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**TO ALL POLICY SCRUTINY COMMITTEE
MEMBERS**

Democratic Services are dealing with this matter

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Date: 18 November 2020

POLICY SCRUTINY COMMITTEE - TUESDAY, 24 NOVEMBER 2020

Dear Councillor,

Further to the previously issued agenda for the Policy Scrutiny Committee meeting of Tuesday, 24 November 2020, please find attached the following additional papers.

8. Localised Council Tax Support Scheme 2021/22 (Pages 3 - 30)

If you require any further information please feel free to contact me using the information provided above.

Yours faithfully,

Democratic Services Officer

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SUBJECT: LOCALISED COUNCIL TAX SUPPORT SCHEME – 2021/22

DIRECTORATE: CHIEF EXECUTIVE

LEAD OFFICER: CLAIRE MOSES, REVENUES AND BENEFITS MANAGER

1. Purpose of Report

- 1.1 To provide an opportunity for Policy Scrutiny Committee to discuss and comment, as part of the formal consultation period, on the proposed scheme for Local Council Tax Support for the financial year 2021/22. Proposals are also made in relation to an Exceptional Hardship Scheme, as well as regarding Council Tax changes.

2. Executive Summary

- 2.1 Based on the caseload as at 1st September 2020, the current cost of the 2020/21 CTS scheme is £8,442,201 – with City of Lincoln Council's share of this being £1,262,488 (14.99%). This is in excess of the budgeted tax base level by £360,971, with the additional cost for City of Lincoln Council's share, being £54,110. This increase in cost is as a direct result of the increased caseload arising from the impact of Covid19.
- 2.2 Despite the scheme being a 'local' Council Tax Support scheme, due to the nature of protection provided to pensioners and vulnerable age working customers there will always be an element of cost that the Council has to incur and to for which it has no influence over. Due to this protection from changes to pensioners and vulnerable working age customers any 'savings' to be made to the projected scheme can only be applied to 3,874 customers or 42.90% of the caseload. This means out of the current Council spend of £1,262,488 – only £541,607 (42.9%) can be influenced by a change to the current CTS scheme.

The current caseload can be broken down as follows, to show those customers where the scheme changes would apply:

Caseload breakdown	Caseload	% of total caseload
Total caseload	9,031	
Pensioner	2,806	31.07%
Working age vulnerable	2,351	26.03%
Working age	3,874	42.90%

- 2.3 In order to try and contain the cost of the 2021/22 scheme within the budget parameters of the current Medium Term Financial Strategy a number of options have been modelled (and are set out in detail in the appendices), as follows:

- No change to current scheme;

- Change to minimum weekly CTS entitlement from £2.00, (range £2.50-£4.00);
- Capital cap to be reduced from £8,000, (range £6,000-£7,500);
- Maximum entitlement to be reduced from 100%, (range 80%-97.5%);
- Banding cap to be amended from B, (range C-D).

The reality is that out of the options above, the only one that may reduce the spend against budget in the MTFs is to decrease the 'maximum entitlement' – e.g. to reduce the maximum CTS customers can receive from 100% to a 80% or 85% - this means they would need to then pay at least 10% or 15% of their Council Tax charge, when they may not have had to pay anything previously. Based on an overall Council Tax increase of 1.9% and CTS caseload increase of 2%, this would mean on average a Council Tax payer would have to pay an additional £3.57 Council Tax per week or £2.47 per week, based on maximum entitlement of 80% or 85% respectively.

The other modelled options would reduce CTS expenditure, but would still be a 'cost' above the amount budgeted in the MTFs, with the additional cost being between £20,000 and £100,000+, depending on a range of caseload increase/decrease scenarios.

3. Background

- 3.1 The Council Tax Benefit system was abolished on 31st March 2013 and replaced by the Council Tax Support Scheme. This scheme can be determined locally by the Billing Authority having had due consultation with precepting authorities, key stakeholders and residents. There are currently 9,031 residents (as at 1st September) claiming Council Tax Support in the Lincoln District. 2,806 are pensioners who are protected under the legislation and receive Council Tax Support as prescribed by the Government (broadly similar to the level of Council Tax Benefit). It is 3,874 working age claimants where a local scheme can be determined, (i.e. 6,225 total working age caseload less 2,351 protected under vulnerable categories), which can change the level of support provided.
- 3.2 The Council agreed to a Local Council Tax Support Scheme which came into effect on 1st April 2013. This scheme matched the previous Council Tax Benefit scheme, giving 100% support for both pension age and working age customers.
- 3.3 The proposed CTS scheme must go through certain steps to comply with the provisions stated in the Local Government Finance Act 2012 before it can be adopted by this Council as a Billing Authority:-

