



Chelmsford City Council Cabinet

30 January 2024

LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2024/25

Report by:

Cabinet Member for Connected Chelmsford

Officer Contact:

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Purpose

To present for consideration a Local Council Tax Support (LCTS) scheme for 2024/25 to put forward for Full Council approval before 11 March 2024.

Recommendation

That Cabinet recommends to Full Council that the existing LCTS scheme for 2023/24 is adopted, without alteration, as the LCTS scheme for 2024/25.

1. Background

- 1.1. Since 2013/14, every billing authority has been required to approve a Local Council Tax Support (LCTS) Scheme, prior to 11 March, in respect of the forthcoming financial year. The LCTS scheme assists people on a low income with their Council Tax liability by reducing the amount they have to pay. Entitlement to Council Tax Support (CTS) is 'means-tested', whereby entitlement reduces as household income increases. The Council must incorporate Government rules in respect of pensioners, but it has significant freedom to decide the rules in respect of 'working age' households.
- 1.2. In 2013/14, the Council decided to reduce the maximum level of CTS which could be awarded to an amount equivalent to 80% of a household's Council Tax liability. This meant that all working age households paid a minimum of 20% of their Council Tax liability. This decision was taken to ensure that scheme expenditure did not exceed the funding provided. Following a reduction in Government grant for 2014/15, the minimum payment was raised to 23% and has remained at that level ever since. Subsequent reductions in Government grants have meant that the scheme expenditure now exceeds any grant received and Chelmsford's council tax payers are now contributing to the cost of the scheme. The amount of that contribution cannot be calculated exactly as the direct link between Central Government grant for LCTS was broken in 2014/15 when the specific LCTS grant was incorporated into the overall Settlement Funding Assessment.

2. Current 2023/24 LCTS scheme summary

Key principles

- 2.1. The key principles of the existing LCTS scheme are as follows:
 - All working age recipients pay a minimum of 23% of their Council Tax liability. Pensioners can receive a maximum of 100% of their Council Tax liability
 - Council Tax liability, for the purpose of calculating entitlement, is restricted to the appropriate Band D level. For example, a working age person in a Band H property will have their LCTS calculated using the Band D amount applicable to the parish area in which they live. A pensioner household receives LCTS based on their actual liability regardless of Band.
 - LCTS is not available to working age households with more than £6,000 in savings. Pensioners can have up to £16,000 in savings before entitlement is removed.
 - Households with other non-dependant adults in them receive reduced amounts of LCTS as the non-dependants are expected to contribute

towards the running costs of the household. These contributions depend on the income of the non-dependant. Non-dependant deductions also apply to pensioner households, for whom the level is set by the Government.

- £10 per week of child maintenance received is disregarded. Any child maintenance paid to a pensioner household is disregarded in full.
- There are additional disregards to earned income to encourage work. This provision is more generous for the working age than for pensioners.
- For self-employed recipients, national minimum wage levels are assumed as income for the purposes of calculating LCTS entitlement if the declared income from self-employment is lower than the minimum wage. This applies after the first year of self-employment.

2.2. The amount of any reduction in council tax for people on low incomes is means-tested. This means that a household's income is compared against a set of allowances. These allowances vary depending on the personal circumstances of the household ie number of children, any disabilities etc. Working age households with an income equal to, or below, the relevant allowances receive maximum allowable LCTS ie 77% of Council Tax liability (capped at Band D rates, as described above). Households with an income above the relevant allowances have support withdrawn at the rate of 20p for every pound by which income exceeds allowances. The rules for pensioner households are set by the Government. Local councils have the power to decide how much help is given to working age households.

2.3. The Council is required to agree and approve a working age LCTS scheme for 2024/25. It is recommended that the 2023/24 scheme is retained in its current form without amendment. There may be amendments required for pensioner and/or working age households after any Council decision, as a result of changes to the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012. The 2024/25 LCTS scheme will be amended as required by law once any relevant Statutory Instrument is published. There is no requirement for Cabinet or Full Council to approve statutory changes.

3. Scheme Finances

3.1. The Government includes an amount in respect of LCTS scheme expenditure in the annual settlement for Chelmsford City Council, Essex County Council and the Police and Fire authorities. It is the billing authority, Chelmsford City Council, which is responsible for assessing the amount of LCTS payable and reconciling this through the Council Tax collection fund.

3.2. Since the amount of grant in respect of LCTS is no longer separately identified it is not possible to accurately estimate the amount by which LCTS scheme expenditure exceeds the available grant. What is clear is that overall annual

amount of Government grant to the precepting bodies (Essex County Council, Chelmsford City Council and Essex Police, Crime and Fire Commissioner) is £170m less in 2023/24 than in 2013/14, while scheme expenditure remained relatively constant at around £6.5m per annum until 2019/20. It is reasonable to assume that the gap between CTS grant amounts and scheme expenditure has risen each year.

