

Proposed new Local Council Tax Reduction Scheme



CLlr Rob Strachan, Cabinet Member for Finance and Commissioning.

Date: 17 November 2022
Contact Officer: Lizzie Barton, Assistant Director of Customer, Residents and Business
Tel Number: 01543 306060
Email: lizzie.barton@lichfielddc.gov.uk
Key Decision? YES
Local Ward Members

OVERVIEW & SCRUTINY

1. Executive Summary

- 1.1 Lichfield District Council has consulted widely on proposed changes to its Local Council Tax Reduction Scheme (LCTRS) for working-age claimants.
- 1.2 The proposed changes include:
1. Introducing an income-based banded discount scheme.
 2. Allowing residents in all council tax bands to claim council tax reduction if eligible.
 3. Not considering the housing element of Universal Credit when calculating income.
 4. Not considering Personal Independence Payments and Disability Living Allowance when calculating income and providing a further £85 per week disregard where an applicant, their partner or a dependant is in receipt of a disability benefit.
 5. Not considering Carer's Allowance, the support component of the Employment and Support Allowance and Child Benefit when calculating income.
 6. Not considering War Pensions, War Widows/Widower's Pensions and War Disablement Pensions when calculating income.
 7. Altering/awarding a claimant's reduction based on the date a new claim or change is submitted, rather than weekly.
 8. Introducing a standard £50 per week earnings disregard for all working applicants.
 9. Limiting the number of dependant children within the calculation for council tax reduction to a maximum of two for all applicants.
 10. Removing the requirement for non-dependant deductions.
 11. Removing extended payments.
 12. Changing the backdating provisions within the scheme.
- 1.3 The aim of the proposed changes is to make the scheme:
- **Better for claimants** Provide more financial support to residents on the lowest incomes, distribute the support given more fairly to claimants based on their incomes and circumstances, create less paperwork and confusion, provide more financial stability, and deliver greater customer satisfaction. Reduce debt recovery activity carried out with the most financially vulnerable residents.
 - **Better for council taxpayers** Allow the council to streamline administration and reduce unnecessary paperwork and costs.

- 1.4 1,619 residents gave their views over a 12-week period on the proposed changes and all changes were supported by most respondents (see Appendix 2).
- 1.5 The major preceptors, including Police, Fire and Staffordshire County Council, were consulted in relation to the changes and all were supportive of the changes.

2. Recommendations

- 2.1 The Committee is asked to confirm whether they support the introduction of a new income banded Local Council Tax Reduction Scheme for working age claimants with effect from 1 April 2023 in line with all proposals (detailed in Appendix 1), except for the removal of extended payments.
- 2.2 The Committee is asked to confirm whether they support the retention of extended payments to better support residents who gain employment (see 3.21).
- 2.3 The Committee is asked to note that subject to their input, the proposals will be considered for approval by Cabinet in December. If the scheme is approved, the exact rates for the 2023 – 2024's Local Council Tax Reduction Scheme will be brought to Cabinet and Full Council in February 2023 as part of the council tax setting proposals.

3. Background

- 3.1 Since council tax was introduced in 1993, people on low incomes have been able to claim support to pay their council tax bills. Until 2013, this was through the nationally designed council tax benefit scheme.
- 3.2 On 1 April 2013, the Government transferred responsibility for council tax support to local councils. Since then, local councils have had a duty to design and deliver Local Council Tax Reduction Schemes (LCTRS) for working-age claimants.
- 3.3 Local Council Tax Reduction Schemes apply to working-age claimants only. Pension-age claimants receive support under the nationally prescribed scheme in line with The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations.
- 3.4 The council's current scheme was launched in April 2013. It fundamentally mirrored the outgoing national council tax benefit Scheme.
- 3.5 There are many variations of schemes across the country, ranging from more generous schemes that mirror the national scheme, through to those that aim to limit who is eligible and severely restrict the level of help given.
- 3.6 Many councils have simplified their schemes to address changes brought about by welfare reform and Universal Credit, including introducing income-banded schemes for working age claimants. Such schemes are recognised as being able to deliver more financial security/stability to customers, and to reduce the administrative burden on councils administering the schemes.

- 3.7 Nationally there is a strong view that there should be an increase in the level of support to those households on the lowest of incomes. This view has gained momentum over the past few years and has been reinforced since the COVID-19 crisis as well as the recent cost of living increase, both of those have had a major effect on incomes generally.
- 3.8 To date, Cabinet has fully supported the consultation on the proposed changes to the scheme and demonstrated an appetite to support the maximum number of claimants possible through the scheme.

Why consider changing the scheme?

- 3.9 The council is keen to consider altering the current scheme for several reasons:
- The administration grant the council receives from government is reducing year-on-year, however the cost of administering the scheme is not reducing. This is primarily due to inbuilt complexities in the current scheme – for example every time an applicant’s income changes, their case must be reassessed, and their award must be reprofiled.
 - Universal Credit (UC) is undoubtedly a contributing factor to this, especially for claimants who are in employment. Claimants’ UC is recalculated every month which can generate new files for the council to process. For claimants receiving fluctuating wages, this means they receive a revised award every month and, therefore, a revised council tax bill, which is costly to administer and deliver.
 - This reprofiling of payments creates a high level of uncertainty for both customers and the council. Payments made by customers can be delayed because of the requirement to give 14 days’ notice, meaning customers do not have the opportunity to apportion their remaining council tax payments over as many instalments. On average 40% of UC claimants have between eight and twelve changes in entitlement each year. These changes result in amendments to council tax bills, the re-calculation of instalments, delays, and resetting of recovery arrangements.
 - The ability to award 100% reduction to those on the on very low incomes will prevent hundreds of households being chased for small amounts of debt, as well as reduce debt recovery related costs. Studies have shown that the collection of a minimum amount is expensive, with recovery fees often exceeding the debt the customer originally owed (Institute of Fiscal Studies¹). Whilst the principle of all working age households paying ‘something’ was initially thought to be a positive approach, the reality is that households on the lowest incomes have been unable to pay this amount, leading to additional court costs, and enforcement costs and a reduction in customer wellbeing. These charges and costs often need to be written off as uncollectable.
 - Universal Credit claimants often fail to claim council tax support because of the belief that they have claimed it as part of the UC process, leading to a loss of financial support to those most in need.
 - Due to the complex nature of assessments, benefit assessor skills are required to process Local Council Tax Reduction Scheme (LCTRS) cases/changes.
 - The administration of the current scheme is complex, with staff having to request significant amounts of information from applicants. This means the timescales for processing applications is lengthy, mainly due to the complexity and evidence required to support the applications. A simplified scheme will allow the possibilities of awards being automated, resulting in a prompt award of support, so meeting customers’ need for real-time changes to their bill according to changes in their circumstances.

