

EXTRACT FROM COMMITTEE

Policy Scrutiny Committee

22 November 2022

DRAFT

25. Localised Council Tax Support Scheme 2023/24

Tracey Parker, Revenues and Benefits Manager:

- a. presented the proposed scheme for Local Council Tax Support for the financial year 2023/24 and accompanying Exceptional Hardship Payments Scheme, as part of the formal consultation period.
- b. gave the background to the scheme as detailed at paragraph 2 of the report and advised that there were currently 8441 residents claiming Council Tax Support in Lincoln.
- c. advised that there were 2,636 pensioners in receipt of Council Tax Support and they were protected under the legislation so that they would not be affected by any changes made to the Council Tax Support Scheme.
- d. further advised that there were 5,805 working claimants who would be affected by any changes made to the scheme, and such any potential reduction in support being provided. Unless a decision by the Council was made to apply scheme changes to vulnerable working-age customers, the localised Council Tax Scheme.
- e. highlighted the impacts of Covid-19 on the amount of Council Tax Scheme awarded, with significant increases in caseload and cost of the scheme as detailed at paragraph 3 of the report.
- f. referred to paragraph 4 of the report and gave an overview of the current Council Tax Support Scheme.
- g. advised that based on the current core elements of the existing scheme, caseload increases of 0% and 5% had been modelled, along with Council Tax increases of 1.9% and 2.5%. These were summarised in Appendix 1 of the report which gave an indication of the potential cost and savings to the City of Lincoln. Also included was the potential value for non-collection (based on projected collection in the tax base of 98.75%)
- h. explained that as a billing authority the Council could decide whether or not to amend core elements of its Council Tax Support scheme each year. Officers were proposing options for consultation to change certain core elements of the scheme which were summarised at Appendix 1 of the report.

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- i. referred to paragraph 5.3 and 5.4 of the report and explained the technical amendments and assumptions that had been made in developing the modelling for each Council Tax Support Scheme.
- j. reported that the options considered for consultation by Executive on 17th October 2022 were as follows:
 - Option 1: No change to the current scheme;
 - Option 2: Introduction of a 'banded scheme' for Universal Credit recipients based on earnings income (as detailed at paragraph 5.6 of the report)
- k. referred to paragraph 5.8 of the report which detailed the Exceptional Hardship Payments Scheme and proposed an Exceptional Hardship Budget of £25,000 be put in place for 2023/24.
- l. asked for committee's consideration and comments as part of the formal consultation process.

Question: Asked if there was a banded scheme in place at the moment.

Response: There was not a banded scheme in place at the moment. Currently the Department of Work and Pensions notified the Council if there was a change in Universal Credit and therefore there would be a change to the Council Tax Support. A banded scheme had been modelled for this year, however, due to the cost-of-living crisis and the potential increases in cost to the Council it was decided not to go ahead with a banded scheme this year. The public consultation had been based on no change to the current scheme as agreed by Executive.

Question: Asked what the difference was between the banded scheme that had been modelled this year and the proposed banded scheme for next year.

Response: A banded scheme would mean that changes were made each month, this could save money in admin costs and allow residents to budget better.

Comment: It would be interesting to know how much the admin costs were next year.

Question: Asked why the banded scheme was not being brought in this year.

Response: Due to the fluctuations from month to month, it was felt that this would not be the right time to introduce the scheme due to the cost-of-living crisis.

Question: Asked why a banded scheme would be better in the future.

Response: More modelling work on a banded scheme was required to see if it was feasible in the future.

Comment: Suggested that an average bill could be issued each month and then a final bill at the end of the year.

Response: In this circumstance some customers would then be issued with a large bill at the end of the year.

Question: Referred to paragraph 5.1 of the report and asked for clarification.

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Response: Clarified that pensioners were protected by legislation but working age vulnerable and non- vulnerable residents were not protected by legislation, however, the City of Lincoln Council used discretion to protect the working age vulnerable from changes to the scheme

Question: Asked if any Councils did not have a Council Tax Support Scheme.

Response: No, not that we were aware of.

Question: Asked if there were any Councils that did not operate an Exceptional Hardship Fund.

Response: No, a scheme was required by legislation.

Question: Referred to paragraph 5.6 of the report and asked if the amount if income was in relation to money received from working or money received from Universal Credit.

Response: It related to earnings received.

Question: Asked if residents who could not pay their Council Tax would qualify for the Exceptional Hardship Fund.

Response: The individuals' circumstances would be considered in this situation.

RESOLVED that

1. the 'no change' scheme for 2023/24 be supported as the preferred option.
2. That further detailed modelling of a Universal Credit banded scheme for 2024/25 be supported.
3. The Exceptional Hardship Scheme of £25,000 for 2023/24 be supported.