	<b>REPORT TO CABINET TO BE HELD ON 15 DECEMBER 2015</b>	
	<b>Key Decision</b>	<b>YES</b>
<b>Corporate Priority</b> Building prosperous communities	<b>Forward Plan No.</b>  <b>Cabinet Portfolio Holder</b>	<b>Cllr Helen Mallory</b>  <b>Cabinet Member for Finance, Procurement and Legal</b>

**REPORT OF DIRECTOR (LD) – 15/340**

**WARDS AFFECTED: ALL**

**SUBJECT: LOCAL SUPPORT FOR COUNCIL TAX (LSCT) SCHEME 2016/17**

**RECOMMENDATION (S):**

For Cabinet to recommend that full Council adopts the LSCT scheme for 2016/17 in accordance with Schedule 1A Section 13A of the Local Government Finance Act 1992 (Council Tax Reduction Schemes) with amendments to the current scheme as detailed below.

- Amend the maximum Council Tax liability used in the calculation from the current 90% to 87.5%
- Restrict Backdating of LSCT to 1 month in line with amendments to changes in the Housing Benefit regulations from 1 April 2016.
- Remove the family premium for new claims and new families from 1 May 2016 in line with amendments to changes in the Housing Benefit regulations.

**REASON FOR RECOMMENDATION (S):**

The Council approved and implemented a one year LSCT scheme for 2015/16 and has to agree and set a scheme for providing support for Council Tax in 2016/17 by 31 January 2016 which means that approval will be sought from full Council on 11 January 2016.

The Welfare Reform/LSCT task group has been working on scheme options and considered the latest budget situation in reaching the recommended scheme.

Resources Scrutiny Committee on 24 November 2015 supported the changes outlined above.

## **HIGHLIGHTED RISKS:**

The financial risks associated with LSCT are considerable and there are a number of assumptions and estimated data necessarily used in calculations including:

- The level of people claiming LSCT will not increase significantly above estimated caseload profile
- People will still have the financial means to pay a proportion of Council Tax as well as meeting their other commitments and living needs
- Overall Council Tax collection rates will not significantly decrease

## **1. INTRODUCTION**

1.1 The Council introduced a LSCT scheme in 2013/14 which was designed to meet a number of objectives as follows:

- Existing pension-age Council Tax Benefit (CTB) claimants (and rising pensioners) would be fully protected at current levels;
- Consideration would be given for assisting vulnerable groups aiming to mitigate child poverty, prevent homelessness, assist disabled people and comply with the armed forces covenant as well as work incentives;
- Council Tax bills for working age residents who had previously received 100% Council Tax Benefit would be limited to an increase not exceeding 8.5% to enable access to one-off government voluntary grant; and
- The overall cost of the LSCT scheme would be within budget limitations

1.2 The LSCT schemes approved since then have had similar objectives with the exception of the voluntary grant which was no longer available after 2013/14. By considering a 'flat rate' % maximum Council Tax liability used in the calculation basis for the LSCT scheme for all working age claimants the Council is not favouring or disadvantaging any specific groups.

## **2. CORPORATE OBJECTIVES AND THE COMMUNITY PLAN**

2.1 Of the Council's 5 key themes, Council Tax support is directly linked to Prosperous Communities in that it helps to promote a strong economy and assists financial inclusion and the need to improve employment opportunities and skill levels.

### **3. BACKGROUND AND ISSUES**

- 3.1 The Welfare Reform/LSCT working group has met to consider the various options and financial implications for the 2016/17 LSCT scheme.

### **4. CONSULTATION**

- 4.1 Consultation was carried out with North Yorkshire County Council, North Yorkshire Police and North Yorkshire Fire and Rescue over the period 10 August 2015 to 21 August 2015 with no comments received.
- 4.2 Consultation was carried out with the public over the period 24 August 2015 to 18 October 2015 and the responses are summarised in Annex A

### **5. ASSESSMENT**

- 5.1 The financial impact of the reducing the maximum Council Tax liability used in the calculation of the LSCT scheme is summarised in Annex B with options based on different maximum Council Tax liability models.
- 5.2 In assessing the different options due regard has been given to difficulty in Council Tax collection, the impact on the local economy and overall financial disadvantage to residents. The financial impact of the alternative schemes have been calculated by extrapolating the figures from those for a 90% scheme as we no longer have the modelling tool previously utilised to calculate these.
- 5.3 Based on latest financial and caseload projections plus Council Tax collection rates (especially those residents entitled to LSCT) an 87.5% Council Tax maximum liability ceiling is recommended.
- 5.4 As part of the Government Welfare reforms the Housing Benefit Regulations have been amended so that backdating of Housing Benefit for working age customers will be restricted to 1 month from 1 April 2016. It is proposed that this change is mirrored in the LSCT scheme for 2016/17 to reduce costs in administration and to make it easier for customers to understand the scheme. The exact financial impact of this is unknown as we are unable to estimate how many claims for backdating will be received but the impact is expected to be low.
- 5.5 As part of the Government Welfare reforms the Housing Benefit Regulations have been amended to remove the family premium for new claimants and new families from 1 May 2016. As above It is proposed that this change is mirrored in the LSCT scheme for 2016/17 to reduce costs in administration and to make it easier for customers to understand the scheme. The exact financial impact of this is unknown as we are unable to estimate how many customers will be affected but again the impact is expected to be low.

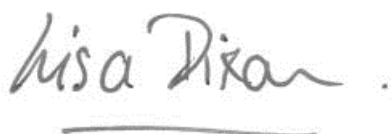
## 6. IMPLICATIONS

- 6.1 The financial implications are centred mainly around Council Tax collection and associated costs. The lower the maximum Council Tax liability used within the LSCT scheme the more difficult it is to collect charges leading to increased administration costs.
- 6.2 The proposed 2016/17 scheme amends the maximum liability used in the calculation of LSCT to 87.5% and uses the majority of other aspects of the previous Council Tax Benefit scheme so is simpler to understand and administer.
- 6.3 A full Equalities and Impact Assessment has been carried out and is included as Annex C
- 6.4 The legal implications include insertion of the Council's LSCT in Section 13A of the Local Government Finance Act.
- 6.5 There are no separate Staffing Implications, Planning Implications, Crime and Disorder Implications, Health and Safety implications, or Environmental implications.

## 7. ACTION PLAN

24 November 2015  
15 December 2015  
11 January 2016

Resources Scrutiny Committee  
LSCT to Cabinet  
LSCT to Full Council



**Lisa Dixon**  
**Director**

**Author:** Guy Shrimpton  
Telephone No: 01723 232368  
E-mail address: [guy.shrimpton@scarborough.gov.uk](mailto:guy.shrimpton@scarborough.gov.uk)

**Background Papers:**  
None

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT PLEASE CONTACT Guy Shrimpton ON 01723 232368. e-mail [guy.shrimpton@scarborough.gov.uk](mailto:guy.shrimpton@scarborough.gov.uk)