¹ <https://www.ifs.org.uk/publications/13827>

- Above all, the cost of administering the scheme remains high, whilst customer satisfaction is reducing as customers are often confused by the nature and regularity of correspondence they receive and are less able to budget/manage their money based on fluctuating awards.
- Equally future potential savings the council may hope to achieve following the introduction of Universal Credit is being hampered. This is because the council's unique caseload is relatively constant, as regardless of the type of benefits a resident is claiming, the council's assessors still need to regularly review their case.

3.10 There are approximately 2,370 working-age claimants of LCTRS which costs approximately £2.443 million per annum to deliver, not including administration costs. This cost is accounted for in the Collection Fund, whilst the administration costs (net of Government Grant) are accounted for in the General Fund

The consultation results

3.11 1,619 residents gave their views as part of the consultation that ran for 12 weeks between 25 July 2022 and 16 October 2022. A summary of the results is included at Appendix 2. It is worth noting that the survey only asked for free-form text comments from people who disagreed with any of the proposals. As such, supportive free-form text comments were not gathered have not been captured as part of the consultation exercise, so it is important to view the balance of feedback in this light.

Proposal	Consultation question	Yes	No	Don't know
1	Should the council introduce an income banded discount scheme?	63%	18%	19%
2	Should residents in all council tax bands be able to claim?	69%	13%	18%
3	Should the housing element of Universal Credit not be considered when calculating income?	64%	17%	19%
4	Should Personal Independence Payments and Disability Living Allowance not be considered when calculating income and should a further £85 per week disregard be applied if an applicant, their partner or a dependant is in receipt of a disability benefit.	81%	6%	13%
5	Should Carer's Allowance, the support component of the Employment & Support Allowance and Child Benefit not be considered when calculating income?	76%	10%	14%
6	Should War Pensions, War Widows/Widower's Pensions and War Disablement Pensions, not be considered when calculating income?	82%	6%	12%
7	Should a claimant's award/amendment be based on the date it was submitted, rather than weekly?	81%	5%	14%
8	Should the council introduce a standard £50 per week earnings disregard for all working applicants?	66%	11%	23%
9	Should the council limit the number of dependent children within the calculation to a maximum of two?	69%	13%	18%
10	Should the council remove non-dependant deductions?	62%	16%	22%
11	Should the council remove extended payment provision?	68%	11%	21%
12	Should the council change the backdating provisions within the scheme?	80%	6%	14%

The income banded scheme

3.12 In the new scheme, the council will consider the amount of income a household earns, disregarding :

- Personal Independence Payments and Disability Living Allowance.
- The housing element of Universal Credit and Housing Benefit payments.
- Carer's Allowance and the support component of Employment & Support Allowance.
- Child Benefit
- War Pensions, War Widows/Widower's Pensions and War Disablement Pensions.
- Passported benefits including Income Support, Job Seekers' Allowance Income Based and Employment & Support Allowance (income related) and any income for recipients of these benefits.

3.13 The council will also disregard a £50 per week of earnings if the recipient/their partner in the household is working, and a further £85 per week (of any income) if an applicant, their partner, or a dependant is in receipt of a disability benefit.

3.14 Based on the earnings remaining, the council will then place the household into one of the below bands and award a reduction based on their household make-up and net weekly income:

Band	Council tax reduction	Single person – net income per week ²	Single person with one child/young person – net income per week	Single person with two or more children/young persons – net income per week	Couple with no children – net income per week	Couple with one child/young person – net income per week	Couple with two or more children/young persons – net income per week
1*	100%	£0 to £77.49	£0 to £162.49	£0 to £228.99	£0 to £121.49	£0 to £206.49	£0 to £273.49
2	75%	£77.50 to £117.49	£162.50 to £202.49	£229 to £268.99	£121.50 to £161.49	£206.50 to £246.49	£273.50 to £313.49
3	50%	£117.50 to 157.49	£202.50 to £242.49	£269 to £308.99	£161.50 to £201.49	£246.50 to £286.49	£313.50 to £353.49
4	25%	£157.50 to £197.49	£242.50 to £282.49	£309 to £348.99	£201.50 to £241.49	£286.50 to £326.49	£353.50 to £393.49
5	0%	£197.50 or more	£282.50 or more	£349 or more	£241.50 or more	£326.50 or more	£393.50 or more

3.15 When a claimant's earnings then fluctuate within the band (for example between £77.50 - £117.49 a week), the amount of council tax reduction they get won't change. However, if their earnings cross the threshold of a band – for example go from £117.49 to £185.59 (change from Band 2 to Band 4), the amount of council tax reduction they would receive would change from 75% to 25%.

3.16 Whilst banded schemes offer more stability, there will inevitably be some people who are worse off than on a tapered scheme (as per the council's current scheme). This is because if a resident's income is on the borders of a band (as illustrated in 3.15), they could receive significantly less council tax support if they earned just a little more, as they could jump into a lower band that offers significantly less support, rather than the current tapered reduction. This is known as a 'cliff-edge'.

3.17 In the proposed banded scheme model (see 3.14), the impact of cliff edges has been minimised by creating income bands that are sufficiently wide enough to avoid constant changes in discount.

² The council looks at net weekly income – after tax, National Insurance and half of pension contributions.

