

|                             |  |
|-----------------------------|--|
| <b>TITLE</b>                | <b>Localised Council Tax Support</b>                   |
| <b>FOR CONSIDERATION BY</b> | Special Council Executive Committee on 31 January 2013 |
| <b>WARD</b>                 | None specific  |
| <b>STRATEGIC DIRECTOR</b>   | Graham Ebers, Strategic Director Resources             |

#### **OUTCOME / BENEFITS TO THE COMMUNITY**

The adoption of a Localised Council Tax Support scheme will ensure that all working age borough residents who may experience financial difficulties in paying their council tax liabilities have access to a scheme of assistance, designed locally, offering financial help to them

#### **RECOMMENDATION**

That the Special Council Executive Committee approve the following:

- 1) that a local council tax support scheme, known as council tax reduction, is created based on the Government Default scheme but subject to the proposed changes set out in this report;
- 2) that the levels of discount for council tax charging in respect of certain classes of empty property are changed in accordance with the details set out in this report;
- 3) that the full disregard currently allowed for War Widows and War Disability Pensions is continued from 1<sup>st</sup> April 2013 in respect of the prescribed and local council tax support schemes;
- 4) that Officers devise a hardship fund scheme, to be approved by the Executive Member for Finance and the Strategic Director of Resources, to operate in 2013/14.

#### **SUMMARY OF REPORT**

As part of the 2010 Spending Review, the Government announced plans to localise council tax benefit. From 1 April 2013, local authorities will have the responsibility for designing and administering their own, local schemes. Funding for the new scheme will be reduced by an average of 10% (11% for Wokingham). For Wokingham, the latest figures show that this will result in a funding reduction of approximately £600,000. In essence this means that the Council must either design a scheme which is less generous or find additional resources to make up the deficit. Final details of the actual liability are still emerging from analysis of the level of grant available for the support scheme announced as part of the Local Government Finance Settlement.

An Officer/Member working group was set up to consider likely implications for the Council, and design a scheme in response. The proposed scheme is broadly cost neutral for the Council and all precepting partners, and is designed to protect vulnerable

groups and minimise any impact on the community.

Detailed proposals were developed which looked to cover around 20% of the potential loss of grant by making changes to existing council tax benefit scheme rules and around 80% of the loss by making technical changes to council tax discounts allowed under new localisation powers. These proposals were then subject to wide ranging consultation over 8 weeks from August to October 2012. A copy of the consultation outcomes is included at Appendix 1 to this report.

The remainder of this report details the proposals consulted on and recommendations for the details of a local council tax support scheme arising from the consultation outcomes

## **Background**

The 2010 Spending Review signalled the Government's intention to localise Council Tax Support and stated that the expenditure budget would be reduced by 10% (11% for Wokingham). The Welfare Reform Act 2012 which contained provisions for the abolition of Council Tax Benefit and the Local Government Finance Act 2012 made further provision for the localisation of Council Tax Support in England by imposing a duty on all billing authorities to introduce a localised Council Tax Reduction Scheme by 31 January 2013. If a localised scheme is not agreed by then, the Council will be obliged to use the Government's own default national scheme.

The Government will no longer provide 100% Council Tax support and will in future provide a reduced grant to billing and major precepting authorities so that the national default scheme will not be fully funded. In Wokingham the estimated funding gap would be approximately £600,000.

The Government have determined that certain groups may be fully protected from these changes. Alongside a potential Default Scheme, Government have therefore set out a Prescribed Scheme to be used for those claimants that Government decide shall be protected. In 2013/14 this will apply to all claims received from pensioners.

## **Analysis of Issues**

Within the Borough there are around 5,100 households that receive existing financial support to help pay their council tax. Total council tax benefit expenditure for 2012/13 is estimated at £5.5million. Caseload in this financial year has remained relatively stable but still shows an overall increase of around 25% since 2008 when the current financial problems started.

In the current economic climate, The Joint Board did not feel that the Council was in a financial position to absorb a likely grant loss of £600,000 in 2013/14. This cost would also apply if the Default Scheme were adopted or imposed. Design work was therefore based on creating a local Wokingham Scheme that was broadly cost neutral.

It was also recognised that if changes were made simply to council tax benefit qualification criteria, all current recipients would face something in the order of a 20% cut in order to ensure that pensioners still received the same levels of support as now going forward. This was considered excessive and therefore it was determined that any savings would come from reductions in council tax benefit support and changes to council tax discounts levied on certain empty properties. The savings would come from a broad 20/80 split.

