

MIDDLESBROUGH COUNCIL

AGENDA ITEM

CORPORATE AFFAIRS AND AUDIT COMMITTEE

DATE OF MEETING – 29 JANUARY 2015

LOCAL COUNCIL TAX SUPPORT 2015/16

HEAD OF SERVICE : PAUL SLOCOMBE DIRECTOR OF RESOURCES

PURPOSE OF THE REPORT

- 1 To approve the Council Tax Support (CTS) scheme for 2015/16.

BACKGROUND

- 2 On 9 January 2013, Council approved the local CTS scheme for 2013/14 following a public consultation exercise and an options appraisal as to how the local scheme could operate.
- 3 The local CTS started on 1 April 2013 and replaced the previous national Council Tax Benefit (CTB) scheme. The main feature of the local CTS scheme is that working age claimants have to pay at least 20% of their Council Tax. Pensioners are protected from any reduction under a national set of regulations.
- 4 The scheme for 2014/15 was approved by the Corporate Affairs Committee on 29 January 2014 with no significant changes being made to the scheme.
- 5 All Council's are required to set a CTS scheme each year. Similar to 2014/15, there are no significant changes to the proposed scheme for 2015/16.

CURRENT POSITION

- 6 The position regarding Council Tax Support as at 30 September 2014 is as follows:
 - a) The number of households in Middlesbrough receiving CTS is 20,825.
 - b) Included in the 20,825 households are 4,796 households who receive full CTS with no Council Tax to pay. These will be pensioner households where their CTS has been calculated on 100% of their Council Tax liability and their income is low enough (such as Pension Credit Guarantee Credit), to qualify for full CTS.
 - c) The remaining 16,029 households are 2,537 pensioner households who have their CTS worked out based on 100% of their Council Tax liability, but do not qualify for full CTS due to their income, capital or personal circumstances. In addition, there are 13,492 households who are of working age and have their reduction calculated based on 80% of their Council Tax liability. This therefore means that all of these households will have to pay at least 20% of their Council Tax.

- d) For the 16,029 households in receipt of CTS, who have something to pay;
 - i) 1,945 have paid their Council Tax in full
 - ii) 9,641 have made payments towards their Council Tax
 - iii) 4,443 have not paid anything towards their Council Tax
- e) From 1 April 2014 upto 25 November 2014, 10,851 summons to Court have been issued for non payment of Council Tax. This includes 4,926 accounts who receive CTS.
- f) The financial values to date, as at 25 November 2014 are as follows;
 - i. The total net Council Tax liability for 2014/15 for accounts where CTS was applied at 30 September 2014 is £4,486,392.19
 - ii. The balance outstanding against the same liability is £2,196,781.72, representing an in year collection rate of 51.03%
 - iii. This compares to an overall in-year collection rate of 67.75%

PROPOSALS

- 7 The local CTS scheme has to be designed, and administered by Local Authorities, with the new scheme being published by 31 January each year. When the scheme was designed, a full public consultation was carried out. There are no requirements to consult with external agencies unless there are significant changes to the local CTS scheme.
- 8 The only changes proposed for 2015/16 is to uprate certain income for both working age and pensionable age claimants and a small number of minor corrections due to changes in national legislation which are set down in national Prescribed Requirements and do not require any local decision.
- 9 The Department for Communities and Local Government (DCLG) have stated their intentions to uprate details for the scheme for pensioners from 1 April 2015 as follows:
 - (a) Personal allowances in line with Pension Credit rates
 - (b) Premiums in line with Consumer Price Index
 - (c) Non-dependant deductions in line with growth in eligible Council Tax
- 10 A broadly comparable exercise was carried out annually by the Department for Work and Pensions (DWP) when CTB still existed. The DCLG are therefore replicating this for the Pensioner CTS scheme although it is for Local Authorities to determine such figures for working age claimants.

- 11 In light of this, it is proposed that the approved local CTS scheme is uprated in line with the national CTS scheme for Pensioners.
- 12 Where amounts are to be uprated for working age people, it is proposed that the amounts will be uprated in line with the amended Housing Benefit regulations for working aged people for 2015/16 when they are published by the Department for Work and Pensions in January 2015.

FINANCIAL CONSIDERATIONS

- 13 All Council Tax payers (excluding Pensioners) are potentially affected by the changes to local CTS from 1 April 2013 onwards. There are no legal implications in respect of the changes proposed for 2015/16.
- 14 The previous consultation exercise undertaken in respect of the CTS scheme confirmed that the impact of the reduction in funding should be passed on to CTS recipients and that people of working age should also pay some Council Tax. The Council does have the option of absorbing the cost of the CTS scheme, or amending the percentage working age claimants have to pay. Given that the Council's financial position has not improved, and that no major challenges have been received to the scheme, it is felt that the reduction in entitlement for working age claimants should still apply and this should continue to be applied at the same level. Although the collection figures detailed above are lower for those receiving CTS than the overall in year collection figures, the Revenue Services department will continue to actively pursue the outstanding debt which is owed to the Council.
- 15 Once two full years Council Tax Support figures are known, consideration will be given for future years schemes as to the level of Council Tax which is passed on to working age Council Tax Support customers.

RECOMMENDATIONS

- 16 It is recommended that the national uprated figures laid down through the Prescribed Requirement Regulations for Pensioners are included in the CTS scheme for 2015/16. In addition, it is also recommended that the amounts used when calculating CTS for working age claimants are uprated in line with the amended Housing Benefit regulations which have recently been clarified by Central Government and that any deductions taken in respect of non dependants living in a property are also uprated in line with the Prescribed Requirement Regulations.
- 17 The Council has to publish a local CTS scheme for 2015/16 by 31 January 2015. The scheme is working well with no major challenges therefore it is not felt appropriate to change the scheme. In addition, the Council is not in a financial position to reduce the amount working age claimants have to pay towards their Council Tax.

BACKGROUND PAPERS

18 No background papers were used in the preparation of this report.

AUTHOR Martin Barker – Client Benefit Manager Tel No 726252