

Council Report

Ward(s) affected: All

Report of Director of Service Delivery

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Local Council Tax Support Scheme for 2021-22

Executive Summary

Local Council Tax Support (LCTS) enables us to help around 4,500 households to pay their Council Tax, by providing £5.7 million of support. These are households where low incomes do not cover essential housing costs. We share the cost with Surrey County Council, Guildford's share being around 10%.

The Council has a statutory duty to consider annually whether to revise its LCTS scheme (otherwise known as Council Tax Reduction (CTR)), replace it with another or make no changes at all. The Council is obliged to consult with interested parties if it wishes to revise or replace the scheme, although it makes sense to consult even if we do not propose to change the current scheme. The Council must approve a scheme for the 2021-22 financial year by 31 January 2021, to enable annual bills to be calculated correctly.

In 2020-21 we made some small changes to the scheme. We increased Premiums and Non-Dependant Deductions and amended Income and Capital Disregards to include the Windrush Compensation Scheme. For 2021-22 we propose the following changes, which we forecast will have a revenue cost of £65,000:

- Increase Personal Allowances and Premiums to ensure that the help given does not unduly reduce due to inflation.
- Increase Non-Dependant Deductions to reflect an expectation that their contribution to the household expenses should increase each year.
- Remove the cap on Band E entitlement for 2021-22, to provide additional help during the pandemic. This allows anyone in a Band E property who is eligible for 100% help to receive 100% instead of having the help restricted to a maximum of a lower banded Band D property.

Changes to Personal Allowances, Premiums and the Band E restriction will increase the cost of the scheme. In previous years the nature of changing caseload and personal circumstances of claimants meant that the increase could be accommodated within the existing revenue budget. Whilst this remains a possibility for 2021-22, the pandemic means

that we cannot make this assumption.

Predicting the overall cost of LCTS for 2021-22 is impossible given the COVID-19 pandemic, and the ever-evolving government initiatives to support individuals and businesses. The above forecast does not therefore include an estimate of increased cost due to increased case load. In such unprecedented times officers believe it is important to support people to stay in their own homes until the economy bounces back, and to minimise the transfer of costs to our homeless prevention service.

An increased discretionary hardship fund will help support any applicant suffering adversely from the consequences of savings in Local Council Tax Support over the past eight years, in addition to the proposed changes for 2021-22. It will also provide some additional capacity for increased applications as a result of the pandemic. Officers propose that the fund is increased from £40,000 to £60,000 for 2021-22.

In 2020 the government provided us with COVID19 Council Tax Hardship Funds. These are separate from the LCTS Hardship Fund and allow us to support taxpayers with additional Council Tax discounts. At the time of writing, with over five months of the year remaining, we cannot predict whether all the funds will be used. It is therefore proposed that any residual funds be carried forward into 2021.

We carried out a stakeholder consultation between 22 September and 15 October 2020. The results of the consultation are set out in section 7 of this report. The County Council and the Police and Crime Commissioner support the changes. Despite additional publicity for the consultation response numbers were disappointingly low. Those that responded supported the proposed changes for 2021.

At its meeting on 24 November 2020, the Executive considered this matter and endorsed the recommendations below.

Recommendation to Council:

- (1) That the current LCTS scheme (a summary of which is on our website), be amended for 2021-22 as set out in detail in Appendix 1, with effect from 1 April 2021.
- (2) That the Council continues to maintain a discretionary hardship fund in 2021-22, increases it to £60,000, and carries forward any residual 2020 COVID19 Council Tax Hardship Funds.

Reasons for Recommendation:

- (1) To ensure that the Council complies with government legislation to implement a LCTS scheme from 1 April 2021.
- (2) To maintain a discretionary fund to help applicants suffering from severe financial hardship.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 This report reminds the Council of our current LCTS Scheme, discusses the changes proposed for 2021-22, and reports on the consultation that we are obliged to carry out with stakeholders prior to adopting a scheme for the new financial year.
- 1.2 The report also advises of the level of financial support provided during the year (and previous years) to the most financially vulnerable in the community. It includes a narrative on the impact of the pandemic on the annual review.

2. Strategic Priorities

- 2.1 The work of the Benefits service contributes two of our fundamental themes: place-making and community.
- 2.2 LCTS provides residents with help with the Council Tax element of their housing costs. By processing claims for financial support quickly and accurately the Benefits service supports the most financially vulnerable and less advantaged of our residents. It is important that the scheme continues to support those most in need.

