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| Report to: | Executive |
| Relevant Officer: | Steve Thompson, Director of Resources |
| Relevant Cabinet Member: | Councillor Simon Blackburn, Leader of the Council |
| Date of Meeting: | 15 th December 2014 |

COUNCIL TAX REDUCTION SCHEME 2015/2016.

1.0 Purpose of the report:

1.1 To seek approval for the proposals for the Council Tax Reduction Scheme 2015/2016.

2.0 Recommendation(s):

2.1 To recommend to the Council that the reduction applied to Working Age claimants remains at 27.11% for the 2015/16 Scheme and that the main elements and method of calculating awards previously agreed by Council on 22nd January 2014 will remain the same.

2.2 To recommend to the Council to continue to operate a Discretionary Discount Policy to be awarded in cases of exceptional hardship as set out at Appendix 2a.

3.0 Reasons for recommendation(s):

3.1 To ensure a Local Council Tax Reduction Scheme is approved by 31st January 2015 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:

“Safeguard and Protect the most vulnerable”

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 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. This remained the case in 2014/2015.

5.3 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 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.

5.5 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.

5.6 It is proposed that for 2015/2016 the value of the percentage reduction for working age claimants should remain at 27.11%.

5.7 Does the information submitted include any exempt information? No

5.8 List of Appendices:

Appendix 2a: Council Tax Reduction Scheme

6.0 Legal considerations:

6.1 A resolution by the full Council to adopt a Council Tax Reduction Scheme is required by 31st January 2015. The Scheme will take effect from 1st April 2015. The Council Tax and Business Rates Discretionary Discount Policy has been clarified and updated to reflect recent government legislation and is attached at Appendix 2a.

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 Council carried out a detailed and robust Equality Analysis and in order to mitigate part of the impact of the Council Tax Reduction Scheme on some households, a discretionary hardship fund has been made available through the adoption of a Discretionary Discount Policy.

9.0 Financial considerations:

9.1 For 2015/2016 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 2013/14 Scheme, a risk workshop identified a number of risks. Actions required to mitigate those risks have been identified and implemented where possible.

11.0 Ethical considerations:

11.1 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 as a consequence of the Council trying to collect from low income households. 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.

12.0 Internal/ External Consultation undertaken:

12.1 Consultation has taken place with the major preceptors as required by Department for Communities and Local Government guidelines. Extensive public consultation was undertaken during 2012 to develop the 2013/2014 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. It is not proposed to carry out further consultation in relation to the 2015/2016 Scheme because the main elements and method of calculating awards will remain the same.

13.0 Background papers:

13.1 None

14.0 Key decision information:

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 19/2014

14.3 If a key decision, is the decision required in less than five days?

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: 5th December 2014 Date approved: N/A

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 **Date of Decision:**

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members in attendance:

20.1

21.0 Call-in:

21.1

22.0 Notes:

22.1