

Subject: Council Tax Reduction Scheme 2018

Report to: Management Team 13/11/17
Policy & Resources Committee 28/11/17
Council 14/12/17

Report by: Miranda Lee Head of Customer Services

SUBJECT MATTER/RECOMMENDATIONS

This report seeks decision and approval of the 2018 Local Council Tax Support/Reduction Scheme

Recommendations:

To continue with the existing scheme for 2018 based on Option 1 - a maximum award of 91.5% of the council Tax Liability for Working Age

1. INTRODUCTION/BACKGROUND

- 1.1 The Committee Report of the 25th July 2017 requested permission to commence consultation in relation to the 2018 Local Council Tax Support/Reduction Scheme.
- 1.2 In April 2013 Council Tax Benefit was replaced with a new Local Council Tax Support/Reduction Scheme. This followed the Government announcement in the Spending Review 2010 that financial support for council tax would be localised.
- 1.3 Initially the amount of funding provided to local authorities to run the scheme was approximately 10% less than what was previously spent on the council tax benefit scheme. For the first 2 years funding had been specifically ring-fenced for allocation towards the scheme.
- 1.4 In 2014, the Government announced that future funding towards the Council Tax Support/Reduction Scheme would be included within the overall Revenue Support Grant and would not be separately identified or ring-fenced from within the grant.
- 1.5 In designing a local scheme for 2018 the council has to consider:
 - The amount of funding the Council decides to allocate towards the scheme
 - Support for pensioners must be protected and would not be affected by the local scheme meaning that the rules around a localised scheme would only apply to those customers of working age.

2. CURRENT POSITION

- 2.1 Consultation in relation to the 2018 scheme has now closed with only a small number of responses, only 11 taking the consultation survey.

- 2.2 As in previous years the consultation was available through the councils website. Consultation was based on options for a working age scheme with pensioners being protected.
- 2.3 The consultation ran for a 12 week period and covered a number of questions, results are shown in Appendix 3.

3. REQUIREMENTS FOR CHANGE

- 3.1 Schedule 1A of the Local Government Finance Act 1992 states:
- 1) For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme: and
 - 2) The authority must make any revision to its scheme, or any replacement scheme, no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect
- 3.2 Appendix 1 gives the options for consideration and the costs of both schemes.
- Option 1 is to continue with the current scheme
 - Option 2 looks to reduce the maximum amount of award to customers to 87.5%
- 3.3 As each Local Authority decides their local scheme it is possible that other nearby Local Authorities can have different types of schemes with varying financial implications for customers. Please refer to Appendix 2 which gives information on the proposals for schemes locally for 2018.

4 FINANCIAL IMPLICATIONS

- 4.1 Initially an element of Government funding for Local Authorities to administer their local schemes was an identified sum from within the Revenue Support Grant (RSG). Since 2015, this amount has not been separately identifiable from the overall grant and RSG continues to significantly reduce year on year. As Council Tax Reduction is a discount it reduces the Councils taxbase, along with a reduction in the taxbase for Norfolk County Council and the Norfolk Police & Crime Commissioner.
- 4.2 The individual Council needs to decide how much of this grant will be used to cover the cost of the 2018 scheme.
- 4.3 For illustrative purposes the following gives the financial breakdown of the cost for the recommended Option 1 (91.5% maximum award against liability)

4.3	£
Estimated Cost of Scheme	9,221,214
Precept Split	
Norfolk County Council	7,061,605
Police	1,229,188
GYBC	857,573
Parish	72,848

The Revenue Support Grant continues to reduce significantly.

- 2017-18 RSG reduced to £3.1 Million
- 2018-19 RSG is due to reduce further to £2.54 Million

Although Included within this continues to be an element of baseline funding to offset the costs of the local scheme but as this continues to decline the shortfall in funding will continue to widen.

The burden of the shortfall is consumed by the collection fund but this could result in larger deficits. Where this is the case, Great Yarmouth Borough Council would pick up approximately 10% of the deficit, which in 2016/17 amounted to £32,000.

