

# Extraordinary County Council

16 December 2020

Local Council Tax Reduction Scheme  
2021/22



## Report of Corporate Management Team

John Hewitt, Corporate Director of Resources

Councillor Alan Napier, Cabinet Portfolio Holder for Finance

### Electoral division(s) affected:

Countywide

### Purpose of the Report

1. To seek Council approval for the continuation of the current Local Council Tax Reduction Scheme (LCTRS) for a further year into 2021/22, which would continue the protection afforded to all claimants in line with what their entitlement would have been under the former Council Tax Benefit system. These proposals were considered by Cabinet at their meeting on 18 November 2020, who resolved to recommend to Council the continuation of the scheme into 2021/22.

### Executive summary

2. Durham is one of a small minority of councils to continue to offer the same level of support to all claimants as was available under the former Council Tax Benefit scheme which was abolished and replaced by LCTRS on 1 April 2013. In 2018/19, when national data was last collected, only 36 local authorities in England, and no other councils in the North East, offered all residents this level of assistance. This means no LCTRS claimants in our area have been worse off in the last eight years than they would have been under the previous national scheme.
3. Councils are required to review and approve their schemes annually and have this agreed by a Council meeting before 11 March each year.
4. Nationally the most common change made to LCTRS is the introduction of minimum payments. Over 80% of Local Authorities have introduced these; making all residents liable, regardless of their income, and responsible for paying a percentage of their council tax. This ranges from 5% to 50% of the property's full council tax liability.

5. National research confirms that there is a clear correlation between higher minimum payments in LCTRS and council tax collection rates.
6. There are currently 58,250 LCTRS claimants in County Durham, of which 22,050 (38%) are pensioners and 36,200 (62%) are working age. 28,940 (80%) of working age claimants currently receive 100% LCTRS discount, with LCTRS support forecast to be circa £61.9m in 2020/21.
7. The rollout of Universal Credit (UC) is scheduled to be completed in 2024 and is already in payment to a significant number of people in Durham. As of September 2020, there were circa 18,250 LCTR claimants receiving UC, just over 50% of the working age LCTR caseload.
8. The council is around four times more likely to receive a report of a change in circumstances when a working age LCTR claim is based on UC, than when it is not. Regular monthly recalculations of UC and LCTR, most frequently caused by changes in earnings, are leading to multiple bills being issued to households. This has resulted in residents not being able to easily keep track of their Council Tax liability, leading to difficulties for households when managing their finances and personal budgeting.
9. The Council will need to keep track of the impact of the continuing roll out of UC. After many years of continued improvement, our in-year council tax collection rate reduced slightly in 2018/19 to 96.65%, and further still in 2019/20 to 96.37%. The current year has seen a further significant reduction year on year also but that in most part is due to the impact of Covid-19.
10. Consideration of whether to extend the current scheme into 2021/22 needs to take account of a number of key factors and changing the scheme at this stage means additional council tax revenues (or pressures) would need to be built into the medium term financial plan (MTFP) projections. No changes to the scheme were factored into the MTFP(11) projections reported to Cabinet on 14 October 2020.
11. The coronavirus pandemic has had a significant impact on the LCTRS working age caseload, which increased dramatically in the first quarter of 2020/21 as an unprecedented number of new claims were received by working age customers adversely affected by Covid-19. At the peak in May 2020 the working age LCTRS caseload was almost 3,000 higher than in January. The total value of LCTRS awards is expected to be around £5m higher in 2020/21 than in the previous year.

### **Recommendation(s)**

12. Council is recommended to:
  - (a) Continue the current Local Council Tax Reduction Scheme into 2021/22, which will retain the same level of support to all working

age council taxpayers on low incomes as was the case under the previous Council Tax Benefit Scheme;

- (b) agree that the extension to the Scheme be initially for a further year only and be kept under continuous review with a further decision on the scheme to apply in 2022/23 to be considered by Cabinet in summer 2021 and Full Council by 11 March 2022;

