

REPORT TO CABINET

REPORT OF: Head of Finance

REPORT NO: HOF211

DATE: 3rd December 2012

TITLE:	Localisation of support for Council Tax Support Policy and amendments to council tax discount and exemption arrangements	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy Framework Proposal	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr M Taylor Portfolio: Strategic Resources - Well Run Council Cllr T Bryant Portfolio: Good Housing	
CONTACT OFFICER:	R Wyles (01476) 406210 r.wyles@southkesteven.gov.uk C Scott (01476) 406240 c.scott@southkesteven.gov.uk	
INITIAL IMPACT ANALYSIS:	Carried out and Referred to in paragraph (7) below	Full impact assessment Required: Yes – included in report
Equality and Diversity	Full impact analysis undertaken and included in the report	
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	Cabinet Report - 20 th August 2012 - HOF205- Localisation of Support for council Tax Benefits Policy http://moderngov.southkesteven.gov.uk/mgConvert2PDF.aspx?ID=2828&T=10	

1. RECOMMENDATIONS

- 1.1 Cabinet to recommend to Council to adopt the proposed scheme for the localisation of council tax support as detailed in the local scheme rules. The scheme for working age customers has the following characteristics:
 - i. 80% maximum eligibility for those who do not fall into a vulnerable group
 - ii. 100% maximum eligibility for vulnerable customers (as defined)
 - iii. No restrictions based on size of property or council tax band Carer's, disabled and war pensioners protected
 - iv. Inclusion of enhanced working disregards meaning that a certain amount of earnings is ignored in the calculation of support
- 1.2 Cabinet to recommend to Council to adopt amendments to the council tax discount and exemption arrangements in relation to Class C (unoccupied and unfurnished) to provide a one month exemption followed by 25% discount for remaining 5 months.
- 1.3 Cabinet to recommend to Council to adopt amendments to the council tax discount and exemption arrangements in relation to Class A (in need of structural repair) to provide a 25% discount for 12 months.
- 1.4 Cabinet to recommend to Council to introduce a 100% charge for properties that have been empty for a period of between six months and two years.
- 1.5 Cabinet to recommend to Council to introduce an empty homes premium of 150% for those for properties that have been empty for two years or more.

2. PURPOSE OF THE REPORT

- 2.1 The report details Government changes to the welfare system in relation to Council Tax Benefit. The report provides a full equality analysis of the recommended scheme and details how different groups will be affected by it. The proposed scheme has been subject to eight weeks of public consultation. The results of this have informed the equality analysis and are contained within this report.
- 2.2 The report also details how the proposed scheme will protect the needs of vulnerable households whilst ensuring the effective allocation of resources across a range of priorities.
- 2.3 Additionally, the report also details technical changes to the Local Government Finance Act 1992 that will allow local authorities' discretion in the way that certain exemptions are administered. These amendments allow local authorities to generate additional revenues through the Council Tax system should members wish to approve the recommendations contained within this report.

3. DETAILS OF REPORT

- 3.1 On 20 August 2012 Cabinet Members were presented report HOF205 which detailed government proposals to replace council tax benefit with a new support scheme, determined at a local level with reduced funding available. This scheme will be introduced from April 2013.
- 3.2 In addition to this, councils are asked by Government to consider how a local scheme can incentivise employment and make work pay.
- 3.3 A proposed local scheme was presented to members in August 2012 and members agreed to consult on a scheme with the following characteristics:
- i. 80% maximum eligibility for those who do not fall into a vulnerable group
 - ii. 100% maximum eligibility for vulnerable customers (as defined)
 - iii. No restrictions based on size of property or council tax band
 - iv. Carer's, disabled and war pensioners protected
 - v. Inclusion of enhanced working disregards meaning that a certain amount of earnings is ignored in the calculation of support
- 3.4 Details of those considered vulnerable under this scheme are detailed in HOF205.

Financial implications of proposed changes

- 3.5 The proposed changes are a move away from a demand-led allocation for Council Tax Benefit to a fixed grant for Council Tax Support will see a reduction in funding to the local authority of at least 10%. The local authority is required to approve a council tax discount scheme to help those on low incomes. Whilst there is no requirement to work within the grant allocated by central government any additional expenditure would have to be met through other sources available to the Council reductions from elsewhere in the Councils budgets.
- 3.6 As with any strategy designed to respond to change, there are risks. Extensive modelling and forecasting has been undertaken by officers to project the likely level of expenditure over the next few years in relation to Council Tax Support. It is estimated that the combination of the Council Tax Support changes and the Council Tax Technical changes would reduce expenditure for the district by approximately £130K. Whilst these figures give an indication of the likely burden faced by the council, it is clear that due to the number of variables and the complexities within both the local and national economies, our actual expenditure could vary from the figures contained within this report. For example, sudden increases in the number of people claiming help with their Council Tax bill or increases in the council tax charge would lead to additional expenditure being incurred and the possibility that the scheme would cost more than initially expected. Once the scheme has been approved, the Council would be legally obliged to continue to award support

against its own rules, and would not be able to vary its scheme in-year to limit the financial impact on itself or the general council tax payer.

- 3.7 The technical changes to council tax will result in customers currently receiving a Class A or Class C exemption being required to pay a council tax charge. This change could place an additional burden on local authorities in terms of collecting the additional council tax levy.
- 3.8 These amendments could lead to behavioural changes by those affected which may cause collection difficulties. Landlords who have been co-operative in the past, with regard to giving information about their tenants may not be in the future. This could potentially lead to a bigger administrative burden in trying to keep track of occupiers.
- 3.9 There is also a potential for an increase in small debt write-offs. This is due to more small amounts of council tax liability being incurred between tenancies. In most cases if these charges are not paid, they will be un-economic to pursue. As a result there could be more small balance write-offs leading to a bigger bad debt provision.

Consultation Summary

- 3.10 The localisation of Council Tax Support required the district council to consult with major precepting authorities and those who were likely to have an interest in the scheme and with the general public. Discussions were held between all Lincolnshire authorities to agree consultation approaches and explore best practice.
- 3.11 A range of consultation methods were used to obtain the views of interested parties. These include:
- Direct mailings
 - Postal Surveys
 - Drop-in Sessions
 - Web-based information and survey
 - Telephone helpline
 - Press releases
 - Engagement with community groups and forums
- 3.12 A summary of the results from the consultation exercise are shown in table 1. These combine the results from all consultation methods.