3.3. The Covid-19 pandemic and reduction in economic activity caused an increase in caseload numbers in 2020/21 and scheme expenditure rose to £6.88m in 2022/23. Although total Government grants to Essex precepting bodies increased by 2.57% overall in 2023/24, CTS scheme expenditure in 2023/24 has risen by 5.24% and stands at £7.455m in November 2023. This means that the shortfall between CTS grant and expenditure has increased once more. Given the very difficult budget position that the Council finds itself in for 2024/25, it is not advisable to increase the expenditure on the LCTS scheme by making its provisions more generous in 2024/25. It should also be borne in mind that increasing LCTS scheme expenditure will have a detrimental financial effect on the other preceptors, which are facing their own budget challenges. Conversely, as there are cost of living pressures on households in the wider economy and Council Tax levels are likely to rise, it would place additional pressure on low income residents if the Council attempted to reduce LCTS expenditure by making the LCTS scheme less generous.

3.4. As at the end of November 2023, the amount of LCTS paid to working age households totals £4.047m, with a further £3.408m paid to pensioner households. £1.476m of the working age total is being paid to households receiving minimum levels of income. As the only cost-effective method of recovery available in such cases is a £3.75 per week deduction from benefits, there is a strong likelihood that any attempt to reduce scheme expenditure by reducing the amount of LCTS that is paid would be matched by a comparable fall in collection rates. It is worth noting that, despite the increase in Council Tax rates in 2023/24, LCTS expenditure in respect of the poorest households has fallen slightly compared to 2022/23. LCTS expenditure in respect of households not receiving maximum LCTS has risen by 20% to £2.57m. In addition, all households will be affected by the high rates of inflation being seen in such basic necessities as food and energy costs, which will further increase the difficulty of council tax collection in 2024/25.

4. Equality Issues

4.1 When deciding upon a scheme, the Council is required to have due regard to its Public Sector Equality Duties. The Public Sector Equality Duties (PSED) are found in s149 of the Equality Act 2010, which requires public authorities to give due regard to the need to:

- i. Eliminate unlawful discrimination and harassment in the respective fields of race, sex and disability;
- ii. Promote equality of opportunity between those with a protected characteristic and others; in addition, the Race and Disabilities Duties include the need to promote good race relations;
- iii. Take steps to take account of disabled people's disabilities even where that involves treating disabled people more favourably than others; and,
- iv. Promote positive attitudes towards disabled people and to encourage participation by them in public life.

4.2 An Equality Impact Assessment (EIA) for 2023/24's LCTS scheme is attached for reference at Appendix 1. This will need to be revisited if changes to the scheme are proposed in future years. The EIA identifies impacts upon relevant groups and any mitigations which are in place. It is important that decisions relating to our LCTS scheme are taken with these matters in mind. Although the PSED does not prevent councils from taking decisions which impact adversely on groups with 'protected characteristics', they must ensure that they are not impacted in a worse fashion than non-protected groups.

5. Conclusion

5.1 The LCTS scheme is an important support for low income households. Given the current economic climate and the ongoing uncertain economic outlook for 2024/25, it is not considered desirable to reduce the level of support provided by the LCTS scheme and nor do the Council's finances permit any expansion to scheme expenditure by making it more generous. It is recommended that the current 2023/24 LCTS scheme is adopted unchanged for 2024/25.

List of appendices:

Appendix 1 – Equality Impact Assessment

Background papers:

None

Corporate Implications

Legal/Constitutional: A local scheme must be agreed by Full Council before 11 March 2024. If Cabinet is minded to propose changes to the existing scheme, a public consultation lasting a minimum of six weeks must take place on any proposed change. This paper cannot be deferred to a later meeting as a delay would mean that there would be insufficient time to obtain a ratifying decision at Full Council.

Financial: The exact relationship between reducing LCTS expenditure and Council Tax collection rates is unclear, although in-year collection rates of Council Tax have

dropped by 2% since LCTS was introduced in April 2013. 2% equates to a shortfall of £2.87m on an estimated Council Tax debit of £143m in 2023/24, although strong performance on arrears collection in subsequent years has largely offset this reduction. 2023/24 collection performance is expected to be lower, with collection rates currently 0.45% lower than in 2022/23.

Potential impact on climate change and the environment: None.

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: None

Equality and Diversity: No change. Equality impact Assessment attached as Appendix 1

(For new or revised policies or procedures has an equalities impact assessment been carried out? If not, explain why)

Health and Safety: None

Digital: The existing Benefits software is capable of maintaining the current scheme. Any radical proposed changes will need to be evaluated as to whether the software can deliver them.