3. LCTS Background

- 3.1 In April 2013 the government replaced Council Tax Benefit (CTB) with locally determined support schemes. In addition, the government reduced the funding available for such schemes to support those of working age by 10%. For the borough, this equated to a reduction in funding of approximately £700,000, of which approximately 10% related to Guildford Borough Council (as our element of the total council tax is roughly 10%), and 90% to Surrey County Council. The aims of the government's changes were to:
 - help decentralise power and give councils increased financial autonomy;
 - support deficit reduction;
 - give councils a greater stake in the success of their local economy.
- 3.2 The schemes implemented from 2013-14 to 2020-21, minimised the impact on vulnerable people as much as possible. Additionally, the Council set aside sums each year to ensure that extra support was available for any resident or family that faced financial hardship because of the benefit reforms. A summary of the changes made is included in Appendix 2.
- 3.3 From 2014 the government rolled central funding for LCTS into the Revenue Support Grant (RSG) for local authorities and it was subject to the same cuts. Despite LGA requests it was not separately itemised, but as our RSG is zero from 2018 we receive no further funding for the LCTS payments we make. We do however receive a separate payment to subsidise administration. This has reduced from £83,088 in 2019-20 to £80,868 for 2020-21. The Ministry of Housing, Communities & Local Government (MHCLG) calculates the grant using

a formula based on working and pension age caseload, which also factors in labour and accommodation costs. We do not expect the grant to increase.

- 3.4 We have successfully embedded the LCTS scheme into the HB service we operate, with very few complaints from customers about how we administer it or indeed the radical nature of the government’s reform. Naturally, we will always be in dialogue with disaffected customers, but they are able to take advantage of the various complaints and appeals mechanisms that are available to them. We have a strong record of accomplishment in dealing with such sensitive issues in a compassionate way.
- 3.5 The embedding of the scheme is good news, as the abolition of CTB in 2013 was a major strand of the government’s changes to the welfare state, and the most significant change to the Benefits service in over 20 years. Every council operates a different scheme now, with many variations designed to encourage more people back into work and address the deficit reduction.

4. Universal Credit (UC) and National Welfare Reform

- 4.1 Universal Credit replaces six benefits, including HB but not LCTS, with one national benefit.
- 4.2. Rollout is in two phases:
- Natural migration (when entitlement to one of the underlying benefits changes) began in Guildford on 24 October 2018. New working age claims for HB can now only be made in limited circumstances.
 - Managed migration for the remaining caseload was originally due to be complete in October 2017. The government has repeatedly delayed plans, and on 11 March 2019 announced that 10,000 claimants in Harrogate would pilot the process from July 2019. In February 2020 the DWP told “Inside Housing” that only 69 people were in the pilot and only a handful had moved to UC. The Harrogate pilot is due to finish at the end of 2020. Migration of all working age claimants to UC is currently due to complete by September 2024. At the time of writing we do not have details on how this will work, and a lot of uncertainty remains around the process.
- 4.3 The Commons Library is publishing constituency level data on the number of households on UC, legacy benefits and tax credits (table 1 below). These show that just over 50% are now on UC.

Table 1

Constituency level data at May 2020	Households on UC	Households on legacy benefits and tax credits
Guildford	3,589	3,324
Mole Valley	2,908	2,500
Surrey Heath	3,837	3,131
Woking	3,921	3,961

- 4.4 We will continue to assess ongoing working age HB claims until they migrate to UC. We expect the government to incorporate HB for pension age into pension

credit once the roll out of UC is complete. With a caseload roughly made up of 49% pension age and 51% working age (table 2 below), it is likely that the resources we currently have in place to administer benefits will be with us for quite some time.

Table 2

Caseload	at 01/04/19	at 01/04/20
Working Age Claimants	2,399	2,246
Pension Age Claimants	2,149	2,089

- 4.5 HB is a national benefit administered locally to help those in need with payment of their rent. Although UC will replace HB, in the meantime the government continues to make amendments to both the HB and pension age LCTS regulations. These include annual increases in things such as premiums and personal allowances to protect against increases in the cost of living.

5. The Impact of the COVID-19 Pandemic

- 5.1 We reported last year on plans for a more fundamental review of future options for LCTS (Appendix 3). The reasons for the review remain valid, however the project has been delayed firstly by preparations for Phase B of Future Guildford, and secondly by the impact of the pandemic on Exchequer Services capacity – with resources diverted to work on grants for businesses, continued support and advice for residents on low incomes, and more recently the NHS Test and Trace Support Payments.

Although the number of claims with a UC income on them has increased (from 244 on 4 July 2019 to 695 on 31 August 2021), numbers remain relatively low and do not indicate that delaying the fundamental review is having a major impact.

It is important that we use our limited resources to help those affected by the pandemic as a priority.

- 5.2 There remains a lot of uncertainty around the economic consequences of the pandemic for individuals. The impact on our LCTS scheme remains essentially unknown and impossible to predict beyond knowing that more residents are likely to need help.
- 5.3 To date we have seen a relatively small increase in LCTS payments since 1 April. Generally, the trend in year is for a reduction in total support (table 3 below).

