

Cherwell District Council

Council

17 December 2018

<p>Council Tax Reduction Scheme 2019-2020 and Council Tax Discounts 2019-2020</p>
--

Report of Interim Executive Director: Finance and Governance

This report is public

Purpose of report

To seek approval for a Council Tax Reduction Scheme for the year 2019-2020 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 2019-20.

1.0 Recommendations

The meeting is recommended:

- 1.1 To approve a Council Tax Reduction Scheme (CTRS) for the year 1 April 2019 to 31 March 2020 as set out in the report and implement the scheme with effect from 1 April 2019.
- 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 2019 in consultation with the Lead Member for Financial Management and Governance.
- 1.3 To review the proposed level of Council Tax discounts for 2019-2020 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 2017 members approved a Council Tax Reduction Scheme (CTRS) for Cherwell District Council for the financial year 2018-2019. 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) 2019-2020

- 3.1 The Government has not yet released indicative funding figures for 2019-2020. For the purposes of calculating the new Council Tax Reduction scheme for 2019-2020 an assumption has been made that funding will remain at the reduced rate. The 10% reduction in government funding for 2019-2020 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 7,087 in July 2017 to 6,607 in June 2018.
- 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.

Council Tax Reduction Scheme Regulations

- 3.6 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.
- 3.7 There are existing regulations for our local scheme for 2018-2019. 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

- 3.8 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.
- 3.9 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 £84,782.
- 3.10 Council also determined the discount in respect of unoccupied and substantially unfurnished properties should be reduced to 25% for a period of six months and thereafter to zero. Current estimations indicate that this will result in additional income of around £287,351.
- 3.11 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 is expected to result in additional income of £10,617.
- 3.12 Prior to 1 April 2013 billing authorities could charge up to a maximum of 100% council tax on dwellings that have been empty for more than two years. From April 2013 local authorities were given the powers to charge a premium of up to 50% of the council tax payable. The projected income for 2019-2020 from charging an Empty Homes Premium is £100,163. In the Autumn statement of 2017 the Government announced plans to give local authorities the power to charge a 100% Council Tax premium on empty properties. The legislation has very recently been laid before Parliament. Officers are undertaking some financial modelling on the impact of this change and a report will be presented to members of Budget and Financial Strategy Committee at a future meeting.

Financial Implications of the recommendation for CTRS 2019-2020

- 3.13 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	-84,782
Empty homes income with discount of 25% for 6 months	-287,351
Uninhabitable homes discount of 25% for 12 months	-10,617
Long term empty premium income	-100,163
Total funding gap	259,517
Total funding gap for CDC	18,166

4.0 Conclusion and Reasons for Recommendations

- 4.1 The proposal is to keep the same Council Tax Reduction Scheme for 2019-2020 with changes to the Regulations to reflect the changes such as uprating.
- 4.2 Members are now required to agree a Council Tax Reduction Scheme for the 2019-2020 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 2019 in consultation with the Lead Member for Financial Management.
- 4.3 Members are also asked to agree that Council Tax Discounts for 2019-2020 are set at the levels detailed in the report.

5.0 Consultation

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 on any material changes to the scheme. This is not considered to include changes for annual uprating in accordance with Government Regulations.

Members of Executive recommended a no change scheme for 2019-2020 without the need for a full consultation. The Regulations will be updated to include appropriate text to make it clear that the Council will apply the uprating.

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 scheme for 2019-2020. 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:

Kelly Watson Assistant Director, Finance, Procurement and Property

kelly.watson@cherwellandsouthnorthants.gov.uk

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.

Comments checked by:
Christopher Mace, Solicitor, 01327 322125
Christopher.mace@cherwellandsouthnorthants.gov.uk

Equality and Diversity

- 7.3 An equality impact assessment has been undertaken on the Council Tax Reduction Scheme for 2019-2020. It is proposed that the scheme remains unchanged in 2019-2020.

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priority of sound budgets and a customer focused Council.

Lead Councillor

Councillor Tony Ilott, Lead Member for Financial Management

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Belinda Green (Joint Revenues and Benefits Manager)
Contact Information	Belinda Green: 01327 322182 Belinda.green@csnresources.co.uk