

CABINET

17 October 2023

LOCAL COUNCIL TAX SUPPORT REVIEW

Report of the Portfolio Holder for Resources

Strategic Aim:	All	
Key Decision: Yes	Forward Plan Reference: FP/110823	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Deputy Leader and Portfolio Holder for Resources	
Contact Officer(s):	Kirsty Nutton, Strategic Director of Resources (s.151 Officer)	01572 758159 knutton@rutland.gov.uk
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

1. Recommends to Council to continue with the existing Local Council Tax Support scheme (LCTS) and to continue to adjust it annually for inflation in line with Governments Adjudications and Operations Circulars from 2024/25 financial year.
2. Recommends to Council to continue with the existing Discretionary Fund Policy (DF) from 2024/25 financial year.
3. Notes that Council has approved that the Strategic Director for Resources (s151 officer), in consultation with the Cabinet member with the Portfolio for Resources, can make minor changes to the LCTS and the DF because of best practice, guidance or legislation.
4. Notes the intention of the Strategic Director for Resources to explore alternative schemes in 2024/25 and report to Cabinet.
5. Notes the update provided for the managed migration to Universal Credit (UC) of tax credit claimants.

1 PURPOSE OF THE REPORT

- 1.1 To seek approval to continue with the existing Local Council Tax Support Scheme (LCTS) and the Discretionary Fund (DF) from 2024/25 financial year.
- 1.2 To note that the Strategic Director for Resources (s151 officer) in consultation with the Cabinet member with the Portfolio for Resources, can make minor changes to the LCTS and the DF because of best practice, guidance or legislation.
- 1.3 To note the intention of the Strategic Director for Resources to explore alternative schemes in 2024/25 and report to Cabinet.
- 1.4 To provide an update for the continuation of Universal Credit rollout.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Government abolished Council Tax Benefit from 1st April 2013. All billing authorities had to replace this with a local scheme by 31st January 2013. A significant amount of work was undertaken to model, forecast and consult on an affordable scheme for 2013/14. The Council approved a scheme in January 2013 (Report 2/2013), adopted the same scheme in 2014/15 (Report 226/2013) and 2015/16 (Report 185/2014), and undertook a full review in October 2016 for 2017/18 onwards (Report 166/2016). A further review was undertaken in August 2019 (Report 115/2019). It is prudent to review the scheme periodically to assess whether there is a compelling reason to change. This is covered in Section 3.
- 2.2 The Council also approved a Discretionary Fund (DF) alongside LCTS in January 2013. The DF was reviewed in December 2013 (Report 256/2013) and again in January 2015 (Report 2/2015). In 2016 (Report 166/2016) the budget was reduced from £50k to £25k per annum. The budget is now £20k. A further review was undertaken in 2019 (Report 115/2019) which made provisions to provide up to 100% DF support to care leavers. It is worthwhile reviewing this fund alongside the main LCTS scheme. This is covered in Section 4.
- 2.3 The Council has received notification from the Department for Work and Pensions (DWP) that it will begin to issue Universal Credit (UC) Migration Notices to Tax Credit claimants who reside in the Rutland area from September 2023. It is useful to keep updated on the rollout of UC as this affects our Housing Benefit (HB) caseload. This is covered in Section 5.

3 LOCAL COUNCIL TAX SUPPORT SCHEME

- 3.1 LCTS is means tested and provides support to working age households who are on a low income by reducing their Council Tax bill by up to 75%. Pensioners are not affected and can receive up to 100% support. The Government decides the rules that relate to pensioners.
- 3.2 The existing scheme is largely based on the abolished Council Tax Benefit scheme and considers; the make-up of the household, disabilities, children they may have, earned and unearned income and any savings held. No major changes have been made to the scheme since its introduction in 2013.
- 3.3 The table below details the split between working age and pension age and what we have spent in the last 5 years:

