

# DECISION ITEM



| REPORT OF             | MEETING | DATE             | ITEM NO |
|-----------------------|---------|------------------|---------|
| RESOURCES DIRECTORATE | COUNCIL | 14 DECEMBER 2015 | 13      |

## COUNCIL TAX REDUCTION SCHEME 2016/17 INCLUDING GRANTS TO TOWN AND PARISH COUNCILS

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

From April 2013 the local Council Tax Reduction Scheme (CTRS) replaced the previous national scheme of Council Tax Benefit. The purpose of the scheme is to define the entitlement to support that eligible households receive. That support, through the CTRS, reduces the level of Council Tax that is payable by low income households.

The scheme that operates within Fylde borough for 2015/16 was approved by this Council in December 2014 for 2015/16 only.

This report provides the background to the change from Council Tax Benefit to CTRS in 2013/14; the approval of the CTRS for 2015/16; describes the experience to date of the operation of the local CTRS; and sets out the proposals in respect of the scheme for 2016/17.

The Council's Revenue Budget and Financial forecast for 2016/17 onwards has been prepared on the assumption that the CTRS will be fully self-funding as it is for 2015/16. That is, that the net cost of the scheme to Fylde Borough Council (assuming that central government funding for the scheme is at a similar level as in previous years) will be met by applying reduced levels of support to claimants. The decision proposed within this report will be in respect of the scheme for 2016/17 only.

The report also addresses the question of the payment of grants to Town and Parish Councils to compensate them for reduced Council Tax income as a result of the introduction of a local CTRS and outlines a number of options available to the Council in this regard.

The Council's Revenue Budget and Financial forecast currently assumes that grants to Town and Parish Councils in relation to the introduction of CTRS will be made for 2016/17 onwards in the same sum as that which was paid in 2015/16, that being £68.8k.

## RECOMMENDATION

The Finance and Democracy Committee at its meeting of 30<sup>th</sup> November 2015 considered this matter. In line with those deliberations, and having due regard to the Equality Analysis as detailed in section 3.7 of this report, and the consultation responses, it is recommended:

1. that the Council retains the currently implemented key features of the Council Tax Reduction Scheme for 2016/17 except for the removal of the family premium from the CTRS assessment as described in section 3.4, with a projected nil cost to the Council and the major preceptors and a 22.7% maximum reduction in the level of support to working age claimants;
2. that the Council adopts option 2 as set out in Section 5.4 of the report for payments of grants to Town and Parish Councils. That is, in 2016/17 for Fylde Borough Council to agree to fund Town and Parish Councils to compensate them for losses in income as a consequence of the Council Tax Reduction Scheme impact in a total sum which reflects the estimated funding reductions that will apply to Fylde Borough Council for 2016/17. This reduction equates to 3.8%, with £66,200 to be distributed as set out in Appendix E;
3. that the Council determine that the distribution methodology for payment of grants to Town and Parish Councils relating to the introduction of the Council Tax Reduction Scheme as described in section 5.10 of the report will be such that the grant allocation would be calculated by reference to the tax-base of each Town and Parish Council excluding the impact of Council Tax Reduction Scheme and the revised tax-base under the 2016/17 Council Tax Reduction Scheme regime, this being consistent with the methodology applied in respect of 2014/15 and 2015/16 grant allocations; and
4. that Council approves that the Council Tax Reduction Scheme continues to provide funding for Discretionary Hardship Relief in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012 as detailed in section 4 of the report.

It is further recommended:

5. that the Council authorise the Section 151 Officer to make payments to Town and Parish Councils within Fylde borough in 2016/17 in relation to the Council Tax Reduction Scheme.

## CORPORATE PRIORITIES

|                                                                                |   |                                                              |   |
|--------------------------------------------------------------------------------|---|--------------------------------------------------------------|---|
| To Promote the Enhancement of The Natural & Built Environment ( <b>Place</b> ) |   | To Encourage Cohesive Communities ( <b>People</b> )          |   |
| To Promote a Thriving Economy ( <b>Prosperity</b> )                            | √ | To Meet Expectations of our Customers ( <b>Performance</b> ) | √ |

## SUMMARY OF PREVIOUS DECISIONS

The Council Tax Reduction Scheme in operation for 2015/16 was approved at the Council meeting of 1<sup>st</sup> December 2014. The full scheme is available on the Fylde Borough Council website at:

<http://www.fylde.gov.uk/council/finance/counciltaxfinance/localisationofcounciltax/>

## **REPORT**

### **1. Background to the CTRS Introduction and the adopted schemes for 2013/14 to 2015/16**

- 1.1 As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished and individual local authorities were instead required to introduce a local Council Tax Reduction Scheme (CTRS) with effect from 1<sup>st</sup> April 2013.
- 1.2 Each local Council Tax Reduction Scheme must incorporate the national scheme for pension-age claimants. This ensures that pensioners' support will continue at the previous level (i.e. as they were under the Council Tax Benefit regime).
- 1.3 Previously the cost of Council Tax Benefit was met in full by the Department for Work and Pensions (DWP). Under the revised arrangements Councils receive funding for their CTRS as part of the total funding settlement. For 2013/14 this was a separate element within the funding settlement and was identifiable as an amount of 90% of the cost of the Council Tax Benefit regime. From 2014/15 onwards funding for the CTRS has not been a separate identifiable element of the overall funding settlement.
- 1.4 In December 2014 the Council approved a scheme for 2015/16 which aimed to have a neutral financial impact on this Council and the major preceptors, assuming that central government funding for the scheme is at a similar level as in previous years. For working-age claimants (i.e. those not protected by the national scheme for pension-age claimants) there would be a means tested assessment to establish entitlement and a maximum percentage reduction in the level of support at the end of that assessment of 22.7%. This is the same maximum percentage reduction in the level of support as operated for 2014/15.

