

DECISION-MAKER:	SERVICE DIRECTOR, FINANCE AND COMMERCIALISATION		
SUBJECT:	COUNCIL TAX REDUCTION SCHEME 2017-18		
DATE OF DECISION:	20 JANUARY 2017		
REPORT OF:	REVENUES & BENEFIT CLIENT		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

None

BRIEF SUMMARY

The first Southampton Council Tax Reduction Scheme 2014 was agreed by the Council on 16 January 2013. Subsequently the Southampton Council Tax Reduction Scheme has been approved each year under delegated authority by the Chief Financial Officer, with the 2016 scheme approved on 18th January 2016.

This report recommends changes to that agreed scheme to implement subsequent legislative changes and to take account of the annual benefits uprating which come into effect in April 2017.

The Chancellor of the Exchequer, announced several welfare measures as part the Summer Budget on 8th July 2015. Some of the changes announced in July 2015 apply to claims from the 1st April 2017 for the first time. Of most significance are the planned changes to the assessment of Housing Benefit (HB) which will be included in our local Council Tax Reduction scheme (CTR).

Section 13A of the Local Government Finance Act 1992 ("the 1992 Act") requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the authority considers are in financial need ("a council tax reduction scheme"). The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 ("the 2012 Regulations") prescribe matters which must be included in such a scheme in addition to matters set out in paragraph 2 of Schedule 1A to the 1992 Act. Each year regulations amending the 2012 Regulations are made in November/December. The majority of the amendments are to ensure consistency with changes to social security legislation and will be included in our local scheme.

These annual changes were announced by the Minister of State for Pensions on 28 November 2016. The DWP published the changes in a Housing Benefit Circular A12/2016.

RECOMMENDATIONS:

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| | (i) | To approve for the year 2017-18 and subsequent years the amended Southampton City Council Tax Reduction Scheme. |
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REASONS FOR REPORT RECOMMENDATIONS

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 2017.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
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.
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"> • Restricted any cut for people on full benefit to 8.5% • Limited the taper to 25% or less • Avoided a sharp reduction in benefit for those entering work. • Did not impose large increases in non-dependant deductions
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. This entitled the Council to a one-off grant in 2013/14 of £378,847.
6.	<p>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.</p> <p>The Chief Financial Officer 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.”</p>
7.	<p>The Chancellor of the Exchequer, announced a number of welfare measures as part of the Summer Budget on 8th July 2015. Some of the changes apply for the first time to the assessment of housing benefit claims from the April 2017 and would normally be included in our local council tax reduction scheme;</p> <ul style="list-style-type: none"> • From April 2017, child allowances will no longer be applied for the third and subsequent children born after 6 April 2017 in claims for

	<p>child tax credit, HB and UC. Also applies to families claiming UC for the first time after April 2017. There will be provision for exceptional circumstances such as multiple births. Those already claiming for more than two children before 6 April 2016 will continue to receive allowances for more than two children.</p> <ul style="list-style-type: none"> • Unemployed 18 to 21 year olds will not be entitled to housing benefit and the housing support element in Universal Credit. Statutory instrument will be laid containing the detail of the measure and to introduce it from April 2017. • All new applicants of Employment and Support Allowance (ESA) who fall within the work related activity group will no longer receive the component in either their ESA or within the calculation of housing benefit. This means that those with a limited capability for work will receive the same level of award as non-disabled JSA claimants • Housing benefit claims would, with some exceptions, be limited to 4 weeks for claimants who spend time outside of Great Britain (known as temporary absence). This change reduces the time period that someone can be treated as occupying their home- and therefore able to claim housing benefit whilst abroad - to 4 weeks. <p>In the Autumn Statement 2016 made on 23rd November 2016, the government did not introduce any additional welfare measures.</p>
8.	<p>The main changes are ;</p> <ul style="list-style-type: none"> • To comply with the prescribed requirements regulations within the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment Regulations 2016 S.I 2016 NO.1262. • Where the above regulations apply to people defined as pensioners, to make equivalent changes to the scheme provisions for people who are not pensioners. • These amendments are made by the DCLG to align the allowances, premiums and deductions in the prescribed requirements regulations with the DWP increased amounts following autumn statements, in order to maintain consistency with the situation that would have applied under council tax benefit had council tax benefit not been abolished • To incorporate into our scheme the annual changes to social security benefit rates that will apply from April 2017 which were announced by the Minister of State for Welfare reform in his written statement to Parliament on 28 November 2016. The DWP Housing Benefit Circular A12/2016 advises of the rates that will apply from April 2017.
9.	<p>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 updated figures relate to;</p> <ul style="list-style-type: none"> • non-dependent deductions (adjustments made to the maximum amount of reduction a person can receive to take account of adults

	<p>living in the dwelling who are not dependents of the applicant);</p> <ul style="list-style-type: none"> • 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); • the income bands in relation to which the amount of a person's alternative maximum council tax reduction is calculated • and a disregard that applies when calculating a person's income
10.	The amended 2017 scheme will be available to view on the Councils' website.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
11.	Council Tax Benefit was 100% funded by central government. The Government abolished Council Tax Benefit from 1 st April 2013 and reduced the funding to 90% of previous funding assumptions. To take account of the reduced funding the council designed and introduced the local Council Tax Reduction scheme to be 'self- financing'.
12.	From 2013-17 Council Tax Support funding has been 'rolled' into the Revenue Support grant (RSG). The amount of funding now received is not separately identified within the Local Government Financial Settlement figures. The scheme is no longer self-financing but it is not possible to accurately identify the true cost of the scheme to the Council with the lack of clarity of the funding within the RSG.
13.	The council each year sets aside a £200K hardship fund which will provide additional support, in exceptional circumstances, to local residents who have been awarded CTR. The hardship fund ensures that the most vulnerable can access additional support in exceptional circumstances.
<u>Property/Other</u>	
14.	None.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
15.	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 in the regulations as amended.
16.	Each billing authority must make a Council Tax Reduction scheme no later than 31 st January of the financial year to which the scheme relates.
<u>Other Legal Implications:</u>	
17.	<p>In designing schemes authorities have a number of statutory responsibilities, including:</p> <ul style="list-style-type: none"> • The Equality Act 2010; • The Child Poverty Act 2010; • The Armed Forces covenant; • Housing Act 1996 <p>These responsibilities were taken into account when the CTRS was approved</p>

	in January 2013 and there is nothing in the amendments proposed that conflicts with these responsibilities
POLICY FRAMEWORK IMPLICATIONS	
18.	This change is consistent with, and not contrary to, the Council's Policy Framework.

KEY DECISION?	Yes/No
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WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Housing Benefit Circular A7/2016 The Housing Benefit and State Pension Credit (Temporary Absence) (Amendment) Regulations 2016
2.	LCTRS 2017-18 briefing note
3.	Discretionary Housing Payment and Discretionary Council Tax Reduction policy.
4.	HB Circular A12/2016 and S.I 2016 No.1262 the prescribed regulations.

Documents In Members' Rooms

1.	None
2.	

Equality and Safety Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	