

# Public Document Pack

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Ask for Mark Hooper  
Email mark.hooper@lichfielddc.gov.uk



**District Council House, Frog Lane  
Lichfield, Staffordshire WS13 6YU**

Customer Services 01543 308000  
Direct Line 01543 308064

Monday, 27 June 2022

Dear Sir/Madam

## **CABINET**

A meeting of the Cabinet has been arranged to take place **TUESDAY, 5TH JULY, 2022 at 6.00 PM IN THE COMMITTEE ROOM** District Council House, Lichfield to consider the following business.

Access to the Committee Room is via the Members' Entrance.

The meeting will be live streamed on the Council's [YouTube channel](#)

Yours faithfully

A handwritten signature in black ink, appearing to read 'Christie Tims'.

Christie Tims  
**Chief Operating Officer**

**To: Members of Cabinet**

Councillors Pullen (Chairman), Eadie (Vice-Chair), Cox, Lax, E. Little, Smith and Strachan



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## AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Medium Term Financial Strategy 3 - 16
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# Medium Term Financial Strategy (MTFS)

Cabinet Member for Finance and Commissioning

Date: 5 July 2022

Agenda Item:

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: [Anthony.thomas@lichfielddc.gov.uk](mailto:Anthony.thomas@lichfielddc.gov.uk)

Key Decision? YES

Local Ward All Wards

Members



**Cabinet**

## 1. Executive Summary

- 1.1 The ability to deliver the outcomes set out in the **Lichfield District Council Strategic Plan**, and beyond, is dependent on the resources available in the MTFS.
- 1.2 The MTFS was approved by Council on 22 February 2022 and this is refreshed each year to:
  - Remove the previous financial year and in this MTFS this is 2021/22
  - Formally add the new financial year and in this MTFS this is 2026/27 and;
  - Refresh and update assumptions to reflect the latest information available.
- 1.3 The MTFS is the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme, Earmarked Reserves and General Reserves.
- 1.4 There have been reports to Cabinet and Council that have updated the MTFS since its initial approval.
- 1.5 The Treasury Management Strategy Statement and Annual Investment Strategy are also important components of the MTFS. These components, under the Constitution are the responsibility of the Audit and Member Standards Committee and therefore will be considered by that Committee as part of the development of the Draft MTFS.
- 1.6 The timetable for consideration of the various elements of financial planning is shown in detail at **APPENDIX A** and the elements related to MTFS development are summarised below:

Date	Meeting	Topics
Budget Consultation (June to December)	05/07/2022	Cabinet
	15/09/2022	Overview and Scrutiny Committee
	04/10/2022	Cabinet
	17/11/2022	Overview and Scrutiny Committee
	06/12/2022	Cabinet
	19/01/2023	Overview and Scrutiny Committee
	02/02/2023	Audit and Member Standards Committee
	14/02/2023	Cabinet
	28/02/2023	Council

- 1.7 There remains an inherently high level of uncertainty surrounding the Local Government Finance regime with the residual impact of the COVID-19 pandemic, the cost of living crisis and other potential Government Policy changes.

- 1.8 The Council has a statutory duty to undertake budget consultation, set a balanced budget and to calculate the level of Council Tax for its area.
- 1.9 This report will include recommended updates to the Medium Term Financial Strategy to ensure it provides sufficient investment to deliver Council priorities.

## 2. Recommendations

- 2.1. That Cabinet recommends to Council to approve an update to the Medium Term Financial Strategy to include the additional net investment needs of **£1,263,000** identified at paras 3.22 and 3.23.
- 2.2. That Cabinet delegates, to the Cabinet Member for Finance and Commissioning, responsibility to agree the form and timetable for the Budget Consultation covering 2023/24.
- 2.3. That Cabinet delegates, to the Cabinet Member for Finance and Commissioning in consultation with the Leader of the Council, responsibility to approve property acquisitions from approved budgets.

## 3. Background

### The Medium Term Financial Strategy (MTFS)

- 3.1. Council approved the MTFS (Revenue and Capital) 2021-26 on 22 February 2022 which covers the financial years 2021/22 to 2025/26 (with a further projection for 2026/27 prepared by Finance for forward planning purposes).
- 3.2. The MTFS includes:
  - **The Revenue Budget** related to the day to day delivery of the Council's services such as waste collection
  - **General Reserves** related to the amount of money available to balance the budget in the short term or fund short term initiatives
  - **The Capital Programme** and its financing for longer term expenditure in relation to the Council's assets, such as property.
- 3.3. The Revenue Budget and Capital Programme are connected by:
  - Any financing of the Capital Programme from the Revenue Budget
  - The repayment of borrowing and the receipt of income from investments
  - Expenditure, income and savings resulting from capital investment.
- 3.4. The Council updates its Budget forecasts at 3, 6 and 8 month intervals.
- 3.5. To assist in understanding the level of uncertainty or risk present, in relation to the Local Government Funding Regime, we allocate each financial year a risk rating:
  - **Low** – all significant components of the Local Government Funding Regime are known and understood
  - **Medium** – all significant components of the Local Government Funding Regime are known although there is some uncertainty around how specific elements will operate
  - **High** – there is uncertainty around all significant components of the Local Government Funding Regime.

## MTFS Budget Principles

- 3.6. To assist in preparing the MTFS, in common with a number of Councils, a set of principles were established to guide the preparation and management of the MTFS.
- 3.7. Council, on 15 October 2019, approved the budget principles identified below:
- Council will consider the medium term outlook when setting the level of Council Tax to ensure that a sustainable budget position is maintained;
  - Council will prioritise funding for statutory and regulatory responsibilities to ensure these are delivered in a way that meets our legal requirements and customer needs;
  - Council will continue to seek continuous improvement to enable further savings, efficiencies and income gains and provide budgets that are appropriate to service needs;
  - Council will ensure that all growth in the staffing establishment will be fully understood through robust business cases in order to ensure our resources match service and customer needs. Growth will usually be allowed where costs are offset by external funding, savings or additional income;
  - Council will not add to other ongoing revenue budgets unless these are unavoidable costs or corresponding savings are identified elsewhere;
  - Council will use robust business cases to prioritise capital funding so that we have a sustainable Capital Programme that meets statutory responsibilities, benefits the Council's overall revenue budget position, and ensures that existing assets are properly maintained;
  - Council will maintain an overall level of revenue reserves that are appropriate for the overall level of risks that the organisation faces, in order to overcome any foreseeable financial impact.