### **2. Key points arising from implementation of the local CTRS to date**

- 2.1 There has been no evidence which has emerged since the inception of the scheme to suggest that it is fundamentally in need of revision. The scheme has embedded well with no formal legal challenge to the principle of the scheme.
- 2.2 Experience to date for 2014/15 and 2015/16 indicates that 22.7% maximum reduction in the level of support is the correct level at which the scheme becomes self-funding.
- 2.3 For 2015/16 in the period to 30<sup>th</sup> September 2015 a total of 2 hardship cases have been awarded additional support from the Discretionary Hardship Fund in the total sum of £157 (£1,705 for the full year 2014/15).

### **3. Proposed CTRS for 2016/17**

- 3.1 The Council's Revenue Budget and Financial forecast for 2016/17 onwards currently assume that the CTRS will be fully self-funding, assuming a stable level of central government support for the scheme. That is, that the assumed net cost of the scheme to Fylde Borough Council will be met by applying reduced levels of support to claimants.
- 3.2 It is proposed that the 22.7% maximum reduction in the level of support is retained in the 2016/17 CTRS.
- 3.3 It is further proposed that the scheme for 2016/17 will continue to provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

- 3.4 Although the 2016/17 scheme will, as far as is possible, have the same design principles as that currently in operation a change to one element for 2016/17 is proposed. The Government has announced its intention to remove the family premium from housing benefit for children born after April 2016 or for new claims made after that date. The Council proposes to do the same for its CTRS for 2016/17 to keep this element of the scheme the same as housing benefit in order that eligibility criteria are consistent for both schemes. This change will only apply to working age claimants who are not in receipt of certain benefits such as Income Support, Income Based Job Seekers Allowance, Income-Related Employment & Support Allowance. The impact of this change will be that for all new claims and for existing claims including an element for children born after April 2016, the assessment would have a lower Applicable Amount and consequently the claimant could receive a reduced level of support than under the current scheme. As an example, if the family premium is removed from the CTRS assessment, the entitlement could be reduced by up to £3.49 per week (based on a 20% taper of £17.45 family premium).
- 3.5 A consultation paper was distributed to the Major Preceptors - Lancashire County Council, Lancashire Fire and Rescue Service and the Lancashire Police and Crime Commissioner in October 2015 seeking their views on the proposed scheme for 2016/17. The consultation and a summary of the responses of each are set out in the appendices to this report. In summary, all of the major preceptors are supportive of the proposals for the 2016/17 CTRS set out in this report.
- 3.6 Public consultation has also taken place and both the outcome of the consultation and the Council's response are shown at Appendices B and C to this report.
- 3.7 The Equality Analysis that has previously been carried out for the CTRS scheme has been revisited and updated. This aims to mitigate the impact on protected groups. As part of their consideration of the CTRS scheme for 2016/17 Members must read the updated Equality Analysis which is available on the Fylde Borough Council website at:

[www.fylde.gov.uk/council/finance/counciltaxfinance/localisationofcounciltax](http://www.fylde.gov.uk/council/finance/counciltaxfinance/localisationofcounciltax)

#### **4 Hardship Relief**

- 4.1 The provision of Discretionary Hardship Relief to provide support for claimants in exceptional circumstances, and who are unable to increase their income from other means, is a key element of the operation of the scheme. Section 76 of the Local Government Act 2003 in respect of Council Tax (as amended by section 13A of the Local Government Finance Act 2012) empowers a billing authority to reduce the amount of Council Tax as it thinks fit. Funding for such reductions must be provided by the Council and major preceptors as necessary.
- 4.2 In order to mitigate part of the impact of the CTRS on the most vulnerable households, the Council has adopted a Discretionary Discount Policy under the above powers. Strict criteria are used to determine if any additional relief is appropriate and the level of any such award. Awards are made only in exceptional circumstances to those unable to increase their income. The Council's Discretionary Discount Policy is available on the Fylde Borough Council website at:
- <http://www.fylde.gov.uk/resident/council-tax/>
- 4.3 It is proposed that for 2016/17 the Council Tax Reduction Scheme will continue to provide for additional discretionary awards which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

4.4 The Major Preceptor consultation described at 3.5 above also provided the opportunity to comment on the proposals with regard to Hardship Relief. A summary of the responses on this matter is contained within Appendix A to this report.

## 5 Implications for Town and Parish Councils

5.1 The government's decision to move from a system whereby support for Council Tax was paid directly into a receiving person's Council Tax Account as a benefit, and instead to re-designate the support as a Council Tax discount, has had far-reaching implications. Notably, Town and Parish Councils were not immune from these changes.