The consultation exercise undertaken in late summer of 2012 therefore sought views on a range of issues.

## **Council Tax Benefit**

That the Council's Local Scheme would be the same as the Government Default Scheme with the following changes:

- 1) That the provision for awarding back-dated awards prior to the claim date be removed;

- 2) That the provision for allowing extended payments for a claimant moving from out of work benefits to work be removed;
- 3) That the provisions for awarding 2<sup>nd</sup> Adult Rebate be removed;
- 4) That the provisions for allowing increased disregards of the income received from Boarder be removed;
- 5) That the minimum level of support available be set at £3.00 per week;
- 6) That the rate at which benefit is withdrawn as income exceeds assessed need be set at 25%;
- 7) That the level of earnings that is disregarded be increased and set at £10 for a single person and £20 for a couple.

### **Council Tax**

Under new powers granted by Government the Council can alter the % discount and/or timeframe of certain empty property discounts from 1<sup>st</sup> April 2013. Those changes consulted on were:

- 1) That the 10% discount currently awarded for 2<sup>nd</sup> homes be abolished;
- 2) That the discount award for empty and unfurnished property be restricted to 100% for 1 month followed by 50% for a further month;
- 3) That a 50% premium be added to council tax charged for properties that remain empty and unfurnished for 2 years or more;
- 4) That the discount award for empty property undergoing renovation or structural repairs be restricted to 50% for a 12 month period.

In total these changes are estimated to produce combined savings or additional tax income of approximately £600,000 (after providing for the Hardship Fund below).

The consultation results (see Appendix 1) showed support ranging from 64.0% to 86.3% for the above measures on council tax benefit and from 60.4% to 82.7% for the measures on council tax discounts (Agree and Strongly Agree). All of these measures have therefore been included in the draft scheme.

In addition it is recommended that the Council continue the additional support previous afforded to those receiving a War Widows or War Disability Pension. Under the current national scheme such pensions attract a standard £10 per week disregard but the Council has allowed a local scheme, in accordance with current legislation, by disregarding the full payment. Continuing this approach, which has been requested and supported by the Royal British Legion, is estimated to cost less than £4,000 in 2013/14.

In preparing this scheme proposal, a full Equality Impact Assessment has been completed. This is contained at Appendix 2 to this report.

Please note that due to the size of the document, a full copy of the actual local council tax reduction scheme will be available via the Council's website or on request from Democratic Services.

### **Hardship Fund**

The Council is aware that a complex relief scheme such as localised council tax reduction may exclude some claimants who, in the short term at least, are unable to improve their financial circumstances. This may present them with difficulties in paying council tax liabilities.

The Council acknowledges the Government changes for council tax support which

include the provision for further discretionary reductions to be made under Section 13A(1)(c) of the Local Government Finance Act 1992 as substituted by the Local Government Finance Bill 2012

It is therefore intended that a hardship fund scheme, with a value of £20k per annum, will be designed for claimants and other borough residents who face financial hardship. It is intended that the scheme will operate on broadly the same basis as the current discretionary housing payments scheme but without the pre-requisite that the applicant already qualifies for council tax reduction.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

|                                   | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1)   | (£600k)                       | Yes   | Revenue             |
| Next Financial Year (Year 2)      | (£620k)                       | Yes   | Revenue             |
| Following Financial Year (Year 3) | (£620k)                       | Yes   | Revenue             |

### Other financial information relevant to the Recommendation/Decision

A budget will be required for the hardship fund. It is suggested that this is set at £20k for 2013/14 and that this sum should be available from the total reductions in benefit spend or increased tax revenues that should be collected as a result of the other changes set out in this report.

### Cross-Council Implications

The changes to council tax reduction and empty property council tax charges will affect the whole council area and borough residents.

None of the proposed changes should have a direct impact that would see applicants requesting additional council services.

However the changes to empty property charges will affect council property that remains empty. This would impact on Property Services and council owned housing. Officers from Transactional Finance will work with colleagues in those Departments to help minimise the impact of any additional council tax charges as a result of the changes wherever possible.