## Background

13. The Government abolished the national Council Tax Benefits system on 31 March 2013, replacing it with a requirement for local authorities to work with their precepting bodies to establish a Local Council Tax Reduction Scheme (LCTRS) with effect from 1 April 2013. The LCTRS provides a 'discount' against the council tax charge, rather than a benefit entitlement.
14. The Council Tax Reduction Scheme Grant replaced Council Tax Benefit subsidy and from April 2013 was paid directly to the council and the major precepting bodies (Police and Fire).
15. Government funding towards council tax support was reduced by 10% nationally in 2013/14. By so doing, the Government also transferred the risk of any growth in the system through more council taxpayers becoming eligible for support with their council tax to local authorities as the government grant was a fixed amount. This risk has materialised in the current year when an unprecedented number of new claims for LCTR was received as a result of the national lock down linked to the Covid-19 pandemic.
16. The funding made available to support the LCTRS in 2013/14 (90% of the previous funding available under the Council Tax Benefit System) now forms part of the council's formula funding arrangements. Whilst separate figures were published for this in 2013/14, there is no longer any visibility over what level of funding is now for LCTRS that is contained within the formula.
17. The council's formula grant includes an element relating to town and parish councils and whilst the council has passed the grant on to the town and parish councils, there is no statutory requirement to do so.
18. Following discussions with the Town and Parish Councils' Working Group, and in the spirit of partnership working, recognising the important role town and parish councils play in providing local services to communities, it is proposed to continue to pass on the town and parish element of the formula grant in 2021/22.
19. In doing so, it is proposed that the council continues to apply pro-rata reductions in the Council Tax Support Grant paid to town and parish councils in line with any reductions in the overall formula funding made available to the council and this is reflected in the MTFP model.
20. In 2020/21 Town and Parish Councils received £1.332m of LCTRS grant allocations and for budget planning purposes have been advised that the Council will retain payments at this level next year, though the amount of grant provided to individual town or parish councils may vary according to the year on year changes in their tax raising capacity.

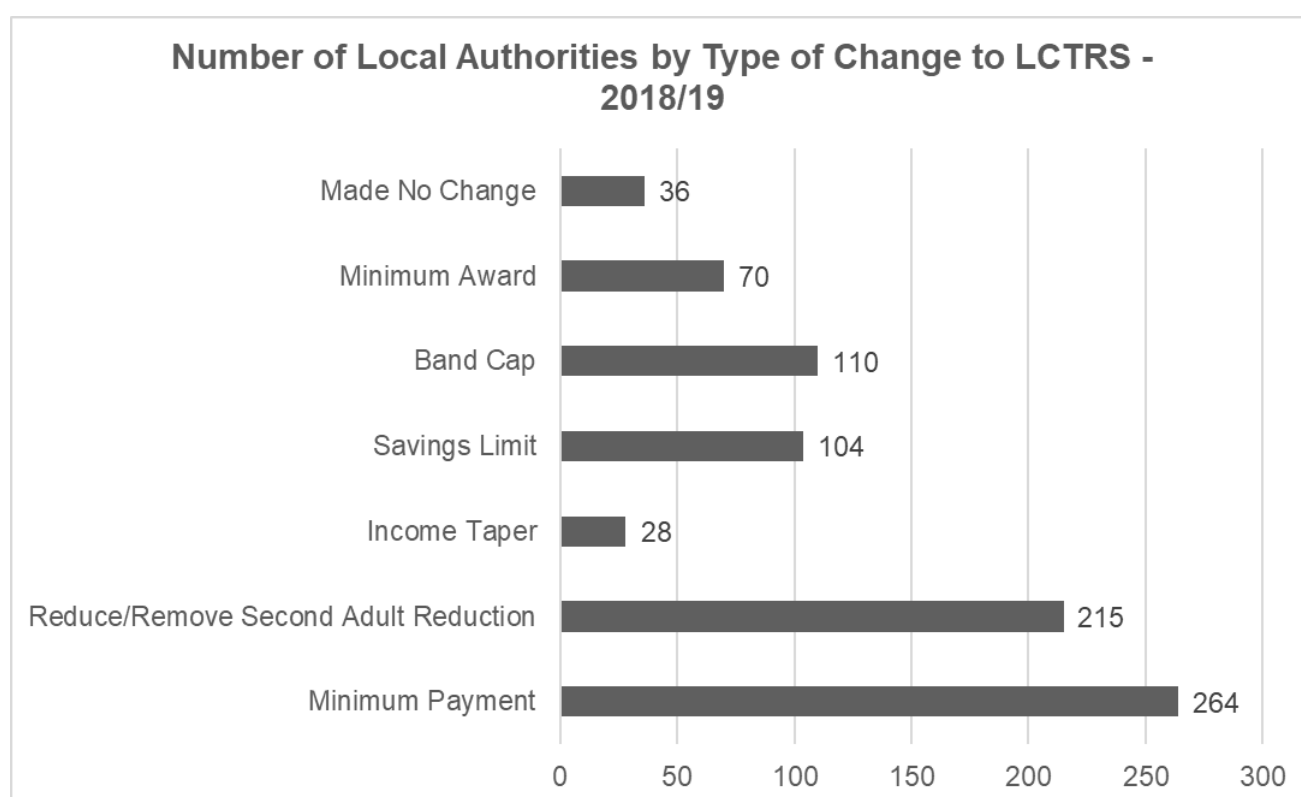
## Review of the Local Council Tax Support Scheme

