



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

## COUNCIL - 28 JANUARY 2013

### LOCALISATION OF COUNCIL TAX SUPPORT REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

#### WARDS AFFECTED: ALL WARDS

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#### 1. Purpose of the Report

- 1.1 The Local Government Finance Bill sets out measures that will require all Council Tax billing authorities to devise and implement a local Council Tax Support Scheme to replace the current nationally determined Council Tax Benefit Scheme.
- 1.2 This report sets out the Council's proposed responses to the measures set out in the Bill and seeks approval for the proposed scheme and provide appropriate delegations that will allow implementation of the proposals in accordance with the required timescale.

#### 2 Recommendation

- i. that the proposed local scheme of Council Tax Support, as set out at **Appendix A**, be approved.
- ii. that the proposed Discretionary Discount Fund, as set out at **Appendix B**, be approved.
- iii. that the proposals to take advantage of new powers set out in the Local Government Finance Bill to vary statutory exemptions from Council Tax in respect of vacant and unoccupied dwellings, as set out in **Appendix C**, be approved.
- iv. that the financial support offered by major preceptors in respect of the proposed Discretionary Council Tax Discount Fund and the additional administrative costs that would be incurred by the Council under the proposed new arrangements, as set out at **Appendix D** be noted; and
- v. that delegated authority be given to the Deputy Chief Executive in consultation with the portfolio holder to make all detailed arrangements required to implement the proposed local scheme of Council Tax Support, the proposed Discretionary Council Tax Discount Fund and the variations to statutory exemptions from council tax.

#### 3 Summary of Reasons for the Recommendations

- 3.1 To agree a local scheme to be used to calculate Council Tax Support for the financial year commencing 1st April 2013.
- 3.2 To agree the introduction of a discretionary fund that will allow the Council to mitigate the impact of the proposed local scheme of Council Tax Support on the most vulnerable residents from 1 April 2013.
- 3.3 To spread the financial burden arising from the implementation of the proposed local scheme of Council Tax Support and the Discretionary Council Tax Discount Fund, and to encourage owners to bring empty homes back into use.

- 3.4 To ensure that members are fully aware of the financial implications of the proposals and the financial support offered by major preceptors.
- 3.5 To allow proposals to be implemented in accordance with the required timescales.

#### **4 Background to the Report**

4.1 The recently enacted (1 November 2012) Local Government Finance Act includes measures which will require all council tax billing authorities to devise a local Council Tax Support Scheme to replace the current national Council Tax Benefit Scheme. The implementation timescales set out in the Act require that local schemes have to be in place by 1 April 2013, and it is therefore necessary that the Council brings forward its proposals in advance of the publication of the detailed regulations that will underpin this legislation. This report outlines the background, options and recommendations for delivering a local Council Tax scheme for the Council from April 2013. It explores the challenges and both specific and strategic impacts and explains how the proposals were formulated.

4.2 The Council has two principal options in designing a new Council Tax Support Scheme:

- i) Create a scheme that replicates existing arrangements as far as possible (known as the 'default' scheme since such a scheme will be imposed on Councils that fail to implement a local scheme)
- ii) Introduce a 'new' scheme.

4.3 In considering options the Council needs to be mindful of key constraints:

- Government funding for the local schemes will be reduced compared to the existing national funding for council tax benefit. In broad terms it is expected that the Council's grant funding for council tax support will only cover only 90% of the costs of the existing scheme based on current claimant numbers
- The implementation timetable for the local scheme is very challenging and the Council is limited, particularly by existing systems and software, in the scheme design options it might consider
- It is a requirement of the local scheme that the benefits of pensioner claimants are protected at current levels
- The Council has a duty to consider the impact of the local scheme on vulnerable groups
- Strong encouragement by Government to restrict the impact on the vulnerable.

4.4 This report proposes that the Council will introduce a 'new' local scheme on the grounds of financial sustainability, a desire to support the Government policy of incentivising work rather than benefits, and having regard to the outcome of extensive consultations with the public and major preceptors (for whom the financial sustainability of local schemes is a major issue). The Council has given consideration to the Government's strong encouragement and financial incentive to design a local scheme that restricts the impact on the vulnerable but does not wish to introduce a scheme which may increase the burden of meeting its cost on the ordinary council taxpayer.

4.5 Basis of the new scheme

The new scheme is based on a common Leicestershire and Rutland framework, developed jointly by the participating authorities. At the core of the new scheme is a benefit 'cap', which for Hinckley & Bosworth restricts benefits for working age claimants to a maximum of 91.5% of their total council tax liability. This approach, which will impact all working age claimants, is necessary if the new arrangements are to be financially sustainable.

#### 4.6 The solution proposed consists of the following elements:

##### i) New local Council Tax Support Scheme

Set out at **Appendix A**, the local Council Tax Support Scheme for is based upon the 'core' (or framework) scheme developed in partnership with Leicestershire and Rutland local authorities. The core scheme consists of a maximum eligibility cap, set individually by each authority in the range 80% - 91.5%. This is combined with amendment of other allowances existing within the current Council Tax Benefit Scheme which, again, can be set by individual local authorities in response to local circumstances.

The specific scheme for Hinckley & Bosworth incorporates an eligibility cap of 91.5% - a relatively lower impact on the vulnerable – together with the removal of second adult rebate.

On 16 October 2012 the government released new guidelines on the design of local schemes (source: DCLG, statement by the Parliamentary Under Secretary of State, Baroness Hanham) with which compliance was strongly encouraged, together with a financial incentive of one year's transitional funding for those Councils complying with these guidelines. A compliant scheme will be:

- Those who would be on 100 per cent support under current council tax benefit arrangements pay between zero and no more than 8.5 per cent of their council tax liability;
- The taper rate does not increase above 25 per cent;
- There is no sharp reduction in support for those entering work - for claimants currently entitled to less than 100 per cent support, the taper will be applied to an amount at least equal to their maximum eligible award.

The DCLG statement goes on, 'In allowing flexibility over aspects of the scheme, we would not expect local authorities to impose large additional increases in non-dependant deductions. Councils will rightly want to avoid collecting small payments, and it may consequently be better value for money for councils to avoid designing schemes which seek to do so.'

On eligibility for transitional grant funding the DCLG state, 'The amount of funding for which councils will be eligible to apply and the timescales and process for making an application will be published shortly. We anticipate that councils will make applications after 31 January 2013, and that funding will be paid in March 2013. The grant will be a simple one, easy to apply for and swiftly paid out, to help those councils who choose to do the right thing.

The Government has not however given any indication that the Transitional grant will be available beyond 2013/14 and by its very title it suggests it will not be a permanent feature. Therefore authorities taking up the grant may have to make significant modifications to their new schemes in readiness for 2014/15 financial year.