Table 3

Year	LCTS at 01/04 £	LCTS at 31/03 £	In Year Change £	Retrospective LCTS changes for previous years £
2013-14	6,720,705	6,578,398	-142,307	n/a
2014-15	6,399,286	6,181,992	-217,294	-69,066

2015-16	6,140,508	5,901,366	-239,142	-171,760
2016-17	5,542,321	5,518,566	-23,755	-51,999
2017-18	5,679,604	5,533,577	-146,027	-71,346
2018-19	5,747,267	5,648,418	-98,849	-64,515
2019-20	5,716,933	5,534,922	- 182,011	-84,931
2020-21 At 30/09/20	5,620,688	5,707,771	87,083	-30,410

The government put measures into place that minimised the increase in working age welfare claims. The main measure being the furlough scheme. This started to unwind in September. From 1 November it is being replaced by the Job Support Scheme which will run for 6 months. At the time of writing (12 October) the government has just announced further support through the scheme.

Comparing the 31 August and 30 September figures (table 4 below) the situation appears to have improved. Whilst this is good news it is too early to draw any conclusions.

Table 4

	2020-21 LCTS £	In Year Change £	Retrospective LCTS changes for previous years £
At 01/04/20	5,620,688	n/a	
At 31/08/20	5,734,591	113,903	-20,888
At 30/09/20	5,707,771	87,083	-30,410

- 5.4 In March 2020 unemployment locally was 1.8% (ONS data). The highest figure previously was 5.6% in March 2013. This leads to a pessimistic assumption that expenditure on LCTS working age could increase three-fold. Giving an overall expenditure of £12 million (£9 million working age plus £3 million pension age). However, these are unprecedented times and the past may not be a good predictor.
- 5.5 We considered information from the Office for National Statistics (ONS) Labour market overview, UK: August 2020. This stated that in June 2020:
- New analysis shows that the youngest workers, oldest workers and those in manual or elementary occupations were those most likely to be temporarily away from paid work during the coronavirus (COVID-19) pandemic.
 - Vacancies are showing increases in the latest period, driven by the smaller businesses, some of which are reporting taking on additional staff to meet COVID-19 guidelines.
 - Overall employment April to June 2020 was higher than the same quarter in 2019, but less than January to March 2020.
 - Despite the lack of overall increase in the number of unemployed people, the estimated number of people unemployed aged 16 to 24 years increased by

41,000 on the year, to 543,000. Other age groups saw falls or very little change over the year.

- Looking at the duration of unemployment, it is those unemployed for up to six months who are seeing the largest increases, up 150,000 over the year to 943,000. The decrease in longer-term unemployment means that overall unemployment remains unchanged.

The report also states that the level of vacancies began to pick up in July after an all-time low due to the pandemic.

The question is whether these trends will continue. If they do then this should help to minimise the impact on LCTS by at least meaning that support is needed for only a part year.

- 5.6 In the absence of definitive information we anticipate that there will be an increase in applications over the autumn as businesses restructure or fail

We know that one of the hardest hit areas is hospitality, and the hospitality and event supply chain. We envisage that this will affect younger workers who may not be householders and therefore not liable for Council Tax but will also affect individuals who have never been unemployed. Logically it is more likely that those with decades of stable work will be owner occupiers (rather than tenants), with savings, and in potentially higher banded properties. This is a different profile to many of our existing claimants who move in and out of low paid work, with no opportunity to build up savings to fall back on.

- 5.7 The government allocated us a £469,380 COVID-19 hardship fund for us to administer locally in line with published guidance. They expected all working age LCTS claimants in 2020-21 to receive a hardship fund discount of up to £150, after we applied all other discounts and exemptions. Where the liability for the remainder of the financial year was less than £150 the discount should bring the liability down to nil. The discount is to be applied to all existing claimants and then to any who qualify throughout the rest of the year. We adopted a discretionary scheme under delegated authority at the end of June 2020 and issued recipients with revised bills.

To date around £140,000 of the COVID-19 hardship fund has been allocated. This sum will increase if there is an increase in unemployment or low incomes before 31 March 2021, as this will result in more households qualifying for LCTS and the up to £150 discount. Around 62% of people who get Local Council Tax Support and are working have 100% of their Council Tax paid. None of these would qualify for the £150 as they have no Council Tax to pay.

We can use residual funds to provide additional help. In June we thought that by October we would have a clearer idea of who needed a council tax discount due to COVID-19. It now appears possible that other government initiatives around employment (such as the Job Support Scheme) will delay the impact of COVID-19 for many individuals until 2021-22, moving the greatest need into the next financial year. We will keep the matter under review; however, we propose that if there are any residual funds at the end of the year then they be carried forward into 2021-22.

