

**REPORT TO:** Cabinet

5 February 2020

**LEAD CABINET MEMBER:** Councillor John Williams,  
Lead Cabinet Member for Finance

**LEAD OFFICER:** Peter Maddock, Head of Finance

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## **Localised Council Tax Support Scheme: 2020/2021**

### **Executive Summary**

1. The purpose of this report is to review the Localised Council Tax Support (LCTS) scheme that applied for 2019/2020 and agree the LCTS scheme for 2020/2021.
2. This is not a key decision as the financial commitments are within the existing budget.

### **Recommendations**

3. **Cabinet recommends to Council, at its meeting on 20 February 2020:**
  - (a) **the adoption of Option 1, comprising the LCTS Income Bands scheme currently in operation, with an uprating of calculation figures in line with the Consumer Price Index;**
  - (b) **the delegation of future annual inflation adjustments to scheme limits to the Head of Finance in liaison with the Lead Member for Finance.**

### **Reasons for Recommendations**

4. The current LCTS scheme was introduced on 1<sup>st</sup> April 2019 to enable the roll out of Universal Credit (UC) to be accommodated by minimising the number of amendments to Council Tax Support arising from UC thereby affording the Council and claimants some stability by not needing to constantly amend the amount of Council Tax payable which would have additional costs for the Council.
5. An uprating of scheme in line with Consumer Price Index (CPI) will ensure that those residents in receipt of benefits and limited means will not be worse-off due to inflation.

### **Details**

6. The LCTS scheme previously in place was considered not fit for purpose following the rollout of Universal Credit (UC) in October 2018. The adopted scheme for working age applicants, introduced effective from 1 April 2019, is an income based scheme which grants a discount based upon the applicant's income. The discount will vary as the applicant's income varies and by the Council Tax band that the dwelling is in.
7. The number of residents who currently receive Universal Credit and receive LCTS is lower than expected to be the case – currently there are 837 residents; compared to the initial estimate this is around 50% of the expected number. The take-up of Universal Credit has been slower than expected and there is some evidence that residents are reluctant to move to UC (thereby delaying making any "change in circumstances" claims where they can).

8. The implementation of the new LCTS scheme in April 2019 has been successful and its objectives and aims have been achieved. There has not been a significant increase in administration and the scheme design means that there has not been an increase in customer contact.
9. The Council consulted widely with residents and stakeholders in 2018. The option supported was a Banded Discount Scheme as it would be a longer term option and ensure that those residents on UC would not encounter the issues which have highlighted in other local authorities where UC has been in place for a longer period.
10. The issues that other Local Authorities highlighted as a result of UC being introduced were as follows:
  - Residents receive multiple bills and are, therefore, confused as to what do they need to pay;
  - Increased number of residents receiving LCTS who are subject to recovery action;
  - Increased contact from residents via telephone and in person;
  - Increased administration for the Revenues and Benefits team;
  - Reduction in collection rates for Council Tax for those in receipt of UC and LCTS.
11. The new banded LCTS scheme, introduced in April 2019, achieved its aims and importantly the issues that had been highlighted above have not been apparent. The significant amount of work which was undertaken to design the scheme has enabled the implementation to be smooth and without any significant impact to residents.
12. The banded scheme operates as follows:
  - A. Calculation of Income:
    - Income is calculated in the same way as Housing Benefit and the previous 2018 LCTS scheme;
    - Universal Credit income received for housing costs, limited work capability, or childcare will be disregarded as income;
    - There are disregards apply for earnings which work which in the same way as housing benefit;
    - There are Income disregards for those who are carers, disabled and/or have children.
  - B. Income is compared to allowance:
    - Single person £80.00;
    - Couple £125.00.
  - C. Maximum eligible Council Tax is assessed:
    - Council Tax weekly liability;
    - Less Non dependant deduction;
    - Equals maximum eligible Council Tax.
  - D. Entitlement assessed and income band assessed.

Further details of the scheme are provided at **Appendix A**, and details of the income bands for both options being considered is provided at **Appendix B**.

