

## ITEM 10

## Review of Council Tax Support

Report of the Head of Revenues (Portfolio: Economic)

### Recommended:

1. That Overview and Scrutiny Committee consider the information presented in this report.
2. That the Committee confirm any recommendations to be made to Cabinet in respect of the local Council Tax Support Scheme for 2017/18.

### SUMMARY:

- The Overview & Scrutiny Committee considered options made by a Member Panel in respect of the Council Tax Support Scheme for 2017/18 in December 2015.
- This report updates the financial information following the increases in Council Tax from 1 April 2016 and enables the Committee to review the recommendations to be made to Cabinet.

### 1 Introduction

- 1.1 The Council Tax Support scheme replaced Council Tax Benefit from 1 April 2013 and the Government reduced the funding for this scheme by 10%. The Council had the option of absorbing this burden or making up this shortfall by reducing the level of support for working age claims. There is no discretion to amend the pensioner claims other than allow a higher disregard for war pensions.
- 1.2 The Council undertook extensive consultation in 2012 to develop a scheme and the options considered were to restrict support for higher banded properties and make everyone pay at least 10% of their Council Tax. At the same time higher charges would be levied on empty properties.
- 1.3 Following the consultation and considering the findings of the Equality Impact Assessment, Members decided to leave the Council Tax Support scheme unchanged from the previous scheme but to offset the extra cost of this with the higher charges for empty properties.
- 1.4 In April 2015 Cabinet recommended keeping the existing scheme for 2016/17 but to review the scheme for 2017/18 in light of the welfare reforms and in particular the introduction of Universal Credit.

1.5 The Overview & Scrutiny Committee appointed a Member Panel to review the current scheme and make recommendations for options to consult on changes to the Council Tax Support Scheme for 2017/18.

1.6 The findings of the Member Panel were considered by the Overview & Scrutiny Committee on 2 December 2015.

## 2 Background

2.1 The Overview & Scrutiny Committee reviewed the findings of the Member Panel in respect of the Council Tax Support Scheme for 2017/18. That report is contained in annex 1.

2.2 The Committee resolved the following:

- That the information and comments made by officers and members in the report be noted.
- That the current level of support for 2017/18 continue and review in 12 months time once more claims for Universal Credit were in payment and the impact of the April 2016 Housing Benefit and Tax Credit changes were known.

2.3 The Committee requested a further look at the resource implications following any increases in Council Tax from 1 April 2016.

2.4 The Council Tax Support caseload figures provided to the Member Panel have now been updated as follows:

Date	State Pension Credit age claimants	Working age claimants				Total
		Children Under 5	Disability Benefits & War Pensions	Working 16 hours or more	Job Seekers or Working under 16 hours	
10/06/13	3106	765	868	588	1039	<b>6366</b>
08/05/14	2985	744	916	606	941	<b>6192</b>
19/05/15	2805	659	991	550	816	<b>5821</b>
13/08/15	2763	631	1044	554	771	<b>5763</b>
12/11/15	2716	603	1093	542	706	<b>5660</b>
<b>Current</b>	2671	601	1156	528	680	<b>5636</b>

## 3 Options

3.1 The options considered by the Member Panel were as follows:

- 3.2 Continue with the current level of support for 2017/18 and review in 12 months time once more claims for Universal Credit are in payment and the impact of the April 2016 Housing Benefit and Tax Credit changes are known. (This is the option agreed by the Overview & Scrutiny Committee on 2 December 2015).
- 3.3 Leave scheme unchanged until all working age cases have migrated to Universal Credit (expected to complete in 2020).
- 3.4 Consult on proposed changes to the 2017/18 scheme to reflect changes that are being made to the Housing Benefit scheme and Tax Credits under the Government's programme of welfare reforms.
- 3.5 Consult on proposed changes to the 2017/18 scheme to apply a cap of 5%, 10% or 15% making everyone responsible for paying an element of Council Tax.

