

REPORT TO: Cabinet
LEAD OFFICER: Executive Director

5 September 2018

Localised Council Tax Support Scheme 2019-20

Purpose

1. To consider consultation on Localised Council Tax Support Scheme (LCTS) proposals for 2019-20
2. This is not a key decision

Recommendations

3. It is recommended that Cabinet agree Option 1 as the Scheme for consultation for LCTS for 2019-20.

Reasons for Recommendations

4. The legislation requires that any changes to LCTS must be consulted on with those who are affected.
5. The introduction of Universal Credit (UC) will mean significant changes for residents. The design of UC and its direct links to HMRC data mean that residents in receipt of UC could see a significant number of changes to their LCTS entitlement over the year if no amendments to the scheme are implemented as the level of their income fluctuates from month to month.
6. The resulting increased workload cannot be delivered within the current staffing structure and there would need to be a large increase in staff within Benefits team, Council Tax and Customer Contact Teams if no changes to the current scheme are implemented.
7. The two options set out are generally considered by Local Authorities as the most viable options to enable the all relevant teams to deliver and support LCTS once UC goes live without significant increases in staffing.

Background

8. The LCTS scheme has been in operation since April 2013. The amount of LCTS has reduced year on year and has been consistently less than the amount estimated. This has seen the number of households receiving LCTS decreasing despite an increase in the number of properties in South Cambridgeshire.
9. The economic climate remains good and it is not anticipated that there will be marked increase in claims or expenditure in 2019/20 although this cannot be guaranteed.
10. The Universal Credit (UC) Full Service rollout for the majority of South Cambridgeshire commences on 17 October 2018; the impact of this has now been modelled. It is estimated that by the end of 2018/19, 15% of residents who would

have previously received Housing Benefit will be receiving their housing costs as part of a UC Award.

11. The introduction of UC will change the landscape for LCTS as changes to UC are more frequent. Universal credit is calculated by DWP monthly based on HMRC wage data. The information currently available suggests that DWP could be reporting between 11 and 32 changes per year for each claim to the Council. Each of these changes would necessitate a revised LCTS assessment and potentially a revised council tax bill being issued for each change. This will be confusing for the resident and will increase the workload for the Revenues and Customer Services Teams.

Considerations

12. The current LCTS scheme has been in place since April 2013 with relatively few amendments and so remains largely unchanged.
13. The introduction of Full Service UC in October 2018 will result in working age residents who would have claimed housing costs as part of a Housing Benefit claim making a claim for UC. They will need to make a separate claim for LCTS with the Council because of this change.
14. The LCTS scheme currently in place will not be fit for purpose as the rollout of UC takes place as it is expected each claimant of Universal Credit will have numerous changes to their UC awards.
15. It should be noted that number of notified changes from residents and DWP during 2017/18 received was 22,000 based on caseload of 6,400 claims. The initial modelling undertaken would suggest that there could be in region of 1800 cases on UC by the end of 2019/20 and this could increase the number of notified changes the team has to process between 16,000 and 42,000 based on initial predictions of the number of notified DWP changes.
16. This is a significant issue as claimants would receive a new bill following each amendment to their LCTS the number of bills would mean it would become less clear as to the amount they need to pay. This in turn would result in significant increase in customer contact within customer contact service and those teams directly involved in the administration.
17. Housing Benefit (HB) and LCTS are currently administered together as a means tested benefit, most claims are for both HB and LCTS. It is anticipated that grant funding which covers in part the cost of HB administration will reduce as UC claims with housing costs increase.
18. A simplified LCTS scheme with fixed periods would mitigate against any increased administration burden that would be required following the introduction of UC and would provide a much needed period of certainty for those in receipt of the new benefit.
19. A banded discount scheme includes some additional risk, however as some claimants could find their LCTS moves into band as a result of a small income change (Cliff edge change).
20. The opportunity has been taken, in the writing of this report, to review the learning and experience and current best practice from Local Authorities where full service

UC has already been implemented. It is apparent that there are a limited number of options which are considered viable on a medium to long term basis for LCTS.

21. There are other Local Authorities which are administering LCTS based on the options which have been considered for consultation.
22. The Benefits Manager will be holding a workshop event for members on the 3 September to discuss the options; verbal feedback from this event will be provided.

Options for Consultation

23. Option 1:
 - amended scheme based on fixed benefit periods based on risk for Universal Credit Claimants and harmonise the rules within LCTS to match those currently within Housing Benefit to enable the scheme administration to be simplified.
 - Working age Scheme to harmonise the rules with those in Housing Benefit to enable the administration of the scheme to be simplified
24. Option 2: amended scheme based on Banded Discount Scheme for LCTS for working age claimants.

Implications

Financial

25. Based on the options detailed within this report, either LCTS scheme as modelled should be affordable in the context of the Council's Medium-Term Financial Strategy (MTFS) but full costing cannot be assessed as the numbers of claimant and claims for UC cannot be confirmed.
26. The modelled cost of the agreed scheme is a key component in setting the Council Tax base. This is required to be set by the 31 December 2018, following initial consultations with parish councils.
27. The introduction of UC may be accompanied by further reductions in the grant the Council receives towards the cost of the administration of Housing Benefit. The notification of any reduction is likely to be received at the end of 2018; modelling has been undertaken to estimate the likely reduction to enable this to be included in the MTFS.
28. While the proposals for the revised LCTS scheme seek to minimise the impact on staffing resources and costs, the impact of the implementation of UC may have other staffing and financial implications. These implications are outside the scope of this report and will be reported separately in due course.

Legal

29. The Scheme must be agreed by Council before the end of February 2019 following consultation with residents on any proposed changes to the LCTS scheme.

Staffing

30. The implementation of the change from Council Tax Benefit to LCTS required a large amount of extra resource within the Customer Contact Centre. It is expected that any significant changes to LCTS would increase the contact from residents. The

Benefits Manager and Revenues Manager will assess the resource requirement for Universal Credit for 2018/2019 and the LCTS scheme could have a significant affect on the resource requirements.

31. Option 1 Would see a significantly smaller number of residents affected at the start of the 2019/20 financial year with those numbers increasing gradually as new claims for Housing Benefit are replaced with claims for UC.
32. Option 2 - Would result in all working age claimants of LCTS being affected at the start of 2019/20 financial year and a significant number of these residents are likely to contact the council regarding the change in LCTS and the amount they pay towards their Council Tax.
33. The cost of LCTS is shared between the major preceptors but this excludes the costs of administering the scheme; any increases to staffing costs fall directly to this Council.

Risk Management

34. A significant economic downturn could result in an increase in demand for Council Tax Support the cost of which would be borne by all the major preceptors and in excess of budget framework.
35. As already noted in this report the introduction of UC may result in a further reduction in the administration grant payment from DWP this has been modelled and an estimated reduction which will enable it to be included within the MTFS proposed.

Background Papers

None identified by the report author

Report Author: Dawn Graham – Benefits Manager
Telephone: (01954) 713085