



To: Executive Councillor for Finance and Resources:
Councillor Richard Robertson

Report by: Alison Cole: Head of Revenues and Benefits

Relevant scrutiny
committee: Strategy & 23/01/2017
Resources
Scrutiny
Committee

Wards affected: All Wards

COUNCIL TAX REDUCTION SCHEME 2017-2018

Key Decision

1. Executive summary

- 1.1 From April 2013, local authorities across England were given the power to devise their own systems of Council Tax Support for working-age adults. It replaced the national system of the Council Tax Benefit which ensured that the poorest households received help to pay Council Tax.
- 1.2 The current local scheme meets the Council's commitment to protect as many people as possible from any decrease in the level of Council Tax Reduction support.
- 1.3 This commitment means that the people of Cambridge who are in need of support with Council Tax payments do not have to find extra money towards their Council Tax at a time of other reductions in welfare benefits.
- 1.4 The purpose of this report is to undertake the annual review of the Council Tax Reduction Scheme and to decide whether the Scheme should be revised, replaced or continued for the financial year 2017-2018.

2. Recommendations

- 2.1 The Executive Councillor is recommended:

- 2.2 To agree to continue the current Council Tax Reduction Scheme framework with changes in applicable amounts and premiums as defined within the scheme.
- 2.3 In doing so the Council will continue to support low-paid workers already struggling to cope with stagnant wages, rising living costs and ongoing reductions in tax credits and other in- work support.

3. Background

- 3.1 Local Council Tax Reduction Schemes replaced the national Council Tax Benefit scheme for those of working age from April 2013.
- 3.2 The local scheme is for those of working age only as there is no local discretion in respect of the provision for pensioners, which is set out in statute in the prescribed regulations.
- 3.3 The current local Council Tax Reduction Scheme broadly follows the Council Tax Benefit scheme that ceased on 31 March 2013 and continues to support the Council's commitment to support the most vulnerable in the city.
- 3.4 The current scheme supports all those that enter work and provides support to those who are in work.
- 3.5 There are currently 6,539 households receiving Council Tax Reductions , with an average reduction being £18.47 per week against an average liability of £21.09.
- 3.6 Of these, 2,343 are of pension age falling under the government's prescribed scheme (36% of the caseload) and 4,196 are of working age (64% of the caseload) and are supported under the Council's local scheme.
- 3.7 Of the 4,196 working age households:
 - 1,033 have either the claimant or their partner working some hours per week
 - 1,909 have children in the household – an average of 2 children per household
 - 1,919 are considered vulnerable due to disability within the household or they have caring responsibilities

4. Implications

(a) Financial Implications

- 4.1 Council Tax Reductions for 2016-2017 (as at 30 November 2016) are estimated to be £6,277,493.

- 4.2 By retaining the current scheme framework, and applying an early preliminary estimated increase in Council Tax of 2.08%, the Council Tax Reduction spend during 2017-2018 is estimated to be £6,318,704. This calculation is based on a small anticipated reduction in caseload during 2017/18 and a small increase in the number of claims from working households.
- 4.3 These modelling assumptions are made with reference to CPI at 1% (September 2016), average earnings at 2.3% (September 2016), pension increases of 2.5% and mirror the freeze in working age benefits and allowances in line with Department for Work and Pensions incomes and allowances.
- 4.4 Identifiable funding for Council Tax Reduction Schemes was only explicitly stated in local authority baseline funding levels in the new business rates retention system in 2013/14. Since then, government funding for Council Tax Reduction Schemes has not been a separately specified amount and it is now entirely for local authorities to decide how much they are prepared to spend on Council Tax support from general revenue funding, which includes retained business rates.
- 4.5 Whilst the power to set the scheme rests with billing authorities (Cambridge City Council), it is recognised that the financial impact is shared with precepting authorities (Cambridge City Council's precept is approximately 11%).
- 4.6 The legislation that brought in Local Council Tax Reduction Scheme from April 2013 also allowed Local Authorities to change some of the Council Tax discounts and exemptions. The Council used these reforms to increase revenue to contribute to the overall funding of the Local Council Tax Reduction Scheme and also promotes bringing empty homes back in to use more quickly.

(b) **Staffing Implications** (if not covered in Consultations Section)

- 4.7 None identified.

(c) **Equality and Poverty Implications**

- 4.8 The current Council Tax Reduction Scheme supports the Council's aspiration to build a fairer Cambridge and help improve the standard of living for individuals and communities on a low income in the city by:

- Helping people on low incomes to maximise their income

and minimise their costs

- Reducing the impact of poverty on children and helping low income families with the cost of raising a child
- Making the move into work easier

4.9 A full EqIA was carried out when the scheme was established (and reviewed in 2015) and is not required as there are no proposed changes to the scheme framework.

4.10 The scheme fully meets the Council's responsibilities to protect vulnerable groups including responsibilities under the Child Poverty Act 2010, the Disabled Persons' Act 1986, the Housing Act 1996, as well as the public sector equality duty in section 149 of the Equality Act 2010.

(d) Environmental Implications

4.11 None

(e) Procurement

4.12 None

(f) Consultation and communication

4.13 A full consultation was carried out when the scheme was established and is not required as there are no proposed changes to the scheme framework.

(g) Community Safety

4.14 None

5. Background papers

5.1 None

6. Appendices

6.1 None

7. Inspection of papers

7.1 To inspect the background papers or if you have a query on the report please contact:

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