



PART B: RECOMMENDATIONS TO COUNCIL

REPORT TO: POLICY AND RESOURCES COMMITTEE

DATE: 4 DECEMBER 2014

**REPORT OF THE: FINANCE MANAGER (s151)
PETER JOHNSON**

**TITLE OF REPORT: LOCALISATION OF COUNCIL TAX SUPPORT
2015/2016 SCHEME**

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report seeks approval of the scheme for 2015/16. There are no changes proposed to the scheme which has operated in 2014/15.

2.0 RECOMMENDATIONS

2.1 That members recommend to Council

- (i) a Local Council Tax Support Scheme for 2015/16 which is unchanged from 2014/15; and
- (ii) to authorise the Finance Manager in consultation with the Chairman of Policy and Resources Committee to undertake the necessary consultation work to design a scheme for 2016/17, in light of the experience in previous years, to be presented to Policy and Resources Committee in December 2015.

3.0 REASON FOR RECOMMENDATIONS

3.1 The Council must approve a scheme of its choice for 2015/16.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks in approving the scheme as recommended.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The Council will need to approve a Local Scheme for Council Tax Support (CTS).

6.0 REPORT DETAILS

- 6.1 At Council on the 9 January 2014 members approved a scheme for Localised Council Tax for 2014/15. This followed the Government's decision to terminate Council Tax Benefit and allow Local Authorities to establish their own local schemes from 1 April 2013.
- 6.2 The main feature of the Council's scheme was that working age claimants saw an 8.5% reduction in benefit and many people who had never paid Council Tax were now doing so. Whilst the sums were often low (most were £64 to £130), there were residents on low incomes and/or benefits. The decision to make a cut of 8.5% did attract transitional grant funding from Government of £11k for RDC in 2013/14 (and proportionate amounts for the other major preceptors). This grant was available for 2013/14 only. In 2013/14 and 2014/15 the Council received new burdens funding for the additional work around local schemes and these grants have been taken into the Councils budget. At this stage it is not known whether funding will be available in 2015/16, however it is believed that a financial contribution towards additional costs may be possible from the major preceptors, in particular the County Council, should the new burdens funding be no longer available. This in part is because of the greater financial benefit NYCC would see from any extension of the scheme.
- 6.3 The scheme affects all precepting authorities (District Councils, County Councils, Fire Authorities, Police Authorities and Parish Councils) through the Council Tax Base (CTB) which is reduced by the cost of the scheme.
- 6.4 Members may recall that the Council's original plans for a local scheme for 2013/14 revolved around a 20% reduction and consultation took place with the major preceptors and the public on this basis. The transitional grant offer was the main reason for the final scheme choice of an 8.5% reduction. This decision was also replicated in all other North Yorkshire Districts except Harrogate who made no cut to benefits.
- 6.5 The experience in 2013/14 can be summarised below:
- The scheme was implemented on time and there were few difficulties in customer service
 - The Council did not see an increase in claimants numbers as feared when the scheme introduced a discount rather than benefit
 - The final cost of LSCT in 2013/14 was £3.091m (split c£1.205m working age and c£1.886m pensioners)
 - There was no material change in the CT collection rate between 2012/13 and 2013/14 (overall an improvement for RDC of 0.3%), this was set against a reduction in collection rates nationally.
 - The Council has had increased workload on summons and liability orders.
- 6.6 The following table sets out the estimated claimant breakdown for 2014/15:

Claimant Type	Number	Annual Cost	% total spend
Over Pension Age	1,982	£1,832k	61%
Working Age – Household Vulnerable	311	£259k	9%
Working Age: Vulnerable	431	£413k	14%

Working Age: Employed	282	£167k	5%
Working Age: - Other	425	£341k	11%
	3,431	£3,012k	

1. Pensionable age – where claimant or partner meet the criteria.
2. Working Age Household Vulnerable – there is a child under 5 in the household.
3. Working age Vulnerable – where disability premiums are included in the assessments.
4. Working age Employed – Working 16 hours or over.
5. Working Age Other – All other working age claimants.

6.7 Council must now consider a scheme for 2015/16. In order to inform this process consultation has again taken place on moving to a cut of 20%.

6.8 Public consultation took place between 29 September 2014 and 10 November 2014 via the Council's web site. No responses were received to the questionnaire. The consultation responses from 2013/14 are attached at Annex A and are still considered relevant to this year's decision.

6.9 For 2015/16, year 3, there is again a mixed picture of approaches from Local Authorities. Proposed 2015-16 schemes within the North Yorkshire Districts are as follows:

Craven	10%
Hambleton	20%
Harrogate	0%
Richmondshire	8.5%
Scarborough	10%
Selby	10%

6.10 Those with the greater cuts have also seen the greatest impact on collection rates and increased administrative costs, as well as the impact on claimants. The billing authority (RDC) alone bears these increased administrative costs.

6.11 Should RDC move to a 20% cut to claimants it would mean the additional amount which would be billed to working age claimants would be c£150k. RDC's share of this additional income after considering collection rates would be c£10k. There would potentially be additional costs facing the Council from such a decision. Claimant payments would increase such that the majority would be £150 - £300 per annum.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
There are no significant new financial implication of the recommendation.
- b) Legal
The scheme is a detailed legal document of the Council which will only require minor amendment.
- c) Other
There are no significant other issues around the recommendation.

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Background Papers:
None.