

	REPORT TO CABINET TO BE HELD ON 3 SEPTEMBER 2019
	Key Decision No Forward Plan 17 Ref No
Corporate Priority People, Prosperity and Council	Cabinet Portfolio Holder Cllr Janet Jefferson Cabinet Member for Finance and Operations

REPORT OF: THE DIRECTOR (NE) 19/169

WARDS AFFECTED: All

SUBJECT: LOCAL SUPPORT FOR COUNCIL TAX (LSCT) SCHEME 2020/21

RECOMMENDATION (S):

Cabinet recommends to Council:

- No change to the current LSCT scheme for 2020/21 which means the scheme will retain the following key elements:
 - Maximum liability of 87.5%
 - All other elements of the 2019/20 LSCT scheme are retained in the 2020/21 LSCT scheme which broadly mirrors current Housing Benefit legislation.
- Seeks nominations from Group Leaders to establish a cross party working group to consider potential alterations to the 2021/22 LSCT scheme.

REASON FOR RECOMMENDATION (S):

The Council has an obligation and duty to annually set a Local Support for Council Tax scheme in accordance with Schedule 1A Section 13A of the Local Government Finance Act 1992 (Council Tax Reduction Schemes).

The Council approved and implemented a one year LSCT scheme for 2019/20 on 5 November 2018 and has to agree and set a scheme for providing support for Council Tax in 2020/21 by March 2020.

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.

The request for a future working group is due to the implementation of Universal Credit (UC). Presently, the amount of LSCT awarded is determined by a means test, which compares the household income to a household needs allowance. Every time a customer has a change to their income it is necessary to recalculate the customer's LSCT award. As UC is responsive to minor changes in the customer's income, UC awards are often changed on a monthly basis. Therefore, under the existing Working Age LSCT scheme, UC customers who also receive LSCT will also have their LSCT claim amended on a monthly basis to reflect their latest UC award. This is confusing to residents whose monthly scheduled payments are frequently changing and causes difficulties in collecting the charge. The working group will be tasked with making future schemes easier for residents to understand whilst ensuring collection rates are not adversely affected.

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 A.

1. INTRODUCTION

- 1.1 This report sets out proposals for the LSCT Scheme for the Council for 2020/21.

2. CORPORATE AIMS

- 2.1 This report supports the key aims of People, Prosperity and Council of the Corporate Plan.

2. BACKGROUND AND ISSUES

- 3.1 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

in accordance with Schedule 1A Section 13A of the Local Government Finance Act 1992 (Council Tax Reduction Schemes)

- 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 incentivise work;
- The overall cost of the LSCT scheme would be within budget limitations

3.2 Subsequent Schemes approved have tried to match these objectives with the main change being the maximum liability payable has been reduced over time to reflect budget pressures. Additional changes to the scheme have broadly matched changes to Housing Benefit Regulations as they have happened to ensure consistency for residents and staff.

4. CONSULTATION

4.1 No public consultation required as no changes are proposed.

5. ASSESSMENT

5.1 An officer working group was set up to consider the options and financial implications for the 2020/21 LSCT scheme.

5.2 Increasing the maximum liability payable to 100% would cost the Council £750,000 and hence within the current financial climate unaffordable.

5.3 Consideration was given to introducing a banded LSCT scheme, making it easier for residents to understand and simpler and less bureaucratic to administer and collect. However, system modelling was conducted and it showed that many vulnerable residents could be adversely affected by the changes.

5.4 Without full confidence of the software modelling and without detailed discussion and consultation with Members it is proposed that the current scheme (87.5% Council Tax maximum liability) is extended to 2020/21 without any changes is recommended.

5.5 New software enhancements from the national supplier are expected early 2020. This will enable a cross party member / officer working group to consider an holistic approach to introducing a banded LSCT scheme in 2021/22. Any changes to the LSCT will require full community engagement and Council approval.

6. IMPLICATIONS

Financial

6.1 There are no financial implications should Council approve no changes to the current scheme.

Legal

6.2 To comply with Section 13A of the Local Government Act 2012.

6.3 There are no other implications.

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Background Papers:
None

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