Table 1

Principle	Agree	Did not agree or disagree	Disagree
1a. Most people of working age should pay something towards their council tax	55.6%	22.2%	22.2%
1b. Most people of working age should pay a minimum of 20% of their council tax	39.8%	28%	32.2%
2. Those with disabilities should be protected from any reduction in support	77.1%	10.3%	12.6%
3. Those with caring responsibilities should be protected from any reduction in support	68.4%	14.4%	17.2%
4. War pensioners should be protected from any reduction in support	71.1%	11.8%	17.1%
5. The scheme should make work pay	62.7%	20.1%	17.2%
6. The scheme should be available to all those who pay council tax regardless of the size of the property that they live in	53.2%	17.7%	29.1%

Consultation Analysis

- 3.13 Responses were received from both of the major precepting authorities. Lincolnshire County Council highlighted the ongoing financial pressures faced by their organisation and stated that they had no desire to make additional service reductions to fund a shortfall in support. The County Council would prefer additional income generation measures to take precedence over benefit reductions.
- 3.14 Lincolnshire Police Authority also highlighted that it faces major ongoing funding pressures and has no desire to make additional service reductions or propose additional increases in its council tax to fund this shortfall. As a result, the Police Authority supports proposals for Council Tax Support schemes which eliminate, or at least minimise, the funding reductions imposed as a result of these changes.
- 3.15 Public consultation lasted for eight weeks. To ensure that the consultation was effective, a range of literature was produced, stating the proposed

scheme in detail, with easy to understand case studies to illustrate the effect of the changes on different groups. The consultation defined the key principles of the scheme as:

- i. Most people should contribute something towards their council tax bill
- ii. We should protect those with disabilities from any reduction in support
- iii. We should protect carers from any reduction in support
- iv. We should protect war pensioners from any reduction in support
- v. The scheme should make work pay
- vi. The scheme should be available to all council tax payers, regardless of the size of property that they live in

3.16 Furthermore, the consultation outlined the existing principles contained within the Council Tax Benefit scheme that will be retained to form part of the new support scheme. The key existing principles are:

- i. Second adults in the property should contribute
- ii. Benefit should not be paid to those with capital above set limits
- iii. Benefit can be paid based on the income of a second adult with a low income
- iv. Those with more income should pay relatively more than those with less income

3.17 Consultation was undertaken through a wide range of media with the council's communications team issuing a series of press releases. Consultation began with our proposed scheme being published on the Council's web page and promoted through the home screen. The information guided customers through the principles of the scheme and presented a series of frequently asked questions to help customers gain a clear understanding.

3.18 Customers were also given access to an on-line calculator which allowed them to model the impact of the proposed changes based on their personal circumstances. The tool compared current council tax benefit entitlement with proposed council tax support entitlement.

3.19 A web based version of the council tax support survey gave residents the opportunity to express their views on the main principles of the scheme without the need for them to have been directly targeted.

3.20 A dedicated council tax support telephone helpline was set up to enable customers to speak to specialist advisors who were on hand to explain the scheme and provide specific advice based on individuals circumstances. The

telephone helpline was promoted through the survey booklet, on the web and via the local press.

- 3.21 The local authority directly surveyed those known to be affected by the proposed changes, both in terms of receiving protection due to a local decision, or a reduction in support. Pensioners did not form part of the direct survey as they are protected through government legislation. 5,157 surveys were issued to working age benefit recipients who were likely to be affected by the proposed changes. 62 surveys were issued interested parties and key stakeholder groups. A copy of the survey booklet and covering letters are shown as appendices 1, 2 and 3.
- 3.22 A series of drop-in sessions were held across the district at seven locations with staff available to answer any questions that residents may have had. These were spread geographically across the district with extra sessions targeted towards those areas of the district that have a high proportion of claimants and dependency on welfare support. Both customers and their representative groups were invited to attend to find out more about the proposed changes. Consultation sessions ran from 4pm through to 7.30pm.
- 3.23 A variety of media was used to publicise the consultation process and related events. This included publications such as County News and local press releases were also circulated to all media across South Kesteven.
- 3.24 A workshop was held with the Community Focus Forum and the Homelessness Forum. This not only promoted the proposed scheme to a wide range of community groups, but also encouraged feedback from those they represent.
- 3.25 Members were encouraged to promote the consultation exercise in their wards and help customers to engage with the consultation process.

Results from the postal survey

- 3.26 The postal survey was targeted to those in receipt of council tax benefit who were likely to be affected by the changes. The overall response rate was 15.9%. The survey as designed to inform people in affected groups of the changes that were taking place and help them to determine to what degree they would be affected by them. Eleven case studies were presented to help customers understand not only how the scheme would affect their current circumstances, but what it would mean should their circumstances change.
- 3.27 Respondents were asked a number of questions to capture their views about the principles of the new scheme and whether or not the change would impact on them. Questions also gathered the following information:
 - Household composition
 - Gender
 - Age

- Employment status
- Ethnic group
- Sexual orientation

3.28 92.9% of respondents were talking about their own personal circumstances, with the remaining responses coming from voluntary organisations, housing associations, private landlords and other interested parties.

3.29 **Principle one-** most people of working age should pay something towards their council tax

Approximately half of the people who responded to this question said that it would affect their household.

Overall, 56% of respondents were in agreement with the principle of most people of working age paying something towards their council tax. 22.6% of respondents neither agreed nor disagreed with it.

Consultees were then asked whether most people of working age should pay a minimum of 20% of their council tax charge. 39.8% were in agreement. 28.6% of respondents neither agree nor disagree. Analysis of those in agreement shows that:

- 58.8% of families with one or more dependent children and 55.8% of lone parents agreed that most people of working age should pay something towards their bill.
- Of those who would be classed as vulnerable under the scheme, 56% were in agreement that most people of working age should pay something.
- 71% of households with full or part time workers and 52.6% of households without children were in agreement.