21. On 4 December 2019 County Council agreed the current LCTRS for 2020/21, which mirrors the previous scheme that operated under the Council Tax Benefit System for all claimants. No council tax support claimants have therefore been worse off in the last eight years than they would have been under the previous national scheme.
22. The council has been mindful of the continuing impacts of the wider welfare reforms which are having a detrimental impact on many low income households and the fact that the additional council tax liabilities for working age households could have a significant impact on affected household budgets by around £130 a year based on a scheme whereby entitlement for working age claimants is set at a maximum of 90% entitlement. This would make collection of council tax more difficult and costly to recover from these low income households.
23. In approving the scheme for 2020/21, the Council gave a commitment to review it on the grounds of MTFP affordability given the ongoing austerity it faces, the cumulative impacts the Governments welfare reforms and the prevailing economic circumstances facing our residents.
24. In the North East region, Durham are now the only authority whose scheme continues to mirror entitlement under the former Council Tax Benefit system, whilst the other eleven councils have schemes that cap the maximum entitlement to working age claimants.
25. The Institute for Fiscal Studies (IFS) estimate that a quarter of the additional council tax liability created by cuts to LCTR since 2013 is not being collected in year. The table below summarises the key features of the schemes in place across the North East in 2020/21 and how their in-year council tax collection rates have changed between 2012/13 and 2019/20:

Local Authority	Basis of Scheme	Minimum Payment	Second Adult Reduction Offered?	Change in in-year council tax collection rate between 2012/13 and 2019/20
Durham	CTB	No	Yes	+1.37%points
Darlington	CTB	20%	No	+0.34%points
Gateshead	CTB	8.5%	No	-0.72%points
Hartlepool	CTB	12%	No	-1.80%points
Middlesbrough	CTB	15%	No	-4.40%points
Newcastle	Income Banded	10%	No	-0.08%points
North Tyneside	CTB	15%	No	-1.90%points
Northumberland	CTB	8%	Yes	-0.06%points
Redcar and Cleveland	CTB	12.5%	No	+1.11%points

Local Authority	Basis of Scheme	Minimum Payment	Second Adult Reduction Offered?	Change in in-year council tax collection rate between 2012/13 and 2019/20
South Tyneside	CTB	30% or 15% if vulnerable	Yes	-2.07%points
Stockton	CTB	20%	No	-3.05%points
Sunderland	CTB	8.5%	Yes	-2.31%points
All English Unitary Authorities	N/A	N/A	N/A	-0.50%points
All English Authorities	N/A	N/A	N/A	-0.80%points

26. In 2018/19, when national data was last collected, Durham County Council was one of just 36 nationally who continued to mirror entitlement under the former Council Tax Benefit system (11%), with 290 (89%) out of 326 having cut the amount of support available to claimants. The latest published data available shows the most common changes to have been implemented elsewhere have been the introduction of a minimum payment level and reducing or removing the Second Adult Reduction. The chart below shows the types of changes and restrictions implemented to schemes across England:

