

WEST NORTHAMPTONSHIRE COUNCIL CABINET

14 September 2021

Councillor Malcolm Longley, Portfolio Holder for Finance

Report Title Local Council Tax Reduction Scheme 2022-23

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Contributors/Checkers/Approvers

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List of Appendices

1. Purpose of Report

- 1.1. This report provides members with an update on the Local Council Tax Reduction Scheme (LCTRS) for West Northamptonshire Council (WNC) for the financial year 2021-2022 and asks members to approve, for consultation purposes only, a LCTRS for the financial year 2022-2023.

2. Executive Summary

- 2.1 The LCTRS must be approved and in place by 31 January each year and prior to that the authority must consult with any precepting authority and any other persons who may have an interest on any proposed changes to the scheme. The scheme applies to working age claimants only, as the government prescribes the scheme for those of pension age which provides up to 100% support based on the circumstances of the individual.

- 2.2 Prior to April 2021, each of the predecessor districts and boroughs had different LCTRS offering different levels of support to working age people. At its meeting on 27 October 2020, the Shadow Executive Committee agreed to consult on a number of proposals to harmonise the LCTRS across West Northants.
- 2.3 At the Shadow Executive Committee meeting on 26 January 2021, members received the results of the consultation and agreed a LCTRS for the year 2021-2022 based on a minimum Council Tax contribution that working age claimants must pay of 20% and a number of small changes to the regulations in order to align the schemes.
- 2.4 This report provides members with an update on the LCTRS for 2021-2022 and to ask members to approve, for consultation purposes only, a LCTRS for the year 2022-23
- 2.5 Members are asked to consider the content of this report and to endorse the proposal to consult on the scheme detailed in the report. Members will receive a full report on the results of the consultation at a future meeting and can then determine the scheme they wish to implement for 2022-23.

3. Recommendations

- 3.1 It is recommended that the Cabinet:
- a) Notes the contents of this report
 - b) Approves, for consultation purposes only, the LCTRS outlined in this report for West Northamptonshire for the year 2022-2023.

4. Reason for Recommendations

To enable a consultation process to take place on a proposed Local Council Tax Reduction Scheme for West Northants Council for the financial year 2022-23 and for the final scheme to be approved and in place by 31 January 2022.

5. Report Background

- 5.1 Members will be aware that from April 2013 each Local Authority has been required to determine a LCTRS, which replaced the national Council Tax Benefit scheme. The scheme applies to working age claimants only as the government prescribes the scheme (CTRS Prescribed Requirements Regulations 2012) for those of pension age, which provides up to 100% support based on the circumstances of the individual.
- 5.2 Each billing authority has discretion as to their local scheme, including the maximum level of support available to working age claimants (and therefore the minimum percentage of the bill they are required to pay) and the eligibility criteria for the scheme.

- 5.3 From April 2021 and following a full consultation process, members agreed a LCTRS based on a minimum Council Tax contribution for working age claimants of 20% and some changes to align the previous schemes, which were mostly around mirroring the changes made to DWP Housing Benefit scheme since 2013. The scheme has now been in place across West Northamptonshire area since April 2021.

Update on the LCTRS for 2021-2022 and impact on collection of Council Tax

- 5.4 As at October 2020, across West Northamptonshire there were 21,277 residents in receipt of Council Tax Reduction, 13,000 of whom were of working age.
- 5.5 As at June 2021, the total number of people in receipt of LCTRS is 20,627, of whom 12,649 are of working age. The reduction in the caseload is thought to be as a result of a temporary increase in numbers during the pandemic and we can see the figures beginning to reduce now as restrictions lift and people return to work. There is a degree of caution as we may not yet have felt the full impact of the end of the government's furlough schemes. The estimated total cost of the scheme for 2021-2022 is £19.7m. The increase in expenditure is mainly in the Northampton area where a more advantageous scheme was introduced as schemes harmonised from April 2021.
- 5.6 Council Tax collection rates are monitored each month and, as at June 2021, the figures for West Northants are currently 29.02% against a target of 29.70%. Whilst figures are slightly under target, this is thought to be due to the impact of COVID-19. Active recovery has now recommenced over all three areas and we are undertaking some pro-active collection work.
- 5.7 Members also agreed an exceptional hardship fund to support those taxpayers who receive payments under the LCTRS and still have an amount of Council Tax to pay. The fund is primarily to assist those of working age who may have been impacted by the changes to LCTRS in 2021-2022. As at the end of June 2021, 38 applications for support have been received and 12 awards have been made totalling £1,729. As active recovery has now recommenced it is expected that demand for this additional support will increase.

LCTR scheme 2022-2023 proposals for consultation

Level of contribution for working age

- 5.8 Prior to April 2021, each predecessor council had a different level of minimum Council Tax contribution and, as a result of the harmonisation of LCTRS from April 2021, there were different levels of impact across the West Northants area. The current level of minimum Council Tax contribution that working age claimants must pay is 20% of their Council Tax liability. Modelling has been carried out to show the financial impact of retaining the current 20% minimum payment scheme. A 1% increase in the minimum payment would result in a reduction in expenditure of £155,000 (compared to £141,772 in 2021-2022). In light of the on-going impacts from the COVID pandemic, Members may wish to retain the current level of 20% minimum contribution. This will also allow the harmonised LCTR scheme to bed in. It should also be noted that any increase in the minimum contribution required may impact on Council Tax collection.