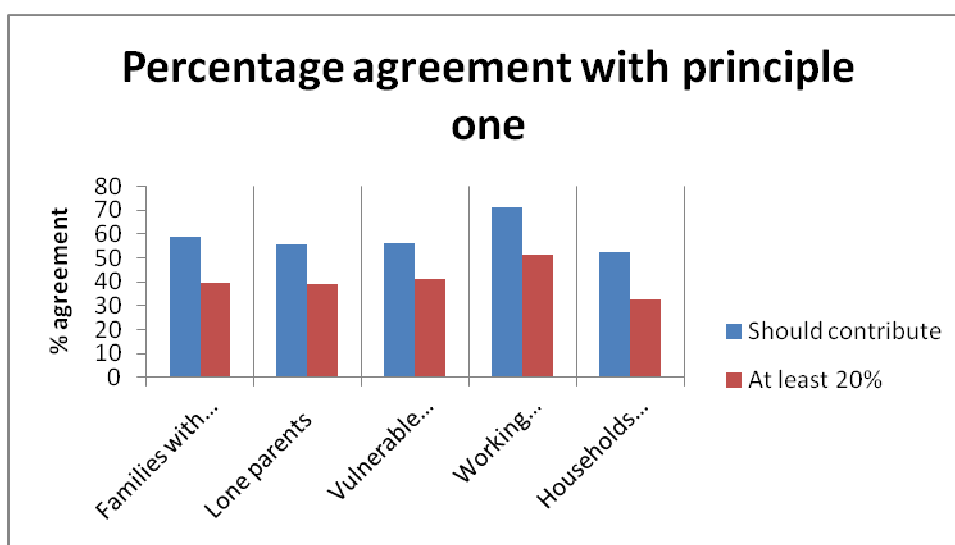
3.30 Respondents were asked whether the contribution should be a minimum of 20% of their bill. Around half of the respondents (50.6%) thought that the change would affect them and overall there was less agreement. 39.8% of respondents were in agreement with 31.6% stating that they disagree with this level of contribution.

- 39.7% of families with one or more dependent children and 39% of lone parents agreed that most people of working age should pay a minimum of 20% of their council tax charge.
- Of those classed as vulnerable 41% were in agreement that most people of working age should pay a minimum of 20% of their council tax charge.
- 51.3% of households with full or part time workers were in agreement that most people of working age should pay a minimum of 20% of their council tax charge.

Graph 1 provides a comparison between the level of agreement that a contribution should be made, and that contribution being set at 20%. **It is clear from these results that whilst there is agreement that most people of working age should make a contribution towards their bill, there is**

less agreement to the level of contribution being set at a value of at least 20%.

Graph 1



3.31 **Principle two** – those with disabilities should be protected from any reduction in support

- 81.2% of respondents agree that those assessed by us as being disabled should be protected.
- 93.2% of those in a household that included a disabled person agreed that those with disabilities should be protected.

It is clear from the results that there is strong agreement with principle two.

3.32 **Principle three** – those with caring responsibilities should be protected from any reduction in support

- 74% of respondents agree that those with caring responsibilities should be protected.
- 96.4% of those with a carer in the household agreed that those with caring responsibilities should be protected.

It is clear from the results that there is strong agreement with principle three.

3.33 **Principle four** – war pensioners should be protected from any reduction in support

- 78.3% of respondents agree that war pensioners should be protected.

- 100% of those households with someone entitled to a war pension agreed that war pensioners should be protected from any reduction in support.

It is clear from the results that there is strong agreement with principle four.

3.34 Principle five – the scheme should make work pay

- 63.6% of respondents agree that people who are working should keep more of their earnings before the means test is applied.
- 80.3% of those in a household with full or part time workers were in agreement that people who are working should keep more of their earnings before the means test is applied.

There is broad support for principle five across all demographics, with those in employment agreeing more strongly with this principle.

3.35 Principle six – the scheme should be available to all those who pay council tax regardless of the size of the property they live in

- 54.7% agree that the amount of council tax support should not be linked to the size of the property. 20.5% of people neither agreed nor disagreed with this principle.

There was a mix of opinion across all groups, with slightly more agreement from families with children in the household. Respondents commented that “the size of the house shouldn’t matter” and “I don’t see why it’s based on the size of the property”.

Results from the web-based survey

3.36 The web based survey invited response from a wider audience than just those in receipt of council tax benefit. Views were received from both Housing Associations and individual customers. 80% of respondents agreed that most people of working age should pay something towards their council tax, with 66.7% agreeing that the minimum contribution should be 20%

3.37 There was strong agreement that each of the groups identified as vulnerable should be protected. 73.3% of respondents agreed that people who are working should keep more of their earnings before the means test is applied. Only 26.7% of people agreed that the amount of council tax support should not be linked to the size of the property lived in.

3.38 It should be highlighted that the response rate for the web-based survey was very low and less reliability can therefore be placed on the data. However, the results do appear to follow broadly the same pattern as the postal survey.

3.39 The web page also provided information about the proposed changes and allowed interested parties to find out more.

Results from the drop-in sessions and helpline

- 3.40 In order to support the process and provide customers with opportunities to receive further information and assistance regarding the proposals, drop-in sessions were held across all areas of South Kesteven. Those that attended asked questions that related to their personal circumstances. No objections to the scheme were presented.
- 3.41 Analysis of the comments received suggested that there was a good understanding of the information presented and the need for additional information and support was mitigated.
- 3.42 A telephone helpline was also available during the consultation period. Calls to this line related to a variety of matters, including queries regarding the drop-in sessions and how the proposed scheme would affect people on different types of income. Advice and guidance was provided by trained officers to help customers gain a more detailed understanding of the scheme.

Accessibility of information

- 3.43 Through using a wide of approaches during the consultation period and engaging with our stakeholders, it has been possible to gain a more detailed understanding of needs and opinions. This information has been fed into a full equality assessment.

Equality Analysis

- 3.44 A full equality analysis has been completed following the consultation process and is attached as appendix 4.