## MTFS Budget Assumptions

- 3.8. There are a number of Cost and Demand Drivers at a corporate level that are likely to influence the level and cost of services provided and therefore the budgets contained in the MTFS.
- 3.9. The updated Cost and Demand Drivers (with negative changes from the current MTFS shaded in red and positive changes shaded in green) initially identified for development of the MTFS are shown below:

Cost Drivers						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Full Time Equivalents <sup>1</sup>	321	321	321	321	321	321
Pay Award	1.75%	4.00%	2.00%	2.00%	2.00%	2.00%
Employers National Insurance	8.76%	8.87%	8.97%	9.07%	9.16%	9.16%
Employers Pension (%)	16.20%	16.20%	22.00%	22.00%	22.00%	22.00%
Employers Pension (Past Service)	£1,102,060	£1,206,520	£746,000	£767,000	£788,000	£809,000
Employers Pension (Other)	£109,180	£109,260	£112,540	£115,920	£119,400	£121,790
Non Contractual Inflation (CPI)	3.88%	8.01%	2.36%	1.65%	1.96%	2.00%
Non Contractual Inflation (RPI)	5.71%	10.27%	3.62%	2.38%	2.60%	2.73%
Applicable Fees and Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Council Tax Increase	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Base Rate	0.20%	1.43%	1.85%	1.63%	1.39%	1.25%
Demand Drivers						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Population Projections	105,293	105,709	106,073	106,432	106,749	107,070
Residential Properties	47,437	47,939	48,488	49,183	49,918	50,420
Business Properties	3,053	3,053	3,053	3,053	3,053	3,053
Number of visitors to the district	2,000,000	2,200,000	2,500,000	2,600,000	2,700,000	2,800,000
						<b>% Increase</b>
Population Projections						1.69%
Residential Properties						6.29%
Business Properties						0.00%
Number of visitors to the district						40.00%

<sup>1</sup> Excluding the impact of the Voluntary Severance Policy.

## An Update on Local Government Finance Reform

- 3.10. The Strategic Risk Register includes a risk in relation to the non-achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.
- 3.11. In March 2022, this risk was outside of the risk appetite and in the red zone principally due to:
- The uncertainty around Local Government Finance Reform.
  - The residual impact of COVID-19 on the MTFS including areas such as car parking use.
  - The geo political events increasing inflationary pressures in the economy.
- 3.12. Local Government Finance Reform remains the most significant area of uncertainty and includes:
- **Social Care Funding and Reform** – a significant element of Local Government Spending with demand increasing and funding not keeping pace.
  - **A Review of New Homes Bonus** – a further one year allocation for 2022/23 was provided as part of the one year Local Government Finance Settlement for 2022/23. Indications from the consultation document were that the level of reward will be significantly lower than the current scheme. The MTFS assumes no receipts from any replacement scheme from 2023/24 onwards.
  - **A Review of Business Rates** – this area has two elements, firstly the ongoing review of the Business Rates system and possible alternatives, such as a land based tax or an online based tax and secondly how the income from Business Rates is distributed.
  - **A Review of Needs and Resources (the Fair Funding Review)** – how more up to date information on needs and resourcing is utilised to update how Local Government Funding is distributed.
- 3.13. The MTFS assumes based on expert advice, that Local Government Finance reform was to be implemented in 2023/24. It also assumes District Councils generally and specifically Councils such as Lichfield DC who are classed as relatively 'low need' i.e. population size, levels of deprivation and other factors and 'high tax base' i.e. a £1 Council Tax increase raises higher levels of income compared to others, will be detrimentally impacted by these changes through lower funding.
- 3.14. However the timescales for implementation in 2023/24 are challenging. To date there has been no development work taking place in the Government, there have been changes in personnel, no papers or working groups have taken place, and there really needs to be a pre-Summer consultation paper with numbers. Therefore the likelihood is that a further one or two year Finance Settlement will be provided or reform will be implemented using a phased approach.
- 3.15. A one or two year settlement could result in significant additional income for the Council in 2023/24 and 2024/25. This is because negative Revenue Support Grant would likely be abated, business rates growth would be retained rather than being redistributed, Business Rates cap compensation could be paid, there could be a further payment of New Homes Bonus and Lower Tier and Services grant could also be paid.
- 3.16. An indication of the level of additional funding that could be received is shown below:

Approved Budget		Detail	Funding Scenarios	
2023/24 £000	2024/25 £000		2023/24 £000	2024/25 £000
1,791	1,826	Baseline Funding Level	2,117	2,117
550	654	Retained Business Rate Growth	1,667	2,002
0	0	Business Rates Cap Compensation	476	0
0	0	Lower Tier Services Grant	202	202
0	0	New Homes Bonus	681	700
<b>2,341</b>	<b>2,480</b>	<b>Total Government Funding</b>	<b>5,143</b>	<b>5,021</b>
		<b>Potential additional income</b>	<b>2,802</b>	<b>2,541</b>

- 3.17. One policy option available to the Council as part of the development of the new Medium Term Financial Strategy, would be to set aside any 'windfall' or additional resources to fund further capital investment in line with Strategic Priorities.

## The Medium Term Financial Strategy

- 3.18. The Medium Term Financial Strategy was approved by Council on 22 February 2022.
- 3.19. A number of new and additional investment needs in line with strategic priorities have been identified since the approval of the Medium Term Financial Strategy.
- 3.20. This report will identify these current additional investment needs for inclusion in the Medium Term Financial Strategy.
- 3.21. It is likely that further additional investment needs will be identified as the development of the Medium Term Financial Strategy progresses throughout the financial year in line with the timetable provided at para 1.6.
- 3.22. At this stage, the recommended net additional investment needs and funding is detailed below:

	Element	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Projection £000	Total £000
Voluntary Severance	Revenue	1,200					1,200
Coach Park	Capital	(313)	(37)				(350)
Meeting Equipment	Capital	13					13
ICT - Investment	Capital	300	50	50			400
<b>Net Additional Investment</b>		<b>1,200</b>	<b>13</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>1,263</b>

<b>Funding:</b>							
Strategic Priorities Earmarked Reserve	Revenue	(1,200)					(1,200)
	Capital	0	(13)	(50)	0	0	(63)
<b>Total Funding</b>		<b>(1,200)</b>	<b>(13)</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>(1,263)</b>

- 3.23. These additional net investment needs are explained in more detail below:
- **BABC Voluntary Severance Policy (Invest to Save Proposal)** – short term investment to provide funding to implement the policy approved by Employment Committee on 1 June 2022.
  - **Coach Park Site** – there is an approved budget of £1,473,000, to acquire the site £300,000 and a budget to enhance the site to enable coach parking £1,173,000. The funding for this budget is £973,000 of Council resources and £500,000 of grant. The latest plans are that **(£350,000)** of the approved budget funded by Council resources can be released.
  - **Hybrid Meeting Equipment** – in addition, to the Approved Budget of **£72,000** (following the first phase of investment), a further **£13,000** is required to deliver the second phase.
  - **ICT Investment** – additional capital investment in ICT of **£400,000** related infrastructure to further support agile working.

## Asset Acquisitions

- 3.24. To enable the acquisition of property from existing budgets that would support and facilitate future development or support strategic priorities, it is recommended that Cabinet approve a delegation to the Cabinet Member for Finance and Commissioning in consultation with the Leader of the Council to approve these acquisitions.

