

Report to: Cabinet

Date: 10 June 2021

Title: Local Council Tax Reduction Scheme 2022/23

Report of: Tim Whelan, Director of Service Delivery

Cabinet member: Councillor Zoe Nicholson, Deputy Leader of the Council and Cabinet member for finance and assets

Ward(s): All

Purpose of report: To seek Cabinet approval to commence the statutory consultation process the Council needs to follow in order the make changes to the current Local Council Tax Reduction scheme.

Decision type: Key

Officer recommendation(s): That Cabinet, with the objective of implementing a revised Local Council Tax Reduction Scheme for 2022/23–

(1) authorise the Chief Finance Officer to enter into consultation with the major precepting authorities

(2) authorise the drafting of a scheme that calculates a Council Tax Reduction of 100% of a person’s council tax liability, removes the Minimum-Income Floor for the self-employed and removes the £5.00 minimum award

(3) on completion of the consultation and drafting authorised under (1) and (2) above, authorise the Director of Service Delivery to consult with other interested parties.

Reasons for recommendations: Any billing authority wishing to revise its Council Tax Reduction scheme for the working-age must follow the statutory process as set out in this report.

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1 Introduction

1.1 The Local Council Tax Reduction (LCTR) scheme 2021/22 for the working-age has the following features:

- a) Calculates LCTR on 80% of a claimant's council tax liability
- b) Applies a minimum-income floor to certain self-employed claimants
- c) Has a minimum award of £5.00 per week such that a claimant qualifying for less than £5.00 per week does not receive any LCTR

1.2 The LCTR scheme acts as a discount and reduces the amount of council tax available to be collected.

2 Proposal

2.1 That the Council consults on adopting a scheme for 2022/23 that:

- a) Calculates LCTR on 100% of a claimant's council tax liability
- b) Does not apply the Minimum-Income Floor to self-employed claimants
- c) Does not have a minimum award value

2.2 The effect of these proposals would be to reduce the amount of council tax available be collected. i.e. increase the cost to the Council and preceptors.

3 Outcome expected and performance management

3.1 That following the consultation process Cabinet can make recommendations to Full Council in February 2022.

4 Consultation

4.1 The Local Government Finance Act 1992 requires that, for each financial year, the Council consider whether to revise its LCTR scheme or to replace it with another scheme. Cabinet has authority to recommend a revised or replacement scheme but formal adoption is reserved to full Council.

To comply with the Act, before revising its scheme the Council 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
- (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.

4.2 Any consultation must adhere to the following principles:

- Consultation should occur when proposals are at formative stage;
- Consultations should give sufficient reasons for any proposal to permit intelligent considerations; and
- Consultations should allow adequate time for consideration and response

In addition, there must be clear evidence that the decision maker has considered the consultation responses, or a summary of them, before taking a decision.

A draft timetable is set out below

10/06/2021	Report to Cabinet
11/6/2021 to 10/07/2021	Consultation with major preceptors
11/07/2021 to 17/07/2021	Produce a draft scheme for 2022/23
18/07/2021 to 16/10/2021	Consultation with interested parties
30/11/2021	Report to Policy, Performance and Advisory Committee
09/12/2021	Report to Cabinet
21/02/2022	Report to Full Council

5 Business case and alternative option(s) considered

5.1 There are no other options available should the Council want to alter its scheme.

6 Financial appraisal

6.1 The current cost of the scheme is c£7.2m and is met by the Council and preceptors in proportion to their share of council tax:

	% share of Council Tax	cost
East Sussex County Council	70.67%	£5,088,240
Lewes District Council	9.93%	£714,960
Town and Parish Council	5.40%	£388,800
Police	9.47%	£681,840
East Sussex Fire and Rescue	4.53%	£326,160

A scheme based on 100% liability, no minimum-income floor and no minimum award would, at the current levels of council tax, reduce the amount of council tax to be collected c£1.4m and the additional cost would be met by the Council and preceptors as set out in the table below:

	% share of Council Tax	cost
East Sussex County Council	70.68%	£989,380
Lewes District Council	9.93%	£139,020
Town and Parish Council	5.40%	£75,600
Police	9.47%	£132,580
East Sussex Fire and Rescue	4.53%	£63,420

Should the changes to the scheme be approved, then Lewes District Council would see a shortfall in income of c£139k which would need to be factored into the setting of the 2022/23 budget.

7 Legal implications

- 7.1 The statutory basis for a billing authority's LCTR scheme is provided by section 13A of the Local Government Finance Act 1992; and the statutory basis for consulting over revisions to such a scheme is provided by Schedule 1A to the same Act.
- 7.2 The legal principles governing the consultation process reflect case law made by the High Court in judgments relating to consultations conducted by public bodies. The Council should, additionally, have regard to the consultation principles issued by the Cabinet Office in 2018.

Date of legal advice: 10.05.21

Legal ref: 010133-LDC-OD

8 Risk management implications

- 8.1 The forecasted increase in cost of the proposed new scheme is based on current caseload levels. An increase in caseload will increase the cost of the scheme by approximately £1,200 per case.

The preceptors contribute, in proportion to their share of council tax, to 2.5FTE posts in the Customer First Resolution Income maximisation and Welfare team that deal with council tax administration and collection. This contribution has been in place since 2016 when the 80% maximum award was introduced. The additional 2.5 posts were to assist in the collection of council tax from people who may not have had to pay anything towards their council tax in the past and to administer the Exceptional Hardship scheme. Should the scheme revert to a 100% scheme it is likely the preceptors will withdraw their financial support for the 2.5 posts.

9 Equality analysis

- 9.1 At this stage, there is no requirement for an Equality Analysis.

10 Environmental sustainability implications

10.1 There are no environmental sustainability implications arising from this report.

11 Contribution to Community Wealth Building

11.1 Reducing the amount of Council Tax that the most financially challenged must pay increases their disposable income which could be spent on goods and services in the local area thus increasing employment opportunities and contribute to business growth.

12 Appendices

- None

13 Background papers

The background papers used in compiling this report were as follows:

- None