

North Tyneside Council Report to Cabinet 8 December 2014

ITEM 6(d)
**Council Tax Support
Scheme 2015 / 2016**

Portfolio(s): Finance and Resources

Cabinet Member(s): Cllr Ray Glindon

Report from Service Area: **Finance and Resources**

Responsible Officer: **Janice Gillespie, Strategic Manager Finance (Tel: 643 5701)**

Wards affected: **All**

PART 1

1.1 Purpose:

The purpose of this report is to provide Cabinet with:

- a) the outcome of the consultation exercise undertaken on the proposals for the 2015/16 Council Tax Support Scheme; and
- b) to request Cabinet to make proposals for the Council Tax Support Scheme for 2015/16 and to request Council to consider and approve that Scheme at its meeting on 22 January 2015.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (a) note the responses to the consultation exercise set out in paragraph 1.5.6; and
- (b) agree Option 1 at paragraph 1.6.4 as the Scheme to be referred to Council for its consideration and adoption at its meeting on 22 January 2015 and to recommend to Council that the Scheme become the Local Council Tax Support Scheme for North Tyneside with effect from 1 April 2014.

1.3 Forward plan:

- 1.3.1 Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 20 October 2014.

1.4 Council plan and policy framework

This report relates to the following priority in the 2014/18 Our North Tyneside Plan 'Our people will be cared for and kept safe if they become vulnerable'.

1.5 Information

- 1.5.1 The Local Government Finance Act 1992 as amended, states 'For each financial year, each billing authority must consider whether to revise its scheme or replace it with another scheme'. The Authority 'must make any revision to its scheme, or any replacement no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect'.
- 1.5.2 The law requires that any revision to a scheme, or any replacement scheme, which has the effect of reducing or removing a reduction to which a claimant is entitled, must include such transitional provision relating to that reduction or removal as the Authority thinks fit.
- 1.5.3 The current Council Tax Support Scheme (CTS) is a means tested support and entitlement is based on a claimant's income. Working age claimants have entitlement based on 93% of their Council Tax liability. Pensionable age claimants have entitlement based on 100% of their Council Tax liability, as prescribed under national rules.
- 1.5.3 Any changes proposed to the scheme must be subject to consultation before those changes are implemented, although the level and period of consultation is dependant on the level of any proposed change. As part of that consultation Local Authorities should, before making a scheme:
- a) consult any major precepting authority which has power to issue a precept to it,
 - b) publish a draft scheme in such manner as it thinks fit, and
 - c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.

The final decision on the scheme to be implemented is a Council decision.

- 1.5.4 As part of considering whether to revise the scheme, Cabinet on 13 October 2014 proposed that a consultation exercise be carried out on the proposal to keep the same level of support available for working age claimants for 2015/16 as is currently available.
- 1.5.5 The Consultation exercise started on 14 October 2014 and ended 9 November 2014.

Consultation outcomes

- 1.5.6 There were 98 people who submitted a consultation response:
- a) 71 people were in favour of keeping the current level of 93% of Council Tax liability available for support for working age claimants;
 - b) 17 people were in favour of reducing the level of support for working age claimants; and
 - c) 10 people were in favour of increasing the level of support for working age claimants.
- 1.5.7 The greatest number of respondents were in favour of keeping support for working age claimants based on 93% of Council Tax liability.

Current Scheme Information

- 1.5.8 The number of claimants needing help towards their Council Tax bill is reducing and this has been a steady trend over a number of years. The Department for Work and Pensions (DWP) did forecast this for North Tyneside and indeed we are also seeing this trend regionally. The number of claimants to the Scheme in April 2014 was 21,909 and the current caseload now stands at 21,449. As at 31 October 2014, 11,167 are working age claimants.

1.5.9 In April the Authority estimated the annual cost of the scheme for 2014/15 to be around £16.5m which was the cost of the scheme in 2013/14. However the reduction in the number of claimants and the reductions in entitlement have meant the forecast scheme cost for 2014/15 is around £15.9m. Table 1 below shows the costs of the scheme to North Tyneside.

Table 1

	93% available for support for working age
Estimated Total Cost of Scheme (based on spend as at October 2014)	£15,900,000
Deduct cost applicable to Fire and Police Authorities	£1,707,000
Cost of Scheme to North Tyneside Council	£14,193,000

1.5.10 The majority of CTS claimants live in Band A properties and the weekly maximum 93% of liability is £17.69 for a couple or £13.26 for a single person. This leaves £1.33 to pay each week for a couple or £1.00 to pay each week for a single person, based on the current Council Tax rate.

1.5.11 If further reductions in support were passed on to claimants it would mean for each 1% of Council Tax that is not eligible for support the claimant would pay an additional 19p per week for a couple or 14p per week for single people based on the current Council Tax rate.

1.5.12 Based on the current working age caseload, for every 1% reduced from support it would generate an approximate additional £100,000 of income annually which would also need to be collected. However this does not take into consideration any transitional provisional protection that would need to be factored in if reductions in support were adopted.

Collection Rates

1.5.13 There has been minimal reaction to the scheme both in year 1 and year 2 and we have had no appeals to the Valuation Tribunal.

1.5.14 Both year 1 and year 2 in year collection rates of Council Tax is strong with collection for year 1 only falling by 0.4% from 96.9% to 96.5% in 2013/2014, but this also includes collection of an additional £1.3m debit for empty property discount changes. General effects of a difficult economic climate and impacts of welfare reform which many on Council Tax Support have been also been impacted by, are likely to have contributed to the reduction in collection.

