

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Phillip Cowen, Executive Member Finance and Growth

To: Cabinet, 7 September 2020

Author: Adrian Mills, Billing and Benefits Strategic Manager ARP

Subject: Review of the Local Council Tax Reduction Scheme (LCTRS) for 2021 - 2022

Purpose: To consider options for the Local Council Tax Reduction Scheme (LCTRS) for 2021-22

Recommendation(s):

- 1) That the LCTRS scheme for 2021-22 is reviewed as outlined in this report
- 2) Agree to retain the existing scheme for the 2021-22 year.

1.0 BACKGROUND

1.1 Each year the Council is required to review its Local Council Tax Support Reduction (LCTRS) Scheme. This report advises of the 2020 annual review and the proposals to maintain the current scheme for 2021-22.

Key Issues

1.2 We are now in the eighth year of CTS; a locally set scheme that replaced the nationally set Council Tax Benefits (CTB) scheme from April 2013.

1.3 In 2013-14 the Council took advantage of a one-off Government grant that compensated in part for the reduction in Government funding for the Working Age scheme that year. This meant that the maximum LCTRS awarded was the 91.5%.

1.4 For 2014-2015 to 2017-18 the Council retained the original scheme, except that allowances and premiums (the amounts of income from state-administered benefits such as Jobseekers' Allowance) were increased in line with other benefits such as Housing Benefit.

1.5 For the 2018-19 scheme the Council consulted on a proposal to harmonise the scheme to DWP welfare reforms introduced for Housing Benefit and LCTRS for Pensioners, and introduced closer links to Universal Credit data share for claims, thereby removing the stipulation to make a separate claim. This was subsequently approved and introduced.

1.6 For 2019-20 the Council kept the same scheme as for 2018-19.

1.7 For 2020-21 the only change was to introduce a fluctuating earnings rule to the treatment of Universal Credit. A weekly tolerance level of £15 (£65 monthly) was introduced to reduce the number of monthly reassessments impacting customers every time a revised Universal Credit notification is received.

Matters to Consider

- 1.8 Councils are required to consider whether to review their LCTRS schemes annually. Where it is determined to retain the existing scheme, this must be decided by 11 March of the preceding year.
- 1.9 Where Councils seek to amend their scheme it will be necessary to consult preceptors and stakeholders prior to a wider consultation to inform a final scheme design by 28 February of the preceding year.
- 1.10 The current Breckland LCTRS scheme provides a maximum benefit of 91.5% for working age claimants and the scheme also fully protects War Pensioners. The aim in designing the scheme was to achieve a balance in charging an amount of Council Tax to encourage customers back into work whilst setting the amount charged at an affordable and recoverable level during the year.

Scheme Review – Matter to Consider

- 1.11 Whilst it is relatively new at the point of writing, early results demonstrate the fluctuating earnings rule introduced April 2020 is meeting our modelling forecasts by reducing customer reassessments by a third.
- 1.12 UC is designed to be paid monthly, calculated on the customer's circumstances, including Real Time Information (RTI) earnings data from HMRC. Given customer's circumstances, especially earnings, fluctuate, this leads to monthly revised UC awards sent to the Council by the DWP.
- 1.13 Council Tax Support scheme rules had required the Council to revise awards when a customer's Universal Credit changes, leading to reassessment of Council Tax Support. In turn this meant customers received a revised Council Tax bill for balance due for the year and had to amend their payment arrangements, typically direct debit instructions. Increasingly, this became a monthly occurrence for customers.
- 1.14 The introduction of a fluctuating earnings rules this year has been particularly beneficial given the significant increase in COVID-19 workload, peaking at 500% increase compared to the same point last year, reducing to 200% and now starting to return to normal levels.
- 1.15 Further, the links we established to UC data share and removing the requirement for customers to make a separate claim application, has been particularly beneficial for customers during the pandemic.
- 1.16 We recommend a full review, taking into account COVID-19 learning, is undertaken early next year to develop a range of options for consideration and possible consultation.

Other Options Considered but Discounted

- 1.17 Increasing the contribution rate to more than 8.5%; the possible increase in Council Tax collected for the Council is considered to be less than the additional costs of recovery (additional staff, postage and enquires to customer services), including the inability to recover the debt in year by deduction from DWP benefits and therefore this is not recommended.

2.0 OPTIONS

- 2.1 That the LCTRS scheme for 2021-22 is reviewed as outlined in this report and that Cabinet agree to retain the existing scheme for the 2021-22 year.

2.2 That the LCTRS scheme for 2021-22 is reviewed as outlined in this report and Cabinet make other recommendations.

2.3 Do nothing.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 The changes made to the current scheme have worked well – introducing a tolerance rule for the treatment of UC awards has reduced the number of notifications customers receive to amend their Council Tax payments, whilst providing stability for customer repayments whilst reducing customer contact.

3.2 Given the economic impact of COVID-19 on household budgets and rising unemployment, we do not recommend increasing the contribution rate this year.

4.0 EXPECTED BENEFITS

4.1 Maintaining the existing scheme will bring stability to customer's household budgets as they recover or manage the impact of COVID-19 .

5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 Stakeholders / Consultation / Timescales

5.1.1 The recommendation does not require a public consultation.

5.1.2 An Equality Impact Assessment is not required to retain the existing scheme.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All

7.0 ACRONYMS

7.1 DWP – Department for Work & Pensions

7.2 HB – Housing Benefit

7.3 LCTRS – Local Council Tax Reduction Scheme

7.4 UC – Universal Credit

Background papers:-

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Key Decision: Yes

Exempt Decision: No

This report refers to a Mandatory Service