

Bath & North East Somerset Council

MEETING:	Council	
MEETING DATE:	30th November 2023	
TITLE:	Local Council Tax Support changes 2024/25	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		

1 THE ISSUE

Council is asked to decide whether to make changes to the Local Council Tax Support scheme rules for residents who receive Universal Credit.

2 RECOMMENDATION

The Council is asked to agree the proposals put forwards in this report.

3 THE REPORT

3.1 Local Council Tax Support (LCTS) is a support scheme for low-income households to reduce the amount of council tax payable. Households in B&NES who receive Universal Credit receive a discount based on their total weekly household income, depending on where this falls between specific income bands.

3.2 Since this approach was introduced in B&NES from 2017, the council has counted all of the claimant and partner's income in the assessment of weekly household income, including the Housing Costs and Childcare elements of Universal Credit. Feedback from residents, staff and welfare rights organisations has suggested that this approach causes problems for households, and as part of the manifesto commitment of the Liberal Democrat party in B&NES, an internal review into the current scheme was carried out.

3.3 The findings of this review concluded that there was an imbalance in the amount of support received across different households in B&NES, where households who received the highest amount of support towards their council tax bills were

predominantly those who did not receive the Housing Cost element of Universal Credit. The Housing Cost Element of Universal Credit is paid in respect of rental costs.

The argument put forwards by residents and welfare rights organisations is that these costs are intended to be used to pay for rent and should not count as part of the claimant’s available income to pay their council tax. A similar argument can be made in respect of childcare costs, which relate to reclaiming childcare expenditure already paid out by residents.

Feedback from staff and residents has also highlighted that the current council tax reductions by income band are inconsistently weighted, and there is significant drop in support from 50% to zero once the claimant’s income increases beyond the final income band.

Officers also looked at the impacts of the current rules requiring a minimum payment from the poorest households, and how this can lead to the use of court action and enforcement agents in recovering these debts.

- 3.4 Officers have modelled the costs of disregarding the Housing Costs and Childcare elements whilst keeping the current income bands and percentage reductions in place, however the costs of doing this would exceed £1M, and so it is considered that this would be unaffordable and due to the fact that council tax support is effectively funded through alterations to the tax base, this would ultimately impact on the services which are provided to residents.
- 3.5 The proposals put forward are to therefore make changes to the current income band amounts, to align these with the standard allowance of Universal Credit, to re-align the percentage reductions in support so that there is a more regular reduction in support as weekly household income increases between income bands, and to introduce an income band which gives 100% support to the poorest households.
- 3.6 The current and proposed percentage reductions and income band amounts are displayed below for information purposes, and as with the current scheme these weekly amounts will be increased by £50 per child in each household, subject to a maximum of two children. The lowest income bands for single person and couple households will be changed to reflect the standard allowance of Universal Credit in 2024/25 when these figures are confirmed by DWP.

CURRENT RATES

Single person			Couple		
Income From	Income To	Discount	Income From	Income To	Discount
0	110.09	90%	0	135.09	90%
110.1	220.19	85%	135.1	245.19	85%
220.2	330.29	80%	245.2	355.29	80%
330.3	385.34	70%	355.3	410.34	70%
385.35	440.39	50%	410.35	465.39	50%
440.4		0%	465.4		0%

PROPOSED RATES

Single person			Couple		
Income From	Income To	Discount	Income From	Income To	Discount
0	85.09	100%	0	133.57	100%
85.1	185.09	85%	133.58	233.57	85%
185.1	285.09	60%	233.58	333.57	60%
285.1	335.09	40%	333.58	383.57	40%
335.1	385.09	20%	383.58	433.57	20%
385.1		0%	433.58		0%

4 STATUTORY CONSIDERATIONS

Section 13A of the Local Government Finance Act 1992 requires the Council to have a scheme specifying reductions that apply to Council tax payable by persons who the Council considers to be in financial need or classes of persons who, in general, the Council considers are in financial need. This report seeks to propose ways in which the current scheme could be changed to enable it to be more equitable and seeks to take account of representations made by representative bodies about the fairness of the current scheme.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 It is estimated that the proposed changes to the scheme will increase the amount of support provided to 2,768 current LCTS recipients, whilst reducing the amount of support provided to 1,127 recipients. The net cost of these changes is estimated to be around £225,000. This is within the normal tolerances of the fluctuating costs of the scheme, as individual household circumstances and income change over time. This will be factored into the council tax base and council tax income generation calculations for 2024/25, and the Fire and Police authorities have been informed of the estimated impact on their income and asked to respond to the public consultation.
- 5.2 The proposed changes would mean a reduction in support for approximately 1,127 households. This could lead to a surge in demand for discretionary awards to help with increased council tax bills from those who will be adversely impacted by the changes. This has been communicated to the S151 officer as a possible strain on the Welfare Support budget in 2024/25.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.
- 6.2 The main risk is that the estimated costs of the changes will prove to be inaccurate. Officers have carefully modelled the costs at household level; however, this can only be carried out using a snapshot of data on a particular date, and household circumstances may change throughout the year. External factors such as managed migration to Universal Credit may also impact the cost

of the scheme, and this information will be factored into the council tax base and council tax income calculations for 2024/25.