- 3.18 The actual income bands used in the 2023/2024 scheme will be based on the model detailed at 3.14 but will be amended to reflect the new council tax level and any changes to Universal Credit that occur in the coming months.
- 3.19 The final proposed rates and final council tax regulations will be brought to Cabinet and Full Council in February 2023 for approval, as part of the council tax setting proposals. Thereafter new rates will be agreed each year at Full Council.

Proposals and retaining extended payments

- 3.20 Over 60% of respondents agreed with all proposed changes, and no significant areas of detailed concern were raised.
- 3.21 Since the consultation, the team has reviewed the administration of the new scheme in detail and identified that removing **extended payments** for people who move from unemployment into employment does not present a significant workload, nor does it represent a large annual spend (approx. £700 per annum). Extended payments are where someone who was unemployed, but gains employment, retains the same council tax reduction for the first four weeks of their employment, so that they do not face bills as soon as they start working and their wage may not yet have been paid. The aim of extended payments is to make it as easy as possible for someone to remain in work. As such, given the new scheme is designed to encourage and support people into and to remain in work, that despite the consultation feedback, extended payments are retained in the new scheme.
- 3.22 Beyond this one change, this report proposes that the council adopt the proposed changes that were consulted on in full. These are captured in the proposed draft scheme (see Appendix 1).
- 3.23 As with any new scheme, the council will undertake constant monitoring throughout the first year of the scheme's operation to identify any impacts (positive and negative) on residents. Any exceptional financial hardship will be addressed through the proposed Exceptional Hardship Scheme (see 3.23 – 3.24). Any other impacts will be incorporated into and addressed as part of the annual review of the scheme that will take place each year in advance of the council tax setting proposals being brought to Cabinet and Full Council.

Envisaged benefits of the new scheme

- 3.24 Overall the benefits of the proposed new scheme include:
- Residents on the **lowest incomes will receive more support** through the new scheme and could receive up to 100% council tax discount. This means they won't be chased for small amounts of council tax debt that they can't pay, potentially ending up deeper in debt when court summons and recovery costs are added to their accounts. Equally the council can focus its debt recovery activity on those who can pay their debts but are avoiding doing so. This will boost the wellbeing of hundreds of residents across the district as well as boost collection rates and reduce debt write-offs.
 - The scheme will result in a **simplified claim process** for all claimants and get money out to more eligible households.
 - **Speed of processing will be increased** as new claims will be able to be calculated promptly without the need to request further information which inevitably leads to delays. The new scheme will also lend

itself to automation of more processes, with the potential to further speed up claims and changes of circumstances.

- Most Universal Credit applicants will not need to apply separately for Local Council Tax Support, and for all other applicants, the claiming process will be simplified significantly. This will **increase the number of eligible households the scheme supports**, boost welfare and minimise the amount of backdating.
- Residents whose circumstances change (where their income goes up or down a band) will need to fill in a **simple online form** to notify the council, so their award amount can be amended. Residents who had a recent claim with the council, but it went out of payment due to an increase in income would need to fill in a **simple online form** to notify the council that they are now eligible for payment, should their income drop. The council will aim to automate the award changes based on these notifications.
- The new scheme will avoid constant changes in customer's awards, meaning customers will know month on month what they need to pay towards their council tax, and so help to **maintain the council's current high collection rates**. The increased level of discount will also assist all those applicants on the lowest incomes, again improving the overall collection rate.
- **Resident will better understand where they are in relation to their council tax reduction and what they need to pay**, and only significant changes in their income will affect the level of council tax reduction they receive.
- The new scheme is designed to **reflect other council tax discounts and exemptions**, any changes will be effective from the day of change rather than the Monday of the following week.
- A **wider pool of staff will be able to administer the scheme**, without significant levels of training or expertise, supporting the new team's approach to more generic working.
- The overall **cost of administering the scheme will reduce over time**.

Transition to the new scheme and the Exceptional Hardship Scheme

- 3.25 Most councils introduce a discretionary hardship approach to support the introduction of the banded scheme by providing financial assistance to anyone who faces undue financial hardship whilst the scheme is embedded. This approach meets the requirement to have transitional support within any change to the scheme, it will also ensure individual applicants are dealt with in a fair and equitable manner.
- 3.26 It is proposed that the Lichfield District Exceptional Hardship Scheme will form part of the Local Council Tax Support scheme and fall to be paid through the Collection Fund, in the same way any debt write offs are also paid through the Collection fund. Given the scheme is more generous, it is predicted that the demand on this fund will be limited.

Alternative Options	<p>The alternative to introducing a new scheme for Local Council Tax Support from 2023/24 is to leave the existing scheme in place.</p> <p>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.</p>
----------------------------	---

Consultation	<p>A full consultation has been undertaken in line with the statutory requirement with:</p> <ul style="list-style-type: none"> • The Staffordshire Police, Fire and Rescue and Crime Commissioner; and • The public <p>An analysis of the public consultation is included within Appendix 2.</p>
---------------------	--

