



Report to:	Council	21 February 2023
Lead Cabinet Member:	Councillor John Williams, Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

LOCALISED COUNCIL TAX SUPPORT: 2023/24

Executive Summary

1. The approve the Localised Council Tax Support (LCTS) scheme for 2023/24

Key Decision

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

Recommendations

3. That Council approves Scheme Option 1 which comprising the LCTS Income Band scheme currently in operation and increases working age scheme to a maximum 100% reduction for all working age claimants, with an uprating of calculation annually in line with CPI in September adjustment to earnings disregards increasing support to those who are working.

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 the identified changes to LCTS for 2023/24 will increase the support to the most vulnerable residents.
6. The proposed 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.

7. The Cabinet approved at its meeting on the 14 November 2022 Scheme (Option1) for consultation with residents, stakeholders Precepting authorities and Parish Council's
8. A consultation has been undertaken which has now ended despite active promotion on social media, direct contacting stakeholders and including it within Parish e-newsletter and whilst they have a very small number of responses. Details of the responses to questions asked: -
 - 88% Agreed with increasing the working age scheme to 100% for all working age residents
 - 82% Agreed that income bands used to calculate entitlement should be increased with CPI
 - 82% Agreed that disregards for earnings should be increase
 - 12% Agreed that Council Tax Support scheme should remain unchanged

The responses suggest that those residents who responded broadly agreed with the proposed changes to the Localised Council Tax Support Scheme

Details

9. 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.
10. The Council has acknowledged and announced there is a cost-of-living crisis and has committed to reviewing the scheme.
11. 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.
12. 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%
13. The Council consulted with residents and stakeholders and whilst a small response, more than 80% of respondents agreed with the proposed new scheme (Option1) The option supports the continuation of a Banded Discount Scheme but the council ambitions to increase automation of processing which reduces resource requirements.
14. The option 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.

15. 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.

16. 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.

Options

17. 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 amendment 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. including Precepting Authorities and Parish Council

This option was the one which members agreed at the Cabinet meeting of 14 November 2022 for consultation with residents, at relevant stakeholders.

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.

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.

Implications

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

Financial

19. 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.

20. 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)

21. 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 recommended option (Option1)

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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 the above discounts, and they will remain at the levels previously agreed

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Staffing

24. Option 1 facilitates an ongoing reduction in resources to be achieved. The Revenues and Benefits team will be reviewing staffing requirements and structure following on from the current service reviews and initial restructures currently proposed

Risks/Opportunities

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

Equality and Diversity

26. 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

Health & Wellbeing

27. 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.

Alignment with Council Priority Areas

Housing that is truly affordable for everyone to live in

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

A modern and caring Council

29. 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

Background Papers

Responses to LCTS consultation 2023-24

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