

WEST NORTHAMPTONSHIRE SHADOW AUTHORITY

SHADOW EXECUTIVE MEETING

27 October 2020

Report Title	Consultation on Local Council Tax Reduction Scheme 2021-2022
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1. Purpose

- 1.1 The purpose of this report is to propose, for consultation purposes only, a new Local Council Tax Reduction Scheme (LCTRS) for West Northamptonshire for the financial year 2021-2022 and to provide details of the consultation process.

2. Recommendations

- 2.1 It is recommended that the Shadow Executive approve, for consultation purposes only, the Local Council Tax Reduction Scheme outlined in this report for West Northamptonshire for the year 2021-2022.

3. Issues and Choices

3.1 Report Background

- 3.1.1 Since April 2013 billing authorities have been required to determine a Local Council Tax Reduction Scheme (LCTRS) which replaced the national Council Tax Benefit scheme.
- 3.1.2 The scheme applies to working age claimants only as the government prescribes the scheme (CTRS Prescribed Requirements Regulations 2012) for those of pension age which provides up to 100% support based on the circumstances of the individual.
- 3.1.3 Each billing authority has discretion as to their local scheme including the maximum level of support available to working age claimants (and therefore the minimum percentage of the bill they are required to pay) and the eligibility criteria for the scheme.

3.1.4 Currently in West Northamptonshire, each District and Borough has a different LCTRS that gives different levels of support to working age people. From April 2021 the current schemes will end and a new scheme will need to be agreed.

3.2 Issues and Choices

Local Council Tax Reduction Scheme Harmonisation

3.2.1 The LCTRS must be approved and in place by 31 January 2021 and prior to that the authority must consult any precepting authority and any other persons who may have an interest in the scheme.

3.2.2 The Task and Finish Group recommended a consultation period of six weeks which is the required period for a meaningful consultation.

3.2.3 The Shadow Executive are not being asked to decide on the LCTRS at this meeting but to approve the proposal by the Task and Finish Group to go out to consultation on the scheme detailed below.

Details of the LCTR scheme proposed for consultation.

3.2.4 The Task and Finish Group met throughout July, August and September to receive details of the existing schemes, the various options that could be taken to change the scheme and the financial implications of any proposed changes both for the new authority and the residents of West Northamptonshire particularly those in receipt of LCTRS.

3.2.5 Across West Northamptonshire there are currently around 21,277 residents in receipt of Council Tax Reduction, 13,000 of whom are of working age. The total cost of the current schemes is £17.7m, £9.1m of which is for working age claimants. The total population for West Northants is currently 405,050 so around 5.25% of the population receive LCTRS. The Task and Finish Group considered all the background information and proposed the following for consultation:

Level of contribution for working age

3.2.6 The current councils have different levels of minimum Council Tax contribution that working age claimants must pay. The existing rates across West Northamptonshire are as follows:

	Minimum contribution by the customer	Maximum discount awarded by the Council
Daventry	20%	80%
Northampton ¹	31%	69%
South Northants	8.5%	91.5%

¹ Note: there are two ways to calculate the scheme percentage. Daventry and South Northants calculated it using one method and Northampton used the other method. Neither are incorrect. In order to compare the schemes on a 'like for like' basis the Northampton method was re-calculated so it became consistent with the method of calculation used by South Northants and Daventry.

3.2.7 The Task and Finish Group proposed that the consultation should be based on a LCTRS which is cost neutral for the new authority. The harmonised percentage that would have no financial impact on the finances of the new Council would be a minimum payment of 26.5% **based on current caseloads**. It should be noted that the Covid-19 pandemic may mean an increase in the number of claims for the LCTRS and this may impact on the cost neutrality of the scheme.

3.2.8 It is important to note that decreases from this break-even point would reduce Council Tax income. So, for example, it is estimated that a 20% minimum payment scheme would cost an additional £885,000.

3.2.9 The recommendation from Task and Finish Group was to consult on a LCTRS based on 26.5%.

Alignment of the LCTRS differences that currently exist.

3.2.10 The Task and Finish Group received information on the elements of each individual scheme for each Council in West Northamptonshire. Although the current schemes are, to a certain extent, aligned there are some differences (mostly around mirroring the changes made to the DWP Housing Benefit scheme over the last 7 years) which need to be harmonised as we design a scheme for the new West Northamptonshire Council.

3.2.11 The proposal is to consult on the changes set out below:

Removal of the family premium for new claims. Northampton Borough Council continues to award a family premium in the applicable amounts when assessing new claims for LCTRS. Daventry and South Northants Councils do not as they aligned their schemes to reflect the changes introduced to Housing Benefit. The proposal would align the scheme differences and would be in line with DWP Regulations.

