

Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Corporate Director Resources	Council	12 November 2020

Localised Council Tax Support

1. Purpose of report

- 1.1 To confirm the continuation of the current Localised Council Tax Support (LCTS) Scheme for the 2021/22 financial year.

2. Outcomes

- 2.1 Improved incentives to work, ensuring resources are used more effectively, so reducing worklessness and ending a culture of benefit dependency.
- 2.2 Compliance with the Welfare Reform Act 2012 and specifically its provisions for the abolition of Council Tax benefit and replacement with new localised schemes (from 1 April 2013).

3. Recommendations

- 3.1 That the current LCTS Scheme be continued into the 2021/22 financial year noting the maximum percentage contribution from working age claimants remains unchanged at 8.5%.
- 3.2 That the current policy be confirmed, recognising that it includes a number of specified amounts used to calculate entitlement, which may change in line with up-ratings published by the DWP. Recognising also that there may be minor adjustments to the scheme should further guidance be received from the Ministry of Housing, Communities and Local Government (MHCLG), and that the roll out of Universal Credit (UC) will ultimately replace existing social benefits. The Head of the Contact Centre is to have the delegated authority to make these minor adjustments.

4. Background

- 4.1 As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished and in accordance with the Local

Government Finance Act 2012 local authorities were required to introduce Localised Council Tax Support (LCTS) schemes from April 2013.

- 4.2** Support for Council Tax is offered as reductions within the Council Tax system with claimants of state pension credit age receiving a discount of up to 100% depending on their circumstances, thereby ensuring that they experience no reduction in support as a direct result of the reform.
- 4.3** Localisation provided local authorities with the flexibility to design LCTS schemes for working age claimants taking into account the needs of vulnerable groups and the importance of supporting work incentives. Following a consultation exercise, the Council agreed at their meeting of 29 November 2012 to adopt a scheme that mirrored the outgoing CTB scheme with one main difference. Under the new LCTS scheme working age claimants previously entitled to 100% CTB would have to meet 8.5% of their council tax liability from 1 April 2013. This change allowed the council to qualify for transitional grant for one year.
- 4.4** After consultation in 2018, the original scheme was simplified for 2019/20, with the introduction of:
- A “flat” rate of non-dependent deduction of £5 per week per non-dependent, to replace tiered non-dependent deductions based on non-dependent income;
 - An income “cushion” of £10 per week “up or down” in order to minimise the number of changes to claimants’ LCTS awards, and;
 - The discontinuation of the Second Adult Rebate Scheme.
- 4.5** An equality impact assessment was completed prior to the amended scheme being introduced.
- 4.6** The amended scheme was agreed by full Council on 17 January 2019 and this was reconfirmed as the 2020/21 scheme on 9 January 2020.

5. Key issues and proposals

- 5.1** Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992 requires the authority to consider whether for each financial year the scheme is to be revised or replaced. The authority must make any revision to its scheme, or any replacement scheme, no later than 31 March in the financial year preceding that for which the revision or replacement scheme is to have effect. Where this is the case then the procedural requirements in paragraph 3 of that schedule will apply, namely that the authority must:
- Consult any major precepting authority;
 - Publish a draft scheme; and
 - Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

As no amendments are proposed to the current LCTS scheme, no consultations have been undertaken.

- 5.2** As at the end of September 2020, the number of working age claimants eligible for council tax support was 5,717 compared to 4,759 at the end of September 2019, an increase of 958 cases. This substantial increase is largely attributable to the onset of the Covid-19 pandemic and the impact it has had on the employment market, not just in Wyre, but across the country.
- 5.3** The number of pensioners eligible for council tax support at the end of September 2020 was 4,052 compared to 4,257 last year. The reduction of 205 in pension age cases is attributable to an ongoing review of pension credit eligibility that has subsequently impacted on some pensioners' LCTS entitlement.
- 5.4** The value of LCTS awarded as at the end of September 2020 is £9,670,492 compared to £8,744,269 last year, an increase of £926,223 with the increase being attributable to the increase in Council Tax and to an increase in the number of LCTS applicants largely owing to the impact of Covid-19.
- 5.5** The council tax collection rate for 2019/20 was 96.89%, a slight increase of 0.05% when compared to the 2018/19 rate of 96.84%. The collection rate was adversely impacted during March 2020, when the pandemic and subsequent "lockdown" began to affect employment and income.
- 5.6** The recovery process for the collection of outstanding council tax has been suspended in respect of outstanding council tax for 2020/21. One of the consequences of the pandemic is that in March 2020, the Magistrates Courts stopped listing hearings for unpaid council tax and as yet no date has been set for the return of such listings. Recent communications from the Ministry of Justice indicate that efforts are being made to introduce digital council tax hearings via telephone and that the implementation of such arrangements is imminent.
- 5.7** In the absence of the ability to refer unpaid council tax debt to court in order to obtain a Liability Order, the council does not have any powers to allow it to take further action to collect outstanding 2020/21 council tax arrears.
- 5.8** In 2019/20 14,771 reminders, second reminders and final notices were issued, compared with 14,264 in 2018/19, a small increase of 507. A total of 8,076 summonses were also issued for non-payment in 2019/20 compared with 8,025 the previous year. A total of 5,600 liability orders were obtained during 2019/20, meaning that 2,476 summonses were withdrawn before the court date, with the vast majority being withdrawn following payment being made by the person(s) summonsed.
- 5.9** A number of local authorities were originally considering changes to their current LCTS schemes for 2021/22, including increasing the minimum contribution required from those council tax payers in receipt of social benefits to upwards of 40%. Given the financial impact of the pandemic on the finances of many Wyre residents, and the substantially increased difficulties this council now faces in collecting minimum contributions of 8.5% from taxpayers, making any changes to the LCTS scheme for

