

WEST OXFORDSHIRE DISTRICT COUNCIL
FINANCE AND MANAGEMENT OVERVIEW AND SCRUTINY COMMITTEE
WEDNESDAY, 15TH JULY 2015

COUNCIL TAX SUPPORT SCHEME – COLLECTION RATES

REPORT OF FRANK WILSON, STRATEGIC DIRECTOR

(Contact: Frank Wilson: - Tel (01993) 861291)

(The report is for information)

1. PURPOSE

As part of its Work Programme the Committee expressed a desire to consider the collection rates of Council Tax for taxpayers who previously were in receipt of full Council Tax Benefit but under the new regime have to pay a minimum of 8.5% of full Council Tax irrespective of circumstances.

2. RECOMMENDATIONS

That the collection rates be noted.

3. BACKGROUND

- 3.1. From 1 April 2013 the government changed the mechanism for allocating support for Council Tax in respect of low income households from Council Tax Benefit to Council Tax support. In doing this they also localised the policy framework in respect of working age claimants whilst retaining full support for pensioner claimants.
- 3.2. In implementing the scheme the government cut financial support to the Councils from 100% to 90%. The government anticipated that Councils would pass on this funding reduction, at least in part, to claimants. To fully protect the Council from this reduction in funding the reduction on working age claimants would have needed to be in the region of 20% as around half of the caseload in West Oxfordshire is protected pensioner households.
- 3.3. The Council determined in year one of the new regime not to change its scheme and effectively find the reduction in funding from general taxpayer funds whilst it determined a longer term solution. In year two the Council introduced a scheme which required a minimum contribution from all working age households of 8.5%; pensioner households remain protected.
- 3.4. To help finance the funding shortfall with its revised scheme the Council determined to make some further adjustments to Council Tax exemptions in respect of empty property and second homes.
- 3.5. The revised scheme introduced from 1 April 2014 has operated very smoothly. The relatively modest reductions in maximum benefit awarded (compared to many Councils) has meant that whilst some households' have found the change challenging it has proven to be relatively successful. By way of national comparison this Council's reduction was below average with only a small number of Councils choosing to fully support the scheme from general taxpayer funds.

- 3.6. In year Council Tax collection rates overall for West Oxfordshire in 2014/15 were 98.6%. This is slightly lower than historical collection rates but still within top quartile collection. For those claimants in receipt of Council Tax Support the collection rate is in the region of 75%. Clearly there is a significant reduction for this category of taxpayers but is not unsurprising in the first year of the scheme. Officers will continue to pursue arrears as normal.
- 3.7. Whilst the total raised is in excess of £500,000 from these households, the total amount of additional debit raised in respect of these categories of taxpayer is around £260,000 and is broadly in line with that anticipated. The debt outstanding is around £140,000 as at 31 March 2015.

4. FINANCIAL IMPLICATIONS

- 4.1. The scheme when introduced was intended to raise an extra £261,000 for the constituent authorities (County, District, Police, Parish) to compensate for the lost government grant of circa £480,000. Taken together with the other Council Tax reforms it was anticipated that the overall impact would be taxpayer neutral.
- 4.2. Whilst only 75% had been collected by 31 March 2015 – i.e. some £195,000 of the anticipated £261,000 officers remain confident that the bulk of the balance remains collectable over the coming 12 months.

5. RISKS

The main risks associated with the new scheme are the impact on vulnerable households and the ability of the Council to collect sufficient funds from the taxpayers to recover the lost funding from government.

6. REASONS

To be recognised as a leading council that provides efficient, value for money services.

Frank Wilson
Strategic Director

Date: 28th June 2015