5 RISK IMPLICATIONS

5.1 The cost of the scheme

Whilst we can predict anticipated costs of the scheme for 2018 based on the options outlined in this report, any increases in demand, changes in composition of current caseload or unforeseen changes to other welfare benefits during the year could represent a financial risk by increasing the cost of the overall scheme.

5.2 Council Tax Collection

Collection rates of council tax have been impacted with the introduction of the localised scheme but it is worth noting that they have not been as low as first anticipated. Taxbase has been calculated to take into consideration the costs of the Council Tax Reduction Scheme with some provision for impact on collection rates.

6 RECOMMENDATIONS

6.1 To decide the 2018 scheme based on Option 1.

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	Yes – Financial impact as outlined
Existing Council Policies:	Yes – Council Tax Reduction Scheme/Council Tax Legislation
Financial Implications:	Yes as outlined

Legal Implications (including human rights):	Yes – 2018 Council Tax Reduction Scheme must be agreed by Council by 31 st January 2018
Risk Implications:	Yes as outlined
Equality Issues/EQIA assessment:	Yes
Crime & Disorder:	
Every Child Matters:	Yes

Appendix 1

Council Tax Reduction Scheme Options 2018

Option 1 – Current Scheme

The current Scheme has been running for 5 years and limits the maximum amount of award for working age customers to 91.5% of the Council Tax Liability.

The anticipated cost for this scheme for 2018 based on forecasting would be **£9,221,214 GYBC**
(Cost £930,421)

Option 2

This scheme limits the maximum amount of award for working age customers to 87.5% of the Council Tax Liability.

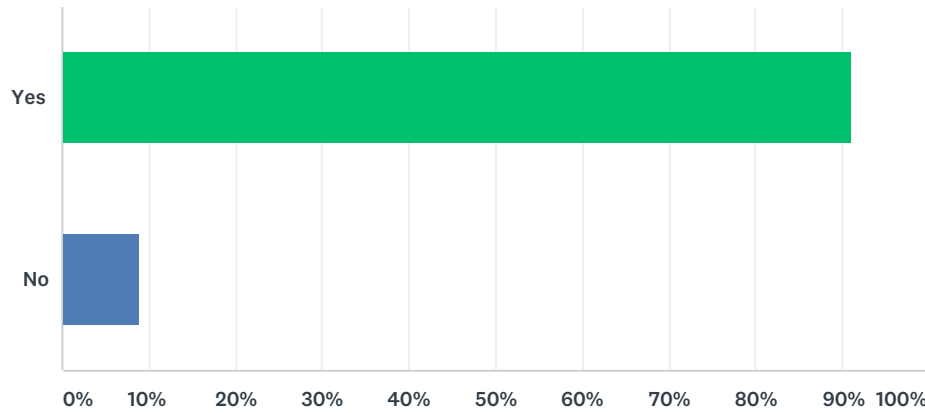
The anticipated cost for this scheme for 2018 based on forecasting would be **£8,988,050 (GYBC**
Cost £906,894)

Appendix 2 Local Proposals for 2018 Schemes

Local Authority	Max Award of Liability	Savings limit	Other benefits counted as income?	Second adult rebate reduced or abolished?	Changes made to non-dependent deductions?	Support restricted to a particular council tax band?	Changes made to backdating rules?	Changes made to conditions around starting work?
Great Yarmouth	91.5%	16000	No	No	No	No	No	No
ARP	91.5%	16000	No	Yes	No	No	No	No
Broadland	83.00%	16000	No	Yes	Yes flat rate deduction	No	No	No
North Norfolk	91.5%	16000	No	No	No	No	No	No
Norwich	100%	16000	No	No	No	No	No	No
South Norfolk	70% or 50%	16000	Yes	Yes	Yes flat rate deduction	Band D	No	No
King's Lynn and West Norfolk	75%	16000	No	Yes	Yes flat rate deduction	No	No	Yes

Q1 I have read the background information about the Council Tax Reduction Scheme?