If we include revenue generated by varying the council tax exemption, the grant and the various benefit changes this would generate savings based on the existing benefit scheme and benefit caseload in the order of £716k, in gross terms (i.e. assuming all additional council tax due can be collected).

In practice it is likely that much of this incremental council tax billing will prove uncollectible. Precise predictions are difficult but based on existing arrears history it is projected that around 20% of the additional income may not be realised.

ii) Discretionary Discount Fund

The resident survey clearly demonstrated that a majority of respondents thought that the vulnerable should be protected. However, other than war widows (who are a small claimant group), protecting other classes of vulnerable, such as those with dependant children or disabilities is not practical due to the size of these claimant groups; protecting such a group would result in unacceptably large benefit reductions for other claimants. In response to this issue councils in Leicestershire are proposing to create individual Discretionary Discount Funds in each local authority area. The Fund will have common eligibility criteria enabling discretionary discounts to be offered to residents on a case by case base. The total funding for Hinckley & Bosworth is proposed at £58k, of which Hinckley & Bosworth Council will fund £6k with the balance provided by major preceptors.

Detailed proposals in respect of this fund are set out at **Appendix B**.

iii) Technical changes to council tax

The Council will take advantage of proposed technical changes in council tax to reduce discounts on empty properties. These existing exemptions (which will be reduced <sup>1</sup>) are:

- Class A - Vacant dwellings where major repair works or structural alterations are required, under way or recently completed (up to 12 months) will be reduced to 50%
- Class C - A vacant dwelling, i.e. empty and substantially unfurnished (up to 6 months) will be 100% relief for 1<sup>st</sup> month and 100% charge for the following 5 months.
- Removal of the 10% Second Home Discount

Additional net council tax billings in respect of these changes are estimated at £387k. In addition to the extra revenue generated it is envisaged that these changes will encourage owners to bring empty properties back into use more swiftly.

## 5. Options considered

5.1 There are two basic options that can be considered in designing a new scheme:

- i) Create a scheme that replicates existing arrangements as far as possible (known as the 'default' scheme since such a scheme will be imposed on Councils that fail to implement a local scheme).

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<sup>1</sup> Class C discounts will be 100% for the first month to reduce the number of uneconomical bills, reverting to 100% for ensuing months. Rules state that the percentage discount in respect of Class A cannot be altered within the discount period so the discount offered will be 50% from day one.

ii) Introduce a 'new' scheme.

The advantages and disadvantages of these two options are summarised below:

<i>Default scheme</i>	<i>New scheme</i>
<p><i>Advantages</i></p> <ul style="list-style-type: none"> <li>+ No impact on claimants; vulnerable protected</li> <li>+ Limited process / system changes required</li> <li>+ Very limited risk of legal challenge to the scheme</li> </ul>	<p><i>Advantages</i></p> <ul style="list-style-type: none"> <li>+ A fully or partially financially sustainable scheme may be developed</li> <li>+ Option is strongly supported by major preceptors</li> <li>+ Scheme can be designed to support government objectives of supporting people into work</li> </ul>
<p><i>Disadvantages</i></p> <ul style="list-style-type: none"> <li>- Council and major preceptors would need to fund part of the scheme; risk that funding shortfall will increase in future years</li> <li>- Very significant financial implications for major preceptors</li> <li>- Does not support government objectives of supporting people into work</li> </ul>	<p><i>Disadvantages</i></p> <ul style="list-style-type: none"> <li>- Some or all working age claimants will be adversely affected by new scheme including some groups that may be deemed vulnerable</li> <li>- Some implementation risks due to timescales</li> <li>- Risk of legal challenge if public consultation and scheme design are not effective</li> </ul>

- 5.2 Within these options there are various approaches that could be developed. One approach suggests that Councils should adopt the 'default' scheme initially due to the implementation risks associated with the challenging timescales and then introduce a new scheme in future. However, this carries the risk that the Government will offer claimants 'transitional relief' limiting local authorities ability to reduce benefits in future years. This would mean that even if a Council wished to design a financially sustainable scheme from, say, 1 April 2014, it would not realise those savings due to the effect of transitional relief.
- 5.3 Another variation considered by many local authorities is to use the new revenue opportunities afforded by changes to the Council Tax regime in respect of second homes and empty properties to mitigate the impact of the reduction in funding.
- 5.4 In the light of the information and feedback set out above a new local scheme that is financially sustainable (in conjunction with other measures) is proposed.
- 5.5 Along with the other Leicestershire Districts, Hinckley & Bosworth commissioned Coactiva, a data consultancy, to undertake a detailed analysis of the existing council tax benefit caseload based on data extracts at 30 April 2012. Key findings from this report are as follows:
- 56.1% of the caseload (some 3,999) were of Pension Age; 43.9% (3128 cases) were related to Working Age residents

- Annualised benefits payable were £5,890,025; assuming a 10% reduction in grant this would imply shortfall in funding (spread between Hinckley & Bosworth and preceptors) of £589,002<sup>2</sup>
- Of the Working Age caseload:
  - There were 696 claims with disabilities
  - There were 1,699 claims with dependent children
- In order to achieve the savings required to make the new scheme financially sustainable it is apparent that a restriction on maximum eligible support (or 'cap') must be applied; the report calculates savings as follows:
  - 75% cap gives savings of £573,193
  - 80% cap gives savings of £545,048
  - 85% cap gives savings of £515,465

Subsequently further calculations were performed assuming a 91.5% cap; these gave savings of £244,626

## 6. **Financial Implications (KB)**

- 6.1 The current council tax support scheme is funded on an 'actively managed expenditure' or 'AME' basis. From the Council's perspective, providing the scheme is administered correctly, the reductions in council tax revenue are fully reimbursed via a grant claim to the DCLG.
- 6.2 Under the new arrangements however local authorities will each receive an annual grant, calculated by DCLG, to cover the costs of the local scheme. As noted previously, the current understanding is that the grant awarded will equate to approximately 90% of the existing costs of the national scheme. Importantly, this amount will also be 'delegated expenditure'. This means that the amount awarded to each local authority is fixed and if caseloads increase, **the additional costs will need to be borne locally**. The risk of an increasing caseload therefore lies with individual local authorities.
- 6.3 To avoid the whole burden of government grant restrictions falling on working age claimants the Council is proposing to take advantage of technical changes to the council tax regime proposed in the Local Government Finance Bill. The changes include giving local authorities more flexibility on what discounts they can apply on second homes and certain empty properties. This report proposes that the Council reduces these discounts which, in addition to raising revenue, should encourage owners to bring empty dwellings into use more quickly. The proposed changes to Council Tax in respect of empty properties are set out at **Appendix C**.
- 6.4 The cost of designing and implementing a local scheme to replace the existing Council Tax Benefit scheme is unknown but significant. Although the Government has agreed to provide funding to meet the cost of the changes there is no indication of the final level of DCLG funding to be provided.

