



Report To: Staffing and Finance Portfolio Holder

15 July 2014

Lead Officer: Executive Director Corporate Services

Localised Council Tax Support Scheme

Purpose

1. To review the operation of the 2013/14 and 2014/15 Localised Council Tax Scheme (LCTS) and to consider options for the LCTS Scheme for 2015/16,
2. This will be 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 Forward Plan on 17 June 2014.

Recommendations

3. That the Finance and Staffing Portfolio Holder: is recommended to
 - (a) Note the feedback from the operation of the 2013/14 and 2014/15 Localised Council Tax Support(LCTS) scheme;
 - (b) Recommend to Cabinet and Council that the current LCTS scheme be continued for 2015/16

Reasons for Recommendations

4. The LCTS Scheme in 2013/14 and 2014/15 is working well and appears to be financially viable for 2015/16. The continuation of the scheme will allow time to evaluate other local authority schemes in operation and assess the administration impact of the introduction of Universal Credit.

Background

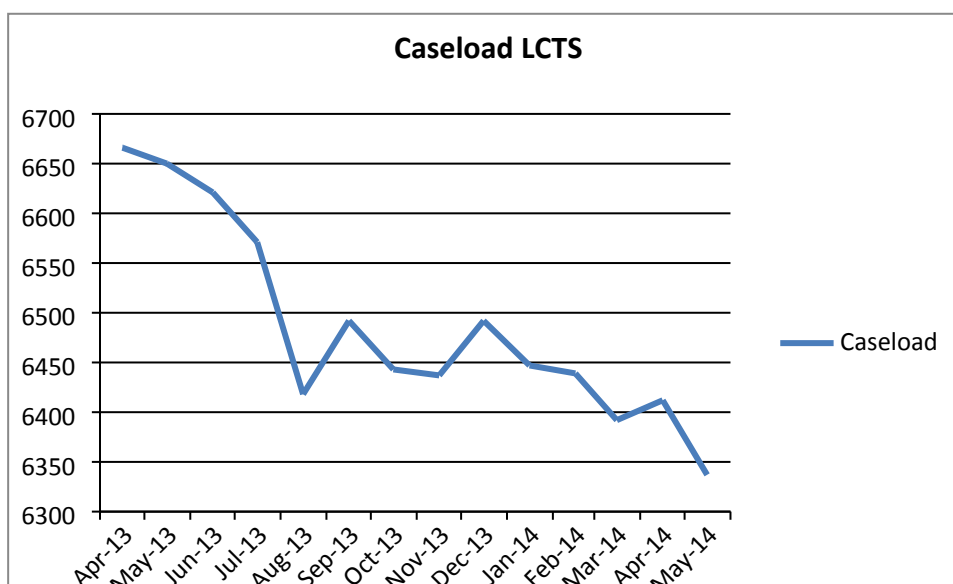
5. The amount of discounts awarded under LCTS in 2013/14 was less than estimate and it appears that this pattern continues in 2014/15 as expenditure is currently less than estimate. The number of residents receiving LCTS has decreased despite an increase in the number of properties within South Cambridgeshire.

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

	2013/14 Actual	2014/15 Current Projected
LCTS Pension Age (100% Scheme)	£3,275,710.89	£3,147,956.35
Protected Working Age (100% Scheme)	£1,554,779.63	£1,609,748.27
Working Age (91.5% Scheme)	£1,266,386.99	£1,270,451.00
Recovered Council Tax	- £ 92,752.17	- £ 10,969.78
Total	£6,004,125.35	£6,017,185.84
Council Tax Support Estimate	£6,506,000.00	£6,236,810.94

The increase in LCTS for 2014/15 is due to annual council tax increases; the increase in LCTS is less than the actual increase in Council Tax Charge.