## The Revenue Budget and General Reserves

- 3.25. The Revenue Budget is shown in detail at **APPENDIX B** and the projected Funding Gap based on recommendations contained in this report is summarised below:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Original MTFS Funding Gap</b>	<b>0</b>	<b>726</b>	<b>765</b>	<b>732</b>	<b>905</b>
Approved Updates	0	(32)	(151)	(272)	10
<b>Approved MTFS Funding Gap</b>	<b>0</b>	<b>694</b>	<b>614</b>	<b>460</b>	<b>915</b>

- 3.26. The projected level of general reserves based on the projected funding gap is also shown below:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Available General Reserves Year Start</b>	<b>5,246</b>	<b>5,526</b>	<b>4,832</b>	<b>4,218</b>	<b>3,758</b>
Approved MTFS (Funding Gap)	(0)	(694)	(614)	(460)	(915)
New Homes Bonus in excess of the 'Cap'	280	0	0	0	0
<b>Available General Reserves Year End</b>	<b>5,526</b>	<b>4,832</b>	<b>4,218</b>	<b>3,758</b>	<b>2,843</b>
Minimum Level	1,600	1,600	1,600	1,600	1,600
<b>Total Projected General Reserves</b>	<b>7,126</b>	<b>6,432</b>	<b>5,818</b>	<b>5,358</b>	<b>4,443</b>

- 3.27. There is currently a risk of high inflation being persistent for a prolonged period. This would increase pressure not only on the delivery of existing services, but also on construction and asset management costs of projects in the Capital Programme. In addition, monetary policy counter measures to reduce inflation by increasing interest rates will also impact on the cost of any future external borrowing.

Alternative Options	In the main, the options are focused on the level of resource allocated to Strategic Priorities, the strategy to be utilised to achieve a balanced budget and the level of Council Tax increase and these will be considered as part of the refresh of the Medium Term Financial Strategy.
Consultation	<p>There is a duty under S65 Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure, prior to calculating the Council Tax requirement under S31a (England).</p> <p>It is proposed that consultation project will commence in June 2022 running through to December 2022. This could facilitate rapid analysis of the results of the consultation before a final feedback report is submitted in January 2022.</p> <p>It is proposed that the consultation be delivered through a combination of online promotion focused on a questionnaires aimed at residents, businesses and the community/voluntary sector, and a series of engagement events/discussions hosted by Cabinet members with stakeholder audience groups to discuss specific themes e.g. business support, health, sustainability and/or stakeholder issues e.g. businesses, young people.</p> <p>Running through the publicity of the consultation will be a narrative to engage stakeholders on the budget setting and funding process for Lichfield district Council to raise awareness of the realities of funding sources, funding levels and the decisions that have to be made to deliver a budget for the district.</p> <p>More information on the proposed consultation approach is at <b>APPENDIX C</b>.</p>



Financial Implications

The projections for the strategic priorities earmarked reserve are shown below:

Strategic Priorities Reserve:	Element	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Projection £000	Total £000
Opening Balance		(590)	(1,383)	(1,370)	(1,320)	(1,320)	(590)
Contributions		(1,993)					(1,993)
Planned Use	Revenue	1,200	0	0	0	0	1,200
	Capital	0	13	50	0	0	63
Closing Balance		(1,383)	(1,370)	(1,320)	(1,320)	(1,320)	(1,320)

Approved by Section 151 Officer	Yes
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Legal Implications	No specific legal implications. The recommended Medium Term Financial Strategy, is part of the Budget Framework and will therefore require the approval of Full Council.
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Approved by Monitoring Officer	Yes
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Contribution to the Delivery of the Strategic Plan	The report directly links to overall performance and especially the delivery of the Strategic Plan.
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Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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GDPR/Privacy Impact Assessment	There are no specific implications related to the Medium Term Financial Strategy.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
<b>Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability</b>				
A	Council Tax is not set by the Statutory Date of <b>11 March 2023</b>	Likelihood : Green Impact : Red Severity of Risk : Yellow	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	Likelihood : Yellow Impact : Red Severity of Risk : Red	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	Likelihood : Red Impact : Red Severity of Risk : Red	The Council responded to the recent consultation. Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2022/23 £400,000 is included with the balance transferred to general reserves. At this stage, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
D	The increased Localisation of Business Rates and the Review of Needs and Resources	Likelihood : Red Impact : Red Severity of Risk : Red	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Likelihood : Red Impact : Red Severity of Risk : Red
E	The affordability and risk associated with the Capital Strategy	Likelihood : Yellow Impact : Red Severity of Risk : Red	An estates management team has been recruited to provide professional expertise and advice in relation to property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
F	Sustained higher levels of inflation in the economy	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow	To maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections and where possible ensure income increases are maximised to mitigate any additional cost.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
<b>Strategic Risk SR3: Capacity and capability to deliver / adapt the news</b>				
G	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	Likelihood : Yellow Impact : Red Severity of Risk : Yellow	The use of general and earmarked reserves to fund any shortfall	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
H	The Council cannot achieve its approved Delivery Plan for 2022/23	Likelihood : Yellow Impact : Red Severity of Risk : Red	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	Likelihood : Yellow Impact : Red Severity of Risk : Red	The MTFS will be updated through the normal review and approval process	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
J	Government and Regulatory Bodies introduce significant changes to the operating environment	Likelihood : Red Impact : Red Severity of Risk : Red	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

## Background documents

Medium Term Financial Strategy (Revenue and Capital) 2021-2026 (MTFS) – Cabinet 8 February 2022

Pension Contributions – Cabinet 5 April 2022

Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 7 June 2022

## Relevant web links

## The Financial Planning Timetable

The Financial Planning Timetable and Governance Responsibility				
Service and Financial Planning		July	←	Medium Term Financial Strategy
		August		
		September	←	Money Matters as at 30 June
Review Medium Term Financial Strategy	→			
		October	←	Medium Term Financial Strategy
Review Medium Term Financial Strategy	→			
Mid Year Treasury Management Report	→	November		
			←	Money Matters as at 30 September
			←	Medium Term Financial Strategy
		December	←	Set Council Taxbase and approve Collection Fund Projections
Review Medium Term Financial Strategy	→	January		
Review Treasury Management and Capital Strategies	→		←	Money Matters as at 30 November
Approve the Medium Term Financial Strategy and set the Council Tax	→	February	←	Recommend Medium Term Financial Strategy and Council Tax to Council
		March		
		April		
Draft Statement of Accounts	→	May		
		June	←	Money Matters as at 31 March
Annual Treasury Management Report	→	July		
		August		
Statement of Accounts (was 31 July but for 2 years extended to 30 September)	→	September		
Key:				
Pink = internal timelines				
Blue = Cabinet				
Salmon = Cabinet & Overview and Scrutiny Committee				
Amber = Overview and Scrutiny Committee				
Green = Audit & Member Standards Committee				
Purple = Council				