To limit the child allowance to two children in the calculation of new claims for LCTRS. Changes under the wider welfare reform agenda limit the child allowance used in applicable amounts to a maximum of two children. South Northants and Daventry have already introduced this change. This proposal would align the differences in the existing schemes.

To apply a minimum income for self-employed claimants when assessing LCTRS. South Northants do not currently apply a minimum income to self-employed claimants. The proposal would align the differences in the schemes.

To harmonise the rates of non-dependant deductions in line with the prescribed amounts. Where an adult friend or family member resides with a claimant, LCTRS is reduced by a set amount normally based on prescribed amounts and on the weekly income of the non-dependant. Daventry has slightly higher rates of deduction. This proposal would align the differences in the existing district and borough's LCTRS

To disregard 100% of War Widows and War Disablement income.
Whilst this is not a change to the proposed scheme as all three Councils

currently disregard 100% of income under local schemes the proposal is for this disregard to continue at relatively low cost to the taxpayer.

Other options considered

3.2.12 Other options for the LCTRS were considered but were not taken forward as follows:

- Continuing with the three current schemes after April 2021. This was considered but is not currently feasible as we would need MHCLG to allow us to either defer the implementation of a single scheme or for harmonisation to take place over a period of time. Even if MHCLG allowed either of these options, it is worth noting that this would mean that residents across the new West Northamptonshire Council would not be treated the same and this would lead to confusion and differing levels of support for residents based on where the resident lives.
- Setting the level of contribution for working age customers to a lower than break even level. This option was considered but would mean that the scheme would become more expensive and this would impact on the finances of the new Council.
- Setting the level of Council Tax contribution for working age customers to a higher level. This would mean that the support to claimants would, on average, be less than the current level of support offered to claimants.
- Introduction of a banded scheme. This would be based on levels of income grouped into bands. With the wider roll out of Universal Credit having taken place, this scheme could be seen as a simpler way to support people on low income. This has been discounted at this stage

Consultation approach

3.2.13 As previously mentioned the consultation period will run for six weeks from 2 November 2020. However, it is recognised that the proposed changes have an impact on our residents and therefore the consultation process will be as full as possible and will ensure that we reach some of our more vulnerable customers.

3.2.14 The consultation will be an online survey and will be open to all residents, stakeholders and people representing organisations. The survey will also be available in other formats and languages upon request. There will also be an email address and telephone number for any enquiries and/or comments

3.2.15 The consultation will be promoted as follows:

- Banners on all District and Borough's websites
- Advertising on email signatures
- Internal staff communications
- Social Media platforms
- Press Release
- Liaison with the voluntary sector
- Liaison with money and debt advice services
- Liaison with Homeless and Housing officers
- Liaison with the DWP (Job Centre Plus)
- Direct emails/letter to preceptors (Police, Fire, Town & Parish Councils)

- Member Briefing to be circulated to all.

3.2.16 The planned timetable for approval of the scheme is set out in the table below:

Milestone	Date
Proposed scheme for consultation considered by Executive	27 October 2020
Consultation on proposed scheme commences	2 November 2020
Consultation concludes	12 December 2020
Consultation responses analysed and considered	13 December onwards
Final scheme approval by Executive	26 January 2021
Scheme in place	31 January 2021

4. Implications (including financial implications)

4.1 Policy

4.1.1 The approach adopted by West Northamptonshire Council in respect of the Local Council Tax Reduction Scheme will be pivotal in determining the total level of resources available for the new Council. It is therefore a fundamental and key policy decision.

4.2 Resources and Risk

4.2.1 It should be noted that although the proposed scheme for consultation is cost neutral this position could change. This is due to a number of factors including the LCTRS caseload and possible changes in entitlement and the impact of Covid-19 and how it affects individuals who may need to claim LCTRS. The break-even position will be kept under review, particularly as government support for Covid-19 such as the furlough scheme changes.

4.3 Financial Implications

4.3.1 The estimated cost of the 2020-2021 financial year of the existing LCTRS across the three sovereign councils is £17.7m

4.3.2 The scheme proposed for consultation is cost neutral from a West Northamptonshire Council perspective and does not lead to any additional financial pressures on the new Council's budget. .

4.3.3 As outlined in this report the cost neutral position may change and this may lead to a pressure or surplus on the new Council's budget depending on ongoing caseloads.

4.3 Legal

4.3.1 The adoption of a Local Council Tax Reduction Scheme for West Northamptonshire is a legal requirement and is set out in the Local Government Finance Act 1991 section 13A (2) .

4.3.2 There is a legal requirement to consult on any proposed LCTRS, therefore failure to do so will leave West Northamptonshire Council open to challenge on the scheme that is introduced

4.4 Equality and Health

4.4.1 An equality Impact assessment has been carried out.