5.2 This is because a discount reduces the amount of Council Tax payable and therefore impacts upon the Council tax-base calculation by reducing the tax-base to below the level that it would have been had the previous Council Tax Benefit system been retained. An element of the Council's overall funding settlement relates to the provision of support to Town and Parish Councils for the effects of the CTRS.

5.3 In December 2014 the Council agreed to fund Town and Parish Councils to compensate them for losses in income as a consequence of CTRS impact in 2015/16 in a total sum of £68.8k. This is a reduction on the funding in earlier years to reflect the overall central funding reductions that have been suffered by Fylde Borough Council.

5.4 There are a number of options in this regard which are summarised below:

**Option 1:** Fylde Borough Council could agree to fund Town and Parish Councils to compensate them for losses in income as a consequence of CTRS for 2016/17 at a level equivalent to that for 2015/16 i.e. in a total sum of £68.8k.

**Option 2:** Fylde Borough Council could agree to fund Town and Parish Councils to compensate them for losses in income as a consequence of CTRS impact in a total sum which reflects the overall central funding reductions that have been suffered by Fylde Borough Council. Based on the expected levels of central government funding for 2016/17 as contained within the latest Financial Forecast, the reduction would equate to 3.8%, leaving a sum of approximately £66.2k to be distributed.

**Option 3:** Fylde Borough Council could determine that due to the uncertainty surrounding central grant funding and the expectation that the current grant reduction trajectory will continue in the future (thus reducing the grant amount available for distribution to Town and Parish Councils still further) the option which provides greatest clarity for future years for Town and Parish Councils is that funding relating to CTRS impacts will be distributed for 2016/17 in the sum of either £68.8k or £66.2k, but that no such payments will be made at all in any future years. This would allow Parish Councils to determine their own financial environment without having to take regard of the actions of the Borough Council.

5.7 **The explicit intention of this grant was to encourage each Town and Parish Council to avoid the need for significant increases in the parish element of the total Council Tax charge. It may be relevant to note that not all Town and Parish Councils upon receipt of funding for the impact of CTRS introduction since 2013/14 have used this to avoid increases in the level of Council Tax at a Band D property level. Some have indeed used the funding in this way whilst others have not. Appendix D of this report provides an analysis of Town and Parish funding from 2012/13 to 2015/16 comprising Town and Parish Council Tax precepts and, since 2013/14, CTRS grants passed on by this Council.**

5.8 Additionally of note is the fact that, to date, Parish Councils are not covered by the restriction which limits Council Tax increases to 2% at Band D property level without the prior need for a local referendum to approve this increase. At the time of writing it is not known whether this exemption will also apply in respect of 2016/17. If this exemption continues for 2016/17 Parish Councils will be able to meet any funding shortfall arising from a reduction in CTRS grant from Fylde Borough Council by way of an increase in the precept level (both in total and at a per property level).

5.9 In the written ministerial statement by the then Local Government Minister Brandon Lewis on the provisional local government finance settlement 2014 to 2015 that was issued on 18<sup>th</sup> December 2013, the subject of Parish Councils and local Council Tax support was addressed in the following paragraph:

‘We have also set out previously that there is some £3.3 billion in the settlement this year for Council Tax support schemes. There is an element within this national pot that is there specifically to reflect reductions in the parish tax base. We have not separately identified the money because it is not ring-fenced and as caseloads change and schemes evolve, the amount that different parishes need will change. It would be wrong to try to manage that centrally. But we have been clear that we expect billing authorities to carry on passing on support to town councils and parishes to help mitigate any reduction in their tax base due to the local Council Tax support scheme.’

5.10 If Council determine that grants to compensate Parish Councils for the impact of CTRS will be made for 2016/17 it is proposed that the distribution methodology will be similar to that used in previous years i.e. the grant allocation will be in proportion to the changes in the tax-base of each Town and Parish for that year as a consequence of the introduction of the CTRS regime.

## **6. Review of the CTRS**

6.1 A review of the Scheme must be carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. The Council will be required to approve the scheme each year.

## **7. Equality Analysis**

7.1 The Government Equalities Analysis was published in January 2012. It considered equality impacts in relation to age and disability, concluding that protection for pensioners would be a positive impact and the effects on disabled people would depend on how each local authority responded to the reduction in council tax support. No impacts were identified in relation to gender or ethnicity and no other protected characteristics were considered and it was left to individual councils to identify full local impacts, based on local implementation.

7.2 The Council has carried out a much more detailed and robust Equality Analysis which is available on the Council’s website as described in paragraph 3.7, and which committee members must read. The impact of CTRS has been considered on people based on the following characteristics:

- Age
- Disability
- Sex and sexual orientation
- Gender reassignment

- Pregnancy and maternity
- Race
- Religion or belief
- 

The analysis also contains a detailed action plan showing how the issues identified will be addressed and the monitoring arrangements that have been put in place.

## **8. Linkages to Wider Welfare Reform**

- 8.1 The Welfare Reform Act 2012 provides for a major overhaul of the current benefits system. The abolition of Council Tax Benefit was implemented ahead of the commencement of Universal Credit.
- 8.2 Since its introduction in April 2013 the Council Tax Reduction Scheme has run alongside Housing Benefit. Housing Benefit administration will gradually diminish over the coming years. Wider changes to existing benefits during the next few years will mean customers on benefits will have less money available to pay their Council Tax liability.