2021/22 would be likely to only increase further the amount of uncollectable council tax debt.

5.10 More changes to UC are expected, as is the Government sponsored “breathing space” initiative for those with debt problems, and the council tax debt management initiative led by Her Majesty’s Revenue and Customs, both of which were expected to go live in 2020, but have been delayed because of the pandemic. As such, it is considered to be prudent not to make any further changes to the current working age LCTS scheme at this time.

5.11 In leaving the current LCTS scheme unchanged next year, Wyre will continue to protect the most vulnerable in our society by limiting the maximum contribution to LCTS for those on full benefit to 8.5%. Our neighbouring Fylde Coast councils, Blackpool, already ask their residents to pay between 13.56% and 27.11%, while Fylde charge 22%, and their collection rates for 2019/20 were 91.5% and 96.80% respectively.

Financial and legal implications																
Finance	<p>The Council was previously reimbursed by the DWP for expenditure in relation to correctly awarded CTB but as part of the welfare reforms, expenditure on Localised Council Tax Support was reduced by 10%. The Local Government Finance Settlement included £8,077,777 for Council Tax Support in 2013/14 and of this, £963,119 was retained by Wyre.</p> <p>The Government claim that the total level of localised council tax support funding remained unchanged in cash terms in 2014/15 although there has been no separately identifiable amount for localised council tax support at local authority level since it was subsumed within the Revenue Support Grant (RSG) and Baseline Funding. It is also worth remembering that the Council suffered a reduction in grant funding of £1.022m or 13.6% in 2014/15 and no longer receives any RSG (from 2019/20).</p> <p>The 2021/22 budgets are not yet known but by inflating the 2020/21 anticipated expenditure on LCTS of £9,700,000 by 3.91%, Wyre’s average council tax increase in 2020/21, this indicates that the estimated cost of the scheme for 2021/22 would be approximately £10,079,270. Applying these indicative start-up funding allocation of £8,077,777 leaves an unfunded gap of approximately £2,001,493 to be met by each precepting body as follows:</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: right;">£</th> </tr> </thead> <tbody> <tr> <td>Wyre</td> <td style="text-align: center;">10.7</td> <td style="text-align: right;">214,160</td> </tr> <tr> <td>Parish/Town Councils*</td> <td style="text-align: center;">1.1</td> <td style="text-align: right;">22,016</td> </tr> <tr> <td>Combined Fire Authority</td> <td style="text-align: center;">3.7</td> <td style="text-align: right;">74,055</td> </tr> <tr> <td>Lancashire Police Authority</td> <td style="text-align: center;">11.1</td> <td style="text-align: right;">222,166</td> </tr> </tbody> </table>		%	£	Wyre	10.7	214,160	Parish/Town Councils*	1.1	22,016	Combined Fire Authority	3.7	74,055	Lancashire Police Authority	11.1	222,166
	%	£														
Wyre	10.7	214,160														
Parish/Town Councils*	1.1	22,016														
Combined Fire Authority	3.7	74,055														
Lancashire Police Authority	11.1	222,166														

	LCC	73.4	1,469,096
			2,001,493
	<p>*This is an average cost and will not necessarily be incurred by individual Parish/Town Councils</p> <p>A Council Tax Hardship grant of £1,043,738 has been awarded in 2020/21 to support those most severely affected by COVID-19 and this will be used to offset the impact of the additional costs in 2020/21 caused by the increased LCTS claimants. It is unknown what support will be available from central government in 2021/22, if any.</p>		
Legal	<p>The Council must be able to demonstrate that it has complied with the statutory guidance surrounding the implementation of any revised or replacement scheme. A judgement against Sandwell MBC has found that the practice of withholding council tax support from newcomers to the area is unlawful.</p>		

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	✓
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Peter Mason	887530	peter.mason@wyre.gov.uk	19/10/2020

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

None