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<sup>2</sup> Figures have been calculated by Coactiva, and are shown in this section, as precise amounts. However, readers should be aware that the figures can only be regarded as indicative for the purposes of projecting funding shortfalls and savings in future years.

- 6.5 The features of the proposed local Council Tax Support Scheme combined with envisaged changes to discount rates on empty properties are designed to offset reductions in government funding for council tax support and create a financially sustainable arrangement for both Hinckley & Bosworth Borough Council, and the major preceptors.
- 6.6 The Council can take advantage of proposed technical changes in Council Tax and reduce or eliminate discounts and exemptions on empty properties. These are:
- Class A - Vacant dwellings where major repair works or structural alterations are required, under way or recently completed (up to 12 months)
  - Class C - A vacant dwelling, i.e. empty and substantially unfurnished (up to 6 months)
- 6.7 A and C exemptions are financially significant; reducing these exemptions to 50% for Class A & nil for Class C after one month respectively might create additional annual revenue in the order of £45k and £319<sup>3</sup> respectively.
- 6.8 HBBC analysis

	Saving £	Less 20% (movement in benefit caseload and losses in collection) £
8.5% Cap	244,626	195,701
Removal of 2nd adult rebate	11,934	9,547
Class A exemption 50% for 12 months	56,597	45,278
Class C 100% for 1 month	398,694	318,955
Removal of second home discount	28,068	22,454
Contribution to Discretionary Fund	-58,316	-58,316
Contribution to Admin Costs	-23,100	-23,100
Grant Allocation	139,387	139,387
	797,890	649,907
Target savings (County Wide)	664,414	664,414
Surplus (Deficit)	133,476	-14,507
HBBC element (10.5%)	14,076.62	-1,529.98

- 6.9 As noted above, the Council is likely to incur additional operational costs in implementing the proposals set out in this report. Given the financial benefit to major preceptor partners from the creation of a financially sustainable solution they have agreed in principle a contribution to the additional administration costs.
- 6.10 Overall, from a Hinckley & Bosworth perspective, although the financial analysis is an estimate, the aggregate of individual amounts does not suggest that the Council will suffer a material financial deficit in financial year 2013/14.

<sup>3</sup> This estimate assumes that a full discount would be offered for the initial month of void; this approach is in line with the approach of other Leicestershire Districts and is designed to reduce the number of small bills that would be uneconomical to collect.

## 7. **Legal Implications (LH)**

### 7.1 Implementation Timetable including Future Decisions

The Local Government Finance Act requires all local authorities must have approved their Local Scheme for Council Tax Support by 31 January 2013 prior to the Schemes inception on 1 April 2013.

In practice, local authorities need to have schemes designed, with supporting customer communication plan, business processes and information technology in place, ready for the 2013/14 Council Tax billing which occurs in mid-March 2013. It is therefore essential that these proposals for the new scheme, are approved at this meeting.

## 8. **Corporate Plan Implications**

In order to share ideas and resources Leicestershire Districts and Rutland County Council have been working together to develop a common framework for the local schemes of Council Tax support across the area. It is envisaged each scheme will share common parameters which will be varied to reflect local differences in demography and policy objectives. The major preceptors have been fully engaged throughout this process. The working groups have also engaged with Leicester City Council to understand their emerging response to this matter.

## 9. **Consultation**

- The main public consultation was a web-based approach generated through joint working with other Leicester local authorities and Rutland County Council
- The public consultation was supplemented with a series of 'road show' events to ensure stakeholders such as Citizens Advice Bureau, other voluntary sector organisations and social landlords were suitably consulted on the issues and proposals
- Major preceptors - Leicestershire County Council and the Police and Fire Authorities - are key stakeholders for these proposals; officers from the major preceptors have been fully engaged through workshops developing the joint Leicestershire and Rutland framework scheme in addition to formal correspondence.

### 9.1 Overview of web-based survey results:

- A total of 187 responses were received – this is considered reasonable for this type of consultation and is line with the numbers received in other Leicestershire Districts running this survey
- More Females than Males responded to the consultation
- The average age of respondents was 25-65 with the majority of respondents being of working age
- Limitation of the data collected means that it is not possible to determine which respondents are on low or minimum wages, although it is possible to say that every ward is represented in responses based on the postcode analysis



## 9.2 Specific responses to the detailed web questions include the following:

- Proportion of respondents who believe the council should protect the vulnerable from paying more - 85.50%
- Proportion of respondents who believe that everyone apart from pensioners should pay something towards their council tax –65.78%
- Proportion of respondents who believe that everyone apart from pensioners should pay a minimum of 10% towards the council tax - 56.68% (versus 33.69% who disagree with this)
- Proportion of respondents who believe that everyone apart from pensioners should pay a minimum of 20% towards the council tax - 31.55% (versus 52.41% who disagree with this)
- Proportion of respondents who believe people living in more expensive properties should get less council tax support – 54.01%
- Proportion of respondents who believe individuals receiving council tax benefit should be given extra help, for a limited period, when they start to work – 64.17%
- Proportion of respondents who believe that the incremental contributions towards an individuals council tax should increase by more than 20p for every additional £1 earned – 48.13% (versus 40.16% who disagree with this)
- Proportion of respondents who believe that other adults other than the claimant (essentially non-dependant children) should be expected to contribute more towards the council tax bill than at present –65.65%
- Proportion of respondents who believe that the second adult rebate (arising where claimants live with a low income individual who is not their partner) should be stopped – 73.80%
- Proportion of respondents supporting a reduction from the current £16,000 limit on savings, above which an individual would not qualify for council tax benefit – 55.08% supportive, 43.32% disagree

## 9.3 Key comments from preceptors:

- The principle of partnership working adopted by Leicestershire Districts is strongly supported
- The development of new local schemes that are designed to be financially sustainable is strongly supported
- The preceptors are fully behind the proposal that Councils across Leicestershire should use some of the new flexibilities around removal of discounts for empty and second properties to make up the shortfall and reduce the impact on current recipients of council tax benefit
- A 'hardship fund', to mitigate the impact of the new local schemes on Council Tax benefit recipients should be introduced
- It is recognised that many local authorities will wish to design schemes so as to take advantage of the transitional funding on offer

- 9.4 The detailed consultation responses and associated correspondence are included as background papers to this report.
- 9.5 Following the new Government guidance on scheme design (see Appendix E) it was deemed necessary to undertake a supplementary consultation exercise in conjunction with other Leicestershire local authorities to validate the local scheme proposed in this report.