Before making a scheme, the authority must (in the following order):-

- (a) *consult any major precepting authority which has power to issue a precept to it,*
- (b) *publish a draft scheme in such manner as it thinks fit, and*
- © *consult such other persons as it considers are likely to have an interest in the operation of the scheme*

4. Impacts of Covid-19

- 4.1 Covid-19 has had an impact on the amount of CTS awarded, with significant increases in caseload and cost of the scheme – this is detailed further within this section of the report.
- 4.2 The caseload increase is a direct result of changes to the economic climate, with existing customers requiring more support and new customers making claims for Universal Credit, and in-turn Council Tax Support claims. In addition, prior to Covid-19, the Department for Work and Pensions (DWP) was going to move existing Housing Benefit customers on to Universal Credit (UC) via a managed process. Covid-19 has resulted in this process being fast-tracked and has seen a significant increase in new CTS claims. Previously, as CTS was not part of the DWP process, these claims were not always made at the point of UC being applied for, nor were the customer referred to the LA by the DWP. As part of support during Covid-19, the DWP have allowed for the UC claim notification to also serve as an intention to claim CTS.

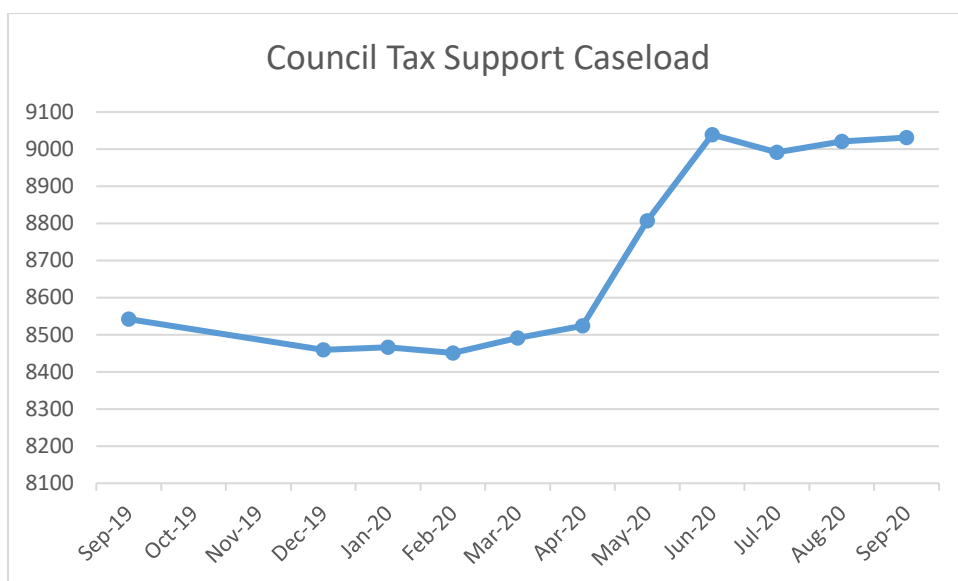
The Council has also ensured those customers who have contacted, to advise they have been affected by Covid-19, resulting in financial difficulties, have had the opportunity to make a claim for Council Tax Support.

- 4.3 For 2020/21, the cost of the scheme as at 4 September 2020 is £8,442,201 – with City of Lincoln Council's share of this being £1,262,488 (14.99%). In comparison to the taxbase that was set for the 2020/21 year, at £8,081,233, this is an increase of £360,971, with the Council's share being £54,110.
- 4.4 The increase in cost is as a direct result of the increase in caseload. At this date in 2019, the total caseload was 8,542, and has increased by 489 to 9,031. The caseload has not been this high since October 2017 – which was prior to the introduction of Universal Credit Full Service.

