

# EXECUTIVE

Leader: Cllr Jeremy Christophers

**DATE:** 1 December 2015

**REPORT OF:** TRACEY HOOPER  
REVENUE, BENEFITS AND FRAUD MANAGER

**SUBJECT:** COUNCIL TAX REDUCTION SCHEME 2016-17

## PART I

### RECOMMENDATIONS

The Executive is recommended to

**Note the contents of this report and to recommend to Full Council that the current Council Tax Reduction Scheme be adopted for the financial year 2016-17.**

#### 1. PURPOSE

- (a) To provide an update on the current cost of the scheme and the recommendations of the Devon Benefit Officers' Group for the 2016-17 scheme
- (b) To ask Executive to recommend the adoption of the current scheme for the financial year 2016-17.

#### 2. BACKGROUND

- 2.1. The national council tax benefit scheme was abolished with effect from 1 April 2013 and replaced with locally agreed council tax reduction schemes. Pensionable age claimants were protected but, from 1 April 2013, the extent of reduction for working age claimants could be determined locally.
- 2.2. At the same time the budget for council tax reduction was cut by 10%. In Teignbridge our estimated spend for 2013-14 was £10m, requiring savings of £1m to be found (£100k for Teignbridge District Council, excluding County, Police, Fire, and parish precepts).
- 2.3. Teignbridge worked in collaboration with the other Devon authorities to design and implement a locally devised framework within which each scheme was adapted to suit the individual requirements of respective

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authorities. It was agreed across the Devon authorities, including County, Police and Fire, that each billing authority would strive to deliver a 'cost-neutral' scheme.

2.4. In 2013-14 Teignbridge achieved this by reducing the level of discount given to second homes and empty properties, and removing second adult rebate, supplemented by a central government transitional grant. This grant was paid for one year only. In 2014-15, to offset the loss of the transitional grant, two new measures were introduced: a Band D restriction and a £6,000 capital limit.

### 3. COST OF THE SCHEME

3.1. Since moving to a local CTR scheme the cost of the scheme has fallen year on year. There are a number of reasons for this including the various changes Teignbridge has made to the CTR scheme to reduce the level of support available; the introduction of the Department for Work and Pensions' Real Time Information initiative; and interventions carried out by Teignbridge to identify fraud and error.

| Year                                     | Spend £   | % reduction since 2012-13 |
|--|-----------|---------------------------|
| 2012-13                                  | 9,703,658 |                           |
| 2013-14                                  | 9,516,738 | 1.9%                      |
| 2014-15                                  | 9,056,393 | 6.7%                      |
| 2015-16 (as at 31 <sup>st</sup> October) | 8,816,747 | 9.1%                      |

### 4. PROPOSALS FOR 2016-17

4.1. The Devon Benefit Officers' Group, which includes all the Devon districts and unitaries, as well as County, Police and Fire, is recommending that no changes are made to the current levels of support in the Council Tax Reduction Scheme. It is proposed therefore that the current scheme be carried forward and adopted for 2016-17.

4.2. The Local Government Finance Act 2012 requires the Government to carry out a national review of localised council tax reduction schemes. This review is scheduled to conclude in March 2016. Whilst it is considered unlikely that any major changes will be introduced as a result of this review it would be prudent to defer any major decisions until the outcome is known.

### 5. POSSIBLE FUTURE REVISIONS TO THE SCHEME

5.1. Further changes are likely to be proposed for 2017-18 by the Devon Benefit Officers' Group. As a minimum, the scheme will need to be revised to align with changes to welfare benefits proposed in the Government's summer budget. These include possible changes to tax credits which, unless we amend current levels of support to factor in these changes, will increase the

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overall cost of the scheme. It is possible that the changes to tax credits could impact with effect from April 2016 but timescales are too tight to incorporate any changes for the 2016-17 financial year. Further changes may also be required due to continued cuts in local government funding. There are a number of possible options that could be considered. These include:

- Introducing a minimum payment for working age claimants
- Reducing the capital limit below £6,000
- Reducing personal allowances
- Reducing the excess income taper
- Introducing a minimum earnings level for self-employed claimants. This would align with Universal Credit
- Reducing backdating provisions

5.2. The Devon Benefit Officers' Group will consider and model the potential impacts of any proposed scheme changes and make appropriate recommendations for 2017-18 based on the outcomes and any prevailing best practice.

5.3. As mentioned earlier in the report, the Government is in the process of reviewing Local Council Tax Reduction Schemes and it would be prudent to consider any future scheme changes alongside the outcomes of this review to ensure a sensible alignment.

## 6. MAIN IMPLICATIONS

8.1. The main implications that Members need to be aware of are as follows:

8.2. The Scheme was designed to be cost neutral when introduced in 2013-14. Since that time the cost of the scheme has reduced but it is no longer possible to calculate the cost to Teignbridge as Government funding toward the scheme is no longer separately identified. However a provision for council tax support of £9.4m was made in the council tax base calculation for the current year budget. As already mentioned this cost is reducing and currently stands at £8.8m which is well within the budget set.

8.3. It is a legal requirement that every year a scheme must be adopted by 31 January ready for the forthcoming financial year. Any proposed changes to the scheme must be subject to public consultation. As no changes are being proposed for 2016-17 there is no requirement to consult this year.

## 9. GROUPS CONSULTED

9.1. The Chief Finance Officer has been consulted and supports this proposal.

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### 10. TIME-SCALE

10.1. To comply with legal requirements the Scheme must be approved and adopted by Full Council at its meeting on 11<sup>th</sup> January 2016.

### 11. JUSTIFICATION

11.1. To comply with Schedule 1A of the Local Government Finance Act 2012 which requires each billing authority to adopt or revise its Scheme before 31<sup>st</sup> January in the year preceding the financial year to which the scheme applies.

### 12. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN

12.1 10 a.m. on Tuesday 8<sup>th</sup> December 2015

**Tracey Hooper**  
**Revenue, Benefits and Fraud Manager**

|  |                                      |
|--|--------------------------------------|
| <b>Wards affected</b>                              | All                                  |
| <b>Contact for more information</b>                | Tracey Hooper                        |
| <b>Background Papers (For Part I reports only)</b> | 2015-16 Council Tax Reduction Scheme |
| <b>Key Decision</b>                                | Y                                    |
| <b>In Forward Plan</b>                             | Y                                    |
| <b>In O&amp;S Work Programme</b>                   | Y                                    |