Financial Implications	<p>The current Local Council Tax Support scheme is projected to cost approximately £4.986m (including the pensioner scheme) which is borne by the council's Collection Fund.</p> <p>The budgeted cost is shared between the Council and the Major Precepting Authorities in the following proportions in 2022/23:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Band D</th> <th style="text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td>Staffordshire County Council</td> <td style="text-align: right;">£1,401.30</td> <td style="text-align: right;">71.07%</td> </tr> <tr> <td>Staffordshire Commissioner - Police and Crime</td> <td style="text-align: right;">£248.57</td> <td style="text-align: right;">12.61%</td> </tr> <tr> <td>Staffordshire Commissioner - Fire & Rescue</td> <td style="text-align: right;">£80.35</td> <td style="text-align: right;">4.08%</td> </tr> <tr> <td>Lichfield District Council</td> <td style="text-align: right;">£187.85</td> <td style="text-align: right;">9.53%</td> </tr> <tr> <td>Parish Councils (Average)</td> <td style="text-align: right;">£53.56</td> <td style="text-align: right;">2.72%</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">£1,971.63</td> <td style="text-align: right;">100.00%</td> </tr> </tbody> </table> <p>Based on current modelling, were the new scheme to be in place at the current time, the costs would be £5.530m.</p> <p>The approved budget contained in the Collection Fund that provides funding (a more generous scheme is likely to reduce the level of arrears and therefore bad debts) for the LCTS scheme is shown overleaf.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Collection Fund</th> <th style="text-align: right;">Budget 2022-23</th> <th style="text-align: right;">Budget 2023-24</th> <th style="text-align: right;">Budget 2024-25</th> <th style="text-align: right;">Budget 2025-26</th> <th style="text-align: right;">Budget 2026-27</th> </tr> </thead> <tbody> <tr> <td>Local Council Tax Support</td> <td style="text-align: right;">£5,426,850</td> <td style="text-align: right;">£5,253,500</td> <td style="text-align: right;">£5,355,580</td> <td style="text-align: right;">£5,459,660</td> <td style="text-align: right;">£5,565,770</td> </tr> <tr> <td>Base Scheme</td> <td style="text-align: right;">£4,570,930</td> <td style="text-align: right;">£4,713,650</td> <td style="text-align: right;">£5,089,440</td> <td style="text-align: right;">£5,188,350</td> <td style="text-align: right;">£5,289,190</td> </tr> <tr> <td>Allowance for COVID-19 and Cost of Living</td> <td style="text-align: right;">£855,920</td> <td style="text-align: right;">£539,850</td> <td style="text-align: right;">£266,140</td> <td style="text-align: right;">£271,310</td> <td style="text-align: right;">£276,580</td> </tr> <tr> <td>Sub Total</td> <td style="text-align: right;">£5,426,850</td> <td style="text-align: right;">£5,253,500</td> <td style="text-align: right;">£5,355,580</td> <td style="text-align: right;">£5,459,660</td> <td style="text-align: right;">£5,565,770</td> </tr> <tr> <td>Bad Debts (c1%)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Base Allowance</td> <td style="text-align: right;">£780,410</td> <td style="text-align: right;">£808,440</td> <td style="text-align: right;">£837,560</td> <td style="text-align: right;">£868,280</td> <td style="text-align: right;">£895,210</td> </tr> <tr> <td>Sub Total</td> <td style="text-align: right;">£780,410</td> <td style="text-align: right;">£808,440</td> <td style="text-align: right;">£837,560</td> <td style="text-align: right;">£868,280</td> <td style="text-align: right;">£895,210</td> </tr> <tr> <td>Budgets potentially impacted by a review of LCTS</td> <td style="text-align: right;">£6,207,260</td> <td style="text-align: right;">£6,061,940</td> <td style="text-align: right;">£6,193,140</td> <td style="text-align: right;">£6,327,940</td> <td style="text-align: right;">£6,460,980</td> </tr> </tbody> </table>		Band D	%	Staffordshire County Council	£1,401.30	71.07%	Staffordshire Commissioner - Police and Crime	£248.57	12.61%	Staffordshire Commissioner - Fire & Rescue	£80.35	4.08%	Lichfield District Council	£187.85	9.53%	Parish Councils (Average)	£53.56	2.72%	Total	£1,971.63	100.00%	Collection Fund	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27	Local Council Tax Support	£5,426,850	£5,253,500	£5,355,580	£5,459,660	£5,565,770	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	Sub Total	£5,426,850	£5,253,500	£5,355,580	£5,459,660	£5,565,770	Bad Debts (c1%)						Base Allowance	£780,410	£808,440	£837,560	£868,280	£895,210	Sub Total	£780,410	£808,440	£837,560	£868,280	£895,210	Budgets potentially impacted by a review of LCTS	£6,207,260	£6,061,940	£6,193,140	£6,327,940	£6,460,980
	Band D	%																																																																										
Staffordshire County Council	£1,401.30	71.07%																																																																										
Staffordshire Commissioner - Police and Crime	£248.57	12.61%																																																																										
Staffordshire Commissioner - Fire & Rescue	£80.35	4.08%																																																																										
Lichfield District Council	£187.85	9.53%																																																																										
Parish Councils (Average)	£53.56	2.72%																																																																										
Total	£1,971.63	100.00%																																																																										
Collection Fund	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27																																																																							
Local Council Tax Support	£5,426,850	£5,253,500	£5,355,580	£5,459,660	£5,565,770																																																																							
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																																																																							
Sub Total	£5,426,850	£5,253,500	£5,355,580	£5,459,660	£5,565,770																																																																							
Bad Debts (c1%)																																																																												
Base Allowance	£780,410	£808,440	£837,560	£868,280	£895,210																																																																							
Sub Total	£780,410	£808,440	£837,560	£868,280	£895,210																																																																							
Budgets potentially impacted by a review of LCTS	£6,207,260	£6,061,940	£6,193,140	£6,327,940	£6,460,980																																																																							

