

**REPORT TO:** Council

25 January 2018

**LEAD OFFICER:** Head of People and Organisational Development

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## **Localised Council Tax Support Scheme**

### **Purpose**

1. To approve the Localised Council Tax Support Scheme for 2018/19

### **Recommendations**

2. That Council approves the Localised Council Tax Support Scheme for 2018/19
  - Option 1 – Continue with the current scheme with the minor technical changes which have been consulted on.

### **Reasons for Recommendations**

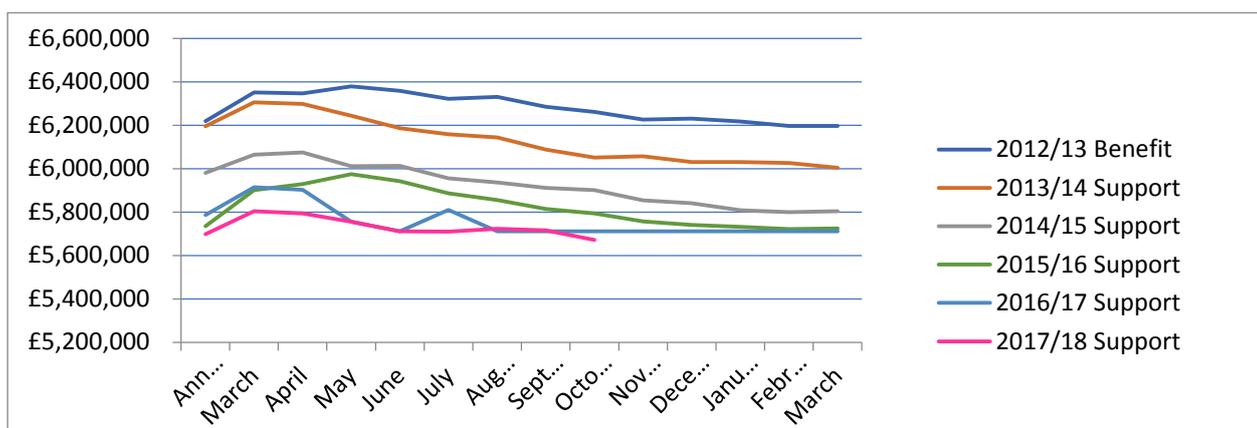
3. The current Localised Council Tax Support Scheme (LCTS) has been in operation since April 2013 and remains almost unchanged since implementation. The general principles of the scheme are of a maximum of 91.5% LCTS for those who are not in protected groups remains currently viable.
4. The continuation of the scheme with some minor technical changes will allow time to evaluate the administration impact of Universal Credit Full Service roll out which for the majority of South Cambridgeshire residents begins in October 2018.
5. A consultation exercise has been undertaken and all respondents agreed with the proposed changes to the scheme as detailed within this report.

### **Background**

6. The LCTS scheme has been in operation since April 2013 and the amount of LCTS has reduced year on year and has been consistently less than the amount estimated. The scheme is working well and appears financially viable for 2018/19.
7. The number of residents receiving LCTS has decreased despite an increase in the number of properties in South Cambridgeshire.
8. The economic climate remains good and it is not anticipated that there will be marked increase in claims or expenditure in 2018/19.
9. The Universal Credit (UC) Full Service rollout for the majority of South Cambridgeshire commences in June 2018; the impact of this has now been

modelled. It is estimated that by the end of 2018/19 that 24% of residents who would have previously received Housing Benefit will be receiving their housing costs as part of a UC Award.

10. It is estimated that of those receiving housing cost as part of a UC award that approximately 90% of these residents will require a separate claim for LCTS.
11. The roll out of UC is likely to be unpredictable and the impact on all teams will need be carefully monitored during 2018/19.
12. LCTS Expenditure 2013 to date:-



Scheme	Pensioner 100%	Working Age Protected 100%	Working Age 91.5%	Recovered Council Tax Benefit	Total
2013/14	£3,275,710.89	£1,554,779.63	£1,266,386.89	£-92,752.17	£6,004,125.36
2014/15	£3,076,545.67	£1,732,739.81	£1,048,470.53	£-83,363.66	£5,804,392.35
2015/16	£2,931,522.71	£1,863,197.35	£1,266,386.99	£-92,752.17	£5,724,761.56
2016/17	£2,807,082.35	£1,882,394.64	£959,388.74	£-9,722.44	£5,639,143.29
2017/18*	£2,740,000.00	£1,930,000	£990,000	£-5,000	£5,655,000.00

\*estimate based on current expenditure

13. The financial arrangements for LCTS mean that any savings which could be achieved would have to be realised from working age claimants; and significant changes to the scheme would be needed to obtain a reasonable amount of monetary saving. The amount of any saving would be then split between preceptors' an example is that a saving in region of £300,000 would need the unprotected scheme to amended to a 60% Maximum Scheme.

