

COUNCIL

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LOCALISING SUPPORT FOR COUNCIL TAX

Portfolio Holder: Councillor Rupert Turpin – Portfolio Holder for Business Management

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Summary

This report seeks Council approval of the adoption of a revised local council tax reduction scheme.

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 CTRS is a matter for Full Council.

2. Background

2.1 The current Medway scheme is available from the following link
<http://www.medway.gov.uk/counciltax/reduceyourcounciltax/counciltaxreductionscheme.aspx>

2.2 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.

2.3 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.

- Claimants of pensionable age or those in receipt of a war widow or war disablement pension can claim, and may be entitled to, a maximum reduction of 100 per cent of their council tax liability.
 - Claimants of working age can claim and may be entitled to a maximum of 65 per cent of their council tax liability from the 1 April 2016. This was determined by full council on 21 January 2016 (decision number 677/2016) following a public consultation.
 - A minimum deduction is made in respect of non-dependants to include any such person in the household, aged 18 years or more
- 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, by no later than 31 January for the subsequent financial year. Revisions to the CTRS or a replacement CTRS must be the subject of consultation. The CTRS is in place for the period 1 April – 31 March each year.
- 2.5 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 23 January 2014, following public consultation, so that it is updated on an annual basis in line with national changes (decision number 748/2014).
- 2.6 The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016 (SI 2016/1262) has been incorporated into the scheme and includes matters which must be contained within the local authority scheme. This instrument introduces amendments to increase certain of the figures in the Prescribed Requirement Regulations. This instrument also makes various amendments to the Prescribed Requirements Regulations in order to mirror, as far as possible, the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 (S.I. 2006/214) “the 2006 Regulations” . A copy of SI2016/1262 is at appendix 1.
- 2.7 The Department for Work and Pensions Housing Benefit Adjudication circular A12/2016 which is in accordance with The Welfare Benefits Up-rating Act 2013 (Commencement Order 2013) No. 2317 (C.95) states no increase to personal allowances for 2017/18 for working age claimants Officers expect the circular to be confirmed around the end of January by The Welfare Benefits Up-rating order. A copy of the circular is at appendix 2.

3. Advice and Analysis

- 3.1 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 Jan 13	Actuals as at 31/03/14	Actuals as at 31/3/15	Actuals as at 31/3/16	Actuals as at 30/10/16
Pensioner caseload	9,000	8,705	8,283	7,857	7,644
Working age caseload	14,000	13,261	12,336	11,939	11,268
Total caseload	23,000	21,966	20,619	19,796	18,912
Cost of scheme	£16,381k	£15,538k	£14,771k	£14,064k	£12,984k
Number of appeals received	N/A	43 (2 listed for tribunal and won)	50 (0 listed for tribunal)	42 (2 listed for tribunal 1 struck out and 1 withdrawn)	36 (2 listed for tribunal 1 struck out and 1 won)
Discretionary council tax relief awards	£70k	£8.9k	£7.7k	£4.8k	£5.6k
Council tax collection rate 2013/14	97.56%	95.4%	97.7%	98.7%	98.9%*
Council tax collection rate 2014/15	97.56%	N/A	95.3%	97.8%	98.4%*
Council tax collection rate 2015/16	97.56%	N/A	N/A	95.5%	97.0%*
Council tax collection rate 2016/17	97.56%	N/A	N/A	N/A	54.2%* (compared to 54.5% for 2015/16 as at 30/09/15)
Number of summonses issued for non-payment	9,809 (actual as at 31/03/13)	13,485	13,588	12,619	8,523 (compared to 9,606 as at 31/10/15)

*as at 30/9/16

- 3.2 The above shows that whilst there was an initial rise in recovery action as council taxpayers came to terms with having to make a contribution, this has subsequently declined whilst the collection rate remains on course and the cost of the scheme remains within expected parameters.
- 3.3 Since 1 April 2013 when the initial CTRS started, the caseload has fallen consistently from 22,990 to 18,912.

- 3.4 The number of appeal cases is a very minor proportion of the overall caseload but does show an increase during the course of the current year. This is not unexpected given the changes made to the scheme in January 2016. However, the number of appeals taken to tribunal remains a very minor proportion of cases.
- 3.5 In January 2016, a Diversity Impact Assessment (DIA) (attached at appendix 5) 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. It was also noted that any inequality issues arising from the CTRS can be mitigated through the use of Medway's Council Tax Discretionary Relief (CTDR).
- 3.6 The monitoring referred to in the DIA shows that between April 2015 and November 2015 3,886 summons were issued where claimants were in receipt of CTRS compared with 3,531 between April 2016 and November 2016. In addition, in 2015/16 25 claimants out of 230 applications received council tax discretionary relief compared to 15 successful applicants out of 181 applications so far this year.
- 3.7 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.

4. Cabinet – 20 December 2016

- 4.1 On 20 December the Cabinet recommended the current Council Tax Reduction Scheme (which will therefore be subject to annual uprating) to Council for adoption (minute 157/2016).

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 The cost of the recommended CTRS in 2016/17 including a 3.99% increase in council tax (1.99% 'annual' increase plus 2.00% levy for social care) is currently estimated at £12.985m.
- 6.3 Since the introduction of CTRS in 2013/14 the Council has awarded hardship relief of £27,023.88 under its Council Tax Discretionary Relief (CTDR) scheme. £70,000 was set aside in 2013/14 (this was included when calculating the collection rate in setting the 2013/14 council tax). Increasing the contribution expected from council taxpayers in 2016/17 has as expected

led to an increase in payments made from this fund although it is expected to remain under £10,000 for the current financial year.

- 6.4 In accordance with decision 748/2014 the items identified at appendix 1 have been amended within the scheme. In addition officers believe the updated items identified at appendix 2 will be confirmed by the issue of the Welfare Benefits Up-rating Order by the end of January.
- 6.5 A summary of the above changes is at appendix 3, whilst the scheme inclusive of the above changes is at appendix 4.

7 Recommendation

- 7.1 That Council adopts the Council Tax Reduction Scheme for 2017/2018 as set out in appendix 4 to the report

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Appendices (Supplementary Agenda No.1)

Appendix 1 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016 (SI 2016/1262)

Appendix 2 - Housing Benefit Circular HB A12/2106

Appendix 3 - Summary of changes to the Council Tax Reduction Scheme

Appendix 4 - Revised Council Tax Reduction Scheme

Appendix 5 - Diversity Impact Assessment

Background Papers

None