

COUNCIL, 27 January 2016

REPORT OF CABINET

LOCAL COUNCIL TAX SUPPORT SCHEME 2016/17

Cabinet, at its meeting on 20 January 2016 will consider proposals for the Council's financial strategy a part of which relates to the Council Tax Scheme. Cabinet received reports on the 4th November 2015 and the 16th December 2015 that provided an update on developments at the national level and the consequential impact on local government funding and set out information on the financial position within Havering.

The November report set out the Council's financial strategy to manage the implications of funding reductions and cost pressures over the next three years. It contained specific proposals which would enable the Council to set a balanced budget for 2016/17 and 2017/18 but would leave a shortfall of £2.4 m in 2018/19.

The December report provided some initial feedback on the Government's Autumn Statement and in particular sought the Cabinet's views on the proposal to give Councils the power to raise an additional 2% in Council Tax precept for the sole purposes of funding Adult Social Care.

The approved financial strategy assumed an increase of 1.97% in Council Tax, although no decisions about Council tax levels will be made until the February Cabinet meeting. This proposal should be seen in the context of the overall financial strategy and the pressures faced by the Council to reduce expenditure and the consequential pressure on service priorities.

As reported to Cabinet in December the 2016/17 settlement enables Council's to levy an additional 2% precept in Council Tax specifically for the purposes of funding the increasing cost pressures in Adult Social Care.

THE AUTUMN BUDGET STATEMENT, THE SETTLEMENT AND GENERAL FINANCIAL PROSPECTS

Autumn Budget Statement (ABS)

The Chancellor of the Exchequer presented his Autumn Statement to the House of Commons on 25th November 2015. The ABS has had considerable national exposure since its announcement, through the national press and from various national organisations. The underlying message of deficit reduction continues; however the government plans of a surplus in its spending by 2019/20 still exists.

Council Tax Base

The estimated base for next year has been set at 85,474. The calculation includes a reduction in the provision for bad debt and a significant increase in new

properties since last year's tax base calculation. Further reduction in the number of people claiming council tax support has also contributed.

This is higher than previously assumed and gives an increase of 2.8% in the tax base compared with the assumed level of 1%. This should result in an additional approximate £1.9m of income.

Local Council Tax Support Scheme

The Local Council Tax Support Scheme (CTS) was revised with effect from April 2015 as a result of reductions in the settlement funding for 2015/16 which included the rolled-in CTS scheme grant.

It was the intention to maintain the same CTS Scheme in 2016/17 as for 2015/16. A challenge was made to the High Court seeking a review of the 2015/16 scheme. In June 2015, permission was given for a Judicial Review of the CTS Scheme and this was heard at the High Court in September 2015.

The CTS claimant who challenged the scheme by way of Judicial Review was an individual with disabilities who received maximum CTS in 2015/16 which discharged 85% of his council tax bill. The remaining 15% of council tax was discharged by a discretionary payment made under S13 (A)(1)(c) of the Local Government Finance Act 1992 therefore, the CTS claimant had no council tax to pay in 2015/16.

The issues in the Judicial Review centred on equalities, particularly alleged age and disability discrimination.

The High Court Judge concluded that:

- There was no discrimination on the grounds of age or disability.
- While the Equalities Impact Assessment was not defective, there was insufficient evidence to conclude that due regard had been given to the Public Sector Equality Duty because Council had not been provided with the Equality Impact Assessment when approving the Scheme..

In accordance with paragraph 5 of Schedule 1A of the Local Government Finance Act 1992, each billing authority must consider whether to revise its scheme or to replace it with another scheme. Council is recommended to agree its continuation through to 2016/17.

A summary of the draft CTS Scheme 2016 which is the same as the current CTS Scheme is appended to this report at **Appendix B**. A full version of the draft CTS scheme 2016 can also be found online at:

www.havering.gov.uk/Pages/Category/Council-tax-support.aspx

The Equalities Impact Assessment (EIA) for 2015 has been reviewed and is attached at **Appendix A**. While the CTS Scheme was revised in 2015 to make all

working age claimants liable for 15% of their Council Tax, Council Tax collection rates remain comparable to 2014/15 which implies that working age CTS claimants are paying their Council Tax. However, an EIA for 2016 has also been prepared and is attached at **Appendix C** for Members' perusal.

While the CTS Scheme is designed to assist people on low income pay their Council Tax, further discretionary assistance can be considered for those who cannot pay the remaining balance of their council tax bill.

Equalities Implications:

The existing Council Tax Support (CTS) Scheme 2015 assists many people on low income pay their Council Tax bills and it is proposed that the same Scheme continues to be used in 2016/17.

Equalities Impact Assessments for 2015 and 2016 along with the Council Tax Support 2016 Summary are attached at Appendices A, B and C for consideration. A number of actions have been identified and taken to mitigate the impact of the Scheme which are contained within these Assessments.

While the CTS Scheme is designed to assist people on low income pay their Council Tax, further discretionary assistance can be considered for those who cannot pay the remaining balance of their council tax bill.

Voluntary Grants and Commissioning Review

An update on the review of Voluntary Grants including an update on the savings to be achieved is included at Appendix C.

Cabinet accordingly refers to Council the following recommendation:

That the Local Council Tax Support Scheme (CTS) 2016/17 be approved.