#### **4 Appraisal of existing scheme in 2016/17**

- 4.1 The estimated cost of the Council Tax Support (CTS) Scheme in 2016/17 was £4.612M. This was based on the actual caseload in November 2016 and the Council Tax charges prevailing at that time.
- 4.2 In setting budgets for 2016/17, all the major preceptors increased their Council Tax charge by the maximum permitted amount. The effect of this was that the actual amount of CTS awarded at the start of 2016/17 was higher than estimated at £4.883M.
- 4.3 The Council's share of the additional cost is estimated to be around £30,000.
- 4.4 The £4.883M above reflects the amount of CTS that the Council would pay if every recipients' circumstances remain the same throughout the year, that is to say it is an annual estimate based on circumstances on a given date.
- 4.5 In mitigation of this, the expectation is that the current trend in reducing caseload will continue throughout the year bringing actual amount payable for the year back to around the level the budget was set at.
- 4.6 The Impact of the Tax Credit changes cannot be quantified and may result in a small increase in CTS expenditure for 2017/18. In some cases CTS will increase to reflect any reductions customers receive in respect of their Tax Credit payments.
- 4.7 It is not expected that the continuation of the existing scheme in 2016/17 will have an adverse effect on the Council's budget.

#### **5 Risk Management**

- 5.1 A risk assessment, in accordance with the Council's risk management process, will be carried out if changes to the current Scheme are to be considered.

## 6 Resource Implications

- 6.1 Under the previous CTB scheme, the Council was reimbursed in full, for the amount of CTB paid out correctly. In times of economic difficulty as the amount of benefit the Council paid out increased the Council was reimbursed by the Government.
- 6.2 Under the current scheme, funding for CTS is included in the local government finance settlement. A specific amount of funding was identified in year one of the Scheme, which included a 10% cut in funding. However, funding for CTS schemes is now provided through the business rates retention scheme rather than through a separate grant for all authorities. Any additional cost of the CTS scheme therefore has to be met by the Council and major precepting authorities via the Collection Fund. The Council's share of any surplus or deficit is approximately 11.4%.
- 6.3 The overall level of CTS awarded has reduced over recent years. This is a reflection of maintained Council Tax levels and a reduction in caseload. The position has changed for at the start of 2016/17 due to an increase in Council Tax levels. The current forecast is that caseload will continue to fall over the next financial year and this will offset the additional expenditure raised at the start of 2016/17.
- 6.4 The level of CTS awarded for 2016/17 remains below the 2014/15 outturn figure.
- 6.5 The total amount of CTS awarded over recent years is as follows -

	<b>Total CTS Awarded £M</b>	<b>TVBC share of CTS £M</b>
Outturn 2013/14	£5.375	£0.602
Outturn 2014/15	£4.991	£0.559
Previous Forecast 2015/16	£4.744	£0.531
Current Forecast 2015/16	£4.611	£0.516
Amount included in 2016/17 Tax Base calculation	£4.612	£0.517
Support at 1 April 2016	£4.883	£0.554

## 7 Corporate Objectives and Priorities

- 7.1 The matters described in this report are in response to legislative changes that have been introduced by the Government. They potentially impact the Corporate Plan aims relating to where residents live and help to support them back to work.

## 8 Consultation

- 8.1 If any options for change are to be considered, a 12 week consultation process would need to be carried out including consultation with the major precepting authorities.

## 9 Legal Issues

- 9.1 The Council must approve the Scheme for 2017/18 by 31 January 2017. The Council may, at the same time, approve the Scheme for future years.
- 9.2 In determining the Scheme, the Council must have due regard to the requirement to consult major preceptors and other stakeholders and must carry out a robust equality impact assessment on any proposed changes.

## 10 Equality Issues

- 10.1 A comprehensive equality impact assessment was carried out in 2012 and the findings of that assessment have been considered in setting previous schemes. If any options for change are to be considered further a full equality impact assessment of those options will need to be carried out.

## 11 Conclusion and reasons for recommendation

- 11.1 This report gives Overview and Scrutiny Committee the opportunity to review the work undertaken by the Panel in respect of a Council Tax Support Scheme for 2017/18 considering the financial impact following an increase in Council Tax for 2016/17.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
<u>Confidentiality</u> It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1		
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