6. LCTS Annual Review Options

- 6.1 We delayed forecasting the impact of scheme changes until 31 August to try and maximise accuracy. We could not delay further due to the consultation and committee requirements to get a scheme in place for 2021. Although legislation allows us to adopt a scheme as late as 11 March, in practical terms this does not allow us to calculate and issue council tax bills for the first instalment date of the new financial year. To accomplish this the report needs to go to full Council by 31 January.
- 6.2 In reviewing our LCTS scheme there are essentially three options available. We can reduce, maintain or increase the current level of financial support available.
- 6.3 We are not in receipt of additional funding and we have already made substantial reductions in the support that we grant. We made these reductions through targeted and considered scheme changes. These ensure that those most in need continue to have their Council Tax reduced to zero.
- 6.4 The New Policy Institute reported that in 2018, 264 (80 percent) local authorities had implemented schemes where everyone had to pay a percentage of the council tax, no matter what their financial situation was. Asking everyone to pay something is an “easy” way to save a large proportion of LCTS expenditure. However, the consequence of this is a large number of relatively small council tax debts to collect, generating additional work for the Council Tax collection team, and almost inevitably a drop in collection rates.

By contrast our collection rates remain amongst the highest in the country and, we believe, the most vulnerable continue to be supported in full. For those adversely affected by our scheme the Discretionary LCTS Hardship Fund allows for a detailed review of their income and expenditure needs, and financial help where necessary.

- 6.5 The immediate thought when considering the economic impact of the pandemic on individuals, is that we must change our scheme to radically increase the level of help. However, our scheme continues to help those residents in greatest financial need:
- Around 62% of people who get Local Council Tax Support and are working age have 100% of their Council Tax paid.
 - Over 90% have 50% or more of their Council Tax paid.
 - The LCTS Hardship fund remains underspent.

New applicants will be assessed in the same way as existing. The consequence is that the overall cost of the scheme will increase, and around 10% of the cost will fall to Guildford Borough Council.

It could be argued that we should be radically reducing the scheme to keep our expenditure under control. However, officers believe it is important to support people to stay in their own homes until the economy bounces back, and to minimise the transfer of costs to our homeless prevention service.

In conclusion, whilst the unknown cost remains a concern reducing the financial support provided by the scheme is not a viable option at this time.

6.6 Our LCTS scheme is complex, containing many variables to tailor assessment to the individual, as did the national Council Tax Benefit that preceded it. Making no changes to the scheme does not “maintain” the level of financial help being given as it freezes some of the allowances used in the assessment calculation. In HB and the national Pension Age Scheme these figures are uprated annually to offset increases in the cost of living. To ensure that we continue to help those most in need we propose that councillors agree to change our scheme to reflect the latest values being used for either HB or Pension Age LCTS (set out in Appendix 1) for:

- Personal Allowances
- Premiums
- Non-Dependant Deductions

A Personal Allowance is the basic amount that a specific type of household is expected to need each week – for example a family, couple or single person. Premiums are the additional sums required for specific needs such as having a disability or needing a carer. Increasing either of these results in claimants receiving more help than they would if the figures were frozen.

Non-Dependant Deductions are the contribution that someone over 18 makes to the household finances. These work on a banded scale which will also be increased. The contributions range from £4.05 per week for someone who is unemployed to £12.50 for someone earning around £24,000 pa. Increasing non-dependant deductions means that we expect any non-dependant living in the household to contribute slightly more to household expenses (HB already assumes that they should do so). The effect is generally to reduce the amount of LCTS, however if a non-dependant does not have a pay increase and moves into a lower band then the LCTS can increase as their contribution reduces. The complexity of the calculations can also mean that a claimant continues to receive 100% LCTS because their needs exceed their income.

The combined cost of the three changes is forecast at £14,000.

It should be remembered that individual claims are always changing with individual circumstances, meaning that it is likely that claimants will only be affected by the changes for part of the year.

6.7 Currently working age claimants in properties in bands F to H do not qualify for help, although they can apply for support from the LCTS Hardship Fund.

Claimants in band E properties, have the maximum amount they can receive limited to a band D charge. This means that where a claimant is eligible for 100% help but lives in a Band E property, they will still have something to pay (the difference between a Band E and Band D charge). They can also apply for support from the LCTS Hardship fund.

In practice we get very few applications for help from the fund due to band, which suggests that the current rules are working well. The hardship fund is discussed further in section 9, as it sits alongside the Working Age LCTS scheme.

In paragraph 5.6 we explained how the pandemic may affect a different group of residents: those who may never have been unemployed and may be in higher banded properties. Bearing this in mind officers suggest that the Band E restriction be removed for 2021-22. Based on current caseload this is estimated to cost £50,000 for the year.

Given that we have few applications for LCTS hardship from residents in higher banded properties, changing the scheme for Bands F to H would be a completely unknown entity. Individuals in these higher banded properties who find themselves on low incomes due to the pandemic can still be considered for help via the LCTS Hardship Fund.

- 6.8 In any normal financial year, retrospective recalculations of support occur because of claimant changes in circumstance. Table 3 (replicated below) sets out the sums granted during the financial year, plus adjustments for previous years. In previous years we have been able to accommodate scheme changes within existing revenue budget, however due to the pandemic this looks unlikely for 2021-22.