1.5.15 In year 1 and year 2 the Authority took a more supportive approach to recovery for those who had only 7% of their Council Tax to pay, with a gentle reminder and offers of support before starting the statutory recovery process. The summons action allows the Local Authority to obtain a Liability Order from the Court that permits reductions directly from an individual's State Benefits towards the payment of the outstanding Council Tax debt. This is currently set at just under £4.00 per week and will see Council Tax liability cleared in this financial year. Additionally costs were kept to an absolute minimum of £10.00 instead of the normal £80.00

1.6 Decision options:

1.6.4 The following options are available to Cabinet;

Option 1

- a) Continue with the current scheme which allows Council Tax Support for working age claimants to be calculated on 93% of Council Tax liability, and
- b) Continue to take the same supportive approach with regard to reduced recovery costs as was taken in 2013/14 and 2014/15
- c) Cabinet to propose this option as a recommendation to full Council at its meeting on 22 January 2015 as the scheme to be adopted for the financial year 2015/2016.

Option 2

Cabinet may choose to reject Option 1 and refer the matter back to officers for the further consideration of an alternative Scheme.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

1.7.4 Option 1 is recommended for the following reasons:

1.7.5 71 out of 98 people who took part in the consultation favoured keeping the current maximum level of support for working age claimants of 93%.

1.7.6 The current scheme is one which Council Tax Support claimants and partner organisations are familiar with, and which there have been no Tribunal appeals against.

1.7.7 It continues with the current maximum Council Tax Support available of 93% for working age claimants with only 7% not eligible for support.

1.7.8 The recovery rate of the current scheme is encouraging, showing that the majority of Council Tax Support claimants now having to pay an increased contribution are able to meet their obligations.

1.7.9 Recovery by attachment of benefits within the financial year is still obtainable with Option 1 as the amount to be recovered is within the attachment of income limit.

1.7.10 The potential impact on the Collection Fund is kept to a minimum by keeping the percentage of Council Tax not available for support to a minimum.

1.7.11 By keeping the current scheme there is no need to consider Transitional Protection as there are no changes to the scheme that would make a claimant worse off in 2015/16 than in 2014/15

1.8 Appendices:

1.9 Contact officers:

Janice Gillespie – Strategic Manager, Finance Tel. (0191) 6435701

Andrew Scott – Senior Client Manager Revenues, Revenues, Benefits and Customer Service, Tel. (0191) 643 7150

Geoff Huzzard – Financial Development Officer, Financial Strategy and Planning, Tel. (0191) 643 5716

Tracy Hunter – Client Manager Revenues, Benefits and Customer Service, Tel. (0191) 643 7228

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

Local Government Finance Act 1992

[Cabinet Report 13 October 2014 – Council Tax Support Scheme 2015/16](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1. Finance and Other Resources

2.1.1 The detailed financial implications of the Local Council Tax Support Scheme are covered from paragraph 1.5.9 to 1.5.12 above. In summary, the Scheme is implemented through a discount on the Council Tax liability for eligible claimants, thereby reducing the amount of Council Tax collectable by this authority. Based on current claimants the 2015/16 scheme is expected to cost around £15.9m based on current projections for 2014/15 and based on the assumption that there is no change to the rate of Council Tax.

2.1.2 This cost may reduce if the number of claimants continues to fall. It is not possible to accurately forecast the value of this as it will depend upon individual cases.

2.2 Legal

2.2.1 The Local Government Finance Act 1992 was amended by the Local Government Finance Act 2012 and requires that each Local Authority has to have in place by 31 January 2013, and each subsequent year, a Council Tax Reduction Scheme (referred to as a Support Scheme by this Authority) to replace the previous support arrangements.

2.2.2 Schedule 1A of the 1992 Act sets out the steps that must be taken before adopting a Council Tax Reduction Scheme and prescribes what must be included in the scheme. The existing scheme was duly consulted on before it came into force.

2.2.3 The Authority is also required by virtue of Schedule 1A each year to determine if the scheme should be revised or replaced.

2.2.4 Any Scheme proposed by Cabinet will be consulted on before being put to Council for final determination as to the Scheme to be adopted. It is clear by virtue of section 67 of the Local Government Finance Act 1992 that the making or revising of a Council Tax Reduction Scheme is a matter for Council.

2.3 Consultation/community engagement

2.3.1 This report is seeking direction from Cabinet as to whether they want to consider changes to the current Council Tax Support Scheme for proposal to Council on 22 January 2015. Consultation was carried out on the proposal to keep the current level of support for working age claimants from 14 October 2014 to 9 November 2014. This consultation produced the results which are outlined in paragraph 1.5.6.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

An Equality Impact Assessment (EIA) was carried out on the scheme in 2012, for 2013/14. Having reviewed this, its contents are still relevant as the scheme has not changed since 2012 and therefore no further EIA has been carried out. A copy of the EIA is available on request.

2.5.1 Risk management

The recommended scheme is a continuation of the current scheme and as such there will be no system administration support risks from the system provider Northgate. There have been no appeals to the Valuation Tribunal against the current scheme which would suggest there are no risks with proposing that the current scheme continues into 2015-2016. A consultation exercise has been carried out on the proposals to keep the current level of support for working age claimants and the results in paragraph 1.5.6 show that 72% of people who submitted a response were in favour of keeping the current level of support at 93% for working age claimants.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environmental and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy