


Agenda Item No:	6	
Committee:	Overview and Scrutiny	
Date:	23 November 2015	
Report Title:	Council Tax Support - 2016-17 scheme	

1 Purpose / Summary

Each year the Council is required to review its Council Tax Support (CTS) Scheme. This report advises Overview and Scrutiny of the progress of the 2015 review and the resultant proposals for the CTS scheme to take effect from 1 April 2016.

2 Key issues

- We are currently in the third year of CTS. This is a locally set scheme that replaced the nationally set Council Tax Benefits (CTB) scheme from April 2013.
- In 2013-14 we were able to take advantage of a one-off Government grant that compensated in part for the reduction in Government funding that year. This meant that the maximum CTS awarded was the amount calculated, less 8.5% (Pensioners are protected by legislation and receive up to 100% CTS).
- In 2014-15, we initially proposed this reduction be increased to 20%. However a reduction in demand meant that we were able to revise this reduction to 14%.
- For 2015-16 we kept the same scheme as 2014-15, except that allowances and premiums (the amounts of income from state-administered benefits such as Jobseekers' Allowance) were increased in line with other benefits such as Housing Benefit. This means that customers have a higher income before losing CTS.
- In 2016-17 we are proposing to keep the same scheme as 2015-16, including uprating premiums in line with state-administered benefits

3 Recommendations

The Panel is requested to:

- Note the attached report,
- Recommend any changes to the approach being taken prior to Cabinet and Council determining the 2016 CTS scheme at their meetings on 17 December 2015.

Wards Affected	All
Forward Plan Reference	N/a
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Background Paper(s)	N/a

4 Introduction

- 4.1 Before April 2013, Council Tax Benefit (CTB) was a nationally controlled scheme administered by District and Unitary Councils that give reductions from Council Tax to people on low incomes according to set criteria specified by regulations. The maximum reduction was 100% of a person's Council Tax bill.
- 4.2 CTB was localised and replaced by CTS in April 2013. At the same time, Government funding was reduced and CTS was localised, coming under the control of District and Unitary Councils. Whilst pensioners were protected and regulations specified that they must still receive up to 100% CTS, this protection did not apply to working age people.
- 4.3 The implementation of CTS left Fenland with a funding gap, that potentially saw working age customers only being entitled to 80% CTS. However, Members considered the options available to help increase CTS and were able to implement a scheme in 2013-14 that saw working age customers be entitled to up to 91.5% of CTS; in two ways.
- 4.4 Members primarily met the funding shortfall by revising Council Tax exemptions on empty properties, permitted by regulations that changed in 2013. This meant that the Council would no longer give a Council Tax reduction for most empty domestic properties.
- 4.5 The funding shortfall was further closed by a one-off transitional Government grant that applied in 2013-14 only.

- 4.6 In 2014-15 this grant was not available. With demand for CTS not growing as was predicted in 2013-14, Members were able to revise the CTS scheme to feature a reduction of 14% CTS for working age customers.
- 4.7 For 2015-16 the CTS scheme remained the same as 2014-15 after Members noted a decline in both numbers of customers claiming it, and the amounts awarded overall.
- 4.8 Councils are required to review the operation of their CTS schemes annually. They are required to make any revisions no later than 31 January in the financial year preceding that for which the scheme will be revised (i.e. 31 January 2016 for the scheme relating to 2016-17).
- 4.9 For 2016-17 the Council is not seeking to revise the CTS scheme in itself, proposing that the 14% reduction for working age customers remains in place.