## 10. Risk Implications

- 10.1 The current council tax support scheme is funded on an ‘actively managed expenditure’ or ‘AME’ basis. From the Council’s perspective, providing the scheme is administered correctly, the reductions in council tax revenue are fully reimbursed via a grant claim to the DCLG. The risk of an increasing caseload therefore lies with government.
- 10.2 Under the new arrangements however local authorities will each receive an annual grant, calculated by DCLG, to cover the costs of the local scheme. As noted previously, the current understanding is that the grant awarded will equate to approximately 90% of the existing costs of the national scheme. Importantly, this amount will also be ‘delegated expenditure’ or ‘DEL’. This means that the amount awarded to each local authority is fixed and if caseloads increase, **the additional costs will need to be borne locally**. The risk of an increasing caseload therefore lies with individual local authorities.

The specific risks associated with the decision Council is asked to make and proposed actions to mitigate those risks are set out in the table below.

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Risk Management Actions Planned</i>
Adverse economic conditions may result in council tax benefit caseloads (and discounts applied) being significantly greater than those assumed in the financial analysis presented	low	high	<ul style="list-style-type: none"> <li>• Detailed caseload data analysis has been undertaken</li> <li>• Risk is shared between Council and major preceptors</li> <li>• Initial scheme restricted to a one-year timeframe</li> <li>• Contingency in MTFS</li> </ul>
The Council’s financial settlement in respect of the grant to cover council tax benefit may be significantly below that assumed in the financial analysis presented	low	high	<ul style="list-style-type: none"> <li>• Overall solution is designed to be financially sustainable</li> <li>• Initial scheme restricted to a one-year timeframe</li> <li>• Contingency in MTFS</li> </ul>

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Risk Management Actions Planned</i>
Interest groups decide to issue a legal challenge against the proposed new local Council Tax Support Scheme	very low	high	<ul style="list-style-type: none"> <li>• Simple scheme design in line with Government guidelines</li> <li>• Detailed caseload analysis has been undertaken</li> <li>• Eight week web-based consultation together with various 'roadshow' events undertaken in a cross-Leicestershire approach; consultation results reviewed on an ongoing basis and additional actions taken to ensure all stakeholder groups are represented</li> <li>• Equalities Impact Assessment performed</li> </ul>
Collection rates on the incremental billing for those receiving council tax benefits and also on the additional billings relating to empty and vacant properties is highly likely to be significantly below existing levels and may be below rates assumed in the financial assessment	low	high	<ul style="list-style-type: none"> <li>• (The financial assessment assumes a 20% non-collection rate in respect of empty and vacant properties)</li> <li>• Contingency in MTFS</li> </ul>
The short timescale, late changes and delays in the enactment of the Local Government Finance Bill may prevent the Council implementing the new operating procedures smoothly	low	high	<ul style="list-style-type: none"> <li>• Design of new local scheme of Council Tax Support based on existing parameters to minimise system and process changes</li> </ul>

## 11. **Knowing Your Community Equality and Rural implications**

The introduction of Council Tax Support will have a significant impact on certain sections of the community, in particular those of working age and not in work and those on low incomes.

These proposals do not have any financial implications for pensioners who are entitled to receive support with their Council Tax bill

11.1 The implementation of the proposed new scheme of Local Council Tax Support, based on reduced levels of funding will affect all working age claimants. In designing the scheme the Council has performed an Equalities Impact Assessment and has had regard to:

- Detailed analysis of the Council's caseload data
- Extensive consultation exercises performed with the public and other stakeholders, including housing associations and the voluntary sector
- Consultation with major preceptor partners

11.2 The mix of council tax benefit claimants is such that it is generally difficult to protect specific vulnerable groups, such as families with young children, or the disabled, as protecting these would result in a highly adverse impact on non-protected claimants.

11.3 In order to mitigate the impact of the scheme on other vulnerable groups a Discretionary Discount Fund has been created that will allow the Council to support the most vulnerable residents on a case by case basis. Details of this fund are set out at **Appendix B**.

11.4 Equality Impact Assessment is attached in **Appendix F**.

## 12. **Corporate Implications**

12.1 Introduction of the local scheme is likely to create additional demands on the Council's operations - particularly around dealing with customer queries and debt collection and recovery. Much of the additional activity can be attributed to the features of the local scheme and technical changes to council tax designed to deliver a financially sustainable arrangement. In recognition of the benefit they receive from this approach the major preceptors, Leicestershire County Council, and the Police and Fire Authorities, have agreed to contribute towards the Council's additional administration costs as outlined at **Appendix D**.

12.2 The changes to council tax benefits are part of a wider series of changes and reforms within the government's welfare reform agenda. This has a theme of consolidation and centralisation of rules based benefits and support, whilst discretionary benefits are localised or outsourced (with reduced budgets calculated from baseline spend at an agreed point in time).

12.3 As part of this agenda, the following changes will impact on the Council in terms of ownership and administration:

- Between 2013 and 2017, Housing Benefit (currently administered by the Council) will be phased out and help with housing costs will form part of a Universal Credit benefit that will be administered by the Department of Work and Pensions (DWP)
- From 2013, the Council's Discretionary Housing Payment (DHP) budget will only be available to support individuals with shortfalls in Housing Benefit and the Local Housing Allowance; therefore, if the Council wishes to provide support for individuals struggling with council tax payments (arising from the introduction of the local scheme or more generally) this will require the introduction of local arrangements.

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Background Papers: - Caseload data analysis prepared by consultants  
- Results of public consultation  
- Key correspondence with major preceptors

Contact Officer : Storme Coop, ext. 5706

Executive Member : Cllr Keith Lynch

**Appendices:**

- A. Proposed Scheme Details**
- B. Proposed Discretionary Discount Fund**
- C. Proposed Technical Changes to Council Tax**
- D. Savings calculation and funding details**
- E. Designing the new scheme**
- F. Equality Impact Assessment**

**COUNCIL TAX SUPPORT SCHEME****Introductory Notes**

The Council, in accordance with Section 13A of the Local Government Finance Act 1992 (c. 14), substituted by section 9 of the Local Government Finance Act 2012, requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of Council Tax payable by persons, or classes or persons, whom the authority considers are in financial need. This scheme, entitled the Council Tax Support Scheme (the scheme) complies with that requirement. Assistance under said scheme shall be referred to as Council Tax Support (CTS). The Council is under a further duty to comply with all the requirements set out in the Council Tax Reductions Schemes (Prescribed Requirements) Regulations and any other provisions prescribed by law.

