

# WEST NORTHAMPTONSHIRE SHADOW AUTHORITY

## SHADOW EXECUTIVE MEETING

26 January 2021

<b>Report Title</b>	<b>Local Council Tax Reduction Scheme 2021-2022</b>
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### 1. Purpose

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- 1.1 The purpose of this report is to provide members of the Shadow Executive with an update on the proposed Local Council Tax Reduction Scheme (LCTRS) for West Northamptonshire Council for the financial year 2021-2022 and to ask members to approve a Local Council Tax Reduction Scheme for West Northamptonshire for 2021-2022.

### 2. Recommendations

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- 2.1 It is recommended that the Shadow Executive note the contents of this report and the previous report received by Shadow Executive on 5<sup>th</sup> January 2021.
- 2.2 Members are asked to agree the proposed Local Council Tax Reduction Scheme for West Northamptonshire for the financial year 2021- 2022 subject to 2.3 below.
- 2.3 Members are asked to grant delegated authority to the Section 151 Officer to make amendments as required to the Local Council Tax Reduction Regulations up to and including 31 January 2021 including the income uprating announced by MHCLG.

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 Members will be aware that from April 2013 each Local Authority has been required to determine a 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. The table below provides a reminder of the current schemes. From April 2021 the current schemes will end, and a new scheme will need to be agreed.

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

#### 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 At the meeting on 27 October 2020, the Shadow Executive agreed six proposals, for consultation purposes only, and approved a consultation period of six weeks. The consultation ran from Monday 2 November 2020 until midnight on Sunday 13 December 2020 and included an online form open to all residents, stakeholders and people representing organisations. The consultation results were presented to the Shadow Executive at their meeting on 5 January 2021, a summary of the results is shown at Appendix A of this report. The proposals that were included in the consultation are shown below:

### **Proposal 1: Level of contribution for working age**

The current councils have different levels of minimum Council Tax contribution that working age claimants must pay. It was agreed 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**. The table below provides a reminder of the cost of moving from 26.5% scheme to a lower minimum scheme.

<b>Working Age Minimum Payment</b>		<b>Impact on West Northants Council</b>	<b>Impact on Fire Police and Crime Commissioner</b>	<b>Average Parish</b>
		£k	£k	%
26.0%		60	13	0.03%
25.5%		120	25	0.06%
25.0%		180	38	0.08%
24.5%		240	50	0.11%
24.0%		300	63	0.14%
23.5%		360	75	0.17%
23.0%		420	88	0.19%
22.5%		480	100	0.22%
22.0%		540	113	0.25%
21.5%		600	125	0.28%
21.0%		660	138	0.31%
20.5%		720	150	0.33%
20.0%		780	163	0.36%

Shadow executive need to determine the minimum payment relating to the LCTRS that will be effective from 1 April 2021.

### **Proposal 2: 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.

Shadow executive are requested to confirm this approach.

### **Proposal 3: 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 .

Shadow executive are requested to confirm this approach.

**Proposal 4: To limit the child allowance to two children when assessing 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 regulations.

Shadow executive are requested to confirm this approach.

**Proposal 5: To apply a minimum value to the income of those people who are self-employed when assessing LCTRS.**

South Northants and Northampton Borough do not currently apply a minimum income to self-employed claimants. The proposal would align the differences in the schemes.

Shadow executive are requested to confirm this approach.

**Proposal 6: to harmonise the rates of non-dependant deduction to the prescribed amounts set by Government**

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

Shadow executive are requested to confirm this approach.

- 3.2.3 The consultation process considered the full range of service users who may be impacted by the proposed changes. The responses were evenly split between the three sovereign councils and there was a good balance between those on LCTRS and other taxpayer demonstrating a level of engagement across West Northants. The results of the consultation were considered at the shadow executive meeting held on 5 January 2021.

3.2.4 In summary responses to the proposals have been positive and consultees largely support proposals 2-6. A greater level of feedback was received to proposal one, the level of contribution of 26.5% to be paid by working age customers. There was a moderate level of support for this proposal as detailed in the report on the consultation outcome.

Shadow executive need to determine the minimum contribution LCTRS to adopt.

3.2.5 Members are asked to approve a LCTRS for West Northamptonshire Council for the year 2021-2022 based on the following proposals:

- To determine the minimum level of contribution for working age customers.
- To retain the 100% disregard of War Widows and War Disablement pensions
- To remove the award of a family premium when assessing new claims for LCTRS from 1 April 2021. This will harmonise the scheme and is in line with the Department for Work and Pensions (DWP) Regulations.
- To limit the child allowance to two children when assessing new claims for LCTRS from 1 April 2021. This is also in line with the DWP Regulations.
- To apply a minimum value to the income of those people who are self-employed. This is in line with the wider Universal Credit Regulations.
- To harmonise the rates of non-dependant deductions to the prescribed amounts set by Government.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 The approach adopted by West Northamptonshire Council in respect of the Local Council Tax Reduction Scheme is a fundamental and key policy decision.

### **4.2 Resources and Risk**

4.2.1 It should be noted that a number of factors may impact the cost of the scheme for West Northants Councils including the LCTRS caseload and possible changes in entitlement, the impact of Covid-19 and how it affects individuals who may need to claim LCTRS.

### **4.3 Financial Implications**

4.3.1 The estimated impact financial impact of the various LCTRS options are detailed in the table under proposal 1 shown earlier. The estimated financial impact is a change of £120,000 for each 1% difference in the scheme.

4.3.2 As the LCTRS is essentially a discount on Council Tax the costs of the scheme are actually work through as adjustments on the taxbase figure. The taxbase is an estimate of chargeable properties for the forthcoming financial year and the calculation of the taxbase will be re-examined for the final budget based on the decision on LCTRS and any other factors affecting the taxbase for next year.

#### **4.4 Legal**

4.4.1 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).

4.4.2 There is a legal requirement to consult on any proposed LCTRS.

#### **4.5 Equality and Health**

4.5.1 An equality impact assessment has been carried out. Whilst some impacts have been noted actions have been taken to mitigate these. It should be noted that if we do not harmonise the scheme residents will be treated differently based on where they live and there is a risk that we may not meet our equality duty. The equality impact assessment will be reviewed again when a scheme is agreed.