## **9. Conclusion**

- 9.1 The Council is required to adopt a local Council Tax Reduction Scheme for 2016/17 which (as is the case for the scheme currently in operation) will incorporate a reduction in awards to working age claimants (currently at a maximum reduction level of 22.7%).
- 9.2 Schedule 6 of the Council Tax Reduction Scheme will detail the percentage reduction in support to working age claimants once the scheme design has been determined by Council and following any final minor adjustments to the calculation of costs for 2016/17. That Schedule forms part of the adopted scheme.
- 9.3 For 2016/17 it is proposed that the Council Tax Reduction Scheme shall be:
- a scheme for which the percentage reduction made at the end of the assessment for working age claimants shall remain as for 2015/16 at 22.7%, the percentage reduction such that the full costs of the Council Tax Reduction Scheme are recovered from the working-age recipients of support.
- 9.4 A review of the Scheme (including the percentage reduction in support detailed within Schedule 6 of the Scheme) should be carried out annually to ensure it remains fit for purpose taking account of ongoing changes in legislation, caseload and financial requirements. Therefore any decision with regard to changes to the CTRS will be in respect of 2016/17 only.
- 9.5 The Council will also be requested to consider the issue of the distribution of grants to Town and Parish Councils in relation to changes arising from the introduction of a local scheme. For 2015/16 it is proposed:
- that the Council adopts option 2 as set out in Section 5 of the report for payments of grants to Town and Parish Councils. That is, in 2016/17 for Fylde Borough Council to agree to fund Town and Parish Councils to compensate them for losses in income as a consequence of the Council Tax Reduction Scheme impact in a total sum which reflects the estimated funding reductions that will apply to Fylde Borough Council for 2016/17. This reduction equates to 3.8%, with £66,200 to be distributed as set out in Appendix E.

| IMPLICATIONS                            |                                                                                                                                                                                                                                                                                    |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance                                 | Financial implications are contained within the body of the report.                                                                                                                                                                                                                |
| Legal                                   | As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished after 2012/13, with individual local authorities instead being required to introduce a local Council Tax Reduction Scheme (CTRS) with effect from 2013/14 and subsequent years. |
| Community Safety                        | None                                                                                                                                                                                                                                                                               |
| Human Rights and Equalities             | An Equality Analysis has been carried out and is available on the Council's website as detailed in the report.                                                                                                                                                                     |
| Sustainability and Environmental Impact | None.                                                                                                                                                                                                                                                                              |
| Health & Safety and Risk Management     | The elements of the working age scheme will need to be reviewed annually to avoid increased financial risk to the Council.                                                                                                                                                         |

| LEAD AUTHOR                                | TEL          | DATE          | DOC ID |
|--------------------------------------------|--------------|---------------|--------|
| Paul O'Donoghue<br>Chief Financial Officer | 01253 658566 | December 2015 |        |

| LIST OF BACKGROUND PAPERS               |                               |                                                        |
|-----------------------------------------|-------------------------------|--------------------------------------------------------|
| Council Tax reduction Scheme<br>2013/14 | 28 <sup>th</sup> January 2013 | <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a> |
| Council Tax reduction Scheme<br>2014/15 | 27 <sup>th</sup> January 2014 | <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a> |
| Council Tax reduction Scheme<br>2015/16 | 1 <sup>st</sup> December 2014 | <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a> |

#### Attached documents

Appendix A - Consultation and responses from major preceptors

Appendix B - Public Consultation

Appendix C - Results of Public Consultation

Appendix D – Comparison of levels of Town and Parish Councils Funding between 2012/13 and 2015/16

Appendix E - Proposed allocations of CTRS grants to Town & Parish Councils 2016/17.



## Appendix A

### **Preceptor Consultation Letter – sent to LCC, Police and Fire Authorities - 6<sup>th</sup> October 2015**

Dear Sirs,

**Fylde Borough Council - Council Tax Reduction Scheme 2015/16 – Consultation with major preceptors on the design of the local scheme.**

#### **Summary:**

This paper sets out the proposed Council Tax Reduction Scheme (CTRS) that will operate in Fylde borough for the year 2016/17.

#### **Introduction:**

The scheme that currently operates within Fylde borough was approved by this Council in December 2014.

That Scheme, in summary, is one which:

- maintains most of the previous council tax benefit rules but reduces the award by a standard percentage at the end of the calculation for working age claimants such that the CTRS is self-funding ie. That the scheme does not result in the loss of Council Tax income to Fylde Council or the major preceptors. The claimant has to pay this amount to the Council as their contribution to Council Tax.
- in 2015/16 the maximum percentage reduction in support in respect of working-age claimants is 22.7%.
- includes the national scheme which protects claimants of pensionable age from any reductions.
- provides a Discretionary Hardship Fund to support claimants in exceptional circumstances who are unable to increase their income from other means.

The full Scheme is available on the Fylde Borough Council website at

[www.fylde.gov.uk/council/finance/counciltaxfinance/localisationofcounciltax](http://www.fylde.gov.uk/council/finance/counciltaxfinance/localisationofcounciltax).

