

TITLE	Council Tax Reduction Scheme
FOR CONSIDERATION BY	Extraordinary Council on 19 January 2018.
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services

OUTCOME / BENEFITS TO THE COMMUNITY

The adoption of a Localised Council Tax Reduction (CTR) scheme will ensure that all working age Borough residents who may experience financial difficulties in paying their council tax liabilities have access to a scheme of assistance, designed locally, offering financial help to them. This scheme does not apply to Pensioners who are assessed under the Governments Prescribed Scheme.

RECOMMENDATION

That the Council approve the following:

- 1) a local CTR scheme for 2018/19 is adopted on the same basis as the 2017/18 scheme;
- 2) that all applicable amounts, premiums, allowances, disregards and deductions used in the calculation of entitlements are uprated in line with the same increases applied to the Government set Prescribed and Default CTR schemes, along with any other legislative changes;
- 3) that the full disregard currently allowed for War Widows and War Disability Pensions is continued from 1 April 2018 in respect of the Prescribed and Local Council Tax Reduction and Housing Benefit schemes;
- 4) that funds be made available to the hardship fund, known as Section 13A, for those who cannot pay their council tax liabilities. This sum will be funded from the general fund and spend for 18/19 is estimated at £18,000.

SUMMARY OF REPORT

From 1 April 2013, local authorities have had the responsibility for designing and administering their own local Council Tax Reduction schemes (CTR). These local schemes apply to all working age claimants. Pensioners have their entitlement to CTR worked out in accordance with a Prescribed CTR scheme set by Government, therefore none of the changes made to local schemes impact on this group. There is also a requirement to operate a "Hardship Scheme", known as Section 13A, for those who cannot pay their tax liabilities.

Background

The Welfare Reform Act 2012 contained provisions for the abolition of Council Tax Benefit and the Local Government Finance Act 2012 made further provision for the localisation of council tax support, known as 'council tax reduction' (CTR), in England by imposing a duty on all billing authorities to introduce a localised CTR Scheme by 31st January each year. If a localised scheme is not agreed by then, the Council will be obliged to use the Government's own default national scheme in the following financial year.

The Government have determined that certain groups may be fully protected from this change. At the current time, this protection applies to claims received from pensioners and continues in to 18/19. All other claims received are calculated in accordance with the adopted local CTR scheme.

Analysis of Issues

As a result of reviewing the current scheme and the circumstances of the authority, it is proposed that a revised local scheme is approved by Special Council Executive on 19th January 2018 on the same basis as the 17/18 scheme, which includes the original changes made in 2013 and since.

With so much uncertainty around the introduction of Universal Credit (UC), significant changes to our scheme in the last 2 years (including the introduction of a minimum contribution) and the full impact of these changes on council tax collection, it is recommended that no changes to the scheme are undertaken for 18/19. This would allow for a full understanding the impact of previous year's changes to CTRS has had on CTR recipients, any council tax arrears accumulated as a result and the impact of UC full service.

Making no changes would still allow us to make government changes as our agreed scheme states year on year that "that all applicable amounts, premiums, allowances, disregards and deductions used in the calculation of entitlements are uprated in line with the same increases applied to the Government set Prescribed and Default CTR schemes, along with any other legislative changes" which is included for 18/19 scheme. Protection to pensioners would still apply and they would not be required to make a minimum contribution, unless the Government makes any changes to the prescribed scheme.

Our current scheme is on comparison with the other Berkshire authorities.

Hardship Fund

The Council remains aware that a complex relief scheme such as localised council tax reduction may exclude some claimants who, in the short term at least, are unable to improve their financial circumstances. This may present them with difficulties in paying council tax liabilities. In this respect, Government changes for council tax support include the provision for further discretionary reductions to be made under Section 13A(l)(c) of the Local Government Finance Act 1992 as substituted by the Local Government Finance Bill 2012.

A formal scheme was developed and approved in line with previous decisions taken. There has been a further refinement to this in 16/17. This scheme is published on the Council's website and its existence is drawn to the attention of council tax payers in need. Expenditure for the year 17/18 to date (19.12.17) is £7,976.75, over 15 claims, which includes other cases of hardship in addition to those due to CTR restrictions. Each claim approved so far has received an average award of around £531.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0k	Yes	Revenue
Next Financial Year (Year 2)	£0k	Yes	Revenue
Following Financial Year (Year 3)	£0k	Yes	Revenue

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
None

List of Background Papers
None

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