

CABINET

17th December 2015

Council Tax Reduction Scheme 2016/17

Cabinet Member: Cllr Peter Hare-Scott
Responsible Officer: Benefits Manager & Revenues Manager.

Reason for Report:

Council Tax Reduction is a local scheme for working age customers. Section 13A of the Local Government Finance Act 1992, requires the Council to approve a council tax reduction scheme by 31 January each year. No changes are proposed from the existing scheme.

RECOMMENDATIONS:

1. The Council Tax Reduction Scheme for working age customers is approved for 2016/17.
2. The Council's revised Council Tax Reduction, Section 13A policy, enclosed in Appendix 1 is approved for 2016/17. (Within the Policy, the Council's Section 151 Officer has delegated authority to take into account any further changes in law, government guidance or policy)
3. That Mid Devon's Penalty policy (Appendix1) is noted and adopted.
4. That the criteria contained in the Council Tax Reduction (CTR) scheme for the forthcoming year 2016/17 will remain the same as the previous financial year 2015/16. Future DWP uprating of applicable amounts for CTR claimants and DCLG Non-dependant deduction requirement regulations will be amended in line with our scheme once the regulations are in place.

Relationship to Corporate Plan: This report is in line with the Council's Corporate Plan objectives

Financial Implications: The estimated cost of the scheme for 2016/17 is estimated to be £465K based on 2015/16 criteria. The cost has reduced from previous years due to a drop in the number of claimants

Legal Implications: Section 13A of the Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012, requires the Council to approve a council tax reduction scheme by 31 January each year.

Risk Assessment:

1. Introduction

- 1.1 Council Tax Reduction (CTR) (also known as Council Tax Support) was Introduced on 1 April 2013 and replaced Council Tax Benefit, which was Previously fully funded by Department for Work and Pensions.
- 1.2 CTR is a local reduction scheme. The scheme for Working-age customers (those below the age to claim State Pension Credit) is set out in our CTR Scheme Policy. The requirement to have a policy is within S13A and Schedule 1a of the Local Government Finance Act 1992.
- 1.3 The scheme for pension-age customers is a national scheme and is prescribed within Government legislation. Pensioners are protected to receive the same level of support they received under the DWP Council Tax Benefit Scheme up to 31 March 2013.
- 1.4 When the Council Tax Reduction scheme (CTR) was introduced an in depth Equality Impact Assessment was carried out by the Benefits Manager and was included with the original CTR report to members. Mid Devon does not intend to change its CTR scheme for the forthcoming financial year 2016/17.
- 1.5 Prior to making any recommendations which would propose changes to the current CTR scheme, a full and detailed Equality Impact Assessment will need to be carried out during the year 2016/17.
- 1.6 At the end of the current financial year 2015/16 the Revenues Manager will prepare a report for the Head of Finance on Council Tax and Business Rate collection for 2015/16 which will include up to date information regarding the effect of the current CTR scheme on Council Tax collection since its introduction.

2. Current Scheme

- 2.1 Mid Devon, as part of a Devon-wide group agreed that our scheme for working age customers would contain the following criteria:
 - Everyone should pay something so our claimants will be required to pay a percentage of their Council Tax liability. In Mid Devon we set this minimum at 20%.
 - We would limit the amount of Council tax support paid out to a Band D charge.
 - We would reduce the savings limit from £16,000 to £8,000.
 - We would cease Second Adult Rebate.
 - We recognise some of the community would need additional support and after consultation we introduced a discretionary exceptional hardship policy to help those struggling to pay.

2.2 The number of CTR claims has reduced due to improving employment levels and changes to pension age and the overall impact of the CTR scheme.

Year	Pensioner claims	Working Age claims	Total Amount CTB / CTR
2013/14 (31st Mar 2014)	2768	2429	4,325,741
2014/15 (28th Sept 2014)	2703	2340	4,210,917
2015/16 (5thOct 2015)	2600	2200	4,100,000
2016/17 Estimated	2600	2200	4, 074,260

2.3 Unlike some Local authority schemes to date we have received no legal challenges to our scheme or appeals

2.4 As the number of CTR claims has reduced during 2015/16 the estimated Band D equivalents have remained constant for the last year therefore will can use 2495 band D Equivalents for 2016/17.

3. Estimated cost of the Council Tax Reduction Scheme (CTR)

3.1 Mid Devon's CTR scheme for 2016/17, is estimated to cost in the region of £465k based on the existing schemes criteria.

3.2 The cost of the CTR scheme must be reflected in the Tax Base calculation and the cost of the CTR scheme equated to 2495 band D equivalents for the 2015/16 year

3.3 To reflect the fact that CTR has levelled off a CTR claims figure of 2,495 Band D equivalents has been applied for 2016/17.The total Band D equivalents for the other precepting authorities will be calculated proportionally.

3.4 While we continue to assess Housing Benefit the administration of CTR is kept to a minimum. As working age claimants become Universal Credit claimants the numbers of Housing Benefit claims administered by the Benefit team has reduced therefore next year we may need to consider simplifying our scheme further.

4. Conclusion

4.1 The Devon Framework which includes officers from all Devon authorities (including the Unitaries, Police and Fire) agreed they would be reluctant to make changes to the scheme until 2017/18 for the following reasons

- The scheme has only been running for 2 years therefore customers should be given longer to adjust to the new rules
- The Government review in October 2015 is taking place and changes may be applied by the Government to the local schemes from 2017/18.
- Changing schemes may require further reduction in entitlement which could impact vulnerable groups and as a result transitional protection

could have to be built in to reduce any equality impacts. This would add to CTR expenditure.

- This will provide minimal disruption for the council and claimants, creates no additional administrative costs and involves no additional risk

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Background Papers: CTB1 and supporting documentation

Circulation of Report: Cabinet member for Finance
Councillor Peter Hare-Scott.