

Decision details

Council Tax Support Scheme 2015/16 Consultation - NOV14/CMDN/96

Decision maker: Cabinet Member for Resources

Decision status: Item Called In

Is Key decision?: No

Is subject to call in?: Yes

Purpose:

The Cabinet Member is recommended to approve:

1. That the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%)
2. The approach to consultation outlined in this report, including the alternative options of:
 - Keeping the reduction at 30%
 - A reduction of 35%

Reasons for the decision:

The Constitution requires the Cabinet Member to approve the draft Council Tax Support scheme for consultation.

Alternative options considered:

The original Cabinet and Council reports for 2013/14 and 2014/15 outlined the impact of the following options:

- Having no scheme and meeting the full cost by finding savings elsewhere in the Councils budget
- Other options to amend the scheme to find the necessary savings e.g introducing a maximum or minimum level of support
- Implementing a cost neutral scheme with a 30% reduction in council tax support

It is not intended that this consultation revisits the original changes implemented in April 2013. Rather this consultation covers how the Council should deal with the additional grant reduction for Council Tax Support.

The options available to the council are:

1. No change and keep council tax support at a 30% reduction

For Peterborough this would result in an additional pressure of around £1m and savings to be made from elsewhere in its budget. This could also affect the services provided by our Fire and Police Authorities as over 17% of the council tax that is collected is distributed to these preceptors.

If the Council were to absorb the deficit, it would then have to find savings elsewhere in the budget due to the limited amount of resources available to run all Council services. Given the reductions in grant the Council is facing, further reductions of £1m would have a significant impact.

The Council has released its first phase of budget proposals for 2015/16. Respondents to the CTSS consultation would be encouraged to review the budget proposals to determine whether they would prefer changes to CTSS, or additional savings to be found elsewhere in the Council budget.

2. Design a local scheme to deliver £1m savings – a 50% reduction

To reduce all CTB equally - as the Government has made clear that pensioners must be protected, the whole of this shortfall would need to be met by working age claimants. As a result, to meet the £1m funding shortfall, the reduction would need to increase from 30% to around 50%.

3. Somewhere in between

As with the option of 'no change', absorbing any deficit from a shortfall in funding will impact on the services that the Council currently delivers, but would mean a lesser impact on benefit recipients. Options to be considered could include further reducing council tax support:

- From 30% to 35% to save £0.25m (and £0.75m being found elsewhere in the council's budget)
- From 30% to 40% to save £0.50m (and £0.5m being found elsewhere in the council's budget)

The Council has previously considered other changes to the e.g introducing a maximum or minimum level of support. These have been rejected as they make the scheme more complex and generate little saving. As such the straightforward overall reduction is maintained for any changes.

Having reviewed the alternative options outlined above, it is considered:

- That a 50% reduction in benefit would have too great an impact on households in receipt of benefit and should not be considered
- That the draft 2015/16 Council Tax Support Scheme for consultation is one with an overall reduction of 40% (compared to the current level of 30%). At this level the Council would save £0.5m, but still need to find £0.5m of savings elsewhere

in its budget. This means the scheme would be that included in the link below, but with a 40% reduction (and with annual values uprated):

<http://www.peterborough.gov.uk/pdf/Housing-HousingBenefit-WelfareReform-ChangesToBenefit-CouncilTaxSupportSchemeSummary.pdf>

- That consultation should be undertaken on the draft scheme, and that the consultation also includes the following options:
 - Increasing the top-slice From 30% to 35% to save£0.25m (and £0.75m being found elsewhere in the council’s budget)
 - keeping the scheme as it is, and finding savings elsewhere, will also be an option

The impact of these three options would be as follows for recipients:

	30%	35%	40%
Full benefit originally (Band A)			
council tax paid	£275	£321	£366
increase in council tax paid		£46	£92
Benefit received	£641	£595	£549
Half benefit originally (Band B)			
council tax paid	£694	£721	£748
increase in council tax paid		£27	£53
Benefit received	£374	£347	£321
Average impact			
increase in council tax paid		£37	£73
Benefit received	£512	£475	£439

For example, a household in a Band A property on full benefit i.e. they have 70% of their council tax bill paid, would currently pay£275 towards their council tax, and the benefit would cover£641. This could change as follows:

- Under a 35% reduction, the household would pay£46 a year more, increasing their total payment to£321, and reducing benefit to £595.
- Under a 40% reduction, the household would pay£92 a year more, increasing their total payment to£366, and reducing benefit to £549.

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How Peterborough's current 30% reduction compares with other councils can be seen below:

- Mid Sussex 39.0% reduction
- Sutton 35.5% reduction
- South Ribble 35.0% reduction
- North Herts 33.1% reduction
- Peterborough, Castle Point, Harrow , South Tyneside, Stoke-on-Trent, Surrey Heath, Wakefield and York all at 30% reduction
- 105 Councils 20-29.9% reduction
- 60 Councils 10-19.9% reduction
- 67 Councils less than 10% reduction
- 82 Councils no reduction in benefit

The consultation will also need to include whether there should be any transitional arrangements if a new scheme is implemented.

Interests and Nature of Interests Declared:

None.

Background Documents:

Council Tax Benefit Regulations:

<http://www.legislation.gov.uk/uksi/2006/215/contents/made>

DCLG– Localising Council Tax Support:

DCLG– Localising Council Tax Support - Equality Impact Assessment:

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/counciltaxsupport/>

Publication date: 18/11/2014

Date of decision: 18/11/2014

Issue status: The decision is currently being reconsidered

Current call-in Count: 1

This decision has been called in by:

- [Councillor Ed Murphy](#) who writes The reasons for call-in are: 4. Decision does not follow principles of good decision-making set out in Article 11 of the Council's Constitution; If reason 4, please tick which specific element of Article 12 the decision maker has not followed, did he or she not: (a) Realistically consider all alternatives and,

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where reasonably possible, consider the views of the public; and (b) Understand and keep to the legal requirements regulating their power to make decisions.'"

Accompanying Documents:

- [CTSS CMDN Final](#)  PDF 349 KB

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