### List of Background Papers

Various DCLG and DWP documents & consultation papers  
 Draft and Actual Legislation  
 Consultation feedback  
 Correspondence and discussion notes with Town & Parish Councils, other Precepting Bodies and Berkshire Unitary Authorities  
 Modelling calculations of various proposals for change considered in developing the submitted scheme

|                                   |  |
|-----------------------------------|--|
| <b>Contact</b> Kevin Mercer       | <b>Service Resources</b>                   |
| <b>Telephone No</b> 0118 974 6609 | <b>Email</b> kevin.mercer@wokingham.gov.uk |
| <b>Date</b> 18 January 2013       | <b>Version No.</b> 1                       |

## Council Tax Benefit is changing

**This consultation is to gather your views on the proposed changes to council tax support and empty property council tax charges. Please read the Council's document explaining the proposals being considered before answering this questionnaire**

- Q1 Do you agree or disagree with the principle that this loss of Government grant is not offset by increasing Council Tax?**
- |                     |            |                         |           |
|---------------------|------------|-------------------------|-----------|
| Strongly Agree..... | 27 (50.0%) | Disagree.....           | 6 (11.1%) |
| Agree .....         | 17 (31.5%) | Strongly Disagree ..... | 4 (7.4%)  |
- Q2 Do you agree or disagree that the majority of the savings are addressed by applying changes to the rules about empty properties?**
- |                     |            |                         |           |
|---------------------|------------|-------------------------|-----------|
| Strongly Agree..... | 25 (44.6%) | Disagree.....           | 7 (12.5%) |
| Agree .....         | 18 (32.1%) | Strongly Disagree ..... | 6 (10.7%) |
- Q3 Do you agree or disagree with the proposed changes to how Council Tax Benefit is calculated?**
- |                            | <i>Strongly Agree</i> | <i>Agree</i> | <i>Disagree</i> | <i>Strongly Disagree</i> |
|----------------------------|-----------------------|--------------|-----------------|--------------------------|
| Earnings                   | 19 (38.0%)            | 23 (46.0%)   | 4 (8.0%)        | 4 (8.0%)                 |
| Backdated Awards           | 17 (34.0%)            | 22 (44.0%)   | 4 (8.0%)        | 7 (14.0%)                |
| Second Adult Rebate        | 15 (29.4%)            | 29 (56.9%)   | 4 (7.8%)        | 3 (5.9%)                 |
| Extended Payments          | 14 (28.0%)            | 25 (50.0%)   | 5 (10.0%)       | 6 (12.0%)                |
| Savings                    | 16 (32.0%)            | 17 (34.0%)   | 8 (16.0%)       | 9 (18.0%)                |
| Minimum Benefit / Discount | 19 (38.8%)            | 22 (44.9%)   | 5 (10.2%)       | 3 (6.1%)                 |
| Withdrawal Taper           | 15 (30.0%)            | 17 (34.0%)   | 9 (18.0%)       | 9 (18.0%)                |
- Q4 Do you agree or disagree with the following changes to Council Tax charges for empty houses?**
- |   | <i>Strongly Agree</i> | <i>Agree</i> | <i>Disagree</i> | <i>Strongly Disagree</i> |
|---|-----------------------|--------------|-----------------|--------------------------|
| Empty and unfurnished homes                 | 28 (51.9%)            | 14 (25.9%)   | 2 (3.7%)        | 10 (18.5%)               |
| Empty and undergoing repairs or renovations | 18 (34.0%)            | 14 (26.4%)   | 8 (15.1%)       | 13 (24.5%)               |
| Empty for two years or more                 | 33 (63.5%)            | 10 (19.2%)   | 4 (7.7%)        | 5 (9.6%)                 |
| Second Homes                                | 35 (66.0%)            | 8 (15.1%)    | 3 (5.7%)        | 7 (13.2%)                |
- Q5 Do you have any further comments?**
- 23 (100.0%)

### Personal Details

These questions are used to assess whether there are any differences in responses by different age groups, gender, ethnicity groups and postcode areas. They are not used to identify any individual response.

Any personal information you give will be held confidentially and will not be revealed to any other parties.

- Q6 Are you a current benefits claimant?**  
 Yes ..... 4 (8.3%) No ..... 44 (91.7%)
- Q7 What is your age?**  
 Under 18 ..... 0 (0.0%) 26-35..... 8 (16.3%) 46-60..... 16 (32.7%) Prefer not to say ..... 1 (2.0%)  
 18-25..... 1 (2.0%) 36-45..... 13 (26.5%) 61+ ..... 10 (20.4%)
- Q8 Do you have a disability or long standing illness?**  
 Yes..... 4 (8.2%) No..... 45 (91.8%) Prefer not to say ..... 0 (0.0%)
- Q9 To which of these groups do you consider you belong?**  
 White (British, Irish, Traveller of Irish Heritage, Gypsy/Roma, any other white background) ..... 43 (91.5%)  
 Mixed (White and Black Caribbean, White and Black African, White and Asian, any other mixed background) .... 1 (2.1%)  
 Asian or Asian British (Indian, Pakistani, Bangladeshi, any other Asian background)..... 1 (2.1%)  
 Black or Black British (Caribbean, African or other Black background)..... 0 (0.0%)  
 Chinese..... 0 (0.0%)  
 Any other ethnic group, please state below ..... 0 (0.0%)  
 Prefer not to say ..... 2 (4.3%)  
*Please state 'Other' or other Mixed background*  
1 (100.0%)
- Q10 Are you...**  
 Male..... 28 (57.1%) Female..... 21 (42.9%)
- Q11 What is your post code**  
42 (100.0%)

