

26 January 2022		ITEM: 14
Council		
Local Council Tax Scheme		
Wards and communities affected: All	Key Decision: Key	
Report of: Councillor Shane Hebb, Portfolio Holder for Finance		
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance		
Accountable Director: Sean Clark, Corporate Director of Resources and Place Delivery		
This report is Public		

Executive Summary

Local Council Tax Support (LCTS) helps support council taxpayers who have a low income by providing a reduction in the actual amount in Council Tax payable.

On 1st April 2013 LCTS replaced the national Council Tax Benefit Scheme (CTB). Unlike CTB, which was wholly funded by Central Government and administered by local authorities, for LCTS each council was required to design and implement its own scheme against a backdrop of 10% reduction in central funding.

The Council is required to consider its scheme annually and consult on any changes before they are introduced, the current LCTS scheme was implemented on the 1st April 2017 following consultation and has been agreed for each subsequent year up to the current financial year with no changes.

Members will recall the council increased the LCTS from £7.77m to £8.47m when it was reviewed after nearing the first anniversary of the pandemic, as noted in January 2021. Whilst claimants have reduced back to pre-COVID levels, the council seek to maintain that increased funding allocation (adjusted for the Council Tax increase) into 2021/22 to provide sufficient but cautious headroom, should the need be there.

This report provides details of Thurrock's current scheme and analysis to support the recommendation that the current scheme remains unchanged for 2022/23.

1. Recommendations:

1.1 That Council agree to maintain the existing scheme for 2022/23.

2. Introduction and Background

- 2.1 The design of each LCTS scheme must be finalised by the 11th March ahead of the relevant year to which it relates. Failure to provide a scheme by this date will trigger the implementation of a default government scheme. The default scheme would require the council to revert back to the level of support that would have been provided under the national Council Tax Benefit arrangements. With regards to current caseload, reverting to the national scheme would result in an additional cost to Thurrock of circa £1m per annum.
- 2.2 Some components of the LCTS scheme have been directed by Government such as:
- All low income pensioners will be protected under the national framework as defined by DCLG;
 - Consideration for protection for vulnerable working age groups will be allowed for; and
 - Each authority's scheme will maintain work incentives wherever possible. The Government continues to stress the importance of this principle given the current economic climate and the welfare reform agenda.
- 2.3 From 2014/15, any specific funding for the LCTS scheme was rolled up into the Revenue Support Grant (RSG) as provided to local authorities by the government. It is entirely for local authorities to decide how much they are prepared to spend on their LCTS scheme.
- 2.4 Local authorities take on the risk that liabilities under LCTS exceed the amount projected for at the start of the relevant financial year. This risk is shared between billing and major precepting authorities with circa 15% of the council tax collected by the council being paid over to the Essex County Fire and Rescue Service and Essex Police.

3. Analysis/ review of current scheme

3.1 Overview of existing Scheme

The existing Scheme contains the following elements:

- To ensure work pays, the first £25 per week of earned income is disregarded when calculating levels of council tax support;
- The maximum capital limit is to be set at £6,000. This means anyone who has savings over £6,000 may not receive support with their council tax;
- For working age claimants, the maximum support allowed is set at 75% of their full council tax bill;
- To assist those with families the Child benefit and child maintenance received is not included as income in the calculation of council tax support;

- The maximum period a claim can be backdated under the scheme is one calendar month. In order to qualify for this the claimant will need to provide good reason for not claiming earlier;
- There is a full disregard of military compensation payments, including War Disablement Pensions, War Widow's Pension and Armed Forces Compensation Scheme payments;
- The number of dependants assessed in the calculation of claimants needs is a maximum of two; and
- The maximum period of an award when temporarily absent outside the United Kingdom is four weeks.

3.2 Roll out of Universal Credit

In order to keep the process as simple and efficient as possible Thurrock and the majority of other authorities made the decision to keep the Local Scheme aligned as closely as possible to Housing Benefit Legislation, this was to be reconsidered once Universal Credit had been fully rolled out.

Initially Universal Credit was to be fully implemented for all new and existing Working Age claimants by 2017, however this has now been extended nationally and the Governments latest forecast suggests the project will not complete before 2024. In view of this new Housing Benefit legislation is now forming part of the Welfare Reform agenda with this benefit continuing until at least 2024.

The numbers of UC claimants claiming LCTS are being monitored. As at the October 2021 there was a total LCTS case load of 10,003; of this 4,147 claims were for people in receipt of Universal Credit.

At this stage the introduction of Universal Credit in the Authority has not made any significant change to the amount of LCTS awarded to claimants compared to the legacy benefits.

3.3 Accessibility

The application process for LCTS is linked to other national benefits such as Universal Credit and Housing Benefit. This means that people who claim these benefits are directed to make a claim for LCTS where applicable. Applications for LCTS can be made online with assistance via customer services, community hubs and various other organisations for those who need help in completing a claim.

