

# **Cherwell District Council**

## **Council**

**19 December 2016**

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

This report is public

#### **Purpose of report**

To provide members with 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 for a Council Tax Reduction Scheme for the year 2017-2018 on the recommendation of the Executive and Budget Planning Committee.

To provide members with an update of Council Tax discounts and seek approval for the Council Tax discounts for the year 2017-18.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To approve a Council Tax Reduction Scheme (CTRS) for the year 1 April 2017 to 31 March 2018 as set out in the report and implement the scheme with effect from 1 April 2017.
- 1.2 To grant delegated authority to the Section 151 Officer to make further amendments to the CTRS Regulations up to and including 31 January 2017 in consultation with the Lead Member for Financial Management.
- 1.3 To review the proposed level of Council Tax discounts for 2017-2018 and to approve the following:
  - 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 December 2015 members approved a Council Tax Reduction Scheme (CTRS) for Cherwell District Council for the financial year 2016-2017. The scheme mirrored the previous Council Tax Benefit (CTB) scheme in that the maximum Council Tax liability to be included in any assessment for working age customers is 100%.
- 2.2 Funding for the new scheme is based on a fixed cash grant based on approximately 90% of the previous CTB subsidy giving a funding shortfall for Cherwell of £742,430. The funding shortfall is mostly offset by changes to locally set Council Tax discounts.

## **3.0 Report Details**

### **Council Tax Reduction Scheme (CTRS) 2017-2018**

- 3.1 The Government has stated that the funding levels for Council Tax Reduction will remain the same in 2017-2018. The 10% reduction in funding for 2016-2017 of £742,430 has been offset by changes to locally set Council Tax discounts.
- 3.2 As the funding for the CTRS 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.
- 3.3 In October 2016 members of Executive were asked to consider a report outlining the various options for a Council Tax Reduction Scheme for 2017-2018 including financial modelling. Members agreed, for consultation purposes, option one which is no change to the current Council Tax Reduction Scheme or Council Tax Discounts.
- 3.4 This means that the level of support received by those currently on CTRS will not change unless they have a change in their circumstances. The only change required would be the changes to the Regulations to reflect changes such as benefit uprating.

### **Consultation Process.**

- 3.5 Members agreed a consultation process on the option of no change to the current CTRS. The consultation began on 5 October 2016 and ended on 17 October 2016.
- 3.6 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.
- 3.7 Consultation has also taken place with the major preceptors.
- 3.8 A total of 54 responses were received although not all questions were answered by the respondents. A summary report of the results can be found at Appendix A of this report. The majority of people who completed the survey are happy with the proposals for Council Tax Reduction Scheme for 2017-2018. The key findings are as follows:

- All of the 54 responses came from individuals rather than on behalf of organisations.
- 24 of the 52 respondents (46.2%) felt that the Council should continue with the current scheme.
- If the Council were to consider other options to help pay for the scheme 28 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.

3.9 Following the consultation process members of Executive agreed to recommend to Council the option of no change to the Council Tax Reduction scheme for 2017-2018 with changes to the Regulations to reflect the changes to Housing Benefit uprating and for delegated authority to be given to the Section 151 Officer to make any changes to the CTRS Regulations up to and including 31<sup>st</sup> January 2017 in consultation with the Lead Member for Financial Management.

### **Council Tax Reduction Scheme Regulations**

- 3.10 There will continue to be national regulations related to CTRS which the Council must adhere to including the national scheme for those people who have attained the qualifying age for State Pension Credit.
- 3.11 There are existing regulations for our local scheme for 2016-2017. If the recommendation for no change is agreed then the regulations will require some technical changes for uprating by DCLG and Department for Work and Pensions.

### **Council Tax Discounts**

- 3.12 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.
- 3.13 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.
- 3.14 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
- 3.15 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
- 3.16 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 Implications of the recommendation for CTRS 2017-2018**

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

	Based on 100%
Overall funding loss	742,430
Second homes income	-76,755
Empty homes income with discount of 25% for 6 months	-308,018
Uninhabitable homes discount of 25% for 12 months	-22,162
Long term empty premium income	-120,843
Total funding gap	214,652
Total funding gap for SNC	17,172

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

- 4.1 The proposal is to keep the same Council Tax Reduction Scheme for 2017-2018 with changes to the Regulations to reflect the changes such as uprating. Consultation has taken place with residents and major preceptors.
- 4.2 Members are now required to agree a Council Tax Reduction Scheme for the 2017-2018 financial year and are asked to give delegated Authority to the Section 151 Officer to make amendments to the CTRS Regulations up to and including 31 January 2017 in consultation with the Lead Member for Financial Management.
- 4.3 Members are also asked to agree that Council Tax Discounts for 2017-2018 are set at the levels detailed in the report.

## **5.0 Consultation**

Budget Planning Committee and Executive

A report on the results of the consultation for a Council Tax Reduction Scheme for 2017-2018 has been considered by Budget Planning Committee and Executive who recommended a no change scheme to Council.

Public and major preceptors

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

## **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 agree any of the options for a new scheme. This would have financial implications for the Council and those residents affected by wider Welfare Reform.

## **7.0 Implications**

### **Financial and Resource Implications**

7.1 These are contained within the report.

Comments checked by:

Paul Sutton, Chief Finance Officer, 0300 0030 0106

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### **Legal Implications**

7.2 The Council is required to approve a Council Tax Reduction Scheme on an annual basis. Failure to do so will affect the reputation of the Council and will have a financial implication for residents. The Council must take due account of any responses to a consultation process before determining its position.

Comments checked by:

Kevin Lane, Head of Law and Governance 0300 0030107

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### **Equality and Diversity**

7.3 An equality impact assessment has been undertaken on the Council Tax Reduction Scheme for 2017-2018. It is proposed that the scheme remains unchanged in 2017-2018 and no change has arisen from the consultation exercise.

Comments checked by:

Paul Sutton, Chief Finance Officer, 0300 0030 0106

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## **8.0 Decision Information**

### **Wards Affected**

All

## **Links to Corporate Plan and Policy Framework**

This links to the Council's priority of protecting our quality of life.

## **Lead Councillor**

Councillor Ken Atack Lead Member for Financial Management

## **Document Information**

<b>Appendix No</b>	<b>Title</b>
A	Results of Consultation Process
<b>Background Papers</b>	
None	
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