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| Subject: | Council Tax Support Scheme 2024/25 | Status: | For Publication |
| Report to: | Council | Date: | 28 th February 2024 |
| Report of: | Head of Customer Services & I.C.T. | Lead Member: | Resources |
| Key Decision: | <input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/> | General Exception | <input type="checkbox"/> Special Urgency <input type="checkbox"/> |
| Equality Impact Assessment: | Required: No | Attached: | No |
| Biodiversity Impact Assessment: | Required: No | Attached: | No |
| Contact Officer: | Ian Walker | Telephone: | 01706 252592 |
| Email: | ianwalker@rossendalebc.gov.uk | | |

1. RECOMMENDATION

1.1 That Full Council approve the Rosendale Local Council Tax Support Scheme for 2024/25 as set out in this report

2. EXECUTIVE SUMMARY

- The Local Council Tax Support Scheme is subject to annual approval, by full Council.
- The Local Government Finance Bill states that an Authority must make any revision to its scheme, or any replacement scheme, no later than 11th March in the financial year preceding that for which the revision or replacement scheme is to have effect.
- If Rosendale did not pass a local scheme by the 11th March, then a default scheme would come into force, this would result in up to 100% relief for all working age customers, rather than the current 80%, the additional relief would have to be funded by Rosendale.
- An earlier version of this policy was adopted by Council on 15th November 2023. Government has since laid regulations on 12th January 2024, coming into force 9th February 2024 which specify certain other matters to be include within Local Council Tax Support schemes.
- Therefore it is proposed that the existing scheme of Council Tax Support be retained unchanged, except for
 - Upgrades to benefit entitlements, and
 - prescribed changes introduced by Government in The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2024.
- Adoption of the scheme by full Council before 11th March will meet the Councils statutory duty.

3. BACKGROUND

3.1 The national Council Tax Benefit scheme ended in March 2013 and was replaced by local schemes of Council Tax Support from the 1st April 2013. Individual authorities were granted the freedom to design and implement their own local schemes, with the exception that any local scheme could not leave any pension age claimants worse off than under the previous national benefit regulations.

The effect of these changes was a reduction in funding by approximately 20% for working age claimants and after consultation Rossendale adopted a local scheme, based on the previous Council Tax Benefit regulations, but with a 20% reduction in entitlement for working age customers.

The decision to continue with a Council Tax Support scheme based on the Housing Benefit / Council Tax Benefit regulations ensures that in practice the scheme remains effectively a means tested benefit.

- 3.2 The rollout of DWP’s Universal Credit in Rossendale began on the 21st November 2018. Customer on tax credits are due to migrate during 2024/25 with customer on employment and support allowance to migrate in 2028/29. Around 39% of the current Council Tax Support Claimants are pensioner households who will not move to Universal Credit. Government has given an indication that pensioner household will be moved from legacy benefits, but no clear steer on how and when this will happen. Certainly no moves will begin before 2028. The other 61% who are not pensioner households will almost all eventually transfer over to Universal Credit. A small number of working age claimants who live in temporary or supported accommodation will also remain within the scope of Housing Benefit.
- 3.3 As Housing benefit is reduced, the case for a Council Tax support scheme based on Housing Benefit becomes less clear.

A number of authorities have begun to move away from Housing Benefit linked systems, although these remain in the minority nationally (around 20% of authorities). Any new scheme would need to be effective in both supporting vulnerable customers and protecting the council’s financial position. A significant amount of resource would be required to be able to model and create a new Rossendale scheme. It is not clear that there is any conclusive case for such a change at the present time, particularly if the end result was to maintain similar levels of support for customers as exist under the current system.

4. DETAILS

- 4.1 The number of Council Tax Support claims changes daily, a snapshot taken of the January caseload is detailed below. There were 32,724 domestic properties in Rossendale. Of these 587 were exempt from Council Tax, 133 2nd homes and 888 classed as vacant. This leaves 31,116 occupied and with a liability to pay Council Tax. 15.7% of these properties have residents with an entitlement to Council Tax Support.

| Council Tax Support Caseload | 2nd Adult Rebate Claims | 2nd Adult Rebate (UC) Claims | Council Tax Support | Council Support (Universal Credit) | Total Claims (Pensioner, Working Age, Working Age Other) | Total Claims (Pensioner, All Working Age) |
|---|-------------------------|------------------------------|---------------------|------------------------------------|--|---|
| Pensioner Claims | 12 | 0 | 1884 | | 1896 | 1896 |
| Working Age (employed) claims | 1 | 0 | 87 | 246 | 334 | 2986 |
| Working Age (other) claims | 14 | 1 | 1073 | 1564 | 2652 | |
| Total Claims By Type (2AR, CTS, CTS UC) | 27 | 1 | 3044 | 1810 | 4882 | 4882 |

Council Tax Support caseload has been consistently falling for a number of years. Caseload rose in the period March to June 2023, but the fall has now resumed and the current level is lower than it was in January 2023. In the last 5 years caseload has fallen by 928.