Other:

Consultees:

Director of Connected Chelmsford, Legal and Democratic Services Manager, Pan Essex Council Tax Support Scheme Project Group

Relevant Policies and Strategies:

The report takes into account the following policies and strategies of the Council:

Benefits Operational and Internal Security Policy

Benefits Customer Service Policy

This form enables an assessment of the impact a policy, strategy or activity on customers and employees.

A: Assessor Details	
Name of policy / function(s):	Local Council Tax Support scheme with effect from April 2024
Officer(s) completing this assessment:	Robert Hawes
Date of assessment:	14 December 2023
B: Summary Details	
Description of policy, strategy or activity and what it is aiming to do	<input type="checkbox"/> new OR <input checked="" type="checkbox"/> existing (<i>If existing, when was the last assessment?</i> December 2022) <input type="checkbox"/> internal OR <input checked="" type="checkbox"/> external (i.e. public-facing) <input type="checkbox"/> statutory OR <input checked="" type="checkbox"/> non-statutory – parts of the policy will be governed by statute, those affecting pensioners and rules relating to entitlement to persons from abroad for both pensioners and working age
Policy Owner (service)	Revenues and Benefits
Scope: Internal - Service/Directorate/Council wide External – specify community groups	External – applies to any member of the community on a low income requiring assistance with their Council Tax liability

C: Assessment of impact

Using the information above, assess if the policy / function could potentially disproportionately impact on different protected groups. Specify if the potential impact is positive, could adversely impact or if there is no impact. If an adverse impact, indicate how the impact will be mitigated.

Please note any data used in the impact assessment should be anonymised and with due regard given to data privacy in line with GDPR.

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
<p>Age What will the impact be on different age groups such as younger or older people?</p>		<p>The amount of assistance available does vary dependent upon age, although no changes are proposed in this respect for 2024/25.</p>		<p>Pensioners receive additional allowances which ensure that they receive more support than a working age person with the same income. Individuals or households where both members are under 25 will receive less assistance than when one or both members are over 25. This disparity in assistance is a standard feature of all welfare benefit schemes. Pensioner households are entitled to a maximum of 100% of their Council Tax liability. Working age households are entitled to a maximum of 77% of their Council Tax liability</p>	

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
Disability Consider all disabilities such as hearing loss, dyslexia etc as well as access issues for wheelchair users where appropriate			No changes are proposed to affect people with this characteristic		Additional allowances are already in place for people receiving specified disability benefits.
Pregnancy and maternity Pregnant women and new and breastfeeding Mums			No changes are proposed to affect people with this characteristic		Households with children receive additional allowances which result in higher entitlements. Chelmsford City Council has not implemented the wider welfare benefit policy which restricts that assistance to the first two children in a household.
Marriage or Civil Partnership Could this policy discriminate on the grounds of marriage or civil partnership			There is no distinction between the treatment of married persons, persons in a civil partnership or unmarried couples.		
Sex Is the service used by people of			No distinction is made in the		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
both male and female biological characteristics or intersex and are the sexes given equal opportunity?			assessment of entitlement as a result of biological gender.		
<p>Gender reassignment Is there an impact on people who are going through or who have completed Gender Reassignment?</p> <p>Additionally, is there an impact on people with different gender identity?</p>			No distinction is made in the assessment of entitlement as a result of gender identity.		
<p>Religion or belief Includes not having religion or belief</p>			No distinction is made in the assessment of entitlement as a result of religious belief.		
<p>Sexual Orientation What is the impact on people of different sexual orientation such heterosexual, lesbian, gay or bisexual people?</p>			No distinction is made in the assessment of entitlement as a result of sexual		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
			orientation.		
Race Includes ethnic or national origins		Yes		Brexit removed entitlement from EU nationals without 'settled status'. This is in addition to the restrictions to benefit already in place on non-EU nationals.	This element of the policy is dictated by Government by way of statutory instrument and cannot be amended by the Council.
Are there any other groups who could find it difficult to access or make use of the policy / function? For example: low income / people living in rural areas / single parents / carers and the cared for / past offenders / long-term unemployed / housebound / history of domestic abuse / people who don't speak English as a first language / people without computer access etc.			No		

