

# ***Report to the Council***

**Committee:** Council  
**Date:** 28 February 2023  
**Subject:** Local Council Tax Support Scheme 2023/24  
**Portfolio Holder:** Councillor J Philip

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## **Recommendations/Decisions Required:**

**That the Council notes that the Local Council Tax Support scheme for 2022/23 continues unchanged for 2023/24**

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## **Executive Summary:**

The Local Council Tax Support Scheme (LCTS) replaced Council Tax Benefit in 2013 and there is the requirement that each local authority review and approve its scheme annually. The Government brought in regulations to ensure that pensioners continue to receive the same level of financial assistance as they would have done if the Council Tax Benefit scheme was still in place. As a result, the Council can amend the scheme for people of working age only. In legislative terms the scheme needs to be approved by 11<sup>th</sup> March each year so for 2023/24 approval needs to be made at Full Council in February 2023.

As there are no proposed changes to the 2022/23 scheme there is no legal requirement to consult residents of the district or other stakeholders.

## **Reasons for Proposed Decision:**

Full Council needs to approve the 2023/24 Local Council Support Scheme on 28<sup>th</sup> February 2023.

## **Other Options for Action:**

To make amendments to the 2022/23 Local Council Tax Support scheme for 2023/24, which would require public consultation.

## **Report:**

1. In 2013/14 the Government funded Local Council Tax Support (LCTS) with a specific grant, but after that initial year, the grant has been rolled into the Council's overall funding position made up of Revenue Support Grant and locally retained Business Rates. The specific allocation for LCTS funding is not separately identifiable and it is for each local authority to decide on the value of the funding of the LCTS scheme.

2. The Pan Essex LCTS project group continues to look at how schemes can be changed to simplify the administration of the scheme, particularly in the light of legislative changes and expenditure requirements. As things stand there are no proposals across Essex to change

current schemes and no legislative changes that require the council to amend its current scheme, the main principles of which are:

- The calculation of support is based on 75% of the Council Tax bill, rather than 100%.
- The calculation of support is based on a maximum of a band D property. This means that anyone of working age that lives in a property with a Council Tax Band of E, F, G, or H, has their support calculated as if their property was a band D.
- Inclusion of child maintenance in the calculation with a disregard of £15 per week (per family). This is income that is received into a household that may not be available to other households that pay the same amount of Council Tax.
- The capital limit is £6,000, which means that those with capital exceeding £6,000 are required to make full payment of their Council Tax liability.
- There is a Minimum Income Floor for claimants who are self-employed (first introduced in April 2016). Income is assessed using the National Living Wage in cases where the declared income from self-employment is less, in-line with other welfare reforms. A 12month period of grace applies to new businesses.
- Customers receiving Universal Credit receive LCTS for a fixed six-month period before any income changes that occur during that period are taken into account.
- The Exceptional Hardship Scheme for LCTS is intended to support people whose individual circumstances mean that their Council Tax liability is causing them exceptional hardship.

3. Currently, the total expenditure on LCTS is £6,534,772, which is made up of £3,530,230 for elderly recipients and £3,004,542 for working age recipients. This is £15,373 down on last year's expenditure, with an increase of £98,432 for elderly recipients and a decrease of £113,805 for working age claimants. The total number of recipients of LCTS is 5,851 comprising 2,745 elderly recipients and 3,106 working age. This compares with a total number of claimants at 31<sup>st</sup> March 2022 of 6,029. The overall expenditure on the scheme will continue to be monitored over the year as the principle is that it is self-funding. This will also form part of the review for the 2024/25 scheme.

#### Consultation

4. Consultation with residents is formally required when proposing changes to the existing scheme. As no changes are proposed there is no need to undertake a consultation exercise. Four years ago, despite there being no proposed changes to the LCTS scheme for 2019/20, a 3month consultation did take place between October and December 2018, which resulted in very few enquiries and only 14 completed responses.

#### **Resource Implications:**

##### LCTS scheme for 2023/24:

From 2014/15 the funding has been rolled into the Council's overall funding position made up of Revenue Support Grant and locally retained Business Rates. The actual amount of funding for LCTS is therefore not identifiable within the settlement figures, although the overall package continues to be reduced each year. The LCTS scheme is designed to ensure, as far as possible, stability and sustainability in the Council's finances. It should be noted that LCTS is not a form of benefit and it is treated as a discount within the Council Tax calculations. This means that the Council's Taxbase is reduced (as is the Taxbase for all other preceptors) and that a large proportion of the lost Council Tax income is covered by Government funding.

##### Exceptional Hardship Fund:

For the last five years there has been a small hardship fund to assist households which have been experiencing exceptional hardship. It is anticipated that the current year's budget for this fund will be adequate. The County, Fire and Police are all contributing towards this fund and they have agreed that they will continue with those contributions for current year.

#### **Legal and Governance Implications:**

There is a legal requirement to make a LCTS scheme under the Local Government Finance Act 2012.

#### **Safer, Cleaner and Greener Implications:**

None.

#### **Consultation Undertaken:**

Informal consultation has been undertaken with Essex County Council and the other local authorities across Essex, none of which are not proposing to make any significant changes to their current LCTS scheme for 2023/2024. No formal consultation has been undertaken with ECC, the Police and Fire authorities and the public.

#### **Background Papers:**

Cabinet Report 6<sup>th</sup> December 2022 (LCTS scheme 2022/23)

[Cabinet Agenda Template \(eppingforestdc.gov.uk\)](https://www.eppingforestdc.gov.uk/cabinet-agenda-template)

Cabinet Report 14<sup>th</sup> September 2020 (LCTS scheme 2021/22)

<https://rds.eppingforestdc.gov.uk/ieListDocuments.aspx?CId=295&MId=10428>

#### **Risk Management:**

There are financial risks associated with the Council's LCTS scheme. Monitoring against the Taxbase and Council Tax collection is ongoing, but no major problems have been identified to date. Council Tax collection rates remain relatively stable, despite the current economic downturn brought about by Covid-19, increased energy costs, increased inflation.

The Government grant in 2023/24 is not clearly identifiable and there is a possibility that demand and eligibility for financial support under the LCTS scheme for 2023/24 may be greater than in 2022/23, particularly if the "cost of living" and associated economic conditions worsen. The cost of additional discounts would be borne in proportion by the major precepting authorities (ECC, Police, Fire, EFDC). Conversely, if demand falls due to improved economic conditions the additional saving would be realised by the same authorities.

Any increase in the Council Tax precept by the County Council, Police, Fire, District or Parishes, will result in an increase in the cost of the LCTS scheme.