**1) Introduction**

- a) Government legislation has abolished Council Tax Benefit (CTB) from 1 April 2013. Accordingly, all Councils are required to implement new arrangements to replace CTB. The new scheme is called the Council Tax Support Scheme (the scheme). This change is part of a wider set of welfare reforms currently being implemented and the scheme is intended to work closely within the framework of national welfare reform.
- b) The authorities below in 1 b (i) to 1 b (vii) have cooperated and shared best practice to develop the Scheme.
  - i) Blaby District Council
  - ii) Charnwood Borough Council
  - iii) Harborough District Council
  - iv) Hinckley and Bosworth Borough Council
  - v) Leicestershire Combined Fire Authority
  - vi) Leicestershire County Council
  - vii) Leicestershire Police Authority
  - viii) Melton Borough Council
  - ix) North West Leicestershire District Council
  - x) Oadby and Wigston Borough Council
  - xi) Rutland Unitary
- c) The authorities have devised and agreed this shared scheme to allow each Council to tailor its scheme locally to suit its community needs, while ensuring the scheme is effective, affordable and seeks to protect the vulnerable.
- d) The Government has determined that pensioners should be protected from the impacts of these reforms and has developed a prescribed scheme to ensure that pensioners are not adversely affected by these reforms. This scheme fully complies with the prescribed requirements.
- e) The Government has further provided a default scheme that will be applied to all Councils where that Council has not implemented its own CTS scheme by 31 January 2013. The provisions of the default scheme are such that it broadly prescribes to the requirements of the existing CTB scheme and would deliver similar outcomes for recipients. Whilst this would ensure that the impacts of the changes were minimised it would also mean that the Council and its preceptors would have suffered a loss in income equal to the cut in the Government grant in excess of 10% of prior CTB expenditure.

## 2) Aims

- a) The Council intends where possible to ensure that the scheme will operate in a consistent manner across Leicestershire and Rutland but will permit variation according to local needs and funding arrangements. In doing so the scheme ensures that:
  - i) Residents moving between authorities do not experience significant variations in the available assistance;
  - ii) Vulnerable persons are protected; and
  - iii) Work is incentivised.

## 3) Administration of the Scheme

- a) ***Administration of the scheme is set out in the Prescribed and Default Regulations. Unless specified otherwise, the scheme will be operated in full compliance with these regulations.***
- b) The scheme will include the regular monitoring of expenditure which will include reporting to:
  - i) The Councils 151 officer;
  - ii) The Councils management team;
  - iii) The precepting authorities.
- c) The Council may administer Housing Benefit (HB), other welfare payments and discretionary payments alongside the administration of the scheme.
- d) Personal data obtained by the Council for any lawful purpose may be used in the assessment and management of CTS entitlements.
- e) Personal data obtained by the Council for the purposes of processing or managing CTS and the scheme may be shared in relation to Housing Benefit, Discretionary Housing Payments or any other fund administered under section 13A of the Local Government Finance Act.
- f) Personal data obtained by the Council for the purposes of processing or managing CTS and the scheme may be shared with any other body where:
  - i) The data subject (or their representative) provides formal consent;
  - ii) It is in the beneficial interest of the data subject to do so;
  - iii) To prevent fraud;
  - iv) The law permits sharing of the data, (for example to prevent or detect a crime).
- g) Persons in receipt of CTS shall be deemed to be in receipt of a means tested entitlement for the purposes of any Council policy where entitlement under that policy was linked to the receipt of CTB.

## 4) Legislative Framework

- a) The following legislation and guidance are relevant to this scheme.
  - i) Local Government Finance Act 2012 – referred to as the ‘Act’
  - ii) Child Poverty Act 2010
  - iii) Equality Act 2010 (incorporating the Disabled Persons Act 1986)
  - iv) Housing Act 1996

- v) Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012 No.2885)– referred to as the ‘Prescribed Scheme’
- vi) Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 SI 2012 No.2886 – referred to as the ‘Default Scheme’
- vii) Housing Benefit Regulations 2006
- viii) Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006
- ix) Council Tax Benefit Regulations 2006 – referred to as the ‘CTB scheme’
- x) Council Tax Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 – referred to as the ‘CTB pensioner scheme’
- xi) Housing and Council Tax Benefit (Decisions and Appeals) Regulations 2001 – referred to as the ‘Appeal Regulations’
- xii) Social Security Act 1992
- xiii) Local Government Finance Act 1992 and all subsequent legislation deriving from this Act.
- xiv) Taking Work Incentives into Account (DCLG, May 2012)
- xv) Vulnerable People – Key Local Authority Duties (DCLG, May 2012)

## **5) Savings Provision**

- a) Designing and writing the scheme is inherently complicated and there is a significant risk of omission and error that could lead to significant unintended consequences for both CTS recipients and Council finances. To mitigate and reduce these risks the Council adopts all regulations, provisions and schedules in the default scheme except where these are amended, deleted, supplemented or other provisions are made in this scheme. Furthermore, the Council will:
  - i) Maintain a schedule of the amendments made under paragraph 5a;
  - ii) Publish the scheme including any amendments on its website.

The ‘default scheme’ is the scheme prescribed in the Schedule to the Council Tax Reduction Scheme (Default Scheme) (England) Regulations 2012 SI No 2886, including any subsequent amendment to those Regulations or any re-enactment thereof, with or without amendments.

## **6) Scheme Amendments**

- a) Amendments to the scheme must be made and agreed at Full Council before the 31 January in any year to apply from the following 1 April.
- b) Any changes made under paragraph 6a may be applied from any date from 1 April or a later date as approved by the Council.

## **7) Explanatory Note**

- a) The appendices that follow are provided with the following summary scheme intentions. To make provision for:
  - i) The reduction in maximum liability that can be awarded below 100%;
  - ii) The removal of the Alternative Maximum Council Tax Reduction Scheme in respect of non pensioners;
  - iii) The setting of non dependant deductions in respect of non pensioners at rates other than defined in the default scheme;
  - iv) The inclusion of additional provisions required to ensure continuity in the treatment of War Pensions and War Widows Pensions for pensioners and non pensioners;



- v) Amendment to other rules to limit backdating or temporary absence for working age claimants.

### **Schedule of Scheme Amendments**

The following appendices provide for the changes to the default scheme approved by Full Council. In all cases amendments include the date when this amendment was approved and the date from which the amendment will be effective from. The full scheme will be published as required.

