

Setting the Council Tax Reduction Scheme (CTRS) for 2015/16

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1. Purpose of Report

To request that Council agree the Council Tax Reduction Scheme (CTRS) for the 2015/16 financial year.

Note: Executive and Scrutiny Members should refer to the policy which was distributed as an appendix with the District Executive Agenda for 8th January 2015.

2. Public Interest

From April 2013 the Government changed the way in which financial help is given to residents to pay Council Tax. Council Tax Benefit was replaced with a local Council Tax Reduction Scheme to help with the costs of council tax for those with low incomes. As part of the change the Government also cut funding towards the scheme by 10% (in reality this was a cut of 17% for SSDC) and the SSDC scheme was set in this context.

3. Recommendations

The Council agree:

- (a) that personal allowances and premiums are uprated in line with those for Housing Benefit;
- (b) that non-dependent deductions are uprated in line with the annual percentage increase in Council Tax;
- (c) that the non-dependent income bands are increased by the same percentage as those in the Prescribed Scheme;
- (d) that the hardship scheme budget be set at £30,000 for the 2015/16 financial year;
- (e) that the remaining measures introduced from 1 April 2013 remain unchanged;
- (f) that the 2015/16 Council Tax Reduction Scheme attached at appendix A is adopted;
- (g) to note the scheme has been amended to reflect changes to the Council Tax Reduction Scheme (CTRS) Prescribed Requirements legislation.

4. Background

The SSDC Council Tax Reduction Scheme (CTRS) was introduced on 1 April 2013 and has now been running for 20 months. Councils are required to review and set their CTRS for each financial year by 31 January in the preceding financial year. As the scheme has been running for such a short period of time it is difficult to evaluate the impact of it on our residents and the Collection Fund to any great extent. Applications to the CTRS hardship scheme are monitored, along with the Council Tax collection rate.

We carried out an extensive consultation process in 2012 and the scheme measures were carefully and fully considered by the Scrutiny Task and Finish Group. We do not have any evidence at this stage to suggest that any of those scheme measures require amendment.

The SSDC Council Tax Reduction Scheme states that certain elements of the needs assessment may be updated each financial year but does not specify the level of that updating.

The Scrutiny Task and Finish Group have previously considered the methods of updating and recommended the following:

1. That while Housing Benefit (HB) still exists it would be appropriate for the CTRS applicable amount figures (basic need allowance) to mirror those in the HB scheme
2. That non-dependent deductions are updated in line with the annual percentage increase in Council Tax
3. That the non-dependent income bands are increased by the same percentage as those in the Prescribed Scheme
4. That the earned income disregards (which were increased by 50% in 2013/14) remain unchanged for 2014/15.

Members are recommended to retain this methodology for 2015/16.

5. Current year

We have received no legal challenges to the SSDC CTRS, nor have we had any formal complaints about the scheme design. Approximately a quarter of all CTRS recipients are paying their Council Tax by Direct Debit. There has been an increase in arrears of council tax not just within the CTRS group but overall that is being addressed with additional staff resources.

6. Hardship Scheme

A Hardship Scheme was set up as a safety net for households who could demonstrate they could not afford to pay their Council Tax contribution following the introduction of the SSDC Council Tax Reduction Scheme. The annual budget for 2014/15 was set at £30,000. By the end of November 2014 we had awarded a total of £8,933. Based on current year spend it is proposed to retain the £30,000 for the 2015/16 financial year.

7. Risks

The continued risk is that demand rises and the current reductions we are seeing in the number of recipients reverses with a downturn in the economy. We will also need to monitor and minimise arrears.

8. Financial Implications

The scheme was set with an overall budget of £9.200 million for 2014/15. The current profile shows £9.025 million allocated for the year. This is consistent with the reduction in the number of recipients. In assessing the likely costs for 2015/16 the current profile has been used with the following assumptions:

- No growth in demand;
- An arrears level of 1%;
- An average increase of 1.11% in the Council Tax across preceptors;
- The Hardship Scheme budget is maintained at £30,000.

This would set a budget of £9.012 million. A further projection will be made as part of the tax setting process and amendments made to the MTFP in December 2014. SSDC would need to fund 11% of the additional cost (£991k on these assumptions).

9. Corporate Priority Implications

Council Plan 2012 – 2015

Focus Three: Homes - “Minimise impact to our residents of the major changes to housing and council tax benefits proposed by the Government.”

10. Carbon Emissions and Climate Change Implications

None associated with this report

11. Equality and Diversity Implications

An equalities impact was carried out as part of the introduction of the Council Tax Reduction Scheme

12. Background Papers

SSDC Council Tax Reduction Scheme - reports to District Executive and Council - January 2013.

Review of the SSDC Council Tax Reduction Scheme 2014/15 - Reports to District Executive and Council - December 2013 and January 2014.

Setting the Council Tax Reduction Scheme for 2015/16 - Report to District Executive – January 2015.