

# **Cherwell District Council**

## **Executive**

**5 December 2016**

<p><b>Council Tax Reduction Scheme and Council Tax Discounts 2017-2018</b></p>
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### **Report of the Chief Finance Officer**

This report is public

#### **Purpose of report**

To provide members with a review of Council Tax discounts and to seek approval to recommend the proposed level of Council Tax discounts for the 2017-2018 financial year to Council.

To provide an update on the consultation process that has taken place on the proposals for a Council Tax Reduction Scheme for 2017-2018 and to seek approval to recommend the proposed Council Tax Reduction Scheme to Council.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To approve the option of no change to the Council Tax Reduction Scheme for 2017-2018 and to amend the Council Tax Reduction Scheme Regulations for Pensioners in line with uprating announced by DCLG and to uprate the Working Age Regulations in line with Housing Benefit as confirmed by Department for Work and Pensions.
- 1.2 To recommend to Council an unchanged Council Tax Reduction Scheme for 2017-2018.
- 1.3 To recommend to Council that delegated authority be given to the Chief Finance Officer to make any changes to the Council Tax Reduction Scheme Regulations up to and including 31 January 2017 in conjunction with the Lead Member for Financial Management.
- 1.4 To review the proposed level of Council Tax discounts for 2017-2018 and make recommendations to Council as follows:
  - Retain the discount for second homes at zero

- Retain the discount for empty homes (unoccupied and substantially unfurnished) at 25% for 6 months and thereafter at zero.
- Retain the discount for empty homes undergoing major repair at 25% for 12 months and thereafter at zero.
- Retain the empty homes premium of an additional 50% for properties that have remained empty for more than 2 years. .

## **2.0 Introduction**

- 2.1 In October 2016 members received a report providing an update on the current Council Tax Reduction Scheme (CTRS) and Council Tax discounts and including the impact on Council Tax collection rates. The report also provided members with the financial modelling for options for a Council Tax Reduction Scheme for 2017-2018.
- 2.2 Members approved for consultation purposes an option which would mean no change to the current Council Tax Reduction Scheme and to amend the Council Tax Reduction Regulations for uprating by DCLG and Department for Work and Pensions.
- 2.3 Members approved a consultation process for the period 5th October 2016 to 17<sup>th</sup> October 2016.

## **3.0 Report Details**

### **Consultation Process: Council Tax Reduction Scheme**

- 3.1 Members agreed a consultation process on the option of no change to the current Council Tax Reduction Scheme. There is a requirement to consult with the public, major preceptors and other parties who may have an interest in the Council Tax Reduction Scheme. The consultation began on 5th October 2016 ending on 17th October 2016.
- 3.2 The consultation process included detailed information and a response form on the website. Targeted consultation also took place with 750 households across the district who were invited to take part in the survey.
- 3.3 A total of 54 responses were received although not all questions were answered by the respondents. A summary of the results can be found at Appendix A of this report. The key findings are as follows:
  - All of the 54 responses came from individuals rather than on behalf of organisations.
  - 24 of the 54 responses (46.2%) agreed that the Council should continue with the current scheme.
  - If the Council were to consider other options to help pay for the Scheme 28 of the respondents (54%) felt that the level of support for working age households should be reduced, 9 respondents (18%) felt that Council Tax should be increased, and 11 (22%) were in favour of reduction in funding for other services.

## **Council Tax Reduction Scheme 2017-2018**

- 3.4 The Council Tax Reduction Scheme is based on a fixed grant based on approximately 90% of the previous Council Tax Benefit subsidy giving a funding shortfall for Cherwell of £742,430. This shortfall is mostly offset by changes to locally set Council Tax discounts.
- 3.5 As the funding is a fixed grant the cost of any increase in the level of demand will be borne by the Council. The CTRS caseload is regularly monitored and there has been a small decrease in the number of live cases from 7,513 in April 2015 to 7,193 in July 2016.
- 3.6 On 1<sup>st</sup> November 2016 members of Budget Planning Committee received a report on the results of the CTRS consultation. Members of that Committee agreed to recommend to Executive the option of no change to the current Council Tax Reduction Scheme for 2017-2018 with changes to the Regulations for the uprating to Pensioners Regulations announced by DCLG and to mirror changes in benefit rates made by the Department for Work and Pensions.
- 3.7 There will continue to be a national scheme which the Council must adhere to for those people who have attained the qualifying age for State Pension Credit.
- 3.8 There are existing regulations for our local Council Tax Reduction Scheme for working age customers. If the recommendation for no change is agreed then the regulations will require only technical changes as outlined earlier in this report.