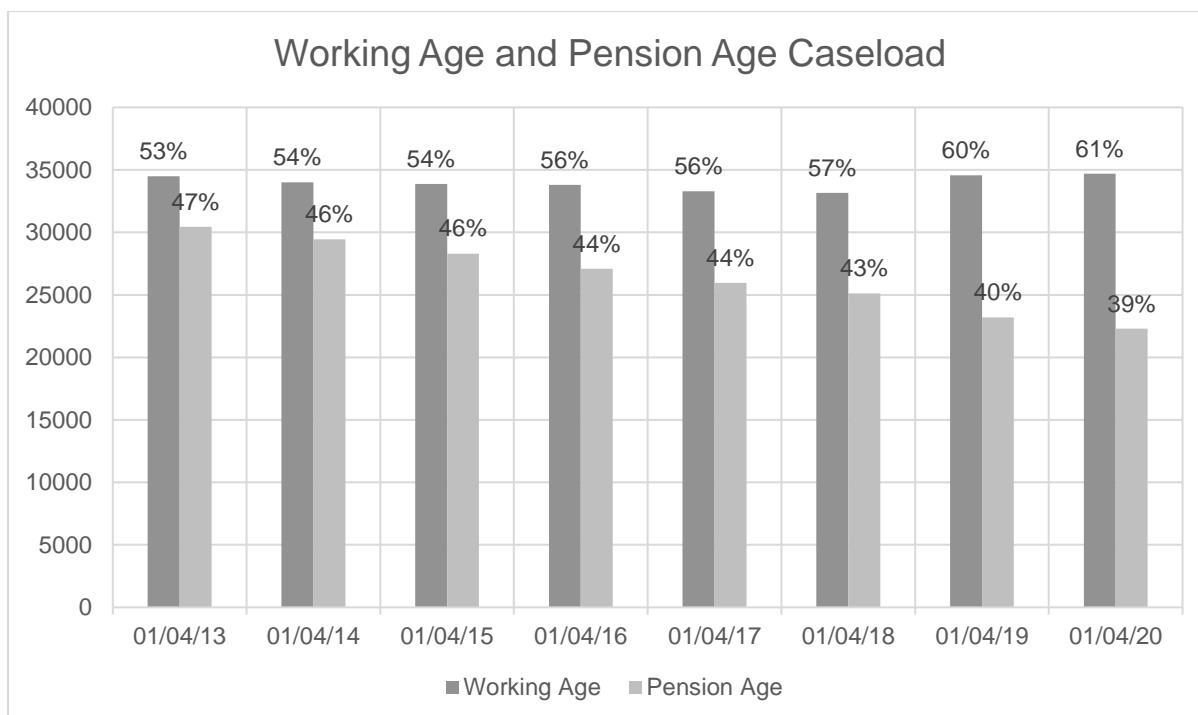


27. In some local authorities, like Durham, the lowest-income households continue to be exempt from paying council tax whilst in others they are required pay between 5% and 50% of their bill. There is a wide disparity of support available across the country.

28. The majority of councils who made changes to their schemes in the first few years of LCTR did so to cap the overall amount that could be paid to working age households – 80% of councils had a cap in 2018-19 – but different councils have set them at very different levels. Combined with different choices about other aspects of scheme design, this means that otherwise similar households are treated very differently according to where they live. However, more recently, local authorities have started to focus on making changes to better support applicants receiving UC, while maintaining a cap on the total amount that an applicant can receive.
29. The rollout of UC was originally intended to be completed by 2017, but after repeated rescheduling the current target date is September 2024. Despite the extended roll-out, UC is already in payment to a significant number of people in Durham. This covers new claimants and those affected by natural migration to UC, where a change in circumstance can remove entitlement to a legacy benefit and result in a person having to make a UC claim instead. As of September 2020 there were circa 18,250 LCTR applicants receiving UC, just over 50% of the working age LCTR caseload in Durham.
30. The LCTR scheme in Durham, based on the former CTB scheme, is a complex scheme, designed to reflect and interact with the Department for Work and Pensions' (DWP) long-standing range of legacy benefits. All of which are calculated weekly, are based on the same premiums and allowances, have identical income and capital assessment rules and an established history of common case law.
31. UC is a complete departure from the legacy benefits it replaces. It is calculated monthly, with new rules and new allowances, and for in-work claims is subject to regular monthly changes.
32. When compared to the legacy benefits schemes it replaces, UC produces more losers than winners, with prominent losers being disabled claimants, due to the loss of substantial disability allowances. Going forward, to offer effective support to applicants who receive UC, local authorities will increasingly need to rethink their LCTR schemes.
33. Durham County Council took an early decision to accept electronic notifications of a new UC claim from the DWP as an application for LCTR. This measure has helped Durham maintain its working age caseload. Other local authorities have seen reductions in the number of LCTR applications received, due to residents no longer being required to come to the council to make joint HB and LCTR claims. This will have resulted in increases in council tax arrears and impacted on collection performance.
34. In terms of impact on LCTRS workload, the council is around four times more likely to receive a report of a change in circumstances when a working age LCTR claim is based on UC, than when it is not.

35. Regular monthly recalculations of UC and LCTR, most frequently caused by changes in earnings, lead to multiple bills being issued to the household and significant difficulties for residents trying to maintain their council tax payments. Net council tax charges are repeatedly being recalculated and instalment dates pushed back to later in the year. This is further complicated by the need to give customers paying by direct debit 14 days notice when making a change in their payments. These changing instalments can cause considerable budgeting difficulties for residents, as well as a knock-on impact for the council in terms of increased call traffic and council tax collection work.
36. Nationally, LCTR schemes provided 24% less support to working age households in 2018/19 than if the national Council Tax Benefit system had been retained.
37. In 2018/19, over two million households across the country were being adversely affected by the change from Council Tax Benefit. On average these families were paying £204 additional council tax in 2018/19 in comparison to what they would have paid under the national Council Tax Benefit scheme. The number of LCTRS claimants paying an additional £200 or more had increased to 933,000 in 2018/19.
38. There are currently 58,250 LCTRS claimants in County Durham, of which 22,050 (38%) are pensioners and 36,200 (62%) are working age claimants. 28,940 (80%) of working age claimants currently receive 100% LCTRS discount, with LCTRS support forecast to be circa £61.9m in 2020/21.
39. In Durham, there are now over 3,750 claimants currently classed as working age that would have been treated as pensionable age claimants prior to 2010, when the process began of moving state pension credit age from 60 for women and 65 for men, up to 66 for both. This process was completed in 2020, with a further move up to 67 planned between 2026 and 2028, then to 68 between 2044 and 2046. As the chart below shows, over the last eight years there has been a eight percentage point increase in the proportion of working age applicants within Durham:



