



**Localised Council Tax Support Scheme 2018/19  
20 December 2017**

**Report of Chief Officer (Resources)**

**PURPOSE OF REPORT**

To seek a decision from Council on its Localised Council Tax Support (LCTS) scheme for 2018/19.

**This report is public.**

**RECOMMENDATIONS**

- (1) That Council determines whether to retain its existing Localised Council Tax Support Scheme for 2018/19 (Option 1), or to amend it for minor changes to entitlement (Option 2).**
- (2) That the Chief Officer (Resources) be authorised to finalise and publish the Council's approved Scheme for 2018/19 in line with (1) above and make all other necessary arrangements for its implementation in next financial year.**

**1 BACKGROUND**

- 1.1 Following the abolition of the national Council Tax Benefit (CTB) system back in 2013, each billing authority now has a legal duty to adopt a Localised Council Tax Support (LCTS) scheme.
- 1.2 Each authority is also under a legal obligation to consider, for each year, whether to revise its scheme or to replace it with another scheme. The history of the Council's arrangements is summarised below:
  - The first local scheme was adopted in January 2013 for implementation in 2013/14. The Council chose not to reduce support levels at that time, unlike most other local authorities.
  - In reviewing its scheme since then, Council has decided to retain basic council tax

support levels, meaning that working age claimants on low incomes may still be awarded support to cover up to 100% of their council tax bills.

- The Council has applied some other comparatively minor changes, however, on the basis that entitlement criteria for LCTS should generally remain in line with other key benefits, most notably Housing Benefit (HB) and Universal Credit (UC).

1.3 If any council does wish to alter its scheme, it must approve any changes by 31 January. There is currently no provision for changing a scheme in-year.

## 2 OVERVIEW OF THE COUNCIL'S CURRENT SCHEME

2.1 As laid down by Government, there are three general principles that all Local Council Tax Support (LCTS) schemes must follow:

- pensioners should be fully protected;
- vulnerable groups should be protected as far as possible, as determined locally; and
- local schemes should support the positive work incentives being introduced through Universal Credit for working age people.

2.2 The Council's existing scheme meets these principles, giving protection for certain groups and helping to support work incentives. It provides additional protection for vulnerable people through other income disregards, premiums and allowances. It also provides for annual uplifts associated with inflation, etc.

2.3 It is worth reiterating that under legislation, pensioners are protected from any locally driven scheme changes, and so any Council decisions can impact only on working age claimants.

2.4 As Council has so far maintained general support levels, this means that if entitled, a claimant would receive 100% support to cover their council tax bill. Of the 326 schemes in operation nationally, currently the Council is one of the few remaining councils that still provide that full level of council tax support for working age claimants, depending on their circumstances.

2.5 The Council has established an Exceptional Hardship Scheme in relation to council tax support, although given that general support levels have been maintained, demand against this continues to be minimal.

2.6 More information on the Council's current LCTS scheme principles is set out in **Appendix A**. In particular, the Department for Work and Pensions (DWP) operates a "full" Universal Credit (UC) service in this district, and the Council's existing LCTS scheme accommodates this development.

2.7 As the impact of UC grows and caseload for housing benefit reduces, it is anticipated that more authorities will look to implement simplified LCTS schemes that reduce the administrative burden. This is not an option for the City Council in the short-term, but it would be for the medium-term.

2.8 With those points in mind, as is usual Officers consulted with the relevant Portfolio Holder to inform the scope of the consultation to be undertaken on scheme options for 2018/19.

As a result the exercise has focused on only minor amendments, rather than on any fundamental changes. There are two options for Council to consider and these are now presented for Council's consideration.

### 3 OPTIONS AND OPTIONS ANALYSIS

#### 3.1 Option 1:

**Retain the existing Localised Council Tax Support (LCTS) scheme, making no changes.**

- The existing scheme is considered soundly structured but there are some minor issues, drawing on experience over the last year and recognising changes in other welfare benefits.

<b>Key Considerations</b>
<ul style="list-style-type: none"><li>• Previously Council has generally kept various “positive” customer entitlement provisions for LCTS in line with other key welfare benefits, most notably housing benefit and also Universal Credit (UC) – which is growing in significance. This option would break with that, to a small degree.</li><li>• Would have only very marginal administrative implications and cost reductions, if at all.</li></ul>

#### 3.2 Option 2:

**Make changes to the backdating provision and make other minor technical changes to the existing Localised Council Tax Support (LCTS) scheme, to keep various entitlement criteria the same as for other key benefits (e.g. Housing Benefit and Universal Credit) and help reduce hardship.**

- The specific changes for consideration by Council are identified under **Appendix B**. They relate to:
  - removing backdating restrictions where there is good cause to do so; and
  - disregarding (for the purposes of calculating LCTS entitlement) payments made to claimants affected by bereavement or a specific tragedy.
- It is expected that the overall impact on claimants, and any financial impact for the Council, would be very small. In view of this, the changes are presented as a package of measures.
- It is understood that most if not all Lancashire Councils are now looking to replicate all such changes in their LCTS schemes for next year onwards.