## **Council Tax Discounts**

- 3.9 The Local Government Finance Act 2012 abolished certain exemptions with effect from 1 April 2013 and replaced them with discounts which can be determined locally. Council approved a number of small changes to discounts in order to meet the funding requirements of the Council Tax Reduction Scheme.
- 3.10 Council determined that furnished chargeable dwellings that are not the sole or main residence of an individual (second homes) should no longer receive a discount. If we continue to set the discount at zero it is estimated that this will result in additional income of £76,755
- 3.11 Council also determined the discount in respect of unoccupied and substantially unfurnished properties should be reduced to 25% for a period of 6 months and thereafter to zero. Current estimations indicate that this will result in additional income of around £308,018
- 3.12 Council further exercised its discretion to determine that chargeable dwellings which are vacant and undergoing major repair to render them habitable should attract a discount of 25% for a period of 12 months and thereafter to zero. This will result in additional income of £22,162
- 3.13 The Local Government Finance Act 2012 also allows for an Empty Homes Premium to be charges on long term empty properties that is those that have been empty and unfurnished for two years or more. If this remains unchanged it is estimated this would result in additional income of £120,843. If this causes more long term empty

properties to be brought back into use it will have a beneficial impact on New Homes Bonus.

### **Financial Summary**

- 3.14 The recommendation for no change to the current Council Tax Reduction Scheme or Council Tax Discounts would have the following financial impact:

<b>Overall funding loss</b>	<b>742,430</b>
<b>Second homes income</b>	<b>-76,755</b>
<b>Empty homes income</b>	<b>-308,018</b>
<b>Major repairs</b>	<b>-22,162</b>
<b>Long Term Empty Premium</b>	<b>-120,843</b>
<b>Total funding gap</b>	<b>214,652</b>
<b>Funding gap for CDC</b>	<b>17,172</b>

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 The proposal is to keep the same Council Tax Reduction Scheme for 2017-2018. There will be some technical changes to Regulations. Consultation has taken place.
- 4.2 Members are now required to recommend to Council a Council Tax Reduction Scheme for the financial year 2017-2018.
- 4.3 Members are also asked to recommend that Council Tax Discounts for 2017-2018 are set at the levels detailed in the report.

## **5.0 Consultation**

Budget Planning Committee: a report on the results of the consultation for a CTRS for 2017-2018 was considered by Budget Planning Committee on 1<sup>st</sup> November 2016

Public consultation: Consultation has taken place with anyone affected by the proposed new scheme.

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To not recommend any of the options for a scheme for 2017-2018 This would have financial implications for the Council and those residents affected by Welfare Reform.

## 7.0 Implications

### Financial and Resource Implications

7.1 See table contained in this report.

Comments checked by: Paul Sutton Chief Finance Officer,  
Paul.sutton@cherwellandsouthnorthants.gov.uk

### Legal Implications

7.2 The Council is required to approve a Council Tax Reduction Scheme on an annual basis. Failure to do so will adversely affect the reputation of the Council and will have a financial implication for residents.

Comments checked by: Kevin Lane, Head of Law and Governance  
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## 8.0 Decision Information

### Key Decision

**Financial Threshold Met:** No

**Community Impact Threshold Met:** No

### Wards Affected

All

### Links to Corporate Plan and Policy Framework

This links to the Council's priorities of a district of opportunity and sound budgets and a customer focused council

### Lead Councillor

Councillor Ken Atack Lead Member for Financial Management

### Document Information

Appendix No	Title
A	Consultation results
Background Papers	
None	
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