

CITY COUNCIL - 26 JANUARY 2015

REPORT OF THE DEPUTY LEADER AND PORTFOLIO HOLDER FOR RESOURCES AND NEIGHBOURHOOD REGENERATION

COUNCIL TAX SUPPORT SCHEME 2015/16

1 SUMMARY

- 1.1 This report seeks approval to retain the local Council Tax Reduction Scheme for the City of Nottingham which will be called the 'Council Tax Support Scheme 2015/16' (CTSS 2015/16). A copy of the CTSS is available on the Council's website.
- 1.2 The local CTSS will continue to impact on all working age people who are currently in receipt of Council Tax Support (CTS) and working age households who may need to claim CTS. In Nottingham, an estimated 23,700 CTS claimants are of working age.
- 1.3 The CTSS 2014/15 was considered by the Executive Board on 17 December 2013 and adopted by Council on 27 January 2014. The council is proposing to retain the system currently in operation for the 2015/16 financial year.

2 RECOMMENDATIONS

- 2.1 Having regard to the City Council's Public Sector Equality Duty, to note the Equality Impact Assessment in Appendix 1 and retain the CTSS currently in operation for the 2015/16 financial year.

3 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

- 3.1 In light of the Council's wider budget challenges and the need to help the most financially vulnerable members of the community, NCC will retain the 2014/15 CTSS for 2015/16 and provide a maximum support of 80% to low income working age households.
- 3.2 In order to comply with Government regulations for local CTSS the scheme will continue to guarantee that low income pensioners will see no change to the help they currently get with their Council Tax bills.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 4.1 NCC considered a number of options based on modelling of different levels of contribution from all working age households up to 25%. As a result of this modelling, the option to raise the contribution to 25% was found to be unaffordable at the present time.

5 BACKGROUND

- 5.1 In Autumn 2013, NCC conducted a 4 week comprehensive formal public consultation exercise on proposals to revise the 2013/14 CTSS. The revised Scheme was adopted by Council for the 2014/15 financial year with the following change from the 2013/14 scheme: 'the maximum amount of support that can be provided for low income, working

age households is set at 80% of their council tax liability’.

- 5.2 This was the only change to the Scheme for 2014/15 and it means that everyone of working age pays at least 20% towards their Council Tax bill. Low income pensioners were not affected by the change to the CTSS.
- 5.3 In December 2013 Executive Board approved a recommendation to support the key terms of a CTSS for 2014/15 and recommended them to Full Council.
- 5.4 The CTSS for 2014/15 was adopted by Full Council on 27 January 2014 and took effect from 1 April 2014. The Scheme includes the following elements:
- Putting a maximum limit on the amount of CTS that can be paid to all working age people – where everyone would pay at least 20% towards their Council Tax bill.
 - Setting a maximum level of Council Tax support
 - No Second Adult Rebate
 - Backdating of awards
 - A minimum award level of 50p
- 5.5 The Local Government Finance Act (LGFA) 2012 inserted a new Schedule 1A into the LGFA 1992 which provides that for each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme. This report addresses this and recommends that there is no change to the scheme for 2015/16.
- 5.6 Council tax powers relating to empty properties: The Council will continue to take advantage of existing powers relating to empty properties to generate additional income. In Nottingham this is estimated to generate up to £2.637m per annum and reduces the contribution required from working age recipients of Council Tax Support to make the scheme affordable.

6 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

- 6.1 The localisation of CTSS in 2013/14 transferred the financial risk of the scheme to the City Council. Applying the percentage reduction in Revenue Support Grant for 2014/15 to the CTSS funding reduces this by £2.610m with a further implied reduction of £3.362m in 2015/16 given the further reductions in overall Government funding and the fact that funding for CTSS can no longer be separately identified.
- 6.2 The Council has taken advantage of the powers relating to empty properties to generate additional income. The amount generated from this activity supports the cost of the scheme but does not compensate for the loss of grant. The City Council continues to utilise this funding to support the cost of the CTSS scheme.
- 6.3 The Council took the decision on 27 January 2014 to set a local CTS scheme that set a maximum limit on the amount of CTS that can be paid to all working age people, so that working age households receive a maximum of 80% help. The decision contained within this report is to maintain this scheme for 2015/16.

6.4 The estimated cost of the scheme is as follows:-

| Table 1 – Cost of CTSS 2014/2018 | | | |
|--|-----------------------|-----------------------|-----------------------|
| Estimated cost of CTSS assuming 80% maximum support | 2014/15 £m | 2015/16 £m | 2016/17 £m |
| Total cost of CTSS | 32.973 | 32.444 | 33.077 |
| Less estimated increased contribution from working age claimants | (3.573) | (3.744) | (3.817) |
| Implied Government Grant | (26.812) | (23.450) | (21.105) |
| Reduction in empty property discount | (2.537) | (2.688) | (2.740) |
| Scheme cost | 0.051 | 2.562 | 5.415 |
| Impact on City Council General Fund (85.6%) | 0.022 | 2.193 | 4.635 |

6.5 The cost of CTS is used in the calculation of the taxbase that will be presented to Executive Board on 20 January 2015 that sets the City Council precept for 2015/16. The precept therefore assumes that this scheme is approved for 2015/16.

6.6 The cost of the scheme is contained within the overall budget proposals to be considered at Executive in February. Savings have been identified from other Council services to fund the impact on the General Fund.

7 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS)

7.1 As outlined above, the Local Government Finance Act (LGFA) 2012 inserted a new Schedule 1A into the LGFA 1992 which provides that for each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme. This report addresses this and recommends that there is no change to the scheme for 2015/16.

8 EQUALITY IMPACT ASSESSMENT (EIA)

8.1 The Council's CTSS equality impact assessment is attached at appendix 1.

8.2 The Equality Act 2010 places a duty on councils to pay due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation, and any other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a 'protected characteristic' and people who do not share it; and
- Foster good relations between people who share a protected characteristic and people who do not share it.

8.3 NCC and councillors as decision makers have a legal responsibility to pay due regard to the equalities implications of our services.

8.4 The CTSS EIA shows how NCC has considered impacts that may be felt by citizens in the design of the CTSS currently in operation.

**9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE
DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Local Government Finance Act 2012

10.2 The Equality Act 2010

10.3 Executive Board report, 17 December 2013 – Council Tax Support Scheme 2014/15

10.4 City Council report, 27 January 2014 – Council Tax Support Scheme 2014/15

10.5 Council Tax Support Scheme 2014/15

COUNCILLOR: GRAHAM CHAPMAN

**DEPUTY LEADER OF THE COUNCIL AND PORTFOLIO HOLDER FOR RESOURCES
AND NEIGHBOURHOOD REGENERATION**