

14 October 2015		Agenda Item 6
Council Tax Support Scheme 2016/17		
Lead Member:	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance	
Report author:	Zoe Kent	
Head of service:	Amber Christou	
Recommendations		
That the committee:		
1. considers the proposal for the 2016/17 Council Tax Scheme to be remain unchanged from the 2015/16 scheme and that the support scheme continues to be reduced by 15%.		

1 Purpose of report and executive summary

- 1.1 The purpose of this report is to analyse the current scheme’s effects on collection and benefit claimants, and to consider the percentage reduction from CTS that should be set for 2016/17.

2 Background

- 2.1 The localisation of Council Tax Support (CTS) has now been in place since 1 April 2013. Prior to the start of the scheme, a Kent-wide scheme was agreed for a period of three years whereby all districts agreed to reduce CTS by 18.5%. This amount could be reduced to a lower percentage if the district took measures to reduce its empty property discounts. By reducing the short term empty property discount from six down to three months, and removing the long term empty property and second home discounts, the Borough was able to reduce CTS by 15% rather than 18.5%.
- 2.2 In the first year of the scheme the CTS reduction was set at 8.5%. The Council was able to reduce CTS by such a low amount due to the transitional grant that was awarded by DCLG. However, since 2014/15 the grant was withdrawn so the reduction from CTS was increased to 15%. In 2015/16 the short term empty property discount was reduced further from 3 months to 1 month and a 50% premium was charged for properties that have been empty for more than 2 years.
- 2.3 Analysis shows that all Kent districts have reduced the amount of CTS awarded based on the amendments they have made to their Council Tax discounts and any subsidy they have decided to make towards their scheme.

Table 1: *Kent district authorities CTS reduction percentages*

Council	2013/14 Reduction %	2014/15 Reduction %
Tonbridge & Malling	8.5	18.5
Tunbridge Wells	8.5	18.5
Maidstone	8.5	13.0
Sevenoaks	8.5	18.5
Dartford	8.5	18.5
Gravesham	8.5	18.5
Swale	8.5	15.0
Ashford	8.5	10.0
Shepway	8.5	18.5
Canterbury	5.0	5.0
Dover	6.0	6.0
Thanet	5.5	5.5

- 2.4 The tables below show the current caseload for CTS claimants. There has been a fall in the number of claimants over the past 12 months. This is likely to have occurred because there has been a reduction in the unemployment rate in the Borough due to the opening of new businesses such as the Neats Court development. The number of pensioners claiming has also decreased as the pension age has continued to increase. The CTS expenditure is a predicted figure during the year as awards are amended throughout the year. The total net expenditure figure as at 1 October 2015 was £9,705,260 compared with £9,985,740 as at 1 October 2014, a reduction of £280k (2.8%).

Table 2. CTS Caseload as at 1 October 2015

Working Age	7,105
Pension Age	5,039
Total	12,144

Table 3. CTS expenditure as at 1 October 2015

Working, Age	£5,300,235 (55%)
Pension Age	£4,405,025 (45%)
Total	£9,705,260

- 2.5 The amount of CTS awarded has continued to fall throughout the year. It is difficult to predict the final expenditure; however, unless there was a sudden rise in claims it is likely that the expenditure at the end of the year will be less than at the beginning. When CTS is awarded on 1 April for the financial year it is presumed that claimants will receive the amount due on 1 April for the whole of the year. As claimants move and have changes to their circumstances their CTS is either increased or reduced. As Council Tax is a relatively low cost per week (on

average £20 per week) when claimants start work they are often taken out of entitlement to CTS or entitled to very little. If a large employer was to move out of the area the amount of expenditure may increase. The grant towards CTS is now included within the Revenue Support Grant and we do not receive a grant based on our actual expenditure.

Table 4 2015/16 Expenditure

Table 4 shows the cost of the CTS scheme to the Borough and the major preceptors in 2014/15 and the predicted expenditure for 2015/16.