The Local Scheme Rules

- 3.45 Entitlement to council tax support will be based on a series of locally defined rules. The rules use national provisions for calculating entitlements for pensioners, ensuring that they are protected from these changes. This is in line with government requirements.
- 3.46 To construct the local scheme, officers have adapted the national default scheme rules for working age customers to accommodate local priorities and preferences. The rules make the necessary provisions to protect the groups defined in paragraph 3.7 of the report. A copy of the rules is attached as appendix 5.
- 3.47 Whilst the rules appear complicated they ensure that the scheme operates effectively and minimises the risk of legal challenges. The rules follow broadly the same format as the Council Tax Benefit Regulations 2006 which are currently in operation. There is no significant change to the administrative practices that the Benefits Department would undertake or the experience for

a benefit claimant. Departmental guidance manuals and procedures will be updated where necessary and training provided to staff and partner organisations.

- 3.48 The council tax support rules are being introduced at a time of great change in the welfare system. Provisions have been made to accommodate future changes, such as the introduction of Universal Credit from October 2013 and the introduction of Personal Independence Payments from April 2013.

Other Lincolnshire Schemes

- 3.49 Regular discussions have continued between Lincolnshire authorities around the development of localised council tax support schemes. Whilst it has not been possible to design a single scheme across all seven authorities due to local priorities and the geographic and demographic makeup of each district, the authorities have aimed to maintain as much commonality as possible.
- 3.50 Consultation strategies were discussed on a Lincolnshire wide level to explore best practice and the variety of options available. This helped officers to ensure that the consultation exercise was carried out appropriately and was effective.

The Council Tax Technical Changes

- 3.51 The Government proposes to allow billing authorities greater discretion over applying discounts and exemptions for certain categories of property from April 2013. It is estimated that this could generate additional revenue of £420 million in England (excluding the empty homes premium). These proposals are detailed in the Local Government Finance Bill published on 19 December 2011. To date, regulations are yet to be published so the authority has no legal power to introduce the proposed changes. Regulations are due to be published later this year.

The Government proposals allow amendments to be made to exemption classes A and C. Class A relates to a vacant dwelling where major repair works or structural alterations are required, underway or recently completed. Currently a customer would receive a 100% exemption for 12 months for Class A. Class C relates to vacant dwellings, unoccupied and substantially unfurnished. Currently a customer would receive a 100% exemption for six months for Class C.

- 3.52 Following the consultation process the Government has responded by confirming its intention to abolish the Class A and Class C exemption, and giving the power to billing authorities to give a discount of up to 100%. They have stated that the period of the discount for Class A will be for one year, being the same period as the current exemption. For Class C we are able to vary the rate and length of discount.
- 3.53 Members are asked to recommend that full council adopts a 25% discount for Class A lasting for the duration of 12 months. This would generate additional

income for the council and go some way towards meeting the funding gap created by the government's changes to the council tax benefit system.

- 3.54 Members are asked to recommend that full council make amendments to Class C so that a one month exemption with a 25% discount for the remaining five months is introduced from April 2013.
- 3.55 It should be recognised that there will be an impact upon the council tax payer along with an increased cost of collection and bad debt provision. For this additional income to be realised the local authority must collect the extra amount of council tax being charged. There is the potential for an increase in the number of small debts that will be written off.
- 3.56 Currently under the rules set by the Local Government Finance Act 1992, at the end of an exemption period the charge levied on an unoccupied property would be 50%. The government has given Local Authorities the discretion to change the level of reduction granted. Officers recommend that for properties that have been unoccupied for a period of six months or more a full charge should be applied.
- 3.57 Applying a full charge of 100% will enable the Local Authority to introduce an additional charge for properties that have been unoccupied for a period exceeding two years. Members are asked to recommend that the approval is given to introducing a charge of 150% for properties that have been unoccupied for a period of 2 or more years.
- 3.58 The aim of the proposal is to reduce the number of properties that are empty by bringing them back into use. This is in line with the council's own strategy which links to the priority of supporting good housing for all. If the policy is successful we would be unlikely to generate additional income by way of a 150% charge. Instead, these properties would incur a 75% or 100% charge in accordance with normal occupancy rules. No income budget has been created for this change.

4. OTHER OPTIONS CONSIDERED

- 4.1 Report HOF205 contained details of various other models that had been considered prior to the proposed scheme being approved for consultation purposes. Since this work was completed, on 18 October 2012, the Department for Communities and Local Government published details of a one off additional £100m grant which has been described as transitional grant to aid adoption of local schemes.. This would be made available to local authorities who developed schemes which met set criteria.
- 4.2 For the additional funding to be awarded the localised scheme would have to meet the following requirements:

1. Those who would be entitled to 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their net council tax liability;
 2. The taper rate does not increase above 25%;
 3. There is no sharp reduction in support for those entering work.
 4. There is also a requirement for us not to significantly increase non-dependant deductions
- 4.3 If the local scheme adopted by South Kesteven met these requirements, a total of £20,082 of additional funding would be made available by the government to South Kesteven District Council. This additional funding would only be available for a one year transitional period.
- 4.4 From April 2014 funding levels would be reduced and the affordability of a scheme with the characteristics detailed above would be further brought into question. Additional consultation could be required and further changes to the scheme might lead to more confusion amongst customers about entitlements and as a result, a greater administrative burden being placed onto the Council.
- 4.5 Officers have remodelled the scheme to fit within the government's proposals by increasing the maximum eligibility for those of working age who are not protected by our scheme. In addition, a range of models have been produced that vary the level of non-dependant deductions, earnings disregards and rates for second adult rebate.
- 4.6 It has not been possible to design a scheme that would not require additional funding to be provided by the district or major precepting authorities. Both Lincolnshire County Council and Lincolnshire Police made it clear in their consultation responses that they would not make any additional funding available due to other pressures. The additional contribution required from Lincolnshire County Council would be significant. It is recognised that with no additional funding being made available it would not be realistic or sustainable for South Kesteven District Council to fund the shortfall for them.

