

Cherwell District Council

Council

18 December 2017

Council Tax Reduction Scheme 2018-2019 and Council Tax Discounts 2018-2019

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 2018-2019 and to seek approval for a Council Tax Reduction Scheme for the year 2018-2019 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 2018-19.

1.0 Recommendations

The meeting is recommended:

- 1.1 To approve a Council Tax Reduction Scheme (CTRS) for the year 1 April 2018 to 31 March 2019 as set out in the report and implement the scheme with effect from 1 April 2018.
- 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 2018 in consultation with the Lead Member for Financial Management.
- 1.3 To review the proposed level of Council Tax discounts for 2018-2019 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 2016 members approved a Council Tax Reduction Scheme (CTRS) for Cherwell District Council for the financial year 2017-2018. 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 2018-2019.

- 3.1 The Government has stated that the funding levels for Council Tax Reduction will remain the same in 2018-2019. The 10% reduction in funding for 2017-2018 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 7,193 in July 2016 to 7,087 in July 2017.
- 3.4 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.
- 3.5 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 only change required would be the changes to the Regulations to reflect changes such as benefit uprating.

Consultation Process.

- 3.6 Members agreed a consultation process on the option of no change to the current CTRS. The consultation began on 11 September 2017 and ended on 10 October 2017.
- 3.7 The consultation process included detailed information and a response form on the website. Targeted consultation also took place with 676 households across the district who were invited to take part in the survey.
- 3.8 Consultation has also taken place with the major preceptors.
- 3.9 A total of 49 responses were received. 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 2018-2019. The key findings are as follows:
- 48 of the 49 responses came from individuals and 1 came from an organisation
 - 33 of the 49 respondents (67.35%) agreed that the Council should continue with the current scheme
 - If the Council were to consider other options to help pay for the scheme 23 out of 47 responses (48.94%) felt that the level of support for working age households should be reduced, 9 out of 47 responses (19.15%) felt that Council Tax should be increased, 8 out of 43 responses (18.60%) were in favour of reduction in

funding for other services and 23 out of 46 responses (50%) were in favour of using financial reserves.

Council Tax Reduction Scheme Regulations

- 3.11 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.
- 3.12 There are existing regulations for our local scheme for 2017-2018. 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

- 3.13 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.
- 3.14 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 £82,321.
- 3.15 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 £289,375.
- 3.16 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 £21,403.
- 3.17 The Local Government Finance Act 2012 also allows for an Empty Homes Premium to be charged 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 £109,347. 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 2018-2019

- 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	-82,321
Empty homes income with discount of 25% for 6 months	-289,375
Uninhabitable homes discount of 25% for 12 months	-21,403

Long term empty premium income	-109,347
Total funding gap	239,984
Total funding gap for CDC	16,799

4.0 Conclusion and Reasons for Recommendations

- 4.1 The proposal is to keep the same Council Tax Reduction Scheme for 2018-2019 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 2018-2019 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 2018 in consultation with the Lead Member for Financial Management.
- 4.3 Members are also asked to agree that Council Tax Discounts for 2018-2019 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 2018-2019 has been considered by Budget Planning Committee on 28 November 2017 and Executive on 4 December 2017.

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 in report.

Comments checked by: Sanjay Sharma Interim Head of Finance,
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Legal Implications

- 7.2 The Council is required to review its Council Tax Reduction Scheme on an annual basis and, if it determines to make changes then it must consult on the revised scheme. Failure to do so will affect the reputation of the Council and will have a financial implication for residents as well as exposing the Council to potential challenge for failing to comply with the legislative requirements of the Local Government Finance Act 1992. As indicated in the main body of the report at paragraph 5 above, consultation must be a meaningful process and due account must be taken of the content of the responses before a final decision is made.

Comments checked by: Richard Hawtin, Team Leader – Non-contentious,
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Equality and Diversity

- 7.3 An equality impact assessment has been undertaken on the Council Tax Reduction Scheme for 2018-2019. It is proposed that the scheme remains unchanged in 2018-2019 and no change has arisen from the consultation exercise.

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 Tony Illott, Lead Member for Financial Management

Document Information

Appendix No	Title
A	Consultation results
Background Papers	
None	
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