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27 November 2015

To: All Councillors

As a Member of the **Local Council Tax Reduction Scheme Sub Committee**, please treat this as your summons to attend the meeting on **Wednesday 9 December 2015 at 6.00pm in the Council Chamber, TOWN HALL, MATLOCK.**

Yours sincerely

A handwritten signature in black ink, appearing to be 'Sandra Lamb', written in a cursive style.

Sandra Lamb
Head of Corporate Services

AGENDA

1. APOLOGIES

Please advise Democratic Services on 01629 761133 or e-mail committee@derbyshiredales.gov.uk of any apologies for absence.

2. ELECTION OF A CHAIRMAN

Proposal that a Member of the Committee be elected as Chairman of the Local Council Tax Reduction Scheme Sub Committee until the next Annual Meeting of the Council.

3. APPOINTMENT OF A VICE CHAIRMAN

Proposal that a Member of the Committee be appointed as Vice Chairman of the Local Council Tax Reduction Scheme Sub Committee until the next Annual Meeting of the Council.

4. INTERESTS

Members are required to declare the existence and nature of any interests they may have in subsequent agenda items in accordance with the District Council's Code of Conduct. Those interests are matters that relate to money or that which can be valued in money, affecting the Member her/his partner, extended family and close friends. Interests that become apparent at a later stage in the proceedings may be declared at that time.

5. PLANNING FOR THE LOCAL COUNCIL TAX REDUCTION SCHEME FOR 2016/17 AND 2017/18 **3 - 6**

To notify Members of the requirement for the District Council to update the Local Council Tax Reduction Scheme by 31 January 2016 and to report on the progress made against the timetable set out in the report given to the Governance and Resources Committee held on 16 July 2015.

Members of the Committee – Councillors Albert Catt, Steve Flitter, Chris Furness, Alyson Hill, Jean Monks and Joyce Pawley.

Substitutes – Councillors Sue Burfoot, Mike Ratcliffe, Lewis Rose OBE, Mark Salt, Jacquie Stevens and John Tibenham.

LOCAL COUNCIL TAX REDUCTION SCHEME SUB-COMMITTEE
9 DECEMBER 2015

Report of the Head of Resources

PLANNING FOR THE LOCAL COUNCIL TAX REDUCTION SCHEME FOR 2016/17 AND 2017/18

SUMMARY

This report notifies Members of the requirement for the District Council to update its Local Council Tax Reduction Scheme by 31 January 2016 and the progress made against the timetable set out in the report to the Governance and Resources Committee in July 2015.

RECOMMENDATION

1. That no significant changes will be made to the 2016/17 Local Council Tax Reduction Scheme.
2. That a report will be presented to Council on 28 January 2016, which will set out a proposed scheme for 2016/17.
3. That, when updated regulations become available and have been considered by officers, a further report will be produced for this sub-committee to set out the options for a Local Council Tax Discount Scheme for 2017/18 and the requirements for public consultation.

WARDS AFFECTED

All Wards

STRATEGIC LINK

The adoption of a local Council Tax Reduction Scheme is a statutory requirement and there is no link to the Council's priorities.

1 BACKGROUND

- 1.1 The government's spending review on 8 July announced (amongst other things) the following welfare reforms:
- Changes to tax credits;
 - Changes to disability benefits
 - Changes to housing benefits including a reduction in the annual cap per household in respect of all benefits from £26,000 to £20,000, with any cap being applied to Housing Benefit .

The reforms will take effect from April 2016. Others are planned for 2017. The full details of these reforms have not yet been made available to Council officers.

However, it is anticipated that the reforms will have a knock-on effect on the cost of the Council's Local Council Tax Reduction Scheme, which would make it unaffordable for the Council unless measures are taken to adjust the local scheme.

1.2 As a result of the above, the Governance and Resources Committee agreed in July 2015:

1. That a Local Council Tax Reduction Scheme Sub-Committee of the Governance and Resources Committee is created to investigate and evaluate options within the terms of reference set out in paragraph 2.1.
2. That the Sub-Committee comprise 6 Members based on the rules of political proportionality with provision for substitute members.
3. That discussions are held with other Derbyshire local authorities with a view to reducing the differences on Local Council Tax Reduction Schemes across Derbyshire.

