

REPORT TO THE EXECUTIVE MEETING OF 11<sup>th</sup> JULY 2016

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**Meeting:** Executive  
**Date:** 11<sup>th</sup> July 2016  
**Subject:** Local Council Tax Support Scheme 2017/18  
**Report of:** Head of Finance and Corporate Services (s151 Officer)  
**Portfolio Holder:** Councillor Phil King  
**Status:** For Information  
**Relevant Ward(s):** All

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1 Purpose of the Report

1.1 To advise Executive on plans to consult on changes to the current Local Council Tax Support Schemes operated by the billing authorities within Leicester, Leicestershire and Rutland with effect from April 2017.

2 Recommendations:

2.1 To note that a joint public consultation is to be undertaken in Summer 2016 in liaison with the County Council, Leicester City Council and other District Councils regarding potential changes to the levels of council tax support provided to working age claimants;

2.2 To note that revised schemes, if appropriate would need to be considered and approved by each Council prior to the setting of the Council Taxbase for 2017/18 in December.

3 Summary of Reasons for the Recommendations

3.1 To enable the review of Council Tax Support Schemes, in liaison with billing authorities and major preceptor authorities (the County Council, Police and Fire authorities) so that resulting changes can be reflected in 2017/18 revenue budgets.

4 Key Facts

4.1 The Government reformed the national Council Tax Benefit scheme and abolished council tax benefits (CTB) from 1 April 2013. At the time the government said it would reimburse councils approximately 85% of the historic

cost of council tax benefit to fund the schemes, but pledged no additional funding to meet increased demand. Funding has since been rolled into revenue support grant which has since been cut further.

- 4.2 As a result of the changes the billing authorities, working with the major preceptors, established local schemes to replace the CTB scheme. Pensioners were to receive the same level of support as under CTB but working age recipients could be granted reduced levels of support, to offset the 15% funding reduction referred to above.
- 4.3 The Government provided one-off transitional funding in 2013/14 if schemes met certain criteria, the main one being a minimum level of 91.5% support. Of the seven Districts, all but Harborough set their 2013/14 schemes at 91.5%; Harborough's scheme was set at 85%, Leicester City Council's at 80% and Rutland's at 75%.
- 4.4 Following the removal of the 2013/14 one-off transitional grant funding, the six districts which had accepted that funding consulted again during 2013 and for 2014/15 revised their Schemes to provide 88% support in Hinckley & Bosworth and Melton, and 85% support in Blaby, Charnwood, North West Leicestershire and Oadby & Wigston. No changes were made to the Harborough, Leicester City and Rutland schemes.
- 4.5 For 2015/16 and 2016/17 the billing authorities have maintained their schemes at the same levels of support. In summary these are:

Blaby	85%
Charnwood	85%
Harborough	85%
Hinckley & Bosworth	88%
Melton	88%
NW Leicestershire	85%
Oadby & Wigston	85%
Leicester City	80%
Rutland	75%

- 4.6 The billing authorities and major preceptors have worked together to implement the changes. All parties have contributed funding for additional administrative costs and for the provision of Discretionary Discount Funds (DDFs), to provide support for residents facing financial hardship.
- 4.7 Although it was expected that there could be significant issues with non-payment of the element that the relevant residents would be required to pay, this has not materialised. Collection rates in Harborough remain the highest of the Leicestershire Districts with collection rates of 98.4% and 98.6% over the past three years. In addition, calls on the DDFs have been much lower than originally anticipated.
- 4.8 Income from residents of working age paying a share of the Council Tax is split between the billing authority (Harborough Council) and the other

preceptors (Leicestershire County Council, Leicestershire Police and Leicestershire Fire Service).

- 4.9 It is considered timely to review and consult on the current scheme and any potential change to the current level of working age support. Government guidance supports the regular review of the scheme.
- 4.10 Initial discussions have taken place with the Chief Finance Officers of all the Leicestershire Councils who in the context of reducing Revenue Support Grant (from which LTCS is funded from) and a desire to continue funding for discretionary discount funds for those in hardship (funded by all preceptors) support two key activities
- (a) A joint public consultation by the City Council and the Leicestershire billing authorities
  - (b) Modelling of the impact of changing the level of support from the current 85% to 80%, 75% and 70%
- 4.11 The s151 Officer has agreed that these activities are necessary to inform Member consideration of a change in the scheme later this year. To this effect, a joint public consultation led by the City Council is proposed to take place over 12 weeks over the summer. The consultation will be hosted by the City Council will links from the billing authorities' websites. This Council will ensure through a communications strategy and social media awareness that relevant bodies/individuals are aware of the consultation.
- 4.12 The billing authorities and preceptors are separately commissioning some modelling to look at the impact of changes on Council Tax collection and impact on particular groups that are impacted by any change in the future. Some initial modelling indicate that reduction in support levels from the current 85% would generate an additional Council Tax income of £6,937 (80%), 13,874 (75%) and £20,881 (70%). These figures are for the Harborough share. The major beneficiary of changes is the County Council as the major preceptor (£115,957 at 70%). There is the expectation that the County Council along with the billing authorities will continue to share costs of administering the schemes and the DDF – by implication the County Council will be the major beneficiary.
- 4.13 The results of the consultation will need to be considered by the billing authorities, in liaison with the major preceptors in the autumn so that any changes can be included in the tax base for 2017/18 which is due to be agreed in December 2016

## 5 Resource Issues

- 5.1 Changes in the LTCS scheme from the current 85% support level should lead to an increase in the level of Council Tax collected. However, there is a risk that collection rates do not increase as expected due to non payment. There may also be additional demands on the DDF

6 Equality Impact Assessment Implications/Outcomes

6.1 Changes to the Council Tax Support will impact upon residents of Leicestershire of working age in receipt of Council Tax support. It will be necessary to ensure that in carrying out the consultation due regard is given to including all sections of the community. An equality impact assessment will be completed following the consultation as part of the future report to Council.

7. Risk Management Implications

7.1 There are no direct risks arising from undertaking the consultation

8 Consultation

8.1 The Portfolio Holder for Finance and Commercialisation has been consulted. It is a requirement that a consultation process is undertaken for any review of the scheme. This will be undertaken over a 12 week period in the summer.

8.2 Government legislation places a statutory duty on billing authorities to design and agree an LTCS scheme. Schemes for an upcoming financial year must be agreed upon by January 31<sup>st</sup> each year. If any changes are suggested, councils must run a consultation with stakeholders, including residents. Any changes to schemes come into effect on the first day of April.

9 Background Papers

9.1 Current LTCS Scheme

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**Previous report(s): Council, 21<sup>st</sup> January 2013 – Adoption of Scheme**

**Information Issued Under Sensitive Issue Procedure: N**

**Ward Members Notified: N**

**Appendices:**