5 CTS being awarded

- 5.1 2015-16 is the third year in the operation of a locally determined CTS scheme.
- 5.2 The table below shows how the amount of CTS awarded and numbers of customers receiving it have changed in the last two years:-

Table 1 – CTS awarded

CTS - £s awarded and number of customers receiving it				
Date	CTS awarded	Total customers	Working age customers	Pensioner customers
1/11/13	£7.68 million	9,409	4,682	4,727
1/4/14	£7.71 million	9,355	4,681	4,674
1/11/14	£7.49 million	9,180	4,641	4,539
1/4/15	£7.53 million	9,051	4,620	4,431
1/11/15	£7.33 million	8,768	4,487	4,281
Change in last year	-2.66% -£200k	-4.49% -412	-2.88% -133	-3.38% -150

- 5.3 The continuing reduction in cases reflects national welfare benefit trends. The data below comes from official DWP statistics for all nationally administered welfare benefits:-

Table 2 – national welfare benefit projections

National welfare benefits - £s awarded and number of customers receiving				
Date	Total paid out	Annual change	Total customers	Annual change
2012-13	£22.787 billion		6.383 million	
2013-14	£21.848 billion	-1.94%	6.299 million	-1.08%
2014-15	£21.101 billion	-1.75%	6.034 million	-1.27%
2015-16*	£20.215 billion	-1.89%	5.834 million	-1.20%
2016-17*	£19.762 billion	-1.45%	5.677 million	-1.27%
2017-18*	£18.931 billion	-1.83%	5.547 million	-1.02%
2018-19*	£17.951 billion	-1.98%	5.434 million	-1.11%
2019-20*	£17.559 billion	-1.39%	5.393 million	-1.04%

*For these years, figures are estimates

- 5.4 Although demand for CTS is falling, changes to Tax Credits currently proposed by the Government are expected to have an adverse impact on the Council. Although Tax Credits are controlled for and paid by the Government, they could potentially adversely affect the incomes of working age customers. With lower incomes, these customers would be entitled to higher CTS.
- 5.5 The Tax Credit changes have been much publicised in recent weeks as secondary legislation to enable the change to them progresses through Parliament. Legislative progress is currently paused, and the Chancellor of the Exchequer is expected to make an announcement as part of his Autumn Statement on 25 November 2015 to explain how proposals will be modified to either postpone or stagger the changes through some form of transitional help for claimants.
- 5.6 The latest HMRC figures show that there are 7,500 households in Fenland that are in receipt of Tax Credits.
- 5.7 It is currently not possible to model the effects of the proposed Tax Credit changes on CTS take-up, suffice to say that a reduction in household incomes for customers will lead to them being able to claim higher levels of CTS. It is expected that the Council's Council Tax computer system supplier will issue modelling software in the coming months to allow more detailed modelling as to the effects of the changes.
- 5.8 For the reasons detailed above, Officers are recommending that the current CTS scheme remain unchanged for 2016-17. With the downward pressure on demand (£200k less CTS being awarded this year compared to last year) this is prudent.

6 Effects of CTS levels on Council Tax collection

- 6.1 The CTS changes continue to cause more customers to get into arrears with Council Tax payments as the tables below and overleaf show. Note that although more customers are falling behind as is evidenced by higher volumes and values of reminder notices issued; there has been a fall in the numbers and values of court summonses issued which indicates that we have been able to make contact with customers early and renegotiate revised payment plans that avoid referral to Magistrates' Court with the associated additional court costs (currently £75 per case, plus any further fees if the case remains unpaid and it is forwarded to our Enforcement Agents).

Table 3 – Council Tax reminders issued

Effect on Council Tax recovery – Reminders issued (numbers)				
Month	2012	2013	2014	2015
Apr	3,002	4,453	4,147	5,603
May	828	2,306	2,007	2,218
Jun	1,413	2,009	2,114	1,779
Jul	194	1,695	1,531	1,248
Aug	1,228	1,714	1,256	1,145
Sep	1,042	1,275	1,271	1,087
Oct	1,109	1,142	1,081	811
Total (a)	8,816	14,594	13,407	13,891
Change		+66%	-8%	+3%

Note (a) These are totals for first seven months of financial year.

