

REPORT OF Section 151 Officer  
To: Full Council  
Subject: Local Council Tax Support – Banded Income Scheme  
Date: 12th December 2022 Reference:

**PURPOSE OF REPORT:**

1. To seek members approval to introduce a banded income scheme for Local Council Tax Support (LCTS), with the intention that it is introduced from the 1<sup>st</sup> April 2023.

## 1. Introduction and background

1.1. Full Council on the 18<sup>th</sup> July 2022 gave approval for officers to begin a consultation on a banded income scheme for Local Council Tax Support (LCTS). Details of the current LCTS which replaced the previous system of Council Tax benefit were included in the report to Full Council on the 18<sup>th</sup> July 2022. The key components of the current discretionary scheme for LCTS for people of working age are:

- All changes in income are reassessed and entitlement to LCTS are recalculated and where appropriate, **claimants are rebilled for all change to LCTS entitlement.** For information the Council receives over 21,000 notifications of changes per annum from Universal Credit. These notifications need to be considered by benefit officers and as required, amendments made to LCTS awards.
- Minimum contribution to be made by claimants towards their Council Tax liability is 25%
- Award of LCTS limited to a Band D
- Capital Limit of £6,000 for the award of LCTS
- Where claimants have a non-dependant(s) living with them, their entitlement to LCTS is reduced

For information the Council awards circa £4m annually in LCTS, pensioners represent 60% of the LCTS caseload, for whom their eligibility for LCTS is determined by Central Government regulations. The cost of the discretionary LCTS awarded to claimants of working age is £1.6m of which Torridge's share at 8.5% equates to circa £140k.

1.2. The details of the proposed band scheme were detailed in the original report to Full Council on the 18<sup>th</sup> July 2022. With regards to the income banded scheme, upon which the Council went out to consultation, LCTS was only reassessed when claimants' income moved between different income bands. The other key aspects of the proposed scheme were:

- Removal of the deduction for non-dependants
- Introduction of minimum income floor for the self-employed in line with Universal Credit regulations (35 hours x national minimum wage)
- Retention of the capital limit at £6,000
- Retention of the Band D Limit

The proposed revised income banded scheme was modelled on behalf of the Council by an organisation called Policy in Practice, the modelling indicated that the scheme would be broadly cost neutral both for the Council and its other preceptors such as Devon County Council, Devon and Cornwall Police and Devon and Somerset Fire.

The key advantages of the proposed scheme are:

- Simpler for our customers, because their liability for Council Tax will only be reassessed if their income moves between pre-determined income bands.
- The introduction of a banded income scheme will, in conjunction with the removal of the non-dependant deduction, reduce the administrative burden for the Council's housing benefit team.
- Be broadly cost neutral and thus not add a financial pressure to both the Council and its preceptors at a time when local authority finances are under great pressure.

## 2. Results of Consultation

In total 186 participated in the Councils' consultation on the proposed changes to the LCTS scheme for working age claimants. The full results of the consultation are attached at appendix 1.

The key findings of the consultation are summarised below:

- 65% of consultees agreed with the introduction of an income based banded scheme
- 70% of consultees agreed to limit the number of dependent children within the calculation for Council Tax Support for all working age applicants
- 54% of consultees agreed with the removal of a deduction for LCTS with respect to non-dependants
- 55% of consultees agreed with the minimum income floor for self-employed applicants
- 82% of consultees agreed that the proposed scheme should ignore crisis payments paid to customers
- 86% of consultees agreed that emergency increases in national welfare benefits should be ignored in assessment of eligibility for LCTS

Devon County Council as the biggest funder of LCTS at circa 75% have indicated that they have no objections to the proposed scheme.

## 3. Next Steps

Now that the consultation has concluded officers are seeking member approval for the formal adoption of the income banded scheme for Local Council Tax Support. Assuming Full Council approve the changes, the Council will work in conjunction with its software provider, Capita, to introduce the new scheme effective from the 1<sup>st</sup> April 2023.

The costs related to the implementation of this revised scheme were included within the previous report to Full Council but are shown below for information.

- Initial software license purchase - £24,063
- two consultancy days costs at £2,600
- **additional** on-going annual subscription of £4,813.

## Implications

### Legal Implications

The Council has undertaken the necessary consultation with regards to the proposed changes to its LCTS scheme, the application of LCTS with respect to pensioners is dictated by Central Government.

### Financial Implications

These are contained in the report.

### Human Resources Implications

n/a

### Sustainability Implications

None directly applicable to this report.

### Equality/Diversity

Considered within the modelling undertaken by Practice in Policy.

### Risk Management

The Council will be required to reduce net expenditure over the medium term. The proposed scheme is broadly cost neutral.

### Compliance with Policies and Strategies

Subject to Consultation and Full Council approval a revised LCTS scheme policy will have to be formally adopted.

### Lead Member Views

Councillor Newton:

Date of Consultation – 30th November 2022

A review of the Council's LCTS is long overdue, the scheme proposed and consulted upon simplifies the process both for the recipients of LCTS and eases the administrative burden for hard pressed council staff. The results of the Consultation show broad support for the amendments to the scheme. Full Council is urged to recommend that the income banded scheme is adopted going forward.

### Member working group

Date of Consultation – 30<sup>th</sup> November 2022

At a time when the budgets of both the Council and our residents are facing severe financial strain, it is important that the proposed scheme is broadly financially neutral. The scheme as consulted upon does not add any significant financial burden to the Council or its preceptors. The modelling previously undertaken demonstrated that relative to the numbers in receipt of LCTS the numbers experiencing any significant financial gain or loss were not material. The reduction in the admin burden on our benefits team that would result from the adoption of this scheme is critical as the service continues to experience significant workload, recruitment and resourcing issues.

### **Conclusion**

The report summarises the results of the consultation exercise.

### **4. Recommendations:**

- That Members authorise officers to introduce; effective from the 1<sup>st</sup> April 2023, an income banded scheme for Local Council Tax Support, subject to available resources from the Council's software provider Capita. In the event that Capita cannot provide significant resource to allow implementation by 1<sup>st</sup> April 2023, Full Council approve the introduction of a band scheme effective from the 1<sup>st</sup> April 2024.