

Notice of:	EXECUTIVE
Decision Number:	EX48/2015
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Simon Blackburn, Leader of the Council
Date of Meeting:	7th December 2015

COUNCIL TAX REDUCTION SCHEME 2016/2017

1.0 Purpose of the report:

1.1 To seek approval for the proposals for the Council Tax Reduction Scheme 2016/17.

2.0 Recommendation(s):

2.1 To recommend to the Council to agree to continue to operate a Discretionary Discount Policy for Council Tax to be awarded in cases of exceptional hardship as set out at Section 3 of Appendix 2a, to the Executive report.

2.2 To recommend to the Council that the reduction applied to Working Age claimants remains at 27.11% for the 2016/17 Scheme and that the main elements and method of calculating awards previously agreed by Council on 21st 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 31st January 2016 avoiding the financial risks 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:

None, a Council Tax Reduction Scheme must be approved by the Council in every 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 Welfare Reform Act 2012 abolished Council Tax Benefits (CTB), billing authorities were required to adopt a local Council Tax Reduction Scheme (CTRS) to take effect from 1st April 2013.

5.2 In 2013/14 the Government grant for the Council Tax Reduction Scheme was equal to less than 90% of the Government’s 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 was 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 2013/14. The rate has remained the case in subsequent years.

5.3 Since 2013/14, the Government funding has become part of the Local Government Finance Settlement and is no longer separately identifiable; however, overall funding has fallen further.

5.4 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.

5.4 For working-age claims there will be a means-tested assessment, predominantly based upon the former Council Tax Benefit rules, to establish entitlement. A percentage reduction will then be applied at the end of the assessment.

5.5 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.

Appendix 6(a)

- 5.6 At this point in time the Department for Communities and Local Government may still issue changes to the known position. Required changes will be incorporated into the final scheme presented for adoption at full Council on 20th January 2016.
- 5.7 The value of the percentage reduction must be established each year. The percentage is determined by reference to the level of Local Government Finance Settlement, caseload, growth / reduction in caseload. It is proposed that for 2016/17 the value of the percentage reduction for working age customers should remain at 27.11%.
- 5.8 The document at Appendix 2a, to the Executive report, also includes the Discretionary Discounts policy for those not in receipt of Council Tax Reduction and the Discretionary Discounts policy for Business Rates. It is not proposed to change either of these policies but to continue to include these in the one document for ease of use.
- 5.9 Does the information submitted include any exempt information? No

5.10 **List of Appendices:**

Appendix 2a: Proposed Council Tax and Business Rates Discretionary Discount Policy 2016/17 including the Discretionary Discount for those in receipt of Council Tax Reduction
Appendix 2b: Equality Analysis

6.0 **Legal considerations:**

- 6.1 A resolution by the full Council to adopt a Council Tax Reduction Scheme is required by 31st January 2016. The Scheme will take effect from 1st April 2016.
- 6.2 The Council Tax and Business Rates Discretionary Discount Policy has been updated and is attached at Appendix 2a, to the Executive report.

7.0 **Human Resources considerations:**

- 7.1 Existing staffing resources within the 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 resources.

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 2016/17. Members must read the updated Equality Analysis which is attached at Appendix 2b, to the Executive report.

9.0 Financial considerations:

9.1 For 2016/17 it is proposed that the percentage reduction made at the end of the assessment for working age claimants shall be 27.11%.

9.2 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.

9.3 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. 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 2013/14 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 2013/14 and a further 0.7% in 2014/15 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 2013/14 Blackpool Scheme. The overall response concluded that, whilst most people did not agree with the changes, the options proposed by the Council were, in the main, supported.

12.2 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 is given below. The Council's response to each comment has been considered and is included within the Equality Impact Analysis which is attached at Appendix 2b.

- 13 of the 14 respondents are Blackpool Council Tax payers, 6 are currently in receipt of Council Tax Reductions.
- Of the 14 responses to the consultation, 8 strongly agree or agree with the proposal whilst 4 strongly disagree with it. 2 respondents indicated that they neither agree/ nor disagree.
- Of those who disagree with the proposal, one suggested that the Council should focus on those not paying any Council Tax, one feels the Council should review staff salaries, another proposes a 'sponsor scheme' to cover Council Tax and rent if someone becomes unemployed and one respondent indicated that there was insufficient information to agree with the proposal and that the Council should look to renegotiate commercial agreements.
- Other comments about the proposal were mixed, with some feeling it would have a negative impact on struggling families and vulnerable people whilst others accepted that difficult savings need to be made. One comment suggested that the proposal would be fairer on those with fewer children and again comments touched on collection of Council Tax arrears and the impact of families moving to the area who are reliant on reductions.

12.3 Consultation has also taken place with the major preceptors as required by Department for Communities and Local Government guidelines.

13.0 Background papers:

13.1 Existing Policy-
<https://www.blackpool.gov.uk/Residents/Benefits/Documents/Local-Council-Tax-Support-2015-16.pdf>

14.0 Key decision information:

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 19/2015

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 27th November 2015 Date approved:

17.0 Declarations of interest (if applicable):

17.1 None

18.0 Executive decision:

18.1 The Executive resolved as follows:

1. To recommend to the Council to agree to continue to operate a Discretionary Discount Policy for Council Tax to be awarded in cases of exceptional hardship as set out at Section 3 of Appendix 2a, to the Executive report.
2. To recommend to the Council that the reduction applied to Working Age

claimants remains at 27.11% for the 2016/17 Scheme and that the main elements and method of calculating awards previously agreed by Council on 21st January 2015 will remain the same.

18.2 Date of Decision:

7th December 2015

19.0 Reason(s) for decision:

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

19.1 Date Decision published:

7th December 2015

20.0 Executive Members present:

20.1 Councillor Cain, in the Chair

Councillors Collett, Jackson, Jones, Kirkland, I Taylor and Mrs Wright

Apologies were received from Councillors Blackburn and Smith who were engaged elsewhere on Council business.

21.0 Call-in:

21.1

22.0 Notes:

22.1