

Chichester District Council

CABINET

3 November 2015

Determination of the Council Tax Reduction Scheme for 2016/17

1. Contacts

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2. Recommendation

- 2.1. That the Council be recommended that the council tax reduction scheme for 2016/17 be approved.**

3. Background

- 3.1. The Welfare Reform Act and Local Government Finance Acts of 2012 abolished the national council tax benefit scheme and put in place a framework for local authorities to create their own local council tax reduction (CTR) schemes from 1 April 2013.
- 3.2. The Government legislated that people of pensionable age will continue to receive support based on national rules (prescribed regulations). The Council's scheme encompasses both pensioners (over which the Council has discretion only to *improve* the statutory provision) and working age claims (over which the Council has complete discretion as to how to draw up its scheme).
- 3.3. The Government has laid down the process by which a local council tax reduction scheme can be put in place and renewed each year. In accordance with that process, officers have consulted both WSCC and Sussex Police, published a draft scheme, consulted stakeholders and the community, and prepared the attached recommended scheme. This scheme must be approved by the Council before 31 January 2016 or the previous year's scheme will continue to have effect.
- 3.4. The cost of CTR is by way of deduction from the tax base, which has to be set by the December Cabinet. Although the legislation permits the CTR scheme to be approved in January it really needs to be considered and agreed before tax base can be set.

4. Outcomes to be achieved

- 4.1. Payment of council tax reduction in accordance with the scheme.

5. Proposal

- 5.1. The proposed council tax reduction scheme for 2016/17 is based on this year's scheme.
- 5.2. The way in which entitlement is calculated will remain in line with the preceding council tax benefit scheme and will, therefore, minimise the impact on claimants.
- 5.3. The actual amounts used to calculate the level of reduction (living allowance, non-dependent deductions and earnings disregards) will be amended in line with those for housing benefit decided by the Department for Work and Pensions. These figures are not usually available until after the Autumn Statement but we do know that living allowances for working age claimants in particular will not be increased.
- 5.4. The scheme also accords with previous years in disregarding certain war related pensions.

6. Alternatives that have been considered

- 6.1. No alternative schemes have been considered for 2016/17

7. Resource and legal implications

- 7.1. For 2016/17 the amount of funding for council tax reduction schemes from Department for Communities and Local Government (DCLG) will not be transparent. The Council must decide how much it wishes to spend in the context of the overall budget setting process.
- 7.2. The predicted spend on CTR when taxbase was set in December 2014 for 2015/16 was £7,078,508.15. Due to a reduction in the number and value of claims the revised 2015/16 cost is now estimated to be £6,702,618 (as at the end of September)
- 7.3. In 2016/17 welfare reforms announced in the Budget are expected to increase expenditure on CTR. It is not possible to accurately predict the outcome but a rough analysis has suggested that individual claimants with tax credit income may be entitled to an additional £200 per year. This will be offset by the decrease in entitlement of other claimants affected by the freezing of the living allowances. It is therefore not imperative to make significant financial savings in the 2016/17 scheme. DCLG's own forecasts are that expenditure on pensioners, at least, should fall and with an improving economic situation Members can expect this across the board.

8. Consultation

- 8.1. A consultation with stakeholders and the public on the draft scheme for 2016/17 was carried out from 24 August to 21 September 2015. The results of this are attached as Appendix 2

9. Community impact and corporate risks

- 9.1. The corporate risk to the authority is setting a council tax reduction scheme which is unaffordable. This risk is reduced by setting a scheme which is in line with the existing one so expenditure can be predicted.
- 9.2. As the full impact of the welfare reforms are not known at this stage there is a risk that the scheme will cost more than estimated. However it is anticipated that the savings achieved through the falling demand in 2015/16 will offset any growth generated by the welfare reform changes in 2016/17.
- 9.3. Similarly the community impact is reduced by keeping the calculation of entitlement in line with the current scheme. This was explored in more detail in the Equalities Impact Assessment seen by Members in 2012.

10. Other Implications

Crime & Disorder:	None
Climate Change:	None
Human Rights and Equality Impact:	None
Safeguarding:	None

11. Appendix

11.1 Appendix 1 – Council Tax Reduction Scheme (overview) 2016/17

11.2 Appendix 2 – CTR Consultation Feedback

12. Background Papers

- 12.1 The full detailed scheme, for which Council approval is sought, has been commissioned from ACS Ltd. It will be put onto the web site when it has been received.