### Key Considerations

- Retains existing policy principle of keeping various positive entitlement provisions for LCTS in line with other key welfare benefits; promotes equality.
- To a very small degree, would help prevent the build-up of council tax arrears for a very small number of claimants, and may help to lessen confusion for claimants – entitlement to welfare benefits is considered complex enough.
- Would have very marginal administrative implications and costs, if at all.

## 4 CONSULTATION

4.1 Legislation requires the Council to consult with its major precepting authorities and such persons that it considers likely to have an interest in the operation of its LCTS scheme.

4.2 Accordingly the Council has consulted with those authorities (County, Fire, Police) on the basic scheme options for next year, acknowledging that the organisations share in the financial cost attached to any LCTS scheme. The following responses have been received:

### County Council:

It has no specific comments on the scheme or on the changes. It welcomes, however, that if approved, the changes would have only a minimal impact upon precepting authority finances as the County Council is experiencing an ongoing period of unprecedented financial pressure.

### Fire Authority:

It supports the principles outlined, noting that they should have minimal impact on its precept.

4.3 A limited public consultation has also been undertaken through the Customer Service Centres and with various advice and voluntary organisations including Making Space, Olive Branch, Welfare rights and the Citizens' Advice Bureaux, who were all in favour of the changes. In very simple terms, the majority of the 124 respondents were in favour of the minor scheme changes being implemented (i.e. Option 2). Summary results are as follows:

1) *Do you think the backdating rules should be removed for working age claimants?*

Yes = 59%

No = 27%

Don't Know = 14%

2) *Do you think Bereavement Support Allowance should be disregarded from the LCTS calculation for working age claimants?*

Yes = 60%

No = 23%

Don't Know = 17%

3) *Do you think Emergency funds should be disregarded from the LCTS calculation for working age claimants?*

Yes = 49%

No = 34%

Don't Know = 17%

## 5 CONCLUSION

- 5.1 The Council's existing LCTS scheme works well in terms of providing support. To date the Council has attached a high priority to maintaining the council tax support available to working age claimants (pensioners being unaffected by Council's decisions), and so it has not sought to make any significant savings through reducing its scheme. It has previously only made minor technical changes, to keep LCTS entitlement criteria generally in line with other welfare benefits.
- 5.2 In light of recent experience and Council's stance regarding LCTS, Officers consider that there are positives to be gained by allowing more flexibility around backdating with "good cause" and by keeping the other entitlement provisions in line with other welfare benefits schemes.
- 5.3 That said, the 2018/19 LCTS scheme is a matter for Member decision and it is open to Council to approve either of the options presented.

### **RELATIONSHIP TO POLICY FRAMEWORK**

Either option fits with the Council's Corporate Plan, which includes a success measure of working in partnership to optimise access to welfare benefits and related support.

### **CONCLUSION OF IMPACT ASSESSMENT**

(including Diversity, Human Rights, Community Safety, Sustainability etc)

An Equality and Human Rights Impact assessment has been undertaken and can be found as part of **Appendix C**.

### **FINANCIAL IMPLICATIONS**

As context, currently the LCTS system is estimated to cost £9.3M each year, but this is affected by council tax rates and claimant caseload, as well as the decisions of Council. Of this estimated cost, approximately £1.2M falls to the City Council, with the remainder being covered predominantly by the other major precepting authorities (County, Fire, Police) and a small element being met by Parish and Town Councils.

Should Council approve Option 1, there would be no direct impact on the budget, as it is already assumed that the existing scheme will continue to apply in next year and beyond. There may be some minimal savings arising, but in budgetary terms they would be negligible.

Should Council approve Option 2, there would be some minimal cost to the Council and major preceptors (County, Fire, Police), with an estimated nominal value of around £13K in total, with the City Council's share being less than £2K. Any impact on parishes would be negligible.

The limited consultation exercise meets legal requirements and has been done at minimal cost, paid from within existing shared service budgets.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has contributed to the production of this report, which is in her name (as Chief Officer (Resources)).

**LEGAL IMPLICATIONS**

As set out in the report. Legal Services have no further comments.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

LCTS Consultation Document Autumn 2017

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**Lancaster City Council  
Summary Principles of the Council Tax Support Scheme**

The Council Tax Support Scheme is based upon the following principles and will:

1. be calculated as a means tested discount, defined primarily by the terms of the former Council Tax Benefit (CTB) Scheme;
2. match/reflect as appropriate specific wider welfare reforms introduced by the Government, such as those that impact upon housing benefits and/or universal credit as examples;
3. protect pensioners (a Government requirement);
4. help protect the most vulnerable members of society as far as possible, as determined locally;
5. retain a local arrangement for war pensions to be disregarded in full;
6. support positive work incentives that are built in to benefit those who find work;
7. include a hardship fund to help claimants who suffer exceptional hardship as a result of council tax support changes; and
8. not include a second adult rebate reduction for working age claimants.

