

Subject: Council Tax Reduction Scheme 2019

Report to: ELT 12<sup>th</sup> November 2018  
Policy & Resources Committee 27/11/18  
Council 11/12/18

Report by: Miranda Lee Head of Customer Services

### **SUBJECT MATTER/RECOMMENDATIONS**

This report seeks decision and approval of the 2019 Local Council Tax Support/Reduction Scheme

#### **Recommendations:**

To continue with the existing scheme for 2018 - a maximum award of 91.5% of the Council Tax Liability for Working Age

## **1. INTRODUCTION/BACKGROUND**

- 1.1 The Committee Report of the 12<sup>th</sup> June 2018 requested permission to commence consultation in relation to the 2019 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 2019 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 2019 scheme has now closed with again a very small number of responses, only 9 taking the consultation survey.

- 2.2 As in previous years the consultation was available through the councils website. Consultation was based on retaining the existing scheme for 2019 for a working age with pensioners being protected.
- 2.3 The consultation ran for a 12 week period. Due to the lack of response the results of the consultation are negligible in helping to determine the scheme, however out of those response favoured retaining the existing scheme for a further year..

### 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 As each Local Authority decides their local scheme it is possible that other nearby Local Authorities can have different types of scheme with varying financial implications for customers. .Please refer to Appendix 1 which gives information on the proposals for schemes locally for 2019.

### 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 2019 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)

<b>Table 1</b>	<b>£</b>
Estimated Cost of Scheme	<b>9,195,251</b>
Precept Split	
Norfolk County Council	7,063,941
Police	1,223,705
GYBC	835,670
Parish	71,935

#### 4.4 The Revenue Support Grant continues to reduce significantly.

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

The RSG for 2019/20 is still to be confirmed at the time of writing this report but it is anticipated a further reduction will apply.

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.

## 5 RISK IMPLICATIONS

### 5.1 The cost of the scheme

Whilst we can predict anticipated costs of the scheme for 2019 based on continuing with the existing scheme for 2019, 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 2019 scheme based retaining the existing scheme - a maximum award of 91.5% of the Council Tax Liability for Working Age

Area for consideration	Comment
Monitoring Officer Consultation:	N/A
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 – 2019 Council Tax Reduction Scheme must be agreed by Council by 31 <sup>st</sup> January 2018
Risk Implications:	Yes as outlined
Equality Issues/EQIA assessment:	Yes
Crime & Disorder:	N/A
Every Child Matters:	Yes

## Appendix 1 Local Proposals for 2019 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