#### **The proposed 2016/17 Scheme:**

It is proposed that for 2016/17 the scheme be one which maintains most of the previous council tax benefit rules but reduces the level of the award by a standard percentage at the end of the calculation for working age claimants. Each of the adopted local schemes since 2013/14 have been in accordance with this principle. It is not intended to change this element of the design in respect of 2016/17.

Council Members will be asked to agree a scheme of Council Tax Support in December 2015.

The principles for the 2016/17 scheme will remain that it needs to:

- be affordable in terms of grant received, revenue loss and costs to operate
- be as fair as possible and a detailed 'map' of those affected is required; a detailed Equality Analysis is required

- be transparent, understandable to customers and practical to operate
- be feasible to implement within the constraints of the timescales and available software
- be simple in design avoiding unnecessary complexity
- avoid the costs and risks associated with collecting additional data

### **Changes to the Scheme for 2016/17**

It is proposed that, as far as possible, the 2016/17 scheme will have the same design principles as that currently in operation. However, the Government has announced its intention to remove the family premium from housing benefit for children born after April 2016 or for new claims made after that date. The Council proposes to do the same for its CTRS for 2016/17 to keep this element of the scheme the same as housing benefit.

This change will only apply to working age claimants who are not in receipt of certain benefits such as Income Support, Income Based Job Seekers Allowance, Income-Related Employment & Support Allowance. The impact of this change will be that for all new claims and for existing claims including an element for children born after April 2016, the assessment would have a lower Applicable Amount and consequently the claimant could receive a lower award of Council Tax Reduction than under the current scheme. As an example, if the family premium is removed from the Council Tax Reduction assessment, the entitlement could be reduced by up to £3.49 per week (based on a 20% taper of £17.45 family premium).

### **It is proposed that the scheme for 2016/17 will:**

- Maintain the current council tax support rules and reduce the level of support by a specified percentage level at the end of the calculation (bottom slice) such that the CTRS is self-funding. It is estimated that for working-age recipients the maximum reduction in the level of support will be between 20% - 25%.
- Provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
- Include the national scheme for pension age claimants for whom there is no reduction in the level of support.

### **Hardship Fund**

The existence of a Discretionary Hardship Fund to provide support for claimants in exceptional circumstances who are unable to increase their income from other means is a key element of the operation of the scheme.

It is proposed that for 2016/17 the Council Tax Reduction Scheme will provide for an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.

### **Consultation Questions**

1. Do you agree or disagree that the 2016/17 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20% - 25% for 2016/17? (note: the maximum reduction in the level of support under the scheme for 2015/16 is 22.7%).
2. Do you agree or disagree that the 2016/17 Fylde Council Tax Reduction Scheme should be amended to remove the family premium (in line with the announcement made by Government in respect of housing benefit) for children born after April 2016 or for new claims made after that date?
3. Do you have any other suggested changes to the 2016/17 Fylde Council Tax Reduction Scheme instead of the proposed changes as described at point 2 above?
4. Hardship Fund – Please provide your views on the proposal to continued operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable claimants.
5. Hardship Fund – Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S13A (1) (a) or S13A (1) (c) of the Local Government Finance Act 2012.
6. Do you have any other comments to make about the proposed 2016/17 Fylde Council Tax Reduction Scheme?

The Council appreciates the potential impact of the final scheme on its own finances and those of other preceptors. However, at the same time it needs to balance this against the impact it will have in respect of low income Council Tax payers of the Borough. The Council recognises that other preceptors may have strong opinions in respect of the final scheme that is adopted. It is important therefore that the opinion of all interested parties is reported and forms part of the consideration by the elected members in making a final decision.

### **Responses**

Please provide your responses by e-mail / hard copy at the contact points shown above by **31<sup>st</sup> October 2015**.

Yours sincerely



Paul O'Donoghue

Chief Financial Officer

## Summary of Responses from Major Preceptors

### **A. Neil Kissock, Acting Director of Financial Services, Lancashire County Council (3<sup>rd</sup> November 2015)**

Thank you for your letter of 6th October, 2015, consulting Lancashire County Council on the approach that Fylde Borough Council intends to adopt in continuing its scheme for Council Tax Support. We very much welcome the opportunity to provide our views on the proposals.

It remains the strong view of Lancashire County Council that the proposed scheme for Council Tax Support must:

- Be affordable in terms of grant received, revenue loss and costs to operate;
- Be as fair as possible
- Be transparent, understandable to customers and practical to operate;
- Be feasible to administer within the constraints of the timescales and available software;
- Be simple in design, avoiding unnecessary complexity;
- Avoid the costs and risks associated with collecting additional data.

### **Consultation questions**

- **Do you agree or disagree that the 2016/17 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced so that the maximum reduction in the level of support is between 20%-25% for 2016/17?**

Lancashire County Council feels that a reduction in the level of support to working age claimants that meets the full cost of the Council Tax Support Scheme to authorities is the most appropriate approach. It offers protection to the most vulnerable individuals as identified within the existing Council Tax system and, at a time when resources are extremely limited and will be reduced significantly in 2016/17 and future years, it is vital that the operation of the scheme does not pass on additional costs to Billing and Precepting authorities.