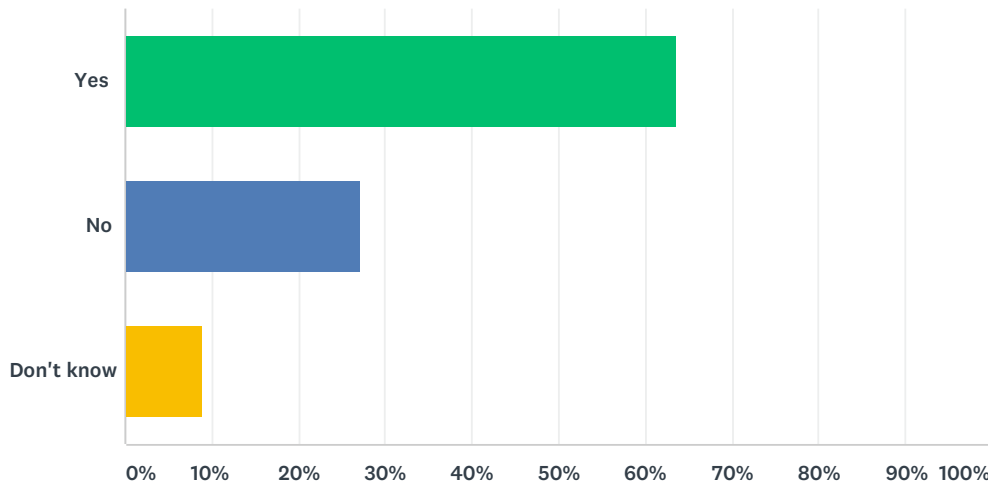
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ANSWER CHOICES	RESPONSES	
Yes	90.91%	10
No	9.09%	1
TOTAL		11

Q2 Option 1 would be to retain the current Council Tax Reduction Scheme. The current scheme limits the maximum amount of Council Tax Reduction to 91.5% of the Council Tax Liability for Working Age customers. The benefits of this is: There would be no major changes to the level of Council Tax Reduction a customer would receive. Do you think the Council should retain the current scheme for 2018?

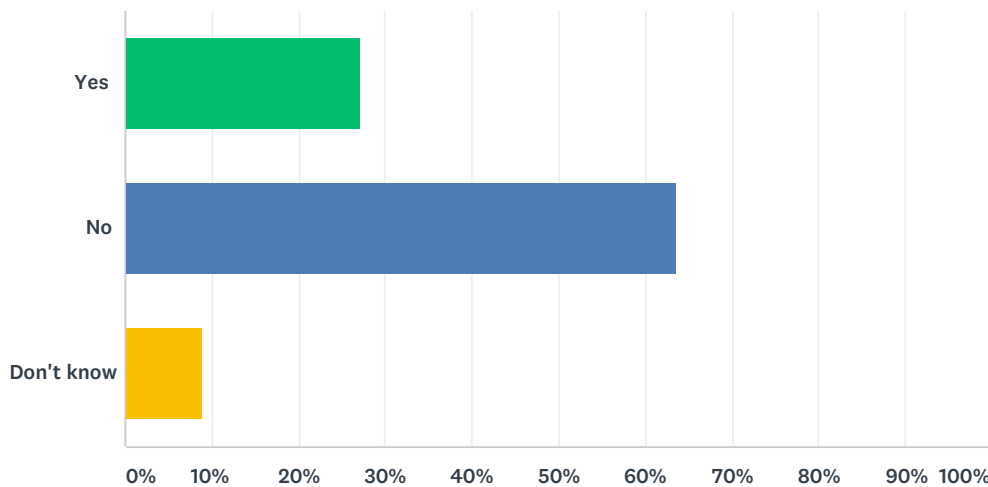
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ANSWER CHOICES	RESPONSES	
Yes	63.64%	7
No	27.27%	3
Don't know	9.09%	1
TOTAL		11

Q3 Option 2 would be to reduce the current maximum amount of Council Tax Reduction from 91.5% to 87.5% for Working Age customers. The benefits of this are: It is a simple alteration to the scheme which is easy to understand. The Council will achieve a saving on the overall cost of the Council Tax Reduction Scheme. The drawback of doing this is: All Working Age households receiving Council Tax Reduction will be required to pay more. Do you agree with this proposed change to the scheme?

