Welfare Reform Sub-Committee

Minutes of a meeting held on Thursday 7 January 2016 at 2.00pm, The Kasen Room, East Northamptonshire House, Thrapston

Present:

Councillors: Andy Mercer (Chairman)  
Helen Harrison (Vice-Chairman)  
Glenvil Greenwood-Smith  
Richard Lewis  
Steven North

Officers: Sharn Matthews – Executive Director  
Glenn Hammons – Chief Finance Officer  
Lucy Hogston – Benefit Manager

1.0 MINUTES

1.1 The minutes of the meeting held on 12 October 2015 were approved as a correct record.

2.0 APOLOGIES FOR ABSENCE

2.1 There were no apologies for absence.

3.0 DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4.0 QUESTIONS UNDER PROCEDURE RULE 10.3

4.1 It was reported that no questions had been submitted under Procedure Rule 10.3.

5.0 COUNCIL TAX DISCOUNTS AND EXEMPTIONS

5.1 Further to the meeting held on 12 October 2015, the Sub Committee considered a report which informed members of the outcome of an internal review on empty properties being subject to a council tax charge whilst undergoing renovations. It had been suggested that this added an additional burden and might disincentivise improvements to properties and in such cases it could be argued that those pursuing economic growth would be penalised.

5.2 The Sub Committee were reminded that in January 2013, the Council had resolved to maximise income from owners of empty properties by removing exemptions, discounts and applying a premium to long-term empty properties after two years. The changes were:
<table>
<thead>
<tr>
<th>Exemption/Discount</th>
<th>Council Tax paid pre 1 April 2013</th>
<th>Council Tax paid post 1 April 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Second Homes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furnished but main home elsewhere or empty</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Uninhabitable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empty requiring major repair work</td>
<td>None for a year Then 50%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>New, empty and unfurnished</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any unfurnished and unoccupied property</td>
<td>None for 6 months Then 50%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Long term empty</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unoccupied and unfurnished</td>
<td>None for 6 months Then 100%</td>
<td>100% then 150% after 2 years of being empty</td>
</tr>
</tbody>
</table>

5.3 The changes to exemption and discounts had resulted in the Council generating additional income of around £900K each year since 2013/14 that had been used to mitigate the financial impact of the Council Tax Support Scheme. The additional income for 2015/16 was forecast to be £936K.

5.4 Three options had been looked at during the review:

- Option 1 – Retain the current post 1 April 2013 council tax charges
- Option 2 – Reverse the council tax charges to the pre 1 April 2013 rates
- Option 3 – Introduce an exemption for empty and unfurnished properties undergoing renovation

5.5 The Council no longer had an Empty Property Inspector and this meant that if either options 2 or 3 were introduced ways of monitoring the properties would need to be established to ensure that the Council was not open to potential fraudulent claims for discount. The proposed CTS scheme and Council Tax base for 2016/17 had already been modelled based on the existing discounts and exemptions and any changes at this stage would have a significant impact on the proposals and the budget setting process.

5.6 It was noted that the aim of the scheme was to encourage empty homes back into use. However, it was accepted that there were anomalies in the scheme especially around furnished and unfurnished properties. There were also concerns that a charge of 150% could encourage property owners to make homes uninhabitable or even demolish the property although there was no evidence available at this stage to support this.

5.7 The scheme had been a success as a number of properties had been brought back into use. The Council was required to declare the number of long term empty properties in the district and there had been a decline over the last few years.

5.8 Evidence was needed to see if there had been a reduction in housing stock due to the scheme and also whether empty properties were being brought back into use solely because of this scheme. As such a review was outside the remit of this committee it was suggested that the Scrutiny Committee or Housing Working Party may wish to look at the Council’s empty properties arrangements and if felt necessary make any suggestions for change for 2017/18.

5.9 It was noted that the LGA had called on the government to let councils have additional powers to charge developers council tax if they let planning permission
expire and if this proposal went any further forward the Policy and Resources Committee may want to examine any implications.

RESOLVED:

1. To keep the current council tax charges as detailed in Option 1 of the report.

2. That the long term element of the scheme for empty property be reviewed, in the context of overall approach to reducing empty properties.

