised and a more simplified scheme was introduced, which addressed multiple issues including:

- A previously complex scheme that was difficult for customers to understand, therefore deterring some residents from claiming.
- A complex assessment process, which required highly trained staff, with a significant amount of training in order to administer the scheme.
- A lengthy timescale for processing claims when linked to Universal Credit (UC), as UC is paid 6 weeks in arrears.
- An over burdensome administrative process when compared to other Council tax discounts such as single persons discount.
- Problems encountered 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.

2.2. The new 'grid' type scheme was based on six income bands and household types, with the highest band providing support at 70% of the Council Tax liability, reducing to 55%, 40%, and 25% as household income increased.

The scheme ensures that maximum support continues to be available for Gosport's most vulnerable residents.

2.3. The grid is shown below.

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)

2.4. Gosport's LCTS scheme was reviewed for 2023/24 and approved as recommended at Full Council on 10th February 2023. The scheme remained the same as that in place for 2022/23 with the continuation of the unchanged statutory scheme for pension-age customers; aside from the annual uprating of allowances, premiums and any statutory base legislation changes.

2.5. No changes are proposed for the 2024/25 scheme, and the current conditions and protections continue to apply:

- 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 net weekly income of the applicant (and partner, where they have one).
- 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 remains a significant change and means that the administration of the scheme is more straightforward. It also continues to protect 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.
- Disability benefits such as Disability Living Allowance and Personal Independence Payment 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 continue to be disregarded.
- Child benefit and child maintenance continue to be disregarded.
- The full disregard of War Pensions and War Disablement Pensions continues.
- All claimants benefit from the reduced administrative process.

- 2.6.** The Council maintains an Exceptional Hardship scheme to protect individuals who experience exceptional hardship. Where any applicant is likely to experience exceptional hardship, they are encouraged to apply for an exceptional hardship payment under the Council's Policy.
- 2.7.** 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
- 2.8.** People who are struggling to pay their Council Tax are encouraged to

make contact with the Council at the earliest opportunity. This helps to ensure households receive any eligible discounts and reductions.

3. 2023/24 Scheme Review

3.1. Caseload

The following table shows the LCTS caseload profile of both the working and pension age groups as at 31 December 2023. This provides a view of the total live caseload and expenditure at that point in time, but it does not include a count of claims which have come on and gone off LCTS in-year.

	Total Claims	2023/24 LCTS Expenditure
All Groups	5122 (100%)	4,718,931 (100%)
Working age	3111 (60.7%)	2,493,519 (52.8%)
Pension age	2011 (39.3%)	2,225,412 (47.2%)

Of the 3,111 working-age recipients, 1,385 (44.5%) are receiving the maximum 70% support due to being on the lowest incomes.

Pension-age recipients account for 39% of the caseload however account for 47% of the total cost of the scheme. This is a consequence of the Government's requirement that LCTS for pensioners should continue to reflect the previous Council Tax Benefit arrangements.