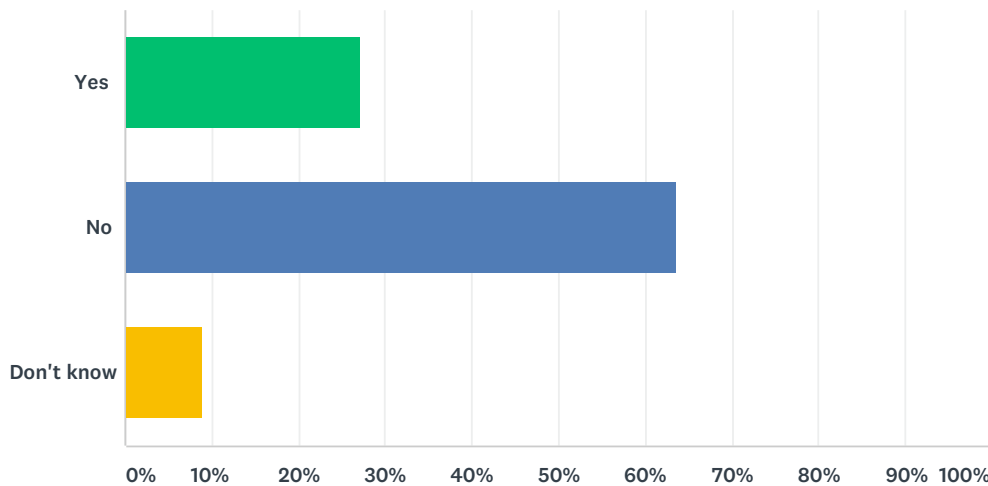
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ANSWER CHOICES		RESPONSES	
Yes		27.27%	3
No		63.64%	7
Don't know		9.09%	1
TOTAL			11

Q4 An option to consider would be to introduce a standard level of non dependant deduction of £4.00 for all customers claiming Council Tax Reduction who have non dependants residing with them. The benefits of doing this are: It is simple to understand compared to current rules (At present the deduction can range from £0.00 to £11.55 per week). Some households may see an increase in awards. It would require less notifications of changes in non dependants income and some households may receive more Council Tax Reduction than at present. Do you think we should introduce a standard Non Dependant deduction of £4.00 per week?

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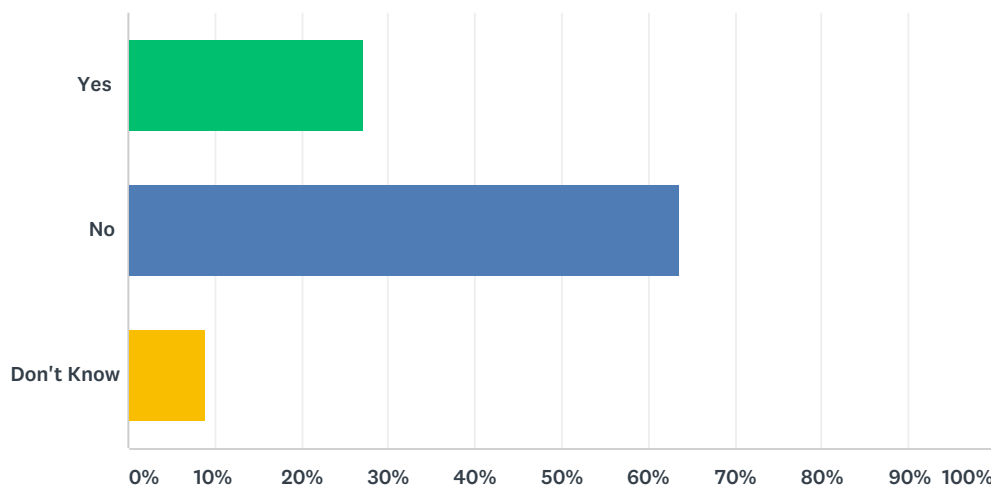


ANSWER CHOICES	RESPONSES	
Yes	27.27%	3
No	63.64%	7
Don't know	9.09%	1
TOTAL		11

Q5 The removal of family premium from 1st April 2018 for new claims will bring the Council Tax Reduction Scheme in line with Housing Benefit. The family premium is part of how we assess the 'needs' of any applicant.