	Total CTRS expenditure	Working Age	Pension age
20% liability reduction	19,795,139.00	11,064,872.00	8,730,265.00

LCTRS regulation changes

- 5.9 As previously stated in this report, the LCTR schemes were aligned from April 2021 to provide one LCTRS for West Northants area. The new scheme has been monitored during the first quarter of 2021-2022 and there are two proposed changes to the scheme for the financial year 2022-2023. The proposal is to consult on the changes set out below:

Care Leaver Support

- 5.10 For the financial year 2021-22, members agreed a Council Tax discount for care leavers and a local policy was agreed. Under this policy, care leavers are required to apply for LCTRS and can then apply for an exceptional hardship award to help with any Council Tax payment required. This additional support is funded from the exceptional hardship pot referred to earlier in this report. It is estimated that the cost of the current scheme for 2021-22 will be around £80,000. The proposal is to include this additional support for care leavers up to the age of 25 as part of the LCTR scheme for 2022-23. The additional cost to the LCTR scheme is estimated to be around £33,000. The rationale is that this would reduce the complexity for care leavers and also reduce the administration costs by only having one application process.

War Widow and War Disablement

- 5.11 The current scheme allows for a 100% disregard of War Widows and War Disablement pensions when calculating entitlement to LCTRS. The proposal is to offer enhanced support to those of working age in receipt of War Widows and War Disablement pension and who currently must pay a minimum Council Tax contribution of 20%. This proposal would remove the minimum contribution and allows LCTRS to be calculated on 100% of Council Tax liability and means that these claimants could therefore receive up to 100% support. The numbers of customers impacted by this and the associated costs are relatively low at around 12 taxpayers and could result in additional expenditure of around £7,000.

Consultation approach

- 5.12 As previously mentioned, there is a requirement to consult with all interested parties on any changes to the LCTR scheme. The proposal is to begin consultation on the changes highlighted above with effect from 20 September 2021 and for the consultation to run for a period of four weeks. Whilst the proposed changes are beneficial, it is recognised that any changes will have an impact on residents and therefore the consultation process will be as full as possible, and we will ensure that we reach out to our more vulnerable residents by letter and by working proactively with partner organisations.
- 5.13 The consultation will be an online survey and will be open to all residents and stakeholders. The survey will also be available in other formats and languages upon request. There will also be an email address and telephone number for any enquiries and/or comments.

5.14 The consultation will be promoted as follows:

- Banners on the Council’s website
- Internal staff communications
- Social media platforms
- Press release
- Liaison with voluntary sector and with homeless and housing colleagues
- Direct emails to preceptors (Police, Fire, Town and Parish Councils)
- Letters will be sent to all working age recipients of LCTRS inviting them to take part in the consultation
- The planned timetable for approval of the scheme is set out table below:

Milestone	Date
Proposed scheme for consultation considered by Cabinet	14 September 2021
Consultation on proposed scheme commences	20 September 2021
Consultation concludes	16 October 2021
Results from consultation to be analysed and report drafted	Week commencing 17 October 2021
Report to Cabinet on outcomes from consultation and recommending a scheme	9 November 2021
Report to full Council to approve LCTRS	2 December 2021
Regulations to be drafted	December 2021/January 2022
Regulations to be approved	31 January 2022

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 The cost of the scheme for 2022-23 is estimated to be £19.7m, including Police and Fire, of which West Northants’s share is estimated to be £15.6m. These figures are before any increase in Council Tax for 2022-2023. It should be noted that this position may change due to a number of factors, including the LCTRS caseload numbers and possible changes in LCTRS entitlement for individuals, as well as the on-going impact of Covid-19. The West Northants budget for 2021-2022 includes provision for a cost of £16.2m as part of the tax base calculation and therefore the reduced caseload could lead to a saving of around £0.6m in 2022-2023.

6.1.2 The scheme proposed for consultation will result is a small increase in LCTRS expenditure £40,000 as outlined earlier in this report and this may be funded by the estimated saving highlighted in 6.1.1

6.2 Legal

6.2.1 The adoption of a Local Council Tax Reduction Scheme for West Northants is a legal requirement and is set out in Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations

2012 (as amended by the Council Tax Reduction Schemes (Prescribed Requirements)(England)(Amendment)Regulations 2021)

6.2.2 There is legal requirement to consult on any proposed LCTRS under paragraph 3 of Schedule 1A to the Local Government Finance Act 1991, therefore failure to do so will leave West Northants Council open to challenge on the scheme that is introduced.

6.3 **Risk**

6.3.1 No risks identified as a result of this report.

6.4 **Consultation**

6.4.1 The consultation plans are as outlined in the report.

6.5 **Consideration by Overview and Scrutiny**

6.5.1 Not yet considered by committee.

6.6 **Climate Impact**

6.6.1 No impacts have been identified

6.7 **Community Impact**

6.7.1 No specific impacts have been identified at this stage. An equality impact assessment will be carried out on the new scheme

7. Background Papers

7.1 None.