- **Do you agree or disagree that the 2016/17 Fylde Council Tax Reduction Scheme should be amended to remove the family premium (in line with the announcement made by Government respect of housing benefit) for children born after April 2016 or for new claims made after that date?**

Lancashire County Council agrees with the proposed approach.

- **Do you have any other suggested changes to the 2016/17 Fylde Council Tax Reduction Scheme instead of the proposed changes as described at point 2 above?**

No — it is important to try and maintain as consistent a scheme as possible in order to provide stability to clients, minimising the potential changes in light of government announcements.

- **Hardship fund — Please provide your views on the proposal to continue operation of a Hardship Fund alongside the CTRS scheme to provide support in exceptional circumstances to the most vulnerable clients.**

Lancashire County Council is satisfied that the current approach of paying hardship payments to those claimants who are most vulnerable is appropriate.

• **Hardship Fund — Please provide your views on the inclusion of a hardship fund as an additional discretionary award which may also be granted in accordance with S1 3A (1) (a) or S1 3A (1) (c) of the Local Government Finance Act 2012.**

Lancashire County Council does not object to this in principle, however would ask that the scheme be monitored in order to remain affordable for all precept authorities in light of current financial conditions.

• **Do you have any other comments to make about the proposed 2016/17 Fylde Council Tax Reduction Scheme?**

No

We thank you for the opportunity to take part in the consultation and are happy to discuss any of the responses we have provided with you further.

**B. Steve Freeman, Chief Finance Officer, Police and Crime Commissioner for Lancashire (26<sup>th</sup> October 2015)**

Thank you for your letter consulting the Police and Crime Commissioner for Lancashire on the approach that Fylde council intends to adopt in continuing its scheme for Council Tax Support from April next year. We very much welcome the opportunity to provide our views on the proposals.

It remains the strong view of the Commissioner that the proposed scheme for council tax support must:

- Be affordable in terms of grant received, revenue loss and costs to operate;
- Be as fair as possible
- Be transparent, understandable to customers and practical to operate;
- Be feasible to administer within the constraints of the timescales and available software;
- Be simple in design, avoiding unnecessary complexity;
- Avoid the costs and risks associated with collecting additional data.

**Council Tax Support Scheme 2016/17**

In respect of your scheme for 2016/17 the Commissioner feels that a reduction in the level of support to working age claimants of between 20-25% is the most appropriate approach as it offers protection to the most vulnerable individuals as identified within the existing Council Tax system and offers no additional costs to the Billing and Precepting authorities.

The Commissioner agrees with your proposed approach in respect of the removal of the family premium for children born after April 2016.

At a time when resources are extremely limited and will be reduced significantly in 2016/17 and future years it is vital that the operation of the scheme does not pass on additional costs to precepting authorities.

**Hardship Fund**

The Commissioner continues to support the provision of hardship payments to the most vulnerable claimants in exceptional circumstances and is content that the current process for the management of such cases is reasonable.

We thank you for the opportunity to take part in the consultation and are happy to discuss any of the responses we have provided with you further.

**C. Keith Mattinson, Director of Corporate Services, Lancashire Fire & Rescue Service  
(by e-mail 7<sup>th</sup> October 2015)**

Responses to consultation questions:

1. We agree with this proposal
2. We agree with this proposal
3. No
4. Given the size an amount of any awards we continue to support the approach adopted
5. I am not clear on how this is different from the current scheme that you apply, and refer to above
6. No

### Public Consultation

**This consultation sets out options for the Council Tax Reduction Scheme (CTRS) that will operate in Fylde borough for the year 2016/17.**

The scheme that currently operates within Fylde borough (for 2015/16) was approved by this Council in December 2014.

That Scheme, in summary, is one which:

- maintains most of the previous council tax benefit rules but reduces the award by a standard percentage at the end of the calculation for working age claimants. The claimant has to pay this amount to the Council as their contribution to Council Tax.
- in 2015/16 the maximum percentage reduction in respect of working-age claimants is 22.7%.
- includes the national scheme which protects claimants of pensionable age from any reductions
- provides a Discretionary Hardship Fund to support claimants in exceptional circumstances who are unable to increase their income from other means.

#### **The proposed 2016/17 Scheme:**

**It is proposed that, as far as possible, the 2016/17 scheme will have the same design principles as that currently in operation. However, the Government has announced its intention to remove the family premium from housing benefit for children born after April 2016 or for new claims made after that date. The Council proposes to do the same for its CTRS for 2016/17 to keep this element of the scheme the same as housing benefit.**

**This change will only apply to working age claimants who are not in receipt of certain benefits such as Income Support, Income Based Job Seekers Allowance, Income-Related Employment & Support Allowance. The impact of this change will be that for all new claims and for existing claims including an element for children born after April 2016, the assessment would have a lower Applicable Amount and consequently the claimant could receive a lower award of Council Tax Reduction than under the current scheme. As an example, if the family premium is removed from the Council Tax Reduction assessment, the entitlement could be reduced by up to £3.49 per week (based on a 20% taper of £17.45 family premium).**

**Other than this proposed change the amounts that individuals will be required to pay may also change in the event of changes to a claimant's circumstances or if Fylde Council and/or other preceptors (eg. Lancashire County Council) amend their levels of Council Tax for 2016/17.**

Following consultation with interested parties and the public in respect of previous years CTRS the clear preference was for the adopted scheme as described i.e. one which maintains most of the previous council tax benefit rules but reduces the level of the award by a standard percentage at the end of the calculation for working age claimants. It is not expected that this element of the design will change for 2016/17.