## Revenue Budget

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Developing prosperity	(436)	(373)	(346)	(290)	11,740
A good council	6,463	6,697	6,991	7,310	
Enabling people	1,513	1,547	1,579	1,538	
Shaping place	4,083	4,348	4,449	4,580	
MTFS Savings and Bids	(1,523)	(1,702)	(1,760)	(1,844)	
Windfall Income allocated to Strategic Priorities	1,993	0	0	0	0
COVID-19 - General Recovery	377	189	189	189	189
<b>Net Cost of Services</b>	<b>12,470</b>	<b>10,706</b>	<b>11,102</b>	<b>11,483</b>	<b>11,929</b>
Corporate expenditure	(198)	1	78	68	64
<b>Net Operating Cost</b>	<b>12,271</b>	<b>10,708</b>	<b>11,180</b>	<b>11,551</b>	<b>11,993</b>
Retained Business Rates Baseline Funding	(3,311)	(2,341)	(2,480)	(2,628)	(2,681)
Business Rates Cap	(174)	0	0	0	0
Lower Tier Services Grant	(95)	0	0	0	0
Services Grant	(146)	0	0	0	0
New Homes Bonus - Base Budget	(400)	0	0	0	0
New Homes Bonus - to General Reserve	(280)	0	0	0	0
New Homes Bonus - Contingency Budget	(721)	0	0	0	0
Collection Fund (Surplus)/Deficit	32	52	0	0	0
Council Tax	(7,456)	(7,693)	(7,935)	(8,190)	(8,407)
<b>Total Funding</b>	<b>(12,551)</b>	<b>(9,982)</b>	<b>(10,415)</b>	<b>(10,819)</b>	<b>(11,088)</b>
New Homes Bonus to general reserves	280	0	0	0	0
<b>Original MTFS Funding Gap</b>	<b>0</b>	<b>726</b>	<b>765</b>	<b>732</b>	<b>905</b>

<b>Approved Updates:</b>					
Pension Contributions - Cabinet 05/04/2022	0	(32)	(151)	(272)	10
<b>Approved MTFS Funding Gap</b>	<b>0</b>	<b>694</b>	<b>614</b>	<b>460</b>	<b>915</b>

LICHFIELD DISTRICT COUNCIL

# YOUR COUNCIL. YOUR BUDGET 2023. HAVE YOUR SAY.

This is YOUR opportunity to shape council budgets in 2023 and beyond

LET US KNOW WHAT MATTERS TO YOU.

# Budget Consultation Plan - June to December 2022

It is proposed that consultation project will commence in June 2022 running through to December 2022 with the key objectives of:

- Reaching wide demographics to encourage contributions from as many groups as possible
- Raising awareness of the engagement campaign to demonstrate that this is an open and credible opportunity for people to share their views.
- Achieving best ever response rates by deploying tailored messaging to key audiences

It is intended that the campaign can facilitate rapid analysis of the results of the consultation before a final feedback report is submitted in January 2022.

It is proposed that the consultation be delivered through a combination of both online, printed and face-to-face activities to reach as many people as possible. The online promotion will link to online surveys and questionnaires aimed at residents, businesses and the community/voluntary sector. A series of engagement events/discussions hosted by Cabinet members with stakeholder audience groups to discuss specific themes e.g. business support, health, sustainability and/or stakeholder issues e.g. businesses, young people will be held over the next six months to garner responses from numerous demographic profiles.

Running through the publicity of the consultation will be a narrative to engage stakeholders on the budget setting and funding process for Lichfield district Council to raise awareness of the realities of funding sources, funding levels and the decisions that have to be made to deliver a budget for the district.

- The communications plan will aim to achieve over 20000 individual engagements.
- It will use digital and physical strategies to meet a wide audience profile.
- The campaign message will build on the campaign title; Your Council. Your Budget 2023. Your Say Counts.
- The campaign will launch in June 2022 and completed in December.
- It will drip-feed each week with messaging related to the response achieved.
- Messaging targeted key demographics will be deployed, using appropriate media for the audience.
- It will seek to provoke with searching, challenger questions designed to garner a response

This year will see tailored communications going out to several key groups including those listed to the right. These represent datasets that we have access to with GDPR compliant authority where appropriate.

The campaign will seek to acquire more authorised contacts during this process to facilitate this and future communications projects.

TARGET DEMOGRAPHCS	MEDIA PLATFORMS
Residents - private	Newsletter, social, press, online engagement
Residents - rented	Newsletter, social, press, online engagement
Schools and colleges	Direct email, careers sessions
City centre businesses	Enews,business groups, social, press, posters
District businesses	Enews,business groups, social, press, posters
Retired	Direct mail, press, social, newsletter, local groups
Working age	Social, push notifications, press, newsletter
Families	Social family groups
Care homes	Events, presetantations
Single professionals	Social, press, push
Political groups	Social
Online support groups	Social
Online opinion groups	Social

Your Council. Your Budget 2023. Your Say Counts.  
Comms Planning H2 2022 - draft

JUNE						JULY					AUGUST				
w/c	6th	13th	20th	27th		4th	11th	18th	25th		1st	8th	15th	22nd	29th
BUDGET ENGAGEMENT	Draft Issue for Discussion	Comms Collateral Created	Comms Collateral Ready	Launch of Engagement Programme - The Scale of the Challenge		Invitation to F2F event - Phase 1	Secondary School Engagement	Launch of Engagement Programme	F2F Event Phase 1		Business Groups Intro	Update on volume of engagements	Challenger questions posed	Challenger responses	Challenger questions posed
		<i>Your Council Your Budget Your Say Counts</i>		Press Website Social Newsletter		Press Website Social Newsletter	Career Advisors Sixth Form Session What is your opinion?	Press Website Social Newsletter	F2F Press Website Social Newsletter		Cllr Pullen visit and presentation - encourage to get involved	Press Website Social Newsletter	Press Website Social Newsletter	Press Website Social Newsletter	Press Website Social Newsletter
SEPTEMBER						OCTOBER					NOVEMBER				
w/c	5th	12th	19th	26th		3rd	10th	17th	24th		31st	7th	14th	21st	
BUDGET ENGAGEMENT	Update on volume of engagements	<i>Your Council Your Budget Your Say Counts</i>	<i>Your Council Your Budget Your Say Counts</i>	Resident Newsletter		Invitation to F2F event - Phase 2	<i>Your Council Your Budget Your Say Counts</i>	<i>Your Council Your Budget Your Say Counts</i>	F2F Event - Phase 2		Business Newsletter	<i>Your Council Your Budget Your Say Counts</i>	F2F Feedback - volume to date	<i>Your Council Your Budget Your Say Counts</i>	
	Press Website Social Newsletter	<i>Poster sites in and around Lichfield</i>	Website Social	Newsletter		Press Website Social Newsletter	Challenger questions posed	Challenger responses	F2F Press Website Social Newsletter		Newsletter		F2F Press Website Social Newsletter		
DECEMBER															
w/c	6th	13th	20th	27th											
BUDGET ENGAGEMENT	F2F Feedback - volume to date  Your Last Chance to have a say	2023 budgets are being built with your feedback	Thankyou and Happy Christmas												
<p>Every week an updated communication will be sent out - tailored to the audience.</p> <p>There will be some overlap naturally in the audiences that are available to us but the messages will all align but there will be specific messaging crafted for each audience so that it resonates with each group and provokes engagement.</p>															

Every week an updated communication will be sent out - tailored to the audience.

