

CITY COUNCIL - 18 JANUARY 2016

REPORT OF THE PORTFOLIO HOLDER FOR RESOURCES AND NEIGHBOURHOOD REGENERATION

CITY OF NOTTINGHAM COUNCIL TAX SUPPORT SCHEME

1 SUMMARY

- 1.1 This report seeks approval to retain the local Council Tax Support Scheme (“CTSS”) for the City of Nottingham which will be called the ‘Council Tax Support Scheme 2016/17’ (CTSS 2016/17). 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 22,300 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. It has been retained since then and the council is proposing to continue to retain the system currently in operation for the 2016/17 financial year.
- 1.4 The Equality Impact Assessment (EIA) is in Appendix 1.

2 RECOMMENDATIONS

- 2.1 To retain the CTSS currently in operation, for the 2016/17 financial year, and refers to it as the Council Tax Support Scheme 2016/17, having regard to its Public Sector Equality Duty and noting the Equality Impact Assessment in Appendix 1

3 REASONS FOR RECOMMENDATIONS

- 3.1 It is recommended that in light of the Council’s wider budget challenges with the need to help the most financially vulnerable members of the community, NCC retains the CTSS currently in operation for 2016/17 and provides a maximum support of 80% to low income working age households.
- 3.2 In order to comply with Government regulations for a 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, options to raise the contribution to 25% were found to be unaffordable at the present time.

5 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 5.1 In Autumn 2013, NCC conducted a 4 week comprehensive formal public consultation exercise on proposals to revise the CTSS 2013/2014. 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 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 the 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 Schedule 1A of the Local Government Finance Act 1992 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 2016/17.
- 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 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)

- 6.1 The cost of the CTSS is estimated to be £28.3m in 2016/17.
- 6.2 The localisation of CTSS in 2013/14 transferred the financial risk of the scheme to the City Council. As the funding has been rolled into the RSG and localised share of business rates it is not possible to calculate the amount of funding that has been specifically included in the settlement to finance CTSS. The implied Government grant assumed for 2016/17 based on historic data is estimated to be £21.105m.
- 6.3 The Council has taken advantage of the powers relating to empty properties to generate additional income. This is estimated to generate £2.740m per annum towards the cost of the scheme. The Council took the decision on 26 January 2015 to set a local CTSS 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 recommended in this report is to maintain this scheme for 2016/17. This is estimated to generate £3.817m in 2016/17 towards the cost of the scheme.

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

Estimated cost of CTSS assuming 80% maximum support	2016/17 £m
Total cost of CTSS	28.300
Less estimated increased contribution from working age claimants	(3.817)
Implied Government Grant	(21.105)
Reduction in empty property discount	(2.740)
Scheme cost	0.638
Impact on City Council General Fund (85.6%)	0.546

- 6.5 The cost of CTSS is used in the calculation of the taxbase for 2016/17 that will be presented to Executive Board on 19 January 2015 for approval as an essential part of the formula for calculating the council tax for 2016/17. The proposed tax base and council tax calculation figures therefore assume that this scheme is approved for 2016/17.
- 6.6 The cost of the scheme is contained within the overall budget proposals to be considered at Executive Board in February 2016. Savings have been identified from other Council services to fund the impact on the General Fund.

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

- 7.1 As outlined above, Schedule 1A of the Local Government Finance Act 1992 provides that for each financial year, each billing authority must consider whether to revise its scheme or replace it with another scheme. This report addresses this and recommends that there is no change to the scheme for 2016/17.

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 An EIA is attached as Appendix 1, and due regard will be given to any implications identified in it.

**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 COMPILED THIS REPORT

- 10.1 Local Government Finance Act 1992

- 10.2 The Equality Act 2010

- 10.3 "Council Tax Support Scheme 2014/15 – key decision" report to Executive Board, 17 December 2013:
<http://committee.nottinghamcity.gov.uk/documents/s526/CouncilTaxSupportScheme.pdf>

10.4 "Council Tax Support Scheme 2014/15" report to Council, 27 January 2014:
<http://committee.nottinghamcity.gov.uk/documents/s1421/Report%20of%20the%20Deputy%20Leader.pdf>

10.5 City of Nottingham Council Tax Support Scheme:
<http://www.nottinghamcity.gov.uk/article/23899/What-is-the-Council-Tax-Support-Scheme>

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