

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 23 JANUARY 2024
title: LOCAL COUNCIL TAX SUPPORT SCHEME 2024/25
submitted by: DIRECTOR OF RESOURCES AND DEPUTY CHIEF EXECUTIVE
principal author: MARK EDMONDSON

1 PURPOSE

- 1.1 To consider our Local Council Tax Support (LCTS) Scheme for 2024/25 and submit to Full Council for approval by 11 March 2024.

2 BACKGROUND

- 2.1 Local Council Tax Support (LCTS) replaced Council Tax Benefit in 2013/14. Council Tax Benefit was fully funded by the Government – the Council received 100% subsidy to compensate us for paying out Council Tax Benefit.
- 2.2 LCTS however is not paid as a benefit but instead is a discount on an individual's council tax bill. The Government replaced the subsidy with a grant payable to councils for the cost of LCTS. Crucially they reduced the amount from 100% to 90% and Councils were faced with either absorbing this reduction in funding on their general fund or meeting this from either reductions in council tax support or elsewhere within the council tax system. Importantly after the first year this "grant" was rolled-in to grant settlements and funding was reduced significantly.
- 2.3 After an initial consultation we introduced a scheme broadly similar to the old Council Tax Benefits Scheme but with a 12% (8.5% in the first year) reduction in entitlement for claimants of working age (pensioner claimants were protected by the government).
- 2.4 In response to the impact of the Covid Pandemic the Government introduced a £150 hardship payment for working age claimants of LCTS, for the financial year 2020/21.
- 2.5 A second consultation exercise was undertaken in Autumn 2021 and a decision was taken to remove the 12% reduction in support; applied to working age Local Council Tax Support claimants meaning that those most vulnerable residents could receive up to 100% in LCTS.
- 2.6 This resulted in increased LCTS for approximately 1,200 households 600 of which no longer had to pay Council Tax in 2022/23, greatly assisting our most vulnerable households during the cost of living crisis.
- 2.7 The Local Government Finance Act 1992 (1992 Act), Section 13A (2), amended by the Local Government Finance Act 2012 (2012 Act) stipulates that for each financial year, each billing authority must consider whether to continue its LCTS scheme or replace it with another scheme. This must be a decision of Full Council. The scheme for 2024/25 must be determined by 11 March 2024.

3 ISSUES

Local Council Tax Support

- 3.1 We are required to adopt a Local Council Tax Support Scheme each year as part of the budget setting process.

3.2 We are not proposing any significant changes to our scheme for 2024/25 **except for those that will keep it in line with the Housing Benefit Scheme and increase applicable amounts and premiums etc.**

3.3 A link to our current scheme can be found at
<https://www.ribblevalley.gov.uk/downloads/download/220/council-tax-support-scheme>

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – The cost of Local Council Tax Support falls on the collection fund and as such is shared; 75% Lancashire County Council, 12% Police and Crime Commissioner, 8% Ribble Valley Borough Council, 4% Lancashire Fire and Rescue and 1% Parishes.
- Technical, Environmental and Legal – Section 13A of the Local Government Finance Act 1992 empowers a billing authority to reduce Council Tax as it thinks fit.
- Political – The removal of the 12% reduction in our LCTS Scheme has provided assistance to our most vulnerable households during the cost of living crisis.
- Reputation – None
- Equality and Diversity – Our Local Council Tax Support Scheme is a means tested scheme linked to the national Housing Benefit Scheme. It provides support to vulnerable households by reducing the amount of Council Tax they are required to pay. The national scheme has in built protections relating to age and disability and those in the protected groups are more likely to be part of low income households.

5 RECOMMENDATION

5.1 Recommend the approval of our Local Council Tax Support Scheme for 2024/25 to Full Council.

HEAD OF REVENUES AND BENEFITS

DIRECTOR OF RESOURCES AND DEPUTY
CHIEF EXECUTIVE

PF7-24/ME/AC
10 January 2024

For further information please ask for Mark Edmondson