Further details of caseload increase is shown in the table below:

1st of month	Working age	Pension age	Total
September 2019	5,639	2,903	8,542
December 2019	5,578	2,881	8,459
January 2020	5,601	2,865	8,466
February 2020	5,586	2,865	8,451
March 2020	5,638	2,853	8,491
April 2020	5,684	2,840	8,524
May 2020	5,972	2,835	8,807
June 2020	6,197	2,842	9,039
July 2020	6,159	2,832	8,991
August 2020	6,177	2,814	9,021
September 2020	6,225	2,806	9,031

This is shown in the graph below:



4.5 As expected, there was a peak to caseload in May and June 2020. This is reducing very slightly as lockdown has been eased. The last 5 months data is providing a pattern for future activity, should there be a second wave and when furlough comes to an end.

4.6 By using this data, officers are currently forecasting an increase to CTS caseload post-October once the furlough scheme comes to an end, and the impact this will have on customer income and increase in Universal Credit claims.

Since April 2020, the overall CTS caseload has increased by 5.9%, with working age claimants increasing by 9.5%. Although it is difficult to assess with any certainty what future increases in claimant numbers may be, due to the number of unknowns around economic recovery, 2nd wave, etc, it can be reasonably assumed that there will be a further increase in claimants towards the end of the calendar year. Based on a further increase of working age claimants of between 2.5-5% this could increase caseload by 150-300.

4.7 A caseload increase during 2020/21 will also impact the cost of the scheme for 2021/22. Officers have modelled a range of caseload increases for the 2021/22 scheme and these are shown in **Appendix 1** to this report.

5. Our Council Tax Support scheme

5.1 Our scheme has been updated by minor amendments each year to maintain the link with Housing Benefit and the previous Council Tax Benefit scheme.

5.2 The current scheme has the following restrictions for working age customers: -

- Capital over £8,000;
- Minimum entitlement of £2 per week;
- Property banding capped at Band B e.g. a customer in Band C (and above) property, will only have their CTS calculated on Band B liability;
- Backdating restricted to 1 month; and

- Temporary absence from home in line with Housing Benefit.

5.3 The current scheme has the following Council Tax technical restrictions for all Council Tax Payers: -

- Introduction of additional 100% premium to empty properties over 5 years – total premium is 200% (total charge 300%);
- Care leavers council tax exemption – 100% for those aged between 18 and 25th birthday;
- Unoccupied discount 100% for the first month; and
- Second Home discount of 0%.

6. Council Tax Support Scheme options for 2021-22

6.1 As explained in paragraph 4.3, the cost of the 2020/21 scheme is £8,442,201 – with City of Lincoln Council’s share of this being £1,262,488 (14.99%) The increase in cost for City of Lincoln Council’s share, against the tax base, is £54,110. Changes to the CTS scheme can only be applied to non-vulnerable working age customers (pensioners and vulnerable customers are exempt).

As a result, any changes will only apply to 3,874 customers or 42.90% of the caseload.

The current caseload can be broken down as follows, to show those customers where the scheme changes would apply:

Caseload breakdown	Caseload	% of total caseload
Total caseload	9,031	
Pensioner	2,806	31.07%
Working age vulnerable	2,351	26.03%
Working age	3,874	42.90%

6.2 Based on the current core elements of the existing scheme, various caseload increases have been modelled, along with an increase in Council Tax of 1.9%. These are summarised in **Appendix 1**, giving an indication of the potential cost and savings to City of Lincoln. Also included is the potential value for non-collection (based on a reduction of 1% to the current collection rate in the taxbase of 97.75% - as a result of COVID-19).

6.3 As a billing authority the Council can decide whether or not to amend core elements of its scheme each year. Officers are proposing changes to the core elements of the scheme, these are summarised in **Appendix 1**.

There will be some technical changes that will still need to be applied to ensure that the Council’s scheme complied with the Prescribed Scheme Regulations (covering Universal Credit, premiums and discounts). These details are still awaiting from the Ministry of Housing, Communities and Local Government (MHCLG).

Technical amendments to the scheme in relation to uprating income, applicable amounts, disregards and allowances are to be collated once statutory details have been released by the Secretary of State; it is intended that these will be circulated to Members for consideration at the Executive meeting in January 2021. There will be no change to the adopted policy in the way CTS is calculated for these areas. Officers have considered if there is any need for any transitional arrangements to the revised scheme and concluded transitional arrangements are not needed for the 2021/22 scheme.