Family premium is normally awarded when there is at least one dependant child residing with them. Removing the family premium will mean that when we assess the applicant's needs it would not include the current family premium of £17.45 per week. This change will not affect those on Universal Credit, Income Support, Income Related Employment Support Allowance or Income Based Job Seekers Allowance. The benefit of this is: It brings the working age Council Tax Reduction Scheme in line with Housing Benefit changes made by Central Government. The drawbacks of doing this are: New working age residents may see a reduction in the amount of support they receive. Some households with children will pay more. Do you agree with this change to the scheme?

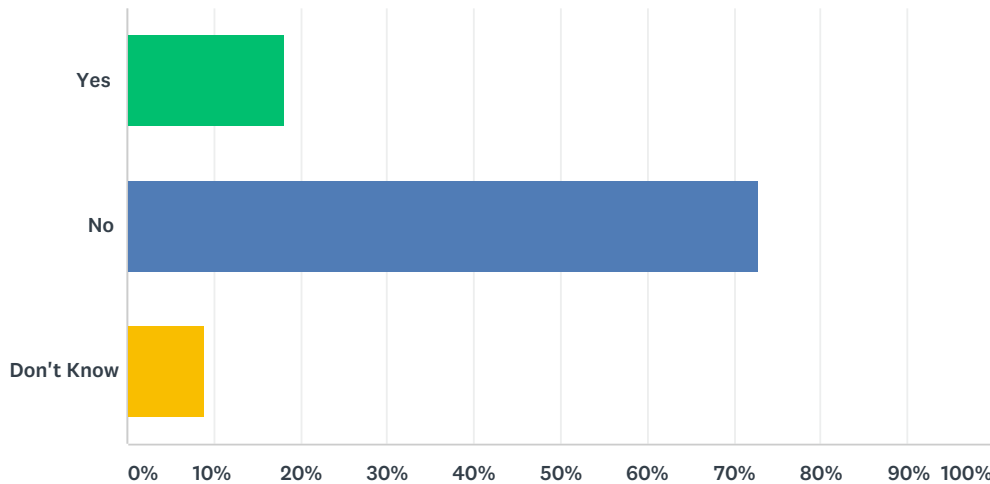
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ANSWER CHOICES	RESPONSES	
Yes	27.27%	3
No	63.64%	7
Don't Know	9.09%	1
TOTAL		11

Q6 If the Council keeps the current scheme, we will need to find savings from other services to help meet the expected reduction in Government funding. The proposals set out in this consultation could deliver savings. Do you think we should increase the level of Council Tax?

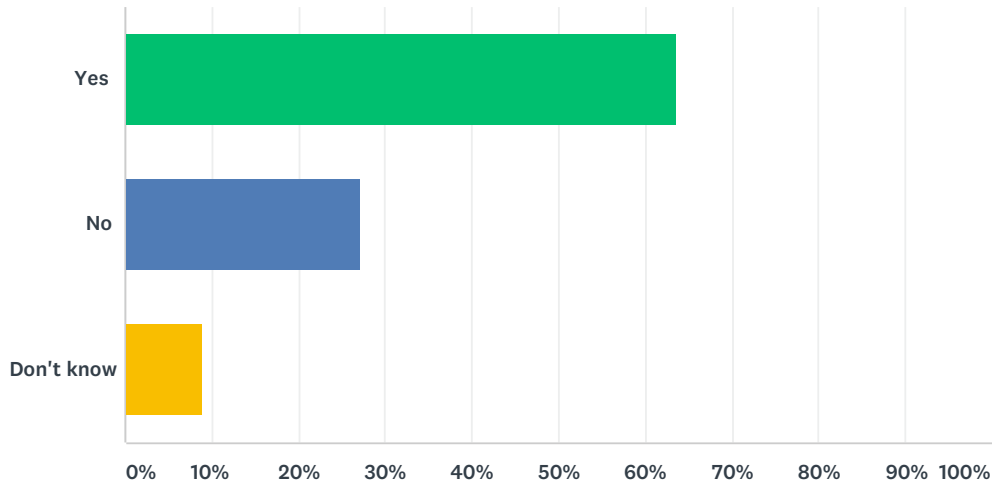
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ANSWER CHOICES		RESPONSES	
Yes		18.18%	2
No		72.73%	8
Don't Know		9.09%	1
TOTAL			11