	The approved budgets are currently sufficient to accommodate the projected cost of this revised scheme although this will be reviewed in the current economic climate as part of the annual update to the MTFs.
Approved by Section 151 Officer	Yes
Legal Implications	<p>Schedule 1A (3) of the Local Government Finance Act 1992, states: Before making a scheme, the authority must:</p> <ul style="list-style-type: none"> • consult any major precepting authority which has power to issue a precept to it, • publish a draft scheme in such manner as it thinks fit, and • consult such other persons as it considers are likely to have an interest in the operation of the scheme. <p>In addition, in order to set a new scheme, the Council is obliged to make a resolution by 11 March of the year prior to the scheme coming into place.</p> <p>The council has and will adhere to the above guidance in relation to the proposed redevelopment of its scheme.</p>
Approved by Monitoring Officer	Yes
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 modelling 1890 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 that previous. In all of those cases, further support will be available through the Council's Exceptional Hardship Fund.</p> <p>A full EIA has been completed and in attached within Appendix 3.</p>
Contribution to the Delivery of the Strategic Plan	The review of LCTRS underpins our priority of developing prosperity encouraging economic growth and being a good council that is responsive and customer focussed.
Crime & Safety Issues	No specific issues.
Environmental Impact	The reduction in administration together with the removal of notification letters etc. will have a positive environmental impact
GDPR / Privacy Impact Assessment	No specific issues.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	New Score (RYG)
A	The accuracy of the modelling tool data is critical to the financial modelling of the schemes Revenues and Benefits Manager, Benefits Project lead	Likelihood: Yellow Impact: Yellow Severity: Yellow	Monthly monitoring of the modelling to check results. A mock test year to be carried out to determine accuracy of the information	Likelihood: Green Impact: Yellow Severity: Green
B	Current Economic situation could result in more claims	Likelihood: Yellow Impact: Yellow Severity: Yellow	This risk is the same with any scheme, however the more generous the scheme, the higher the potential costs of the overall scheme. This will be monitored throughout year 1 (2023/2024) of the new scheme and any adverse changes will be addressed in revisions put forward for the following year's (2024/2025) scheme.	Likelihood: Yellow Impact: Yellow Severity: Yellow
D	Challenge to the legality of the scheme.	Likelihood: Green Impact: Yellow Severity: Yellow	Some councils have had the legality of the scheme challenged. The council is confident that it has not however proposed any changes that have previously been challenged. It has also complied with all the legal requirements for implementing a new scheme. This will be monitored ongoing during the first year of the scheme.	Likelihood: Green Impact: Yellow Severity: Yellow

Background documents

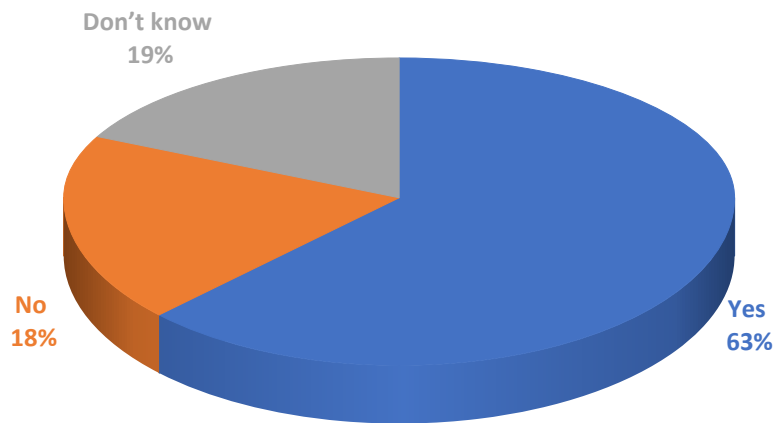
- **Appendix 1** Draft new Local Council Tax Regulations 2023-2024.
- **Appendix 2** Consultation summary.
- **Appendix 3** Equality Impact Assessment (see Appendix 3).

Relevant web links

- [Local Council Tax Support Scheme Review presented to Cabinet 5 April 2022.](#)

Appendix 1 Consultation summary

Proposal 1 Should the council introduce an income-based banded discount scheme?

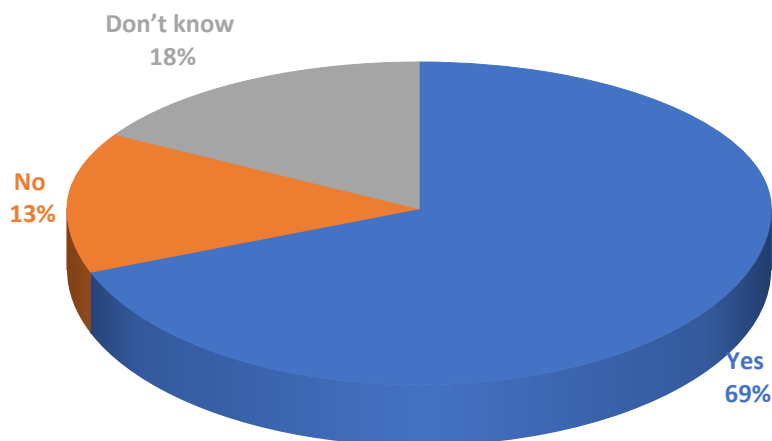


63% of people who responded agreed with this proposal. 705 answered.

What this would mean for claimants: In the current scheme if a claimant's salary alters (for example they work a few more or a few less hours), their council tax support must be reprofiled which can result in a resident receiving an amended award each month. This is costly to administer and confusing to residents, leaving them unclear as to what they need to pay. Introducing a banded scheme means that if a claimant's, or their partner's, income varies within a band, the council tax support they receive will not change, and their council tax bill will not be reprofiled. As such banded schemes can provide greater stability from month-to-month.

Summary of concerns: Concerns this scheme will affect single person discount (it does not and this needs to be clearly communicated to alleviate concerns). Concerns those earning more should not receive less council tax reduction than those earning less. Concerns the scheme will discourage people to work. Concerns the income bands prevent those families earning just over the maximum threshold to receive any reduction. Concerns those with two children should not get more reduction than those with one. Concerns benefits are unfair overall to working people who don't qualify.

Proposal 2 Should residents in all council tax bands be able to claim?

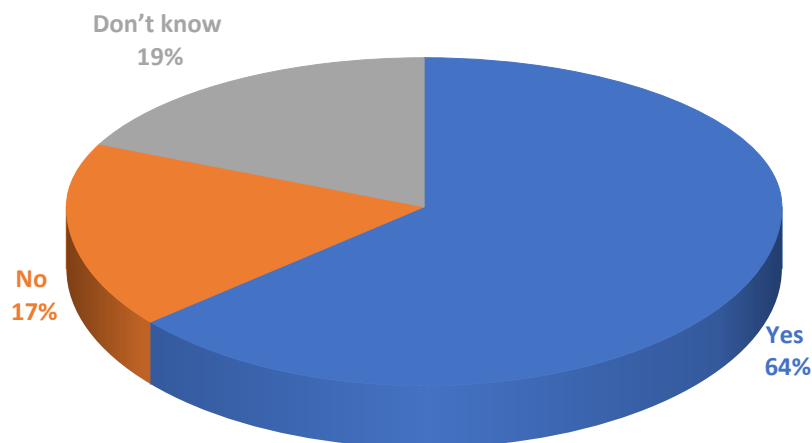


64% of people who responded agreed with this proposal. 512 answered.

