South Northamptonshire Council

Council

16 December 2015

Council Tax Reduction Scheme 2016-2017

Report of Head of Finance and Procurement

This report is public

Purpose of report

To provide members with an update on the Council Tax Reduction Scheme for 2015-2016 and to seek approval for a Council Tax Reduction Scheme for the year 2016-2017.

1.0 Recommendations

The meeting is recommended:

1.1 To approve a Council Tax Reduction Scheme (CTRS) for the year 1 April 2016 to 31 March 2017 as set out in the report and implement the scheme with effect from 1 April 2016.

1.2 To grant delegated authority to the Section 151 Officer to make further amendments to the CTRS Regulations up to and including 31 January 2016 in consultation with the Portfolio Holder for Finance and Procurement.

2.0 Introduction

2.1 In December 2014 members approved a Council Tax Reduction Scheme (CTRS) for South Northamptonshire for the financial year 2015-2016 only. The scheme included only minor changes to the previous Council Tax Benefit (CTB) scheme in that the maximum Council Tax liability to be included in any assessment for working age customers is 91.5%. Pensioners have not seen any change in the level of support they receive.

2.2 Funding for the new scheme is based on a fixed cash grant based on approximately 90% of the previous CTB subsidy giving a funding shortfall for South Northamptonshire of approximately £372,000. The funding shortfall is offset in part by the changes in the level of support for working age customers and the additional income generated from changes to Council Tax discounts.
3.0 Report Details


3.1 The Government has stated that the funding levels for Council Tax Reduction will remain the same in 2016-2017. The 10% reduction in funding for 2015-2016 of £372,000 has been offset in part by the change in the level of support for working age customers and the additional income generated from changes to discounts.

3.2 As the funding for the CTRS is a fixed grant the cost of any increase in the level of demand will be borne by the Council. The CTRS caseload is regularly monitored and there has been a small decrease in the number of live cases from 3495 in November 2014 to 3326 in November 2015.

3.3 It is likely that there will be a reduction in the formula grant received by the Council in 2016-2017. At the time of writing this report the amount of CTRS Administration Grant payable for 2016-2017 has not been confirmed by DCLG. The grant for 2015-2016 was £55,513 compared to £53,621 in 2014-2015.

3.4 In July 2015 members of Budget and Financial Strategy Committee and Cabinet were asked to consider a report outlining the various options for a Council Tax Reduction Scheme for 2016-2017 including financial modelling. Members agreed, for consultation purposes, option one which is no change to the current Council Tax Reduction Scheme or Council Tax Discounts including Long Term Empty Premium.

3.5 This means that the level of support received by those currently on CTRS will not change unless they have a change in their circumstances. The only change required would be the changes to the Regulations to reflect changes to Housing Benefit announced in the Budget including removal of the Family Premium for new claims, limiting backdates awards and disregard of increased annuities for holders of Victoria Cross and George Cross.

Consultation Process.

3.6 Members agreed a consultation process on the option of no change to the current CTRS. The consultation began on 15 September 2015 for a period of three weeks ending on 5 October 2015.

3.7 The consultation process included detailed information and a response form on the website. Targeted consultation also took place with 700 households across the district who were invited to take part in the survey.

3.8 Consultation has also taken place with the major preceptors and with the Parish Councils.

3.9 A total of 34 responses were received although not all questions were answered by the respondents. A summary report of the results can be found at Appendix A of this report. The majority of people who completed the survey are happy with the proposals for Council Tax Reduction Scheme for 2016-2017. The key findings are as follows:

- 29 of the respondents felt that the Council should continue with the current scheme with working age people paying at least 8.5% of their Council Tax to help to bridge the funding gap.
• 21 of the respondents did not think that Council tax should be increased for all residents to help to fund the scheme
• 19 respondents felt that our local Council Tax Reduction scheme regulations should reflect the changes to Housing Benefit proposed in the Budget.