There will be some overlap naturally in the audiences that are available to us but the messages will all align but there will be specific messaging crafted for each audience so that it resonates with each group and provokes engagement.

The messaging will also take into account the planned communications calendar for the key themes for the rest of 2022; ensuring that the messages are aligned and appropriate for the current landscape. The timings might change according to other news stories that might impact the level of engagement.



***Key Comms Themes Planner - 2022***

JUNE						JULY				AUGUST					
week no w/c	23 6th	24 13th	25 20th	26 27th		27 4th	28 11th	29 18th	30 25th		31 1st	32 8th	33 15th	34 22nd	
CITY CENTRE REGENERATION	Create Streets Phase 1 feedback	ETRO	Car parking changes	Create Streets Phase 2 - its getting personal		Evolve Update	ETRO update  Bus station?	Your opinion matters - active engagement	Your opinion matters - active engagement		Evolve Update	Your opinion matters - active engagement	Your opinion matters - active engagement	Summary of feedback received from residents	
BEING A BETTER COUNCIL	Restructuring taking place to make LDC fit for now and the future	Apprentices making a huge impact - great place to work	Digital first self serve - so we can invest in F2F for those that need it	Robotics contract  Residents Bulletin		We will improve how we communicate	Council blog	A data-driven council	An expert team working for you - New ADs  Residents Bulletin		Apprentices update	New structure update - what the changes mean	Apprentices update	Structure changes - positive feedback  Residents Bulletin	
ENVIRONMENT	Website updated  More people more rounds  National Recovery Project Video  LCG Awards	Website updated  Cllr Little Reviewing waste changes	Emissions reduction performance	Cllr Little Feedback		June recycling performance	Bag size update	Emissions reduction performance	Cllr Little Monthly Comment		July recycling performance	Design school comp - use of non recycled materials?	The Difference You Have Made	Cllr Little Monthly Comment	
BUSINESS AND II	Hub Feedback Thankyou  Penny Uni Cafe coming	Penny Uni Update  The Hub brand dev	Hub events - come and find out more  Penny Uni coming	Hub events - come and find out more  Penny Uni opening		New moves to LDC House	Hub coming  Leisure Centre Update	New Business Website coming - what do you want to see on it?	New Business Incubator Update		Hub events - come and find out more	New Business Incubator Update	New Business Website Launched  Leisure Centre Update	New Business Incubator Update  Business Bulletin	
EVENTS	Jubilee Review  Ironman Next Week	Ironman	Commonwealth Games update	Baton Holders		Queen's Baton Relay in Lichfield soon	Commonwealth Games update  Festival of Sport Coming	Queen's Baton Relay in Lichfield  Festival of Sport Coming	Festival of Sport		Lichfield Proms One month	Lichfield Proms tickets	Lichfield Proms details	Lichfield Proms update	
MISC	Website blog  Print Retender  Operation Bridge	Website content improvement mapping  Monday roll out	12 months in the life of an LDC Apprentice	OutSource Proc Support		You Tube	OutSource Proc Support	Council Awards To apply for - PR push			OutSource Proc	OutSource Proc	OutSource Proc	Handover	



# Local Council Tax Support Scheme (LCTS)

## Permission to Consult

Cabinet Member for Finance and Commissioning

Date: 05 July 2022

Agenda Item: 4

Contact Officer: Steve Woods

Tel Number: 07929719615

Email: [Steve.woods@lichfielddc.gov.uk](mailto:Steve.woods@lichfielddc.gov.uk)

Key Decision? YES

Local Ward All Wards

Members

**Cabinet**

## 1. Executive Summary

- 1.1. The purpose of this report is to request permission to undertake a consultation with both the public and the Major Precepting Authorities in respect of proposed changes to the Council's LCTS Scheme that will become operational with effect from 1<sup>st</sup> April 2023.
- 1.2. Each year the Council is legally required to review its LCTS Scheme to either maintain the scheme or replace it.
- 1.3. LCTS was introduced from 1 April 2013 when it replaced the Central Government funded Council Tax Benefit regime. From its inception, the funding available to the Council from government has reduced year on year and our scheme has remained broadly the same since it was introduced.
- 1.4. As with the majority of authorities within England, we need to make changes to the LCTS scheme for working age applicants (the scheme for pension age applicants is prescribed by Central Government) in order to reduce the significant administrative burden placed on the Council by the introduction of Universal Credit.
- 1.5. The timetable for consideration of the various elements of the LCTS review are summarised below:

Date	Meeting	Topics
05/04/2022	Cabinet	Agreement and selection of preferred option and approach
		Development of scheme documentation, initial equality impact assessment, exceptional hardship modelling & modelling to establish discount level
<b>Consultation, analysis &amp; second equalities impact assessment</b>	<b>05/07/2022</b>	<b>Cabinet</b>
	15/09/2022	Overview and Scrutiny Committee
		Communication to Overview and Scrutiny Committee (Provisional)
	04/10/2022	Cabinet
		Update Report
		Agreement of changes to administration and implementation of changes to software requirements and Staff instruction/training
	06/12/2022	Cabinet
		Update Report
	19/01/2023	Overview and Scrutiny Committee
		Communication to Overview and Scrutiny Committee (Provisional)
	14/02/2023	Cabinet
		Recommendation of New Scheme to Council
	28/02/2023	Council
		Council Approval of New Scheme
	01/04/2023	
		Commencement of New Scheme

- 1.6. This report requests permission to consult on changes required to the scheme and makes a recommendation to members for the 2023/24 scheme.

- 1.7. This Council collects Council Tax on behalf of Staffordshire County Council, Staffordshire Commissioner – Police and Crime, Staffordshire Commissioner – Fire and Rescue and Parish Councils. However despite collecting c£80m of income each year, we only retain **less than 10%** of the Council Tax paid.
- 1.8. Our existing scheme (Current cost **£4,986,000**) requires the ‘non-vulnerable’ working age LCTS applicants to make a minimum 20% contribution to their Council Tax liability and for their weekly entitlement to be capped at band D Council Tax. A key outcome is to devise a new scheme that will be more directly focused on ‘ability to pay’ and include an exceptional hardship scheme to better support those experiencing hardship.
- 1.9. We have examined our existing scheme and looked at alternative schemes that will deliver a simplified scheme for the resident and simplified administration for Lichfield DC. Using the Northgate (NEC) modelling tool, we have considered slight changes to the existing system as well as considering the introduction of an income-banded scheme that is favoured in a growing number of English Local Authorities.
- 1.10. The proposed income banded LCTS scheme includes multipliers, making it easier for applicants to understand their likely entitlement, which ranges from 25%, 50%, 75% and 100% of their Council Tax liability. If the scheme is introduced with widened bandwidths (Recommend £40), it will cost less as there will be less bills produced and will reduce resident contact.
- 1.11. This report favours the introduction of an income banded LCTS scheme for the working age as it is easier to understand and administer and will help to reduce perpetual debt as it will be better focused on ‘ability to pay’.