Year	Working age number/%	Spend	Pension age number/%	Spend
2019/20	817 / 48.2%	£443,330	877 / 51.8%	£905,128
2020/21	870 / 51.3%	£523,278	827 / 48.7%	£905,484
2021/22	843 / 51.2%	£515,107	803 / 48.8%	£893,382
2022/23	735 / 48.5%	£492,356	780 / 51.5%	£903,631
2023/24*	740 / 48.1%	£507,000	800 / 51.9%	£935,000

*FORECASTED SPEND

3.4 There are a number of compelling reasons to explore alternative schemes detailed below:

- a) Increasing numbers of Councils are moving towards a self-serve 'discount' based scheme rather than a means tested benefit. This serves to reduce workload and provides the taxpayer with stability in knowing what their instalments are as they are less likely to change in year. Rutland is also the only Council without an online application form.
- b) Several principles were adopted in order to deliver desired outcomes. These have remained unchanged since 2013 and may need reviewing and updating.
- c) Our scheme aligned to neighbouring authorities' schemes, this has not been measured recently.
- d) A redesign of the scheme may result in a saving.

3.5 It is recommended that the Strategic Director for Resources explore alternative schemes in 2024/25 and report to Cabinet. This report will provide Cabinet with a number of options to consider.

4 LOCAL COUNCIL TAX SUPPORT DISCRETIONARY FUND

4.1 The Discretionary Fund (DF) sits alongside LCTS. It can provide top-up financial support of up to 100% off their council tax bill. Each case is assessed on its own merits against set criteria. Expenditure and personal circumstances are also considered.

4.2 The table below details the number of awards made, the total spend and the average amount awarded over the last 5 years:

Year	Average award	Number of awards	Total spend
2019/20	£353.73	56	£19,809
2020/21	£257.65	47	£12,110

2021/22	£338.33	45	£15,225
2022/23	£287.47	44	£12,649
2023/24*	£317.65	45	£14,294

*FORECASTED SPEND

4.3 The points made at 3.4 are also relevant for the DF.

4.4 Whilst the DF appears to be working well, it is recommended that the Strategic Director for Resources explore alternatives in 2024/25 alongside the review of LCTS scheme.

5 UNIVERSAL CREDIT UPDATE

5.1 UC is a means tested working age benefit. It was introduced in 2013 to bring together a range of working age benefits into a single payment, including HB. It has been rolled out across the UK, initially to new claimants in a small geographical area. Rutland commenced its rollout in 2015. The DWP are now focusing on managed migration for the remaining claimants who have not yet switched across naturally.

5.2 The Council has been notified that managed migration of households claiming tax credits will commence in September 2023. The next planned step would be to start migrating other legacy benefits including HB from 2024/25 onwards with a target completion of 2028.

5.3 The Council has several issues to consider which are detailed in the table below:

Issue	Impact
The DWP are not able to provide any details of how many tax credit claimants there are in Rutland, this is because HMRC hold this data and they will only release this once migration starts	Not everyone in receipt of tax credits claims HB so the total number of households due to migrate to UC is unknown presently
Claimants residing in Rutland attend both Melton and Stamford Job Centres, so our data is split across 2 regions	The DWP report by Job Centre region rather than at LA level, this makes obtaining the data we need for forecasting difficult
Managed migration is set to complete by 2028, however previous deadlines have not been met	Managed migration may take much longer than expected, this makes forecasting the impact in the medium term difficult
No indication has been given by the DWP as to how a reduction in our HB caseload will affect our Administration Subsidy. For 2023/24 this is £56k	This makes managing the budget and forecasting difficult in the medium term

<p>The Council will still be required to manage HB for pensioners, supported housing and temporary accommodation claimants</p>	<p>The Government is yet to determine what will happen to pension age claimants and those is supported housing and temporary accommodation. We have seen an increase in homelessness and the use of temporary accommodation during the cost-of-living crisis. This means that we will still be required to deliver HB for the foreseeable future</p>
<p>The Council will still be required to manage Discretionary Housing Payments (DHP) The current allocation for 2023/24 is £23k</p>	<p>There are no known plans to change this scheme. This means that we still be required to deliver HB or the foreseeable future</p>