What this would mean for claimants: In the current scheme if a resident lives in a band E, F or G property they are unable to claim, regardless of their earnings. Under the proposals anyone will be able to claim if they are eligible based on their income level, regardless of council tax band.

Summary of concerns: Concern that people who live in higher bands should be eligible for support. Agreement that council tax bands are not representative of a family's financial situation. Disagreement that people in higher bands should be able to claim, as they typically have bigger homes in better areas and should move if they cannot afford the higher costs.

Proposal 3 Should the housing element of Universal Credit not be considered when calculating income?

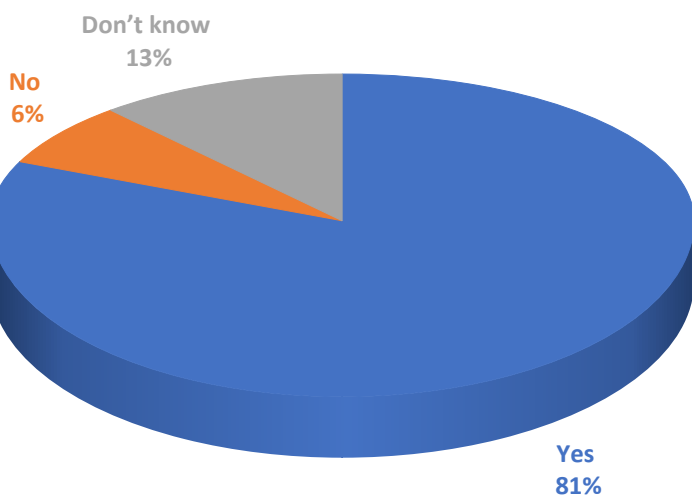


64% of people who responded agreed with this proposal. 559 answered.

What this would mean for claimants: Universal Credit claimants can be awarded a housing element, which goes directly to qualifying housing costs, such as rent or mortgage interest. Housing costs can either be owner-occupier costs (mortgage interest) or rent. This element replaces housing benefit. Under the proposed new scheme, this would not be taken into consideration when calculating a person's income.

Summary of concerns: Concerns that benefits are unfair overall to working people who don't qualify. Concerns all benefits should be taken into consideration as otherwise it is unfair to people who do not claim benefits. Concerns that simplifying the scheme could be detrimental.

Proposal 4 Should Personal Independence Payments and Disability Living Allowance not be considered when calculating income and should a further £85 per week disregard be applied if an applicant, their partner or a dependant is in receipt of a disability benefit.

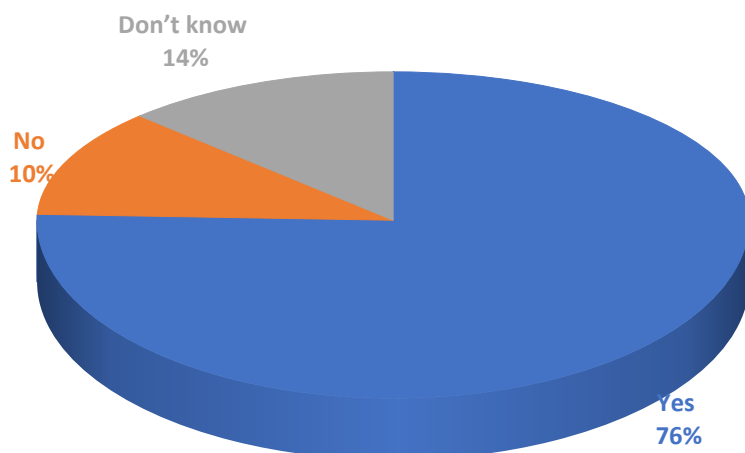


81% of people who responded agreed with this proposal. 474 answered.

What this would mean for claimants: The council will not consider Personal Independent Payments or Disability Living Allowance when calculating excess income and will disregard a further £85 of income if an applicant, their partner or dependent is in receipt of a disability benefit.

Summary of concerns: Concerns that PIP is not means tested. Concerns that some claimants of disability benefits are fit for work. Recognition that such benefits would support people who have extra costs due to a disability, but the measure would disadvantage working families on very low incomes.

Proposal 5 Should Carer's Allowance, the support component of the Employment & Support Allowance and Child Benefit not be considered when calculating income?

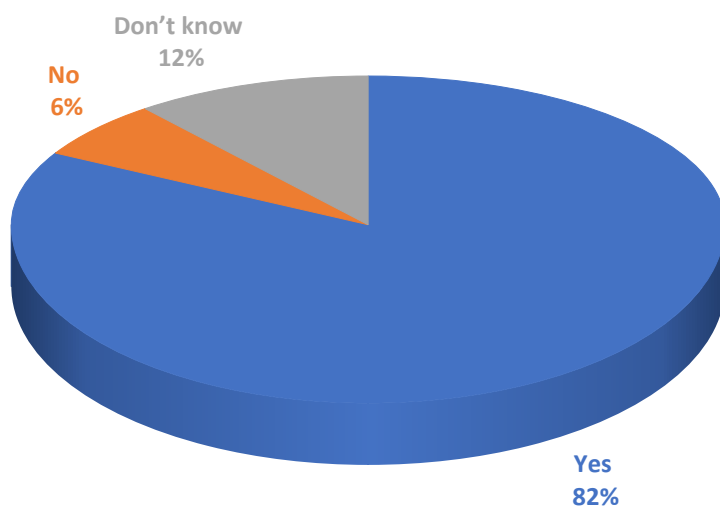


81% of people who responded agreed with this proposal. 470 answered.

