

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder Finance and the Interim S151 Chief Finance Officer

To: Cabinet – 8 November 2016

Author: Ken Trotter – Interim Chief Accountant

Subject: Local Council Tax Support Scheme – 2017/18

Purpose: To review specific discounts within the local Council Tax support scheme.

Recommendation:

- 1) That the recommended changes to the Local Council Tax support scheme are reviewed and agreement is given to release them for consultation.

1.0 BACKGROUND

- 1.1 The Local Council Tax Support scheme replaced the former national Council Tax Benefit (CTB) scheme from April 2013.
- 1.2 The scheme for pensioners continues to be prescribed by government, and allows up to 100% support against Council Tax liability.
- 1.3 In 2014/15 South Holland Council Tax Support Scheme required all working age households to pay at least 25% of their Council Tax liability. This scheme has been reviewed annually and retained through 2015/16 and for 2016/17.
- 1.4 In the Medium Term Financial Plan report to the Joint Performance Monitoring Panel and Policy Development Panel committee on 14 December 2015, it was suggested that this scheme be reviewed in 2016/17 as part of other opportunities work in the 2017/18 budget setting cycle. The committee supported this plan as part of the 2016/17 Medium Term Financial Plan.
- 1.5 Detailed examination has taken place with the Governance & Audit committee with reports presented on 28 July 2016 and 15 September 2016.

2. OPTIONS

- 2.1 Option 1 - Retain the existing Council Tax Support scheme for 2017/18.
- 2.2 Option 2 - Examine recommended changes to discounts in the Council Tax support scheme and revise the local policy for introduction in 2017/18 after a period of public consultation and approval by council.

3.0 SUMMARY OF CHANGES

- 3.1 Appendix A sets out the detail of the proposed changes together with some examples of the impact for claimants. However, in summary, the amendments which will be consulted on are:
 - Abolish second adult rebate
 - Introduce a minimum weekly amount (£5) of council tax support
 - Decrease the non-dependant deduction rate
 - Restrict Council Tax to band C

- Lower the maximum capital limit to £8,000 (from £16,000)
- Lower the capital threshold to £3,000 (from £6,000)
- Limit the back dating of benefit to 1 month (from 3 months)
- Remove the family premium for new applications of council tax support
- Reduce the maximum level of discount from 75% to 70%

4.0 REASONS FOR RECOMMENDATION

4.1 The local scheme is now embedded and in its third year of operation. An annual review of discount levels is required, even if there are no changes proposed. National funding for the scheme is diminishing with zero contribution from central government expected by 2019/20 which means that the full cost will be met by the precepting bodies (SHDC, Lincolnshire County Council and the Police).

5.0 EXPECTED BENEFITS

5.1 The Council is able to demonstrate that best practice is followed and that they are proactive in examining policies within the financial framework of the Council to ensure value for money criteria is being satisfied.

6.0 IMPLICATIONS

6.1 Financial

6.1.1 Council Tax support scheme costs in 2016/17 are forecast to be approximately £4,400,000 (£485,000 cost to the council).

6.1.2 Working Age claimants elements cost approximately £1,718,000 with £185,000 (11%) borne by the council

6.1.3 The current Medium Term Financial Forecast approved in February 2016 does not include any planned changes to the levels of discounts for working age claimants.

6.1.4 Recommended changes to the scheme are highlighted in Appendix A which would reduce the overall cost of support by a maximum of £203,777 (Council £21,865) subject to individual claimant circumstances where multiple discounts are being applied.

6.1.5 Individual discount adjustments will affect a maximum of 664 claimants with weekly discount reduction in the range of £0.06 to £26.60 depending on circumstances. The majority of claimants are likely to see a reduction in support of less than £2 per week.

6.1.6 The recommended reduction in the overall level of discount to 70% of council Tax will affect 2,848 claimants with weekly discount reduction in the range of £0.01 to £2.10 depending on circumstances. The majority of claimants are likely to see a reduction in support of less than £0.77 per week.

6.1.7 Final recommended changes to the scheme after consultation will be presented as part of the Budget options report to Cabinet on 10 January 2016.

6.1.8 These changes represent an invest-to-save project with overall costs of £20k anticipated. Lincolnshire County Council has provisionally agreed to contribute £15k with £5k to be funded from the transformation reserve. As part of the consultation with stakeholders the Police and Crime commissioner will be asked to contribute £3k in line with the anticipated reductions in support costs going forward.

6.1.9 Software upgrades are required for further changes of a fundamental nature which are in progress with our system provider for operation in the 2018/19 financial year.

6.1.10 Modelling data from the benefits system continues and analysis of the likely mix of discounts for claimants will be determined as part of the activity which will inform the final recommendations to Cabinet.

6.2 Constitution & Legal

6.2.1 The conditions of the existing scheme were reviewed against applicable legislation in 2012. The revised scheme will be subject to a similar review before it is introduced.

6.2.2 The current hardship policy of the council will be incorporated into the scheme conditions to allow individual cases to be examined as necessary. This is also likely to be used for transitional arrangements for individual claimants as needed.

7.0 WARDS/COMMUNITIES AFFECTED

7.1 All.

8.0 ACRONYMS

8.1 CTS – Council Tax Support

8.2 CTB – Council Tax Benefit

Background papers:- None

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Director / Officer who will be attending the Meeting

Name and Post: Suzanne Jones Interim S151 Chief Finance Officer

Key Decision: No

Exempt Decision: No

Appendices attached to this report:

Appendix A **Working Claimant Discounts**