



Report To: Staffing and Finance Portfolio
Lead Officer: Executive Director (Corporate Services)

16 August 2016

Localised Council Tax Support Scheme

Purpose

1. To review the operation of the 2015/16 and 2016/17 Localised Council Tax Support Scheme (LCTS)
2. This is not a key decision as the financial commitments are within existing budget.

Recommendations

3. That the Portfolio Holder:
 - (a) Notes the report and
 - (b) Recommends to Council (at the January 2017 meeting) that the current Localised Council Tax Support Scheme be continued for 2017/18.

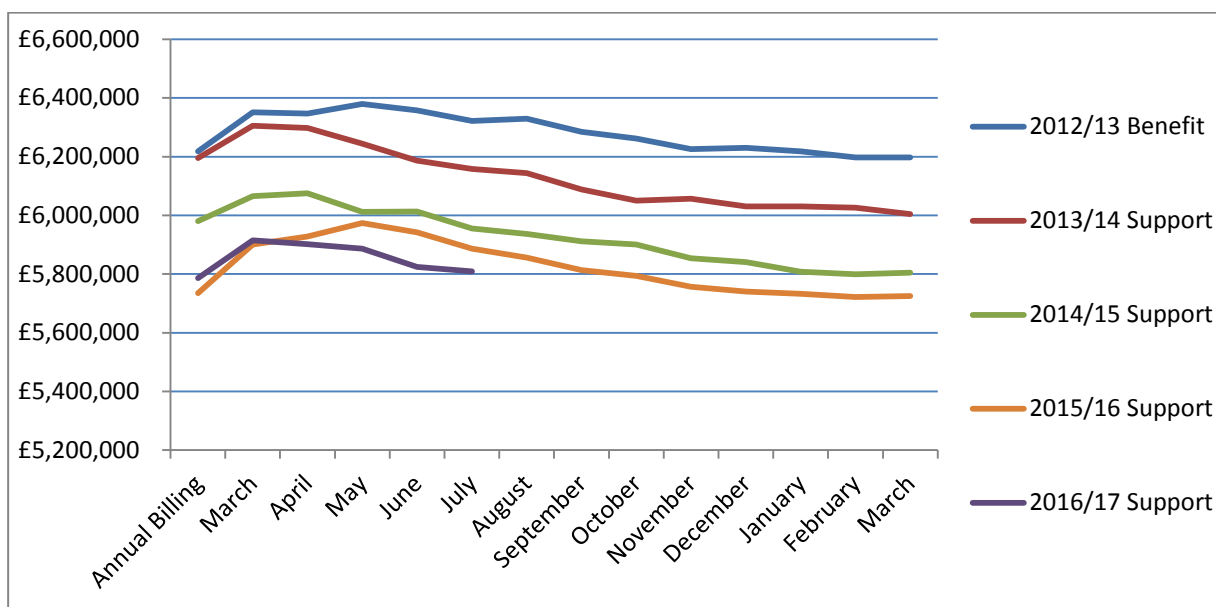
Reasons for Recommendations

4. The current Localised Council Tax Support Scheme has been in operation since April 2013 and remains almost unchanged from this time. The general principles of the scheme of a maximum of 91.5% LCTS for those not in protected groups remains currently financially viable.
5. The continuation of the scheme for 2017/18 will allow time to evaluate the administration impact of Universal Credit roll-out within South Cambridgeshire.

Background

6. The LCTS scheme has been in operation since 2013/14 and the amount of LCTS has reduced year on year and consistently been less than estimate. The scheme is working well and appears to be financially viable for 2017/18
7. The number of residents receiving LCTS has decreased despite an increase in the number of properties in South Cambridgeshire the economic climate is still good and it is not anticipated there will be a marked increase in claims and or expenditure during 2016/17 and 2017/18.

8. LCTS Expenditure



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	£1,266,386.99	- £92,752.17	£6,004,125.36
2014/15	£3,076,545.67	£1,732,739.81	£1,048,470.53	- £63,363.66	£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* estimate	£2,750,000.00	£1,860,000.00	£1,000,000.00	- £10,000	£5,600,000.00

9. The scheme arrangements mean that any savings which could be achieved have to be realised from working age claimants; and significant changes to the scheme would be needed to obtain any significant monetary savings. As an example a saving of £300,000 which would be split between preceptors would result in unprotected scheme needing to be changed to a 65% Maximum Scheme.
10. A member briefing was held in July 2016 where members were given opportunity to provide suggestions for changes to the current scheme; members present agreed to endorsed the approach outlined in this report for 2017/18.

Considerations

11. The current LCTS scheme which has been in place with a few minor amendments but has remained largely unchanged and is understood by residents.
12. The current LCTS scheme provides support to residents on low income in meeting their Council Tax bills at low risk to the precepting Councils as expenditure to date has been falling; this is not expected to continue at the same rate for 2017/18 but is forecast to be within the current budget framework.
13. Housing Benefit and LCTS are currently administered together as means tested benefits, largely, for the same claimants. Should the Council wish to reduce the

administration costs of this activity, as the introduction of Universal Credit will shift the responsibility for assessment to the Government, a much simpler scheme could be introduced. At present, however, there are only 4 claimants in South Cambridgeshire receiving LCTS and Universal Credit. It is not anticipated that the implementation of Universal Credit will be accelerated significantly over the next 20 months but this will be kept under review.

14. The council has only had 1 appeal against the Council's LCTS scheme which occurred in 2013/14 and this appeal was dismissed by the Tribunal.
15. Council Tax Collection rates have remained high since the introduction of LCTS which provides assurance that the scheme provides an effective balance between support for the less well off and revenue yield. The collection rate for 2015/16 was 99.4%, exceeding the performance target there have been no significant issues despite the introduction of LCTS.

Options

16. (a) Option 1 - Continue with current scheme in operation for 2017/18
(b) Option 2 - Consult upon and design an amended scheme for 2017/18.

Implications

Financial

17. The cost of LCTS for every year since the introduction in 2013 has been less than estimates; current forecasts suggest that this will be similar for 2016/17. On this basis, the current scheme modelled for 2017/18 would be affordable in the context of the Council's Medium Term Financial Strategy.

Staffing

18. The implementation of the change from Council Tax Benefit to LCTS required significant extra resources; it would be expected that any significant changes to LCTS would also have an increase in customer contact. A modelling exercise would be needed to be undertaken to assess this increase and the resource required, cost of any increase in resource and funding arrangements.

Risk Management

19. Notwithstanding the comments at paragraph 16, a significant economic downturn with adverse impacts to the local economy, could result in an increase in demand for Council Tax Support the cost of which would have to be borne by all major preceptors, potentially in excess of the budget framework.

Consultation responses (including from the Youth Council)

20. A large scale consultation exercise was completed prior to the introduction of LCTS in 2013.
21. A workshop was held in July 2016 where members were given opportunity to look at options for changing LCTS; it was agreed that to continue with current scheme would be the best approach.

Effect on Strategic Aims

22. The Localised Council Tax Support Scheme is part of the framework that ensures that the impacts of the welfare reforms are implemented as smoothly and effectively as possible.

Background Papers

None

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