Q7 Do you think the Council should find savings from cutting other Council Services?

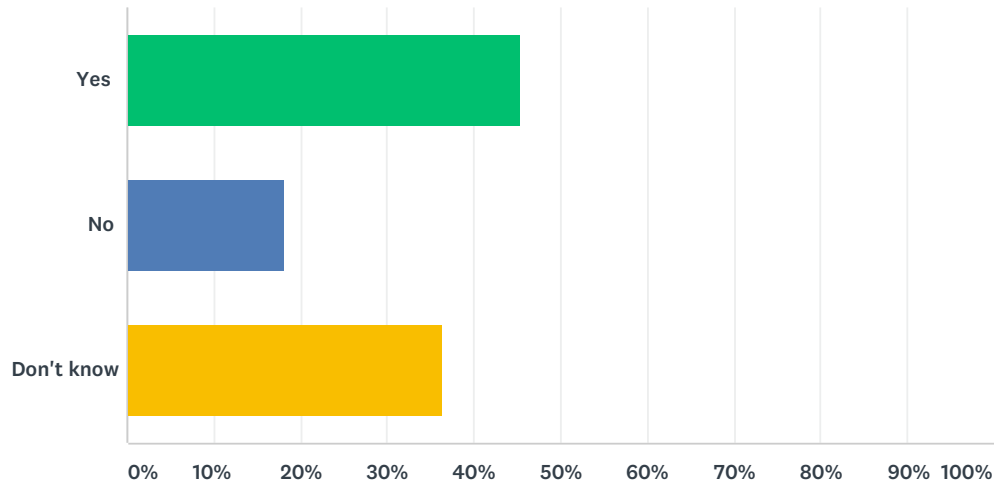
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ANSWER CHOICES	RESPONSES	
Yes	63.64%	7
No	27.27%	3
Don't know	9.09%	1
TOTAL		11

Q8 Do you think the Council should use Council savings?

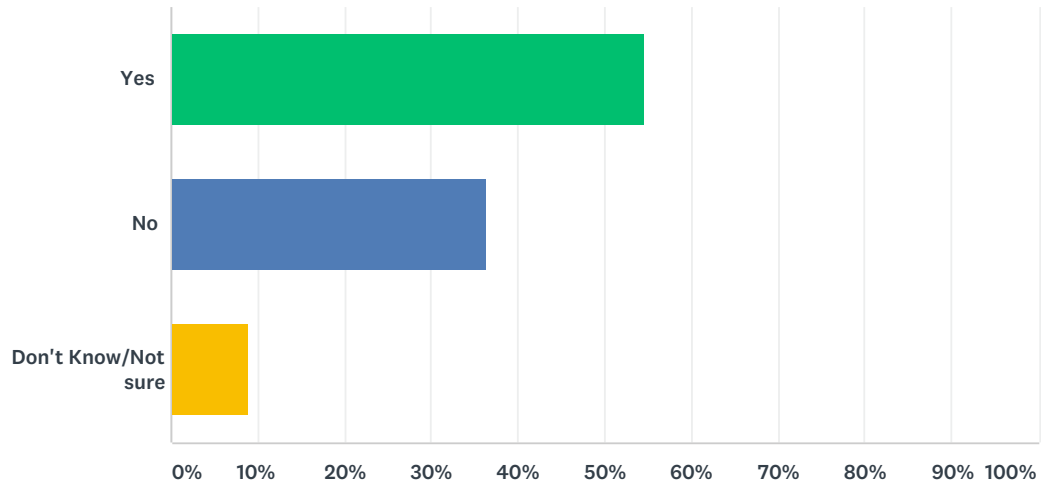
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ANSWER CHOICES	RESPONSES	
Yes	45.45%	5
No	18.18%	2
Don't know	36.36%	4
TOTAL		11

Q9 Are you, or someone in your household, getting a Council Tax Reduction at this time?

