Council Tax Reduction Scheme (LCTRS)

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Agenda

• Background
• Proposals for 2016/17 LCTRS
  • Consultation
  • Case studies
  • Financial impact
  • Summary of recommendations to Cabinet
• Questions

Background

• LCTRS arose out of the spending review 2010
  • Support for council tax benefits localised from 2013-14
• Every billing authority to determine local scheme
• Part of Local Government Finance Bill
• Support will take form of discounts within the council tax system
• Impact on Taxbase for Council Tax

Background

Current LCTRS arrangements:

• Broadly the same as the old Council Tax Benefit scheme
• Supports 7005 households
  • 54% (3,799) are pensioners
  • 46% (3,206) categorised as working age
• Means tested
• Maximum entitlement is 100% of Council Tax liability
• Special provision for war pensioners and the war disabled
• In 2014/15 LCTRS payments amounted to £6,949,325.06

Proposals for LCTRS 2016/17

• The Council is required to review LCTRS each year
• In August 2015 – 6 week consultation took place with residents via the Citizens Panel
• A range of options proposed
• Cabinet to consider proposals for the 2016/17 LCTRS on the 30 November 2015.
Questions shaped following discussions with the Cabinet which sought views on:

- Status quo (maximum LCTRS = 100% of CT Liability)
- The maximum amount of Council Tax liability which could be used in the calculation of LCTRS to 95% (this represents a 5% reduction)
- The maximum amount of Council Tax liability which could be used in the calculation of LCTRS to 90% (this represents a 10% reduction)
- The maximum amount of Council Tax liability which could be used in the calculation of LCTRS to 80% (this represents a 20% reduction).

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LCTRS consultation (2)

- 14 August 2015 to the 25 September 2015
- 159 responses received
- 75% preferred to change the LCTRS
- 24% preferred that maximum LCTRS should be 95% of CT liability
- 24% preferred that maximum LCTRS should be 90% of CT liability
- 51% preferred that maximum LCTRS should be 80% of CT liability
- 78% agreed that the maximum period for backdating LCTRS claims should be 4 weeks.
- With regards the inclusion of savings in the calculation of LCTRS, 53% preferred to keep the limit at £16,000.
- In terms of implementation, 65% preferred that any changes to the LCTRS scheme should apply to everyone.

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Case studies

(assuming LCTRS is set at a maximum of 80% of CT liability)

Single Claimant aged 39 living in Stratford-upon-Avon on Employment & Support Allowance (Income Related) £109.30 per week and Disability Living Allowance Care £55.10 and Mobility components £21.80 per week totalling £186.20 per week. Claimant is living in a one bedroom property owned by a social landlord.

- Current LCTRS = £17.36 per week / £907.51 per annum
- New LCTRS = £13.89 per week / £726.01 per annum
- Increase CT payment = £181.50 per annum

Claimant is part of a couple aged 41 living in Stratford-upon-Avon on Income Support with a partner aged 44 and two children aged 10 and 13. Claimant is living in a three bedroom property owned by a social landlord. Their total income would be £327.11 per week including Child Tax Credit and Child Benefit.

- Current LCTRS = £29.75 per week / £1,555.74 per annum
- New LCTRS = £23.80 per week / £1,244.59 per annum
- Increase CT payment = £311.15 per annum

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Financial Impact on SDC and major precepting authorities

(based on an 80% maximum LCTRS entitlement)

- LCTRS recipients should pay a minimum of 20% of their Council Tax bill
- This option would produce savings around £718,336 based upon current entitlements
- The savings would be split between the precepting partners in line with the current share of the collection fund. This can be estimated as follows:
  - Warwickshire County Council - £548,800
  - Warwickshire Police & Crime Commissioner - £86,000
  - Stratford District Council - £58,500
  - Town/Parish Councils - £25,000
- NB: impact on compensation to Town and Parish Councils for the loss in taxbase.

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Summary of recommendations to Cabinet – 30 November 2015

- To leave the LCTRS unchanged for 2016/17
- To continue to make provision for additional support for war pensioners and the war disabled
- To limit the maximum period upon which an LCTRS claim can be backdated is four weeks, which is in line with the current Housing Benefit scheme
- To apply the national welfare benefit uprating in the 2016/17 LCTRS
- To undertake evidence gathering, recognising the need for long term sustainability, with a view to changing LCTRS in 2017/18

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QUESTIONS?