## 2. Recommendations

- 2.1 Cabinet approve the introduction of a banded LCTS scheme (**APPENDIX A – option 5 is favoured**).
- 2.2 Cabinet approve the commencement of a consultation with the public and Major Precepting Authorities about the introduction of the new banded LCTS scheme, including exceptional hardship scheme for working age applicants with effect from 1 April 2023.

## 3. Background

- 3.1 Our current LCTS scheme is divided into two schemes:
  - Pension age scheme - scheme rules prescribed by Central Government.
  - Working age scheme – scheme rules being determined by Lichfield DC.
- 3.2 Since our LCTS scheme was introduced in 2013, we have required working age applicants to make a minimum Council Tax payment of 20%. The following applicants have been able to receive up to 100% support where the claimant or partner is:
  - In receipt of a Severe Disability Premium within LCTS or receiving a Severe Disability Premium within Income Support, Income-based Jobseekers Allowance, or income-related Employment and Support Allowance; or
  - In receipt of a war widow(er)s pension or war disablement pension; or
  - Responsible for and resides with a dependent child under 5 years.
- 3.3 Since 2013 we have updated the scheme to align it with Housing Benefit and Universal Credit.
- 3.4 At Cabinet on 5 April 2022 we discussed the need to review the current working age scheme to more closely align it to the applicants ‘ability to pay’ their Council Tax liability.
- 3.5 At this meeting, Cabinet gave authority for officers to develop a replacement LCTS scheme for the working age – ranging from slight changes to the existing scheme, through to the introduction of an ‘income banded’ scheme. (The income banded scheme categorises all working age applicants into a discount band and calculates the level of LCTS based on their assessed weekly income).

3.6 The replacement scheme needs to deliver the following key outcomes:

- A simplified scheme for the resident.
- A future proofed scheme that is capable of adapting to change.
- Simplified administration.
- Reduction in poverty and refocus on 'ability to pay'
- A scheme that recognises and tackles 'exceptional hardship'
- For the scheme to remain affordable.
- For the cost of implementing the scheme to be affordable.

3.7 This report will update Cabinet on:

- The modelling activity that has taken place and why we propose the banded scheme.
- Key features of the proposed new scheme for the working age compared to the existing scheme.
- The level of projected residents who will higher or lower support from the new banded LCTS scheme.
- Visibility to 'next steps' – including consultation.

### Modelling a new LCTS scheme for April 2023

3.8 We carried out the following modelling activity, using the NEC modelling tool:

- **Slight changes to the existing LCTS scheme**

We modelled for the disregard of Child Benefit, lower levels of liability reduction, removal of non-dependant deduction and the removal of the additional earnings disregard. Whilst the changes would result in more applicants receiving higher support and lower numbers of those receiving lower support, it would not result in a simplified scheme.

- **Introducing a new 'income-banded' scheme for the working age**

We modelled 7 schemes - passported, single, single 1 child, single 2 children, couples, couples 1 child, couples 2 children, using the following table:

Reduction %	Single	Single plus 1 dependant	Single plus 2 dependants	Couple	Couple plus 1 dependant	Couple plus 2 dependants
Weekly Income levels						
100%*	Below £77.50	Below £162.50	Below £229	Below £121.50	Below £206.50	Below £273.50
75%	£77.50	£162.50	£229	£121.50	£206.50	£273.50
50%	£117.50	£202.50	£269	£161.50	£246.50	£313.50
25%	£157.50	£242.50	£309	£201.50	£286.50	£353.50
0%	£197.50	£282.50	£349	£241.50	£326.50	£393.50

\*Those on passported benefits such as Income Support, Jobseeker's Allowance (Income Based) and Employment and Support Allowance (Income Related) were modelled as receiving 100% LCTS. All other discount levels were based on the applicants and partners (if applicable), net income.

3.9 The modelling activity identified that the income-banded scheme would deliver the key outcomes that were identified in 3.6 (above) and we recommend adopting the income-banded scheme, for the following reasons:

- The scheme will be easier to administer, giving the option for more generic-based processing between Customer Services, Revenues and Benefits service areas, saving time and cost.
- Applicants will find it easier to understand the income-banded scheme as the website and documentation will clearly set out the qualifying criteria for a reduction of 25%, 50%, 75% and 100%.

## Key features of the proposed New Banded LCTS Scheme

- 3.10 The scheme produces benefits to the Council in terms of administrative cost savings and the key features of the proposed banded scheme for the working age compared to the existing scheme are summarised below:

New feature	Benefit for the applicant
No Liability reduction	More will qualify for up to 100%, helping to reduce poverty and focus on their 'ability to pay'.
No restriction to band D	More help for residents that are 'property rich' but 'income poor'.
No non-dependant deduction	Reduced scheme complexity. Provides protection for low income households. Focus on 'ability to pay'.
Disregard Universal Credit Housing costs -pro rata	An amount in respect of the housing element, within Universal credit will be disregarded
<b>Income disregards:</b> a. Child Benefit b. Carer Allowance c. Support Component of Employment Support Allowance	<b>More income available to:</b> a. Support their children. b. Encourage caring initiatives. c. Support vulnerable groups.
Flat rate £50 earnings disregard	Encourages residents to take up work opportunities and increases and unifies the current disregards.
No Childcare disregard	Reduced scheme complexity. The removal of this disregard will be mitigated by the more generous scheme.
Disregard £85 of income for people entitled to disability premium, enhanced disability premium, severe disability premium and disabled child premium.	Provides a higher level of support to disabled groups, enabling them to keep more of their income to support their disablement needs.
Removal of extended payments	Reduced scheme complexity as extended payments will not apply to a banded scheme. The removal will be mitigated by the more generous scheme.

## The Proposed New Banded LCTS Scheme

- 3.11 The proposed new banded scheme for the working age will:
- Provide more support to low income households.
  - Better align with Universal Credit.
  - Continue to have a simplified claiming process, with entitlement to LCTS maximised.
  - Claims will be able to be calculated promptly and largely automatically without the need to request further information.
  - The generous income bandwidths of the new scheme will avoid constant changes in discount, the need for multiple changes in instalments and will help to maintain high collection rates.
  - Discount changes will be effective from the day of the change rather than the Monday of the following week.

