

ADDENDUM REPORT

TITLE OF REPORT: COUNCIL TAX REDUCTION SCHEME 2016/2017

REPORT OF THE HEAD OF REVENUES, BENEFITS & INFORMATION TECHNOLOGY
EXECUTIVE MEMBER: COUNCILLOR T.W. HONE

1. SUMMARY

- 1.1 To recommend to the Council that recommendation 2.2 in the original report should be amended.

2. RECOMMENDATIONS

- 2.1 That recommendation 2.2 in the original report be amended to:

That in accordance with Section 59A.1 of the Council Tax Reduction Scheme referred to in 2.1, the Council sets the percentage by which each award to each recipient in the Non-Protected Groups is reduced at 25.00% for 2016/2017. This represents no change from 2015/2016.

- 2.2 That all other recommendation in the original report remain the same.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To appraise the Council of changed circumstances effecting the recommendation since the original report was prepared.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Alternative options are considered in the original and this report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There has been no further consultation other than that referred to in the original report.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 22 July 2015.

7. BACKGROUND

- 7.1 The Council was notified on 31 December 2015 that Hertfordshire County Council Officers intended to recommend to Members that the County Council should increase its Council Tax by 3.99% for 2016/2017.

- 7.2 This is to comprise 2.00% by which the Government is allowing all providers of Adult Social Care to increase their Council Tax provided the income is ring-fenced for that purpose plus 1.99%, which is just below the 2.00% threshold, which would trigger a referendum.
- 7.3 This is in addition to the 1.9% increase in Council Tax, which this Council will consider at its meeting in February.
- 7.4 At present these are only recommendations to both Councils, however if they are implemented, this will mean that the Band D Council Tax in North Hertfordshire will increase by £49.48 per annum or an overall increase of 3.31%.

8. ISSUES

- 8.1 Such an increase will have an effect on the amount of Council Tax Reduction that will be awarded in 2016/2017.
- 8.2 Because of the lateness of the notification and the time constraints in despatching the original report, it was not possible to carry out an analysis of the effects of this potential increase before the original report had to be circulated.
- 8.3 Officers have now had an opportunity to carry out this analysis and it would seem clear that the original recommendation to reduce the percentage by which awards are reduced from 25.00% to 12.44% is no longer sustainable because of the likely increase in Council Tax liability.
- 8.4 Appendix 1 shows the impact of three different percentage reductions for comparison.
- 8.5 To follow the original recommendation of 12.44% could see the available budget overspend by £54K. Retaining the reduction at 25%, as it is for 2015/2016 could see a contingency retained of around £242K whereas a reduction of 20% could see a contingency retained of around £179K.
- 8.6 It should be noted that these figures are based on the existing caseload and the trend in recent years has been for this to reduce year-on-year. If that trend continued, it is likely that these contingency figures would increase.
- 8.7 On the face of it, it would seem that a reduction of 20% may be sustainable, however Officers would recommend that the reduction remains at 25% for the following reasons:
- As big a contingency as possible is required should similar such increases in Council Tax levels be allowed again in 2017/2018, otherwise, this will put considerable strain on the funding available for the Council Tax Reduction Scheme in 2017/2018, which may require the Scheme to be less generous than at present
 - A contingency is also required to allow for increases in Council Tax Reduction Scheme awards arising from planned Welfare Reforms in April 2017 most notably planned changes to Child Tax Credits

9. LEGAL IMPLICATIONS

- 9.1 These are covered in the main report.

10. FINANCIAL IMPLICATIONS

10.1 These are covered in the main report.

11. RISK IMPLICATIONS

11.1 These are covered in the main report.

12. EQUALITIES IMPLICATIONS

12.1 These are covered in the main report.

13. SOCIAL VALUE IMPLICATIONS

13.1 These are covered in the main report.

14. HUMAN RESOURCE IMPLICATIONS

14.1 These are covered in the main report.

15. APPENDICES

15.1 Appendix 1 – Comparisons of Projected Council Tax Reduction Scheme Levels for 2016/2017.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 Council Report 21 January 2016 - Council Tax Reduction Scheme 2016/2017.

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