(Reason – to maximise income in 2016/17 and future years.)

6.0 COUNCIL TAX SUPPORT SCHEME 2016/17

6.1 The Sub-Committee considered the outcome of the consultation on the local Council Tax Support (CTS) Scheme proposal for East Northamptonshire and recommended a scheme for approval by full Council on 25 January 2016.

6.2 At the meeting on 12 October 2015, the Sub Committee approved consultation on five proposed amendments to the existing CTS scheme:

- Proposal 1 – Reduce the amount of liability used in the scheme to 80% meaning that working age people had to pay 20% of their bill as a minimum.
- Proposal 2 – Freeze components within CTS (allowances and premiums) and remove the family premium for children born or new claims made after April 2016.
- Proposal 3 – Reduce the period of backdating claims from 6 months to 4 months.
- Proposal 4 – To align the period in which earnings were taken into account when calculating CTS and Housing Benefit.
- Proposal 5 – To remove the advantage of extra help to Universal Credit claimants who are repaying debts.

6.3 Consultation on the proposed scheme had taken place between 26 October to 23 November 2015 and 310 responses had been received, which was an increase in the previous CTS consultation for 2014/15. There were two themes in a number of the comments made around the ideas that people on benefits should pay more as they used more services and council tax should not increase to offset CTS.

6.4 It was noted that the Autumn Statement had confirmed that proposed changes to tax credits would no longer take place during 2016/17 and that councils responsible for adult social care would be able to increase their council tax by a further 2%. Northamptonshire County Council had proposed to adopt the 2% increase for 2016/17.

6.5 As a result of these changes, modelling showed that the current CTS scheme would not be cost neutral in 2016/17 and there would be a funding gap of around £209K, with ENC’s element being £17.5K. To be broadly cost neutral the percentage reduction required would be 20.5%, 29% in 2017/18, 35% in 2018/19 and 40% in 2019/20.

6.6 It was noted that the collection rate for council tax was 97.98% for all Council Tax payers in 2014/15 and was slightly above target for this year. However, the in year collection rate for Council Tax Support customers had fallen, with 88.2% collected for
2014/15 and 48.7% for the first quarter of 2015/16 which was 5% down on the same point last year. It was suggested that collection rates for council tax were high as this was a debt which could lead to imprisonment for non payment.

6.7 It was noted that across Northamptonshire Kettering Borough Council was proposing an increase in their reduction from 25% to 45%, with Northampton Borough Council increasing from 21% to 29%.

6.8 The Sub Committee considered the Equality Impact Assessment for the Scheme and noted that it showed negative impacts to a number of the equality groups but the proposed changes did not impact on one particular group more than another.

6.9 It was noted that CTS was subsumed into the Revenue Support Grant and the government was also expecting a large increase in the tax base of 3% per annum. The assumption by the government was that councils would maximise discounts etc and not just assume growth.

6.10 It was suggested that one of the risks which needed to be managed was reputational damage. The aim of the scheme was to try to avoid hardship for residents and these proposals could mean that increased hardship was a risk which needed to be managed. These issues should be addressed in future reports.

6.11 It was noted that the Government was considering localising housing benefit to pensionable age people as well as possibly administering attendance allowances. This would be an area which needed to be monitored going forward.

RESOLVED:

1. That the Equality Impact Assessment be noted;

2. That the consultation responses received be noted;

3. To recommend to Council that the Council Tax Support Scheme 2016/17 for East Northamptonshire adopts the existing Council Tax Support Regulations with the following amendments:

   a) the scheme is based on 80% of the annual Council Tax liability
   b) freeze components within CTS (allowances and premiums) and remove the family premium for children born or new claims made after April 2016
   c) reduce the period of backdating claims from 6 months to 1 month
   d) align the period in which earnings are taken into account when calculation CTS and Housing Benefit
   e) remove the advantage of extra help to Universal Credit claimants who are repaying debts

4. To review the scheme during 2016/17 to ensure that a financially sustainable scheme is in place for 2017/18.

(Reason – to deliver a Council Tax Support scheme for 2016/17 that meets all statutory requirements)

Chairman