2014/15 Expenditure		2015/16 Predicted Expenditure	
Full Cost (without reduction)	£11,735,000	Full cost (without reduction)	£11,572,000
Cost with 15% reduction	£9,940,783	Cost with 15% reduction	£9,700,000

Table 5. Analysis of CTS payments received

Prior to April 2013 it was very difficult to predict how much council tax would be collected from benefit claimants of whom many would have been paying council tax for the first time. The Borough along with most other billing authorities took a cautious view and predicted a collection rate of 50%. It was felt that the collection rate reached 77.2% because CTS was only reduced by 8.5% during 2013/14 giving claimants a more manageable amount to pay during the first year of the scheme. However in 2014/15 when CTS was reduced by 15% a collection rate of 81.6% was achieved. This has shown that the claimants now understand that they are liable to make payments towards their Council Tax and are budgeting accordingly.

	C Tax to be paid by CTS claimants	Outstanding amount	Paid	Percentage paid
2013/14	£1,042,847	£238,182	£804,665	77.2%
2014/15	£1,767,378	£325,363	£1,442,015	81.6%
2015/16 as at 01.10.2015	£1,963,113	£968,902	£994,211	50.6%

3 Discussion and recommendations

- 3.1 It is proposed that the Council Tax Support scheme should be maintained as the current scheme reducing Council Tax Support by 15%. Claimants are now used to paying 15% towards their Council Tax, although we do have to work with a proportion of the claimants to ensure that they continue to make payments throughout the year. The collection rate as at 1 October 2015 (50.6%) shows that we should be on track to collect a similar percentage to 2014/15.

Table 8. *Costings*

Grant	£10,300,000	
Pensioner	£4,400,000	
Working age	£5,300,000	
Total CTS Award	£9,700,000	
Total cost if Council Tax increases by 2% including preceptors	£9,894,000	
Balance to SBC and the major preceptors	(£406,000)	
Impact on CTS claimants	Annual	Weekly
Band A	£146.77	£2.82
Band B	£171.23	£3.29
Band C	£195.70	£3.76
Band D	£220.16	£4.23
Impact on CTS claimants if C Tax increases by 2%	Annual	Weekly
Band A	£149.71	£2.88
Band B	£174.65	£3.36
Band C	£199.61	£3.84
Band D	£224.56	£4.32

3.2 Although we are still using the grant figure of £10,300,000 as the Revenue Support Grant figure this amount was only guaranteed as the proportion covering Council Tax Support expenditure for 2013/14 and 2014/15. Therefore as it is likely that the Borough's Revenue Support Grant will be reduced for 2016/17 extra income may need to be found to cover any shortfall towards the Council Tax Support scheme. An assumption has also been made that the major preceptors will increase their Council Tax by 2%. As the Borough's proportion of the Council Tax only equates to 11%, for illustrative purposes only an overall increase of 2% has been used. It is hoped that the difference between the cost of the scheme and the original grant (£406K) will cover the reduction in grant within the Revenue Support Grant.

3.3 In March 2015 single unemployed claimants within the Borough started to claim Universal Credit. As the roll out of Universal Credit increases it is likely that the Kent districts in conjunction with the major preceptors will look to redesign the CTS scheme to ensure that the budget is manageable and that the scheme is designed to encourage people to work.

4 Alternative options

4.1 The amount that CTS claimants are charged could be reduced so that the benefit claimants do not have to pay so much towards their Council Tax. The advantages to this would be lower charges to benefit claimants which should lead to lower recovery costs. The disadvantage would be less revenue for the Borough and the major preceptors, confusion for claimants if we had to increase the amount payable again from 2017/18 when the Kent wide agreement ends.

5 Consultation undertaken or proposed

- 5.1 Consultation has been carried out between the Kent districts and the major preceptors. As it is recommended that there will be no change to the scheme a public consultation has not taken place.

6 Appendices and background papers

None.

7 Officer contacts

Zoe Kent, Revenues and Benefits Manager - Financial & Technical
zoekent@swale.gov.uk 01795 417272