

CABINET

16 DECEMBER 2014

LOCALISING SUPPORT FOR COUNCIL TAX

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

Report from: Mick Hayward – Chief Finance Officer

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Summary

This report seeks members' approval of the re-adoption of the existing local council tax reduction scheme by Full Council for 2015/16.

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 Revisions to the CTRS or a replacement CTRS must be the subject of consultation.

2.6 In order to maintain the balance between the council tax reduction scheme and the allowances to which claimants are entitled Council amended the original scheme on 24 January 2014, following public consultation, so that it is updated on an annual basis in line with national changes (decision number

748/2014). The current allowances are set out at appendix 1, however the April 2015 allowances will not be announced until January 2015 and will be included in the Council report that follows on from this Cabinet document.

3. The Scheme

- 3.1 The current Medway scheme is available from the following link:
<http://democracy.medway.gov.uk/mgConvert2PDF.aspx?ID=22332> (Appendix C)
- 3.2 The scheme consists of two parts; the first makes provision for non-pensioners and is at members' discretion, and the other makes provision for pensioners that is made on a national basis and in line with previous awards of council tax benefit
- 3.3 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.

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	Actuals as at 31/03/14	Actuals as at 31/10/14
Caseload	23,000	21,966	21,211
Cost of scheme	£16,381k	£15,635k	£14,964k
Number of appeals received	N/A	43 (2 listed for tribunal and won)	50 (0 listed for tribunal)
Discretionary council tax relief awards	£70k	£10k	£4k
Council tax collection rate 2013/14	97.56%	94.9%	96.8%
Council tax collection rate 2014/15	97.56%	N/A	63.6% (compared to 64% for 2013/14 as at 31/10/13)
Number of summonses issued for non-payment	9,809 (actual as at 31/03/13)	13,485	10,662 (compared to 10,007 as at 31/10/13)

- 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. The most recent collection rates quoted are as at 31 October 2014 but will obviously improve as arrears are recovered and hence the expectation that the overall collection rate underpinning the taxbase of 97.56% will be met and possibly exceeded.
- 4.3 Since 1 April 2013 when the initial CTRS started, the caseload has fallen consistently from 22,990 to 22,211.
- 4.4 The number of appeal cases is a very minor proportion of the overall caseload.
- 4.5 In January 2013, a Diversity Impact Assessment was undertaken on the proposals. This assessment identified a number of potential adverse impacts together with some mitigating factors that were incorporated into the scheme. Given that the scheme has and will remain unchanged (with the exception of annual uprating) and as such 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

- 5.1 No additional risks identified since the adoption of the scheme last year.

6. Financial and legal implications

- 6.1 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.
- 6.2 In accordance with decision 748/2014 officers believe the items identified at Appendix A will be uprated with reference to national benefits, personal allowances, premiums and disregards.

7. Recommendations

- 7.1 That Cabinet recommend the current Council Tax Reduction Scheme (which will therefore be subject to annual uprating) to Council for adoption on 23 January 2014.

8. Suggested reasons for decisions

- 8.1 The scheme continues to balance the need for supporting those currently in receipt of CTRS and the ability of the Council to fund the scheme within the current budgetary constraints.

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Background Papers: None

Schedule 3 - Applicable amounts: persons who are not pensioners	01/04/2014 (current)	01/04/2015 (proposed)
	Amount	Amount
A single applicant who—		
is entitled to main phase employment and support allowance;	£72.40	
is aged not less than 25	£72.40	
is aged not less than 18 but less than 25	£57.35	
Lone parent	£72.40	
Couple	£113.70	
Child or Young Person in respect of the period—		
beginning on that person's date of birth and ending on the day preceding the first Monday in September following that person's sixteenth birthday;	£66.33	
beginning on the first Monday in September following that person's sixteenth birthday and ending on the day preceding that person's twentieth birthday.	£66.33	
Family Premium		
Family Premium	£17.45	
Family Premium (Lone Parent Rate)	£22.20	
Disability Premium		
Single	£31.85	
Couple	£45.40	
Severe Disability Premium		
Single applicant	£61.10	
Couple (one qualifies)	£61.10	
Couple (both qualify)	£122.20	
Disabled Child Premium	£59.50	
Carer Premium	£34.20	
Enhanced disability premium		
Enhanced disability premium (child or young person)	£24.08	
Single applicant	£15.55	
a member of a couple or a polygamous marriage	£22.35	
ESA Components		
work-related activity	£28.75	
support	£35.75	

30A - Non-dependant deductions – claims from persons who are not pensioners	
Note - if a benefit claimant receives the care component of DLA or is registered blind no deductions apply to the CTR otherwise deductions relate to age and circumstances of non-dependant. Only one deduction is made for a non-dependant couple - being the highest that would otherwise have applied	
Apr-14	Current
Under 18 years old	NIL
Full-time Students (even during summer vacations)	NIL
Aged 18 or over and not in remunerative work and not full time student	£3.70
Aged 18 or over and in remunerative work:	
- gross income £406.00 or more	£11.25
- gross income £326.00 - £405.99	£9.40
- gross income £188.00 - £325.99	£7.45
- gross income less than £188	£3.70
(Note remunerative work = 16 hours or more)	
Apr-15	Proposed
Under 18 years old	
Full-time Students (even during summer vacations)	
Aged 18 or over and not in remunerative work and not full time student	
Aged 18 or over and in remunerative work:	
- gross income £xxx.xx or more	
- gross income £xxx.xx - £xxx.xx	
- gross income £xxx.xx - £xxx.xx	
- gross income less than £xxx	
(Note remunerative work = 16 hours or more)	

Schedule 4 - Alternative maximum council tax reduction: persons who are not pensioners and who are in receipt of a war pension, war disablement pension, war widows pension, war widower's pension	
Apr-14	Current
Second adult on IS/JSA(IB)/ESA(IR) living with full-time student householder	100%
Second adult in receipt of IS or JSA(IB)/ESA(IR) or Pension Credit	25%
Second adult gross income is:	
- less than £185.00	15%
- £185.00 to £240.99	7.50%

Apr-15	Proposed
Second adult on IS/JSA(IB)/ESA(IR) living with full-time student householder	100%
Second adult in receipt of IS or JSA(IB)/ESA(IR) or Pension Credit	25%
Second adult gross income is:	
- less than £xxx.xx	15%
- £xxx.xx to £xxx.xx	7.50%