



COUNCIL TAX REDUCTIONS AND DISCOUNTS 2015/16

1. INTRODUCTION

- 1.1 Members will recall that the national scheme for Council Tax Benefit (which provided financial help for those on low income) was abolished on 31 March 2013. Instead, the Council made a local Council Tax Reduction Scheme for those of working age on low income in its area, effective from 1 April 2013. (The Government stipulated that there must be no change to the level of help that pensioners already receive).
- 1.2 Increased powers for local discretions which enabled alterations to certain council tax discounts / exemptions also commenced from 1 April 2013 and the Council introduced a number of changes from that date.
- 1.3 A Members' Tax & Finance Group carried out a comprehensive review following the first year 2013/14 and made a number of changes, effective from 1 April 2014. Officers recommend that no further changes be made from 1 April 2015 and that the policy be reviewed again in autumn 2015.
- 1.4 The Council Tax Reduction Scheme must be formally made by the Council no later than 31 January 2015, to take effect from 1 April 2015. The Government has constructed rules for a 'default scheme' which will have to be operated by any council that does not make a local scheme. This replicates the former rules for council tax benefits. It is contained in schedule 1 of The Council Tax (Default Schemes) (England) Regulations 2012.
- 1.5 The Council Tax Reduction Scheme as proposed for New Forest District Council uses the 'default scheme' subject to some modifications. It fulfils the prescribed requirements for localised schemes.

2. THE CURRENT LOCAL COUNCIL TAX REDUCTION SCHEME

- 2.1 The Council's Local Council Tax Reduction Scheme for 2014/15 required all working age claimants (except the vulnerable) to pay a minimum of 10.0% council tax (8.5% in 2013/14). Previously some of these claimants would have received full council tax benefit and paid no council tax.
- 2.2 Council tax reductions are capped at band D (so that claimants living in higher banded properties receive any reduction based on band D). The savings limit is now £6,000, so that claimants on low income with more than £6,000 in savings are not entitled to any reduction.

3. THE CURRENT LOCAL COUNCIL TAX DISCOUNT POLICY

- 3.1 The 10% discount on so-called 'second homes' has been removed, so that 100% council tax is now payable on furnished dwellings not being used by anyone as a main residence. (Following a review of those properties that remained unoccupied and unfurnished for more than 2 years, the Council decided not to introduce an 'empty homes premium').

- 3.2 The free period on empty unfurnished homes (so-called 'void properties') is now one month (previously 6 months).
- 3.3 A 50% charge applies where major repair work is being undertaken for the first 12 months. (No council tax was previously charged in such cases). 100% council tax applies after the first 12 months.

4. NO CHANGES ARE BEING RECOMMENDED FROM APRIL 2015

- 4.1 Officers recommend that no changes be made to the Council Tax Reduction Scheme or to Council Tax Discounts at this time. This recommendation has been agreed with Cllr Colin Wise (Portfolio Holder for Planning & Efficiency).
- 4.2 Cllr John Ward (Chairman of Corporate Overview & Scrutiny Panel and Chairman of the Task & Finish Group) has also been consulted and recommends that the Panel approves the recommendations, without the need for a meeting of the Task & Finish Group.

5. FINANCIAL IMPLICATIONS

- 5.1 In terms of the Council's overall financial position, Members will be aware that a Medium Term Financial Plan has been produced and a balanced budget is intended to be set for 2015/16 with no council tax increase. The Medium Term Financial Plan assumes no changes to the Council Tax Reduction Scheme and Council Tax Discounts. Further significant reductions in expenditure and/or increases in income are anticipated in future years.

6. PORTFOLIO HOLDER COMMENTS

- 6.1 The Portfolio Holder for Finance & Efficiency agrees with the recommendations of the report and confirms that the position should be reviewed in the autumn 2015.

7. CORPORATE OVERVIEW AND SCRUTINY PANEL'S COMMENTS

8. RECOMMENDATIONS

That the Panel recommends to Cabinet that:

- 8.1 No changes are made to the Council Tax Reduction Scheme and Council Tax Discounts for 2015/16 and that the policies be reviewed again in the autumn of 2015 and
- 8.2 # The Council Tax Reduction Scheme for 2015/16 shall be as shown in Appendix 1.

Important Note:

The Council Tax Reductions Schemes (Default Schemes) (England) Regulations 2012 can be viewed on-line: <http://www.newforest.gov.uk/index.cfm?articleid=15730>.

The Council's locally-determined Scheme comprises of Schedule 1 to these Regulations (as amended by Government from time to time), together with the Scheme document shown at Appendix 1 of this report.

For Further Information:

