

Chichester District Council

THE CABINET

1 November 2016

Determination of the Council Tax Reduction Scheme for 2017-2018

1. Contacts

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2. Recommendation

2.1. That the Council be recommended that the Council Tax Reduction Scheme for 2017-2018 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 2017 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.
- 3.5. The cost of the scheme is shared between all precepting authorities. This Council's share is approximately 9% of the total scheme cost, with the rest being funded by Sussex Police, West Sussex County Council and the Parish Councils.

4. Outcomes Achieved

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

5. Proposal

5.1. The proposed council tax reduction scheme for 2017/18 to be 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 Considered

6.1. For 2017/18 four alternative schemes have been considered. Members were advised of these in July but in summary they are outlined below:

Proposal	Total Cost of CTR Scheme	Saving that would accrue to CDC
Opening Figures	£6,619,698 (June 2016)	
Restrict to Band C	£6,599,093	-£1,855
Restrict to Band D	£6,610,903	-£792
Based on 90% of the liability	£6,239,877	-£34,184
Based on 95% of the liability	£6,428,534	-£1,7205

7. Resource and legal implications

7.1. For 2017/18 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 tax base was set in December 2015 for 2016/17 was £ £6,649,275. The revised 2016/17 cost is now estimated to be £6,702,618 (as at the end of August). This compares with £7,318,175.57 in 2013/14.

- 7.3. Capping at Band C or D would bring little cost saving while impacting a few claimants disproportionately. Restricting the percentage liability is fairer but would potentially lead to a large number of small debts, increasing collection costs. Both options will lead to hardship for vulnerable people.
- 7.4. In 2017/18 welfare reforms previously announced are expected to continue to reduce expenditure on CTR. It is not possible to accurately predict the outcome but 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. It is therefore not imperative to make significant financial savings in the 2017/18 scheme.

8. Consultation

- 8.1. A consultation with stakeholders and the public on the draft scheme for 2017/18 was carried out during August and September. There were 48 responses, of whom 5 do not live in the District (assumed to be landlords or owners of empty property). A detailed analysis is attached as Appendix 2. Opinion was evenly matched between making further cuts and maintaining current expenditure. There was no response from West Sussex County Council, the major preceptor.

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. Should there be a downturn in the economy there is a risk that the scheme will cost more than estimated. However it is anticipated that the savings achieved through the various welfare reform changes (mirrored in this scheme) will offset any growth generated by a rise in the number of recipients.
- 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. If Members decided to make cuts then a further equality impact assessment would be needed.

10. Other Implications

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

11. Appendices

11.1 Draft Council Tax Reduction Scheme 2017-2018

11.2 Council Tax Reduction Scheme Survey 2016

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 website when it has been received.