

COUNCIL

23 JANUARY 2014

LOCALISING SUPPORT FOR COUNCIL TAX

Portfolio Holder: Councillor Alan Jarrett, Deputy Leader and Portfolio Holder for Finance

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Summary

This report seeks Council approval of a revised council tax support scheme.

Please note that Appendices A-E are included in Supplementary Agenda No.1.

1. Budget and Policy Framework

1.1 It is the Cabinet's responsibility to propose a budget to be agreed by Council. The scope of the localised Council Tax Reduction Scheme (CTRS) will have an impact on both the taxbase calculation and the budget requirement that underpin the budget proposal. The consequences of dealing with these issues will directly impact on the level of council tax. Approval of the Council Tax Support Scheme is a matter for Full Council.

2. Background

2.1 On 23 January 2013 Council adopted a local CTRS (decision number 774/2013).

2.3 Any entitlement to a reduction is based on a means test, by taking into consideration a person's income and comparing this with any personal allowances, premiums and disregards to which they may be entitled.

2.4 For each financial year, the Council must consider whether to revise its scheme or to replace it with a replacement scheme. It must make any revision to its scheme, or any replacement scheme, no later than 31 January for the subsequent financial year.

2.5 In order to maintain the balance between the CTRS and the allowances to which claimants are entitled, it is proposed to link the allowances, premiums and disregards to legislation providing for increases in benefits. It is further

proposed that the CTRS is revised to enable this uprating to take place automatically in line with benefit changes. Details of the proposed changes can be found at Appendix D. Appendix E highlights the impact of the proposed changes.

2.6 Revisions to the CTRS or a replacement CTRS must be the subject of consultation. The results are shown at 4.6 below.

3. The Scheme

3.1 The scheme consists of two parts, one that makes provision for non-pensioners and is at members' discretion and one that makes provision for pensioners that is made on a national basis and in line with previous awards of council tax benefit. The Council Tax Reduction Schemes (Prescribed Requirements) (England)(Amendment) Regulations 2013 came into force on 13 January 2014 and the amendments contained within need to be adopted within the Medway scheme to ensure that Medway's CTRS continues to comply with the law.

3.2 Key aspects of the CTRS are:

- Any entitlement to a reduction is based on a means test, by taking into consideration a customer's income and comparing this with any personal allowances, premiums and disregards to which they may be entitled
- Only 75% of council tax liability is used to assess Council Tax Support
- A minimum deduction is made in respect of non-dependants to include any such person in the household, aged 18 years or more
- Those in receipt of a war widow or war disablement pension enjoy the same protection as pensioners.

3.3 The revised scheme is set out in Appendix C to the report.

4. Advice and Analysis

4.1 When considering making changes to this scheme it was necessary in the first instance to review how successful the existing policy had been since it came into effect on 1 April 2013 and as such the following factors have been considered:

Factor	Estimate prior to implementation	Current Actuals as at 31/10/13
Caseload	23,000	22,423
Cost of scheme	£16,381k	£15,635k
Number of appeals received	N/A	31 (2 listed for tribunal)
Discretionary council tax relief awards	£70k	£5k
Council tax collection rate	97.56%	97.56% (Revised Estimate)
Number of summonses issued for non-payment	7,416 (actual as at 31/10/12)	10,007

- 4.2 The above shows that whilst there has been a rise in recovery action, the collection rate remains on course and the cost of the scheme remains within expected parameters.
- 4.3 Since April the CTRS the caseload has fallen consistently from 22,990 to 22,243, whilst 31 cases out of a caseload of this size is a very minor proportion.
- 4.4 Each year the Government increases the benefits which some people receive. The reduction a claimant receives on their council tax is based on this increased income (uprating). If the personal allowances, premiums and disregards are not increased in line with the uprating claimants will find that they are worse off, and as such they were consulted on two amendments to the current scheme.
- 4.5 The consultation ran from 26 October until 6 December. A copy of the consultation document can be found at Appendix A.
- 4.6 Results of the survey are as follows:

- Do you think it is right to increase personal allowances, premiums and disregards in the assessment of the council tax reduction?

Agree	63.1%	(296 responses)
Disagree	14.9%	(70 responses)
Don't know	22.0%	(103 responses)

- Do you think it is right to review the amounts which are taken into account due to any other adults living in the property?

Agree	50.9%	(234 responses)
Disagree	26.9%	(124 responses)
Don't know	22.2%	(102 responses)

- 4.7 A number of respondents took the opportunity to share their views on other aspects of the CTRS. A summary of these replies can be found at Appendix B whilst the original letters will be available for inspection at the meeting.
- 4.8 When the Council first introduced the scheme in January 2013, a Diversity Impact Assessment had been undertaken on the proposals. This assessment had identified a number of potential adverse impacts together with some mitigating factors being incorporated into the scheme. Given that the proposed revisions to the CTRS will not result in a change to the impact on individuals, it is not proposed to carry out a further assessment, although officers will continue to monitor the impact of the scheme on individuals.

5. Risk management

Risk	Description	Action to avoid or mitigate risk
Failure to amend the scheme	Likelihood D (Low) Impact 2 (Critical) If the amended scheme is not in place the Council will be obliged to use the existing CTRS. .	Review of existing scheme, consultation, monitoring of key milestones
Forecast cost of amended scheme falls short	Likelihood D (Low) Impact 3 (Marginal) Claimants may have reduced benefits 'unnecessarily'	Use of data modelling tools and data analysis, experience of current scheme
Forecast cost of amended scheme excessive	Likelihood D (Low) Impact 2 (Critical)	Use of data modelling tools and data analysis, experience of current scheme
Effect on collection	Likelihood B (High) Impact 2 (Critical) Failure to react to the Government's uprating will leave claimants worse off in real terms.	Use of data modelling tools and data analysis

6. Cabinet – 17 December 2013

- 6.1 The Cabinet considered this report on 17 December 2013 and recommended the amended Council Tax Reduction Scheme to Full Council for adoption (decision no. 205/2013 refers).

7. Financial and legal implications

- 7.1 If the Council did not adopt the recommended changes it could lead to a small increase in council tax income as it would mean that working age council tax payers in receipt of state benefits would in effect lose their cost of living increases in additional council tax charges. However, it is envisaged that these additional sums would be difficult to recover given the circumstances of the individuals involved.
- 7.2 The Council is under a legal duty under Schedule 1A to the Local Government Finance Act 1992 to consider each year whether to revise its council tax reduction scheme or to replace it with another scheme. Schedule 1A also provides that any revision to the scheme, or any replacement scheme, must be made no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.

8 Recommendations

- 8.1 Council is asked to approve the amended Council Tax Reduction Scheme as set out in Appendix C to the report.

Lead officer contact

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Background papers

The Council Tax Reduction Schemes (Prescribed Requirements)
(England) (Amendment) Regulations 2013
http://www.legislation.gov.uk/ukxi/2013/3181/pdfs/ukxi_20133181_en.pdf

Housing Benefit Circular HB A24/2013 (REVISED)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/268414/a24-2013.pdf

The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012
<http://www.legislation.gov.uk/ukxi/2012/3085/regulation/1/made>