

TITLE	Council Tax Reduction Scheme
FOR CONSIDERATION BY	Special Council Executive Committee on 28 January 2016.
WARD	None specific
DIRECTOR	Graham Ebers, Director Finance and Resources

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 Council Tax Reduction (CTR) scheme for 2016/17 is adopted on the same basis as the 2015/16 scheme with the following changes:
 - a) Awards are restricted to Band D;
 - b) All recipients of CTR pay a minimum of 10% towards their council tax liability
 - c) The band widths and levels of deduction made for a non-dependant be revised and increased. Currently deductions range from £3.74 to £11.36 over 5 income band widths, it is proposed to increase deductions to range from £3.74 to £13.00 over 6 income band widths;
- 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 2016 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, particularly as a result of changes for 16/17. This sum will be funded from the general fund and spend is estimated at £6,000 for 15/16.

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.

As part of the process of determining a new CTR scheme a public consultation was carried out to canvass opinions. The response reinforced the need to look at change and consider limiting awards. As a result of this, revisions to the scheme restricting payments are proposed.

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 no longer provides 100% funding for council tax reduction but instead provides a fixed annual grant to billing and major precepting authorities.

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. All other claims received are calculated in accordance with the adopted local CTR scheme.

Analysis of Issues

A range of proposals were created and a full consultation exercise undertaken in Autumn 2015. The key views arising from the consultation is that the respondents generally supported the tightening of restrictions in the context of the councils financial challenges. As a result of the consultation and reviewing the current scheme, it is proposed that a revised local scheme is approved by Special Council Executive on 28th January 2016. In addition to the original changes made in 2013, the new scheme which is based upon the terms and conditions of the Government Prescribed and Default Scheme with the following specific changes:

- 1) That awards of CTR are limited to the level of a Band D property
- 2) That all recipients of CTR pay a minimum of 10% towards their council tax liability,
- 3) That the band widths and deductions made for a non-dependant be revised and increased;

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 14/15. 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 15/16 to date is £5415.19, over 12 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 £450.

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)	(£200k)	Yes	Revenue
Next Financial Year (Year 2)	(ongoing £200k)	Yes	Revenue
Following Financial Year (Year 3)	(ongoing £200k)	Yes	Revenue

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

None

List of Background Papers

Consultation Response;
CTR Default and Local schemes;
Various DCLG and DWP documents
Equality Impact Assessment;

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