

**REPORT OF:** FINANCIAL SERVICES  
FINANCIAL SERVICES MANAGER

**TO:** EXECUTIVE

**DATES:** 10<sup>th</sup> DECEMBER 2015

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## **LOCALISED SCHEME OF SUPPORT FOR COUNCIL TAX 2016/17**

### **PURPOSE OF REPORT**

1. The purpose of this report is to request the Executive to refer the proposed scheme of Council Tax Support for 2016/17 to Council for approval.

### **RECOMMENDATIONS**

2. The Executive is recommended to:
  - a) Refer the proposed scheme of Local Council Tax Support at [Appendix B](#) to Council in December for approval with an implementation date of 1<sup>st</sup> April 2016;
  - b) Request that Council grants delegated authority to the Financial Services Manager, in consultation with the Executive Member for Finance and Devolution, so as to make any amendments to the Scheme resulting from the annual updating of the detailed regulations which underpin the primary legislation;

### **REASONS FOR RECOMMENDATION**

3. The Council is required to approve a local Council Tax Support Scheme on or before 31<sup>st</sup> January each year.

### **ISSUE**

4. At the Council Meeting in December 2014, Councillors agreed the Council Tax Support Scheme for 2015/16. The scheme was first introduced in 2013/14 in response to changes to the system of Council Tax Benefit implemented by the Government as part of its welfare reform measures.
5. The key policy principles underpinning the Council's scheme are summarised in Table 1 below:

**Table 1: Key Policy Principles of the Council Tax Scheme**

<b>Key Principle</b>	<b>Draft Council Tax Scheme</b>
<b>Principle 1:</b> Every Working Age Claimant should pay something towards their Council Tax	Working Age Claimants will receive a maximum of 80% of the mean-tested financial support award
<b>Principle 2:</b> Vulnerable claimants should be protected as now	The current means-test, comprising disregards, premiums and allowances, will be retained in full
<b>Principle 3:</b> The scheme should incentivise work	The current scheme of Extended Payments will be retained
<b>Principle 4:</b> Everyone in the household who can contribute, should contribute	Non-dependant deduction rates will be retained at their present levels
<b>Principle 5:</b> Better off claimants should pay more so that the least well off receive greater protection	The Income Taper will be retained at its present level, i.e. 20p for every £1 of additional income
<b>Principle 6:</b> Benefit should not be paid to those with large capital or savings	The capital limit will be retained at £16,000, i.e. any claimant with capital in excess of this amount will not be entitled to support with their Council Tax

6. The Scheme retains the current means-testing process which, with various disregards and premiums applied, ensures that the circumstances of vulnerable residents are taken into consideration when determining the level of financial support. Equally, alongside the Scheme, the Council operates a Council Tax Hardship Scheme to deal with cases of extreme financial hardship.
7. The estimated cost of the CTS Scheme for 2015/16 was £7.15m. The latest monitoring data indicates that it is likely to cost £6.7m in this year, an underspend of £450k. Pendle's share of this is estimated at £68k. This is primarily a result of a lower than expected Council Tax charge for 2015/16 combined with lower than projected caseload.
8. Each year DCLG update the Prescribed Requirements Regulations which will (a) uprate the premiums, allowances and deductions applying to pensioners, and (b) keep the regulations consistent with housing benefit regulations. Subject to the uprating of allowances, applicable amounts, disregards and reliefs (where applicable) in line with annual changes in welfare benefits for 2016/17 and taking into account any applicable amendments to both the underlying and base legislation **it is recommended that the Council Tax Support Scheme remains unchanged for 2016/17.**
9. A summary of the proposed Council Tax Support Scheme for 2016/17 is provided at [Appendix A](#) whilst [Appendix B](#) is a draft of the full Council Tax Support Scheme Policy which has been produced in compliance with s13a(2) and Schedule 1a of the Local Government Finance Act 1992.
10. At the time of writing this report details were awaited from DCLG and the DWP on any revisions to the scheme regulations and annual uprating of prescribed amounts. Hence, the scheme provided at Appendix B has been drawn up on the basis of information currently available.

11. As there is no Council meeting in January 2016, the intention is to report the proposed scheme for 2016/17 to Council in December and request delegated authority for the Financial Services Manager, in consultation with the Executive Member for Finance and Devolution, to conclude the scheme once the above matters have been completed. Following this, the final scheme will be published on the Council's website and come in to effect from 1<sup>st</sup> April 2016.

## **IMPLICATIONS**

### **Policy**

12. There are no new policy implications arising from the contents of this report.

### **Financial**

13. The estimated cost of the Council Tax Support Scheme in the current year is as outlined in paragraph 7 above. The estimated costs and respective shares for 2016/17 are not yet available as these are derived from the work required to determine the Council Tax Base. This information will, however, be available for the report to Council.

### **Legal**

14. The statutory provisions for the introduction of the localised Council Tax Support Scheme are contained in the Local Government Finance Act 2012. The Council is required to approve the Council Tax Support Scheme by 31<sup>st</sup> January each year.

### **Risk Management**

15. There are no new risk management issues arising from the contents of this report.
16. Councillors will appreciate that there remain risks associated with the localised Council Tax Support Scheme. Apart from fluctuations in volumes of claimants, the most significant of these risks is that the future funding for Council Tax Support is uncertain.
17. The grant provided by the Government for Council Tax Support forms part of the overall Revenue Support Grant (RSG) funding and is not separately identified. On current projections per the Medium Term Financial Plan, the Council's RSG is projected to reduce by 70% over the next 3 years. This implies the same level of reduction in grant for Council Tax Support and if this is the case, there will be a need to revisit the level of support provided to Working Age Claimants. This is a matter that will be considered as part of the annual budget process.

### **Health and Safety**

18. There are no Health and Safety implications arising directly from the contents of this report.

### **Climate Change**

19. As with health and safety implications, there are no climate change or sustainability implications arising directly from this report.

### **Community Safety**

20. There are no community safety issues arising directly from the contents of this report.

## **Equality and Diversity**

21. There are no new equality and diversity implications arising directly from the contents of this report. In compliance with the Council's duties on equalities, the Council undertook a full equality impact assessment at the time of introducing its local scheme. This was to determine, amongst other matters, whether any individuals or groups would be disproportionately affected by any changes when taking a decision on the final scheme.
22. In response, the Council introduced a Council Tax Hardship Scheme alongside the Council Tax Support Scheme to help mitigate the financial impact of the changes to vulnerable households. It is intended that that the Council Tax Hardship Scheme will operate unchanged in 2016/17.

## **APPENDICES**

Appendix A – Summary of proposed Council Tax Support Scheme for 2016/17

Appendix B – Council Tax Support Scheme for 2016/17 (s13a(2) and Schedule 1a of the Local Government Finance Act 1992

## **LIST OF BACKGROUND PAPERS**

None.