#### **Calculation Parameters**

Amendment	<b>Maximum Reduction</b>	
Approved	<b>28 January 2013</b>	Applicable From <b>1 April 2013</b>
Paragraph	<b>29 – Amendment</b>	
Description	<b>Maximum Council Tax Reduction amount under this scheme: pensioners and persons who are not pensioners</b>	

Insert

(1A In relation to a person who is not a pensioner, sub-paragraph (1) above shall have effect as if the words '91.5 per cent' were substituted for the words '100 per cent'

#### **Alternative Maximum Council Tax Reduction (Second Adult Rebate)**

Amendment	<b>Class F: Alternative maximum Council Tax reduction – persons who are not pensioners</b>	
Approved	<b>28 January 2013</b>	Applicable From <b>1 April 2013</b>
Paragraph	<b>18 – Deleted</b>	
Description	<b>Removal of Second Adult Rebate Scheme (non pensioners only)</b>	
Paragraph	18 - Deleted	
Amendment	<b>Alternative maximum Council Tax reduction under this scheme: pensioners and person who are not pensioners</b>	
Approved	<b>28 January 2013</b>	Applicable From <b>1 April 2013</b>
Paragraph	<b>31 – Amended</b>	
Description	<b>Retained for pensioners only</b>	

A: Delete the words 'and persons who are not pensioners' from the title to the paragraph

B: In sub-paragraph (1) delete the words 'or 18 (alternative maximum council tax reduction: persons who are not pensioners)

Amendment      **Duty to notify changes of circumstances**  
Approved        **28 January 2013**                      Applicable From   **1 April 2013**  
Regulation      **Regulation 115**  
Description     **Requirement to report changes (non pensioners only)**  
Delete sub-paragraph (6) (b)

Amendment      **Amount of reduction under this scheme: Classes A to F**  
Approved        **28 January 2013**                      Applicable From   **1 April 2013**  
Paragraph       **32**  
Description     **Amendment to regulation to remove mention of class F**

In the title amend  
**Amount of reduction under this scheme: Classes A to F**

To read  
**Amount of reduction under this scheme: Classes A to E**

A: In sub-paragraph (4) delete the words ' or F'

B: In paragraph 1 (a) of Schedule 4, delete the words 'or 18(2) (class F) (as the case maybe)'

Delete paragraph 49 of schedule 10

### **Non Dependant Deductions**

Amendment      **Non dependant deductions: pensioners and persons who are not pensioners**  
Approved        **28 January 2013**                      Applicable From   **1 April 2013**  
Paragraph       **30**  
Description     **Non Dependent Deductions**

Insert

At the end of sub-paragraphs (2)(b) and (2)(c) of paragraph 30, prior to the closing punctuation mark in each case, insert 'X1/7'

**NB** This has been amended to tighten up/clarify the legislation. The DWP Default Scheme regulations refer to weekly amounts whereas Council Tax is actually based on a daily charge. So the insertion of

'x1/7' basically allows a daily rate to be applied to the calculation formula. It is purely a clarifying amendment.

### **War Pension and War Widow's Pension Additional Disregard Scheme**

Amendment	<b>Amounts to be disregarded in the calculation of income other than earnings: pensioners</b>	
Approved	<b>28 January 2013</b>	Applicable From <b>1 April 2013</b>
Regulation	<b>Schedule 6</b>	
Description	<b>Disregarded in full of War Pension and War Widows Pension (pensioners)</b>	

A. After paragraph 1 of Schedule 6, insert:

“(1A) The whole of any war disablement pension, war widow's pension or war widower's pension not disregarded under paragraph (1) above will be disregarded.”

B. After paragraph 20 of Schedule 8, insert:

“(20A) The whole of any war disablement pension, war widow's pension or war widower's pension not disregarded under paragraph (20) above will be disregarded.”

Amendment	<b>Sums disregarded in the calculation of income other than earnings: persons who are not pensioners</b>	
Approved	<b>28 January 2013</b>	Applicable From <b>1 April 2013</b>
Paragraph	<b>Schedule 8</b>	
Description	<b>Disregarded in full of War Pension and War Widows (non pensioners)</b>	

A In paragraph 20, delete sub-paragraphs (a) and (b)

B After paragraph 20 insert:

'20A – (1) Subject to sub-paragraph (2), the whole or part of any war disablement pension, war widower's pension not disregarded under paragraphs 1 and 2 above.

(2) The application of sub-paragraph (1) is subject to the authority deciding in its discretion that it should apply'

### **Other Changes**

Amendment	<b>Capital Disregards</b>	
Approved	<b>28 January 2013</b>	Applicable From <b>1 April 2013</b>
Regulation	<b>Schedule 10</b>	

Description        **Disregard of non pensioner capital**

In paragraph 49 amend from

'(1) Subject to sub-paragraph (2), where an applicant falls within class F...'

Amend to 'Deleted'

**NB** This is a follow up regulation which links to Second Adult Rebate. As we are removing this, this linked paragraph also needs amendment

Amendment        **Periods of absence from a dwelling**

Approved        **28 January 2013**

Applicable From    **1 April 2013**

Regulation        **Regulation 19**

Description        **Temporary Absence**

At the end of paragraph 19(2)(b) insert

'(iv) unless the person is a pensioner, he has not had more than two periods of temporary absence from the dwelling in the 52 weeks ending with the date on which the current period of temporary absence begins; and'

**NB** This is being changed to align this rule with Universal Credit and close a current loop hole. Because of the way the legislation is currently worded someone can be absent for a day and then reclaim again. By making this change to align to Universal Credit, the claimant will only be able to claim a maximum of 2 periods of temporary absence in a 52 week period

## Proposal for Discretionary Discount Scheme Funding

This document sets out proposals for the Leicestershire and Rutland scheme together with specific funding detail for each local authority.

<b>Name:</b>	<b>The Leicestershire and Rutland Council Tax Support Scheme - Discretionary Discount Scheme Proposal</b>
<b>Date:</b>	<b>6<sup>th</sup> September 2012</b>
<b>Author:</b>	<b>Localisation of Council Tax Programme</b>
<b>Release/Version:</b>	<b>Draft V2.0</b>

This document forms part of the Leicestershire and Rutland Council Tax Support Scheme.

This document has been distributed to:

<b>Name</b>	<b>Title</b>	<b>Date</b>	<b>Version</b>
Leicestershire County Council	Chris Tambini, Jason Firth and James Rossell	05.09.12	V2.0
Leicestershire Fire and Rescue Service	Trevor Peel	05.09.12	V2.0
Police Authority	Paul Dawkins	05.09.12	V2.0
DCEX	District Chief Executives	06.09.12	V2.0
RCC	Rutland County Council Senior Management Team	06.09.12	V2.0
LCC	Leicester City Council Senior Management Team	06.09.12	V2.0
Preceptors	Leicestershire County Council, Leicestershire Police Authority, Leicestershire Fire and Rescue Service	11.09.12	V2.0

## Background

Under existing arrangements, residents can be eligible for help with their housing costs from three principal areas:

- Crisis Loans
- Social Fund Loans
- Discretionary Housing Payments

Crisis Loans can help families or individuals cover immediate short term needs (such as residential charges for a hostel), while Social Fund loans tend to be targeted towards ongoing living assistance (such as household equipment). Discretionary Housing Payments are very much focussed on supporting the payment of rent.

Discretionary Housing Payments (DHPs) are currently administered by local authorities, and this arrangement will continue.

