

**REPORT TO:** Cabinet

7 February 2022

**LEAD CABINET  
MEMBER:** Councillor John Williams,  
Lead Cabinet Member for Finance

**LEAD OFFICER:** Peter Maddock, Head of Finance

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## **LOCALISED COUNCIL TAX SUPPORT: 2022/23**

### **Executive Summary**

1. The purpose of this report is to review the Localised Council Tax Support (LCTS) scheme for 2022/23 and agree the LCTS scheme for 2022/23.

### **Key Decision**

2. This is not a key decision as the financial commitments are within the existing budget.

### **Recommendation**

3. **It is recommended that Cabinet recommends to Council, at its meeting on 22 February 2022 the adoption of Option 1, comprising the LCTS Income Bands scheme currently in operation, with an uprating of calculation figures in line with the Consumer Price Index.**

### **Reasons for Recommendation**

4. The current Income Bands LCTS scheme was introduced on 1<sup>st</sup> April 2019 to enable the roll out of Universal Credit (UC) to be accommodated by minimising the number of amendments to Council Tax Support arising from UC thereby affording the Council and claimants some stability by not needing to constantly amend the amount of Council Tax payable which would have additional costs for the Council.
5. There is still economic uncertainty due to COVID 19 and the current LCTS scheme has supported South Cambridgeshire's residents to pay their Council Tax. and expenditure within the existing budget
6. An uprating of scheme in line with Consumer Price Index (CPI) will ensure that those residents in receipt of benefits and limited means will not be worse-off due to inflation.

### **Details**

7. The LCTS scheme previously in place was considered not fit for purpose following the rollout of Universal Credit (UC) in October 2018. There has been a significant increase in uptake from residents who have been financial impacted because of the of the COVID 19 Pandemic.

8. The LCTS schemes only applies to working age claimants as the government determine the scheme for those of pension age
9. The implementation of the new LCTS scheme in April 2019 has been successful and its objectives and aims have been achieved.
10. The Council consulted widely with residents and stakeholders in 2018. The option supported was a Banded Discount Scheme as it would be a longer-term option and ensure that those residents on UC would not encounter the issues which have highlighted in other local authorities where UC has been in place for a longer period.
11. It may be prudent to review the scheme in the spring of 2022 to review options for 2023-24 as it is likely that we will have more information about the on-going financial impact to residents of Covid 19. This would also enable consideration to be given to the Best Practice issued by MHCLG in September 2021 and it's levelling up approach.
12. The Revenues and Benefits team service review has already identified areas of the processing which can be automated. The provider of revenues and benefit back-office system has developed some bespoke software which will enable high numbers of changes to be processed without human intervention and enable a reduction in administration required. Initially testing of this software has commenced in January 2022 and we expect this to be implemented during 2022-2023 following completion of testing and minor amendments following this testing,
13. The DWP uprate the figures for calculation of Housing Benefit annually to reflect CPI, allowing those in receipt of benefits not to be worse off due to inflation a similar uprating for the scheme would enable residents to be not be worse off due to this inflation increase.
14. The current to date LCTS expenditure for 2021/22 is £7,107,450.71 expenditure for 2020/21 was £6,776,804.39 with an additional £458,906.24 paid in Covid 19 Hardship payments. The cost of LCTS is shared between the major Council Tax preceptors: -
  - a) Cambridgeshire County Council 71%
  - b) South Cambridgeshire District Council 13%
  - c) Cambridgeshire Police Authority 12%
  - d) Cambridgeshire Fire Authority 4%

This cost is accounted for as reduction of income received from Council tax; figures shown are averages. The current LCTS scheme is marginally less that estimate for 2021/22

### **Options**

15. The following options have been considered:

#### **Option 1:**

Continue with the current scheme in place with necessary adjustments for scheme uprating in line with CPI which represents an increase of 3.1%. The estimate of LCTS is broadly like the current scheme in place (Option2), excluding increases to the Council Tax charge.

The Banded Scheme enables smaller changes not to affect LCTS awards. The modelling undertaken based on uprating will increase total LCTS awarded in total by estimate of £17,000 annually; the increased cost would be shared between the major preceptors based on their share of total council tax.

#### Option 2:

Continue with the current scheme in place without any adjustments to calculation to allow for inflation.

This option will be broadly similar in cost to 2021/22 excluding increases to the Council Tax charge

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.

### **Implications**

16. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

#### **Financial**

17. The cost of LCTS as has been modelled based on estimates using current caseload; based on the options detailed within this report Option 1 or Option 2 scheme as modelled should be affordable in the context of the Council's Medium-Term Financial Strategy. The cost of LCTS is split between the major Council Tax preceptors.

#### **Legal**

18. The scheme must be agreed before the end of February 2022 and fundamental changes to the scheme would require consultation with residents.

#### **Staffing**

19. The implementation of a major change to the LCTS scheme could require a large amount of extra resource within the Customer Contact Centre. The proposed Option 1 is not expected to require any extra resource.
20. Option 2 would reduce the amount of LCTS awarded to residents and may impact on the local economy. This option could result in increased staff resource required as residents may find the increase in council tax payable difficult to afford and more facing recovery action.
21. Whilst the cost of LCTS is shared between the major preceptors this excludes the cost of administration and any increases in staffing cost would be borne directly by the Council. However, the service will be implementing a program of automation and this is likely to result in a reduction in the costs of staffing.

## **Risks/Opportunities**

22. The continued impact of Covid-19 has resulted in a sustained demand for Council Tax Support, the cost of which would be borne directly by all major preceptors. The Council Tax base estimate for 2022-23 reflects the current financial

## **Environmental**

23. There are no specific environmental implications arising from the report.

## **Equality Impact**

There are no changes based on the proposed scheme and the previous equality impact assessment is still applicable.

## **Effect on Council Priority Areas**

24. Localised Council Tax Support supports those residents with low incomes who live in South Cambridgeshire as the Council scheme particularly supports those residents who are disabled or carers

## **Background Papers**

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

## **Appendices**

None

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