### Considerations

14. The current LCTS scheme which has been in place since April 2013 has been in place with a few minor amendments but remained largely unchanged and is understood by residents.

15. The changes proposed are limited in financial impact and mirror changes to rules for other benefits including Universal Credit and Tax Credits and Housing Benefit. The changes enable our Council Tax Support scheme to have the same rules as other benefits that our residents receive.
16. The proposed technical changes to LCTS:-  
Disregard and not include when calculating entitlement to LCTS
  - Bereavement Support Payments
  - We love Manchester Emergency Fund Payments
  - The London Emergencies Trust Payments
  - Some earnings for those receiving Universal Credit (Matching rules for Housing Benefit)
  - Housing cost payments included within Universal Credit
17. The introduction of Full Service UC in June 2018 will result in a significantly increased number of residents being in receipt of UC; the LCTS scheme will be required to be amended in order that UC income is considered as well as the date LCTS is payable from for those in receipt of UC.
18. 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.
19. The careful monitoring of impact of UC on LCTS administration will need to be undertaken as the responsibility for housing cost for working age claimant's moves to the Department of Work and Pensions. Should the Council wish to reduce its administration cost a simplified LCTS scheme would need to be introduced.
20. The Council has to date only received 1 appeal against the design of its scheme since its implementation in April 2013 and this appeal was dismissed by the Tribunal.
21. Council Tax Collection rates have remained high since the introduction of LCTS; providing some assurance that the scheme provides the right balance of support for less well off residents and revenue yield.

### **Options**

22.
  - (a) Option1 – Continue with the current scheme with the minor technical changes which have been consulted,
  - (b) Option 2 – Consult upon and design an alternative amended scheme for operation in 2018/19

### **Implications**

#### **Financial**

23. The cost of LCTS for every year since the introduction has been less than estimates; current forecasting suggest that this will be similar for 2017/18. On this basis, the current scheme modelled with minor technical changes needed for UC would be

affordable in the context of the Council's Medium Term Financial Strategy (MTFS). The introduction of UC may reduce the grant the Council receives towards the cost of administer HB. The notification of any reduction is likely to be received at the end of 2017; modelling has been undertaken to estimate the likely reduction to enable this to be included in the MTFS.

#### ***Legal***

24. The Scheme must be agreed by Council before the end January 2018; residents must be consulted about changes to any scheme proposed.

#### ***Staffing***

25. The implementation of the change from Council Tax Benefit to LCTS required significant extra resources. It is expected that any significant changes to LCTS would increase the contact from residents. A modelling exercise would need to be undertaken for a significantly amended scheme to assess the increase in customer contact, resource requirement and the funding arrangements.

#### ***Risk Management***

26. 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. As already noted in this report the introduction of UC may result in a reduction in grant payment from DWP this has been modelled and an estimate reduction which will enable it to be included within the MTFS.

#### **Consultation responses**

27. A large-scale consultation exercise was completed prior to the introduction of LCTS in 2013.
28. A member's workshop was held in July 2016 giving option to change LCTS and it was agreed the current scheme was the best approach.
29. A consultation exercise has been undertaken with residents and major preceptors with regard to the current proposed changes to LCTS scheme. The response to the consultation was poor but those who did respond 100% agreed with the changes proposed.

#### **Effect on Strategic Aims**

##### **Homes for the Future**

30. The award of LCTS ensures that residents on lower income can afford to pay their Council tax.

#### **South Cambridgeshire District Council Reduction Scheme**

31. A copy of the South Cambridgeshire District Council Tax Reduction Scheme has been published separately with this report on the Council's website or is available to Members on request.

**Background Papers**

The Council Tax Reduction Scheme (Amendment) (England)  
Regulations 2017

South Cambridgeshire District Council Reduction Scheme S13a and Section 1a Local  
Government Finance Act 1992

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