

Item



COUNCIL TAX REDUCTION SCHEME 2018-2019

To:

Councillor Richard Robertson, Executive Councillor for Finance and Resources

Committee:

22 January 2018, Strategy and Resources Scrutiny Committee

Report by:

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Wards affected:

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Not a 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 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 2018-2019.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 To agree to continue the current Council Tax Reduction Scheme framework with changes in applicable amounts and premiums as defined within the local scheme which supports low-paid workers already struggling to cope with stagnant wages, rising living costs and on-going Welfare Reforms that impact on tax credits and other in-work support.
- 2.3 To agree to a significant review of the current scheme during spring 2018 to reflect the rollout of Universal Credit Full Service, to include a review of Local Council Tax Discounts and Premiums.

3. Background

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- 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 Average weekly awards are estimated to be £18.90 per week, a small increase from £18.47 last year almost totally due to the increase in Council Tax Liability.
- 3.6 The split between working age and pensioner is continuing to move slightly towards more working age than pensioner. In 2017-2018 this was 64/36 and is projected to be 65/35 for 2018-2019.
- 3.7 It is estimated that there will continue to be small increases in the number of working households receiving support; up from 1033 in 2017-2018 to 1180 in 2018-2019.
- 3.8 The number of households with children is estimated to fall slightly by approximately 50 households but that still leaves some 3660 children likely to be in households receiving Council Tax Reduction.
- 3.9 Universal Credit Full Service starts in Cambridge from October 2018, where working age people will claim this one benefit instead of the following legacy benefits:
- Housing Benefit,
 - Jobseekers Allowance,
 - Employment and Support Allowance,
 - Income Support,
 - Working Tax Credit
 - Child Tax Credit,
- 3.10 This change, and the associated reduction in administration grants from Government, necessitates a review in the scope of the scheme from April 2019 onwards to ensure that those claiming Council Tax Reduction

are still supported, that the scheme works in harmony with Universal Credit and the administration can be resourced efficiently.

- 3.11 When designing its localised Council Tax scheme that was introduced in April 2013, the Council consulted and then introduced Council Tax reforms that enabled the Council to reduce or remove certain discounts in respect of empty property and 2nd homes. The aim was to encourage empty property to be brought back into use more quickly and also to generate income to help support the reduction in funding for Council Tax Reduction schemes.
- 3.12 In the Autumn Budget 2017 the Government announced the intention to legislate for the option to levy an empty homes' premium of up to 100% (currently 50%) where a dwelling has been empty for at least two years. This means the maximum council tax could be 200% (currently 150%) for long-term empty dwellings and is expected to be effective from April 2019.
- 3.13 A review of local Council Tax discounts and premiums will be included as part of the review of the local scheme changes for the introduction of Universal Credit, which will include the change to the empty homes' premium.
- 3.14 Such changes will require wide consultation during summer 2018, with recommendation being brought to the October 2018 Strategy and Resources Scrutiny Committee.

4. Implications

(a) Financial Implications

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4.1 Council Tax Reductions for 2017-2018 as at 28 November 2017 is £6,289,664 a small increase of £12,171 on the same point last year which is primarily due to the increase in Council Tax Liability itself.

4.2 By retaining the current scheme framework, and applying an early preliminary estimated increase in Council Tax of 2.1%, the Council Tax Reduction spend during 2018-2019 is estimated to be £6,289,915. This calculation is based on a small anticipated reduction in caseload (currently 250 less than this point last year) during 2018/19 and a small increase in the number of claims from working households.

4.3 These modelling assumptions are made with reference to CPI at 3% (September 2017), projected increase in average earnings at 2% for 2018-2019, pension increases of 3% 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

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 Implications

4.12 None

(f) Community Safety Implications

4.13 None

5. Consultation and communication considerations

5.1 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.

6. Background papers

6.1 No background papers were used in the preparation of this report.

7. Appendices

7.1 None

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Naomi Armstrong, Benefits Manager, tel: 01223 - 457752, email: naomi.armstrong@cambridge.gov.uk.