



Report to:	Cabinet	14 November 2022
Lead Cabinet Member:	Councillor John Williams, Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

Localised Council Tax Support Scheme 2023-24

Executive Summary

1. The purpose of this report is to review the Localised Council Tax Support Scheme and agree options for LCTS scheme for 2023/24.for consultation.

Key Decision

2. No

Recommendations

3. It is recommended that Cabinet approves option 1 for consultation with residents, stakeholders, including Precepting authorities and Parish Council's.

Reasons for Recommendations

4. There is considerable economic uncertainty due to the current cost of living crisis and the LCTS has supported South Cambridgeshire's residents to pay their Council tax.
5. The Council has announced a cost-of-living Crisis and changes to LCTS will increase the support to the most vulnerable residents.
6. The recommended option (Option1) will increase the support provided to residents, including those who are on lower incomes and in work, and enable the service to expand the use of automation software. The software enables most of the income changes for Universal Credit to be processed automatically without manual intervention.

Details

7. The current schemes for working age residents have worked well and are based on a banded discounts scheme; currently there are 2 schemes for residents: -
 - Protected Scheme -100% Maximum scheme for those working age families with disabilities, carers, including lone parents with children under 5
 - Working Age Scheme – 95% for those who do not meet the requirements for the protected scheme.
8. The Council has acknowledged and announced there is a cost-of-living crisis and has committed to reviewing the scheme.
9. There has been a significant increase in take up of LCTS from residents who have been financially impacted due to the current cost of living crisis which has followed the Covid 19 Pandemic.
10. Whilst the current schemes worked well there are some small improvements which could be made which will enable those who are working to be supported further and as a result increase the level of automated processing of monthly Universal Credit (UC) changes from its current level of 65% to 85%
11. The Council consulted widely with residents and stakeholders in 2018. The option supported was a Banded Discount Scheme as this would be a longer-term option that would ensure those residents on UC would not encounter issues such as receiving multiple Council Tax bills because of small changes to income, which can occur in non-banded schemes.
12. The options proposed will see minor amendments to the Banded Discount Scheme and principles will remain that minor income changes will not result in most cases a change to Council Tax and reducing the number of changes to payments.
13. The changes to LCTS will not change the current 100% disregard of War Pension income from calculation which is mirrored in Housing Benefit calculations as a Local scheme.
14. The Housing Benefit service have worked with Council's Transformation team to review the service and automation was introduced as part of the review resulting in a significant reduction resources requirements needed to process notification of Universal Credit income changes from the Department of Works (DWP) significantly as a result.
15. The Council will need to conduct a consultation exercise prior any changes to LCTS being implemented

Options

1. The following options have been considered

Option 1-Current Banded Scheme with minor amendments: -

- Maximum of 100% reduction scheme for all working age claimants of LCTS
- Uprate LCTS calculation annually in line with September CPI mirroring DWP uprating arrangements for income-based benefits.
- Adjust earnings disregards within calculation to enable extra support to be provided to residents who are working as well as improving levels of automated processing.

The amended to current banded Scheme enables smaller changes not to affect CTS awards. The modelling undertaken based on uprating for CPI will only affect several claimants increasing total LCTS awarded in total by estimate of £160,000 annually; the increased cost would be shared between the major preceptors based on their share of total council tax. proposed scheme will increase marginally the cost of LCTS.

This proposal will require the council to consult with residents and stakeholders, including Precepting Authorities and Parish Council'

Option 2

- Maximum of 100% reduction scheme for all working age claimants of LCTS
- Uprate LCTS calculation annually in line with September CPI mirroring DWP uprating arrangements for income-based benefits

This support residents but less incentives to encourage residents to actively seek employment and secondly would not enable the council to fully utilise the automation software.

This proposal would require the council to consult with residents and stakeholders

Option 3- Continue with current scheme

- Protected Scheme -100% Maximum scheme for those working age families with disabilities, carers, including lone parents with children under 5
- Working Age Scheme – 95% for those who do not meet the requirements for the protected scheme.

This option would mean that some low-income households would be paying more council tax although the numbers are small; cost of living rises in income claimant received may not cover all increases in living cost and they may be financially worse off.

This proposal would not require the council to consult with residents and stakeholders.

Implications

16. In the writing of this report, considering financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered: -

Financial

17. The current cost of LCTS is around £7.4 million which is currently within budget, but the current financial crisis may mean that more residents will qualify, the council's tax base for 2023/24 will reflect any changes to the scheme.

18. The cost of LCTS IS shared between major preceptors but this excludes the cost of administration. The parish council are affected as LCTS is accounted for by a reduction of chargeable properties (Tax Base)

19. The council has conducted financially modelling of the schemes based on current claimants to assess the likely impact, initially modelling suggest that 1100 working age families will be better off with the proposed option.

20. The LCTS scheme, at its inception, was part-funded by making changes to some Council Tax discounts that can be set locally. That is:

Class C – empty and substantially unfurnished – 0%

Class D – Undergoing major / structural repair – 100% up to 1 year

Empty Property Premium – 2-5 years – 100%

5-10 years – 200%

More than 10 years – 300%

No changes are proposed to these and they will remain at the levels previously agreed.

Staffing

21. When looking at options: -

- Option 1 facilitates an ongoing reduction in resources to be achieved. The Revenues and Benefits team are reviewing staffing requirements and structure following the Service Review
- Option 2 Will enable some reduction in resources but will result still requiring manual intervention to process some UC changes.
- Option 3 Will enable some reduction in resources but will result still requiring manual intervention to process some UC changes

Risks/Opportunities

22. This proposal will contribute to the mitigation of the current cost of living crisis and support the most vulnerable residents.

Health & Wellbeing

23. The cost-of-living crisis will have a direct impact of the health and wellbeing of our most vulnerable residents, additional support provided will have a beneficial impact directly on the health and wellbeing of our residents.

Equality and Diversity

24. An Equality Impact Assessment (EqIA) has been undertaken in relation to the proposals detailed within this report. This has identified that the proposals have the potential to impact positively on a number of different protected characteristic groups, especially those who we know to be most vulnerable to the cost-of-living crisis

Alignment with Council Priority Areas

Housing that is truly affordable for everyone to live in

25. The changes to LCTS will enable those most vulnerable residents to support them paying council tax.

A modern and caring Council

26. The support for LCTS and residents for the cost-of-living crisis links with priorities that we work with in communities and individuals to tackle issues that are affecting them locally.

Report Author:

Dawn Graham – Benefits Manager
Telephone: (01954) 713085