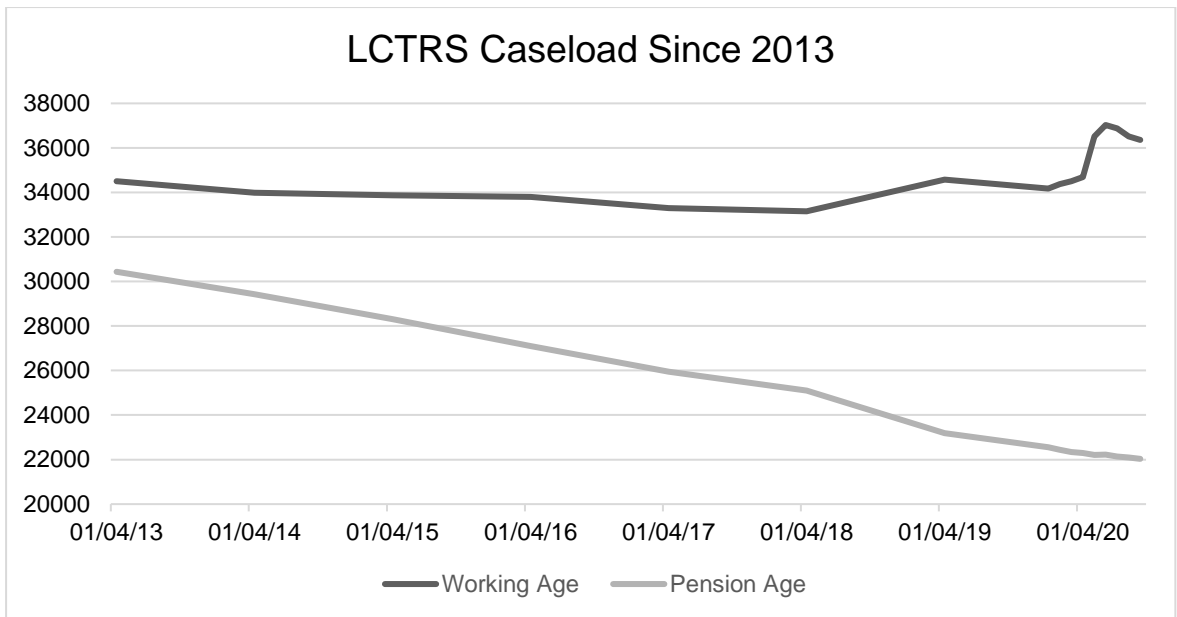


40. This means a higher proportion of our caseload is coming under the part of the LCTRS scheme that the Council has control over. Working age customers also carry a greater administrative workload as they have more frequent changes in their circumstances, particularly when they are in receipt of UC.
41. As Members will be aware, if any changes are made to the scheme, these must be consulted on and be subject to an equality impact assessment. Councils are required to review and approve their schemes annually and have this agreed by a Council meeting before 11 March each year.
42. Statutorily, pensioners have to be protected from any changes, therefore any reductions can only be applied to working age claimants.
43. Eight years after the Government abolished the national Council Tax Benefits System the council continues to have an LCTRS which mirrors the previous entitlement under the Council Tax Benefit system for all claimants. No council tax support claimants have therefore been financially worse off in the last eight years (including the current year) than they would have been under the previous national scheme.
44. The Council has been mindful of the continuing impacts of the wider welfare reforms which are having a detrimental impact on many low income households and the fact that the additional council tax liabilities for working age households could have a significant impact on affected household budgets by around £100 to £130 a year based on a scheme whereby entitlement for working age claimants is set at a maximum of 90% entitlement. This would make collection of council tax more difficult and costly to recover from these low-income households.