**Class of persons**

The scheme sets out rules for working age claimants. Regulations prescribe a scheme for claimants of state pension credit age and prescribe certain classes of persons who are not eligible to claim council tax support.

Eligibility for council tax support is determined by reference to means testing i.e. the income and capital of the claimant and any partner; and by the income and number of non-dependants in the household.

Eligibility for council tax support is defined by the terms of this scheme. The scheme sets out how council tax support is claimed, calculated and paid, except where amendments are required by statute under the Local Government Finance Act 2012 and/or accompanying legislation.

**Class of reductions**

The scheme aligns with the basic principle of the need to create work incentives.

The scheme is based on the system of making deductions from the eligible council tax for each non-dependant person in the household. The categories of non-dependency are set out in the scheme. Income brackets may be altered in line with the general up-rating arrangements in the scheme.

Changes will be reflected in the scheme, as considered appropriate, to reflect the Government's ongoing welfare benefits reforms, such as those affecting housing benefit and universal credit as examples.

## **Applications**

An application will be required for all new claims. An appropriate means of application will be decided by the authority and may be revised as required. A review process may be implemented by the local authority for new and existing awards. Awards may be reviewed in a time period to be determined by the authority and failure of the claimant to fulfil any request during a review of their award may result in the termination of that award.

## **General administration of the scheme**

Apart from where statutorily required, advice of any award granted, removed or revised will be by an adjustment to the council tax bill and the bill itself will be the formal notification. The authority reserves the right to include additional notifications.

## **Changes in Circumstances**

Matters relating to the duty for a claimant to notify the Local Authority of a change in circumstances shall generally replicate those that applied to the former CTB Scheme.

## **Appeals process**

Claimants will submit any appeals to the Council in the first instance for a reconsideration of a relevant decision. Once notified of the outcome of this review, the claimant will have a period of two months from the date of the notification to submit an appeal to the Valuation Tribunal.

## **Backdating**

An award of support may be backdated for a maximum of one calendar month from the date that the claim for backdating is made, providing continuous good cause is shown for the delay in claiming.

## **Up-rating**

Following commencement of the scheme, with effect from 1st April each year any figures set out in the scheme may be up-rated by the consumer price index, retail price index or other rate of inflation set out in the preceding September, or by another rate determined with reference to provisions made for Housing Benefit and Universal Credit, or as decided by the authority.

If the local authority does not revise the scheme for the new financial year, the parameters for the current year will continue to apply for subsequent years.

## **Other Matters**

The scheme may be amended to take into account any circumstances subsequently identified, whether through government statute, or other means.

**Government Welfare Reforms  
Effects on Localised Council Tax Support – April 2018**

<b>Government Changes 2017/18</b>	<b>Effect on LCTS</b>
<p>Currently housing benefit claims can be backdated for a period of up to 1 month for working age claimants, rather than the previous 3 month period, where there is 'good cause' proved by a claimant.</p>	<p>The Council made a decision to match this change in the LCTS scheme from 1 April 2017. However, experience has shown that some claimants are losing out on support, by being unaware of the need to claim LCTS separately.</p> <p>Whilst the Council is proactive in promoting the LCTS scheme, the shorter back-dating period currently in operation has adversely affected a small number of claimants and therefore, under Option 2 of this report, the scheme would be amended to remove any back-dating time constraints, in appropriate circumstances.</p> <p>Impact: With the increased back-dating flexibility, customers would receive LCTS for all periods to which they are entitled to if they can show good cause, and this in turn would reduce administration slightly. It would avoid difficulties for those unaware of the new rules surrounding Universal Credit and the need to claim LCTS separately. It would create a small policy inconsistency between housing benefit and LCTS, however, which would need to be managed and communicated.</p> <p>Marginal cost to the Council.</p>
<p>From April 2017 the Department for Work and Pensions (DWP) has introduced a new benefit called Bereavement Support. This is for working age applicants whose partner dies. It replaces Bereavement Payments, Bereavement Allowance and Widowed Parents Allowance.</p> <p>DWP currently disregard this support payment in the housing benefit scheme.</p>	<p>Under Option 2, this change would be mirrored in the LCTS scheme from 1 April 2018. In doing so, the Council would be able to disregard any amounts in the calculation of CTS.</p> <p>Impact: It would bring the LCTS scheme for working age claimants in line with the housing benefit changes made by Government.</p> <p>The change would be fairer to applicants who have recently lost their partners.</p> <p>The Council is unable to quantify the number of claims affected, but any implications are likely to be negligible.</p>
<p>From 19.06.17 the DWP disregards the 'We love Manchester Emergency Fund' and the 'London Emergency Trust'</p>	<p>Under Option 2, this change would be mirrored in the LCTS scheme from 1 April 2018, with provision to recognise any other such Emergency Funds arising in</p>