The cost of claims for 2023/24 is detailed in the table below. As at the 1st October 2023, total Council Tax Support for 2022/23 was £4,746,619.01. The Council Tax Support scheme results in a loss of income from Council Tax collection. This year's the Rossendale share is 13.56% which equates to £643,848.02. There is no specific grant which covers Council Tax Support, which had been the case under the former Council Tax Benefit arrangements. The costs are therefore borne locally.

This snapshot shows that local costs have fallen by a little over £33k (643.8k as against £677.1k last year). It should be stressed that these are snapshot figures that can change with new claims or claims closed each day.

| | Total Claims (Pensioner, Working Age, Working Age Other) | Total Claims (Pensioner, All Working Age) | Total Claims (All CTS) | Rossendale Council Share (13.56%) |
|-------------------------------|--|---|------------------------|-----------------------------------|
| Pensioner Claims | £2,164,731.16 | £2,164,731.16 | £4,746,619.01 | £643,848.02 |
| Working Age (employed) claims | £139,869.83 | £2,581,887.85 | | |
| Working Age (other) claims | £2,442,018.02 | | | |

4.2 There are no locally determined changes to the Rossendale scheme proposed for the current year. Nationally inflationary uprating to benefit entitlement levels and thresholds will be applied to the local scheme

4.3 Government has prescribed a number of changes to be included within local schemes. In respect of income and capital disregards, the following payments should be disregarded when making an assessment:

- Payments from a deceased person's estate to their son, daughter, step-son or step-daughter, deriving from an Infected Blood compensation scheme
- a 52-week disregard for Bereavement Support Payment and Widowed Parent's Allowance payments which are made to cohabiting parents with dependent children following the death of their partner
- Grenfell Tower compensation payments
- Post Office compensation payments
- The Vaccine Damage Payments Scheme
- The Victims of Overseas Terrorism Compensation Scheme

The prescribed changes also require that certain persons will not need to demonstrate habitual residence in Great Britain in order to receive Council Tax Support. They are

- Those who left Sudan in connection with the violence which rapidly escalated on 15 April 2023
- Those who left Israel, the Occupied Palestinian territories or Lebanon in connection with the Hamas terror attack in Israel on 7 October 2023 or the violence which rapidly escalated in the region following the attack.

5. RISK

The Local Government Finance Bill states that an Authority must make any revision to its scheme, or any replacement scheme, no later than 11th March in the financial year preceding that for which the revision or replacement scheme is to have effect.

If Rossendale did not pass a local scheme by the 11th March, then a default scheme would come into force, this would result in up to 100% relief for all working age customers, rather than the current 80%. The additional relief would have to be funded by Rossendale.

6. FINANCE

The current forecast assumes the continuation of the existing LCTS scheme, which is based on the 20% reduction in support levels. As such, maintaining the existing scheme will have no impact on the Council's financial forecast.

7. LEGAL

Under the Local Government Finance Act 2012, it is the duty of the Council to have localised Council Tax Support, in the form of a council tax reduction, each year.

8. POLICY AND EQUALITIES IMPLICATIONS

Consultation has been undertaken with Management Team and the Lead Member. There has been no significant policy or equality changes to the scheme.

9. REASON FOR DECISION

Councils are required to set a Council Tax Support scheme annually, before the 11th March on the charge year, in this case 2024/25.

No conclusive case for significant amendment to the scheme has been identified at this time.

| Background Papers | |
|------------------------------------|---|
| Document | Place of Inspection |
| Council Tax Support Scheme 2023/24 | https://www.rossendale.gov.uk/downloads/file/17966/council_tax_reduction_scheme_202324 |
| Prescribed changes to the scheme | https://www.gov.uk/government/publications/council-tax-information-letter-12024-local-council-tax-support-schemes-for-2024-25 |