



Scrutiny Panel

Item
14

13 December 2022

Report of	Corporate and Improvement	Adam Wood, Samantha Preston & Paul Cook
Title	Local Council Tax Support Scheme 2023/24	
Wards affected	All wards	

1. Executive Summary

- 1.1 Local Council Tax Support (LCTS) is one of the largest financial support mechanisms for Colchester residents on a low income. The “Cost of Living” crisis continues to impact all residents, but overwhelmingly those who are on a low-income. To ensure low-income residents receive the financial support they require, we propose the maximum entitlement (80%) for working age claimants is increased within the LCTS scheme in 2023/24.

2. Action required

- 2.1 Increasing the maximum entitlement to 85% for working age claimants
- 2.2 Disregarding certain crisis payments paid to taxpayers (Local Welfare Provision)
- 2.3 Disregarding emergency increase in national welfare benefits

3. Reason for Scrutiny

- 3.1 To review and approve the proposed LCTS scheme for 2023/24

4. Background Information

4.1 What is Local Council Tax Support (LCTS)?

- LCTS is a means-tested Benefit that supports around 8,900 residents throughout Colchester. Around 5,500 of these residents are working age.
- LCTS for working age residents is a locally designed scheme which Colchester City Council (CCC) has full influence over. LCTS for pension age residents is set by Central Government using Prescribed Regulations – CCC has no influence over this scheme design.

4.2 Colchester City Council's Current Scheme

4.3 The scheme has remained the same since 2018. The key features of the working age scheme include:

- A maximum entitlement of 80% for low-income residents
- Capped at Band D equivalent
- A minimum entitlement of £2.00 per week
- Capital limit of £6,000
- A £12.00 flat-rate non-dependant deduction

4.4 Financial Considerations

4.5 The current cost of the LCTS scheme is £8.76m (June 2022). The cost of the scheme is shared between the preceptors as follows:

- Essex County Council – 73.52%
- Essex Police – 11.43%
- Colchester City Council – 11%
- Essex Fire and Rescue – 4.05%

As such, the scheme currently costs CCC £960k.

In 2023/24, we estimate a 5% increase in the cost of the scheme, this is in-line with an estimated 5% increase in chargeable Council Tax. This will increase the overall cost of the scheme to £9.2m in 2023/24.

4.6 Caseload

4.7 Between 2013 and 2020, LCTS caseload decreased year-on-year. Due to the pandemic, caseloads increased in 2021 but have now settled to pre-covid levels.

The current caseload is 8892 (June 2022) with 5500 of those cases being working age.

We anticipate caseloads to remain stable in 2023/24. The reason for this is due to the ongoing cost of living crisis.

In 2024/25, we estimate a decrease in caseload by 2%. This follows the trend of previous years (excluding 2021).

4.8 LCTS Expenditure vs. Chargeable Council Tax

- 4.9 When analysing the chargeable amount of Council Tax against the cost of LCTS from 2014. It is clear the cost of LCTS is not increasing in-line with the rate of chargeable Council Tax.

In 2014/15, LCTS expenditure was 7.6% of the chargeable Council Tax. For 2023/24, we estimate this to be 5.7%.

This means the cost of the LCTS scheme, in comparison with chargeable Council Tax, is decreasing.

5. Increasing the Maximum Entitlement

- 5.1 As explained above (5.3) the maximum entitlement for a working age resident is 80%. As per 2.0, we recommend the maximum entitlement is increased to help further support low-income residents.

5.2 Why increase the maximum entitlement?

- An increase in financial support for low-income residents to help combat the increases in cost of living
- By far the biggest lever in the scheme when it comes to varying entitlement for all working age claimants
- A straightforward change to the scheme which residents can understand
- Less likelihood of claimants falling into arrears with their Council Tax – may lead to improved recovery rates / less write-offs
- Less reliance on other sources of funding, in particular Discretionary / Exceptional Hardship Payments
- Simple implementation – no additional resource required

5.3 Other options – no changes to the scheme

- 5.4 The scheme for 2023/24 could remain static which may give residents some certainty but will not help combat the increases in cost of living. No public consultation would be required.

6. Equality, Diversity and Human Rights implications

- 6.1 An EIA has been completed in line with the policy/change being proposed to the Local Council Tax Support scheme for 2023/24.
- 6.2 A link to the completed EIA can be found here – <https://www.colchester.gov.uk/equality-and-diversity/equality-impact-assessments/local-council-tax-support-23-24/>

7. Standard References

- 7.1 There are no particular references to the community safety; health and safety or risk management implications.

8. Strategic Plan References

- 8.1 There are no references to the Strategic Plan, however, it is in line with cabinets new priorities regarding addressing the “cost of living” crisis.

9. Consultation

9.1 CCC carried out a 6-week public consultation, asking for feedback and comments on the proposed changes to the scheme for 2023/24.

9.2 Key findings from the public consultation:

1. Do you agree with increasing the maximum level of support for working age applicants to 85%? (111 responses)
 - Yes – 62.16%
 - No – 25.23%
 - Don't know – 12.61%
2. Do you agree with the scheme disregarding certain crisis payments paid to taxpayers (Local Welfare Provision)? (98 responses)
 - Yes – 76.53%
 - No – 17.35%
 - Don't know – 6.12%
3. Do you agree with the scheme disregarding emergency increases in national welfare benefits? (95 responses)
 - Yes – 78.95%
 - No – 15.79%
 - Don't know – 5.26%

9.3 For the full results of the consultation, see appendix item A.

10. Publicity Considerations

10.1 A communications plan would be key in publicising the proposed changes to the scheme for 2023/24. The CCC website and social media channels would be key methods of publicising the proposed changes to the LCTS scheme.

The use of phone-line messaging and direct mailings would also play a key role in promoting the new scheme.

11. Financial implications

11.1 Increasing the maximum entitlement of LCTS will raise the cost of the scheme. Based on current preceptor shares, CCC will be liable for 11% of any increased costs.

Increasing the maximum entitlement in 5% increments increases the overall cost of the scheme by £350k. This means CCC's share of the cost would increase by an estimated £40k for per 5% increase in the maximum entitlement.

Any increase in LCTS is likely to be offset by an increase in Council Tax.

Appendices

Item A – LCTS Public Consultation results



Colchester LCTS
Consultation Result

Item B – Draft LCTS Policy 2023/24



Colchester Draft
Policy 2023-24.pdf