Table 3

Year	LCTS at 01/04 £	LCTS at 31/03 £	In Year Change £	Retrospective LCTS changes for previous years £
2013-14	6,720,705	6,578,398	-142,307	n/a
2014-15	6,399,286	6,181,992	-217,294	-69,066
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2019-20	5,716,933	5,534,922	- 182,011	-84,931
2020-21 At 30/09/20	5,620,688	5,707,771	87,083	-30,410

7. Stakeholder Consultation

- 7.1. We undertook a consultation, from 22 September and 15 October 2020, via our website as well as seeking the views of our major preceptors (Surrey County Council and the Police and Crime Commissioner), and selected partner agencies such as the Citizens Advice Bureau (CAB) and Surrey Welfare Rights Group (SWRG).
- 7.2 Surrey County Council (SCC) has no objection to the proposed revisions.

- 7.3 The Office of the Police and Crime Commissioner for Surrey (PCC) is concerned about the impact COVID is having on Council Tax collection and the tax base and by extension on the Police Budget. However, they also understand the impact that COVID is having on some residents and the difficulties that some of them face and are therefore happy to support the changes.
- 7.4 Copies of the SCC and PCC responses are included in this report at **Appendices 4 and 5** respectively.
- 7.5 The main aim of the online consultation was to ensure residents had the opportunity to give their views about the proposed LCTS scheme changes for 2021-22. The key objectives of the consultation were as follows (full report is attached at **Appendix 6**):
- To understand residents' views on the proposed changes for 2021-22.
 - To assess the level of agreement towards future options for the LCTS scheme, specifically that all claimants should have to pay a certain fixed percentage of their council tax and the extent to which this may have an impact.
 - To provide residents with the opportunity to suggest other savings or options that could be included in future reviews of the LCTS scheme, including the Future Options Review.
- 7.6 There is a statutory requirement that we consult on our scheme. In earlier years we commissioned SMSR Ltd, an independent research company, to carry out the consultation on our behalf. This involved an online survey and the Citizens Panel and cost around £5000 per year. Writing to individual claimants to advise them of the consultation incurred an additional cost of over £1000.00. In 2017-18 271 residents responded to the consultation.

In 2018-19 it was suggested that we could retain the work in house:

- In 2018-19, despite publicity on the home page of our website, only 8 participated. This was disappointing, but the suggested changes were minor and therefore unlikely to generate substantial feedback.
- In 2019-20 as the changes were again minimal, we decided to run the survey in house for a second year. A banner was on the home page for the duration of the survey and we received 23 responses. Although this was an improved response rate, engagement remained very low especially from those affected by the changes. Fourteen of the 23 responses came from people not affected. Whilst eight people made additional suggestions, these highlighted a lack of understanding.

Officers concluded that any future consultation around more substantial scheme changes must:

- Include current working age recipients of LCTS, as well as the general population.
- Provide more information on the context – for example our legal obligations, how the welfare system works in general, the contribution Council Tax makes to service funding, and areas where we do or do not have discretion.

- Provide examples of what the proposed changes may mean for people, so that consultees can understand them better.
- 7.7 As explained in section 5 of this report the pandemic delayed forecasting. This left a very small window for the 2020-21 consultation. The consultation ran 22 September and 15 October 2020, and was delivered in house:
- Publicity was increased significantly with a press release (picked up and run as an article by Guildford Dragon) and social media. The consultation was also publicised on the MD's internal all staff email.
 - Additional information regarding the changes and context was added.
- 7.8 Following the press release councillors indicated that they would like an EAB on LCTS. Officers propose that this occurs in May or early June 2021 for the 2022 scheme. This will be before any modelling or forecasting takes place and will allow the EAB to have input at an early stage.
- 7.9 The public consultation received only twelve responses. This is incredibly disappointing given that more information and publicity was provided. All the responses were received between 24 September and 1 October.
- 7.10 The public consultation responses support the changes and make some suggestions for future years.
- 7.11 In conclusion, given the minor nature of the changes it is probably not surprising that few residents responded to the consultation. However, it remains a challenge to engage the public and explain the intricacies of the scheme. Going forward with our Future Options Review, we will consider how we get as much feedback as possible from stakeholders. With regards to the annual reviews we need to continue to balance the cost of consultation against the scale of proposed changes.

8. Key Risks

- 8.1 The key risk is our inability in the light of the COVID-19 pandemic to predict the demand for Local Council Tax Support, and therefore the revenue cost.
- 8.2 These are unprecedented times and government support for individuals, businesses and local authorities is changing all the time. This is likely to help mitigate the risk but does not remove it.
- 8.3 The level of support is already being monitored, and this will continue. This will allow officers to flag up any extreme changes with the S151 Officer. These will then be managed alongside other pandemic financial matters.