## Appendix : Equality Impact Assessment (EqIA) Template (Title of Document being Assessed)

|   |  |   |                             |
|---|--|---|-----------------------------|
| Start date: 1 <sup>st</sup> April 2013  | Completion date: 22 <sup>nd</sup> Nov. 2012  | Scheduled refresh date: 1 <sup>st</sup> October 2013                          | Version:1                   |
| Service:  | Transactional Finance – Income & Assessments   | Completed by (Please print name):   | Kevin Mercer & Nicky Thomas |
| Signed off by (Lead Officer within the service)   |  | Signed off by (Improving Performance Team usually through email confirmation) |                             |
| <b>What key decision activity are you completing this EqIA for? (Please circle as appropriate)</b>  |  |   |                             |
| Policy  | Localised Council Tax Support scheme and technical changes to council tax empty property charges | Transactional Finance – Income & Assessments                                  |                             |
| <b>Which year are you completing your EqIA for? (Please circle below as appropriate)</b>  |  |   |                             |
|   |  |   | 2012/2014                   |
| <b>STAGE 1: INITIAL SCREENING</b>   |  |   |                             |
| <b>1.1: Did you answer yes to any question in the EqIA Criteria Checklist?</b><br>If yes, then please complete the EqIA template. (Source: EqIA Criteria Checklist, Appendix B, EqIA Guidance)  |  | Yes   |                             |
| If no, please provide an explanation below of why an EqIA is not required for the policy, function or service work you are implementing. Please send this to the Improving Performance Team for evidence and review.  |  |   |                             |
| <b>1.2: What are the aims and objectives of the policy, decision or service?</b>  |  |   |                             |
| Localised council tax support – to replace an existing national (council tax) welfare benefit scheme with a (mandatory) local scheme designed to fit local circumstances. This is being introduced with reduced central government funding leaving the Council to face a possible shortfall of up to £600k per annum (at the point of implementation at 1 <sup>st</sup> April 2013).<br><br>The local scheme will reduce possible entitlement to support for some applicants by approx. £100k per annum against an existing annual spend of £5.5 million.<br><br>Technical changes will also be made to empty property charges under council tax legislation with the intention of producing additional tax revenues of approx. £500k per annum.<br><br>The overall intention of the combined changes is to be revenue neutral for the Council and all precepting partners in accordance with the majority opinions expressed in a public consultation. |  |   |                             |
| <b>STAGE 2: SCOPE AND DEFINE</b>  |  |   |                             |
| <b>2.1: Who are the main beneficiaries of the policy, decision or service? List those groups who the work is targeting/aimed at.</b>  |  |   |                             |
| All Borough Council Tax payers who will not face general incremental increases in council tax levels due to the imposition of central government changes.<br><br>Under Government edict, pensioners who currently claim council tax benefit (as at 31 <sup>st</sup> March 2013) are fully protected from any changes.<br><br>The changes are aimed at current and future working age Council Tax Benefit claimants along with members of the public that have empty properties in the Borough.  |  |   |                             |
| <b>2.2: Who has been involved in the creation of the policy, decision or service? Who will it impact on?</b>  |  |   |                             |
| E.g. focus groups, interviews, staff, service users. Also identify any groups, in addition to main beneficiaries who the work may impact on.  |  |   |                             |
| Creation of the Policy approach has been through a joint group of Executive Members (Cllr's Anthony Pollock and Rob Stanton) and senior officers (Strategic Director of Resources, Head of Transactional  |  |   |                             |