1.3 Paragraph 2.1 of that report set out the following Terms of Reference for the Sub-Committee:

1. To investigate and evaluate the options open to the Council and to recommend a Local Council Tax Reduction Scheme for 2016/17 that takes account of the statutory requirements, timescales, financial impact analysis and stakeholder consultation.
2. To evaluate the District Council's ICT system requirements to implement the Scheme successfully.
3. To conduct an Equalities Impact Assessment of the recommended Scheme prior to adoption by the Council.
4. To hold discussions with other Derbyshire local authorities with a view to reducing the differences on Local Council Tax Reduction Schemes across Derbyshire.

2 REPORT

2.1 This report sets out the progress made since July, recommends the actions required to update the Local Council Tax Reduction Scheme and sets out proposed key dates.

Any changes to the Local Council Tax Reduction Scheme must be approved no later than 31st January in the financial year preceding that for which the changes are to have effect. The Council has a legal duty to consult stakeholders and to carry out an equality impact assessment, if significant changes to the scheme are proposed. The following timetable was therefore proposed in the July Report:

Development of draft proposals	By 11 September
Consultation and Equality Impact Assessment to be undertaken (9 weeks)	21 September to 20 November
Development of final proposals	By 15 December 2016
28 January 2016	Council sets Local Council Tax Reduction Scheme for 2016/17

- 2.2 Unfortunately, the first two of these deadlines have been missed. At the time of writing this report, the government has not laid the regulations relating to the welfare reforms. There is now insufficient time to investigate and evaluate the options open to the Council and to recommend a significantly revised Local Council Tax Reduction Scheme for 2016/17 that takes account of the statutory requirements, timescales, financial impact analysis and equality impact assessment and stakeholder consultation.
- 2.3 Initial calculations suggest that amending the scheme to avoid the financial consequences falling on Derbyshire Dales District Council could create a significant financial impact for some residents.
- 2.4 Legal advice is that if the impact of proposed changes is significant, then the Council has a duty to carry out public consultation. Unfortunately, the delay in the government setting the regulations means that there is now insufficient time available to carry out a thorough public consultation exercise for a significantly revised scheme for 2016/17, which would have to be approved before 31 January 2016.
- 2.5 It is therefore recommended that the scheme for 2016/17 should be updated to reflect only minor changes to the regulations, where public consultation would not be required.
- 2.6 It is estimated that not revising the scheme to take account of the government's welfare reforms will create a deficit on the Council Tax Collection Fund in the region of £100,000 to £125,000. Only about 15% (£15,000 to £19,000) falls on Derbyshire Dales District Council, with the bulk falling on Derbyshire County Council. The Chief Financial Officers of the major precepting authorities have been informed.
- 2.7 The Head of Resources has held a discussion with the Chief Financial Officers of other Derbyshire local authorities to seek their views on the possibility of reducing the differences on Local Council Tax Reduction Schemes across Derbyshire. It was established that the current schemes vary widely. Given this fact and the financial situation of the respective Councils, it was considered unlikely that a common scheme could be introduced across Derbyshire. However, there would be advantages in carrying out concurrent consultation across the county and this will be explored further.
- 2.8 It is suggested that when the government has laid the regulations for its welfare reforms, a report will be prepared for the Sub-Committee that will set out timescales for the following for **a local council tax reduction scheme for 2017/18**:

Development of draft proposals
Evaluation of the District Council's ICT system requirements to implement the Scheme successfully.
Sub-committee agreement on options to be taken forward for public consultation
Consultation and Equality Impact Assessment to be undertaken
Development of final proposals
Sub-committee agreement on revised scheme for 2017/18

3 RISK ASSESSMENT

3.1 Legal

There is a high risk of a legal challenge if an extensive public consultation exercise is not undertaken. The proposals in this report seek to avoid that risk.

3.2 Financial

It is estimated that the financial impact of not updating the 2016/17 Local Council Tax Reduction Scheme to take account of the government's welfare reforms could be a deficit on the Council Tax Collection Fund in the region of £100,000 to £125,000. Only about 15% (£15,000 to £19,000) falls on Derbyshire Dales District Council.

This must be weighed against the possibility of the costs of a legal challenge if the Council were to update its scheme significantly without carrying out proper public consultation.

The financial risks are assessed as "low".

4 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

5 CONTACT INFORMATION

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6 BACKGROUND PAPERS

None

7 ATTACHMENTS

None