9. Financial Implications

- 9.1 The amount of LCTS has reduced since its inception in 2013. Table five below shows the total amount paid out over the years when compared to the final year of CTB. As can be seen, even with additional increases in Council Tax to pay for Adult Social Care we have far exceeded the original required saving of £700,000 in 2012-13.

Not all the reduction will be down to the changes we have made directly, but also the government's central reforms to encourage more people into work and become less reliant on benefits, as well as improvements in the economy up to March 2020.

Table 5

Year	Figures as at:	£amount of CTB/LCTS
2012-13 (CTB)	31 March 2013	6,964,525
2013-14	31 March 2014	6,578,398
2014-15	31 March 2015	6,181,992
2015-16	31 March 2016	5,901,366
2016-17	31 March 2017	5,518,566
2017-18	31 March 2018	5,533,577
2018-19	31 March 2019	5,648,418
2019-20	31 March 2020	5,534,922
2020-21	30 September 2020	5,707,771

- 9.2 From 2010 to 2018, Guildford's Council Tax collection rates were consistently amongst the top twenty in England. In 2019 end of year collection was affected by the pandemic and we slipped to 32nd place. Performance up to 2018 indicates that the changes made to the LCTS scheme are not creating significant levels of bad debt.

This is consistent with the Institute for Fiscal Studies 2019 report "The impacts of localised council tax support schemes". They found that Council Tax arrears increased in Council adopting minimum payments (everyone must pay something regardless of circumstance) and was unchanged in those that did not (such as Guildford).

- 9.3 Over the past 7 years we have set aside £40,000 to support the most vulnerable in the community should they be facing short-term difficulties in paying their council tax. Despite publicising our scheme widely and making sure claiming hardship funds is as inclusive as possible, we have not yet spent anywhere near our budget, as the following table illustrates.

Table 6

Year	No. of applications	Successful applications	Amount of extra support £	Budget £
2013-14	26	8	2,073	40,000
2014-15	64	33	13,371	40,000
2015-16	54	26	10,646	40,000
2016-17	90	49	14,660	40,000
2017-18	68	35	15,903	40,000
2018-19	90	29	11,087	40,000

2019-20	106	30	14,585	40,000
2020-21 at 07/09/20	60	9	7,430	40,000

- 9.4 The Discretionary LCTS Hardship Fund enables us to assess the income and expenditure needs of any claimants adversely affected by our scheme rules and provide further financial assistance where necessary. Applicants are encouraged not to depend upon the fund in the long term. Awards have generally been for 75% of the shortfall between entitlement under our amended scheme rules and the governments default rules.

Standard benefit schemes use set assumptions regarding expenditure ie a couple with one child need x amount to live on, but under the hardship scheme we look at actual expenditure. This does enable us to take extraordinary expenditure into account – for example a sick child having to be taken regularly to a distant hospital. In exceptional circumstances we pay 100% of the shortfall.

- 9.5 Schedule 1A to the Local Government Finance Act 1992 requires us to consider transition for anyone disadvantaged by a change to the local scheme. The Hardship Fund ensures that we can do this, however it is important to note that help is only available to those affected by the scheme and is restricted to the amount that they are affected.

Our local rules do not affect all claimants, and many claimants are not entitled to 100% LCTS. The fund does not exist to top up help to those not affected by the scheme, or to help taxpayers facing hardship for any other reason. By way of clarification table 7 shows the reasons for refusing applications in 2020.

Table 7

Reason for refusal	Number of applications
Information not provided to enable assessment	19
Income is sufficient for expenses	11
No LCTS claim	10
Not affected by scheme rules	6
Already received 100% LCTS	4
Capital £6k+	1
Grand Total	51

- 9.6 The Council Tax team is aware of the fund and advises customers about it. Where customers face hardship for other reasons, they try to work with them to find solutions (which could include rescheduling instalments or advising them to take independent advice).
- 9.7 It could be argued that we should reduce the fund as we consistently do not allocate all the funds. However, given the uncertainty about the economy with Brexit and the pandemic, officers are recommending that it be increased to £60,000 for 2021-22. This will ensure that if there is an increased demand,

especially from those in higher banded properties, we will be able to help applicants.

- 9.8 Whilst the proposed changes are relatively minor (£65,000 for the scheme changes plus an increase of £20,000 to the Discretionary LCTS Hardship Fund), a dramatic increase in applicants could escalate the cost of LCTS considerably. 10 percent of the scheme cost falls to Guildford Borough Council.
- 9.9 LCTS is funded from the Collection Fund, and any variance from costed assumptions affects the surplus or deficit of this fund. Any deficit is recovered from the General Fund, however as a result of the pandemic we are being permitted to spread any deficit over three years.

