

**LOCALISED COUNCIL TAX SUPPORT (LCTS)
BRIEFING NOTE FOR SCRUTINY & OVERVIEW COMMITTEE
6 SEPTEMBER 2012**

Background Information

1. Localised Council Tax Support was introduced as part of the June 2010 Budget which included:
 - Welfare Reforms
 - Localisation
 - Deficit Reduction
2. The spending review in September 2010 introduced more changes to welfare benefits. Those changes to welfare benefits which are considered as having the most significant impact to South Cambs residents are detailed within this document.

Changes to Local Housing Allowance (LHA)

3. The changes to LHA were introduced from April 2011 for new benefit claimants and phased in for those already in receipt of LHA. These changes will be fully in place for all from the start of 2013. The aim of the changes was to reduce the rising cost of Housing Benefit (HB) for those in privately rented accommodation. LHA rates reduced to 30th percentile calculation from median calculation and restriction to 4 bedroom rate. The rate of LHA reduced significantly as a result of this change and privately rented properties are increasingly unaffordable within South Cambridgeshire. There are currently 821 residents receiving LHA of which 662 have their benefit restricted due to rent liability being higher than the LHA. Details are shown below of changes to LHA calculation.

	Median	30 th Percentile
Shared room rate	£335.83 per month	£325.00 per month
1 bedroom rate	£599.99 per month	£520.00 per month
2 bedroom rate	£675.00 per month	£585.00 per month
3 bedroom rate	£794.99 per month	£679.99 per month
4 bedroom rate	£1,100.02 per month	£895.01 per month
5 bedroom rate	£1,499.98 per month	No longer applies- 4 bedroom rate applies

Under 35 Shared Room Rate

4. This change was introduced from January 2013 to reduce the cost of HB for the majority of single claimants aged between 25 and 35 who receive benefit in self-contained accommodation; previously this restriction applied to those under 25. The majority of those claiming benefit in self-contained accommodation now have their benefit entitlement restricted to shared room rate. There were 33 residents within South Cambridgeshire which were identified as likely to receive less benefit because of this change.

Benefit Cap

5. The Benefit cap will be implemented in April 2013. The Cap limits the total amount of welfare benefits for non-working families who claim welfare benefits. The Department of Work and Pensions (DWP) have identified that there are 46 families who have been identified as likely to be affected by the cap. The cap will reduce the amount of

HB for those identified; the average cap in South Cambridgeshire is £60 weekly and the highest cap is £220 weekly. This reduction does not include any reduction to help with council tax benefit.

Social Housing Tenants – Housing Benefit reduction for those under occupying

6. The introduction of a reduction in benefit for working age social tenants (including council tenants) from April 2013 will affect 600 South Cambridgeshire residents. The reduction will mean residents will have to pay significantly more.
 - Reduction for 1 bedroom under occupied
14% of eligible rent
 - Reduction for 2 Bedrooms or more under occupied
25% of eligible rent

Localised Council Tax Support

7. The estimated reduction in budget for 2013/14 is £1m; the Council Tax Benefit expenditure for 2012/13 is £6.4m. The estimate for Council Tax Support for 2013/14 based on the current scheme is £6.72m.
8. Pensioners are protected from the changes and will have benefit for 2013/14 based on current rules.
9. There are currently 3555 pensioners who receive Council Tax Benefit, based on current rules for 2013/14 it is estimated that Council Tax Support will be £3.62m.
10. There are 3051 people of working age who are currently claiming benefit. There are 855 lone parents with children under 5 and 326 claiming benefit who can be considered disabled.
11. There are changes to the exemptions and discounts which could help lessen the impact but doing this will mean that some Council Taxpayers will be paying much more than they do now.

Council Tax Exemptions/Discounts Granted in 2011/12

Exemption	Number	Amount
Class A – Vacant dwellings where major repair works or structural alterations are required, under way or recently completed	225	£179385
Class C – Vacant dwelling, empty and substantially unfurnished	5023	£943220
Second Homes Discount	462	£57785