What this would mean for claimants: The council will not consider Carer's Allowance, the support component of Employment & Support Allowance or Child Benefit when calculating excess income

Summary of concerns: Concerns people who are not eligible are claiming these benefits. Concerns protecting vulnerable families will disadvantage other families. Concerns benefits are calculated when looking at mortgages, so why are they being disregarded in relation to council tax support. Concerns child benefit should not be disregarded.

Proposal 6 Should War Pensions or War Disablement Pensions³ not be considered when calculating income?



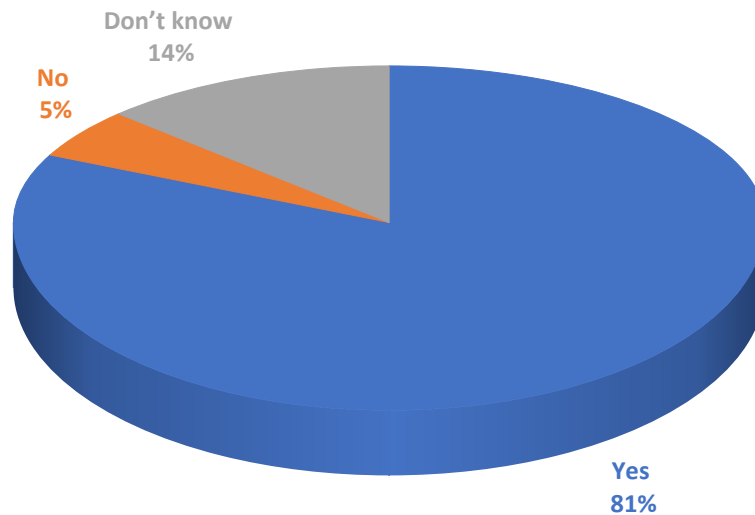
82% of people who responded agreed with this proposal. 468 answered.

What this would mean for claimants: The council will not consider War Pensions, War Widows/Widower's Pensions or War Disablement Pensions when calculating excess income and thereby meets its obligation under the Armed Forces Covenant.

Summary of concerns – full comments can be seen in Appendix 2b: Concerns that it excludes recipients of widow's allowance. Concerns this is not fair to all. Concerns people who chose to go to war understand the consequences, so this is unfair to others.

³ Please note, individuals can claim War Pensions when they are not of pensionable age and so are still considered under the working-age scheme.

Proposal 7 Should a claimant's award/amendment be based on the date it was submitted, rather than weekly?

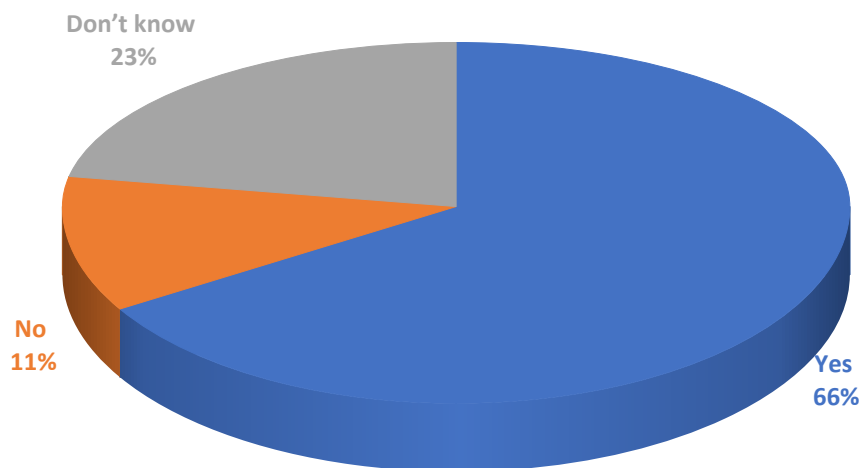


81% of people who responded agreed with this proposal. 485 answered.

What this would mean for claimants: In the current scheme if a new applicant applies, or an applicant has a change in income, the change to council tax reduction comes into effect from the Monday after the application/change occurs. Under the new proposals, the change would take effect from the date of application/date of change.

Summary of concerns: Concerns this is a change for change's sake. Comments people do not understand the proposed change.

Proposal 8 Should the council introduce a standard £50 per week earnings disregard for all working applicants?

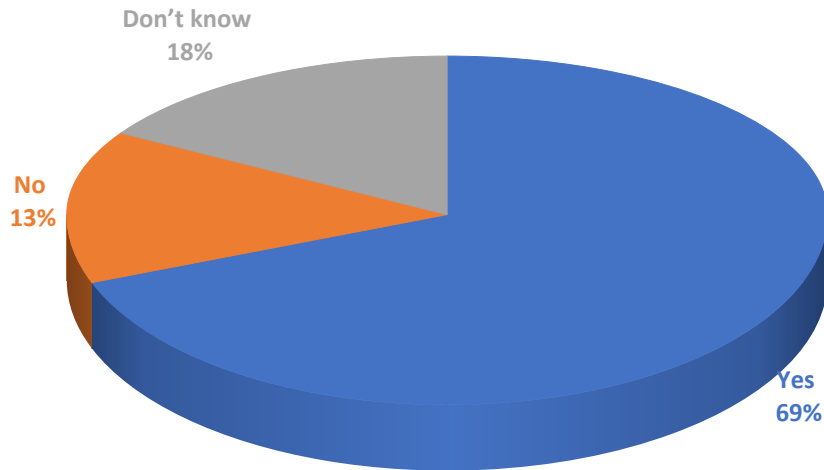


66% of people who responded agreed with this proposal. 528 answered.

What this would mean for claimants: To encourage people into work, the council will ignore £50 of earnings per week. This will replace the current standard disregards and additional earnings disregards.

Summary of concerns: Concerns this will disproportionately affect single parents who cannot work as many hours due to high childcare costs. Concerns anyone working should not receive help. Concerns the £50 level is too high and a lower disregard should be considered. Concerns this scheme will affect single person discount which it will not and this needs to be clearly communicated to alleviate concerns.

Proposal 9 Should the council limit the number of dependent children within the calculation to a maximum of two?

