

Report to:	COUNCIL
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Blackburn, Leader of the Council
Date of Meeting:	20 January 2016

COUNCIL TAX REDUCTION SCHEME 2016/ 2017

1.0 Purpose of the report:

1.1 To consider the recommendation of the Executive from its meeting on 7 December 2015 relating to the Council Tax Reduction Scheme.

2.0 Recommendation(s):

2.1 To agree that the Council continue to operate a Discretionary Discount Policy to be awarded in cases of exceptional hardship.

2.2 To agree that the reduction applied to Working Age claimants remains at 27.11% for the 2016/ 2017 Scheme and that the main elements and method of calculating awards previously agreed by Council on 22 January 2015 will remain the same.

3.0 Reasons for recommendation(s):

3.1 To ensure a Local Council Tax Reduction Scheme is approved by 31 January 2016 avoiding the financial risk associated with the Government imposed default scheme.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

There are no other options as the Council must approve a Council Tax Reduction Scheme each year.

4.0 Council Priority:

4.1 The relevant Council priority is "Communities: Creating stronger communities and increasing resilience".

5.0 Background Information

- 5.1 The Executive at its meeting on 7 December considered a proposed Council Tax Reduction Scheme for 2016/ 2017. The Executive was informed that the Government grant for Council Tax Reduction Scheme is equal to less than 90% of the Government forecast funding levels had Council Tax Benefits continued. This was expected to leave a shortfall in funding of £3.22million based on estimates of demand and assumptions regarding the basis of calculation for the central Government grant. The level of Government support is fixed and the Council adopted a self-funding Scheme under which all working age claimants had to pay at least 27.11% of their Council Tax in 2013/ 2014 and this remained the case in subsequent years.
- 5.2 The Blackpool Scheme incorporates the national pensioner scheme decided by Government. This ensures that support continues at existing levels for pensioners. In Blackpool, pensioners currently account for 38% of the caseload.
- 5.3 For working-age claims there is a means-tested assessment, predominantly based upon the former Council Tax Benefit rules, to establish entitlement. A percentage reduction is then applied at the end of the assessment.
- 5.4 Although the 2016/17 scheme will, as far as is possible, have the same design principles as that currently in operation a change to one element for 2016/17 is proposed. The Government has announced its intention to remove the family premium from housing benefit for children born after April 2016 or for new claims made after that date. The Council proposes to do the same for its Council Tax Reduction Scheme for 2016/17 to keep this element of the scheme the same as housing benefit. This change will apply to working age claimants who are not in receipt of certain benefits such as Income Support, Income Based Job Seekers Allowance or Income-Related Employment and Support Allowance.
- 5.5 The value of the percentage reduction must be established each year. The percentage is determined by reference to the level of Government grant, caseload, growth / reduction in caseload. It is proposed that for 2016/ 2017 the value of the percentage reduction for working age customers should remain at 27.11%.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 6(a) – Executive Decision Notice EX/48

6.0 Legal considerations:

- 6.1 A resolution by the full Council to adopt a Council Tax Reduction Scheme is required by 31 January 2016. The Scheme will take effect from 1 April 2016. The Council Tax and Business Rates Discretionary Discount Policy has been clarified and updated to reflect recent government legislation and is attached at Appendix 2(a) of the Executive agenda.

7.0 Human Resources considerations:

- 7.1 Existing staffing resources within the Council's Benefits service are used to administer the Council Tax Reduction Scheme; however, it is apparent that there has been a considerable increase in face-to-face and telephone contact, particularly when Council Tax bills are issued. The administrative and legal processes required to collect and recover substantial numbers of small amounts place an additional burden on available resource

8.0 Equalities considerations:

- 8.1 The Equality Analysis that has previously been carried out for the scheme has been revisited and updated. This aims to mitigate the impact on protected groups and includes the continued availability of a discretionary hardship fund which has been made available through the adoption of a Discretionary Discount Policy. As part of their consideration of the scheme for 2016/ 2017 an updated Equality Analysis was attached at Appendix 2(b), to the Executive report.

9.0 Financial considerations:

- 9.1 For 2016/ 2017, it is proposed that the percentage reduction made at the end of the assessment for working age claimants shall be 27.11%. A review of the Scheme must be carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. The Council will be required to approve the Scheme each year. The Welfare Reform Act 2012 provides for a major overhaul of the benefits system. The Council Tax Reduction Scheme was implemented ahead of the commencement of Universal Credit. The new scheme of Council Tax Reduction will run alongside Housing Benefit during the transition to Universal Credit. Housing Benefit administration will then gradually diminish until 2017. Wider changes to existing benefits during the next few years will mean customers on benefits will have less money available to pay their Council Tax liability. Whilst there is still an ambition to achieve full collection, this is likely to take longer.

10.0 Risk management considerations:

- 10.1 As part of the overall project management leading to the 2013/ 2014 Scheme, a risk workshop identified a number of risks. Actions required to mitigate those risks have been identified and implemented where possible.
- 10.2 Council Tax collection costs have risen as approximately 15,000 households in Blackpool have to pay more Council Tax compared to the position prior to the introduction of the Council Tax Reduction Scheme. Some previously received full Council Tax Benefits and therefore were not liable for any Council Tax. Collection rates fell by approximately 2.4% at the end of 2013/ 2014 and a further 0.7% in 2014/ 2015 as a consequence of the Council trying to collect from low income households.
- 10.3 Demand on both face-to-face and telephones within the Customer Contact Centre has increased and this adversely affects the waiting times for customers and overall response times.

11.0 Ethical considerations:

- 11.1 None.

12.0 Internal/ External Consultation undertaken:

- 12.1 Extensive public consultation was undertaken during 2012 to develop the 2013/ 2014 Blackpool Scheme. Although the main elements and method of calculating awards will remain the same, further public consultation has taken place in respect of the proposed changes to the family premium. A summary of the public consultation response and the Council's response were included within the revised Equality Impact Analysis.

13.0 Background papers:

- 13.1 There are no additional background papers to this report.