Appendix A describes individual assistance measures available to residents in more detail.

Fundamentally, while the detail of future national funding to assist vulnerable residents with their housing costs is not yet available, at best it is likely to be restricted to existing levels. However, the impact on vulnerable residents will be increased significantly due to the impact of the new Local Council Tax Schemes.

**Overall, it is likely that demand for financial support for residents will continue in 2013, and there is an expectation that this demand will increase as a series of changes to Welfare and Benefits rolls out.**

In response to the above, Leicestershire and Rutland authorities are therefore proposing that a new Discretionary Discount is created to support hardship related to the new Local Council Tax Schemes.

### **Duration**

It is proposed that a Discretionary Discount, operating in accordance with the principles set out below, is agreed amongst billing authorities and major preceptors for the financial years 2013/14 to 2015/16 inclusive,

### **Eligibility**

The Discretionary Discount will be administered through the use of 'eligibility' criteria, in similar manner to the existing DHPs. A detailed policy setting out the proposed eligibility criteria for the new fund is set out at Appendix B.

### **Administration**

Administration of the new fund will be undertaken by Unitary and District Council staffs who currently administer the existing DHPs. This will be undertaken alongside the administration of the new council tax arrangements. Appropriate functionality to record Discretionary Discounts is being developed by council tax system software providers.

### **Funding**

Funding for the new Discretionary Discount will be shared amongst billing authorities and major preceptors, in proportion to individual precept amounts. The initial proposal is that the total Discretionary fund will be 1% of the total council tax benefit paid during 2011/12 by each billing authority. The proposed contributions are tabulated below for each billing authority and preceptor.

Justification of proposal:

The nearest equivalent fund existing at present is that for Discretionary Housing Payments. DWP provide 0.5% subsidy to each local authority based on the total benefit paid out in the preceding year. Local authorities are expected to spend the whole of this amount; further, authorities also have the ability to make additional payments and may make payments totalling up to a maximum of 2.5 times the subsidy awarded (ie. equivalent to 1.25% of the benefit paid out). On this basis a total contribution of 1% of the council tax benefit paid appears reasonable

### **Review and monitoring of payments**

At the time of drafting this proposal it is not clear which resident groups are likely to seek assistance in respect of council tax payments. The funding proposals should therefore be considered alongside the proposed arrangements for the ongoing review and monitoring processes that will be put in place with the Fund.

In general, payments will be monitored monthly in the first year of the Local Council Tax Scheme. More detailed monitoring arrangements will be proposed when council tax system software to manage payments is available.

### **Funding allocations**

<b>Total council tax benefits payments 2011/12</b>	
Total council tax benefit paid out in 2012	1% of the total council tax benefit paid out = PROPOSED DISCRETIONARY FUND

Rutland	£1,871,717	Rutland	£18,720
Blaby	£4,630,678	Blaby	£46,310
Charnwood	£9,297,088	Charnwood	£92,970
Harborough	£3,519,268	Harborough	£35,190
Hinckley and Bosworth	£5,831,863	Hinckley and Bosworth	£58,320
Melton	£2,544,301	Melton	£25,440
NW Leicestershire	£5,895,084	NW Leicestershire	£58,950
Oadby and Wigston	£3,095,715	Oadby and Wigston	£30,960

Source: Cell 144 of Housing Benefit and Council Tax Benefit subsidy 2011/12 as completed by each Billing Authority

Contributions to the fund will be shared between local authorities and preceptors in shares proportional to their precept, as set out below:

<b>Rutland</b>	
1% of 2011/2012 Council Tax Benefit payable	£18,720
RCC share of precept 86.60%	£16,211
LCC Share of precept	Not applicable
LPA Share of precept 10.25%	£1,918
CFA Share of precept 3.15%	£589

<b>Blaby</b>	
1% of 2011/2012 Council Tax Benefit payable	£46,310
Blaby share of precept 14.13%	£6,543
LCC Share of precept 70.74%	£32,759
LPA Share of precept 11.57%	£5,358
CFA Share of precept 3.55%	£1,644

<b>Charnwood</b>	
1% of 2011/2012 Council Tax Benefit payable	£92,970
Charnwood share of precept 11.92%	£11,085
LCC Share of precept 72.56%	£67,463
LPA Share of precept 11.87%	£11,035
CFA Share of precept 3.64%	£3,384

**Harborough**

1% of 2011/2012 Council Tax Benefit payable	£35,190
Harborough share of precept 13.62%	£4,792
LCC Share of precept 71.17%	£25,044
LPA Share of precept 11.64%	£4,096
CFA Share of precept 3.57%	£1,256

**Hinckley & Bosworth**

1% of 2011/2012 Council Tax Benefit payable	£58,320
H & Bosworth share of precept 10.55%	£6,151
LCC Share of precept 73.70%	£42,981
LPA Share of precept 12.05%	£7,027
CFA Share of precept 3.70%	£2,157

**Melton**

1% of 2011/2012 Council Tax Benefit payable	£25,440
Melton share of precept 13.55%	£3,447
LCC Share of precept 71.22%	£18,118
LPA Share of precept 11.65%	£2,963
CFA Share of precept 3.58%	£910

**North West Leicestershire**

1% of 2011/2012 Council Tax Benefit payable	£58,950
NWL share of precept 14.57%	£85.89
LCC Share of precept 70.38%	£41,489
LPA Share of precept 11.51%	£6,785
CFA Share of precept 3.53%	£2,080

**Oadby and Wigston**

1% of 2011/2012 Council Tax Benefit payable	£30,960
OWBC share of precept 13.57%	£4,201
LCC Share of precept 71.21%	£22,046
LPA Share of precept 11.65%	£3,606
CFA Share of precept 3.57%	£1,105



## Discretionary Discount Scheme – proposed eligibility criteria

<b>Name:</b>	<b>The Leicestershire and Rutland Council Tax Support Scheme - Discretionary Discount Scheme Proposal and Policy</b>
<b>Date:</b>	<b>3rd September 2012</b>
<b>Author:</b>	<b>Leicestershire and Rutland Welfare Practitioners Group</b>
<b>Release/Version:</b>	<b>Draft V4.0</b>

### Approvals

This document forms part of the Leicestershire and Rutland Council Tax Support Scheme. The following people are points of contact for the scheme and are the point of contact for the approval of the scheme within each authority

<b>Name</b>	<b>Authority</b>	<b>Date</b>
Martyn Bowen	Melton BC	3.9.2012
Leigh Butler	Hinckley & Bosworth BC Harborough DC North West Leicester DC	3.9.2012
Jason Firth	Leicestershire County Council	3.9.2012
Andrea Grinney	Rutland County Council	3.9.2012
Caroline Jackson	Leicester City Council	3.9.2012
Daren Nolan	Oadby & Wigston BC	3.9.2012
Graham Perkins	Blaby DC	3.9.2012
David Platts	Charnwood BC	3.9.2012
James Rossell	Leicestershire County Council	3.9.2012
Leila-Jane Wilson	Programme Manager Localisation of Council Tax Programme	6.9.2012

