



PART B: RECOMMENDATIONS TO COUNCIL

REPORT TO: POLICY AND RESOURCES COMMITTEE

DATE: 24 NOVEMBER 2016

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

**TITLE OF REPORT: LOCALISATION OF COUNCIL TAX SUPPORT
2017/2018 SCHEME**

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report seeks approval of the scheme for 2017/18. There are 5 changes proposed to the scheme which has operated in 2016/17.

2.0 RECOMMENDATIONS

2.1 That members recommend to Council

- (i) a Local Council Tax Support Scheme for 2017/18 to include a minimum payment of 8.5%, and with the changes proposed to align the new Council Tax Support scheme with changes to Housing Benefit and Universal Credit regulations as follows:
 - (a) Reducing the length of time someone can be temporarily absent from Great Britain and still receive Council Tax Support from 13 to 4 weeks (some exceptions will apply)
 - (b) Changes to the treatment of Employment and Support Allowance (ESA) cases affecting new claims made after 1 April 2017
 - (c) Limit the number of dependent children within the calculation for Council Tax Support to a maximum of two where the third child is born after 1 April 2017 (some exceptions will apply)
 - (d) To remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them
 - (e) To use a set income for self employed earners after one years self employment
- (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 2018/19, in light of the experience in previous years, to be presented to Policy and Resources Committee in December 2017

3.0 REASON FOR RECOMMENDATIONS

3.1 The Council must approve a scheme of its choice for 2017/18.

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 Council Tax Support (CTS) is a discretionary means-tested reduction to help residents on low incomes to pay their Council Tax bill.

6.2 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.

6.3 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 2016/17:

Claimant Type	Number	Annual Cost	% total spend
1. Over Pension Age	1761	£1715k	60%
2. Working Age – Household Vulnerable	263	£214k	7%
3. Working Age: Vulnerable	528	£562k	20%
4. Working Age: Employed	223	£141k	5%
5. Working Age: - Other	337	£243k	8%
	3112	£2875k	

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 The Council must now consider a scheme for 2017/18. 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 the changes to Housing Benefit. Public consultation took place between 29 August 2016 and 14 October 2016 via the Council's web site, the citizens panel and promotion through local media. The results of the Consultation are attached at Annex A.

43 responses were received with a mixed age range and demographic. The

consensus was in agreement with the realignment of the LCTSS with the change to Housing Benefit and Universal Credit. The comments received illustrated the consideration given to the consultation by the respondents.

The scheme for Pension Age applicants is set by Government.

- 6.6 The proposed changes to the scheme only apply to working age customers. The scheme for pension age customers is set by Government and is not affected by any of the changes.

The changes being proposed are to align the new Council Tax Support scheme with changes to Housing Benefit and Universal Credit regulations in order to make administration of the scheme easier as follows:

1. Reducing the length of time someone can be temporarily absent from Great Britain and still receive Council Tax Support from 13 to 4 weeks (some exceptions will apply)
2. Changes to the treatment of Employment and Support Allowance (ESA) cases affecting new claims made after 1 April 2017
3. Limit the number of dependent children within the calculation for Council Tax Support to a maximum of two where the third child is born after 1 April 2017 (some exceptions will apply)
4. To remove entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them
5. To use a set income for self employed earners after one years self employment

The recommendation is to make similar amendments to the Local Council Tax Support Scheme for 2017/18.

- 6.7 For 2017/18, year 5, there is again a mixed picture of approaches from Local Authorities. Proposed 2017-18 schemes within the North Yorkshire Districts are as follows:

	2017/18	2016/17	Working Age Recipient Collection Rate 2015/16
Craven	N/A	10%	N/A
Hambleton	20%	20%	79% (20% scheme)
Harrogate	0%	0%	N/A
Richmondshire	15%	15%	87.50% (8.5% Scheme)
Ryedale	8.5%	8.5%	86.10% (8.5% scheme)
Scarborough	12.5%	12.5%	N/A
Selby	10%	10%	79% (10% scheme)
York	N/A	18%	N/A

- 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.

- 6.9 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.£11k. 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

All other impact is covered in the report

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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