|            |                        |  |   |  |   |              |                            |  |
|------------|------------------------|--|---|--|---|--------------|----------------------------|--|
| Race       | 0                      | New scheme and charging processes apply equally to all. Some ethnicity data is collected and there are no indications that this will adversely impact on race.   | 1 | None   |   |              |                            |  |
| Disability | +<br>Ve                | Current enhancements to council tax benefit for disabled applicants will be carried forward to the new local scheme introduced from 1 <sup>st</sup> April 2013;  |   | None   |   |              |                            |  |
|            | +<br>Ve                | War Disabled – the new scheme has maintained the same level of disregards as the existing scheme on War Disablement income   |   | None   |   |              |                            |  |
|            | 0                      | Revised charges for empty property under council tax will be applied per property and have no reference to the individual taxpayer or any protected characteristic in accordance with council tax law  |   | None   |   |              |                            |  |
| Gender     | 0                      | <p>New scheme and charging processes apply equally to all. Claims are based on non-gender specific financial means tests and property charges unrelated to any individual</p> <p>Data collected shows that there are currently 412 lone parent claims receiving council tax benefit of which 98% are female and 2% male. The new scheme has increased earning disregards for some groups. However the earnings disregard for one parent families has remained the same. This may disproportionately affect female claimants.</p> |   | NONE: The new scheme has not reduced the earnings disregard for one parent families and will take account of child benefit and child maintenance in the same way as current council tax benefit provision. |   |              |                            |  |
| Age        | +<br>Ve<br><br>-<br>ve | <p>Pensioners claiming localised council tax support are fully protected from any changes under our local scheme by Government legislation;</p> <p>Changes implemented to council tax support affect working age claimants only by law;</p>  |   | None   | Discretionary support will be available on a case by case basis under the Localism Act or Local Welfare Payment support | Policy maker | 1 <sup>st</sup> April 2013 | Individuals who face hardship can make application for additional support to discretionary funding streams available locally |

|                         |     |   |  |      |  |  |  |
|-------------------------|-----|---|--|------|--|--|--|
|                         | 0   | Changes to council tax charges for empty property are unrelated to the age of any tax payer by law;   |  | None |  |  |  |
| Sexual orientation      | 0   | New scheme and charging processes apply equally to all  |  | None |  |  |  |
| Religion/ belief        | 0   | New scheme and charging processes apply equally to all  |  | None |  |  |  |
| Gender Reassignment     | 0   | New scheme and charging processes apply equally to all  |  | None |  |  |  |
| Pregnancy and maternity | +ve | Localised council tax support will offer enhanced entitlements to families with children up to the age of 18. No changes have been made to existing scheme rules governing child allowances and child specific incomes. |  | None |  |  |  |

#### STAGE 6: REVIEW & SCRUTINY

6.1: Has your Eq(A) been considered at your service's Management Team for discussion? Please tick as appropriate. If yes, please include date of Management Team meeting where Eq(A) considered.

Yes

If yes, date of meeting: 17th January 2013

No

6.2: After discussion with Management Teams, please list comments, criticisms or alternative approaches suggested regarding the impacts and actions of the policy, decision or service. What changes, if any have been taken following discussion with your service Management Team?

The consultation did not highlight concerns or complaints regarding equality implications.  
 Staff training will be undertaken to ensure that correct advice is given on the scheme.  
 Any complaints received that relate to equalities will be monitored and recorded.  
 Outreach and promotion of the new scheme will be launched to access hard to reach and target protected groups. Further publications about the changes will be announced to the public to help customers affected to understand the changes. These will be available in different formats such as languages if required and in "Easy Read."

#### STAGE 7: PUBLICATION AND COMMUNICATION OF RESULTS

7.1: How will the assessment, consultation and outcomes be published and communicated?

Process was subject to extensive consultation via the Council's website and Press Releases to local media.  
 The new localised council tax support scheme and council tax charges that are adopted will be subject to press releases, details on the Council's website, specific communication to those directly affected and general information via Borough News