3.4 Level of Support and affordability

Whilst the maximum level of support afforded to eligible working age claimants is entirely at the Council's discretion, in order to maintain fair and effective scheme the council needs to consider both the cost of providing support and the ability of claimants to contribute towards services funded by Council Tax.

Setting the maximum level of support too low would make Council Tax unaffordable for residents on a lower income and would lead to low collection rates which would ultimately benefit no one, whereas an overly generous scheme would increase the burden on wider taxpayers.

The current Thurrock scheme operates a means tested approach, with maximum discounts for working age people set at 75%. The current level of discount provides:

- A high collection rate of council tax billed by claimants with 97.01% collected in the year it is billed; and
- Thurrock's LCTS is in line with other Essex authorities along the South Essex Corridor, as outlined in the table below:

Authority	Max. Support Level
Basildon	75%
Castle Point	70%
Southend-on-Sea	75%
Thurrock	75%

3.5 Cost and Caseload

The number of people claiming LCTS increased as a result of the COVID-19 pandemic, however numbers have now returned to pre pandemic levels, although this of course will continue to be closely monitored.

Within Thurrock for the period July 20 to October 21 while the number of claims in payment decreased by 350 there was an additional cost of £245k as set out below. However, after adjusting for the increase in Council Tax for the current financial year, this reduction in claimants would actually be equivalent to a net reduction to the cost of the scheme of £155k.

Claimant Type	Number of Claimants		Total Awarded	
	As at Oct 2021	Var. to Jul 2020	As at Oct 2021	Var. to Jul 2020
Working age - Employed	1332	-272	£758,434.50	£2,964.50
Working age - Not Employed	5125	64	£4,186,596.70	£220,691.70
Pension Age	3547	-142	£3,717,094.30	£21,689.30
Total	10004	-350	£8,662,125.50	£245,345.50

3.6 Complaints

There have been no specific complaints recorded regarding the council's scheme in recent years.

3.7 Additional Support

Alongside the LCTS scheme various other mandatory and discretionary discounts and exemptions are in place to provide assistance and support to specific groups. These include, Care Leavers exemption to the age of 21 (25 in exceptional circumstances), Severe Mental Health Exemption, Single Persons Discount. The council also considers its wider discretionary power in exceptional cases to reduce the council tax owed where appropriate.

3.8 Further considerations

In addition to the available evidence which suggests the scheme remains fit for purpose, due to the impact of the pandemic, in the interests of maintaining current levels of support and consistency there are no proposals to make changes to the scheme at this time. It is however intended that the scheme will be further considered once the situation stabilises, and future demand/ support can be more confidently assessed.

4. Consultation (including Overview and Scrutiny, if applicable)

4.1 The Council is required to undertake a full public consultation on any proposed scheme changes.

4.2 The recommendation to maintain the current scheme for 2022/23 has been endorsed by Corporate Overview and Scrutiny.

5. Implications

5.1 Financial

Implications verified by: **Jonathan Wilson**
Assistant Director of Finance

The financial implications are set out in the body of the report.

5.2 Legal

Implications verified by: **Gina Clarke**
Corporate Governance Lawyer

Section 13A(2) of the Local Government Finance Act 1992, requires the Council as billing authority to make a localised Council Tax Reduction Scheme in accordance with Schedule 1A to the Act. Each financial year the

Council must consider whether to revise its scheme, or to replace it with another scheme.

Any revision to its scheme, or any replacement scheme, must be made no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.

This report proposes no revisions to the LCTS currently in place for 2021/22. Therefore the Council would not be required to conduct the prescribed consultation process where it is not proposing to make any changes to the LCTS.

Although there are no proposed changes to the Scheme, Full Council is required to agree the adoption of the Scheme to continue as from 01 April 2022 for the Council Tax year 2022/23.

Under Schedule 1A of the Act the Government has the power to make regulations about the prescribed requirements for schemes. Therefore any scheme that the Council adopts must comply with these regulations.

The Council must ensure that it has due regard to its Public Sector Equality Duty (PSED) under the Equality Act 2010 when considering whether to revise the LCTS or to retain the existing scheme. Prior to making a decision to adopt the LCTS for 2022/23 Members must take into account and give particular consideration to an assessment, outlining the impact of the proposals for persons that share the characteristics protected under S4 of the Act and the proposals made to reduce or mitigate any negative impact associated with the proposal.

5.3 **Diversity and Equality**

Implications verified by: **Natalie Smith**
Strategic Lead Community Development and Equalities

The Council has a duty as set out in the Equality Act 2010 to consider the equality impact of its policies and decisions, an updated equality assessment has been completed.

5.4 **Other implications** (where significant) – i.e. Staff, Health Inequality, Sustainability, Crime and Disorder and Looked After Children

N/A

6. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

Working Papers held by Corporate Finance and Revenues and Benefits.

7. Appendices to the report

None

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