

Consultation Questions

1. Of the three options, which do you prefer *(please tick one only)*:

Option 1
an increase in the liability reduction to around 55% to address the funding shortfall,

Option 2
an increase in the liability reduction to around 35% to address the funding shortfall.

Option 3
Other between 35% – 55%, please detail below.

2. If you prefer a different percentage reduction than those proposed, please comment below, with the rate and reasons

3. Do you feel that the following changes should be introduced

Remove Family Premium	Yes / No
Reduce backdate from 6 months to 4 weeks	Yes / No
Ensure rules around earnings mirror the Housing Benefit scheme	Yes / No
Amend Universal Credit deductions	Yes / No

4. Do you have any other comments regarding the proposed changes to the scheme?

Please return your completed questionnaire by 23rd November 2015 to:

LCTS Officer, Kettering Borough Council, Municipal Offices, Bowling Green Road, Kettering, NN15 7QX

Alternatively you can respond to the consultation online at www.kettering.gov.uk/LCTS

Have Your Say



Local Council Tax Support Scheme Review

Kettering
Borough Council

Local Council Tax Support Scheme Review

Kettering Borough Council is consulting on its Local Council Tax Support Scheme (LCTS) in line with Government legislation. The consultation process will run for 8 weeks and customer feedback will be considered as part of the decision making process. Any changes to the scheme must be approved by Full Council before the 31st January 2016.

Background

Council Tax Support was introduced in April 2013 to replace Council Tax Benefit as a result of changes made by central government. Previously, 100% of the cost of Council Tax Benefit payments was reimbursed to local authorities – under the new scheme the government has reduced the level of funding provided.

As a result of reduced government funding, a new scheme for working age customers was introduced after extensive consultation. The scheme reduced the maximum award of support from 100% to 85%. This was phased in over two years. Following a further public consultation exercise last year, this was subsequently changed to 25% for 2015/16.

The national funding for the scheme will be further reduced in 2016/17 and if the scheme continues in its current format Kettering Borough Council will face a shortfall of around £114,000 in 2016/17, this would not be in line with the council's budget guiding principles where national funding cuts are not subsidised at local level. The actual cost of the scheme in 2013/14 and 2014/15 together with the estimated cost of the scheme in 2015/16 and 2016/17 if the liability reduction remains at 25% is shown in **Table 1**.

Table 1

Financial Year	Net Annual Cost of LCTS Scheme	Cumulative Impact
2013/14	(£92,000)	(£92,000)
2014/15	(£13,000)	(£105,000)
2015/16	£28,000	(£77,000)
2016/17	£114,000	£37,000

The scheme is administered at a local level and is currently split between the following two areas:

- one for pensioners which is a national scheme
- a local scheme for working age customers.

Pensioners are protected by legislation and their scheme will remain unchanged.

This consultation relates solely to the local working age scheme.

In 2013/14 certain exemptions on empty properties were amended in order to assist funding of the shortfall in the new scheme, these amended exemptions will remain in place and no further amendments are proposed.

Proposals

There are three main options available for changing the liability reduction that adhere to the Council's current policy position. Kettering Borough Council is therefore consulting on each of these options as detailed below. However options 1 and 2 should be considered the maximum and minimum options, you may wish the council to consider other options that are between these figures. These options should be detailed at section 1 of the questionnaire:

Option 1

Adjust the level of the liability reduction based on the 'annual cost' of the Council Tax Support Scheme. This would require a liability reduction of around 55% for 2016/17 meaning that working age customers would have to pay at least 55% of their Council Tax Bill. This reduction would require lower increases to the liability reduction in future years

Option 2

Adjust the level of the liability reduction based on the 'cumulative cost' of the Council Tax Support Scheme over the medium term (4 years). This would require a liability reduction of around 35% for 2016/17 meaning that working age customers would have to pay at least 35% of their Council Tax Bill. This reduction would require higher increases to the liability reduction in future years.

Option 3

Adjust the level of the liability reduction based on an alternative figure between 35% and 55%.

The average Council Tax Band in Kettering is a Band B (the annual liability in 2015/16 is £1,147.51). Table 2 shows the current amount of Council Tax a customer pays in 2015/16 and the proposed amount for both Option 1 and Option 2 (and assumes Council Tax levels in 2016/17 are the same as in 2015/16) and assumes that the customer receives the maximum benefit they are entitled to.

Table 2

Scheme	Reduction	Annual Amount To Pay	Weekly Amount To Pay
Current scheme	25%	£286.88	£5.51
Option 1 Liability reduction based on the 'annual cost' of the Council Tax Support Scheme	55%	£631.13	£12.14
Option 2 Liability reduction based on the 'cumulative cost' over the medium term of the Council Tax Support Scheme	35%	£401.63	£7.73

Proposed Scheme Amendments that align the Council Tax Support Scheme with the national changes being made to Housing Benefits

REMOVING THE FAMILY PREMIUM FOR ALL NEW WORKING AGE CLAIMANTS

The removal of family premium from 1st April 2016 for new claims will bring the Council Tax Support Scheme in line with the changes in Housing Benefit announced by central government. The family premium is part of how we assess the 'needs' of any claimant and is included in their applicable amount, which is compared with their income. Family premium is normally given when a claimant has at least one dependent child or young person. Removing the family premium will mean that when we assess a claimants 'applicable amount' it would not include the family premium (currently £17.45). This change would not affect those claimants on Universal Credit, income support, income related employment and support allowance or income based jobseeker's allowance. Transitional protection could be provided for existing awards until a relevant change occurs.

Reducing backdating to four weeks

Currently claims for council tax reduction from working age claimants can be backdated for up to six months where a claimant can prove that there was 'continuous good cause' that they could not claim at an earlier time. From April 2016, central government will be reducing the period for backdating Housing Benefit claims to four weeks. It is proposed that the council's council tax reduction scheme be aligned with the changes for Housing Benefit.

Amend earning calculations

Synchronise the period earnings are taken into account in the calculation of the awards for LCTS and Housing Benefit; this is a technical change only.

Amendment to Universal Credit

AMEND HOW REDUCTIONS IN UNIVERSAL CREDIT ARE TREATED

Change the scheme so that the Council doesn't give more help to Universal Credit claimants who are repaying debts; at present, a person paying off debt through a reduction in their Universal Credit payment may receive more Council Tax Support. The proposed change would remove this advantage and align Universal Credit with other state benefits.