6.4 In developing the modelling for each of the Council Tax Support Scheme options a number of assumptions have been made, as follows:

- Uprating Freeze for social security benefits, based on the current national policy.
- As the Council and major preceptors are likely to set differing levels of Council Tax increases it creates a variety of modelling scenarios. An overall Council Tax increase on all elements of 1.9%% has therefore been assumed for modelling purposes. The final cost of the scheme will though be increased by the level of Council Tax increases applied. The modelling does not though take into consideration that the Council's percentage share of the overall cost of the scheme would slightly reduce if other preceptors increase their Band D by a greater percentage than the Council, this would in effect reduce the cost of the scheme to the Council.
- 1% to 3% increase in caseload for 2020/21. This is calculated on the already increased caseload so far for 2020/21. The caseload used at the time of modelling is 9,031, with working age of 6,225.
- Collection Rate of 97.75%. The current Council Tax base is calculated on the rate of 98.75%, which was set pre-Covid.

6.5 The options considered are as follows:

- **Option 1: No change to the current scheme:** With no changes to Council Tax or caseload;
- **Option 2 to 4: Various changes to current scheme:** With 1.9% Council Tax increase and:
 - Option 2 – will include a 1% caseload decrease
 - Option 3 – will include a 1% caseload increase
 - Option 4 – will include a 2% caseload increase
 - Option 5 – will include a 3% caseload increase

The various options modelled for each of the different caseloads are:

- a) **No change to current scheme**
- b) **Minimum weekly entitlement amendment – £2.50 to £4.00 per week:**
- c) **Capital reduction - £7,500 to £6,000**

- d) **Maximum award to be reduced – 97.5% to 80%**
- e) **Increase banding cap – Band C to D (this would be an additional cost to the scheme)**

- **Option 5: Council Tax empty homes premium:** From 1 April 2013, billing authorities have been able to charge a premium on a class of property that has been unoccupied and unfurnished for 2 years or more. Currently the premium can be up to 200% of the Council Tax on the property. From 1 April 2021, councils will have the powers to charge even greater premiums on homes left empty following an amendment to a government Bill.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 allows billing authorities to charge higher premiums on homes left empty.

The legislation provides for the following: –

- April 2021 – any property empty over ten years to receive a premium of 300% (incurring a 400% charge).

Decisions on whether to charge a premium, and the exact rates to be charged will remain a matter for Councils, taking local circumstances into account. Officers propose a number of considerations to be taken into account when applying the premium. These are detailed in **Appendix 3**.

- 6.6 **Continuation of the Exceptional Hardship Scheme:** Exceptional Hardship Payments (EHP) assist persons who have applied for Council Tax Support and who are facing 'exceptional hardship' – it is similar to the Discretionary Housing Payment for Housing Benefit shortfalls. EHP provides a further financial contribution where an applicant is in receipt of Council Tax Support but the level of support being paid by the Council does not meet their full Council Tax liability.

The Council is required to provide financial assistance to the most vulnerable residents, who have been disproportionately affected by the changes made in 2021 to the Council Tax Support Scheme. Since April 2013, the Council agreed to introduce an Exceptional Hardship scheme each year, in order to provide a safety net for customers, in receipt of Council Tax Support who were experiencing difficulty paying their council tax. Exceptional Hardship falls within Section 13A(1) of the Local Government Finance Act 1992 and forms part of the Council Tax Support Scheme.

The current EHP budget is £20,000 and the cost of EHP awards is being borne solely by City of Lincoln. As at 31 August 2020, a total of £14,389 EHP has been awarded.

The EHP has supported those customers that have been affected by Covid-19 whereby additional support has been requested and applications have been successful.

7. Timetable

7.1 The timetable to approve any change to the new scheme takes into account the existing calendar of meetings. The full council as Billing Authority needs to approve the scheme after consultation as outlined in paragraph 3.3.

7.2 The timetable is as follows: -

- Policy Scrutiny Committee – 24th November 2020 as part of consultation process
- Consultation Ends – 9th December 2020
- Executive – 4th January 2021
- Council – 19th January 2021 - the Local Government Finance Act 2012 requires a full review of the scheme by the Billing Authority. City of Lincoln Council will need to approve a new scheme after consultation by 31st January 2021.

