



**AGENDA ITEM: 9**

**SUMMARY**

<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>16 September 2014</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Review of council tax support scheme</b>
Contact:	Councillor Nick Tiley, Portfolio Holder for Finance & Resources Chris Baker, Group Manager Revenues Benefits & Fraud
Purpose of report:	To note the requirement to consider revision or replacement of the Local Council Tax Support scheme. To note that the Government intends to make changes to the regulations prescribing certain rules which must be included within Dacorum's scheme. To consider the recommendation to uprate the calculation amounts for working age people within the scheme.
Recommendations	It is recommended that Cabinet: <ol style="list-style-type: none"> <li>1. Agrees that the Council Tax Support Scheme for 2015/16 should consist of the Scheme for 2014/15 with adjustments as required by any update to the Prescribed Regulations, and uprating for working age people in line with that in the Housing Benefit regulations.</li> <li>2. Notes that full Council will be required to formally approve the 2015 scheme before 31 January 2015.</li> </ol>
Corporate objectives:	Effective management of the Council's finances supports the Council's vision and all five of its corporate objectives.
Implications:	<u>Financial</u>
'Value For Money Implications'	Funding for Council Tax Support is provided by means of a specific grant from Government. The amount is not separately identified, but Government has indicated that it will not be increased from that previously received.  In general, the effect of uprating is cost neutral, as the same

	<p>increases are applied to both state benefits (including retirement pension) and the allowances and premiums within the Council Tax Support calculation.</p> <p>The overall cost of the Council Tax Support scheme is more directly linked to any increase in Council Tax itself.</p>
Risk Implications	<p>The LGFA 1992 requires the Council to make a decision about its 2015/16 Council Tax Support scheme by 31 January 2015, and there is a risk of reputational damage if this is not met. If revision or replacement of the Scheme is recommended, the LGFA specifies the consultative steps which must be taken. If changes are made without the required process being followed, there is a risk of the Scheme being challenged by Judicial Review.</p> <p>There are also financial risks in relation to the impact of applications for support exceeding the anticipated level of payments within the financial year. This is being addressed by ongoing monitoring of the amount of support as part of the collection fund monitoring process.</p>
Equalities Implications	<p>An Equality Impact Assessment (EIA) was undertaken on the 2013 Council Tax Support scheme. The uprating of calculation factors will have no effect on the EIA.</p>
Health And Safety Implications	<p>There are no specific health and safety implications arising from the report</p>
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>The Council was required to prepare and adopt a Local Council Tax Support Scheme to come into effect on 1 April 2013. Each year the Council is required to review its Scheme and it has to be re-adopted by full Council.</p> <p><b>Deputy S.151 Officer</b></p> <p>The Council Tax collection rate for both the full year 2013/14 and for Quarter 1 of 2014/15 has been marginally above target. This indicates that the current CTS scheme is appropriate for rolling forward into 2015/16 with the minimal adjustments recommended in this report. If the current scheme were not appropriate, a reduction in the collection rate would be expected.</p> <p>There is a risk that a significant increase in the number of claimants in 2015/16 could result in fall in the collection rate and a pressure on the Collection Fund which would result in a budgetary pressure for the Council. However, based on analysis of currently available data, a material increase in the number of claimants is not anticipated.</p>
Consultees:	
Background papers:	<p>Dacorum Borough Council Local Council Tax Support Scheme 2014</p>

Glossary of acronyms and any other abbreviations used in this report:	CTB – Council Tax Benefit CTS - Council Tax Support DCLG – Department for Communities and Local Government DWP - Department for Work and Pensions EIA – Equalities Impact Assessment HB – Housing Benefit LGFA – Local Government Finance Act
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## **BACKGROUND**

- 1) The Local Government Finance Act (LGFA) 2012 introduced the requirement for Local Authorities to create their own Local Council Tax Support (CTS) Schemes with effect from 1 April 2013.
- 2) All local CTS schemes essentially consist of two elements:
  - a) regulations prescribed by the DCLG, which primarily govern the rules for calculating support for pensioners; and
  - b) regulations decided at Council level, which primarily relate to support for taxpayers of working age.
- 3) Full Council is required to approve the CTS scheme for 2015/16 by 31 January 2015. At the time of writing this report, DCLG have not yet released the prescribed changes they will be making to the calculation of support for pensioners. It is anticipated that they will be available in time for Council to consider at its meeting of 14 January 2015.
- 4) If the Council is considering making changes to its scheme, it must follow rules for consultation set out in the LGFA 1992. In summary this requires an initial consultation with the major preceptors (Herts County Council and the Police & Crime Commissioner), followed by a public consultation with local taxpayers.
- 5) A full consultation in line with these requirements was carried out during 2012, prior to the decision to accept the 2013 CTS scheme.

### **Recap of current Council Tax Support scheme**

- 6) The CTS scheme adopted by Dacorum Borough Council kept most of the old Council Tax Benefit (CTB) rules for working age people, with the following changes:
  - a) Unless the applicant is in a vulnerable group, the maximum CTS they can receive is 75% of their Council Tax liability; or 75% of the equivalent Council Tax for a band D property, whichever is the lower.
  - b) The vulnerable groups are those where the applicant or their partner:
    - has a dependant child under the age of five;
    - is disabled, or have a disabled dependant child; or
    - receive a war widow's, war widower's or war disablement pension.
  - c) The introduction of a flat-rate £5 deduction for non-dependants replacing a range of four levels of deduction in CTB.
- 7) The full CTS scheme for 2014/15 can be viewed on the Dacorum website. The only change made by Dacorum Borough Council for the 2014/15 scheme was to uprate calculation amounts for working age people in line with the changes to the Housing Benefit regulations.

**Proposed changes to Council Tax Support scheme 2015/16**

- 8) For claimants of working age (i.e. the Council's area of discretion) it is recommended that the only change for 2015/16 be that amounts are again updated in line with the DWPs uprating of Housing Benefit (to be announced in late December 2014 or early January 2015). This will maintain the consistency for taxpayers receiving both Housing Benefit and CTS.

**Next steps**

- 9) Officers will produce a report for Full Council in January 2015 which will incorporate both Cabinet recommendations for claimants of working age and the DCLG prescribed changes for claimants of pensionable age.