

Report of the Interim Deputy Chief Executive

LOCAL COUNCIL TAX SUPPORT SCHEME 2019/201. Purpose of report

To seek approval for arrangements to operate in 2019/20 in respect of the Local Council Tax Support Scheme (LCTSS).

2. Background

Members will recall that council tax benefit ceased at the end of 2012/13 and was replaced by a Local Council Tax Support Scheme defined by each Authority. Cabinet considered the LCTSS on 27 November 2012 and the new scheme was approved by Council on 19 December 2012. The new scheme was effectively the government's default scheme with due allowance being made to allow the continuation of the discretionary policy relating to the treatment of war pensions.

The current scheme allows for up to 100% of the council tax liability to be paid in council tax support. The majority of councils have not adopted this approach. Most have passed some of the reduction in funding on to LCTSS recipients. The council had benefitted from the overall bill for LCTSS falling from 2013/14 to 2016/17 as the numbers of claimants requiring support has reduced. In 2017/18, there was a small increase that is attributed to the other precepting authorities increasing their share of the Council Tax.

3. Financial implications

There are no direct financial implications arising from the proposals in respect of LCTSS. The 2019/20 budget will be set on the basis of existing estimates of take-up and collection.

Recommendation

The Committee is asked to RECOMMEND to Council that the current LCTSS remains in place for 2019/20.

Background Papers: Nil

APPENDIX

1. Council Tax Support to Date

The Council has maintained a consistent approach to the administration of LCTSS, which has been influential in the continued high level of Council Tax collection. Many council's adopted schemes which required all those Council Tax payers receiving support to pay a minimum of 8.5% up to 100% of their liability.

In doing this, they have seen a significant increase in the number of small levels of Council Tax required to collect, with the associated costs that come with this approach. At Broxtowe, the methodology of continuing with a scheme, almost identical to Council Tax Benefit, has ensured a greater understanding for the people of the borough, whilst also seeing an improvement in relation to collection.

The estimated charge for the LCTSS in 2018/19 is £6,794,663, which is a rise of 1.7%.

Year	LCTSS charge (£)
2017/18	6,676,016
2016/17	6,661,822
2015/16	6,799,286
2014/15	6,909,373
2013/14	7,192,268

2. Proposals for 2019/20 Onwards

The current scheme has worked successfully with no administration issues. Financially the overall position is better than expected as the overall LCTSS spend has stabilised with no adverse effect being seen on the collection rates and no significant changes in arrears and collection costs.

From 2014/15 the LCTSS grant to local authorities has not been separately identified but has been subsumed within the overall funding assessment which sets figures for revenue support grant and business rates. The government has on several occasions indicated that it has made no moves to further reduce funding towards the LCTSS but this cannot be quantified due to the lack of a financial breakdown.

The issue to be resolved, therefore, is whether or not the Council wishes to change from the current arrangements to claw back some of the reduction in funding that the government is imposing. Any scheme changes would have to go through a formal consultation process and so a decision is required at the earliest stage, not only to complete the consultation, but to allow for the planning of any scheme changes within the system itself.