8. Significant Policy Impacts

8.1 Strategic Priorities

Let's drive inclusive economic growth - Council Tax Support has a key role in Reducing Poverty and disadvantage by ensuring residents in those households who cannot afford to pay their Council Tax receive financial support. The changes to Council Tax Support form part of the national welfare reform agenda, with the risks of changes to numbers of claimants due to economic change and funding gap costs being passed from central government to local authorities. Central government now has a fixed cost funding arrangement whereas local government must set a scheme in advance of the financial year it applies to but cannot change it should circumstances change unexpectedly or if the assumptions used to decide the scheme are not realised. Central government states that this places responsibility for the local economy such as creating businesses and jobs on local government as part of the localism agenda

Let's reduce all kinds of inequality - The Authority will be obliged to comply with its general equality duty under the Equality Act 2010. The scheme is being amended in line with statutory requirements and uprating the financial allowances. Early modelling shows the number of customers affected and pay how much (total and average per week). Once a decision has been made regarding the options of modelling, an equality impact assessment will be undertaken.

Council Tax Support awards are notified on Council Tax bills. If the scheme were likely to change, consultation with precepting authorities, stakeholders (such as Citizens Advice and Financial Inclusion Partnership) and residents would be required. Once a decision has been made, notification within Council Tax bills and annual CTS uprating letters would be issued advising claimants of the decision once their award for the new financial year is known.

8.2 Organisational Impacts

Finance (including whole life costs where applicable)

The actual cost of the discount scheme in 2021/22 will not be known for certain until the end of the financial year and will be dependent on the actual caseload in year as well as the levels of Council Tax set by the City Council and the major precepting authorities.

An indicative range of costs based on various scenarios for 2021/22 is set out in **Appendix 1**.

The estimated cost of the scheme, based on current caseload, is taken into consideration when calculating the Council's tax base for the financial year and will impact on the estimated Council Tax yield for the year. Any difference in the actual cost of the discount scheme to that estimated in the tax base calculation will be accounted for within the Collection Fund and will be taken into account when future years surpluses or deficits are declared.

The exceptional hardship fund of £20,000, made available during 2020/21, will continue to be available into 2021/22.

8.3 Legal implications inc Procurement Rules

The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, laid before Parliament on 22nd November 2012, set out the regulations for a default scheme and this was adopted by the Council subject to local policy needs in January 2013. The Secretary of State has issued amendment regulations setting out some changes that must be adopted by the Council for pensioners and the Council has also decided in 2013 to keep the schemes allowances and premiums in line with those for Housing Benefit for working age claimants. These are incorporated into amendments to the local scheme for approval by the Council.

The regulations for the City of Lincoln Council scheme proposed to be adopted are to be collated and made available for Council in January 2021.

8.4 Equality, Diversity and Human Rights

The Authority will be obliged to comply with its general equality duty under the Equality Act 2010 and is shown in **Appendix 4 – to follow**. The scheme is being amended in line with statutory requirements and uprating the financial allowances.

8.5 Staffing

No change to current staffing arrangements as a result of this policy.

9. Risk Implications

- 9.1 The Council, along with the other preceptors, bears the risk of the cost of the Council Tax Support scheme should caseload increase causing the cost to increase more than predicted.

- 9.2 Any revisions to the scheme must be approved by 31 January 2021 before the financial year begins.
- 9.3 The scheme cannot be changed mid-year and therefore it is vital the correct scheme is in place.

10. Recommendations

10.1 Policy Scrutiny Committee is requested to:

- 1) Comment on and consider the Council Tax Support scheme options for 2021/22 as part of the public consultation, as set out in Section 6.
- 2) Comment on the proposed continuation of the £20,000 Exceptional Hardship fund for 2021/22 to top up Council Tax Support awards in appropriate cases.
- 3) Comment on the proposed Council Tax changes. This being any property that has been empty for over ten years to pay a premium of 300% (i.e. incurring a total 400% Council Tax charge).

Key Decision No

Do the Exempt Information Categories Apply No

Call In and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

Does the report contain Appendices? Yes

If Yes, how many Appendices? 3

Appendix 1 – Council Tax Modelling 2021/22
 Appendix 2 – Lincolnshire Districts Schemes
 Appendix 3 – Empty Homes Premium
 Appendix 4 – Equality Impact Assessment (to follow)

List of Background Papers: None

Lead Officer: Claire Moses – Telephone 01522 873764

Appendix 1: 24 November 2020 – Policy Scrutiny Committee - City of Lincoln Council – Council Tax Support 2021/22 scheme

Option 1: Council Tax Support Scheme ‘no change’ proposal as at 4 September 2020

Option 1a: No change to current scheme	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme only – No assumptions, no change to caseload, no change to Council Tax costs	£8,442,201	£1,265,486	(£54,487)	£53,261