Portfolio Holder: Cllr Colin Wise

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NEW FOREST DISTRICT COUNCIL

COUNCIL TAX REDUCTION SCHEME

1		This document may be cited as the Council Tax Reduction Scheme (“the Scheme”) made by New Forest District Council as billing authority for the New Forest area.	LGFA 2012 S10(4) LGFA 1992 S13A(2)
2		Commencement The first financial year to which this Scheme relates is the year beginning with 1 April 2014 .	
3	(1)..... (2)..... (3) (a). (b).	The Scheme A reference to the Scheme Schedule is a reference to the schedule to The Council Tax Reduction Schemes (Default Schemes) (England) Regulations 2012 and any amendment to the schedule to those Regulations made by the Secretary of State. Subject to subparagraph (3) the Scheme comprises the Scheme Schedule. A matter referred to in paragraph 4 of the Scheme shall be excluded from the Scheme Schedule. A matter referred to in paragraph 5 of the Scheme shall modify the Scheme Schedule accordingly.	LGFA 1992 Sch 1A SI 2012 No. 2886 SI 2012 No. 3085
4		Matters prescribed in the Scheme Schedule which are excluded from the Scheme Paragraph 18 of the Scheme Schedule (Class F: alternative maximum council tax reduction – persons who are not pensioners) and all consequential references to the aforementioned Class F.	
5	(1)....	Matters prescribed in the Scheme Schedule which are modified in the Scheme For paragraph 23, part 5 of the Scheme Schedule there shall be substituted: <i>“Class of person excluded from this scheme: capital limit</i> <i>23.—(1) The classes of person described in this paragraph consist of</i> <i>(a) any person who is a pensioner and whose capital exceeds £16,000,</i> <i>(b) a person to whom paragraph 29(8) of part 5 of the Scheme Schedule applies and whose capital exceeds £16,000,</i> <i>(c) a person who is not a pensioner and whose capital exceeds £6,000.</i> <i>(2) Capital for the purposes of sub-paragraph (1) is to be calculated in accordance with Part 10 of this scheme.”</i>	

(2)....

For paragraph 29 Part 7 of the Scheme Schedule there shall be substituted:

“Maximum council tax reduction amount under this scheme: pensioners and persons who are not pensioners

29.—(1) *Subject to sub-paragraphs (2) to (4), a person’s maximum council tax reduction amount in respect of a day is the relevant percentage of the amount A/B where—*

(a) A is the appropriate amount, and

(b) B is the number of days in that financial year,

less any deductions in respect of non-dependants which fall to be made under paragraph 30 (non-dependent deductions: pensioners and persons who are not pensioners).

(2) In calculating a person’s maximum council tax reduction under this scheme any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act (other than a reduction under this scheme), is to be taken into account.

(3) Subject to sub-paragraph (4), where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons, in determining the maximum council tax reduction in his case in accordance with sub-paragraph (1), the amount A is to be divided by the number of persons who are jointly and severally liable for that tax.

(4) Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, sub-paragraph (3) does not apply in his case.

(5) The reference in sub-paragraph (3) to a person with whom an applicant is jointly and severally liable for council tax, where the applicant is a person who is not a pensioner, does not include a student to whom paragraph 75(1) (entitlement of students to a reduction under this scheme) applies.

(6) In this paragraph “relevant financial year” means, in relation to any particular day, the financial year within which the day in question falls.

(7) In this paragraph the relevant percentage means

(a) 100% in the case of a person who is a pensioner,

(b) 100% in the case of a person to whom subparagraph (8) applies, or

(c) 90%

(8) This subparagraph applies to a person who is entitled to a

(a) Disability Living Allowance,

(b) Severe Disablement Allowance, or

(c) Personal Independence Payment.

		<p><i>(9) In this paragraph, the appropriate amount is the lower of</i></p> <p><i>(a) the amount set by the authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and</i></p> <p><i>(b) except where subparagraph (7)(a) or (7)(b) applies, the amount which would be the amount in subparagraph (9)(a) if the council tax for his dwelling were calculated as if it were in council tax band D and the reduction mentioned in subparagraph (2) were calculated accordingly.”.</i></p> <p>(3).... Paragraph 72, Part 10 of the Scheme Schedule (Calculation of tariff income from capital: persons who are not pensioners) is deleted.</p> <p>(4).... In schedule 6 clause (1) of the Scheme Schedule (Amounts to be disregarded in the calculation of income other than earnings: Pensioners) for the words “£10 of” shall be substituted “the whole of”.</p> <p>In Schedule 8 clause (20) of the Scheme Schedule, (Sums disregarded in the calculation of income other than earnings: Persons who are not pensioners) for the words “Subject to paragraph 40, £10 of” shall be substituted “the whole of”.</p> <p>(5).... In schedule 7 of the Scheme Schedule clauses (8) to (11) of the Regulations for “£5”, “£10” and “£20” shall be substituted “£25”.</p>	
		<p style="text-align: right;">Key to abbreviations:</p> <p style="text-align: right;">Local Government Finance Act 1992 Local Government Finance Act 2012 The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012</p>	<p style="text-align: right;"><i>LGFA 1992</i> <i>LGFA 2012</i> <i>SI 2012 No. 2886</i> <i>SI2012 NO. 3085</i></p>

Explanatory Note

For the year 2014-15 commencing 1 April 2014 and subsequent years, the Scheme comprises the schedule to The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, except in these key aspects:

- For a person who is not entitled to certain disability payments and who has not reached pension credit age, there is a capital limit of £6,000 above which there is no entitlement to council tax reduction under this Scheme. This is a reduction from £16,000. Pensioners and those entitled to certain disability payments are unaffected by this reduced capital limit.*

- Where a person's home has a council tax band higher than band D, the maximum council tax reduction is calculated as if the home were in council tax band D.*

- The maximum council tax reduction under this Scheme for a person who is not entitled to certain disability payments and who has not reached pension credit age is changed from 92.5% to 90% (and is calculated after the council tax band-D restriction, if applicable). Pensioners and those entitled to certain disability payments are unaffected by this.*

- Alternative Maximum Council Tax Reduction (commonly called "Second Adult Rebate") is not available for applicants who have not reached pension credit age,*

- The maximum weekly amount of a War Pension and a War Widow's Pension to be disregarded is the whole amount. This replicates the local scheme disregard for council tax benefit.*

- The amount of earnings to be disregarded for an applicant who has not reached pension credit age is £25 for single applicants and for couples, rather than £5 and £10 respectively, in order to support incentives to work.*

The Council will consider each year whether to revise the Scheme or to replace it with another scheme. This Scheme will remain effective unless any changes are made.