

	REPORT TO CABINET TO BE HELD ON 13 DECEMBER 2016
	Key Decision No Forward Plan Ref No
Corporate Priority Building prosperous communities	Cabinet Portfolio Holder Cllr Sandra Turner

REPORT OF: THE DIRECTOR (LD) – 16/279

WARDS AFFECTED: ALL

**SUBJECT: LOCAL SUPPORT FOR COUNCIL TAX (LSCT)
SCHEME 2017/18**

RECOMMENDATION (S):

Members are asked to note the contents of the report and:

- Approve the LSCT local scheme for 2017/18 in accordance with Schedule 1A Section 13A of the Local Government Finance Act 1992 (Council Tax Reduction Schemes) with amendments to the current scheme detailed below.
 - Restrict the period of temporary absence from Great Britain allowed for payment of LSCT to continue from 13 to 4 weeks
 - Remove the Severe Disability Premium (SDP) for people who have a carer who is receiving Universal Credit (Carers Element)
 - Limit the number of Dependants additions to 2 for all dependants born after April 2017.
 - Remove the work component for all new claims for Employment and Support Allowance.
 - Introduce an Exceptional Hardship scheme for people having difficulty paying their Council Tax. This would not be a cash payment, but an additional credit to the Council Tax account to help manage a debt.

REASON FOR RECOMMENDATION (S):

The Council approved and implemented a one year LSCT scheme for 2016/17 and has to agree and set a scheme for providing support for Council Tax in 2017/18 by 31 January 2017. This means that approval will be sought from full Council on 9 January 2017.

The decision will form part of the overall budget-setting process and in designing a scheme due regard has been given to achieving a balanced budget whilst trying to achieve a fair and equitable scheme for the overall benefit of the Borough, it's residents and effects on the local economy.

A report to Resources Scrutiny Committee on 26 October 2016 recommended 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
- A risk matrix is attached as Annex C.

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 previous Council Tax Benefit 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;
- The overall cost of the LSCT scheme would be within budget limitations

1.2 Subsequent Schemes approved have tried to match these objectives.

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 2017/18 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 25 July 2016 to 7 August 2016 with no comments received
- 4.2 Consultation was carried out with the public over the period 8 August 2016 to 2 October 2016 and the responses are summarised in Annex A.

5. ASSESSMENT

- 5.1 Changes to temporary absence -- Previously people could receive Housing Benefit and Local Support for Council Tax for up to 13 weeks if they left Great Britain with an intention to return. Housing Benefit regulations were amended from 28 July to restrict this to 4 weeks. The recommendation is that we mirror this change in the LSCT Scheme for 2017/18. There are exceptions to this rule in Housing Benefits that we would adopt and these exceptions are listed below in appendix A.
- 5.2 Remove the Severe Disability Premium (SDP) for people who have a carer who is receiving Universal Credit (Carers Element).-- Currently in Housing Benefit and LSCT an SDP is not awarded if Carers Allowance is paid to somebody who is caring for the claimant. In cases where a claimant has somebody who receives Universal Credit (Carers Element) the SDP is awarded. Housing Benefit regulations are to be amended to correct this mismatch from April 2017 and we propose to do the same for the LSCT Scheme 2017/18.
- 5.3 Limit the number of Dependants additions to 2 for all dependants born after April 2017 - within the current scheme, applicants who have children are awarded a dependant's addition of £66.90 per child within the calculation of their needs (Applicable Amount). There is no limit to the number of dependant's additions that can be awarded. From April 2017 Central Government will be limiting dependant's additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two. This will only affect households who have a third or subsequent child on or after 1st April 2017. It is proposed that the LSCT scheme is amended to reflect the changes in Housing Benefit and Central Government Benefits. There are likely to be exceptions where: there are multiple births after 1st April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children or where households merge. The Housing Benefit Regulations have not yet been laid and exceptions agreed for Housing Benefit will be adopted in our 2017/18 scheme.

- 5.4 Remove the work component for all new claims for Employment and Support Allowance - from April 2017, all new applicants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in either their ESA or within the calculation of Housing Benefit. It is proposed that the Council's Council Tax Reduction scheme is amended to reflect the changes.
- 5.5 Introduce an Exceptional Hardship scheme for people having difficulty paying their Council Tax. This would not be a cash payment, but an additional credit to the Council Tax account to help manage a debt. The policy is attached as Annex D.

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 A full Equalities and Impact Assessment has been carried out and is included as Annex B
- 6.3 The legal implications include insertion of the Council's LSCT in Section 13A of the Local Government Finance Act.
- 6.4 There are no separate Staffing Implications, Planning Implications, Crime and Disorder Implications, Health and Safety implications, or Environmental implications.

7. ACTION PLAN

26 October 2016
13 December 2016
09 January 2017

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

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

Appendix A – Exemptions to Temporary absence rule

Annex A

Temporary absence table

We have produced this table to illustrate and help identify the differences that now exist between temporary absences within GB and outside of GB.

Circumstances of absence	Within Great Britain	Outside Great Britain
A person detained on remand pending trial or sentence upon conviction or as a condition of bail to reside in a dwelling other than their home	52 weeks	4 weeks
A person in a hospital or similar institution as a patient	52 weeks	26 weeks
A person, their partner or dependent child undergoing medical treatment, medically approved convalescence in accommodation other than residential accommodation	52 weeks	26 weeks
A training course	52 weeks	4 weeks
A person who is absent and undertaking medically approved care of a person residing in GB or elsewhere	52 weeks	4 weeks
A person who is caring for child whose parent or guardian is temporarily absent from the home of that parent or guardian and receiving medically approved care or medical treatment	52 weeks	4 weeks
A person who is receiving medically approved care provided in accommodation other than residential accommodation	52 weeks	26 weeks
An eligible student	52 weeks	4 weeks
A person who is receiving care in residential accommodation and is not staying on a trial basis to ascertain if the accommodation suits his needs	52 weeks	4 weeks
A person who has left their home through fear of violence	52 weeks	26 weeks
A person who enters residential accommodation on a trial basis to ascertain if it meets their needs with the intention of returning home	52 weeks	4 weeks

Circumstances of absence	Within Great Britain	Outside of Great Britain
A person who is absent from GB in connection with the death of their partner or a child for whom he or his partner is responsible, the persons close relative, a close relative of the persons partner or a close relative of a child or young person for whom the person or persons partner is responsible	13 weeks	4 weeks plus additional 4 weeks if the Decision Maker considers it unreasonable for the claimant to return home within the first 4 weeks
A member of Her Majesty's forces posted overseas	13 weeks	26 weeks
A mariner	13 weeks	26 weeks
Continental shelf worker	13 weeks	26 weeks
Any other temporary absence e.g. holiday	13 weeks	4 weeks