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Yellow = original modelling with 1.9% Council Tax increase and 1% caseload **decrease** = Page 2 to 4

Orange = 1.9% Council Tax increase and 1% caseload **increase** = Page 5 to 7

Green = 1.9% Council Tax increase and 2% caseload **increase** = Page 8 to 10

Blue = 1.9% Council Tax increase and 3% caseload **increase** = Page 11 to 13

Appendix 1: 24 November 2020 – Policy Scrutiny Committee - City of Lincoln Council – Council Tax Support 2021/22 scheme

Option 2: Council Tax Support Scheme – various change proposals as at 4 September 2020 – Council Tax with 1.9% and 1% caseload decrease

Assumptions have been made that all applicable amounts have been frozen, income with 0% increase

Option 2a: No change to current scheme	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme only – 1.9% Council Tax increase	£8,557,528	£1,282,774	(£71,775)	£70,160

Option 2b: Minimum weekly entitlement amendment	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme: Minimum entitlement of £2 per week				
Minimum weekly entitlement of £2.50 per week	£8,555,806	£1,282,515	(£71,516)	£69,907
Minimum weekly entitlement of £3.00 per week	£8,552,340	£1,281,996	(£70,997)	£69,399
Minimum weekly entitlement of £3.50 per week	£8,545,978	£1,281,042	(£70,043)	£68,467
Minimum weekly entitlement of £4.00 per week	£8,533,765	£1,279,211	(£68,212)	£66,678

Appendix 1: 24 November 2020 – Policy Scrutiny Committee - City of Lincoln Council – Council Tax Support 2021/22 scheme

Option 2c: Capital cap to be reduced Current scheme: Capital cap is £8,000	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Capital cap of £7,500	£8,557,528	£1,282,774	(£71,775)	£70,160
Capital cap of £7,000	£8,552,055	£1,281,953	(£70,954)	£69,357
Capital cap of £6,500	£8,551,223	£1,281,829	(£70,830)	£69,236
Capital cap of £6,000	£8,549,344	£1,281,549	(£70,548)	£69,960

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Option 2d: Maximum entitlement award Current scheme: 100% award	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Maximum entitlement of 97.5%	£8,474,295	£1,270,297	(£59,298)	£57,964
Maximum entitlement of 95%	£8,390,560	£1,257,745	(£46,746)	£45,694
Maximum entitlement of 90%	£8,224,931	£1,232,917	(£21,918)	£21,425
Maximum entitlement of 85%	£8,064,277	£1,208,836	£2,164	£2,116
Maximum entitlement of 80%	£7,903,686	£1,184,763	£26,236	£25,646

Appendix 1: 24 November 2020 – Policy Scrutiny Committee - City of Lincoln Council – Council Tax Support 2021/22 scheme

Option 2e: Banding cap to be amended Current scheme: Banding cap is set at Band B	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Banding cap at Band C	£8,581,210	£1,286,323	(£75,324)	£73,629
Banding cap at Band D	£8,588,696	£1,287,446	(£76,447)	£74,727

Appendix 1: 24 November 2020 – Policy Scrutiny Committee - City of Lincoln Council – Council Tax Support 2021/22 scheme

Option 3: Council Tax Support Scheme – various change proposals as at 4 September 2020 - Council Tax with 1.9% and 1% caseload increase

Assumptions have been made that all applicable amounts have been frozen, income with 0% increase

Option 3a: No change to current scheme	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme only – 1.9% Council Tax increase	£8,636,322	£1,294,585	(£83,585)	£81,705

Option 3b: Minimum weekly entitlement amendment	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme: Minimum entitlement of £2 per week				
Minimum weekly entitlement of £2.50 per week	£8,634,013	£1,294,239	(£83,240)	£91,367
Minimum weekly entitlement of £3.00 per week	£8,630,615	£1,293,729	(£82,730)	£80,869
Minimum weekly entitlement of £3.50 per week	£8,624,348	£1,292,790	(£81,791)	£79,950
Minimum weekly entitlement of £4.00 per week	£8,612,333	£1,290,989	(£79,990)	£78,190

Appendix 1: 24 November 2020 – Policy Scrutiny Committee - City of Lincoln Council – Council Tax Support 2021/22 scheme