Council Members will be asked to agree a CTRS for 2016/17 in December 2015.



It is proposed that for 2016/17 a fully self-funding scheme is retained. It is estimated that for working-age recipients the maximum reduction in the level of support will be between 20% - 25%. The Scheme would include the national scheme for pension age claimants for whom there is no reduction in the level of support

**Do you agree or disagree that the 2016/17 Fylde Council Tax Reduction Scheme should be based on the existing rules with the final award made to a working age claimant being reduced such that the maximum reduction in support is between 20% - 25%? (note: the maximum reduction in the level of support under the current scheme is 22.7%).**

**Do you agree or disagree that the 2016/17 Fylde Council Tax Reduction Scheme should be amended to remove the family premium (in line with the announcement made by Government in respect of housing benefit) for children born or new claims made after April 2016?**

**Do you have any other suggested changes to the 2016/17 Fylde Council Tax Reduction Scheme instead of the proposed changes as described above?**

**Do you have any other comments to make about this proposal?**

**Response – Council Tax Reduction Scheme consultation**

**Council Tax Reduction Scheme consultation**

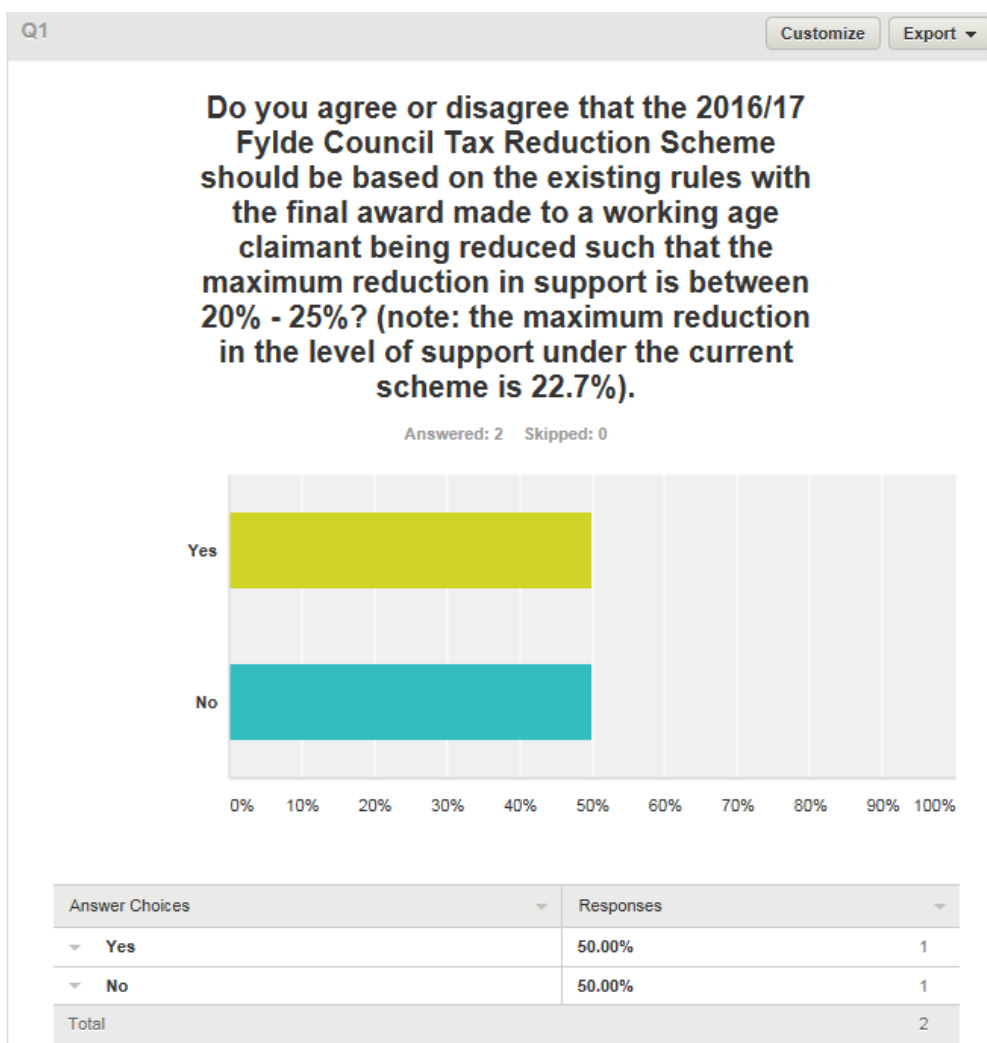
Fylde Council sought views on the proposed 2016/17 local Council Tax Reduction Scheme over a 3 week period between 2 October 2015 and 9 November 2015. Only two responses were received by the Council, one agreed with the proposed scheme and one disagreed.

