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**PART B: RECOMMENDATIONS TO COUNCIL**

**REPORT TO: POLICY AND RESOURCES COMMITTEE**

**DATE: 26 NOVEMBER 2015**

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

**TITLE OF REPORT: LOCALISATION OF COUNCIL TAX SUPPORT  
2016/2017 SCHEME**

**WARDS AFFECTED: ALL**

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

1.1 This report seeks approval of the scheme for 2016/17. There are two changes proposed to the scheme which has operated in 2015/16.

### **2.0 RECOMMENDATIONS**

2.1 That members recommend to Council

- (i) a Local Council Tax Support Scheme for 2016/17 to include a minimum payment of 8.5%, and with the changes proposed to limit the backdating of claims to one month instead of six months and to remove the family premium from 1 May 2016.
- (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 2017/18, in light of the experience in previous years, to be presented to Policy and Resources Committee in December 2016.

### **3.0 REASON FOR RECOMMENDATIONS**

3.1 The Council must approve a scheme of its choice for 2016/17.

### **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). Consultation is undertaken annually through the Councils website.

## 6.0 REPORT DETAILS

6.1 At Council on the 18 December 2014 members approved a scheme for Localised Council Tax for 2015/16. 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. Council Tax Support (CTS) is a discretionary means-tested reduction to help residents on low incomes to pay their Council Tax bill.

The current scheme provides that all working age customers have a maximum award of 91.5% of their Council Tax liability, which means that every working age household is required to pay at least 8.5% of their Council Tax bill.

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 and 2015/16 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 2016/17, 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 The following table sets out the estimated claimant breakdown for 2015/16:

<b>Claimant Type</b>	<b>Number</b>	<b>Annual Cost</b>	<b>% total spend</b>
1. Over Pension Age	1874	£1771k	62%
2. Working Age – Household Vulnerable	288	£242k	8%
3. Working Age: Vulnerable	457	£465k	15%
4. Working Age: Employed	270	£158k	5%
5. Working Age: - Other	399	£320k	10%
	3288	£2956k	

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.

6.5 Council must now consider a scheme for 2016/17. In order to inform this process consultation has again taken place on the preferred maximum liability for Council Tax and options for aligning the scheme with two changes to Housing Benefit. Public consultation took place between 7 October 2015 and 11 November 2015 via the Council's web site. No responses were received to the questionnaire.

The scheme for Pension Age applicants is set by Government.

- 6.6 The Government has announced its intention to remove the family premium and limit the backdating of Housing Benefit claims to one month instead of six months. The Family Premium is awarded in Housing Benefit and Council Tax Support if the claimant or partner has at least one child living with them in which they receive Child Benefit for. It currently increases the applicable amount by £17.45. The recommendation is to make similar amendments to the Local Council Tax Support Scheme for 2016/17. All of the North Yorkshire authorities are considering this.
- 6.7 For 2016/17, year 4, there is again a mixed picture of approaches from Local Authorities. Proposed 2016-17 schemes within the North Yorkshire Districts are as follows:

	2016/17	2015/16	Working Age Recipient Collection Rate 2014/15
Craven	10%	10%	81.80%
Hambleton	20%	20%	78.18%
Harrogate	0%	0%	Not available
Richmondshire	10%	8.5%	84.70%
Ryedale	8.5%	8.5%	82.23%
Scarborough	12.5%	10%	81.04%
Selby	10%	10%	74.60%
York	18%	30%	Not available

- 6.8 Those with the greater cuts have generally 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.
- 6.8 Should RDC lower the rate of discount from 91.5% to 80% to claimants it would mean the additional amount which would be billed to working age claimants would be c.£150k for a rate of 20%. 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. There may however be an impact on staff resources and the time taken to process applications. The Council is currently operating two schemes, one for Housing Benefit and one for Local Council Tax Support, but with the same principles. There would be a significant impact on the time taken to process applications if required to operate two schemes with significant differences. The recommended approach would maintain the alignment of operating principles.

b) Legal

The scheme is a detailed legal document of the Council which will only require minor amendment as a result of changes to legislation. The amendments over which the Council has discretion are included in the report.

c) Other

An impact assessment has been undertaken of previous claims which found that the majority of those backdated include requests for up to a month. Of the total number of claims, 1.8% requested a backdated claim, of these 67% were for less than one month. It is not possible to predict the impact of the removal of the family premium as this will only affect new claimants from 2016 and demand cannot be anticipated.

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**Background Papers:**

[Ryedale District Council Council Tax Reduction Scheme - S13A and Schedule 1a of the Local Government Finance Act 1992](#)

[http://www.ryedale.gov.uk/attachments/article/795/Ryedale\\_S13a\\_Scheme\\_Complete\\_v1.93.pdf](http://www.ryedale.gov.uk/attachments/article/795/Ryedale_S13a_Scheme_Complete_v1.93.pdf)

[The Housing Benefit \(Abolition of the Family Premium and date of claim\) \(Amendment\) Regulations 2015](#) <http://www.legislation.gov.uk/ukSI/2015/1857/made>