10. Legal Implications

- 10.1 The *Local Government Finance Act 2012* introduced local council tax reduction (CTR) schemes to replace CTB from April 2013. The *Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012* contains the mandatory elements for any local scheme and details the scheme that must be adopted for pensioners.
- 10.2 Schedule 1A to the Local Government Finance Act 1992 as amended makes further provision regarding the LCTS schemes. The Council is under a statutory duty to review its LCTS scheme annually. If the authority wishes to revise or replace its scheme for 2019-20, the Council must (in the following order):
- (a) consult any major precepting authority, which has the power to precept 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.

The Council must decide on any revision or replacement of the scheme by a meeting of the Council. In 2017 *The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 SI 1305* changed the deadline for the Council to decide on a scheme from 31 January to 11 March.

- 10.3 Under Schedule 1A to the 1992 Act, the Council must publish the scheme in such a manner as it thinks fit. It is understood that the Council will publish our scheme on our website once Council has approved it and we have made all the agreed amendments. In addition, each Council Tax bill that we issue explains that help with the Council Tax may be available and advises taxpayers where further information can be found.

11. Human Resource Implications

- 11.1 The proposed amendments to the LCTS Scheme for 2021-21 will not change the workload for the benefits team themselves. However, we anticipate an increase in new claims for both the main scheme and the hardship fund, as the economic consequences of the pandemic unwind. This could lead to a requirement for additional resources, albeit on a temporary basis.

The team remains key in delivering the migration of UC and other DWP initiatives that we are obliged to carry out, often at short notice. Additionally, they have become involved in non-benefit government initiatives, such as the NHS Test and Trace Support Payments for those on low incomes who are directed to self-isolate, as verification requires access to secure government systems already used by benefits assessors.

- 11.2 Natural migration to UC is reducing the HB caseload in the long term. In the short term, each case moving to UC creates additional work due to the two-week run on of HB. The government put the run on into place to mitigate the delays in the DWP making UC payments, but it has created an additional administrative process for us.
- 11.3 Once claimants are on UC, the workload associated with their LCTS claims increases due to the initial delay in the DWP awarding UC, and subsequently the monthly reassessment of entitlement. We will address this through our separate Future Options for LCTS Review.
- 11.4 The DWP is responsible for the timetable and detailed plans for the managed migration of working age caseload to UC. Migration is currently due to complete by September 2024, having been postponed several times from October 2017.

A pilot managed migration of 10,000 cases began in Harrogate in July 2019, and information from this should inform the eventual roll out. However, there remains a lot of uncertainty and scepticism around the process.

1.1 million claimants received UC on 9 August 2018, and this rose to 2.3 million on 11 July 2019. It was estimated to rise to just under 7 million when roll out was complete, indicating that there was a substantial amount of work for the DWP to take on. This was prior to the impact of the pandemic. On 9 July 2020 5.6 million claimants received UC. Universal Credit Statistics: 29 April 2013 to 9 July 2020 suggest that prior to the pandemic there were 3 million claimants.

In the absence of any information about the migration process, the Housing Benefit industry has mooted various options from random selection of cases across all authorities to the complete removal of caseload from individual authorities in turn, with a range of options between these extremes. Each scenario is hypothetical and has a completely different set of impacts on individual benefit services.

Without any factual details we cannot plan. If changes are imminent as regards the managed migration of Universal Credit, officers will advise councillors accordingly.

12. Equality and Diversity Implications

- 12.1 We must demonstrate that we have consciously thought about the three aims of the Public Sector Equality Duty, as set out in Section 149 of the Equality Act 2010, as part of the decision-making process to develop an LCTS Scheme. The three aims the authority must have due regard for are to:

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic

12.2 The Council must pay due regard to a risk of discrimination arising from the decision before them. There is no prescribed manner in how we must exercise our equality duty, though producing an Equalities Impact Assessment (EIA) is the most usual method. The LCTS EIA, is not affected by the minor changes being recommended for 2021-22.

12.3 The *protected characteristics* are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including ethnic or national origins, colour or nationality), religion or belief, sex, sexual orientation.

13. Climate Change/Sustainability Implications

13.1 There are no Climate Change/Sustainability implications

14. Summary of Options

14.1 This report provides an overview of the current position regarding our LCTS scheme and the successes we have experienced with its implementation, from both a customer and financial point of view. It also explains the difficulties faced in making changes during the COVID-19 pandemic.

14.2 The Council can implement some relatively small changes to the scheme to:

- address the impact of increases in the cost of living,
- provide some additional support to claimants in band E properties.

14.3 Creating a Local Council Tax Support Scheme is not without risk:

- Due to an increase in claims as a result of the pandemic it is unlikely that the cost of changes can be made within the existing revenue budget. Indeed, there is a risk that the ongoing cost of an unchanged scheme will considerably exceed the budget. However, there is much uncertainty around this, and not supporting the most financially vulnerable is not a viable option. There is a balance to be found between an affordable local welfare arrangement and significant hardship for residents. Given a scheme that currently supports those most in need and this uncertainty officers are recommending only minor changes to our scheme.
- Officers have concluded that the hardship fund helps minimise the risk by providing help for those facing financial hardship because of our scheme rules. This could include individuals affected by the pandemic.
- The impact of Universal Credit remains uncertain, and therefore a further risk. A more radical review of our scheme is being undertaken to try and mitigate any problems, but due to the complexity of the work involved this is more than a one-year project.

