

MIDDLESBROUGH COUNCIL

AGENDA ITEM 16

COUNCIL

Local Council Tax Support 2016/2017

Executive Member for Finance & Governance : Councillor N J Walker

Chief Finance Officer – Paul Slocombe

6 January 2016

PURPOSE OF THE REPORT

- 1 To approve the Council Tax Support (CTS) scheme for 2016/2017.

SUMMARY OF RECOMMENDATIONS

- 2
 - a) Note the content of the report
 - b) Agree that the national updated figures laid down through the Prescribed Requirement Regulations for Pensioners are included in the CTS scheme for 2016/2017
 - c) Agree that the amounts used when calculating CTS for working age claimants are updated in line with the amended Housing Benefit regulations
 - d) Agree that any deductions taken in respect of non dependants living in a property are also updated in line with the Prescribed Requirement Regulations.
 - e) Agree that the family premium is retained in the CTS scheme for 2016/2017 and any requests for backdated CTS can be considered for a period of 6 months.
 - f) Approve the Council Tax Support scheme for 2016/2017

BACKGROUND

- 3 On 9 January 2013, Council approved the local CTS scheme for 2013/2014 following a public consultation exercise and an options appraisal as to how the local scheme could operate.
- 4 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.
- 5 The scheme for 2015/2016 was approved by the Corporate Affairs Committee on 30 January 2015 with no significant changes being made to the scheme.

- 6 All Council's are required to set a CTS scheme each year. Similar to 2015/2016, there are no significant changes to the proposed scheme for 2016/2017.

CURRENT POSITION

- 7 The position regarding Council Tax Support as at 9 September 2015 is as follows:
- a) The number of households in Middlesbrough receiving CTS is 20,322.
 - b) Included in the 20,322 households are 4,574 households who receive full CTS with no Council Tax to pay. These are pensioners where their CTS has been calculated on 100% of their Council Tax liability and their income is low enough (such as those who receive Pension Credit Guarantee Credit), to qualify for full CTS.
 - c) The remaining 15,748 households are 2,470 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 13,278 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 15,748 households in receipt of CTS, who have something to pay;
 - i) 7,637 have paid their Council Tax in full
 - ii) 6,743 have made payments towards their Council Tax, but not the full amount due
 - iii) 1,368 have not paid anything towards their Council Tax
 - e) From 1 April 2015 to 8 September 2015, 9,833 summons to Court have been issued for non payment of Council Tax. This includes 4,373 accounts who receive CTS.
 - f) The financial values to date, as at 8 September 2015 are as follows;
 - i. The total net Council Tax liability for 2015/2016 for accounts where CTS was applied at 8 September 2015 is £4,516,118.59
 - ii. The balance outstanding against the same liability is £2,616,373.71, representing an in year collection rate of 42.1%
 - iii. This compares to an overall in-year collection rate of 48.1%

PROPOSALS

- 8 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.

- 9 The existing CTS scheme has, since its inception from 1 April 2013, been amended annually to uprate certain income for both working age and pensionable age claimants. In the Government's budget of 8 July 2015, Central Government confirmed that most working age benefits will be frozen for four years from 1 April 2016. This included Housing Benefit applicable amounts (the amount needed to live on each week), which is also used in the calculation of Middlesbrough's CTS scheme. Central Government also confirmed that the "family premium", which forms part of the applicable amount, will be withdrawn for new claims to Housing Benefit from 1 May 2016 and also that from 1 April 2016, any request from claimants of working age to have their claim backdated will be restricted to a maximum of 1 month (this is currently 6 months).
- 10 For CTS purposes, it is proposed to use the nationally published applicable amounts in line with the amended Housing Benefit regulations for working age people from 1 April 2016. However, rather than remove the family premium (as detailed above) it is proposed to retain this premium at the current rate in the 2016/2017 scheme. This will therefore protect families and ensure they are not disadvantaged by reducing their applicable amount. In addition, it is also proposed to retain the existing 6 month timeframe for working age claimants to ask for backdated benefit to be considered as opposed to reducing this to 1 month in line with amendments made to Housing Benefit regulations. A small number of minor corrections due to changes in national legislation which are set down in national Prescribed Requirements are also proposed to be made and do not require any local decision.
- 11 The Government have confirmed that benefits for pensioners will continue to be protected and the Department for Communities and Local Government (DCLG) will announce their intentions to uprate the scheme for Pensioners from 1 April 2016 shortly. 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.
- 12 In light of this, it is proposed that the approved local CTS scheme is uprated in line with the national CTS scheme for Pensioners.

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 2016/2017 as the scheme is remaining the same apart from some minor changes included in the Prescribed Regulations.
- 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 A further consideration for the CTS scheme, is that Central Government have also announced in their budget of 8 July 2015, that support provided through tax credits will be limited to 2 children so that any subsequent children born after April 2017 will not be eligible for further support. A decision will need to be made for the 2017/2018 CTS scheme as to whether allowances for children should be limited in line with the announcements for Housing Benefit otherwise there will be a significant additional cost to the Council in respect of CTS expenditure once these restrictions come into force.
- 16 Once further details of this change are known, a full cost analysis will be included in proposals for the financial year 2017/2018. Given the potential increase in cost to the scheme (should the allowances not be restricted), it is not proposed to reduce the amount working age claimants have to pay in 2016/2017.

RECOMMENDATIONS

- 17 It is recommended that the Council:-
 - a) Note the content of the report
 - b) Agree that the national updated figures laid down through the Prescribed Requirement Regulations for Pensioners are included in the CTS scheme for 2016/2017
 - c) Agree that the amounts used when calculating CTS for working age claimants are updated in line with the amended Housing Benefit regulations
 - d) Agree that any deductions taken in respect of non dependants living in a property are also updated in line with the Prescribed Requirement Regulations.
 - e) Agree that the family premium is retained in the CTS scheme for 2016/2017 and any requests for backdated CTS can be considered for a period of 6 months.
 - f) Approve the Council Tax Support scheme for 2016/2017

REASONS

- 18 The Council has to publish a local CTS scheme for 2016/2017 by 31 January 2016. 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

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

AUTHOR

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