Option 3c: Capital cap to be reduced Current scheme: Capital cap is £8,000	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFs (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Capital cap of £7,500	£8,635,685	£1,294,489	(£83,490)	£81,611
Capital cap of £7,000	£8,630,205	£1,293,668	(£82,669)	£80,809
Capital cap of £6,500	£8,629,371	£1,293,543	(£82,544)	£80,686
Capital cap of £6,000	£8,627,487	£1,293,260	(£82,261)	£80,410

Option 3d: Maximum entitlement award Current scheme: 100% award	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFs (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Maximum entitlement of 97.5%	£8,551,801	£1,281,915	(£70,916)	£69,320
Maximum entitlement of 95%	£8,467,439	£1,269,269	(£58,270)	£56,959
Maximum entitlement of 90%	£8,300,544	£1,244,252	(£33,253)	£32,504
Maximum entitlement of 85%	£8,138,582	£1,219,973	(£8,974)	£8,772
Maximum entitlement of 80%	£7,976,811	£1,195,724	£15,275	£14,931

Appendix 1: 24 November 2020 – Policy Scrutiny Committee - City of Lincoln Council – Council Tax Support 2021/22 scheme

Option 3e: Banding cap to be amended	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme: Banding cap is set at Band B				
Banding cap at Band C	£8,659,533	£1,298,064	(£87,065)	£85,106
Banding cap at Band D	£8,667,075	£1,299,195	(£88,196)	£86,211

Appendix 1: 24 November 2020 – Policy Scrutiny Committee - City of Lincoln Council – Council Tax Support 2021/22 scheme

Option 4: Council Tax Support Scheme – various change proposals as at 4 September 2020 - Council Tax with 1.9% and 2% caseload increase

Assumptions have been made that all applicable amounts have been frozen, income with 0% increase

Option 4a: No change to current scheme	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme only – 1.9% Council Tax increase	£8,719,823	£1,307,101	(£96,102)	£93,940

Option 4b: Minimum weekly entitlement amendment	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme: Minimum entitlement of £2 per week				
Minimum weekly entitlement of £2.50 per week	£8,718,221	£1,306,861	(£95,862)	£93,705
Minimum weekly entitlement of £3.00 per week	£8,714,916	£1,306,366	(£95,367)	£93,221
Minimum weekly entitlement of £3.50 per week	£8,708,793	£1,305,447	(£94,449)	£92,624
Minimum weekly entitlement of £4.00 per week	£8,697,082	£1,303,693	(£92,694)	£90,608

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Option 4c: Capital cap to be reduced Current scheme: Capital cap is £8,000	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Capital cap of £7,500	£8,719,823	£1,307,101	(£96,102)	£93,940
Capital cap of £7,000	£8,714,337	£1,306,279	(£95,280)	£93,136
Capital cap of £6,500	£8,713,494	£1,306,153	(£95,154)	£93,013
Capital cap of £6,000	£8,711,611	£1,305,870	(£94,871)	£92,737

Option 4d: Maximum entitlement award Current scheme: 100% award	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Maximum entitlement of 97.5%	£8,635,204	£1,294,417	(£83,418)	£81,541
Maximum entitlement of 95%	£8,550,141	£1,281,666	(£70,667)	£69,077
Maximum entitlement of 90%	£8,381,837	£1,256,437	(£45,438)	£44,416
Maximum entitlement of 85%	£8,218,396	£1,231,938	(£20,939)	£20,467
Maximum entitlement of 80%	£8,055,299	£1,207,489	£3,510	£3,431

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Option 4e: Banding cap to be amended Current scheme: Banding cap is set at Band B	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Banding cap at Band C	£8,743,865	£1,310,705	(£99,706)	£97,463
Banding cap at Band D	£8,751,475	£1,311,846	(£100,847)	£98,578

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Option 5: Council Tax Support Scheme – various change proposals as at 4 September 2020 - Council Tax with 1.9% and 3% caseload increase

Assumptions have been made that all applicable amounts have been frozen, income with 0% increase

Option 5a: No change to current scheme	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme only – 1.9% Council Tax increase	£8,803,961	£1,319,714	(£108,715)	£106,269

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Option 5b: Minimum weekly entitlement amendment	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme: Minimum entitlement of £2 per week				
Minimum weekly entitlement of £2.50 per week	£8,802,429	£1,319,484	(£108,485)	£106,044
Minimum weekly entitlement of £3.00 per week	£8,799,218	£1,319,003	(£108,004)	£105,574
Minimum weekly entitlement of £3.50 per week	£8,793,239	£1,318,106	(£107,107)	£104,698
Minimum weekly entitlement of £4.00 per week	£8,781,830	£1,316,396	(£105,397)	£103,026