5. RESOURCE IMPLICATIONS

- 5.1 The introduction of a new Council Tax Support scheme will require dedicated resources to continue to be allocated to this project between December 2012 and March 2013. It is believed that the expertise required to implement the proposed changes are held in house and the project can be delivered on time with minimal backfilling of posts. Additional funding has been provided by central government to assist with the introduction of a localised council tax support scheme. Resources will be utilised from:
- i. Revenues and Benefits Service
 - ii. Performance, Consultation and Communication
 - iii. Finance
 - iv. Legal and Democratic Services

5.2 All resource requirements have been mapped out and agreed with respective service managers. The full impact of these changes on the council will not be known until the local scheme has run for upwards of 18 months.

6. RISK AND MITIGATION

6.1 Risk has been considered as part of this report and any specific high risks are included in the table below:

Category Risk	Action / Controls
<p><u>Social</u></p> <p>Community Impact</p>	<p>Consultation and customer engagement has been completed and customers are now more aware of the proposed changes. Subject to approval of the scheme further information will be sent to those affected to enable them to plan for the reduction in support.</p> <p>Direct mail will be issued during December and January to continue to raise awareness of the changes. This will provide individuals with more detailed information relating to their personal circumstances.</p> <p>Notification letters confirming the new allowances will be sent in March as part of the annual billing process. It is expected that the authority will receive an increase in enquiry levels during each stage of the process and trained customer service agents will be on hand to meet customer demand.</p>
<p><u>Economic</u></p> <p>Expenditure exceeding government grant</p>	<p>Every effort has been made to minimise this risk. Expenditure for the proposed scheme has been projected using the data and modelling tools available.</p> <p>Once the local scheme has been introduced any overspend would have to be funded by the local authority.</p> <p>This risk has been reduced further by ensuring that arrangements are in place to share any additional costs with major precepting authorities.</p>
<p><u>Technological / Contractual</u></p> <p>Software installed and testing completed</p>	<p>This is dependent on the delivery of software from our suppliers. We have received the first part of the software release and this is being tested. We expect to receive the full release on 21 December 2012. This will allow sufficient time for the software to be configured, tested and made fully operational.</p>

Category Risk	Action / Controls
	<p>Resources have been allocated to the installation and testing of this software in line with expected release dates.</p> <p>Continued monitoring and reviews of software development will be completed to ensure that risks are managed.</p>
<p><u>Physical</u></p> <p>Availability and capacity of internal resources</p>	<p>Lack of available resources could result in key deadlines not being met and a failure to introduce a local scheme. Appropriate resources have been identified and allocated to this project to ensure that a local scheme is introduced by 31 January 2013.</p>
<p><u>Legislative</u></p> <p>Publication and effectiveness of new regulations</p>	<p>Revised rules have been written and need to be approved by members. The risk of challenge to the rules has been limited by closely mirroring the current Council Tax Benefit regulations.</p> <p>The rules have been reviewed by Legal and Democratic Services to provide a level of assurance.</p> <p>A copy of the rules is shown as appendix 5.</p>
<p><u>Reputational</u></p> <p>Consultation and customer engagement</p>	<p>Extensive consultation has been carried out to minimise the risk of a local scheme being introduced that does not meet the needs of local residents. There is also a risk of judicial review.</p> <p>Communication plans have been developed and agreed to help both customers and the organisation manage this change.</p>
<p><u>Political and sustainability</u></p> <p>Failure to adopt a local scheme by 31 January 2013</p>	<p>Failure to introduce a local scheme would result in the default scheme being imposed on the local authority. This would remove the ability to manage expenditure and design a scheme that meets local needs.</p> <p>A project plan has been agreed and resources allocated to ensure that a local scheme can be introduced on time.</p> <p>Regular reviews of performance against the agreed plan will be completed to manage risks.</p>

7. ISSUES ARISING FROM IMPACT ANALYSIS

8. CRIME AND DISORDER IMPLICATIONS

8.1 Not applicable

9. COMMENTS OF FINANCIAL SERVICES

9.1 Financial comments are included in the report.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

10.1 The Local Government Finance Act has introduced a framework for the localisation of support for council tax in England which will give councils increased financial autonomy and a greater stake in the economic future of their local area, while providing continuation of council tax support for the most vulnerable in society, including pensioners.

The Act provides for change in support to be effective from April 2013. The Council has no other alternative but to develop a local scheme for council tax support to meet the expected time frame. The local rules have been developed using the nation regulations with changes incorporated to support the local scheme proposed by this report.

11. COMMENTS OF OTHER RELEVANT SERVICES

11.1 No other comments received

12. APPENDICES:

Appendix 1	Survey Booklet (available as a PDF)
Appendix 2	Covering letter to claimant
Appendix 3	Covering letter to stakeholder
Appendix 4	Equality Analysis
Appendix 5	Council Tax Support Scheme Rules (available as a PDF)

Appendix 2 – Letter to claimant

South Kesteven District Council

Council Offices, St Peter's Hill
Grantham, Lincolnshire, NG31 6PZ
Tel: 01476 406080
DV27024-Grantham
www.southkesteven.gov.uk



Your ref:
Our ref: Council Tax Support Consultation
Please ask for: Council Tax Support Consultation
Direct line: 01476 40 62 27
Fax: 01476 40 60 04
Email: CTS@southkesteven.gov.uk

Date: 13 September 2012

Dear

Reduction in help with Council Tax

From April next year Council Tax Benefit is being replaced by a new local scheme called Council Tax Support and we would like your views on the changes. The proposed new scheme aims to help people in need pay their council tax but as we are likely to see a reduction of 10% in the amount of funding we get from Central Government we will have some difficult decisions to make about who will get support and how much they will get.

We have based our scheme on a set of principles which we feel helps those residents who most need it whilst also being affordable and we are asking for your feedback during an eight-week consultation starting on 10 September until 4 November.

The enclosed survey gives you more detail on the proposed changes and principles of the new scheme. These are likely to affect you and you could get less help so please take a few minutes to look through the information and let us know what you think.

We are also running a series of informal drop-in sessions throughout the district (details of which are included on page 9 of the survey) where you can come along and find out more.

A final decision will be made on the scheme in December and we will write to you again with more details about how this will affect you as soon as the scheme has been approved. Information will also be available on the council's website at www.southkesteven.gov.uk/counciltaxsupportscheme.