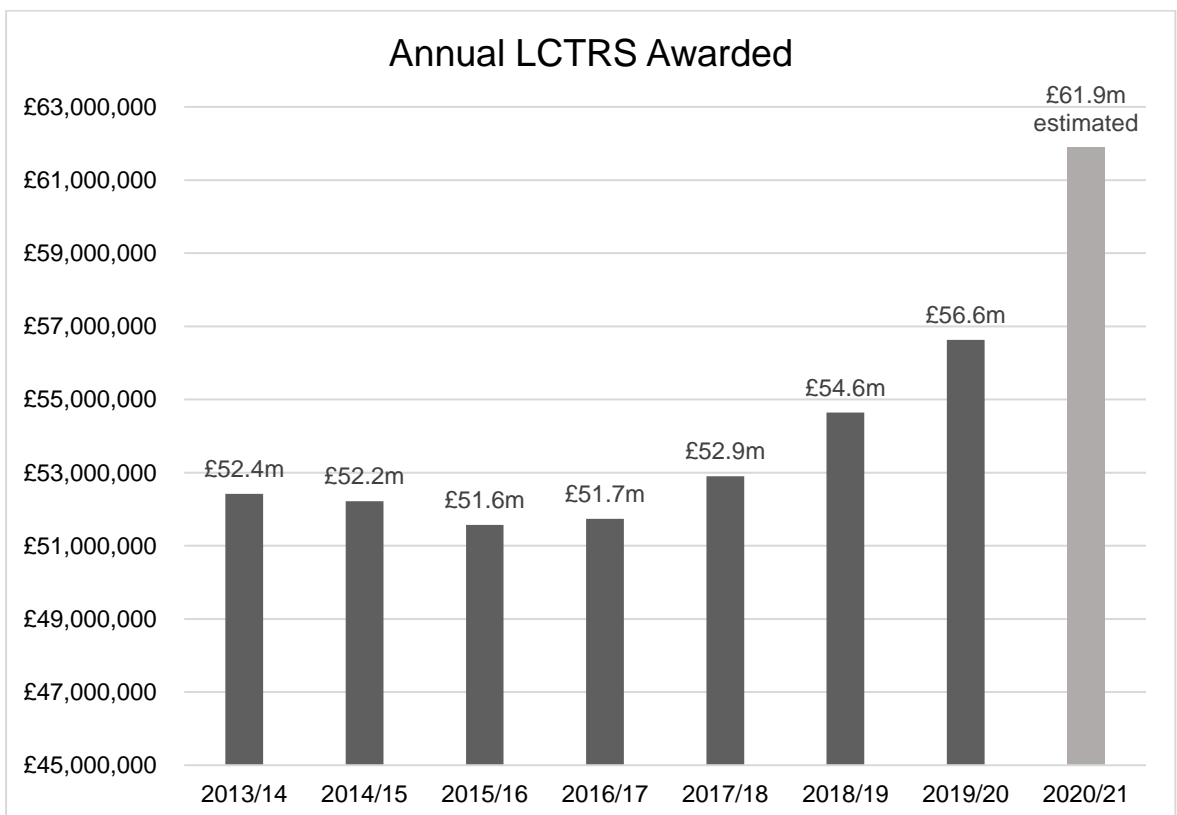
45. In January 2019, analysis from the IFS showed a direct link between higher minimum payments in LCTRS and lower overall council tax collection rates:

<b>Minimum Payment Level in LCTRS</b>	<b>Estimated Effect on Collection Rate (percentage point change)</b>
Up to 8.5%	-0.09%
8.6% to 20%	-0.24%
Over 20%	-0.49%

46. Based on Taxbase assumptions, the estimated net cost of retaining the scheme is circa £5.1 million – this reflects the reduction in Government Grant support towards maintaining these schemes in the first year. To recover the full £5.1m cost by reducing the benefit awarded to working age claimants, which currently totals circa £38.6 million, and factoring in a prudent collection rate of 80%, would require the maximum entitlement to be reduced from 100% to 83.5%.
47. Should the council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase council tax revenues by between £3.01million (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.1million (based on a scheme that awarded maximum entitlement of 83.5% with a prudent collection rate of 80%). This would impact circa 36,200 working age households across County Durham, where 6,950 (19%) are actually in low paid jobs rather than being unemployed.
48. When the scheme was reviewed last year, a small amendment was made to extend the maximum backdating period from six to 12 months.
49. This change has enabled officers to assist residents within the LCTR scheme, without relying on discretionary powers under Section 13A(1)(c) of the Local Government Finance Act 1992. As was expected, these cases have been rare. In the first five months of 2020/21, of 2,324 new LCTRS awards which were backdated, only six required backdating for over six months; costing just over £1,500.
50. The council's LCTRS scheme has been in significantly increased demand this year as a result of the coronavirus pandemic. The pension age caseload has continued a trend of reduction. The working age caseload, however, increased dramatically in the first quarter of 2020/21 as an unprecedented number of new claims were received by customers adversely affected by Covid-19. At the peak in May 2020 the working age LCTRS caseload was almost 3,000 higher than in January:



51. This increase in working age LCTRS claims, and the continued financial impact of Covid-19 is expected to result in an increase in the total amount of support offered through the scheme in 2020/21 to around £61.9m. This is an increase of over £5m on the cost of last year's scheme and is more than £10m more than the total support offered in 2015/16 and 2016/17:



52. Despite the pressures of this increased demand, the council has continued to offer a good level of service to residents. So far this year, new LCTRS claims have been processed in an average of 19 days of being received, ahead of a service target of 21 days. LCTRS changes in

circumstances have been processed in an average of four days, ahead of a service target of nine days.

