

WEST NORTHAMPTONSHIRE SHADOW AUTHORITY

SHADOW EXECUTIVE MEETING

5 January 2021

Report Title	Results from the consultation on Local Council Tax Reduction Scheme 2021-2022
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1. Purpose

- 1.1 The purpose of this report is to provide members of the Shadow Executive with an update on the proposed Local Council Tax Reduction Scheme (LCTRS) for West Northamptonshire Council for the financial year 2021-2022 and to provide members with the results from the recent consultation.

2. Recommendations

- 2.1 It is recommended that the Shadow Executive note the contents of this report and consider the results from the Local Council Tax Reduction Scheme consultation process
- 2.2 Members are asked to provide a steer on the next steps to establish a Local Council Tax Reduction Scheme for West Northamptonshire Council for the financial year 2021-2022. The scheme will be approved by the Shadow Executive at their meeting on 26 January 2021 to meet the required date of 31 January 2021.

3. Issues and Choices

3.1 Report Background

- 3.1.1 Since April 2013 billing authorities have been required to determine a Local Council Tax Reduction Scheme (LCTRS) which replaced the national Council Tax Benefit scheme.

- 3.1.2 The scheme applies to working age claimants only as the government prescribes the scheme (CTRS Prescribed Requirements Regulations 2012) for those of pension age which provides up to 100% support based on the circumstances of the individual.
- 3.1.3 Each billing authority has discretion as to their local scheme including the maximum level of support available to working age claimants (and therefore the minimum percentage of the bill they are required to pay) and the eligibility criteria for the scheme.
- 3.1.4 Currently in West Northamptonshire, each District and Borough has a different LCTRS that gives different levels of support to working age people. From April 2021 the current schemes will end, and a new scheme will need to be agreed.

3.2 Issues and Choices

Local Council Tax Reduction Scheme Harmonisation

- 3.2.1 The LCTRS must be approved and in place by 31 January 2021 and prior to that the authority must consult any precepting authority and any other persons who may have an interest in the scheme.
- 3.2.2 At its meeting on 27 October 2020, the Shadow Executive agreed six proposals, for consultation purposes only, and approved a consultation period of six weeks. The consultation ran from Monday 2 November 2020 until midnight on Sunday 13 December 2020 and included an online form open to all residents, stakeholders and people representing organisations. There was also a dedicated phone line and email address and the consultation was widely promoted on websites, social media and with partner organisations.

The proposals included in the consultation are as follows:

Proposal 1: Level of contribution for working age

The current councils have different levels of minimum Council Tax contribution that working age claimants must pay. It was agreed that the consultation should be based on a LCTRS which is cost neutral for the new authority. The harmonised percentage that would have no financial impact on the finances of the new Council would be a minimum payment of 26.5% **based on current caseloads**. The impact of this proposal on residents will vary depending on the existing rates in the area in which they are living. As a reminder the existing rates across West Northamptonshire are as follows:

	Minimum contribution by the customer	Maximum discount awarded by the Council
Daventry	20%	80%
Northampton ¹	31%	69%
South Northants	8.5%	91.5%

Proposal 2: To disregard 100% of War Widows and War Disablement income.

Whilst this is not a change to the proposed scheme as all three Councils currently disregard 100% of income under local schemes the proposal is for this disregard to continue at relatively low cost to the taxpayer.

Proposal 3: Removal of the family premium for new claims

Northampton Borough Council continues to award a family premium in the applicable amounts when assessing new claims for LCTRS. Daventry and South Northants Councils do not as they aligned their schemes to reflect the changes introduced to Housing Benefit. The proposal would align the scheme differences and would be in line with DWP Regulations .

Proposal 4: To limit the child allowance to two children when assessing new claims for LCTRS.

Changes under the wider welfare reform agenda limit the child allowance used in applicable amounts to a maximum of two children. South Northants and Daventry have already introduced this change. This proposal would align the differences in the existing regulations.

Proposal 5: To apply a minimum value to the income of those people who are self-employed when assessing LCTRS.

South Northants and Northampton Borough do not currently apply a minimum income to self-employed claimants. The proposal would align the differences in the schemes.

Proposal 6: to harmonise the rates of non-dependant deduction to the prescribed amounts set by Government

¹ Note: there are two ways to calculate the scheme percentage. Daventry and South Northants calculated it using one method and Northampton used the other method. Neither are incorrect. In order to compare the schemes on a 'like for like' basis the Northampton method was re-calculated, so it became consistent with the method of calculation used by South Northants and Daventry.