Yours sincerely,

Lee Sirdifield
Benefits Manager



South Kesteven District Council
STAMFORD • GRANTHAM • BOURNE • THE DEEPINGS

Appendix 3 – Letter to stakeholder

South Kesteven District Council

Council Offices, St Peter's Hill
Grantham, Lincolnshire, NG31 6PZ
Tel: 01476 406080
DV27024-Grantham
www.southkesteven.gov.uk



Your ref:
Our ref: Council Tax Support Consultation
Please ask for: Council Tax Support Consultation
Direct line: 01476 40 62 27
Fax: 01476 40 60 04
Email: CTS@southkesteven.gov.uk

Date: 13 September 2012

Dear Sir or Madam,

Reduction in help with Council Tax

From April next year Council Tax Benefit is being replaced by a new local scheme called Council Tax Support and we would like your views on the changes. The proposed new scheme aims to help people in need pay their council tax but as we are likely to see a reduction of 10% in the amount of funding we get from Central Government we will have some difficult decisions to make about who will get support and how much they will get.

We have based our scheme on a set of principles which we feel helps those residents who most need it whilst also being affordable and we are asking for your feedback during an eight-week consultation starting on 10 September until 4 November.

The enclosed survey gives you more detail on the proposed changes and principles of the new scheme. These are likely to affect your client group and they could get less help so please take a few minutes to look through the information and let us know what you think.

We are also running a series of informal drop-in sessions throughout the district (details of which are included on page 9 of the survey) where you can come along and find out more.

A final decision will be made on the scheme in December and we will write to you again with more details about how this will affect your client group as soon as the scheme has been approved. Information will also be available on the council's website at www.southkesteven.gov.uk/counciltaxsupportscheme.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Lee Sirdifield'.

Lee Sirdifield
Benefits Manager



South Kesteven District Council
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South Kesteven District Council

Equality Analysis (Stage 2)

Localised Council Tax Support

Service Area: Revenues and Benefits	Lead officer: Lee Sirdifield	Date of Analysis 9 November 2012
	Assessors: Lee Sirdifield Krissy Fountain	
	Neutral Assessor: Carol Drury	

1. Name of policy/service/function/strategy :

Localised Council Tax Support

The Welfare Reform Act 2010 introduced numerous changes to the way that the welfare benefit system will operate in the future. A major change impacting on local authorities is the replacement of Council Tax Benefit with a localised council tax support system.

Local authorities are required to introduce a new support scheme by January 2013 which will take effect from April 2013. Although Councils have been given an outline framework to work within, the majority of the scheme design has been left to local authority's discretion. There is a requirement to protect pensioners from any changes in the scheme and councils are encouraged to protect vulnerable recipients and incentivise work.

The extent to which a local authority funds the scheme is a local decision. A fixed grant will be allocated to district councils and any major precepting authorities. Should the district council or precepting authorities decide to introduce a scheme which is more financially generous than the government allocation, funding will have to be found from elsewhere.

In Lincolnshire the estimated total funding gap in 2013/14 ranges from £10 million to £11.4 million. This rises by 2017/18, to £11.2 million to £16.5 million. There are many variables that will affect the actual deficit but the model provides an indication of the size of the funding gap for Lincolnshire.

There are a number of options available to South Kesteven District Council:-

- Fund the difference between the grant and the level of Council Tax Support expenditure
- Generate savings from existing budgets;
- Increase Council Tax;
- Reduce the level of CTB to claimants (whilst protecting pensioners);
- Increase income through the new discretions for Council Tax exemptions;
- A combination of the above.

Given the range of priorities faced by South Kesteven District Council, funding the gap is neither realistic or, more importantly, sustainable in the longer term. Therefore initial work has concentrated on additional income generated from the Council Tax exemptions discretions and overall spending reduction in localised council tax benefits.

2. Complete the table below, reconsidering the identified negative impacts on groups from any of the protected characteristics (or diversity strands) in stage 1. If the impact has been mitigated please explain how. If the impact cannot be mitigated but can be justified please provide details and evidence. Include any fresh demographic data, user surveys, local consultations evaluation forms, comments and complaints etc.

Equality Group	At Stage 1 Did you identify that this policy/service/function/strategy had a negative impact or areas of concern for any of the equality groups	Please describe why the impact is negative. What alterations have you made to your proposal to alleviate or reduce negative impact
Age	Yes – for working age customers	<p>Working age customers can fall into two groups: - those classed as vulnerable within the local scheme who would receive protection; those who do not qualify for protection under the vulnerability criteria.</p> <p>Those who fall within a vulnerable group will have their entitlement based on the full council tax charge. Those who do not meet the vulnerability criteria will have their entitlement based on 80% of their total charge.</p> <p>Extensive consultation has been completed to understand the views of those affected by this change and the likely impact on them. Those currently in receipt of support agreed that it was appropriate for them to make a contribution towards their council tax bill. There was less agreement that the level of contribution should be a minimum of 20%.</p> <p>To help manage the impact of this change, further communications will be issued to those affected. This will provide details of how individual households will be affected by the changes and what level of support they are likely to receive under the new</p>

		scheme. It will also raise awareness of the changes and provide access to appropriate help and support wherever possible.
Disability	No	
Race	No	
Gender Reassignment	No	
Religion or Belief	No	
Sex	No	
Sexual Orientation:	No	
Pregnancy and Maternity	No	
Marriage and Civil Partnership	No	
Carers	No	
Other Groups (e.g. those from deprived (IMD*) communities; those from rural communities, those with an offending past)	No	

*(IMD = Indices of multiple deprivation)

3. What data/information did you use to inform the outcomes of the policy/service/function/strategy? (Note any relevant consultation who took part and key findings)

The localisation of Council Tax Support required the district council to consult with major precepting authorities and those who were likely to have an interest in the scheme. Discussions were held between all Lincolnshire authorities to agree consultation approaches and explore best practice.

The consultation process was split into two stages. Firstly, consultation was undertaken with major precepting authorities. Both Lincolnshire County Council and Lincolnshire Police Authority responded to the consultation documents.