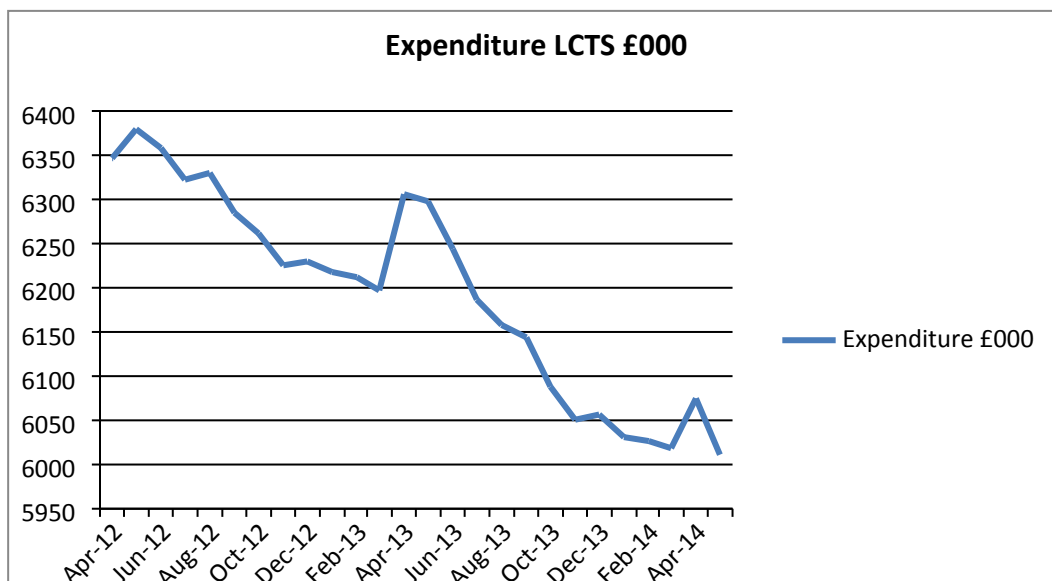
7. Number of residents receiving council tax support has decreased by more than 300 residents since the implementation of Localised Council Tax Support (LCTS) in April 2013.



8. The expenditure incurred for pensioners and those considered vulnerable working age (Protected 100% scheme) is around 79% of the total support bill; this means that savings to working age scheme would have significant effect on the amount of council tax payable for these residents. As an example a reduction of £300,000 shared between all major preceptors would require the working age scheme to be a 70% support scheme.

Considerations

9. The LCTS schemes for 2013/14 and 2014/15 have been easily understood by residents who have been affected by the changes.
10. There has to date been only one appeal against the council's LCTS scheme; this appeal was dismissed by the tribunal.
11. The current LCTS scheme in operation would still provide a scheme at minimal risk to the larger preceptors as the numbers of claimants is falling and expenditure is falling.



Increase expenditure in April is based on increased council tax payable; trend line of expenditure continues downwards.

12. Housing Benefit and the support scheme and Council Tax Benefit are administered together with the same basic which reduces the cost of administration for each claim.
13. The introduction of Universal Credit (UC) will mean that housing benefit for working age claimants will end. The implementation of UC has been slower than expected but is still expected to still be fully implemented by the end of 2017.
14. The introduction of UC will result in a reduction in administration grant and there will need to rationalise and streamline the process for LCTS claims administration to ensure that the cost of processing continues to be affordable. This would mean consideration of alternative schemes which are less onerous and easier to administer going forward.
15. There has been monthly monitoring of the tax base, collection rates and collection rates to provide assurance that the LCTS scheme currently in operation is financially viable.
16. The Council Tax Collection Rate for 2013/14 met the target of 99.1%. There have been no significant issues with collection despite the technical changes in council tax and the introduction of LCTS.

Options

17. **Option 1-** Continue the scheme currently in operation for 2015/16 and look at options for 2016/17
18. **Option 2-** The alternative option would be to consult on and design a new/amended scheme for 2015/16; this option would require considerable amount of work to bring forward alternative schemes.

Implications

Financial

19. The cost of the LCTS scheme for 2013/14 was less than estimate; current forecasting provisionally suggests that this will also be the case for 2014/15. Initial modelling suggests that the current scheme would be viable for 2015/16 in the context of the Council's Medium Term Financial Strategy.

Staffing

20. The introduction of the new scheme in 2013/14 combined with the welfare reform changes in housing benefit resulted in increased customer contact. The additional contact was managed by the contact centre by the employment of team staff for a short period. There would be a need to be a scoping exercise undertaken to assess the possible increase in customer contact, its impact and the likely cost and funding arrangements for providing a similar arrangement for 2015/16 if a change to current scheme was likely.

Risk Management

21. The funding arrangements of LCTS mean the impact of increasing demand and cost is a risk for all major preceptors.
22. The Council and its precepting partners will continue to closely monitor economic and social changes locally to ensure there is a contingency for possible shortfalls in funding. The current scheme has an allowance for these risks by designs and currently costs less than budget; which allows for some of the risk to be mitigated.

Consultation responses (including from the Youth Council)

23. 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

Effect on Strategic Aims

24. The provision of Localised Council Tax Support (LCTS) is part of the council action to ensure the impacts of the welfare reforms are implemented as smoothly and effectively as possible and this has been achieved the scheme which is currently in place.

Background Papers

None

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