

## CABINET

17 January 2017

<b>Title:</b> Council Tax Support Scheme 2017/18	
<b>Report of the Cabinet Member for Finance, Growth and Investment</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
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<b>Accountable Director:</b> Claire Symonds, Chief Operating Officer	
<b>Summary</b> The Council has a statutory duty to consider annually whether to revise its Local Council Tax Support Scheme (CTSS) or replace it with another scheme. This report recommends keeping the current scheme for use in 2017/18. The Assembly has a legal duty to approve the CTSS by 31 January 2017.	
<b>Recommendation(s)</b> The Cabinet is asked to recommend the Assembly to agree that the Council Tax Support Scheme implemented for 2016/17 be retained for 2017/18.	
<b>Reason</b> It is proposed that the Council continues with the scheme it implemented last year to avoid further financial pressures and an increase in its budget gap.	

### 1. Introduction and Background

- 1.1. As part of the 2010 Comprehensive Spending Review, the Government announced that it would localise support for Council Tax from April 2013. The proposals were part of a wider policy of localism which aimed to give local authorities increased financial autonomy and be part of the reform of the Welfare System to improve incentives to work whilst protecting the most vulnerable in society.
- 1.2. The Welfare Reform Act in 2012 abolished Council Tax Benefit (CTB) from April 2013 and, in its place, support took the form of a local Council Tax Support Scheme (CTSS). The scheme is available to help low income households by reducing the amount of Council Tax that they have to pay.
- 1.3. The Local Government Finance Act 2012 contains provisions for the setting up of local support schemes. The current scheme in Barking & Dagenham was based on the Default Council Tax Reduction Scheme and has included and replicated annual uprating of social security rates for Housing Benefit. This will continue for 2017/18.
- 1.4. The current scheme in operation ensures that:

- The scheme is means tested;
- Pensioners are protected, i.e. they must be able to receive up to a 100% reduction (a provision of the national pension age scheme);
- Everyone of working age contributes something towards their Council Tax, with a “minimum payment” of 25%. There is a 75% maximum on which any entitlement to CTSS is based;
- Those who are not pensioners and with capital in excess of £6,000 are not eligible for a Council Tax reduction under this scheme.

## **2. Proposals and Issues**

- 2.1. Like many local authorities, the Council has faced unprecedented financial challenges. Therefore, it is proposed that the Council continues with the scheme it implemented last year to avoid any additional financial pressures.

## **3. Financial Implications**

Implications completed by: Stephen Hinds, Chief Accountant

- 3.1. Keeping the Council Tax Support Scheme will have no impact on the amount of collectable Council Tax.
- 3.2. The Council must set aside a discretionary fund for circumstances of exceptional hardship. It is anticipated that a discretionary fund of £50,000 can be created to assist those with exceptional circumstances. This would be monitored and reviewed quarterly, although case law does suggest that if exceptional hardship is shown the Council must grant a discretionary reduction and cannot refuse due to a “depleted budget”. It is therefore vital that a clear policy is implemented so the Council can set their own criteria of whom would qualify for a discretionary reduction. The cost of the discretionary fund will reduce the overall Council Tax collected by £50,000.

## **4. Legal Implications**

Implications completed by Dr. Paul Feild, Senior Governance Lawyer

- 4.1 The CTSS is a continuation of the scheme as approved by the Assembly last year following consultations as required by the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012. Maintaining the current scheme will bring no specific legal implications.

## **5. Other Implications**

- 5.1 **Risk Management** - It is considered likely that keeping the current scheme will continue to make it difficult to collect Council Tax from those entitled to a reduction under the scheme. Presently there are 74,496 properties with a Council Tax Charge in this borough, as of 30<sup>th</sup> November 2016, and 18,212 Council Tax Support claims against these properties.

**Public Background Papers Used in the Preparation of the Report: None**

**List of appendices: None**