

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader of Council and Cabinet
LEAD OFFICER: Executive Director, Corporate Services

12 September 2013

LOCALISED COUNCIL TAX SUPPORT SCHEME 2013/14: REVIEW OF OPERATION

Purpose

1. To review the operation of the 2013/14 Localised Council Tax Support (LCTS) Scheme and to consider options for the LCTS Scheme for 2014/15 and make a recommendation to Council.
2. This a key decision because it is likely to:
 - (a) result in the authority incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; and
 - (b) be significant in terms of its effects on communities living or working in an area comprising of two or more wards,

and it was first published in the April 2013 Forward Plan.

Recommendations

3. Cabinet is requested to:
 - (a) note the feedback from the operation of the 2013/14 Localised Council Tax Support (LCTS) scheme;
 - (b) recommend to Council to continue with the current LCTS scheme for 2014/15;
 - (c) agree that the parish grant will not be payable in 2014/15.

Reasons for Recommendations

4. The LCTS scheme for 2013/14 is working well and this scheme appears to be financially viable for 2014/15. Continuation with the current scheme allows time to monitor its operation for a longer period and, together with evaluating other local authority schemes in operation, consider all options for 2015/16.
5. As part of the introduction of LCTS, councils were awarded one-off transitional funding within the Council's formula grant for 2013/14, part of which was passed on to parish councils. Formula grant that the Council receives in 2014/15 will be significantly reduced and no longer include a separately identifiable grant for parishes.

Background

6. The amount of LCTS paid in 2013/14 to date is currently less than estimated; this is a result of a reduction in claimants compared to the number estimated in November 2012. In recent years the number of claimants has increased year on year; this trend has not continued in 2013/14, which is a sign of the current economic climate.

7. The total amount of council tax support awarded to date is shown below:

LCTS Pension Age (100% Scheme)	£3,337,195.02
Protected Working Age (100% Scheme)	£1,150,637.02
Working Age (91.5% Scheme)	£1,334,772.69
Recovered Council Tax Benefit	- £ 54,676.44
Total paid 2013/14 to date	£6,157,928.29

Estimated Council Tax Support 2013/14 £6,506,000.00

8. The amount of support paid to those who are working and not considered vulnerable is around 22% of the total support bill; any significant savings required from a new scheme would need those in this group to pay substantially more council tax. As an example, an 81.5% support scheme would reduce the level of support for 2013/14 by approximately £145,000.
9. The Department of Communities and Local Government provided some additional transitional funding for councils that adopted a scheme which complied with detailed criteria. The scheme which this Council adopted met the requirements and additional grant funding for 2013/14 of £145,777 has been provided to major preceptors in addition to the principal funding. It has been assumed for 2014/15 that this funding will not be available.
10. The Council Tax Collection rate for 2013/14 is currently is 0.02% lower than target, this means that based on a net collectable amount of £88,568,000 there is currently an increase of £157,000 outstanding. The Council Tax recovery team has not identified any trends which suggest that this additional debt relates to those working age residents receiving LCTS or those residents with increased council tax charge due to changes to Council Tax discounts and reductions.

Considerations

Localised Council Tax Support

11. The current LCTS scheme has been easily understood by residents, in particular those who have been affected by the changes.
12. The Council has received to date only one appeal against the LCTS scheme.
13. There has not been a significant increase in the numbers of residents with difficulties in paying their council tax to date, although it is anticipated that collection rates may be slightly down compared to previous years' very high levels.
14. The LCTS scheme currently in operation would still provide a scheme for 2014/15 that would be at a minimal risk to larger preceptors, as the amount of LCTS has been reducing month on month.
15. The introduction of LCTS in addition to other Welfare Reform changes has meant that there has been significant increased contact from residents following these changes. The increased contact was managed as part of a short term additional team within the Contact Centre.
16. Monthly monitoring has been undertaken of the tax base, LCTS expenditure and collection rates to provide assurance; however the LCTS scheme is in its infancy. The opportunity to continue with the current scheme will allow the scheme to bed in and monitoring to continue.

17. The continuation of the current scheme will allow opportunity to explore in full options for 2015/16, including looking at other local authorities to evaluate their LCTS schemes – those which worked well and those which were less successful.

Parish Grant

18. As part of the introduction of LCTS, one-off transitional funding was included within the Council's formula grant for 2013/14, a proportion of which was passed on to parish councils. Parish councils dealt with the effect of the introduction of LCTS on their tax bases in various ways, including many increasing their precept to offset the impact.
19. The formula grant the Council receives will be significantly reduced in 2014/15 and no longer include a separately identifiable grant for parishes.
20. The Council will be informing parish councils in September 2013 of their anticipated tax bases for 2014/15 and (if Cabinet agrees) that a parish grant will not be payable for 2014/15. This early notification will give opportunity for parishes to be fully informed of their tax base well in advance of setting their 2014/15 precepts.

Options

21. The officers involved have been carefully monitoring the impact of the introduction of LCTS including the revisions to Council Tax discounts and exemptions.

Option 1 – Continue the LCTS scheme currently in operation for 2014/15 and look at scheme options for consultation for 2015/16

Option 2 – The alternative option would be consult on and design a new/revised LCTS Scheme for 2014/15; this option would require a considerable amount of work to bring forward alternative schemes

Implications

Financial

22. The costs of the LCTS scheme for 2013/14 are currently forecasted to be less than estimated and provisional estimates for 2014/15 suggest that retaining the current scheme will be financially viable within the context of the Council's Medium Term Financial Strategy.

Staffing

23. The impact of the introduction of LCTS in 2013/14 combined with introduction of a reduction in Housing Benefit for working age for those deemed to be under-occupying was successfully managed within the Contact Centre where additional staff were employed for a short term period. There may be a need for a similar smaller scale project if there are changes to LCTS. Some scoping of possible increase in customer contact and its impact would need to be considered together with likely cost of this provision and funding options.

Equality and Diversity

24. An EQIA was completed for the LCTS scheme for 2013/14. A new EQIA may need to be completed if there are any significant changes to the scheme which reduces the amount of support.

Risk Management

25. The funding arrangements for LCTS means the impact of increased demand and cost is a risk for all major preceptors.
26. The Council and its precepting partners will continue to closely monitor local social and economic changes and ensure that there is a contingency for possible future shortfalls in funding. This means that the scheme proposed has an allowance for these risks by design and currently costs less than budget – this allows for some of the financial risk to be mitigated.

Consultation responses (including from the Youth Council)

27. A large scale consultation for LCTS was undertaken during 2012/13 with the following bodies:

Members of Voluntary bodies, Citizen Advice bureaux, tenants participation group

Major Preceptors

Cambridgeshire County Council
Cambridgeshire and Peterborough Fire Authority
Cambridgeshire Police Authority

Residents face-to-face, by post and online
Scrutiny and Overview Committee – Benefit reform workshop

28. The Council will be undertaking some early consultation in September 2013 with parish councils on the 2014/15 tax base.

Effect on Strategic Aims

29. The provision of LCTS is part of the Council Action to ensure that benefits reform is implemented as smoothly and effectively as possible and this has been achieved with the LCTS scheme in operation for 2013/14.

Background Papers:

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, then they must be available for inspection—

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

- South Cambridgeshire District Council Localised Council Tax Support Scheme 2013/14

Report Authors: Alex Colyer – Executive Director Corporate Services
Telephone: (01954) 713023

Dawn Graham – Benefits Manager
Telephone: (01954) 713085