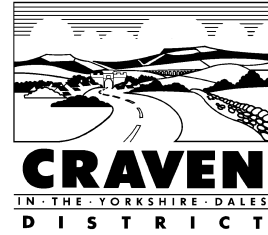


**Policy Committee – 18th November 2014**

**Council Tax Support from April 2015**



**Report of the Corporate Head (Business Support)**

**Presenting Officer - Revenues, Benefits & Customer Services Manager**

1. **Purpose of Report** – To request that Members retain the 2014/15 Council Tax Support Scheme for 2015/16. A final scheme must be approved by full Council before 31<sup>st</sup> January 2015.
2. **Recommendations** – That the Council confirms that the Council Tax Support Scheme for 2015/16 and 2016/17 is exactly the same as the scheme for 2014/15, with maximum support for working age claimants remaining at 90%.
- 3 **Background**
  - 3.1 Support for Council Tax became a local authority responsibility from April 2013. Local authorities no longer receive a separate amount of grant in respect of council tax support. This means that it is not possible to be sure about the amount of grant allocated from the government but it is inevitable that there will continue to be cuts in support, meaning that local authorities will bear an increasingly greater share of supporting council tax support claimants, unless a decision is made to pass on the reduction in support in full.
  - 3.2 Support for pensioners remains unaffected by this cut in spending and changes to council tax benefit continue to apply only to working age claimants.
  - 3.3 As at 1<sup>st</sup> September 2014 the expected award of CTRS in 2014/15 was £2.6m, of which 63.3% is being paid to claimants of pensionable age. The amount being paid to working age claimants is £955,458.
  - 3.2 The caseload has declined steadily over the past 2 years; from a high of 3550 in 2012 it currently stands at 3072, having reduced from 3138 in April 2014.
  - 3.3 Over the same 2 year period the amount of council tax collectable has risen by £2,120,155 (6.48%). This increase is a mixture of reduced support, removing / reducing local discounts and the increase of just under 2% levied from April 2014. To put the size of the increase into context, in the 4 years 2009 to 2012 the amount of council tax collectable rose by £1,559,866 (5.16%)
  - 3.4 The collection rate for council tax is holding steady but, significantly, we had collected £643,872 more at 1<sup>st</sup> September this year than at the same point last year. As last year, we have had to work harder in terms of recovery action.

# AGENDA ITEM 6

## 4 2015/16 and Beyond

- 4.1 As mentioned above, it is expected that Government funding will further reduce, and the council's own financial pressures may mean that at some point claimants will need to pay a greater share of council tax before becoming entitled to council tax support.
- 4.2 However, the evidence available to date indicates that increasing the council tax liability beyond a certain level will result in difficulties collecting the amount payable, with additional pressures being placed on the Collection Fund.
- 4.3 Across North Yorkshire most authorities (with the possible exception of Selby) have decided to retain council tax support at the 2014/15 levels. For reference the table below identifies the level of support offered throughout North Yorkshire

|               |       |
|---------------|-------|
| Craven        | 90%   |
| Hambleton     | 91.5% |
| Harrogate     | 100%  |
| Richmondshire | 91.5% |
| Ryedale       | 91.5% |
| Scarborough   | 90%   |
| Selby         | 91.5% |
| York          | 70%   |

- 4.4 Council tax support schemes may be reviewed and set annually, in which case the process of consultation and committee approval will need to be repeated each year. Alternatively the scheme can be set for a longer period, which will allow for planning and less uncertainty for claimants. As there are risks to the council in fixing the scheme for too long a period, it may be an option to set the scheme for 2 years at a time.
- 4.5 The scheme could remain the same next year with a stated intention to reduce the support by a certain percentage the following year. However, given the growing evidence that indicates that councils where support has been cut more severely are struggling to maintain their collection rates, it may be prudent to keep the scheme the same for at least a further 2 years in order to monitor the position.
- 4.6 We made an administrative change in 204/15; this was a change to how self-employed income is assessed (in line with Universal Credit calculations). On the whole this has proved successful and we will retain the change. We have not identified any further changes necessary for 2015/16.

## 5 What Happens Next

- 5.1 Each local authority is required to make a localised council tax scheme by 31<sup>st</sup> January 2015. The local scheme will be made under s13A(2) of the Local Government Act and it will set out the classes of person entitled to a reduction.

## AGENDA ITEM 6

- 5.2 Failure to set a local council tax support scheme will result in the imposition of the default scheme. For Craven, that will mean that will retain the scheme that we have agreed for 2014/15.

### **6 Cost of the scheme**

- 6.1 As detailed in the body of report, we anticipate that £2.6m will be awarded in council tax support in 2014/15. There is no specifically defined grant from the government to offset these awards (although an amount is included in the RSG), so to calculate an actual cost is not straightforward. Council Tax Support reduced the tax base by 1830 Band D equivalents in this financial year, a cost of £280k to Craven. The last time the government grant was specified (2013), Craven's share was £275k. It is safe to assume that the amount rolled into the RSG grant in 2014 would have been less than this figure, so assuming a 15% reduction would mean a cost to Craven in the region of £50k. However, this is simply an estimate and an attempt to give some context to the figures.
- 6.2 The tax-base has increased over recent years, in part because we have reduced local discounts. Craven's share of the increase (excluding the council tax support adjustment) over the last 2 years equates to around £28k

### **7 Implications –**

#### **7.1 Financial Implications**

Finance have confirmed that the implications are as detailed in the main body of the report.

#### **7.2 Legal implications**

As detailed in the body of the report –the scheme must be in place by 31<sup>st</sup> January 2015 and live for 1<sup>st</sup> April 2015.

- 7.3 **Contribution to Corporate Priorities** – nothing directly arising from this report.

#### **7.4 Equality Impact Assessment –**

An Equality Impact Assessment has been carried out in partnership with our North Yorkshire district councils and no negative impacts have been found to arise for any particular groups in the community. When the final scheme has been agreed, the EIA will be revisited and reviewed.

### **8 Consultations with Others –**

- Joint working with North Yorkshire colleagues
- Financial Services

#### **Author of the Report –**

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