Table 4 – Council Tax reminders value

Effect on Council Tax recovery – Reminders issued (value)				
Month	2012	2013	2014	2015
Apr	£319k	£326k	£336k	£571k
May	£26k	£196k	£180k	£216k
Jun	£344k	£345k	£400k	£180k
Jul	£130k	£284k	£275k	£138k
Aug	£248k	£279k	£129k	£123k
Sep	£213k	£150k	£201k	£128k
Oct	£188k	£142k	£174k	£104k
Total (a)	£1.46m	£1.72m	£1.69m	£2.52m
Change		+18%	-2%	+50%

Note (a) These are totals for first seven months of financial year.

- 6.2 As referred to in section 6.1 above, the summons volumes and values overleaf indicate that more customers are reaching mutually acceptable payment arrangements much earlier now, reducing court action and associated costs for customers:-

Table 5 – Council Tax summonses issued

Effect on Council Tax recovery – Summonses issued (numbers)				
Month	2012	2013	2014	2015
Apr	N/a	N/a	N/a	N/a
May	782	1,726	1,680	1,553
Jun	492	523	455	369
Jul	458	564	525	353
Aug	137	519	385	327
Sep	340	414	258	322
Oct	284	303	273	267
Total (a)	2,493	4,049	3,576	3,191
Change		+62%	-12%	-11%

Note (a) These are totals for first seven months of financial year.

Note (b) The values for summonses are much higher than those for reminders. For reminders, the amount outstanding is normally one or more missed instalments. For summonses the amount due is the balance for the remainder of the financial year.

Table 6 – Council Tax summonses value

Effect on Council Tax recovery – Summonses issued (value)				
Month	2012	2013	2014	2015
Apr	N/a	N/a	N/a	N/a
May	£749k	£1.1m	£1.1m	£1.2m
Jun	£394k	£290k	£264k	£238k
Jul	£300k	£306k	£319k	£213k
Aug	£88k	£264k	£220k	£184k
Sep	£194k	£197k	£138k	£170k
Oct	£132k	£137k	£120k	£126k
Total (a)	£1.85m	£2.29m	£2.16m	£2.08m
Change		+24%	-6%	-4%

7 The proposed CTS scheme for 2016-17

7.1 An annual review has been undertaken of the CTS scheme.

7.2 This review has looked at the effects of the current scheme on Council Tax collection rates and also the number of customers that the Council has taken action against for non-payment of Council Tax, as detailed in the tables above.

- 7.3 With expected changes in Tax Credits, it is recommended that the scheme remains as now.

8 Consulting for the CTS 2015 scheme

- 8.1 With no changes proposed to the CTS scheme, a public consultation has not been necessary this year.

9 Equalities Impact Assessment

- 9.1 The Equality Act 2010 obliges all public bodies to have "due regard" for the need to:-
- Eliminate unlawful discrimination,
 - Advance equality of opportunity,
 - Foster good relations.
- 9.2 The Act also identifies groups of people who share a common characteristic and must be "protected" under the terms of the Act. The characteristics are:-
- Age,
 - Disability,
 - Gender reassignment,
 - Pregnancy and maternity,
 - Race,
 - Religion or belief,
 - Gender,
 - Sexual orientation,
 - Marriage and civil partnerships.
- 9.3 Other legislation and best practice suggests that we should extend these groups to include these considerations as well:-
- Human Rights,
 - Socio-economic factors.

A full Equalities Impact Assessment was first made in respect of CTS in 2012. This is regularly reviewed and updated. The latest version of this will accompany reports to Cabinet and Council in December when the 2016 CTS scheme will be formally determined.

10 Next steps

- 10.1 This report has given the Panel and update on progress of the annual review of the Council's CTS scheme, and the proposals for it to remain unchanged.
- 10.2 Officers will then take the proposed 2016 CTS scheme to Cabinet and then Council in December 2015 for Members to formally determine the scheme, which will be the same as the current 2015 scheme.