7 EQUALITIES

- 7.1 A full Equality Impact assessment (EIA) has been carried out and is available as a background paper via the council's public website <https://beta.bathnes.gov.uk/equality-impact-assessments>. This has highlighted that there may be some adverse impacts amongst socio-economic disadvantaged groups, such as owner-occupiers who are unable to work and therefore increase their income to enable them to pay their increased council tax liability. This will be mitigated by signposting and encouraging these residents to apply for discretionary council tax support from the council's Welfare Support team.
- 7.2 The EIA also identified that a reduction in support may disproportionately impact the wellbeing of certain groups who are more susceptible to poor mental health. It is therefore recommended that specific correspondence be issued to households who may be worse off under the proposed changes, to highlight the mental health and wellbeing support available to residents. Internally, staff who are likely to receive contact from this group of residents in the Council Tax and Welfare Support teams will receive guidance on signposting residents to appropriate mental health support, and practical financial support.

8 CLIMATE CHANGE

This proposal does not impact on climate change.

9 OTHER OPTIONS CONSIDERED

- 9.1 Officers modelled the costs and impacts of introducing changes to disregard the relevant elements of Universal Credit and retain the current income band amounts and percentage reductions, however this would increase the costs of the scheme by over £1.04M, and so would have a noticeable impact on the council tax base and council tax income which is used to fund council services. This option has therefore been ruled out.
- 9.2 Council may also decide not to go ahead with these proposals and retain the current scheme rules.

10 CONSULTATION

- 10.1 A public consultation exercise was carried out between 6th October 2023 and 12th November 2023, hosted on the council's public website <https://beta.bathnes.gov.uk/consultation-changes-council-tax-support/consultation-changes-council-tax-support>.

This included extensive details of the proposed changes, with detailed case studies based on real life examples of how different households would be affected.

4,087 letters were also sent to all LCTS recipients who would be impacted by the changes, setting out the percentage reduction they currently receive, and what

percentage reduction they might receive if the changes were agreed and implemented. A detailed analysis of consultation responses is available as a background paper and a summary of the 199 individual responses is as follows.

Should the council disregard the Housing Costs element of Universal Credit?	
Yes	57%
Not Sure	14%
No	29%

Do You think the council should disregard the Childcare Element of Universal	
Yes	46%
Not Sure	36%
No	18%

Do you think the proposed changes will be good or bad for you?	
Good	52%
Not sure	11%
Bad	37%

10.2 Themes which emerged from the responses from those who supported the proposed changes included that it would help with the respondent's mental health and stress, that it would help residents with cost-of-living pressures and overwhelmingly that the elements of Universal Credit should be ringfenced for the specific purposes they were provided.

Themes which emerged from responses opposed to the proposals included that it would impact residents already suffering from cost-of-living pressures, that it is not fair to reduce support from one group to increase it for another, and that it would adversely impact the respondent personally, and they would not be able to afford their increased bill.

10.3 Two organisational responses were received, from the Royal British Legion, and Citizens Advice Bath and North East Somerset. Although both responses are included in the detailed analysis, the response from Citizens Advice is most relevant to this report and included the following points.

- *The proposed new scheme is much simpler and easy to follow, and we believe that more CT payers who are entitled will use it.*
- *The proposals remove these items as income and make the scheme much fairer. We think this will encourage people to pay.*
- *It is not fair that renters in social and private housing are treated differently regarding CT support and support the adjustment proposed.*
- *Single people and couples are often the poorest households with no income flexibility and often no recourse to discretionary or charitable funds. We support the proposed new 100% band.*

- *We believe the proposed changes may have the potential to reduce cynicism amongst the public and encourage greater confidence in the Council and greater democratic involvement.*

10.4 As a result of the consultation responses further correspondence will be issued to households adversely affected by the changes to encourage residents to apply for discretionary support from the council's Welfare Support team where they cannot afford to pay their bill.

Residents will also be signposted to appropriate wellbeing and mental health support through organisations detailed on the Livewell site, and employment support and debt advice through services such as Future bright and Citizens Advice Bath and North East Somerset.

10.5 Further consultation was carried out through the Corporate Policy Development and Scrutiny panel, with precepting authorities, and the council's S151 Officer and Monitoring Officer.

Contact person	Damian Peak 01225 396613
Background papers	<i>LCTS consultation response Analysis</i> <i>Equalities Impact Assessment for LCTS proposals 2024 to 2025</i>
Please contact the report author if you need to access this report in an alternative format	