

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
5 December 2017

Subject: COUNCIL TAX REDUCTION SCHEME FROM 2018/19

All Wards
Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 For each financial year the billing authority must consider whether to revise its Council Tax Reduction scheme or replace it with another. Any revision or replacement scheme must be made no later than 31st January in the financial year preceding that year for the which the revision or replacement scheme is to be effective.
- 1.2 Hambleton District Council has around 40,000 households liable for Council Tax. The current means-tested Council Tax Reduction scheme currently provides support to over 4,000 low-income and vulnerable households in the district.
- 1.3 Although Council Tax collection rates have remained high over the last few years at 98% the collection rate for those who receive Council Tax Reduction is far more time consuming and costly when compared with usual collection. Collection rates for those working age residents who claim Council Tax Reduction continues to be lower than the average collection rate with arrears accruing for more than one year. The impact of the roll out of Universal Credit on the households ability to pay and possible arrears is not yet apparent.
- 1.4 It is suggested that the existing Council Tax Reduction scheme is adopted from 1 April 2018.

2.0 LINK TO COUNCIL PRIORITIES:

- 2.1 The Council has a statutory duty to provide a local Council Tax Reduction scheme for working age residents who are struggling to meet their Council Tax liability. The pensioner scheme is prescribed by central government.
- 2.2 The scheme provides financial support to those on low incomes allowing them to live more independent lives and support their health and wellbeing.

3.0 RISK ASSESSMENT:

- 3.1 There are no significant risks in approving the recommendations.
- 3.2 The key risk in not approving the recommendations is as shown below:-

| Risk | Implication | Prob* | Imp* | Total | Preventative action |
|---|---|--------------|-------------|--------------|---|
| That a Local Scheme will not be adopted by Council within the timescales. | The Council has not fulfilled its statutory duty and runs the risk of challenge | 3 | 4 | 12 | To ensure that the Council adopts a Local Scheme by 31 January 2017 |

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

4.0 FINANCIAL IMPLICATIONS:

- 4.1 The amount paid out in respect of Council Tax Reduction has been reducing year on year which is also reflected in the number of residents in receipt of the support.
- 4.3 Council Tax collection rates have remained high over recent years at 98%. Whilst the collection rate on the accounts of working age residents has been encouraging at around 78%, it has been challenging for what is a relatively small number of accounts. Due to the requirement to pay a minimum of 20% some accounts are carrying arrears into the following years making the prospect of collection more time consuming and costly in comparison to usual collection.
- 4.4 The cost of awards under the Council Tax Reduction scheme impact on the tax base and therefore the Council Tax income. If the cost of awards were to reduce this would mean that the Council Tax base could increase as would the income. Any increase in income would be shared through the Collection Fund with the preceptors.

5.0 LEGAL IMPLICATIONS:

- 5.1 The Council has a statutory duty for each financial year to consider whether to revise its Council Tax Reduction scheme or to replace it with another scheme.
- 5.2 The Local Government Finance Act provides that the making or revision of a Council Tax Reduction scheme can only be discharged by the Authority.

6.0 EQUALITY/DIVERSITY ISSUES

- 6.3 The Council Tax Reduction scheme designed by the Council affects adults of all ages (below the state pension age) regardless of other equality factors. As there are no proposed changes there are no additional factors to consider.

7.0 RECOMMENDATIONS:

- 7.1 That Cabinet approves and recommends to Council that the Local Council Tax Reduction Scheme from 2018/19 be based on current scheme which allows for alignment with the Housing Benefit legislative changes, be adopted to take effect from 1 April 2018

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Background papers: None

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