



South
Cambridgeshire
District Council

REPORT TO: Council

22 February 2022

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

LEAD OFFICER: Peter Maddock, Head of Finance

LOCALISED COUNCIL TAX SUPPORT: 2022/23

Executive Summary

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

Key Decision

2. No.

Recommendation

3. **Council approves 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 1st 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 COVID 19 Pandemic.
8. The LCTS schemes only apply 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. There has not been a significant increase in administration and the scheme design means that there has not been an increase in customer contact and the design should enable it to fit for purpose for the longer-term.
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. A change however small to the current scheme would need significant resource requirement as a comprehensive consultation would be required. The redesign of the scheme would also require extensive consultation with residents and stakeholders, combined with considerable resource to redesign the scheme and model financial impacts.
13. The current Income Bands LCTS scheme has only been in place since 1 April 2019; and was a major change from the previous scheme.
14. The Revenues and Benefits team service review has already identified areas of the processing which can be automated. The provider of revenues and benefit Backoffice 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,
15. 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. The same uprating for the LCTS scheme would protect residents in the same way.
16. The new LTCS banded scheme which was implemented in April 2019 and has not resulted in significant increases in telephone calls or visits to the Council from residents as the new scheme structure is significantly different.
17. The previous change from Council Tax Benefit (CTB) in April 2013 to LCTS (a less generous scheme for some residents) resulted in many residents contacting the council and additional temporary staff were recruited to the customer contact service to support the introduction of the new LCTS scheme. The new scheme introduced in 2019/2020 was introduced without any significant increase in residents contacting the council. It is expected that this would be replicated with the current proposals for LCTS 2022/23
18. 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 than estimate for 2021/22

Options

19. 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

20. 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

21. 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

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

Staffing

23. 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.
24. 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.

25. 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

26. 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 reflect the current financial

Environmental

27. 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

28. Localised Council Tax Support supports those residents with low incomes who live in South Cambridgeshire as the Council scheme particularly support 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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