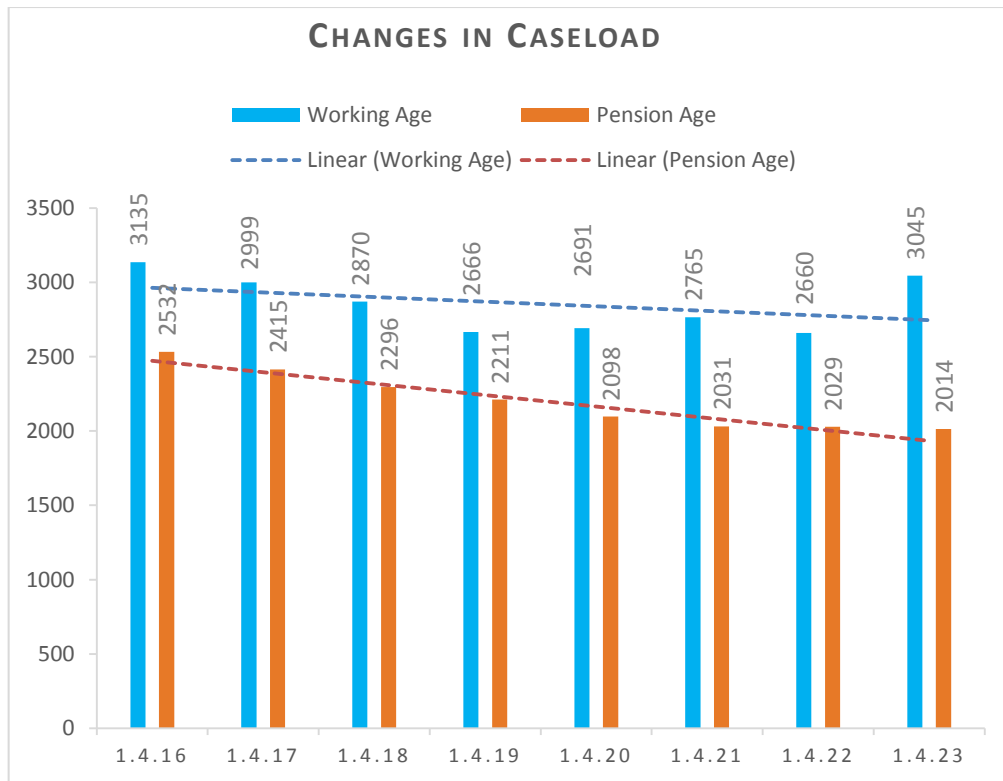
3.2. Current Economic position

The long-term impact on the economy of Covid, the continued war in Europe, the more recent increases in energy costs and cost of living are as yet unknown. It therefore remains difficult to forecast LCTS caseload and expenditure with any degree of certainty.

LCTS costs for the remainder of 2023/24 will continue to fluctuate and although a reduction in costs for 2024/25 is predicted due to lower pensioner numbers and the 'Triple Lock Guarantee that will increase pensioner income, the LCTS caseload overall is not expected to change significantly.

3.3. Trend

The graph below demonstrates the changes in caseload, which until 2023 has seen an almost continuous reduction.



The contributing factors to the more recent increase in LCTS claims, which were expected in some instances, are likely to consist of the following:

— A simplified scheme

- More residents are willing to apply for support due to the LCTS scheme being easier to understand and claim.
- When claiming Universal Credit (UC), all applicants are invited by the Department for Work and Pensions (DWP) to make a claim for LCTS if they haven't done so already. DWP then issue UC notifications electronically direct to the Local Authority.
- The manner in which GBC deal with these UC notifications was streamlined in November 2022. The revised process means that a new claim to UC can be treated as a New Claim for LCTS without the need to fill in additional forms, thus increasing take-up.

— Cost of Living

- External agencies assist customers in ensuring they are maximising their income by claiming all relevant benefits.
- Claims for LCTS are encouraged even where awards are

expected to be low amounts. This is because entitlement to LCTS can also lead to other support avenues being open to them. For example automatic entitlement to certain government grants, reduced costs for accessing NHS prescription and dental services.

— Additional Support

- The Welfare initiatives introduced by Government, such as the Household Support Fund (HSF), may have also contributed to an increase in LCTS take up. One of the criteria for the HSF food element is that vouchers are only issued to those in receipt of LCTS. With the HSF is in its 4th year, it is possible that more residents are aware of the eligibility rules and have therefore claimed LCTS in order to receive support via the HSF.

4. Financial Implications

- 4.1. The table below confirms the projected spend on the proposed LCTS scheme and is reflected in the Council’s draft budget for 2024/25.

FUNDING OF LOCAL TAX SUPPORT SCHEME 2024/25		
	£	%
Estimated Cost	4,777,000	
<u>Costs met by :</u>		
Gosport Borough Council	580,400	12.15%
Hampshire County Council	3,419,300	71.58%
Police & Crime Commissioners	589,000	12.33%
Hampshire Fire & Rescue Authority	188,200	3.94%

	£
Actual 2022/23	4,236,371
Actual to December 2023	4,718,931

5. Risk Assessment

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

5.2. Conclusion

It is recommended that Members approve the unchanged LCTS for the forthcoming 2024/25 financial year.

A draft scheme for approval is included within Appendix 1.

Financial Services comments:	As set out in report at 6.1
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 continues to streamline the claims process to assist our residents and reduce over complicated administration processes.
Corporate Plan:	LCTS helps to support customers both through a simplified service but also financially to maximise claims made providing “the best possible service to our residents...and delivering value for money”.
Risk Assessment:	Included within the report
Background Papers:	None
Appendices:	Appendix 1 – Draft LCTS scheme for 2024/25
Report Author/Lead Officer:	Samantha Foster