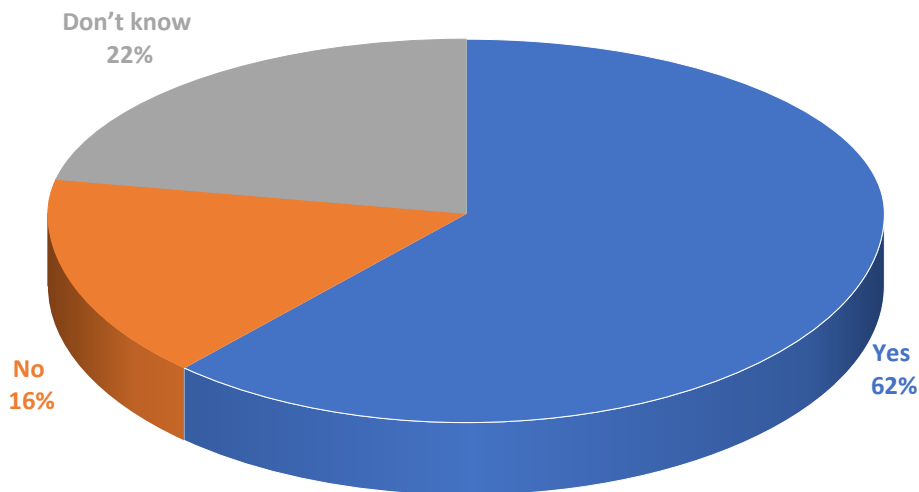


69% of people who responded agreed with this proposal. 636 answered.

What this would mean for claimants: Families with two children will receive the same level of council tax reduction as families with three or more children, so larger families would not receive a greater reduction based on the number of children they have.

Summary of concerns: Concerns this is unfair to families with a larger number of children who will have higher costs. Views families with larger children should not get more reduction because they have more children. Concerns benefits are unfair to working people who do not qualify.

Proposal 10 Should the council remove non-dependant deductions?

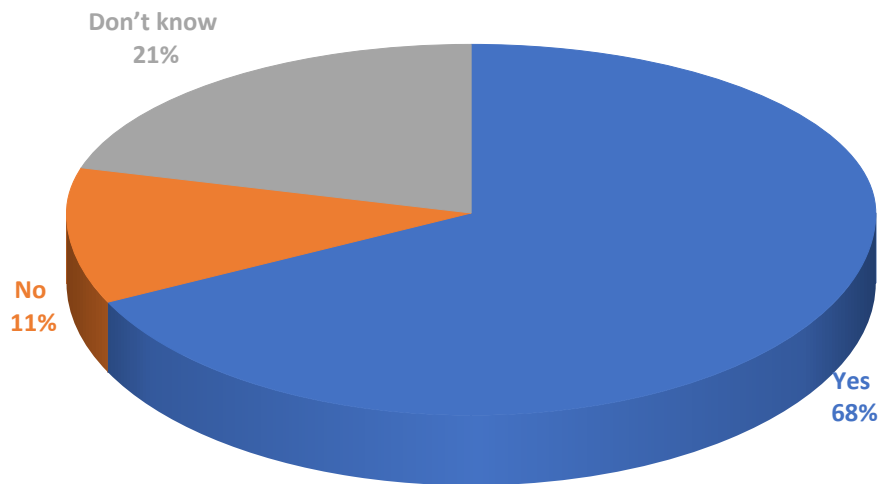


62% of people who responded agreed with this proposal. 581 answered.

What this would mean for claimants: There will be no reduction to the support given if an applicant has non-dependants living with them. This is a significant change and means that the administration of the scheme will be more straightforward, whilst also protecting low-income families where adult sons and daughters for example remain at home after leaving education or return home for any reason.

Summary of concerns: Concerns that non dependents may be paying rent to the liable party and the scheme will not take this into consideration. Concerns benefits are unfair to working people who do not qualify. Support for this approach in relation to young adults (18–25-year-olds). Concerns the whole household income should be considered. Support that more people living in the household will generate higher costs, so claimants should not see a drop in reduction.

Proposal 11 Should the council remove extended payment provision?

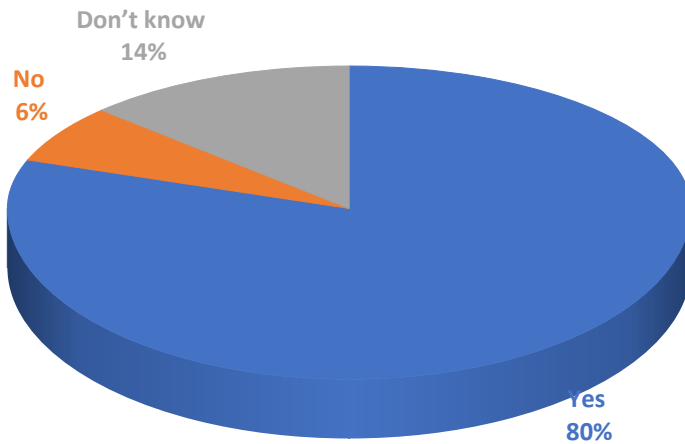


68% of people who responded agreed with this proposal. 496 answered.

What this would mean for claimants: Extended payments are provided to people who were not working and then gain work for four weeks, as a way of encouraging people into work/to stay in work.

Summary of concerns: Concerns this should be retained or reduced (in terms of weeks) to keep people in work to support people trying to improve their situation. Concerns this should not be retained, and once people have found work, payments should stop. Concerns benefits are unfair to working people who do not qualify.

Proposal 12 Should the council change the backdating provisions within the scheme?



80% of people who responded agreed with this proposal. 482 answered.

What this would mean for claimants: The council would be able to back-date claims if the resident can show they should have been entitled to support, regardless of whether they can show good cause for not having claimed previously in a timely manner.

Summary of concerns: Concerns that six months is excessive. Suggestions the period should be shorter, for example 1, 2 or 3 months. Concerns there is any backdate at all, and people should be awarded it from the day they receive it. Concerns this will open the scheme up to people claiming backdates when they are not eligible.