



Report of:	Meeting	Date
Councillor Lesley McKay, Resources Portfolio Holder and Clare James, Corporate Director Resources (and S.151 Officer)	Council	30 November 2023

Localised Council Tax Support Scheme

1. Purpose of report

- 1.1** To confirm the Localised Council Tax Support (LCTS) Scheme for the 2024/25 financial year.

2. Corporate priorities

- 2.1** 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).
- 2.2** A working-age LCTS Scheme that remains fit for purpose and administratively streamlined as the rollout of Universal Credit Full Service (UCFS) continues.
- 2.3** A working-age LCTS scheme that provides better support to those on the lowest incomes during the current economic climate and reduces barriers to seeking employment.

3. Recommendations

- 3.1** That the current LCTS scheme for 2023/24 remains unchanged for 2024/25.

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 a minimum 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. The scheme for 2021/22 was agreed on 12 November 2020 and again remained unchanged as was the case for 2022/23 (agreed 28 October 2021). However, a minor change to the 2022/23 scheme was agreed by full Council on 10 March 2022 to allow for the disregard of the £150 Energy Bill Rebate payments when calculating entitlement to council tax support.
- 4.7** In order to provide better financial support to council tax payers on the lowest incomes and most adversely impacted by the financial crisis, two further changes to the scheme for 2023/24 were agreed at full Council on 26 January 2023:
- the removal of the requirement for working age LCTS claimants to pay a minimum of 8.5% of their council tax, and;
 - the introduction of a “minimum income floor” for self-employed applicants.
- 4.8** In removing the requirement for working age LCTS claimants to pay a minimum of 8.5% of their council tax the council ensured that those in

receipt of “maximum” LCTS would have no council tax to pay, thus relieving at least some of the financial burden on them.

5. Key issues and proposals

- 5.1** To date the ongoing financial crisis has not eased significantly, if at all, with many households increasingly struggling to meet their financial commitments.
- 5.2** The removal of the requirement for working age LCTS claimants to pay a minimum of 8.5% of their council tax has had a positive impact in reducing some of the financial pressure on those on the lowest incomes. It has also reduced the number of council tax payers summonsed for non-payment. During the 2022/23 financial year 3,743 summonses were issued in May 2022, 555 in June 2022 and 1,194 in August 2022. In the current financial year 3,318 summonses were issued in May 2023, 554 in June 2023 and 903 in August 2023, a total reduction of 717, with a corresponding reduction in the administrative burden to the council associated with attempting the recovery of council tax debt that is becoming increasingly difficult to collect.
- 5.3** With the continuing impact of the ongoing financial crisis in mind it is considered to be inappropriate to consider making any changes to the LCTS scheme for 2024/25 that would make it less generous.
- 5.4** However, as the crisis is also impacting heavily on council tax payers whose incomes are higher than the thresholds for claiming social benefits, it would be unfair to increase the generosity of the scheme further in 2024/25. This is particularly the case when taking into account that the costs associated with any additional increases in financial support for LCTS claimants are ultimately met by the council tax payer.
- 5.5** It should be noted that working-age LCTS claimants in receipt of UC or other qualifying social benefits are also receiving additional cost of living crisis payments of up to £900 from the DWP during this financial year. In addition, the council have awarded various amounts to LCTS claimants from the first three tranches of the Household Support Fund (HSF) and is planning to make a further payment from HSF Round 4 early in the New Year. In August this year 230 LCTS claimants with dependent children starting senior school in September 2023 received a payment of £150 per child from HSF Round 4 in order to help them pay for new school uniforms.
- 5.6** Despite the current economic situation the working-age LCTS caseload has reduced slightly from 5,090 as at 31 March 2023 to 5,019 as at 31 August 2023. The pension age LCTS caseload as at 31 August is 3,762, the same as it was on 31 March 2023. This is despite minor fluctuations in the number of pension age LCTS claimants during the year.

- 5.7 At the start of the current financial year a total of £10,245,205 was posted on to LCTS claimant's council tax accounts. This figure represents the full award of LCTS for the year. During the period up to 31 August 2023 the total LCTS payments posted had reduced to £10,152,663, a small reduction of £92,542.
- 5.8 The figures in 5.6 and 5.7 provide some reassurance that the cost of maintaining the current LCTS scheme is not spiralling upwards.
- 5.9 Taking the ongoing financial crisis and information detailed in points 5.2 - 5.8 into account, it is proposed that the current LCTS scheme remains unchanged for 2024/25.

6. Alternative options considered and rejected

- 6.1 For the reasons highlighted in 5.1 – 5.8 no alternative options for changes to the LCTS scheme for 2024/25 have been considered or consulted upon.

Financial, Legal and Climate Change 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 stopped receiving RSG between 2019/20 and 2021/22. Only a minor amount of RSG is currently received (less than £2,000).</p> <p>The 2024/25 budgets are not yet known but by inflating the updated 2023/24 anticipated expenditure on LCTS of £10,152,663 by 4.18%, Wyre's average council tax increase in 2023/24, this indicates that the estimated cost of the scheme for 2024/25 would be approximately £10,577,044.</p>

	<p>Applying these indicative start-up funding allocation of £8,077,777 leaves an unfunded gap of approximately £2,499,267 to be met by each precepting body as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>%</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Wyre</td> <td>10.2</td> <td>254,925</td> </tr> <tr> <td>Parish/Town Councils*</td> <td>1.1</td> <td>27,492</td> </tr> <tr> <td>Combined Fire Authority</td> <td>3.8</td> <td>94,972</td> </tr> <tr> <td>Police and Crime Commissioner</td> <td>11.7</td> <td>292,414</td> </tr> <tr> <td>LCC</td> <td>73.2</td> <td>1,829,464</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">2,499,267</td> </tr> </tbody> </table> <p>*This is an average cost and will not necessarily be incurred by individual Parish/Town Councils.</p>		%	£	Wyre	10.2	254,925	Parish/Town Councils*	1.1	27,492	Combined Fire Authority	3.8	94,972	Police and Crime Commissioner	11.7	292,414	LCC	73.2	1,829,464			2,499,267
	%	£																				
Wyre	10.2	254,925																				
Parish/Town Councils*	1.1	27,492																				
Combined Fire Authority	3.8	94,972																				
Police and Crime Commissioner	11.7	292,414																				
LCC	73.2	1,829,464																				
		2,499,267																				
Legal	The legal requirements are set out in the body of the report.																					
Climate Change	There are no climate change implications arising directly from this report.																					

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	✓
health and safety	x

risks/implications	✓ / x
asset management	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	09/10/2023

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

List of appendices

None