Where an adult friend or family member resides with a claimant, LCTRS is reduced by a set amount normally based on prescribed amounts and on the weekly income of the non-dependant. Daventry has slightly higher rates of deduction. This proposal would align the differences in the existing district and borough's LCTRS

Other options considered and disregarded

3.2.3 Other options for the LCTRS were considered but were not taken forward as follows:

- Continuing with the three current schemes after April 2021. This was considered but is not currently feasible. MHCLG would allow us to either defer the implementation of a single scheme or for harmonisation to take place over a period only if it is not possible for a scheme to be agreed by 31st January 2021. At this stage this is not the case for West Northamptonshire Council. Even if MHCLG allowed either of these options, it is worth noting that this would mean that residents across the new West Northamptonshire Council would not be treated the same and this would lead to confusion and differing levels of support for residents based on where the resident lives.
- Setting the level of contribution for working age customers to a lower than break-even level. This option can be considered but would mean that the scheme would become more expensive and this would impact on the finances of the new Council.
- Setting the level of Council Tax contribution for working age customers to a higher level. This would mean that the support to claimants would, on average, be less than the current level of support offered to claimants.
- Introduction of a banded scheme. This would be based on levels of income grouped into bands. With the wider roll out of Universal Credit having taken place, this scheme could be a simpler way to support people on low income. This has been discounted at this stage

Consultation Results

3.2.4 A report on the results from the consultation is shown at Appendix A of this report. In summary, 368 responses were received of which 159 were from LCTRS recipients and 123 from Council Taxpayers. The remaining responses were from people representing organisations or from people who preferred not to say.

There was also a very even split of responses from residents across all three councils 29.73% from Daventry District, 38.51% from Northampton Borough and 29.39% from South Northants. Respondents made over 400 comments. We also received 341 calls to the dedicated phone line and 34 emails were received. A summary of the main outcomes is shown below.

Proposal	Summary
Proposed1: Level of minimum contribution	342 responses received. 43.28% of respondents strongly agreed or tend to agree 43.27%strongly disagree or tend to disagree 13.45%, answered that they didn't know or answered neither agree nor disagree
Proposal 2: 100% disregard of war pensions	331 responses received 74.62% of respondents strongly agree or tend to agree 6.04% strongly disagree or tend to disagree 19.34%, answered that they didn't know or answered neither agree nor disagree
Proposal 3: Removal of family premium for new claims	321 responses received 50.47% of respondents strongly agreed or tend to agree 15.89% strongly disagree or tend to disagree 33.64% answered they didn't know or neither agree/disagree
Proposal 4 Restriction of child allowance to 2 children on new claims:	320 responses received 57.82% of respondents strongly agreed or tend to agree 15.62% strongly disagree or tend to disagree 26.56% answered that they didn't know or answered neither agree nor disagree
Proposal 5:Minimum income for self employed	318 responses received 44.34% of respondents strongly agreed or tend to agree 18.87% strongly disagree or tend to disagree 36.79% answered that they didn't know or answered neither agree nor disagree
Proposal 6: Harmonisation of non-dependant deductions	315 responses received 59.05% of respondents strongly agreed or tend to agree 7.94% strongly disagree or tend to disagree 33.01% answered that they didn't know or answered neither agree nor disagree

4. Implications (including financial implications)

4.1 Policy

4.1.1 The approach adopted by West Northamptonshire Council in respect of the Local Council Tax Reduction Scheme is a fundamental and key policy decision.

4.2 Resources and Risk

4.2.1 It should be noted that a number of factors may impact the cost of the scheme for West Northants Councils including the LCTRS caseload and possible changes in entitlement, the impact of Covid-19 and how it affects individuals who may need to claim LCTRS.

4.3 Financial Implications

4.3.1 Latest financial modelling shows that the cost of the LCTRS scheme across West Northamptonshire (based on a 26.5% scheme and including a forecast increase in caseload of 10% over the next 12 months) is approximately £15.6m in total for those of pensioner age and working age.

4.3.2 Moving to a lower percentage LCTRS would reduce the tax base and therefore the income due to West Northants Council and to major preceptors. The Table below shows the cost of moving from 26.5% scheme to a lower minimum payment

Working Age Minimum Payment		Impact on West Northants Council	Impact on Fire Police and Crime Commissioner	Average Parish
		£k	£k	%
26.0%		60	13	0.03%
25.5%		120	25	0.06%
25.0%		180	38	0.08%
24.5%		240	50	0.11%
24.0%		300	63	0.14%
23.5%		360	75	0.17%
23.0%		420	88	0.19%
22.5%		480	100	0.22%
22.0%		540	113	0.25%
21.5%		600	125	0.28%
21.0%		660	138	0.31%
20.5%		720	150	0.33%

20.0%		780	163	0.36%
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4.3.3 As outlined in this report the cost neutral position may change and this may lead to a pressure or surplus on the new Council's budget depending on ongoing caseloads.

4.4 Legal

4.4.1 The adoption of a Local Council Tax Reduction Scheme for West Northamptonshire is a legal requirement and is set out in the Local Government Finance Act 1991 section 13A (2).

4.4.2 There is a legal requirement to consult on any proposed LCTRS.

4.5 Equality and Health

4.5.1 An equality Impact assessment has been carried out. Whilst some impacts have been noted actions have been taken to mitigate these. It should be noted that if we do not harmonise the scheme residents will be treated differently based on where they live and there is a risk that we may not meet our equality duty. The equality impact assessment will be reviewed again when a scheme is agreed.