53. To help maximise take up of LCTRS we continue to treat a notification from the DWP of a new UC claim, as a new claim for LCTRS. In addition, work has been undertaken between our Welfare Rights and Communications teams to update and improve the information on our website concerning help available to residents facing redundancy – gathering information about benefits, access to training and jobs, money advice, and housing into one place.

## **Conclusion**

54. There is a statutory requirement for Full Council to approve the Local Council Tax Reduction Scheme (LCTRS) to be operated in 2021/22 before 11 March 2021.
55. The council will need to continue to review the national situation and track what is happening in local authorities that have introduced LCTRS that have reduced entitlement to their working age claimants in terms of impacts and performance in terms of recovery of the council tax due.
56. The reasons for extending the current scheme are due to the current scheme remaining within existing cost parameters for the council and concerns over the impact that changing the scheme and introducing measures to increase charges to working age claimants would have at this time, particularly in light of the current economic outlook for our area as we seek to recover from the impact of the Covid-19 pandemic.
57. Whilst the full impacts of the Government's welfare reforms and the impact of covid-19 are complex and difficult to track, demand for Discretionary Housing Payments; social fund applications and rent arrears statistics in County Durham compared to others across the region, would suggest that the council tax benefit protection afforded to working age claimants, in addition to the wide ranging proactive support put in place, continues to have a positive impact on these households.
58. The council will also need to keep track of the ongoing and increasing impact of the roll out of UC. This presents continuing challenges for the administration of LCTRS as it results in a much higher number of changes in circumstances and removes the administrative economies of scale currently achieved by administering Housing Benefit and LCTRS claims side by side.
59. More significantly however, UC changes result in multiple reworking and changes to LCTRS entitlement throughout the year and multiple bills being issued to individual households leading to numerous changes to their net liability and instalment plans for any council tax balance they are responsible for. After many years of continued improvement, our in-year

council tax collection rate reduced slightly in 2018/19 to 96.65% and further still in 2019/20 to 96.37%.

60. Any proposed changes to the LCTRS for 2022/23 would need to be consulted upon and, should changes be proposed, a report would need to be brought to Cabinet in spring summer 2021 before embarking on a consultation process thereafter.

### **Background papers**

- Local Government Finance Act 1992 (section 13A)
- Welfare Reform Act 2012
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
- The Impacts of Localised Council Tax Support Schemes – Institute for Fiscal Studies Report January 2019

### **Other useful documents**

- Medium Term Financial Plan (11), 2021/22-2024/25 – Report to Cabinet 14 October 2020
- Forecast of Revenue and Capital Outturn 2020/21 period to 30 June 2020 and Update on Progress towards achieving MTFP(10) Savings – report to Cabinet 16 September 2020
- Forecast of Revenue and Capital Outturn 2020/21 period to 30 September 2020 and Update on Progress towards achieving MTFP(10) Savings – report to Cabinet 18 November 2020

### **Author(s)**

Paul Darby

Tel: 03000 261 930

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## **Appendix 1: Implications**

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### **Legal Implications**

#### **Local Council Tax Reduction Scheme**

The Welfare Reform Act 2012 abolished the national council tax benefits system (CTB), paving the way for new Local Council Tax Reduction Schemes (LCTRS) to be introduced under the auspices of the Local Government Finance Act 1992.

Section 13A of the Local Government Finance Act 1992 (“the 1992 Act”) requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the authority considers are in financial need (“a council tax reduction scheme”).

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (“the 2012 Regulations”) prescribe matters which must be included in such a scheme in addition to matters set out in paragraph 2 of Schedule 1A to the 1992 Act.

Each year regulations amending the 2012 Regulations are made in November/December. The majority of the amendments are to ensure consistency with changes to social security legislation and these are subsequently included in our local scheme.

The LCTRS provides a ‘discount’ against the council tax charge, rather than a benefit entitlement and as such impacts on the council’s tax base.

Regulations made under the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the council to calculate a council tax base for each financial year.

The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 which came into force on 30 November 2012 and applies to the financial years beginning 1 April 2013 onwards contains the rules which require the council to calculate the Council Tax Base.

A key element of the tax base calculation is the council’s policy in terms of its LCTRS.

There is a statutory requirement for the Council to adopt a local council tax support scheme for the ensuing financial year by 11 March each year. Where the council is proposing any changes to its scheme, there is a statutory requirement to consult on these proposals in advance of making any changes.

