

<b>DECISION-MAKER:</b>	<b>CHIEF FINANCIAL OFFICER</b>		
<b>SUBJECT:</b>	<b>COUNCIL TAX REDUCTION SCHEME 2016</b>		
<b>DATE OF DECISION:</b>	<b>18<sup>th</sup> JANUARY 2016</b>		
<b>REPORT OF:</b>	<b>REVENUES AND BENEFIT CLIENT</b>		
<b><u>CONTACT DETAILS</u></b>			
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#### **STATEMENT OF CONFIDENTIALITY**

None

#### **BRIEF SUMMARY**

This report recommends changes to the agreed local 2015 Council Tax Reduction scheme to implement subsequent legislative changes and to take account of and incorporate the annual benefits uprating in respect of those benefits which are not frozen and come into effect in April 2016.

The actual annual changes to social security benefit rates that will apply from April 2016 were announced by the Minister of State for Pensions in his oral statement to Parliament on 26 November 2015. These changes were published by the DWP in their Housing Benefit Circular A13/2015.

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 ("the 2012 Regulations") prescribe matters which must be included a scheme. On the 16<sup>th</sup> December 2015 Statutory Instrument 2015 No 2041 amended the 2012 Regulations for the financial year beginning on 1<sup>st</sup> April 2016.

#### **RECOMMENDATIONS:**

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|  | (i) | To approve for the year 2016-17 and subsequent years the amended Southampton City Council Tax Reduction Scheme. |
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#### **REASONS FOR REPORT RECOMMENDATIONS**

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| 1. | The Southampton Council Tax Reduction Scheme requires amendment to implement prescribed government regulations, welfare measures included in the 2015 Summer Budget and to take account of the uprating to the social security benefit rates that will apply from April 2016. |
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#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

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| 2. | There have been no recommendations for substantive change to the adopted scheme other than to implement the required legislative changes set out in this report. |
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#### **DETAIL (Including consultation carried out)**

3.	Council Tax Benefit was abolished with effect from 1 April 2013 and replaced by local Council Tax Reduction Schemes (CTRS). The Council commenced consultation on a draft scheme in September 2012 and an Equality and Safety Impact Assessment was prepared. The draft scheme was based on the Government Default Scheme (i.e. substantially the same as Council Tax Benefit) but with a 25% reduction in the support given (termed a 25% baseline reduction).
4.	<p>In November 2012 the Government announced that a transitional grant would be made available for 2013/14 only to authorities which implement “well designed schemes”. Well designed in this context meant a scheme that:</p> <ul style="list-style-type: none"> <li>• Restricted any cut for people on full benefit to 8.5%</li> <li>• Limited the taper to 25% or less</li> <li>• Avoided a sharp reduction in benefit for those entering work.</li> <li>• Did not impose large increases in non-dependant deductions</li> </ul> <p>If the Council were to introduce a scheme that complies with these criteria it would be eligible for a one-off grant in 2013/14 of £378,847.</p>
5.	As a result two schemes were approved by Council on 16 January 2013. The first for the year 2013/14 was compliant with the terms of the transitional grant. The second, for 2014/15 and subsequent years, is a 25% baseline reduction scheme.
6.	It was recognised that the 2014/15 scheme and subsequent year’s scheme would need to be amended prior to its implementation in April 2014 and each April thereafter to take account of legislative change and the annual uprating of benefits.
7.	The Chief Financial Officer (then the Head of Finance and IT) was therefore given the delegated authority following consultation with the Head of Legal, HR and Democratic Services and the Cabinet Member for Resources to: “make any subsequent changes necessary to the adopted Scheme to give effect to the requirements of any Act, Regulations or Statutory Guidance enacted or published after the date of adoption.”
8.	<p>The Chancellor of the Exchequer, George Osborne, announced a number of welfare measures as part the Summer Budget on 8<sup>th</sup> July 2015. Of most significance are the two planned changes (A and B) to the assessment of Housing Benefit which would normally be included in our local Council Tax Reduction scheme. These two measures will form part of the 2016-17 budget consultation which commences in November 2015;</p> <p><b>A.</b> The removal of the family premium from new claims for housing benefit.</p> <p><b>B.</b> Backdating new housing benefit claims will be limited to 4 weeks.</p>
9.	A consultation exercise has been carried out by the council in respect of these proposed changes. The consultation specifically outlined the proposed two changes above. The on- line consultation closed at the end of December 2015. There were no responses received to the proposal.
10.	<p>The main changes are ;</p> <ul style="list-style-type: none"> <li>• To comply with the prescribed requirements within the annual Council Tax Reduction Schemes statutory instrument made in December 2015.</li> </ul>

	<ul style="list-style-type: none"> <li>• Where the above regulations only apply to people defined as pensioners to make equivalent changes to the scheme provisions for people who are not pensioners</li> <li>• To incorporate into our scheme the annual changes to social security benefit rates announced by the Minister of State for Pensions in November 2015</li> </ul>
11.	The statutory instrument and social security benefit rate changes update matters that must be in each scheme. The amendments increase a large number of figures which are used in calculating whether a person is entitled to a reduction and the amount of that reduction. The purpose of the updating the figures being to maintain consistency with the situation that would have applied had council tax benefit not been abolished. Each year statutory 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 1 <sup>st</sup> April 2013.
12.	The updated figures relate to; <ul style="list-style-type: none"> <li>• non-dependent deductions (adjustments made to the maximum amount of reduction a person can receive to take account of adults living in the dwelling who are not dependents of the applicant);</li> <li>• the applicable amount in relation to an applicant for a reduction (the amount against which an applicant's income is compared in order to determine the amount of reduction to which he or she is entitled);</li> <li>• the income bands in relation to which the amount of a person's alternative maximum council tax reduction is calculated</li> <li>• and a disregard that applies when calculating a person's income</li> </ul>
13.	The amended 2016 scheme will be available to view on the council's website.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
14.	These were all considered in the report to Council on 16 January 2013 and there are no changes as a result of the amendments to the scheme set out in this report.
<b><u>Property/Other</u></b>	
15.	None.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
16.	The requirement to introduce a local Council Tax Reduction scheme is contained in the Local Government Finance Act 2012 and the detailed requirements of the schemes are contained in regulations
17.	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.
<b><u>Other Legal Implications:</u></b>	

18.	<p>In designing schemes authorities have a number of statutory responsibilities, including:</p> <ul style="list-style-type: none"> <li>• The Equality Act 2010;</li> <li>• The Child Poverty Act 2010;</li> <li>• The Armed Forces covenant;</li> <li>• Housing Act 1996</li> </ul> <p>These responsibilities were taken into account when the CTRS was approved in January 2013 and there is nothing in the amendments proposed that conflicts with these responsibilities.</p>
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
19.	This change is consistent with, and not contrary to, the Council's Policy Framework

<b>KEY DECISION?</b>	<b>No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	<b>none</b>
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Discretionary Housing Payment and Discretionary Council Tax Reduction policy
2.	Summer Budget and Council Tax Reduction Schemes 2016/17
3.	Equality and Safety Impact assessment
4.	Housing Benefit Circular A13 2015
<b>Documents In Members' Rooms</b>	
1.	None.
<b>Equality and Safety Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes/No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (ESIA) to be carried out.	No
<b>Other Background Documents</b>	
<b>Other Background documents available for inspection at:</b>	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)