

Supplementary Information to Report No. FSD15066

Council Tax Support /Reduction 2016/17

The 26/11/15 meeting of the Executive and Resources PDS requested an update of the above report following the Chancellor's Autumn statement. Below I have provided an update on the Welfare Reform section of the original report together, with revised financial implications.

It was further requested that the report advise as to the number of households in receipt of Council Tax Support at regular intervals since its inception

Welfare Reform

The abandonment of the proposed Tax Credit changes means that the first item under paragraph 3.2 no longer applies. However, The Institute of Fiscal Studies (IFS) has advised that it will make no difference in the long run as Tax Credits are being replaced by Universal Credit. Other reforms contained in the report remain unchanged.

The Autumn statement included additional future changes to the welfare system; however in many cases it is not currently possible to advise as to the affect that this will have on a households income.

Local cap on HB in private sector extended to new social tenancies

Eligible rent entered in HB calculation restricted to Local Housing Allowance rate where social rent is higher. Change applies from April 2018 and is in respect of tenancies commencing after April 2016.

IFS project on the basis of current caseload that 800,000 households would lose average of £1,300pa.

Reduction of the period for which HB is payable when the claimant is absent from home

From April 2016, HB will cease when a claimant leaves the UK for 4 more than weeks, currently 13 weeks. Unable to advise as to the number of families this will affect, as claimants do not currently have to inform the Authority of absences less than 13 weeks.

Flexibility for the Authority to raise Council Tax by up to 2% above existing threshold to spend on adult social care

Although not part of the welfare reform agenda and treated as a "precept", adoption of the 2% increase would necessitate Council Tax Support claimants contributing a large amount to their annual liability.

No allowance for this has been made in the cost of scheme or collection figures entered in the financial implications table entered below.

Financial Implications

Minimum working-age CTS liability	19%	25%	30%
Total estimated annual CTS expenditure	£15,042k	£13,928k	£13,000k
Less GLA estimated proportion – 22.26%	£3,348k	£3,100k	£2,894k
LBB estimated annual CTS expenditure -77.74%	£11,694k	£10,828k	£10,106k
Additional collection costs	£36k	£217k	£314k
Estimated LBB expenditure and increased collection costs	£11,730k	£11,045k	£10,420k
Difference in net costs compared to existing scheme		£685k	£1,310k

Number of Council Tax Support cases in payment

Date	Working Age	Elderly	Total
Apr-13	12563	7997	20560
Apr-14	11452	7634	19086
Apr-15	10637	7221	17858
Oct-15	10261	7047	17308

Since the Council Tax Support scheme was introduced in 2013/14 the Council has received a 20% reduction in core funding. Council Tax funding was subsumed in the Council's core grant funding in 2014/15