Pensioners have to be protected from any changes, with any reductions applied to working age claimants only.

## **Finance**

### **Local Council Tax Reduction Scheme**

The funding made available to support the LCTRS in 2013/14 (90% of the previous funding available under the Council Tax Benefit System) now forms part of the council's formula funding arrangements.

The council has continued to pass on the town and parish element of its formula grant over the last eight years but in doing so continue to apply pro-rata reductions in the Council Tax Support Grant paid to town and parish councils.

In 2020/21 Town and Parish Councils received £1.332m of LCTRS grant allocations and for budget planning purposes have been advised that the Council will retain payments at this level next year, though the amount of grant provided to individual town or parish councils may vary according to the year on year changes in their tax raising capacity.

The council is responsible for the costs of any increase in caseload as the level of Government support is fixed within formula grant.

Prudent estimates and provisions were built into the tax base forecasts at budget setting, and whilst the council is subject to greater financial risk now, the current scheme remains within the budget provisions.

Should the council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase council tax revenues by between £3.01million (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.1million (based on a scheme that awarded maximum entitlement of 83.5% with a prudent collection rate of 80%).

This would impact circa 36,200 working age households across County Durham, where 6,950 (19%) are actually in low paid jobs rather than being unemployed.

## **Consultation**

### **Local Council Tax Reduction Scheme**

Town and parish councils were consulted on the proposals to continue to passport an element of the council's formula grant, equivalent to the town and parish share of the Local Council Tax Reduction Scheme grant funding within formula grant for 2020/21. This coincided with a review of payments made to Town and Parish Councils previously linked to pre-existing and inconsistent

arrangements in the former district councils for services that had been devolved to them.

No further consultation has been undertaken as Cabinet resolved on 18 November 2020 to recommend to Council that it extends and continues the current LCTRS into 2021/22, thereby retaining the same level of support to all working age council tax payers as the previous Council Tax Benefit Scheme, which was abolished on 1 April 2013.

### **Equality and Diversity / Public Sector Equality Duty**

Eight years after the Government abolished the national Council Tax Benefits System the council continues to have a LCTRS which mirrors the previous entitlement under the Council Tax Benefit System for all claimants. No council tax benefit claimants have therefore been financially worse off in the last eight years than they would have been under the previous national scheme and if the proposals set out in this report and ultimately agreed by Council in the autumn this will continue to be the case.

The Government EIA on the LCTRS was published in January 2012 and is relatively brief. It considered equality impacts in relation to age and disability, concluding that protection for pensioners would be a positive impact and the effects on disabled people would depend on how each local authority responded to the reduction in council tax support. No impacts were identified in relation to gender or ethnicity and no other protected characteristics were considered and it was left to individual councils to identify full local impacts, based on local implementation.

Given the proposals to extend the current LCTRS into 2021/22 thereby continuing to protect current entitlement, there will be no negative equalities impact, with the financial position of claimants protected in 2021/22.

Should the Council decide against extending the current scheme into 2021/22 and elect instead to pass on reductions to working age claimants, there would be a range of potential negative equalities impacts. These include financial impact for working age claimants and possible additional impacts in relation to health and wellbeing, housing and the consequences of debt or legal action. These impacts are most likely in relation to gender, age and disability with limited impacts for race and sexual orientation and no evidence of impact on transgender status, religion or belief.

### **Climate Change**

None.

### **Human Rights**

None.



## **Crime and Disorder**

Any reduction in council tax support, alongside other welfare changes could see an increase in crime if customers seek to increase their income to make up for the benefits lost. The proposals set out in this seek to protect current entitlement in 2021/22 and as such have no implications, though the impact of the wider welfare reforms agenda will need to be kept under constant review.

## **Staffing**

None.

## **Accommodation**

None.

## **Risk**

The report outlines a range of financial risks surrounding the LCTRS. These are being effectively managed at this time. Given that the proposal is to extend the current arrangements into 2021/22 there are no system development issues or risk associated with these proposals.

The council will need to keep track of the impact of the roll out of Universal Credit (UC). This presents new challenges for the administration of LCTRS as it results in a much higher number of changes in circumstances (experience is that the UC earned income element changes frequently as the person moves through the claimant commitment with their Work Coach) and removes the administrative economies of scale currently achieved by administering Housing Benefit and LCTRS claims side by side.

More significantly however, UC changes results in multiple reworking and changes to LCTRS entitlement throughout the year and multiple bills being issued to individual households resulting in numerous changes to their net liability and instalment plans for any Council Tax balance they are responsible for. After many years of continued improvement, our in-year council tax collection rate reduced slightly in 2018/19 to 96.65%, and further still in 2019/20 to 96.37%.

## **Procurement**

None.