

Summer Budget and Council Tax Reduction Schemes 2016/17

The Chancellor of the Exchequer, George Osborne, announced a number of welfare measures as part the Summer Budget on 8th July 2015. Of most significance are the planned changes to the assessment of Housing Benefit (HB) which would normally be included in our local Council Tax Reduction scheme (CTR).

These changes if implemented in our local 2016-17 CTR schemes will not result in a reduction in entitlement to existing claimants CTR. The changes only apply to new claims made by working age persons on or after the 1st April 2016.

The changes only affect working age claimants, pensioners remain fully protected and can still receive up to 100% support.

These changes commence on the 1st April 2016;

- A.** The removal of the family premium from new claims for housing benefit.
- B.** Backdating new housing benefit claims will be limited to 4 weeks.

If the above changes being made to Housing Benefit are not replicated in our CTR scheme it is estimated that the cost of the 2016-17 local scheme will increase by up to £281K (I.E we will grant more CTR);

- **Family Premium cost increase = £239K (estimated 1,300 new claims affected)**
- **Backdating cost increase = £42K (estimated 650 new claims affected)**

Additional support in 2016-17

The council has each year set aside a £200K hardship fund which will provide additional support, in exceptional circumstances, to local residents who have been awarded CTR.

What does our current scheme say?

Locally our scheme matched the government default scheme in 2013. Since April 2013 state benefits and applicable amounts for working age people have been increased by the Government, but capped to 1% each year. If we did not increase applicable amounts each year in our local CTR scheme but uprated the customers incomes this would result in loss in the amount of means tested CTR received. Certain disability benefits will increase and pensioner benefits too. If we did not increase the disabled related applicable amounts in our local CTR scheme, but uprated the disability incomes, this would subsequently result in a reduction in the amount of means-tested CTR received. This increase is referred to as uprating. Additionally, non-dependent deductions have traditionally increased each year to reflect an increase in the expected contribution to the cost of Council Tax by other adults living with the claimant.

Our scheme therefore states that it will have regard to any comparable amounts determined by the DWP for the purposes of calculating entitlement to Housing Benefit. This simplifies the administration of CTR and requires minor adjustment each year.

It is proposed that the 2016-17 scheme is adjusted accordingly to take account of the changes.

Background

Prescribed Scheme; (pensioners)

- In March 2013 the national system of council tax benefit (CTB) ended.
- From 1 April 2013, responsibility for council tax support was transferred from the national CTB scheme to local council tax reduction (CTR) schemes, where each billing authority has discretion over its own scheme for working age claimants.
- The Secretary of State made regulations which prescribe matters which must be included in local council tax reduction schemes. In particular these prescribed regulations make provisions in respect of pensioners.
- At the same time the shift was accompanied by a 10 per cent cut in government funding for the schemes.

Default Scheme; (working age)

- The Local Government Finance Act 2012 (Schedule 4) required the Secretary of State to prescribe by regulations a “default scheme”. The default scheme is to take effect, in respect of dwellings situated in the area of a billing authority, if the authority fails to make its own scheme on or before 31st January 2013.
- SCC adopted the default scheme as did many other councils in 2013 for its working age scheme.

Annual Uprating

- For 2013 the prescribed scheme for pensioners and the default scheme for working age persons mirrored the matters contained within council tax benefit for determining the classes of person entitled to support and matters relevant to determining eligibility, calculation and the amount of reduction.
- For 2014, The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (no.2) Regulations 2014 made provisions to amend certain figures which are used in the calculating entitlements and the amount of the reduction for pensioners. The purpose of the uprating the figures being to maintain consistency with the situation that would have applied had council tax benefit not been abolished.
- Each year this instrument aligns the allowances, premiums and deductions with the DWP increased amounts made in the Autumn Statement. The policy is to make amendments to the Prescribed Requirement Regulations in line with amendments made to housing benefit. This is because housing benefit and council tax benefit were broadly on all fours prior to 1st April 2013.
- However the default scheme was only ever meant to be applied for one year, and the DCLG have been clear that they will not be uprating the default scheme each year. Therefore the SCC scheme for working age persons states that each year the authority will have regard to any comparable amounts determined by the DWP for the purposes of calculating entitlement to Housing Benefit. Essentially maintaining consistency with the situation had council tax benefit not been abolished.

Each billing authority in England must make a Council Tax Reduction Scheme no later than 31st January of the financial year to which that scheme relates

For information

Current 2015-16 scheme (As at 30th September 2015);

Council Tax Reduction	Total	Pensioners	Working Age
Caseload Sept 2015	21,669	8,047	13,652
Pass-ported	13,652	4,943	8,707
Non pass-ported	8,047	3,104	4,945
Reduction awarded	£14,944,195	£6,570,212	£8,373,983
Pass-ported	£10,273,037	£4,513,152	£5,759,885
Non pass-ported	£4,671,158	£2,057,060	£2,614,098

Note that caseload in August 2014 was 22,871