D: Consultation process, information used to analyse the effects on protected groups/equality and key findings		
Please describe the consultation process and evidence gathered. You may attach copies or links to the data / research you are using.		
1.	<p><u>Consultation/engagement</u> What consultation or engagement has been undertaken regarding this policy? <i>[Please summarise what, when and who was involved]</i></p>	<p>The policy was subject to public consultation between 3/12/20 and 18/01/21. Following analysis of the consultation responses, this impact assessment was amended. No substantive changes have been made to the policy since that date.</p>
2.	<p><u>Key findings</u> <i>(Summarise the key findings of your consultation in relation to protected groups as outlined above).</i></p>	<p>The consultation attracted very few responses. However, each of the three respondents who identified themselves as being in one or more of the protected groups agreed that the proposed change in wording should be made, with one respondent suggesting that the change should be more wide-ranging to allow changes in scheme design to be made at any time.</p>
3.	<p><u>Data/Information</u> What relevant data or information is currently available about the customers and employees who may use this service or could be affected by this policy? <i>(For example: equality monitoring, surveys, demographic data, research, evidence about demand/ take-up/satisfaction etc).</i></p> <p>What additional information could be collected which would increase your understanding about the potential impact of the policy? <i>(What involvement or consultation with affected groups is still needed?)</i></p>	<p>Incomes, capital holdings, age, sex and household make-up of existing recipients of Council Tax Benefit recipients are known. Data regarding disability can be inferred from both income and qualification for additional premiums. Data regarding ethnicity, sexual orientation, religious beliefs and language is minimal as these characteristics are not relevant when assessing entitlement. Respondents to the consultation were given the option to provide ethnicity, age, sexual orientation, disability and religious beliefs in addition to their answers.</p> <p>Feedback from customers, voluntary or community groups, advice agencies and residents was sought as part of the consultation.</p>

4.	<p>For existing policies, strategy, activity only: What has changed since the last assessment? <i>(For example: evidence of public concern or complaints / new information has come to light / changes in service provision / changes in service users/ assessed impact on protected groups etc)</i></p>	<p>Reductions in grants from central Government over a prolonged period have not been offset by more recent small increases. Inflation, the cost of homelessness and the overall commercial environment are placing considerable pressure on Chelmsford's finances. Councillors are able to decide whether or not to increase expenditure on Local Council Tax Support.</p>
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E: Relevance to the Equality Duty Aims:

Consider how the policy relates to the aims below (directly or indirectly), and if it could be adjusted to further meet these equality aims.

1.	<p>To eliminate unlawful discrimination, harassment and victimisation</p>	<p>People with disabilities will continue to receive additional premiums as part of the calculation of local Council Tax Support. Chelmsford's Local Council Tax Support scheme has retained additional premiums for disabled people and continues to disregard the whole of any Disability Living Allowance or its replacement, Personal Independence Payment, from the assessment of entitlement.</p>
2.	<p>To advance equality of opportunity between people who share a protected characteristic and those who do not <i>(This means removing or minimising disadvantages, taking steps to meet needs of different people and encouraging participation. It can involve treating people better than others, e.g. disabled people).</i></p>	<p>As above, disabled people will continue to be treated more favourably than non-disabled people with a similar income, which recognises the extra costs attributable to disability. Parents with dependent children will continue to receive additional premiums in respect of children as part of the calculation of support, thereby recognising the extra costs associated with bringing up a family. In 2015, Councillors rejected the option to remove the Family Premium (worth a maximum of £3.48 per week in Council Tax Support) from the calculation of LCTS for new working age claimants with effect from April 2016. There is no intention to remove the additional premiums awarded to households with more than 2 children within the means test. Therefore, people with children will still be treated more favourably than people without insofar as the additional cost of raising children is reflected in the amount of income a household with children can have before CTS is affected.</p>

3.	<p>To foster good relations between those who share a protected characteristic and those who do not. If so, how? <i>(This means promoting understanding between different groups and tackling prejudice)</i></p>	<p>This policy is not intended to affect community relations and no such effects have been identified, nor are any anticipated.</p>

F: Conclusion	
Decision:	Explanation:
<p><input checked="" type="checkbox"/> Continue the policy with no changes <i>[For example: evidence suggests no potential for discrimination / all opportunities have been taken to advance equality.]</i></p>	
<p><input type="checkbox"/> Continue the policy with adjustments <i>[For example: Low risk of negative impact / actions or adjustments would further improve positives or remove a potential negative impact.]</i></p>	
<p><input type="checkbox"/> Adverse impact but continue <i>[For example: Negative impact has been objectively justified.]</i></p>	
<p><input type="checkbox"/> Suspend or withdraw the policy for further review / consideration of alternative proposals <i>[For example: High risk of negative impact for any group / insufficient evidence / need to involve or consult with protected groups / negative impact which cannot be mitigated or justified / unlawful discrimination etc.]</i></p>	

Approved by:

Lead Officer / Responsible officer:Date:

Senior Manager: ...Robert Hawes.....Date: ...14 December 2023.....

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