

Report to Council
24 January 2017
Report of Director of business services
Subject Council tax reduction scheme 2017-18

Item

8

Purpose

To consider the council tax reduction scheme for 2017-18

Recommendation

To approve the council tax reduction scheme (CTRS) 2017-18 by continuing with the 2016-17 scheme with four modifications

- 1) The applicable amounts shall be uprated by the composite rate of council tax increase that excludes adult social care. Including in the scheme the principle of the uprating rather than the actual figure;
- 2) The provision of backdating shall be reduced from six to two months.
- 3) The eligibility of CTRS applicants shall be aligned with the housing benefit regulations for those temporarily living away from Great Britain
- 4) The eligibility to CTR shall be aligned with the maximum six-month non- payment of Universal Credit, subject to being entitled to CTR during the period in question.

Corporate and service priorities

The report helps to meet the corporate priority a fair city

Financial implications

The proposed changes to the council tax reduction scheme are not anticipated to increase the costs of the scheme to the council overall. There will be increased costs from the uprating of the applicable amounts but these are expected to be offset by savings from the reduction in backdating.

Ward/s: All Wards

Cabinet member:

Councillor Stonard – Resources and business liaison

Councillor Thomas (Vaughan) – Fairness and equality

Contact officers

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Background documents

None

Report

1. Since 1 April 2013 the council has operated a council tax reduction scheme (CTRS), which replaced council tax benefit.
2. There are currently approximately 16,647 recipients of CTR, of which 63% receive full entitlement.
3. As pensioners have been protected by the government any changes to CTRS will only impact working age claimants. Therefore the council can only control the cost of CTRS in relation to working age claims.
4. The council adopted the government's default CTRS in 2013, having made only minor technical changes since then. The government has been reducing its financial support to local authorities for the cost of the scheme therefore changes to the council tax discounts and exemptions have been made to try and address any shortfall.
5. There will be no revenues support grant to help cover the cost of the scheme from 2020-21. The reduction in the funding has already been incorporated into the MTFS.
6. The council tax reduction scheme cross party working group met on 12 September 2016 to review in detail options.
7. Recommendations from this cross party group were considered by cabinet on 12 October 2016 which led to the public consultation questions.

Consultation process for 2017-18 council tax reduction scheme

8. Schedule 1A of the Local Government Finance Act 1992 states :
 - (1) For each financial year, each billing authority must consider whether to revise its scheme or 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.
9. The budget consultation concluded on Sunday 8 January 2017, with 970 respondents. However full comments and analysis for the consultation was not available at the time of writing this report. However, from the raw data as below there is support for the proposed changes.
10. The results of the CTRS consultation questions asked are:-
 - i. QC1: Do you agree the council should continue to increase 'applicable amounts' for the scheme to protect those on low incomes?;
Yes – 60.96% No – 25.80% Don't know – 13.24%
 - ii. QC2: Do you agree we should allow a Universal Credit claimant to remain eligible for CTRS during a period when they are not receiving Universal Credit?
Yes - 48.74% No - 31.74% Don't know - 19.52%

iii.QC3: Do you agree we should reduce the backdating of CTRS from six to two months?

Yes - 56.65% No - 24.31% Don't know - 19.04%

iv.QC4. Do you agree we should change CTRS to match recent changes in housing benefit regulations for applicants temporarily living away from Great Britain?

Yes - 60.89% No - 17.22% Don't know - 21.89%

11. As preceptors Norfolk County Council and the Office of the Police and Crime commissioner have also been consulted on these proposed changes. No adverse comments have been received from the Office of the Police and Crime Commissioner. Norfolk County Council have responded "Yes" to each of the questions as set out in paragraph 10 supporting the proposed changes. In addition, Norfolk County Council responded:

In addition we would ask that the City Council give consideration to exploring the following proposals:

- A. To limit Council Tax Support where claimant has savings to a lower level than the current £16,000 (Breckland use £10,000 & Kings Lynn and West Norfolk use £6,000)
- B. To limit Council Tax Support discount to occupants of properties no higher than Band D Council Tax
- C. To work with district colleagues across the County to establish the cap for the Council Tax Support discount for working age claimants at a uniform amount in Norfolk, suggested at 75% of the maximum Council Tax charge. The range is currently from 75% - 100%, with only the City Council offering 100% in the County.

Proposals for 2017-18 council tax reduction scheme

12. As the Government shall not be providing future uprating figures for applicable amounts Norwich City Council is proposing to update 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 but excluding any increase attributable to the adult social care)

13. In the Government's summer budget of 2015 it proposed a change to the back dating of housing benefit from six months to one month, this came into force in April 2016. The council chose not to mirror this change in the CTRS for 2016-17 however are proposing in the 2017-18 scheme that this should be reduced to two months.

14. The council are however proposing to align with the housing benefit regulations for applicants (or other members of the household) who are temporarily living elsewhere away from Great Britain for a period of more than four weeks. They would cease to be entitled to CTR. There would be extensions to the four week absent period for particular reasons.

15. The final proposal is for applicants to retain eligibility to CTR during the maximum six month non-payment of Universal Credit, subject to being entitled to CTR during the period in question.

Customers remain eligible for UC for a six month period where UC payments stop due to income being too high. This enables customers whose earnings fluctuate to receive UC without the need to continually reclaim. If a customer receives no award of UC for a full six month period (due to income being too high) the UC eligibility then ceases; after which a UC application would be necessary. This proposal means that although the customers would still be required to report changes to their income / earnings / capital during the six month period, they would not be required to re-apply if they become entitled to CTR within the six month period.

16. The overall cost of these proposals will be covered by the increase in council tax but would reduce the amount collected.

Proposals for 2017-18 council tax discounts and exemptions

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

Implementation

18. The scheme has to be agreed by 31 January 2017 but council tax will be set for precepting authorities in February 2017. The S151 office will 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:	24/01/2017
Director / Head of service	Anton Bull Director of business services
Report subject:	Council tax reduction scheme 2017-18
Date assessed:	19/12/16
Description:	To propose for approval the council tax reduction scheme for 2017-18

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There is a negative impact in that continued protection of the 100% CTRS will not be fully funded by the reducing revenues support grant placing pressure on the council's budget. However a positive impact of maintaining the scheme is that the council won't be chasing a large number of small debts that would be difficult to recover
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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	100% CTRS will protect financially vulnerable citizens
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

	Impact			
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment				
Positive				
Negative				
Neutral				
Issues				