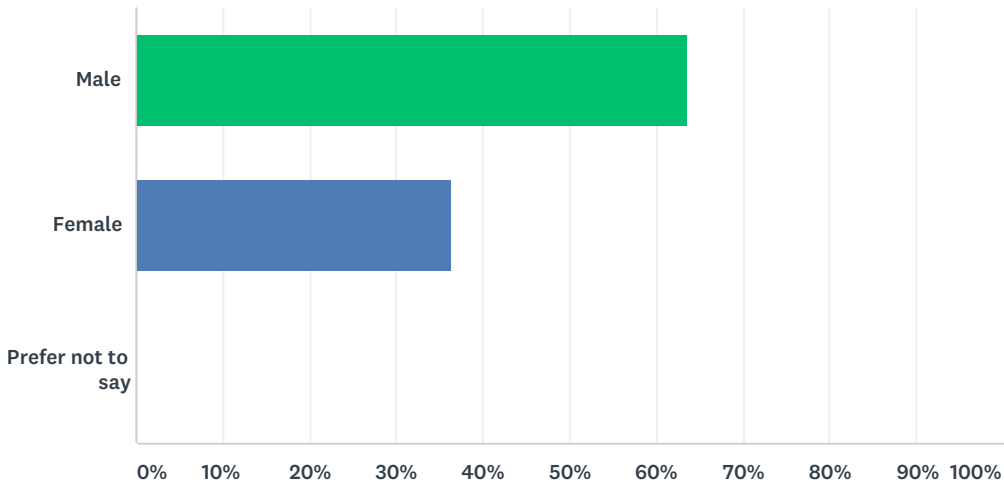
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ANSWER CHOICES	RESPONSES	
Yes	54.55%	6
No	36.36%	4
Don't Know/Not sure	9.09%	1
TOTAL		11

Q10 What is your gender?

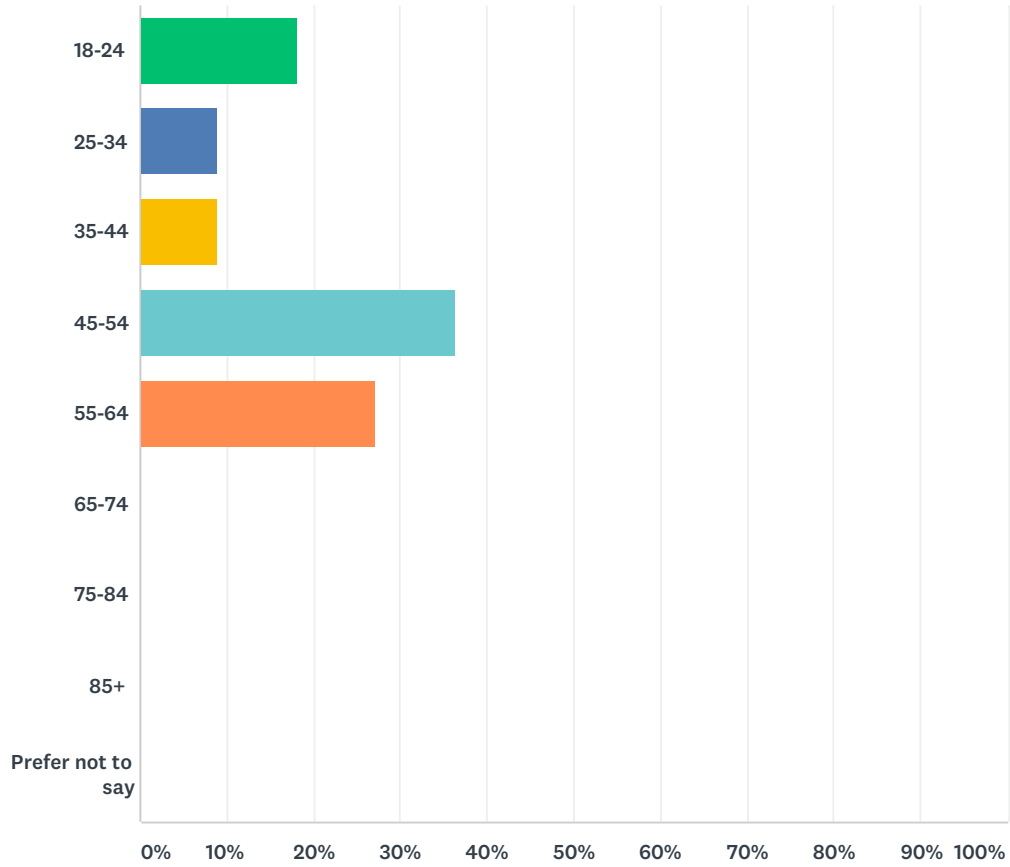
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ANSWER CHOICES	RESPONSES	
Male	63.64%	7
Female	36.36%	4
Prefer not to say	0.00%	0
TOTAL		11