5.4 Currently the data we have tells us that there are 684 households claiming HB, of these 22 are in receipt of Tax Credits. 71% of our current caseload is pensioners. If the DWP complete managed migration of all Tax Credit cases by 31 March 2024, we will see a reduction in HB claims of 3% (22 cases). If the DWP complete all managed migration by 31 March 2024 we will see a reduction in HB cases of 24% (167 cases). This would leave us with 518 HB cases to manage (made up of pensioners, supported and temporary accommodation).

5.5 In summary, it is too soon to be able to estimate the impact of managed migration on the HB caseload, workload and resources with any accuracy. The DWP will issue more information about managed migration to UC as it progresses. Cabinet is not required to make any decision.

6 CONSULTATION

6.1 LCTS- The Council is required to consult with the major precepting bodies and the public when making changes to LCTS Scheme. However, no changes are being recommended currently.

6.2 DF- The DF is not part of the main scheme as is it established under s13A (1)(c) of the Local Government Finance Act 2012. This means that each application is determined entirely at the discretion of the Council and consultation is therefore not required in law to make changes to the DF.

7 ALTERNATIVE OPTIONS

7.1 LCTS- The Council has a statutory duty to adopt a LCTS scheme. Consideration has been given to making changes to the existing scheme or to devise a new scheme, this option has been rejected at this time for the following reasons:

- There is insufficient time to undertake a full public consultation and develop a new scheme or re-write the current one for 2024/25 financial year.

- The full cost of any system changes would need to be established and a project plan developed to manage any changes.

7.2 DF- The Council has a few options regarding DF. It could revise the DF to include or remove categories of individuals or circumstances. It could remove DF altogether or reduce the budget further. However, all local authorities are obliged to consider cases of hardship under Section 13a of the LGFA 1992, so even if the DF was reduced we would have to have some arrangement in place for responding to applications for additional support under hardship. Currently, it is advisable to leave the DF policy as it is and explore alternatives alongside LCTS review in 2024/25.

8 FINANCIAL IMPLICATIONS

8.1 LCTS - the cost of LCTS sits within the Collection Fund and is effectively netted of the income amount shown in the Medium-Term Financial Plan for Council Tax. There will be no direct financial implications from keeping the scheme the same.

8.2 DF- this is funded from the General Fund.

9 LEGAL AND GOVERNANCE CONSIDERATIONS

9.1 LCTS- The Local Government Finance Act 2012 requires that for each financial year, each billing authority must consider whether to revise its scheme or replace it with another scheme. The Council must make any revision to its scheme, no later than 31 January in the financial year preceding that from which the scheme is to have effect.

9.2 DF- The DF policy is established under s13A (1)(c) of the Local Government Finance Act 1992 as amended.

10 DATA PROTECTION IMPLICATIONS

10.1 A Data Protection Impact Assessments (DPIA) has not been completed as there are no new issues or risks arising from this report to the rights and freedoms of natural persons.

11 EQUALITY IMPACT ASSESSMENT

11.1 An EQiA has not been completed because there are no service, policy or organisational changes being proposed.

12 COMMUNITY SAFETY IMPLICATIONS

12.1 There are no community safety implications arising from this report.

13 HEALTH AND WELLBEING IMPLICATIONS

13.1 There are no health and wellbeing implications arising from this report.

14 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

14.1 It has been a few years since the Council looked at LCTS and DF. There is a compelling case to evaluate the current scheme and consider alternatives.

15 BACKGROUND PAPERS

- 15.1 Report 2/2013
- 15.2 Report 226/2013
- 15.3 Report 256/2013
- 15.4 Report 185/2014
- 15.5 Report 2/2015
- 15.6 Report 166/2016
- 15.7 Report 115/2019

16 APPENDICES

- 16.1 There are no appendices.

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