The two comments that were submitted alongside the responses were:

1. "Seems reasonable to me."
2. "You should take off DLA and disability premium from income. People on these benefits do not have the spare income those benefits are there for a purpose because cost of living is already higher."

As part of our duties under Equalities legislation, the Council has considered the impact of Council Tax changes on a range of groups with "protected characteristics" and has produced an Equalities Analysis taking into account comments received.

The Council would like to thank the participants for their time and interests.



## Appendix D

### Comparison of levels of Town and Parish Councils Funding between 2012/13 and 2015/16

| Town/Parish Council            | Town & Parish Precepts<br>£ | Total Town & Parish Precepts & CTRS Grants<br>£ | Total Town & Parish Precepts & CTRS Grants<br>£ | Total Town & Parish Precepts & CTRS Grants<br>£ | Increase in Total Town and Parish Council Funding (precept and CTRS grant) 12/13 to 15/16<br>£ | Increase in Total Town and Parish Council Funding (precept and CTRS grant) 12/13 to 15/16<br>% |
|--------------------------------|-----------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
|                                | 2012.13                     | 2013.14                                         | 2014.15                                         | 2015.16                                         |                                                                                                |                                                                                                |
| Bryning-with-Warton            | 49,725                      | 76,987                                          | 92,369                                          | 97,196                                          | 47,471                                                                                         | 95.5%                                                                                          |
| Elswick                        | 18,797                      | 23,289                                          | 25,976                                          | 26,018                                          | 7,221                                                                                          | 38.4%                                                                                          |
| Freckleton                     | 96,797                      | 110,149                                         | 108,794                                         | 107,793                                         | 10,996                                                                                         | 11.4%                                                                                          |
| Greenhalgh-with-Thistleton     | 5,000                       | 4,167                                           | 5,162                                           | 5,187                                           | 187                                                                                            | 3.7%                                                                                           |
| Kirkham                        | 165,581                     | 175,873                                         | 181,980                                         | 183,758                                         | 18,177                                                                                         | 11.0%                                                                                          |
| Little Eccleston-with-Larbreck | 6,805                       | 7,387                                           | 7,476                                           | 7,856                                           | 1,051                                                                                          | 15.4%                                                                                          |
| Medlar-with-Wesham             | 49,998                      | 55,780                                          | 58,013                                          | 60,068                                          | 10,070                                                                                         | 20.1%                                                                                          |
| Newton-with-Clifton            | 49,969                      | 53,473                                          | 52,650                                          | 52,281                                          | 2,312                                                                                          | 4.6%                                                                                           |
| Ribby-with Wrea                | 48,200                      | 48,200                                          | 48,200                                          | 48,200                                          | 0                                                                                              | 0.0%                                                                                           |
| Singleton                      | 16,621                      | 17,879                                          | 18,669                                          | 18,844                                          | 2,223                                                                                          | 13.4%                                                                                          |
| Staining                       | 52,628                      | 61,433                                          | 63,816                                          | 63,597                                          | 10,969                                                                                         | 20.8%                                                                                          |
| St.Annes                       | 150,000                     | 166,205                                         | 175,467                                         | 174,806                                         | 24,806                                                                                         | 16.5%                                                                                          |
| Treales, Roseacre & Wharles    | 6,636                       | 6,749                                           | 6,668                                           | 10,235                                          | 3,599                                                                                          | 54.2%                                                                                          |
| Weeton-with-Preese             | 13,800                      | 15,407                                          | 15,116                                          | 15,050                                          | 1,250                                                                                          | 9.1%                                                                                           |
| Westby-with-Plumpton           | 8,000                       | 8,501                                           | 8,631                                           | 8,491                                           | 491                                                                                            | 6.1%                                                                                           |
| <b>Total</b>                   | <b>738,557</b>              | <b>831,480</b>                                  | <b>868,987</b>                                  | <b>879,380</b>                                  | <b>140,823</b>                                                                                 | <b>19.1%</b>                                                                                   |

## Appendix E

### Proposed allocations of CTRS Grants to Town and Parish Councils 2016/17

| Town/Parish Council            | CTRS Grant amounts 2016/17 |
|--------------------------------|----------------------------|
|                                | £                          |
| Bryning-with-Warton            | 9,681                      |
| Elswick                        | 840                        |
| Freckleton                     | 8,111                      |
| Greenhalgh-with-Thistleton     | 101                        |
| Kirkham                        | 15,096                     |
| Little Eccleston-with-Larbreck | 400                        |
| Medlar-with-Wesham             | 4,473                      |
| Newton-with-Clifton            | 2,260                      |
| Ribby-with Wrea                | 677                        |
| Singleton                      | 1,045                      |
| Staining                       | 4,425                      |
| St.Annes                       | 17,896                     |
| Treales, Roseacre & Wharles    | 149                        |
| Weeton-with-Preese             | 593                        |
| Westby-with-Plumpton           | 455                        |
| <b>Total</b>                   | <b>66,200</b>              |

**Notes:**

1. Grant amounts are calculated by reference to the reduction in income as a consequence of the CTRS scheme and are based upon a provisional taxbase for each town and parish area as calculated at October 2015 and the precept Band D amounts for 2015/16.