- 14.4 To continue with the momentum of the past seven years, the Council is asked to agree that an appropriate hardship fund be maintained in 2021-22, to enable us to continue to support families affected by our local scheme. Officers suggest increasing this to a £60,000 pot to allow more scope for dealing with the uncertainties caused by the pandemic.
- 14.5 In addition, if there are any residual COVID-19 hardship funds left at the end of the financial year officers suggest carrying them forward into 2021-22 to provide further Council Tax discounts for those affected by the pandemic.

15. Conclusion

- 15.1 We have intermittently reduced the amount of support available to meet our financial targets, without overly complicating our scheme and causing customers severe hardship.
- 15.2 We are now in unprecedented times, and it is impossible to forecast the likely demand on, or cost of, our Working Age LCTS scheme.
- 15.3 New claimants as a result of the pandemic, will receive the same level of help as pre pandemic claimants. The scheme is detailed and has proved robust since it was introduced in 2013, with limited requests for hardship funds. New claimants will increase the cost of the scheme.
- 15.4 It is important that we continue to provide help with the Council Tax to those who are financially vulnerable.
- 15.5 To try and balance cost and support officers suggest the Council approves relatively small changes to the scheme to address the impact of increases in the cost of living and to provide some additional support to those in Band E properties.

16 Background Papers

- Report to Council 6 December 2012; Local Council Tax Support Scheme Assessment
- Report to Council 12 December 2013; Review of the 2013-14 Local Council Tax
- Report to Corporate Improvement Scrutiny Committee 18 September 2014; Welfare Reform – Impact and Service Review; One Year On
- Report to Council 9 December 2014; Local Council Tax Support Scheme for 2015-16
- Report to Customer and Community Scrutiny Committee 8 September 2015; Review of the 2015-16 Local Council Tax Support Scheme and proposed changes for 2016-17
- Report to Council 9 December 2015; Local Council Tax Support Scheme for 2016-17
- The 2016 government review of LCTS.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/514767/Local_Council_Tax_support_schemes_-_review_report.pdf

- Report to Council 6 December 2016; Local Council Tax Support Scheme for 2017-18
- Report to Council 5 December 2017; Local Council Tax Support Scheme for 2018-19
- Report to Council 4 December 2018; Local Council Tax Support Scheme for 2019-20
- Report to Council 3 December 2019; Local Council Tax Support Scheme for 2020-21
- Guildford Borough Council LCTS scheme 2020-21.
<https://www.guildford.gov.uk/article/18603/What-is-Local-Council-Tax-Support-and-how-has-it-changed->
- Localised Council Tax support provisional allocations
<https://www.gov.uk/government/publications/localised-council-tax-support-administration-subsidy-grant-2019-to-2020>
- Localised Council Tax support provisional allocations
<https://www.gov.uk/government/publications/localised-council-tax-support-administration-subsidy-grant-2020-to-2021>
- New Policy Institute <https://www.counciltaxsupport.org/schemes/>
- Commons Library Briefing 8299 June 2018
<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8299>
- Universal Credit: supporting self-employment
<https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/997/997.pdf>
- <https://www.gov.uk/government/publications/universal-credit-29-april-2013-to-11-july-2019/universal-credit-statistics-29-april-2013-to-11-july-2019>
- Inside Housing <https://www.insidehousing.co.uk/news/news/low-number-of-tenants-moved-to-universal-credit-in-harrogate-pilot-65041>
- <https://commonslibrary.parliament.uk/constituency-data-universal-credit-roll-out/>
- <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/july2020>
- <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/datasets/modelledunemploymentforlocalandunitaryauthoritiesm01>
- <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/august2020>
- Institute of Fiscal Studies Report “The impacts of localised council tax support schemes” <https://www.ifs.org.uk/uploads/publications/comms/R153.pdf>
- <https://www.gov.uk/government/publications/universal-credit-statistics-29-april-2013-to-9-july-2020/universal-credit-statistics-29-april-2013-to-9-july-2020>

17. Appendices

- Appendix 1: Proposed Changes to The Guildford Borough Council (Council Tax Reduction Scheme) (Persons who are not Pensioners) for 2021-22
- Appendix 2: Summary of Scheme Changes 2013 to 2020
- Appendix 3: Reasons for Reviewing Future Options for LCTS
- Appendix 4: Response from Surrey County Council
- Appendix 5: Response from Police and Crime Commissioner for Surrey
- Appendix 6: Local Council Tax Support Scheme (LCTSS) Survey 2021