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Option 5c: Capital cap to be reduced Current scheme: Capital cap is £8,000	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Capital cap of £7,500	£8,803,961	£1,319,714	(£108,715)	£106,269
Capital cap of £7,000	£8,798,468	£1,318,890	(£107,891)	£105,464
Capital cap of £6,500	£8,797,618	£1,318,763	(£107,764)	£105,339
Capital cap of £6,000	£8,795,734	£1,318,481	(£107,482)	£106,269

Option 5d: Maximum entitlement award Current scheme: 100% award	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Maximum entitlement of 97.5%	£8,718,607	£1,306,919	(£95,920)	£93,762
Maximum entitlement of 95%	£8,632,843	£1,294,063	(£83,064)	£81,195
Maximum entitlement of 90%	£8,463,130	£1,268,623	(£57,624)	£56,328
Maximum entitlement of 85%	£8,298,210	£1,243,902	(£32,903)	£32,162
Maximum entitlement of 80%	£8,133,787	£1,219,255	(£8,256)	£8,070

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Option 5e: Banding cap to be amended	Estimated Total Spend	City of Lincoln Spend – 14.99%	Difference to MTFS (£1,210,999) – saving / (cost)	Amount expected to be collected using collection figure of 97.75%
Current scheme: Banding cap is set at Band B				
Banding cap at Band C	£8,828,197	£1,323,347	(£112,348)	£109,820
Banding cap at Band D	£8,835,874	£1,324,498	(£113,499)	£110,945

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Council Tax Support Schemes - Lincolnshire Districts

The table below shows the schemes for the Lincolnshire Districts for 2020/21

	Minimum weekly entitlement	Capital cap	Cap on maximum entitlement	Banding cap
Boston Borough	N/A	£10,000	75%	Band D
City of Lincoln	£2.00	£8,000	100%	*Band B
East Lindsey	N/A	N/A	75%	Band D
North Kesteven	£3.50	£8,000	90%	Band D
South Holland	£5.00	£8,000	70%	Band D
South Kesteven	N/A	N/A	80%	N/A
West Lindsey	£3.00	No cap - £16,000	90%	Band E

*City of Lincoln have a higher proportion of Band B properties in comparison to other Districts

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Council Tax Premium – Technical Change

Background

In 2018 Parliament amended the maximum percentage that a Council could make as an additional charge under Section 11B of the Local Government Finance Act 1992 for long term empty properties. As well as increasing the maximum, the legislation was amended to introduce an escalator, so that the maximum additional charges would increase for properties empty for over 5 and 10 years respectively.

The increase for properties that have been empty for 5 years came into force this financial year and the Councils both applied the maximum increases permitted. The increase for properties which have been empty for ten years comes into force on 1st April 2021.

Volumes

The number of properties that will have been empty for 10 years or longer on 1st April 2021 is 26 for City of Lincoln. Additionally there are 5 properties that will fall to have been empty for ten years during the course of the year.

Financial Impact

The maximum permitted additional charge for these properties in 2021/22 will be 300%, an increase of 100%. This will have the effect of increasing the taxbase by 20.8 Band D equivalents for City of Lincoln.

This will have the effect of increasing the income of the Council by £4,157 (calculated by multiplying the Band D equivalent increase by the Band D charge for 2020/21).

This assumes no change in the status of the properties during the course of the year.

Resolution

At the Council meeting to set the Premium Charges for 2020/21, City of Lincoln approved a resolution which stated the maximum permitted additional charges would apply, except in certain specified instances.

There is therefore, no requirement to take a further resolution to the Councils in order to adopt the increase in properties empty for ten years or longer in 2021/22, as unless the existing resolution is amended, the increase will be applied in accordance with the existing resolution.

A revised resolution is only required if the permitted maximum is not to be implemented or the specified remissions are subject to alteration.

Required Actions

If the increase in the permitted maximum is going to be adopted (which is the default position at the moment), then the taxpayers affected should be written to at the earliest possible moment reminding them of this fact.

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Additionally, the Revenues software system will be required to produce additional Premium Codes for the Financial Year 2021/22 of PREM300 for those properties subject to the additional charge and PREM150 for those who would be subject, but for a 50% remission.