Lincolnshire County Council highlighted the ongoing financial pressures faced by their organisation and stated that they had no desire to make additional service reductions to fund a shortfall in support. The County Council welcomed the proposal to combine both additional income generation from use of new discretions on levying council tax on vacant premises with cost savings in benefit entitlements from current non-vulnerable categories of claimants. The County Council would prefer additional income generation measures to take precedence over benefit reductions.

Lincolnshire Police Authority also highlighted that it faces major ongoing funding pressures and has no desire to make additional service reductions or propose additional increases in its council tax to fund this shortfall. As a result, the Police Authority supports proposals for Council Tax Support schemes which eliminate, or at least minimise, the funding reductions imposed as a result of these changes. In addition, the Police Authority supports proposals to increase income through the new discretions for Council Tax exemptions.

The second stage of the process was eight weeks of public consultation. To ensure that the consultation was effective, a range of literature was produced, stating the proposed scheme in detail, with easy to understand case studies to illustrate the effect of the changes on different groups. The consultation defined the key principles of the scheme as:

- Most people should contribute something towards their council tax bill
- We should protect those with disabilities from any reduction in support
- We should protect carers from any reduction in support
- We should protect war pensioners from any reduction in support
- The scheme should make work pay
- The scheme should be available to all council tax payers, regardless of the size of property that they live in

Furthermore, the consultation outlined the existing principles contained within the Council Tax Benefit scheme that will be retained to form part of the new support scheme. The key existing principles are:

- Second adults in the property should contribute
- Benefit should not be paid to those with capital above set limits
- Benefit can be paid based on the income of a second adult with a low income
- Those with more income should pay relatively more than those with less income

Consultation was undertaken through a wide range of media with the council's communications team issuing a series of press releases. Consultation began with our proposed scheme being published on the Council's web page and promoted through the home screen. The information guided customers through the principles of the scheme and presented a series of frequently asked questions to help customers gain a clear understanding.

Customers were also given access to an online calculator which allowed them to model the impact of the proposed changes based on their personal circumstances. The tool compared current council tax benefit entitlement with proposed council tax support entitlement.

A web based version of the council tax support survey gave residents the opportunity to express their views on the main principles of the scheme without the need for them to have been directly targeted.

A dedicated council tax support telephone helpline was set up to enable customers to speak to specialist advisors who were on hand to explain the scheme and provide specific advice based on individuals circumstances. The telephone helpline was promoted through the survey booklet, on the web and via the local press.

We directly surveyed those known to be affected by the proposed changes, both in terms of receiving protection due to a local decision, or a reduction in support. Pensioners did not form part of the direct survey as they are protected through government legislation. 5,157 surveys were issued to working age benefit recipients who were likely to be affected by the proposed changes. 62 surveys were issued interested parties and key stakeholder groups.

A series of drop-in sessions were held across the district at seven locations with staff available to answer any questions that residents may have had. These were spread geographically across the district with extra sessions targeted towards those areas of the district that have a high proportion of claimants and dependency on welfare support. Both customers and their representative groups were invited to attend to find out more about the proposed changes. Consultation sessions ran from 4pm through to 7.30pm.

A variety of media was used to publicise the consultation process and related events. This included publications such as County News and The Grantham Journal. Press releases were also circulated to all media across South Kesteven.

Workshops were also held with the Community Focus Forum and the Homelessness Forum. This not only promoted the proposed scheme to a wide range of community groups, but also encouraged feedback from those they represent.

On 13 September 2012 officers presented the proposed scheme and consultation papers to council members. Members were asked to promote the consultation exercise in their wards and help customers to engage with the consultation process.

Results from the postal survey

The postal survey was targeted to those in receipt of council tax benefit who were likely to be affected by the changes. 832 surveys were returned during the consultation period,

giving an overall response rate of 15.9%. The survey as designed to inform people in affected groups of the changes that were taking place and help them to determine to what degree they would be affected by them. Eleven case studies were presented to help customers understand not only how the scheme would affect their current circumstances, but what it would mean should their circumstances change.

Respondents were asked a number of questions to capture their views about the principles of the new scheme and whether or not the change would impact on them. Questions also gathered the following information:

- Household composition
- Gender
- Age
- Employment status
- Ethnic group
- Sexual orientation

92.9% of respondents were talking about their own personal circumstances, with the remaining responses coming from voluntary organisations, housing associations, private landlords and other interested parties.

Principle one- most people of working age should pay something towards their council tax

- Approximately half of the people who responded to this question said that it would affect their household.
- Overall, 56% of respondents were in agreement with the principle of most people of working age paying something towards their council tax. 22.6% of respondents neither agree nor disagree with it.

We then asked whether most people of working age should pay a minimum of 20% of their council tax charge. 39.8% were in agreement. 28.6% of respondents neither agree nor disagree. Analysis of those in agreement shows that:

- 58.8% of families with one or more dependent children and 55.8% of lone parents agreed that most people of working age should pay something towards their bill.
- Of those who would be classed as vulnerable under the scheme, 56% were in agreement that most people of working age should pay something.
- 71% of households with full or part time workers and 52.6% of households without children were in agreement.

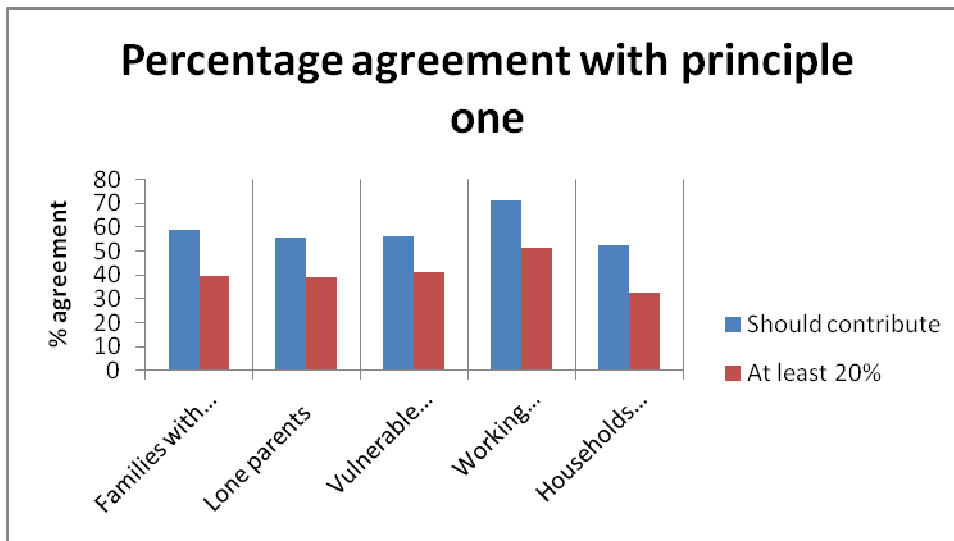
Respondents were asked whether the contribution should be a minimum of 20% of their bill. Around half of the respondents (50.6%) thought that the change would affect them and overall there was less agreement. 39.8% of respondents were in agreement with 31.6% stating that they disagree with this level of contribution.