13. The current Income Bands LCTS scheme has only been in place since 1 April 2019; and was a major change from the previous scheme. Any further change to the scheme would require a significant resource. The design of a new scheme would also require extensive consultation with residents and stakeholders, combined with considerable resource to redesign the scheme.
14. The DWP uprate the figures for calculation annually to reflect CPI allowing those in receipt of benefits not to be worse off due to inflation.
15. The previous change from Council Tax Benefit in April 2013 to LCTS (a less generous scheme for some residents) resulted in many residents contacting the Council for advice and support. The new scheme was, however, introduced in 2019/2020 without any significant increase in residents contacting the Council and it is expected that this would be replicated with the proposals outlined in the report.
16. The current to date LCTS expenditure for 2019/2020 is £6,130,855. The cost is shared between the major Council Tax preceptors as follows:
  - (a) Cambridgeshire County Council (71%);
  - (b) South Cambridgeshire District Council (13%);
  - (c) Cambridgeshire Police Authority (12%);
  - (d) Cambridgeshire Fire Authority (4%).

This cost is accounted for as reduction of income received from Council Tax; figures shown are averages.

## Options

17. The following options have been considered:

### Option 1:

Continue with the current scheme in place with necessary adjustments for scheme uprating in line with CPI. The estimate of LCTS is broadly similar to the current scheme in place (Option 2), excluding increases to the Council Tax charge.

The Banded Scheme enables smaller changes not to affect LCTS awards. The modelling undertaken based on uprating for CPI will only affect a small number of claimants (65) increasing total LCTS awarded in total by £11,000 annually. The increased cost would be shared between the major preceptors based upon their respective share of total Council Tax.

### Option 2:

Continue with the current scheme in place without any adjustments to the calculation figures to allow for inflation.

This option will be broadly similar in cost to 2019/2020 excluding increases to the Council Tax charge. It would mean that some low income households would be paying marginally more Council Tax although the numbers are small; the cost of living rises in income that a claimant receives may not cover all increases in living cost and they may as a result be financially worse off.

## **Implications**

18. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

### **Financial**

19. The cost of LCTS for every year since the introduction has been less than estimates; based on the options detailed within this report Option 1 or Option 2 scheme as modelled should be affordable in the context of the Council's Medium-Term Financial Strategy. The cost of LCTS is split between the major Council Tax preceptors.

### **Legal**

20. The scheme must be agreed before the end of February 2020 and fundamental changes to the scheme would require consultation with residents.

### **Staffing**

21. The implementation of a major change to the LCTS scheme could require a large amount of extra resource within the Customer Contact Centre. The proposed Option 1 is expected to not require any extra resource.
22. Option 2 would reduce the amount of LCTS awarded to residents. This option could result in increased staff resource required being needed as residents may find the increase in council tax payable difficult to afford.
23. Whilst the cost of LCTS is shared between the major preceptors but this excludes the cost of administration and any increases in staffing cost would be borne directly by the Council.

### **Risks/Opportunities**

24. A significant economic downturn could result in increased demand for Council Tax Support, the cost of which would be borne directly by all major preceptors and could exceed estimates and reduce the income received from Council Tax.

### **Environmental**

25. There are no specific environmental implications arising from the report.

### **Equality Impact**

26. There no changes based on the proposed scheme amendments

### **Effect on Council Priority Areas**

27. Localised Council Tax Support supports those residents with low incomes to afford live in South Cambridgeshire as the Council scheme particularly support those residents who are disabled or carers.

## 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, 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.

The following documents are relevant to this report:

- Localised Council Tax Support 2019/2020 – Report to Cabinet: 5 September 2018
- Localised Council Tax Support 2019/2020 – Report to Cabinet: 5 December 2018
- Localised Council Tax Support 2019/2020 – Report to Council: 21 February 2019
- <https://www.scambs.gov.uk/media/13104/south-cambs-s13a-201920-scheme-v14.pdf>  
Council Tax Reduction Scheme Document 2019/2020 (134 pages)

## Appendices

A: Localised Council Tax Support Scheme: Summary

B: 2020/2021 Banded Discount Tables

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