## Modelled Impact of the Proposed new Banded LCTS Scheme

- 3.12 A breakdown of the banded scheme options that we have considered, the estimated cost of each option compared with the existing scheme and a summary of those receiving higher or lower support for each option is shown in detail at **APPENDIX A** and in summary below:

Option	Projected Cost	Additional cost compared to the Existing Scheme	Projected Higher Support	Projected Lower Support
Option 1	£5,300,797	£314,797	1,682	613
Option 2	£5,449,188	£463,188	1,794	490
Option 3	£5,486,371	£500,371	1,848	390
Option 4	£5,497,551	£511,511	1,890	373
Option 5	£5,527,779	£541,779	1,870	369

- 3.13 **We recommend implementing option 5** as it more closely aligns with the key outcomes that were identified in 3.6 (above) and results in a lower number of those receiving lower support (369). It should be noted that those receiving lower support are expected to reduce slightly following a data cleanse activity involving some of the Universal Credit claims. (Current expectations are that these figures could reduce by around 30 claims).
- 3.14 The proposed new scheme will contain additional provisions to protect claimants that experience exceptional hardship. The Council will consider all applications for exceptional hardship on an individual basis, taking into account available income and essential outgoings. This approach will enable individual applicants to be dealt with in a fair and equitable manner. The Exceptional Hardship Scheme will form part of the LCTS scheme and fall to be paid through the Collection Fund.
- 3.15 If the proposed new scheme is approved, consultation now needs to be undertaken with the public and the major precepting authorities. If accepted by the Council, the new scheme will take effect from 1<sup>st</sup> April 2023.
- 3.16 Following the implementation in April 2023, we will actively monitor the impact of the new scheme and carry out a review in August 2023 to consider whether any changes are required for April 2024. We do not envisage any major change to the design of the scheme but feel it appropriate to review the need for change.

Alternative Options	The alternative to introducing a new scheme for LCTS from 2023/24 is to leave the existing scheme in place. This would be a short-term option; lead to increasing costs of administration; and in the longer term, significantly affect the collection of Council Tax and the effectiveness of the scheme to support households within the Council's area.
Consultation	A full consultation will be undertaken in line with the statutory requirement with: <ul style="list-style-type: none"> <li>• The Staffordshire Police, Fire and Rescue and Crime Commissioner; and</li> <li>• The public</li> <li>• Any other interested groups or parties</li> </ul>
Financial Implications	The current LCTS scheme costs approximately <b>£4.986m</b> which is borne by the Council's Collection Fund. Costs are shared between the Council and the Major Precepting Authorities in the following proportions in 2022/23: <ul style="list-style-type: none"> <li>• District Council (9.53%);</li> <li>• Parish Councils Average (2.72%);</li> <li>• Staffordshire County Council (71.07%);</li> <li>• Police and Crime Commissioner (12.61%);</li> <li>• Fire and Rescue Service (4.08%);</li> </ul>

The approach and 'shape' of the scheme is changing, and the overall approach will be to provide additional support to those households on the very lowest incomes. There is no intention to reduce the level of support available to other households. Based on current modelling, were the new scheme to be in place at the current time, the costs would be **£5.530m** although financial modelling will continue to be undertaken during the project.

Whilst the expected costs of the scheme for 2023/24 will be slightly higher, the overall level of LCTS as a proportion of the Council Tax Base has reduced year on year since 2013 as shown below. The proposed changes for 2023/24 would still represent a significant reduction in the proportion of costs in real terms compared to the original LCTS level:

	2013	2014	2015	2016	2017	2018	2019	2020	2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Tax Base</b>	62.148	62.727	64.165	66.653	69.923	74.837	79.238	83.373	88.150
<b>LCTS</b>	4.921	4.515	4.372	4.356	4.388	4.540	4.492	5.019	4.992
<b>Percentage</b>	7.91%	7.19%	6.81%	6.54%	6.26%	6.07%	5.67%	6.02%	5.66%

The table below also provides details of the collection rate for working age cases and it can be clearly seen that the reduced level of support provided is inevitably leading to a reduction in the in-year collection rate.

This is primarily due to the need for even the poorest families being required to make a minimum payment and the resulting increase in the level of arrears. In most cases the sums outstanding now are far more than their ability to pay:

Financial Year	2013	2014	2015	2016	2017	2018	2019	2020
Collection Rate	98.90%	98.70%	98.80%	98.81%	98.86%	98.72%	98.52%	98.12%

The level of arrears related to Local Council Tax Support is shown below:

Year	Arrears
<b>2013/14</b>	£13,240
<b>2014/15</b>	£11,650
<b>2015/16</b>	£19,080
<b>2016/17</b>	£32,699
<b>2017/18</b>	£51,400
<b>2018/19</b>	£102,063
<b>2019/20</b>	£158,677
<b>2020/21</b>	£128,958

The Approved Budget contained in the Collection Fund that could be impacted by the LCTS scheme for 2023/24 and beyond is shown below:

Collection Fund	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27
<b>Local Council Tax Support</b>					
Base Scheme	£4,570,930	£4,713,650	£5,089,440	£5,188,350	£5,289,190
Allowance for COVID-19 and Cost of Living	£855,920	£539,850	£266,140	£271,310	£276,580
<b>Sub Total</b>	<b>£5,426,850</b>	<b>£5,253,500</b>	<b>£5,355,580</b>	<b>£5,459,660</b>	<b>£5,565,770</b>
<b>Bad Debts (c1%)</b>					
Base Allowance	£780,410	£808,440	£837,560	£868,280	£895,210
<b>Sub Total</b>	<b>£780,410</b>	<b>£808,440</b>	<b>£837,560</b>	<b>£868,280</b>	<b>£895,210</b>
<b>Budgets potentially impacted by a review of LCTS</b>	<b>£6,207,260</b>	<b>£6,061,940</b>	<b>£6,193,140</b>	<b>£6,327,940</b>	<b>£6,460,980</b>

Approved by  
Section 151  
Officer

Yes

Legal Implications	<p>Schedule 1A (3) of the Local Government Finance Act 1992, states:</p> <p>Before making a scheme, the authority must:</p> <ul style="list-style-type: none"> <li>consult any major precepting authority which has power to issue a precept to it,</li> <li>publish a draft scheme in such manner as it thinks fit, and</li> <li>consult such other persons as it considers are likely to have an interest in the operation of the scheme.</li> </ul> <p>In addition, in order to set a new scheme, the Council is obliged to make a resolution by 11<sup>th</sup> March of the year prior to the scheme coming into place</p>
Approved by Monitoring Officer	Yes

