

Report to	Council	Item
	26 January 2016	
Report of	Executive head of business relationship management and democracy	7
Subject	Council tax reduction scheme 2016-17	

Purpose

To consider a council tax reduction scheme (CTRS) for 2016 - 17 and to propose that council tax discounts and exemptions are not amended.

Recommendation

To approve the council tax reduction scheme 2016-17 by continuing with the council's 2015/16 scheme with a number of modifications:

- a) The applicable amounts shall be uprated by the composite council tax percentage. Including in the scheme the principle of the uprating rather than the actual figure;
- b) The applicable amounts uprating shall exclude sums for Family Premium. Which shall be retained for old and new claimants but the value shall not change from 2015-16;
- c) The applicable amounts uprating shall also exclude the element for Employment Support Allowance (ESA) which shall be retained but mirror the DWP uprating/freeze;
- d) The 6 months backdating for CTRS shall be retained.

Corporate and service priorities

The report helps to meet the corporate priority to provide value for money services.

Financial implications

The proposed changes to the council tax reduction scheme will result in additional cost to the council of around £64k, which will be covered by the increased income due to rise in council tax.

Ward/s: All wards

Cabinet member: Councillor Thomas - Fairness and equality

Contact officers

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Background documents

None

Report

Introduction

1. In April 2013 the government abolished the previous national council tax benefit scheme which helped those people with no or low income to pay their council tax. The government set the rules regarding who can claim and how much benefit they would receive. Previously the government funded 100% of the council tax benefit scheme.
2. To replace council tax benefit the government told local councils to come up with their own locally run scheme called the council tax reduction scheme. As part of this the government reduced the amount of funding it provided to councils for this by 10%. In Norwich this was a reduction of about £1.5 million per year. However, the government also said that pensioner households could not lose any of their council tax benefit.
3. On 29 January 2013 council considered options for the council's first council tax reduction scheme and opted for no changes to the then existing scheme for council tax benefit. This meant adopting the "default regulations" [The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012]
4. Further, on 29 January 2013 council approved raising income through changing council tax discounts and exemptions.
5. On 28 January 2014 and 27 January 2015 the council considered and resolved to make further amendments, following consultation.

Consultation process for 2016 - 17 Council tax reduction scheme

6. Schedule 1A to the Local Government Finance Act 1992 states:
 - (1) For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme; and
 - (2) the authority must make any revision to its scheme, or any replacement scheme, no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.
7. The council consulted with the other precepting authorities, the office of the Police and Crime Commissioner and Norfolk County Council. No adverse comments have been received.
8. The council has also consulted through the wider consultation on the development of the council's budget for 2016-17. The following questions were asked in section C and responses received:

QC1a: Do you agree the council should continue to increase 'applicable amounts' for the CTRS to protect claimants? - Yes 55.6 % No 44.4 %;

QC1b: If so, should we increase these 'applicable amounts' by any percentage increase in council tax for the year? – Yes 63.7 % No 36.3 %;

QC2: Do you agree we should retain this 'family premium' in the 'applicable amounts' for CTRS for both new and old claimants to protect claimants? – Yes 52.8 % No 47.2%;

QC3: Do you agree we should continue to backdate CTRS for six months to protect claimants? – Yes 46.5 % No 53.5%;

9. The budget consultation for 2016-17 concluded on 8 January 2016 full comments and analysis for the consultation was not available at the time of writing this report. However, from the raw data as above there is support for the proposed changes in respect of the uprating and marginally against the proposal to back date.

Proposals for 2016-17 Council tax reduction scheme

10. In the government's summer budget of 2015 it proposed several changes to housing benefit, three of which become effective from April 2016:

- a) Housing benefit uprating of applicable amounts for working-age claimants frozen for four years from April 2016;
- b) family premium to be removed from new housing benefit claims from May 2016; and
- c) backdating for housing benefit to be limited to a maximum of one month.

11. Norwich City Council proposes not to mirror these changes in the CTRS.

12. As the Government shall not be providing future uprating figures for the applicable amounts Norwich City Council is proposing to uprate by the same amount as any increase in council tax (the composite rate of any rise in the city council, county council and office of the police and crime commissioner.) This would mean that working age claimants would not be adversely affected.

13. Norwich City Council is also proposing to maintain the family premium for new claimants of CTRS and continuing to backdate council tax reduction for up to six months.

14. The overall cost of this would be covered by the increase in council tax but would reduce the amount collected. The actual amount would depend on the rate of increase (if any) for each of the precepting authorities. In the 25 November 2015 Spending Review, it was announced local authorities responsible for adult social care "will be given an additional 2% flexibility on their current council tax referendum threshold (which is 2%) to be used entirely for adult social care. By way of estimate, if the city council, county council and office of the police and crime commissioner all increased council tax by 1.95% and the county council increased by the additional 2% for social care the total increase in cost would be approximately £461k (approx. £333k of this cost would fall to the county council). If nobody increased council tax there would be no additional cost. However it should be noted that with a composite increase in council tax of 3.39% (as detailed above), more council tax payers may become in need of CTRS – should 100 more band D equivalents require CTRS this create an additional cost of £165k (£119k would fall to the county council).

15. Therefore the proposal for the 2016-17 council tax reduction scheme is to continue with the council's 2015-16 scheme with the following modifications:

- a) The applicable amounts shall be uprated by the composite council tax percentage. Including in the scheme the principle of the uprating;
- b) The applicable amounts uprating shall exclude sums for Family Premium. Which shall be retained for old and new claimants but the value shall not change from 2015-16;
- c) The applicable amounts uprating shall also exclude the element for Employment Support Allowance (ESA) which shall be retained but mirror the DWP uprating/freeze;
- d) The 6 months backdating for CTRS shall be retained.

Proposal for 2016-17 council tax discounts and exemptions

16. There are no proposed adjustments to existing discounts and exemptions.

Implementation of the scheme

17. The scheme has to be agreed by 31 January 2016 but Council Tax will be set by precepting authorities in February 2016. The S151 officer will therefore populate the scheme with the actual figures once the council tax has been set.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Council
Committee date:	26 January 2016
Head of service:	Anton Bull
Report subject:	Council tax reduction scheme 2016-17
Date assessed:	
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Add commentary
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The report recommends continuing with the council tax reduction scheme adopted for 2015/16 with amendments. Positive impact for claimants however, negative financial impact for all council tax payers due to negative financial consequences.
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment	
Positive	
Negative	
Neutral	
Issues	