

Cabinet – 10 January 2016

Local Council Tax Support Scheme

Introduction

The core principles of South Holland's local CTS scheme are: -

- **Protection for : -**
People over pension age (as prescribed by Government)

All War Disablement Pensioners and War Widowers
- **People with children, disabilities or caring responsibilities will be supported**
Retain the core features and continue to apply the wide range of provision in the previous Council Tax Benefit (CTB) scheme that recognised the additional needs of the disabled, those with children and those with caring responsibilities.
- **Incentives to work will be supported**
Retain provision within the previous Council Tax Benefit scheme, thereby maintaining the rate at which support is withdrawn as income increases.

1. 30 June 2016 (2016/17) Council Tax Support caseload and expenditure position

This table shows, as 30 June 2016, the profile between working age and elderly. The Council has no discretion in terms of the expenditure associated with the support for elderly category. Any saving can only be achieved through working age claimants.

	Total Claims	Average weekly CT liability	Average weekly award
All Groups	6,229	£17.92	£13.54
Elderly	3,400	£18.18	£15.15
Working Age	2,829	£17.62	£11.61

The split of 2016/17 scheme expenditure (at 30/06/16) between elderly and working age groups is shown in the following table.

Total	£4,414,615
Elderly	£2,696,090
Working Age	£1,718,525

2. Financial arrangements

Council Tax Support is administered as a local discount and is part of the collection fund. As such the cost of the scheme is borne by major preceptors.

South Holland's share of the cost of local Council Tax Support (based on 2016/17 CT levels) is around 11%, as demonstrated in the following table.

Council Tax 2016/17 Band D	£	% 'share'
Lincolnshire County Council	£1,128.83	75.75%
South Holland District Council	£159.84	10.73%
Police and Crime Commissioner	£201.51	13.52%
	£1,490.18	

3. Options for South Holland's 2017/18 Council Tax Support scheme

It is important that any changes considered for 2017/18 can be supported by current software functionality and this precludes any fundamental changes to the scheme for 2017/18.

There are a number of changes that are recommended that the Council make to the current scheme for working age claimants, which would not represent a radical review, but would allow a reduction in support costs against current expenditure.

These are listed below: -

- Abolish second adult rebate.

The current scheme gives a reduction in Council tax up to 25% to a claimant whose income is too high to receive Council Tax support but who has other adults living in the household whose combined income is low.

Recommendation: Rebate to be abolished

- Introduce a minimum weekly amount of CTS.

At the moment Council Tax Support is paid even if a person is only entitled to a few pence per week.

Recommendation: Minimum weekly amount of £5 to be introduced

- Change non-dependant deduction rates.

A 'non-dependant' is an adult living with a claimant but who is not dependent upon them, for example an adult son, daughter, mother, father or friend.

An increase in the amount of non-dependant deductions would mean those getting more money coming into the household would get less Council Tax Support.

Recommendation: decrease the rebate by 10%

- Restrict Council Tax to a particular band.

Currently there is no restriction on eligibility for Council Tax Support based on the band. If Council Tax Support was restricted, for example to Band D, then the maximum amount of support would be fixed at the level of Council Tax for a Band D; those in bands E, F, G, or H would only receive Council Tax Support based on Council Tax level for a band C property resulting in them having to pay a higher proportion of their Council Tax.

Recommendation: Limit council tax support at Band D for properties in that band or above.

- Review capital limits.

Currently claimants who have more than £16,000 in capital are not entitled to Council Tax Support. Capital can be in the form of land, property, stocks, shares, premium bonds, money held in banks etc. If the capital limit was reduced this would mean some claimants might no longer be eligible for Council Tax Support.

Recommendation: lower the capital limit to £8,000

- Change the lower capital threshold

Currently capital up to £6,000 can be disregarded for the calculation of Council Tax Support. A reduction to this threshold would mean more claimants with savings would have to pay more towards their Council Tax.

Recommendation: Lower the capital threshold to £3,000

- Limit backdating

Currently 3 months, this could be limited to 1 month in line with the governments change in 2016/17 for Housing Benefit.

Recommendation: Limit backdating of award to 1 month

- Remove family premium for new CTS applications.

A family premium is currently awarded on all claims which include children. From May 2016 the government removed this premium from Housing Benefit for all new claims made or babies born.

Recommendation: Remove family premium for new applications from 1st April 2017

- Reduce the maximum amount of CTS

Currently working age claimants can get up to 75% support.

Recommendation: Change the maximum discount level to 70% for all claimants

- No change

Not Recommended

Detail of change	Number of working age claimants affected
Abolish second adult rebate	37
Introduce a minimum weekly amount of £5	246
10% Increase in non-dependant deductions	144
Restriction to Band D Council Tax	25
Reduce capital limit from £16k to £8k	29
Reduce lower capital limit from £6k to £3k	116
Reduce maximum council tax support level to 70%	2848

Reduction in Council Tax Support	Average loss per year	Minimum loss per year	Greatest loss per year	% of Claimants losing above average	% of Claimants losing below average
£187,306	£67.23	£3.32	£1383.27	14%	86%