3.10 Following the consultation process members of Budget and Financial Strategy Committee and Cabinet agreed to recommend to Council the option of no change to the Council Tax Reduction scheme for 2016-2017 with changes to the Regulations to reflect the changes to Housing Benefit announced in the Budget and for delegated authority to be given to the Section 151 Officer to make any changes to the CTRS Regulations up to and including 31st January 2016 in consultation with the Portfolio Holder for Resources and Change Management.

Council Tax Reduction Scheme Regulations

3.11 There will continue to be national regulations related to CTRS which the Council must adhere to including the national scheme for those people who have attained the qualifying age for State Pension Credit.

3.12 There are existing regulations for our local scheme for 2015-2016. If the recommendation for no change is agreed then the regulations will require some technical changes which are currently being undertaken.

Financial Implications of the recommendation for CTRS 2016-2017

3.13 The recommendation for no change to the current Council Tax Reduction Scheme or Council Tax Discounts would have the following financial impact:

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<tr>
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<th>Based on 91.5%</th>
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<tbody>
<tr>
<td>Overall funding loss</td>
<td>371,837</td>
</tr>
<tr>
<td>Second homes income</td>
<td>-26,190</td>
</tr>
<tr>
<td>Empty homes income with discount of 50% for 3 months</td>
<td>-86,677</td>
</tr>
<tr>
<td>Major repair income</td>
<td>-11,055</td>
</tr>
<tr>
<td>Long term empty premium income</td>
<td>-88,914</td>
</tr>
<tr>
<td>Reduction in CTRS expenditure based on 8.5%</td>
<td>-128,935</td>
</tr>
<tr>
<td>Estimated increase in expenditure due to tax credit changes</td>
<td>75,486</td>
</tr>
<tr>
<td>Total funding gap</td>
<td>105,552</td>
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<tr>
<td>Total funding gap for SNC</td>
<td>12,666</td>
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3.14 The figures shown in the table above include an estimate of the impact on CTRS expenditure from the planned changes to the income thresholds in Tax Credits. In the recent autumn statement the Government announced that the plans to change the Tax Credit income threshold have been abandoned. This will have a positive impact on the overall funding gap which will now be £30,066 (£3,608 for SNC).
4.0 **Conclusion and Reasons for Recommendations**

4.1 The proposal is to keep the same Council Tax Reduction Scheme for 2016-2017 with changes to the Regulations to reflect the changes to Housing Benefit announced in the Budget. Consultation has taken place with residents, major preceptors and parish and town councils.

4.2 Members are now required to agree a Council Tax Reduction Scheme for the 2016-2017 financial year and are asked to allow delegated Authority to the Section 151 Officer to make amendments to the CTRS Regulations up to and including 31st January 2016 in consultation with the Portfolio Holder for Resources and Change Management.

5.0 **Consultation**

| Budget and Financial Strategy Committee | A report on the results of the consultation for a Council Tax Reduction Scheme for 2016-2017 has been considered by Budget and Financial Strategy Committee and Cabinet who recommended a no change scheme to Council. |
| Public, major preceptors and parish and town councils | Consultation with anyone affected by the proposed new scheme has taken place. |

6.0 **Alternative Options and Reasons for Rejection**

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To not agree any of the options for a new scheme. This would have financial implications for the Council and those residents affected by wider Welfare Reform.

7.0 **Implications**

7.1 These are contained in report.

Comments checked by: Paul Sutton, Head of Finance and Procurement paul.sutton@cherwellandsouthnorthants.gov.uk

7.2 The Council is required to approve a Council Tax Reduction Scheme on an annual basis. Failure to do so will affect the reputation of the Council and will have a financial implication for residents. The Council must take due account of any responses to a consultation process before determining its position.
7.3 An equality impact assessment has been undertaken on the Council Tax Reduction Scheme for 2016-2017. It is proposed that the scheme remains unchanged in 2016-2017 and no change has arisen from the consultation exercise.

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priority of protecting our quality of life.

Lead Councillor

Councillor Peter Rawlinson, Portfolio Holder for Finance and Procurement

Document Information

<table>
<thead>
<tr>
<th>Appendix No</th>
<th>Title</th>
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<tr>
<td>Appendix A</td>
<td>Results of consultation process</td>
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None

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