#### STAGE 8: EMBEDDING ACTIONS INTO DELIVERY PLANS

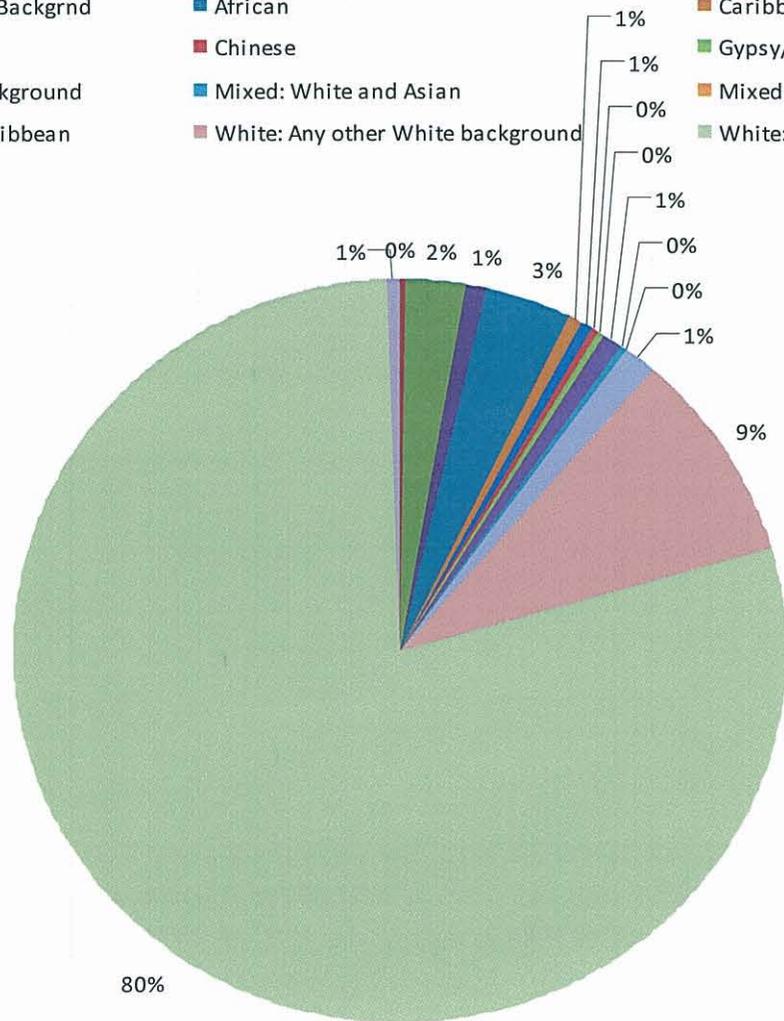
6.4: Has your delivery plan been updated to incorporate the activities identified in the Eo/A to mitigate any negative impacts that you have discovered? These could be service, equality, project or other delivery plans. Note: If you do not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.

Yes – all actions and mitigations mentioned above are taken into consideration in drafting a localised support scheme and setting council tax levels for 2013/14

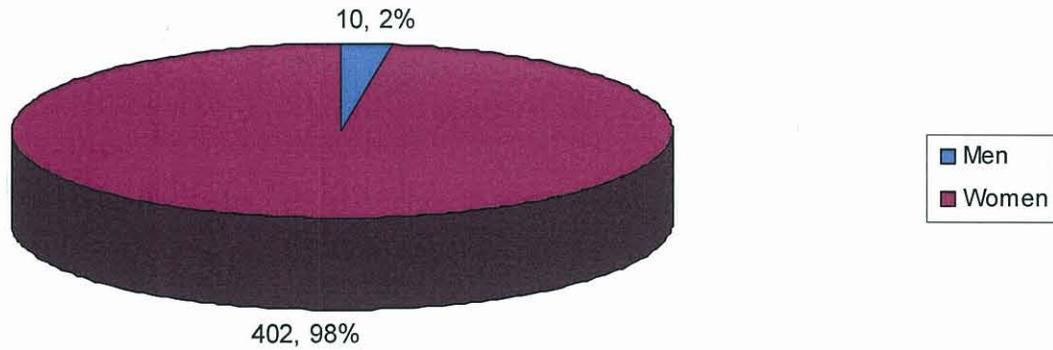


### Ethnicity - Live Benefit Claims

- Bangladeshi
- Asian or British : Any other Backgrnd
- Black-Black British:Other
- Mixed :Any other mixed background
- Mixed: White and Black Caribbean
- White: Irish
- Indian
- African
- Chinese
- Mixed: White and Asian
- White: Any other White background
- Pakistani
- Caribbean
- Gypsy/Traveller
- Mixed: White and Black African
- White: British



### Working Age Single Parent claims - gender analysis



### Award Data

| Case Group  |                           |                           |                      |        |
|-------------|---------------------------|---------------------------|----------------------|--------|
| A           | B                         | C                         | D                    | Totals |
| Pension Age | Working Age<br>Passported | Working Age<br>Vulnerable | Working Age<br>Other |        |

|                     |            |            |           |            |            |
|---------------------|------------|------------|-----------|------------|------------|
| Number of claims    | 2570       | 1500       | 207       | 857        | 5134       |
| Total weekly awards | £48,539.52 | £30,903.92 | £3,577.03 | £13,147.35 | £96,167.83 |