

TRAFFORD COUNCIL

Report to: Council
Date: 21 January 2015
Report for: Decision
Report of: Executive Member for Finance and the Director of Finance

Report Title

Changes to the Council Tax Support Scheme for 2015/16

Summary

This report concerns the Council Tax Support scheme (CTS). Trafford Council has its own local Council Tax Support scheme and this needs to be formally agreed by the Council each year. The amendments proposed are due to the fact that the calculation parameters need to be adjusted for inflation and changes to the prescribed regulations need to be incorporated into the local scheme.

Recommendations for Council

That Full Council adopts the Council Tax Support (CTS) scheme currently in operation with the inclusion of the amendments detailed below for 2015/16:

- 1) That the applicable amounts are increased by 1% to keep them in line with inflationary increases to Housing Benefit and other welfare benefits (Appendix 1)
- 2) That the non-dependant deductions are frozen at their current rate (Appendix 2).
- 3) That the remaining funding allocated to the CTS discretionary fund when it was first introduced in April 2013 is rolled over into 2015/16. This is estimated to be approximately £20k by the end of the year.

Contact person for access to background papers and further information:

Name: Louise Shaw
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Background Papers: None

Implications:

Relationship to Policy Framework/Corporate Priorities	Uprating the scheme in line with inflationary increases (of other welfare benefits) will ensure the scheme remains fair and in line with national policy.
Financial	The 1% increase in applicable amounts will be largely offset by a corresponding 1% increase in income. The

	cost of uprating the scheme is minimal and will be absorbed by the difference between the forecasted and actual expenditure.
Legal Implications:	The changes to the CTS scheme need to be agreed by the Full Council by 31 January 2015, in order for the scheme to be formally adopted in April 2015. Amendments to the prescribed scheme are detailed in SI 2014 No 3312 and the scheme has also been updated to include Universal Credit and legislation relating to Persons from Abroad.
Equality/Diversity Implications	The recommendations proposed by this report are not considered to have any significant effect on groups with protected characteristics.
Sustainability Implications	None
Staffing/E-Government/Asset Management Implications	None

Reasons for Recommendation

The Council must adopt a Council Tax Support (CTS) scheme no later than 31 January before the start of the financial year to which the scheme applies in accordance with the Local Government Finance Act 2012.

Key Decision

This is a key decision.

Other Options

The Council could decide not to set a scheme and the default scheme would apply in accordance with the Local Government Finance Act 2012. However, this would have significant financial impact on the Council. The Council could also decide to set an alternative scheme, however, to do so without rationale and evidence from the operation of the current scheme in the timescales required would carry significant risks.

Consultation

Finance Officer Clearance ID

Legal Officer Clearance HK

DIRECTOR'S SIGNATURE ID

1. Background

- 1.1 In April 2013, the Council implemented its new local Council Tax Support (CTS) Scheme, which was designed to reduce expenditure and contribute towards the £1.25m funding gap caused by a reduction in government grant. The new scheme was designed following an extensive 12 week consultation and has helped to reduce costs and protect the most vulnerable.
- 1.2 A review of the current scheme has shown it is operating effectively. In summary:
- The scheme has produced the necessary savings to pay for the recommendations in this report;
 - The scheme has not impacted on Council Tax collection rates which remain on target;
 - Demand for the discretionary payment scheme remains low;
 - There have been no appeals to the Valuation Office Agency against the local CTS scheme; and
 - The CTS scheme has helped more people back into work through the use of added work incentives.
- 1.3 It is important to note that the recommendations listed in this report apply to working age customers only as, in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2014, local authorities are advised annually of the CTS qualifying criteria for customers who are state pension age.

2. Introduction

- 2.1 For each financial year, each billing authority must consider whether to revise its local CTS scheme or to replace it with another scheme. It is proposed that the existing scheme is not changed in any material way, save for the amendments recommended below.
- 2.2 The revisions to the scheme will take effect from April 2015 and in order to do so they must be approved by Council before 31 January 2015.

3. Recommended changes to the scheme for year 2

3.1 Recommendation 1

3.2 *The applicable amounts are increased by 1% (to the figures shown in appendix 1) to keep them in line with inflationary increases to other welfare benefits and the prescribed CTS Scheme for Pensioners.*

3.3 An increase of 1% will largely be offset by a corresponding 1% increase in other welfare benefits. Therefore the group that will benefit most by this change are those in work with a pay freeze.

3.4 The cost of implementing this change is low and can be absorbed by the difference between forecasted CTS expenditure and the grant settlement.

3.5 Recommendation 2

3.6 *That the non-dependant deductions are frozen at their current rates (see appendix 2).*

3.7 Non-dependant deductions are made from an award of CTS where the claimant and / or their partner live with another adult in their property. This is usually a grown up son or daughter, but could include friends or an older relative etc. who are expected to contribute to household costs. The amount of the deduction depends on the non dependant's circumstances and earnings.

3.8 Non-dependant deductions were increased above the national rate in 2013/14 to make the required savings and it is recommended that the deductions for the working age scheme are frozen at their current rates (see appendix 2) for 2015/16. This measure will help extended families. The cost involved is minimal (estimated at less than £2k) and can be absorbed by the scheme.

3.8 Recommendation 3

3.9 *That the remaining budget allocated to the discretionary fund (in year 1 2013/14) is rolled over into 2015/16. This currently stands at around £20k.*

3.10 To help with the transition from Council Tax Benefit to CTS, Members agreed that a discretionary fund should be set up to help residents on a case by case basis. A fund of £50k was initially set aside for this purpose.

3.11 Although take up of the fund has been lower than expected, it has proved to be a useful tool, helping many residents in financial difficulties and debt to pay their Council Tax. As the effects of welfare reform and the increasing trend of rental arrears continues it is recommended that the remaining budget is rolled over into the next financial year.

Appendix 1 – Applicable amounts for 2014/16

Working Age	Single	Couple
Allowances		
Single Claimant under 18	£57.90	
Single claimant 18 to 24	£57.90	
Single claimant 25 or over	£73.10	
Lone Parent under 18	£57.90	
Lone Parent 18 or over	£73.10	
Couple both under 18	£87.50	
Couple one or both over 18	£114.85	
Child Allowance	£66.90	
Young Person Allowance	£66.90	
Premiums		
Disability Premium	£32.25	£45.95
Enhanced Disability Premium	£15.75	£24.43
Severe Disability Premium	£61.85	£123.70
Disabled Child Premium	£60.06	
Enhanced Child Disability Premium	£24.43	
Carer Premium	£34.60	£69.20
ESA Work Related Activity Component	£29.05	
ESA Support related component	£36.20	
Family Premium	£17.45	

Appendix 2 – Non – Dependant Deductions (weekly)

In remunerative work with gross weekly income of:	Working Age	Pensioners
£408 per week or more	£11.88	£10.95
Between £328 and £408 per week	£9.90	£9.15
Between £189 and £328 per week	£7.86	£7.25
Under £189 per week	£3.96	£3.65
Non-dependant not in remunerative work:		
On IS/JSA(IB)/ESA(IR)	£3.96	Nil
Not in receipt of above benefits	£3.96	£3.65