Contribution to the Delivery of the Strategic Plan	The review of LCTS underpins our priority of developing prosperity, encouraging economic growth and being a good council that is responsive, and resident focussed.
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Equality, Diversity and Human Rights Implications	<p>The move to the new scheme will either have a neutral or positive affect to the majority of working age claimants. From initial modelling 1,870 claimants will receive more support that under the previous scheme.</p> <p>As with all changes however there will be up to 369 claimants who may receive less support than previous. In all of those cases, further support will be available through the Council's Exceptional Hardship Fund.</p> <p>A full Equalities Impact Assessment will be completed once the full consultation process has been completed.</p>
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Crime & Safety Issues	No specific issues.
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Environmental Impact	The reduction in administration together with the removal of notification letters etc. will have a positive environmental impact
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GDPR / Privacy Impact Assessment	No specific issues.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	The resourcing requirements for modelling, consulting, delivering and implementing the new LCTS are critical to the timely and successful launch.	<p>Likelihood: Yellow</p> <p>Impact: Yellow</p> <p>Severity of Risk: Yellow</p>	<p>Interim Revenues and Benefits Manager to lead the project, with support from Benefits Manager.</p> <p>The modelling and validation of results may mean that additional capacity is required. Any additional capacity will be funded from existing budgets including earmarked reserves</p>	<p>Likelihood: Yellow</p> <p>Impact: Yellow</p> <p>Severity of Risk: Yellow</p>



	Interim Revenues and Benefits Manager			
B	The accuracy of the modelling tool data is critical to the financial modelling of each of the proposed schemes.  Interim Revenues and Benefits Manager	Likelihood: Yellow Impact: Yellow  Severity of Risk: Yellow	Benefits Manager to work collaboratively with Interim Revenues and Benefits Manager to validate and check results.	Likelihood: Yellow Impact: Yellow  Severity of Risk: Yellow
C	The consultation process may identify areas that had not been considered to that point, leaving less time to build it in.  Interim Revenues and Benefits Manager.	Likelihood: Yellow Impact: Yellow  Severity of Risk: Yellow	Benefits Manager to work collaboratively with Interim Revenues and Benefits Manager to quickly address any matters arising.	Likelihood: Yellow Impact: Yellow  Severity of Risk: Yellow

Background documents	Medium Term Financial Strategy 2021-2026 Local Council Tax Support Review – Report to Cabinet 5 April 2022.
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Relevant web links	
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**LCTS modelling – showing the range of banded scheme options for April 2023**

Option 1	<ul style="list-style-type: none"> <li>No liability reduction for working age.</li> <li>No non-dependant deductions.</li> <li>Disregard Child Benefit</li> <li>Disregard Carer Allowance</li> <li>Disregard support component of Employment Support Allowance.</li> <li>Disregard Universal Credit housing costs pro-rotta.</li> <li>No additional earnings disregard – flat rate of £50 disregard for workers.</li> <li>Disregard £30 of income for people entitled to disability premium, enhanced disability premium, severe disability premium and disabled child premium.</li> <li>No childcare disregard</li> </ul>
Option 2	<ul style="list-style-type: none"> <li>Disregard £75 of income for people entitled to disability premium, enhanced disability premium, severe disability premium and disabled child premium.</li> </ul>
Option 3	<ul style="list-style-type: none"> <li>Disregard £80 of income for people entitled to disability premium, enhanced disability premium, severe disability premium and disabled child premium.</li> </ul>
Option 4	<ul style="list-style-type: none"> <li>Disregard £85 of income for people entitled to disability premium, enhanced disability premium, severe disability premium and disabled child premium.</li> </ul>
Option 5	<ul style="list-style-type: none"> <li>Disregard £85 of income for people entitled to disability premium, enhanced disability premium, severe disability premium and disabled child premium.</li> <li>Removal of restriction to band D.</li> </ul>

**Using Northgate data as of 13<sup>th</sup> May 2022**

Option	Cost of existing scheme	Cost of banded scheme	Difference
Option 1	£4,986,000	£5,300,797	£314,797
Option 2	£4,986,000	£5,449,188	£463,188
Option 3	£4,986,000	£5,486,371	£500,371
Option 4	£4,986,000	£5,497,551	£511,551
Option 5	£4,986,000	£5,527,779	£541,779

**Option 1**

Higher support		Lower support	
Value	Number affected	Value	Number affected
Up to £0.99	27	Up to £0.99	64
£1 - £4.99	713	£1 - £4.99	148
£5 - £9.99	633	£5 - £9.99	261
£10 - £14.99	207	£10 - £14.99	91
£15 - £19.99	77	£15 - £19.99	26
Over £20	25	Over £20	23
<b>Total</b>	<b>1,682</b>	<b>Total</b>	<b>613</b>

## Option 2

Higher support		Lower support	
Value	Number affected	Value	Number affected
Up to £0.99	29	Up to £0.99	74
£1 - £4.99	707	£1 - £4.99	175
£5 - £9.99	700	£5 - £9.99	164
£10 - £14.99	238	£10 - £14.99	42
£15 - £19.99	87	£15 - £19.99	21
Over £20	33	Over £20	14
<b>Total</b>	<b>1,794</b>	<b>Total</b>	<b>490</b>

## Option 3

Higher support		Lower support	
Value	Number affected	Value	Number affected
Up to £0.99	30	Up to £0.99	53
£1 - £4.99	725	£1 - £4.99	117
£5 - £9.99	729	£5 - £9.99	166
£10 - £14.99	241	£10 - £14.99	32
£15 - £19.99	86	£15 - £19.99	10
Over £20	37	Over £20	12
<b>Total</b>	<b>1,848</b>	<b>Total</b>	<b>390</b>

## Option 4

Higher support		Lower support	
Value	Number affected	Value	Number affected
Up to £0.99	63	Up to £0.99	49
£1 - £4.99	726	£1 - £4.99	109
£5 - £9.99	734	£5 - £9.99	143
£10 - £14.99	242	£10 - £14.99	41
£15 - £19.99	86	£15 - £19.99	21
Over £20	39	Over £20	10
<b>Total</b>	<b>1,890</b>	<b>Total</b>	<b>373</b>

## Option 5 (Proposed scheme)

Higher support		Lower support	
Value	Number affected	Value	Number affected
Up to £0.99	32	Up to £0.99	50
£1 - £4.99	725	£1 - £4.99	117
£5 - £9.99	716	£5 - £9.99	131
£10 - £14.99	250	£10 - £14.99	41
£15 - £19.99	89	£15 - £19.99	20
Over £20	58	Over £20	10
<b>Total</b>	<b>1,870</b>	<b>Total</b>	<b>369**</b>

\*\*We expect this figure to reduce by around 30, following a data cleanse activity to remove the Housing cost element of their Universal Credit. Following this activity, we expect to have around 339 applicants receiving lower support.

Those receiving lower support are typically applicants that have the higher level of disability premiums, or people that are in receipt of Universal Credit that contain additional elements for carer, disabled child or limited capability for work. Some of the families with more than 2 children will be worse off also because they tend to have higher incomes. If these groups experience hardship as a result of the changed scheme, they have the option of applying for additional support through the exceptional hardship scheme.