- 39.7% of families with one or more dependent children and 39% of lone parents agreed that most people of working age should pay a minimum of 20% of their council tax charge.
- Of those classed as vulnerable 41% were in agreement that most people of working age should pay a minimum of 20% of their council tax charge.
- 51.3% of households with full or part time workers were in agreement that most

people of working age should pay a minimum of 20% of their council tax charge.

Graph 1 provides a comparison between the level of agreement that a contribution should be made, and that contribution being set at 20%. It is clear from these results that whilst there is agreement that most people of working age should make a contribution towards their bill, there is less agreement to the level of contribution being set at a value of at least 20%.

Graph 1



Principle two – those with disabilities should be protected from any reduction in support

- 81.2% of respondents agree that those assessed by us as being disabled should be protected.
- 93.2% of those in a household that included a disabled person agreed that those with disabilities should be protected.

It is clear from the results that there is strong agreement with principle two.

Principle three – those with caring responsibilities should be protected from any reduction in support

- 74% of respondents agree that those with caring responsibilities should be protected.
- 96.4% of those with a carer in the household agreed that those with caring responsibilities should be protected.

It is clear from the results that there is strong agreement with principle three.

Principle four – war pensioners should be protected from any reduction in support

- 78.3% of respondents agree that war pensioners should be protected.
- 100% of those households with someone entitled to a war pension agreed that war pensioners should be protected from any reduction in support.

It is clear from the results that there is strong agreement with principle four.

Principle five – the scheme should make work pay

- 63.6% of respondents agree that people who are working should keep more of their earnings before the means test is applied.
- 80.3% of those in a household with full or part time workers were in agreement that people who are working should keep more of their earnings before the means test is applied.

There is broad support for principle five across all demographics, with those in employment agreeing more strongly with this principle.

Principle six – the scheme should be available to all those who pay council tax regardless of the size of the property they live in

- 54.7% agree that the amount of council tax support should not be linked to the size of the property. 20.5% of people neither agreed nor disagreed with this principle.

There was a mix of opinion across all groups, with slightly more agreement from families with children in the household. Respondents commented that ‘the size of the house shouldn’t matter’ and ‘I don’t see why it’s based on the size of the property’.

Results from the web-based survey

The web based survey invited response from a wider audience than just those in receipt of council tax benefit. Views were received from 15 respondents. Two of these were Housing Associations and 13 were from individuals. 80% of respondents agreed that most people of working age should pay something towards their council tax, with 66.7% agreeing that the minimum contribution should be 20%

There was strong agreement that each of the groups identified as vulnerable should be protected. 73.3% of respondents agreed that people who are working should keep more of their earnings before the means test is applied. Only 26.7% of people agreed that the amount of council tax support should not be linked to the size of the property lived in.

It should be highlighted that the response rate for the web-based survey was very low and less reliability can therefore be placed on the data. However, the results do appear to follow broadly the same pattern as the postal survey.

In addition to this, 353 people accessed our web page to find out more about the proposed scheme.

Results from the drop-in sessions

Whilst the drop-in sessions were held across all areas of South Kesteven, attendance levels were low. In total, six people attended, each asking questions which related to their personal circumstances. No objections to the scheme were presented.

It is believed that the low attendance rate is due to good response rate from the survey. Analysis of the comments made on the surveys suggested that there was a good understanding of the information presented and the need for additional information and support was mitigated.

Results from the helpline

During the consultation period a total of 44 calls received. These calls dealt with a variety of enquiries, including queries regarding the drop-in sessions and how the proposed scheme would affect people on different types of income. Advice and guidance was provided by trained officers to help customers gain a more detailed understanding of the scheme.

Accessibility of information

In total 1,250 responses were received during the consultation period. Through using a wide of approaches during the consultation period and engaging with our stakeholders, it has been possible to gain a more detailed understanding of needs and opinions.

4. Outcomes of analysis and recommendations (please note you will be required to provide evidence to support the recommendations made): Please tick one of the options.

a. No changes required: evidence confirms that the possibility of negative impact has been mitigated and all opportunities to promote equality have been taken

b. All necessary changes made: Stage 2 equality analysis proves that any potential for discrimination or for negative impact have been mitigated and all opportunities to promote equality have been taken.

c. Adverse impact remains but can be justified. Please provide an explanation in the box below that clearly sets out your justification for continuing with the policy/function/service/strategy. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact.

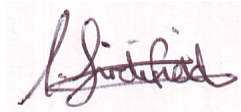
It is clear that some customers of working age will see a reduction in the level of support received from the proposed scheme. Whilst the consultation process showed that there was broad agreement with the changes, we believe that some customers may face greater financial pressures than others. The impact of this change is therefore difficult to predict even though extensive consultation and analysis has been undertaken.

During the first six months of this scheme, officers will monitor expenditure levels and the impact on council tax collection. This will enable us to identify whether the scheme creates additional hardship for particular groups.

A stage 3 review will be completed after six months of monitoring have been completed.

Go to stage 3

Signed (Lead Officer):

A handwritten signature in black ink, appearing to read 'L. Sirdifield', is written over a light pink rectangular background.

Lee Sirdifield
Benefits Manager

Date completed: 9 November 2012