Q11 What is your age group?

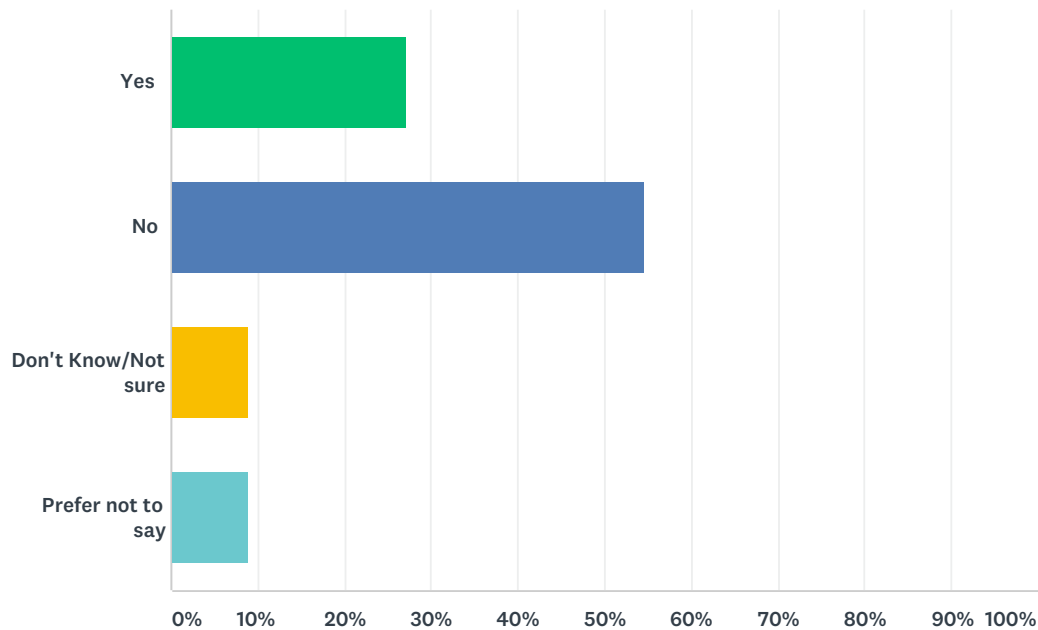
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ANSWER CHOICES	RESPONSES	
18-24	18.18%	2
25-34	9.09%	1
35-44	9.09%	1
45-54	36.36%	4
55-64	27.27%	3
65-74	0.00%	0
75-84	0.00%	0
85+	0.00%	0
Prefer not to say	0.00%	0
TOTAL		11

Q12 Disability: Are your day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	27.27%	3
No	54.55%	6
Don't Know/Not sure	9.09%	1
Prefer not to say	9.09%	1
TOTAL		11