



WEST NORTHAMPTONSHIRE COUNCIL

3 November 2022

Portfolio Holder for Finance: Councillor Malcolm Longley

Report Title Local Council Tax Reduction Scheme 2023-24

Report Author Martin Henry, Executive, Finance

Contributors/Checkers/Approvers

Monitoring Officer	Cath Whitehead	26/10/2022
Chief Finance Officer	Martin Henry	26/10/2022
Communications Lead/Head of Communications	Becky Hutson	26/10/2022

List of Appendices

None

1. Purpose of Report

1.1. This report provides members with an update on the Local Council Tax Reduction Scheme (LCTRS) for West Northamptonshire Council (WNC) for the financial year 2022-2023 and asks members to approve a 'no change' Local Council Tax Reduction Scheme for 2023-2024.

2. Executive Summary

1.2. The LCTRS must be approved and in place by 31 January each year. The scheme applies to working age claimants only, as the government prescribes the scheme for those of pension age which provides up to 100% support based on the circumstances of the individual.

- 1.3. Prior to April 2021, each of the predecessor districts and boroughs had different LCTRS offering different levels of support to working age customers. The scheme was harmonised from 1 April 2021 based on a minimum contribution that working age customers must pay of 20% of Council Tax liability
- 1.4. On 2 December 2021 Council approved a scheme for 2022-2023 based on 20% minimum payment and with some minor changes to the local regulations.
- 1.5. At the Cabinet meeting of 13 September 2022 members received a report providing an update on the LCTRS for 2022-2023 and were asked to recommend to Council no change to the current LCTRS for the financial year 2023-2024.
- 1.6. Members are asked to consider the content of this report and to approve a LCTRS for 2023-2024.

3. Recommendations

- 3.1 It is recommended that the meeting:
 - a) Note the contents of this report
 - b) Approve a Local Council Tax Reduction Scheme for the financial year 2023-2024 as outlined in the report.
 - c) Give delegated authority to the Executive Director for Finance to make any changes to the LCTRS regulations up to and including 31 January 2023 in consultation with the Portfolio Holder for Finance.

4. Reason for Recommendations

To enable a Council Tax Reduction Scheme to be agreed for West Northants Council for the financial year 2023-24 and for the final scheme to be in place by 31 January 2023.

5. Report Background

- 5.1 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. The scheme applies to working age claimants only as the government provides a prescribed scheme (CTRS Prescribed Requirements Regulations 2012) for those of pension age, which provides up to 100% support based on the circumstances of the individual.
- 5.2 Each billing authority has discretion as to their local scheme, including the maximum support available to working age claimants (and the minimum percentage of the Council Tax bill they are required to pay) and the eligibility criteria for the scheme.
- 5.3 In December 2021 members agreed a LCTRS based on a minimum Council Tax contribution for working age claimants of 20% and some minor changes to the local regulations. This scheme has been in place since April 2022.

6. Issues and Choices

Update on the LCTRS for 2022-2023 and impact on Council Tax collection

- 6.1 As of June 2021, the total number of people in receipt of LCTRS was 20,627, of whom 12,649 are of working age. As of June 2022, there are 19,294 receiving LCTRS 11,531 of whom are of working age. The small reduction in caseload may be down to the peak that we saw during the COVID-19 pandemic. With the current cost of living crisis, it is possible that we may see an increase in caseload in 2023-2024. The estimated cost of the scheme for 2022-2023 is £19.4m.
- 6.2 Council Tax collection rates for West Northants for 2021-2022 were 96.5% compared to a national average collection rate of 95.9%. The impact of COVID-19 continued to be felt throughout 2021-2022 and in view of this the collection rates for West Northants are strong. We continue to monitor the collection rates each month and as of September 2022 the profiled collection rates are 57.69% against a target of 57.74%.
- 6.3 Members also agreed an exceptional hardship fund to support those taxpayers who are struggling to make payments of Council Tax. As at the end of September 2022 201 awards have been made totalling £63,342. In view of the current economic climate, it is expected that demand for this additional support will increase.
- 6.4 The LCTRS for 2022-23 was amended to allow care leavers to receive up to 100% support with their Council Tax based on a means tested assessment. This means that depending on their income some care leavers may have Council Tax to pay. We have been asked to consider further support for young care leavers by offering a 100% discount on their Council Tax until the day before the Council Taxpayers 25th birthday. Work is currently underway to estimate the cost of this Local Council Tax Discount which would be outside of the LCTRS, and a further report will come to members in the near future.

Proposals for LCTRS for 2023-24

- 6.5 Prior to April 2021, each predecessor council had a different level of minimum Council Tax contribution. The schemes were harmonised from April 2021 and the current level of minimum Council Tax contribution that working age claimants must pay is 20% of their Council Tax liability.
- 6.6 Modelling has been carried out to show the financial impact of retaining the current scheme as shown in the table below. A 1% increase in the minimum payment would result in a reduction in expenditure of £142,521 (compared to £155,00 in 2022-2023).
- 6.7 In light of the on-going impacts from the COVID pandemic and the current economic climate at their meeting of 13 September 2022 members of Cabinet recommended to Council a no change LCTRS for 2023-2024. LCTRS Regulations for pensioners must be increased in line with uprating announced by DLUHC and the working age Regulations uprated in line with those announced by the Department for Work and Pensions (DWP).

	Total CTRS expenditure	Working Age	Pension age
20% liability reduction	19,428,432	10,418,481	9,009,951

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 The cost of the scheme for 2023-2024 is estimated to be £19.4m, including Police and Fire, of which West Northants's share is estimated to be £15.3m. These figures are before any increase in Council Tax for 2023-2024. It should be noted that this position may change due to a number of factors, including changes in the LCTRS caseload (which is now being monitored and reported each quarter) and possible changes in LCTRS entitlement for individuals. The West Northants budget for 2022-2023 includes provision for a cost of £15.6m.

7.2 Legal

7.2.1 The adoption of a Local Council Tax Reduction Scheme for West Northants is a legal requirement and is set out in Council Tax Reduction Schemes (Prescribed Requirements) (England) (Regulations 2012 (as amended by the Council Tax Reduction Schemes (Prescribed Requirements) (England)(Amendment) Regulations 2021).

7.2.2 If the proposal for a no-change scheme is agreed there is no requirement to consult on the LCTRS for 2023-2024.

7.3 Risk

7.3.1 No risks are identified as a result of this report.

7.4 Consultation

7.4.1 No consultation required if the scheme remains unchanged for 2023-2024.

7.5 Consideration by Overview and Scrutiny

7.5.1 Not yet considered by Committee.

7.6 Climate Impact

7.6.1 No impacts identified.

7.7 Community Impact

7.7.1 No specific impacts have been identified. A full equality impact assessment has been carried out on the scheme for 2023-2024. CTRS has a beneficial impact on those residents with protected characteristics.

7.8 Communications

7.8.1 Arrangements for the 2023-2024 Council tax Reduction Scheme will be communicated to residents, with regulations for both working age and pension age published on the website. Informing and raising awareness of LCTRS forms part of the Council's wider approach to communicate the range of support and advice available to residents coping with the ongoing cost of living crisis.

8. Background Papers

8.1 None.