<p>payments from the calculation of housing benefit.</p> <p>.</p>	<p>future. In doing so, the Council would be able to disregard any payments in the calculation of LCTS.</p> <p>Impact:</p> <p>It would bring the working age LCTS scheme in line with the housing benefit changes made by Government.</p> <p>The change would help financially those people affected by a tragedy.</p> <p>The Council is unable to quantify the future potential effect, although it could well be none.</p>
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**Lancaster City Council's Equality Impact Assessment**  
**Council Tax Support Scheme 2018/19**

**Section 1: Details:**

<b>Service</b>	Revenues & Benefits Shared Service Resources
<b>Title and brief description (if required)</b>	Council Tax Support Scheme
<b>New or existing</b>	Existing
<b>Author/officer lead</b>	Lead –Head of Shared Service
<b>Date</b>	28th November 2017

**Does this affect staff, customers or other members of the public?**

Yes

**Section 2: Summary:**

**What is the purpose, aims and objectives?**

The Local Government Finance Act 1992 as amended, sets out measures requiring all billing authorities to introduce and maintain a LCTS scheme for each financial year.

The main aims of the changes proposed for the LCTS scheme are to ensure fairness and consistency, and to help reduce confusion for claimants.

**Who is intended to benefit and how?**

Under any scheme, support for pensioners must remain at existing levels, and the scheme must be delivered through a national framework of criteria and allowances.

For working age claimants, Councils can choose – through the design of their scheme – whether to alter support entitlements in some way.

Including the wider Government welfare reform changes in the Council's LCTS scheme (for those bereaved, or involved in a specific tragedy) makes it easier for customers to understand and ensures a consistent and equitable approach across the different benefits customers may be receiving.

Policies and procedures are structured to ensure that all customers receive the correct amount of support and that every claim is considered on its own merits and in accordance with legislation and Government guidance.

### **Section 3: Assessing impact**

<b>Is there any potential or evidence that this will or could:</b>		
• Affect people from any protected group differently to others?	Yes	
• Discriminate unlawfully against any protected group?		No
• Affect the relations between protected groups and others?		No
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?		No
• Prevent the council from achieving the aims of its' Equality and Diversity Policy?		No

The draft LCTS scheme for 2018 has been subject to a public consultation ending on 7th November 2017 covering a number of technical changes listed in this Equality Impact Assessment. The results form part of the Council Report recommending the final LCTS scheme for 2018/19. The consultation was open to everyone in the community.

We hold household and income details of current Council Tax Support recipients but this was not used as part of the consultation. We have access to wider population statistics and can assess equality monitoring data available as part of the survey.

Age including older and younger people and children	Positive re: pensioners - as they are protected from any changes, as directed by Government.  Any minor impact from the scheme changes would affect working age claimants only.
Disability	Disabled customers are not adversely affected by the proposed changes, and are not disadvantaged in comparison to other groups.
Faith, religion or belief	Neutral.
Gender including marriage, pregnancy and maternity	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.
Gender reassignment	We do not anticipate this policy will have a particular equality impact on this protected group.
Race	Potentially but if so, very marginally – BME populations seem to be over- represented in unemployment figures and so this may feed through into LCTS claims and entitlement.
Sexual orientation (Including Civic Partnerships)	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.
Rural communities	No specific evidence. We do not anticipate this policy will have a particular equality impact on this protected group.
People on low incomes	The scheme relates predominantly to this group, but numbers affected by the specific proposals are expected to be very low.

#### **Section 4: Next steps:**

**Do you need any more information/evidence eg statistics, consultation? If so, how do you plan to address this?**

No further evidence required.

Consultation closed 7<sup>th</sup> November 2017. Results to be considered as part of the Council report submitted to full Council, meeting scheduled for 20<sup>th</sup> December 2017.

**How have you taken/will you take the potential impact and evidence into account?**

This Equality Impact Assessment forms part of the Council report to be presented to Members at full Council in December 2017.

**How do you plan to monitor the impact and effectiveness of this change or decision?**

If the proposals for change are implemented effective from 1 April 2018 customer feedback will be encouraged and monitored to identify any adverse impacts. The reasons for applications to the Discretionary Hardship fund will be analysed to establish if any group is suffering extreme detriment under the LCTS scheme to enable action to be taken.

For customers affected by these changes in the short term the council has a Hardship Fund, available to assist vulnerable customers, experiencing difficulty in meeting their Council Tax liability.