This document has been distributed to:

<b>Name</b>	<b>Title</b>	<b>Date</b>	<b>Version</b>
LALAT	Chief Accountants group	08-08-12	V2.0
WRPG	Welfare Reform Practitioners Group	15-08-12	V3.0
DCEX	District Chief Executives	06-09-12	V4.0
RCC	Rutland County Council Senior Management Team	06-09-12	V4.0
LCC	Leicester City Council Senior Management Team	06-09-12	V4.0
Preceptors	Leicestershire County Council, Leicestershire Police Authority, Leicestershire Fire and Rescue Service	11-09-12	V4.0

*Revision History*

Version	Date	Summary of Changes
1.0	30.5.2012	First issue.
2.0	28.6.2012	Revised following comments from WPG
3.0	15.8.2012	Revised following comments from LALAT
4.0	3.09.2012	Revised following inclusion of S13A matters

## 1. Background

- 1.1 The Leicestershire, Leicester City, Fire, Police & Rutland authorities have co-operated and shared best practice to develop a shared Council Tax Support Scheme. The group has devised a shared Discretionary Discount Policy/Guide to ensure that the most vulnerable members of the community are protected in line with the requirements of the government's localisation of Benefits, under which from April 2013, Councils must have in place local schemes for the administration of the scheme which will replace the existing Council Tax Benefits Scheme.
- 1.2 This change to local taxation benefits systems is amongst the first of a very wide range of changes to the national welfare benefits framework which begins in earnest from next year.
- 1.3 The government is making a number of changes from April 2013 in relation to Council Tax exemption classes A and C and also ending the current scheme for council tax benefit in favour of a Local Council Tax Discount. The Council therefore intends to set up a discretionary Local Council Tax Discount Scheme to offset the most severe impacts of these reforms on vulnerable persons
- 1.4 The Discretionary Council Tax Support Scheme will operate along the lines of the existing Discretionary Housing Payments policy and will permit officers the discretion to provide reductions in Council Tax under the policy from 0% to 100% of the remaining Council Tax liable amount.
- 1.5 The scheme will be locally funded but will seek a contribution from precepting authorities to offset the full cost of the schemes operation. The scheme will be subject to a budget cap each year set by the Council.

## 2. Legislative Framework

- 2.1 The following legislation and regulations are relevant to this document:
  - i. The Local Government Finance Act 2012
  - ii. The Local Government Act 1992 Section 13A(2)
  - iii. The Leicestershire & Rutland Local Council Tax Support Scheme 2012
  - iv. Child Poverty Act 2010
  - v. Equality Act 2010 (incorporating the Disabled Persons Act 1986)
  - vi. Housing Act 1996
  - vii. Armed Forces Covenant
  - viii. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
  - ix. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 Default Scheme
  - x. Social Security Act 1992

### **3. Objectives**

- 3.1 This policy aims to set up a local Council Tax discount scheme to support local persons experiencing hardship and who are unable to pay their Council Tax. The discount will be known as the Discretionary Council Tax Support Scheme but will operate under the legal framework outlined in Section 13A of the Local Government Finance Act 1992.
- 3.2 The government have prescribed a national pension age scheme that will ensure that pensioners are not worse off under the local council tax support scheme.
- 3.3 The government have not prescribed any vulnerable groups, having regard to local authorities' defined responsibilities, in relation to, and awareness of the most vulnerable groups and individuals in their areas through an Equality Impact Assessment.
- 3.4 The Discretionary Discount Policy will specify those individuals and groups who are eligible to access the fund and explain the claim process.
- 3.5 The Discretionary Discount Policy will be mindful of the directive to incentivise work. In doing so reduce worklessness and dependency on benefits in line with the government's expectation.
- 3.6 It should be noted that where the Council has a discretionary power, it must not fetter its discretion by having a set of rules that are inflexible. Each case must be considered on its own merits, determined within the budget provided and administered under the framework set out in this policy.

### **4. Criteria**

- 4.1 Fundamental to The Discretionary Discount Policy is a clear indication of the groups or individuals that can be considered eligible to claim additional council tax support from the Discretionary Discount Scheme.
- 4.2 The fund has financial limitations and as such awards can only be made based on eligibility and having regard to the level of funding available or remaining within the Discretionary Discount Scheme each financial year.
- 4.3 Before any award will be considered, the taxpayer must require further financial assistance with Council Tax due to the conditions detailed in section 5, Eligibility.
- 4.4 Unless specified, all criteria and conditions that apply to The Leicestershire & Rutland Local Council Tax Support Scheme 2012, will also apply to The Discretionary Discount Policy.

### **5. Equalities**

- 5.1 The Council is committed to equality and fairness. Equality is about ensuring people are treated fairly and given fair chances. It is also about ensuring that people receive fair outcomes in the standard of service they receive from the Council and equality of access to Council Services. This incorporates everyone, regardless of their race, gender, age, religion or belief, sexual orientation, marital or civil partnership status and/or disability in line with the principles set out in the Equalities Act 2010.
- 5.2 A number of groups have been defined as being eligible to submit a claim for Discretionary Discount. The groups are listed in the table below:

#### **Types of vulnerable people**

The applicant or household or a dependent child in receipt of the middle or higher rate of Disability Living Allowance (DLA)
The applicant or household is a disabled adult living in supported living accommodation who have carers and are unable to work due to their health
The applicant or household is in receipt of Employment Support Allowance (ESA) with support component
The applicant or household is a care leaver up to the age of 22 years
The applicant or household is deemed vulnerable through drug or alcohol dependency who are attending a rehabilitation programme
The applicant or household has suffered domestic violence and is being supported by accredited local schemes to move into permanent accommodation, inclusive of forced marriages
The applicant or household is a foster carer and has current foster child placements
The applicant or household has dependent children under the age of 5 and is living on income support
Applicant or households who provide care who are single or a couple, and have no other income (other than income support) where they are in receipt of carers allowance
The applicant or household is a foster carer (child or adult) and is in between foster care placements
The applicant or household has parental care responsibility for non-resident children
The applicant or household is a hostel leaver where they were resident in a hostel engaging with support while resident. Minimum period of hostel residency is 3 months

5.3 There may be a number of vulnerable individuals who do not fall into any of the above categories. In this event awards may be considered due to severe financial hardship, please refer to section 6 below.

## **6. Severe Financial Hardship**

- 6.1 Applications will be accepted on the basis that the applicant or household would suffer severe financial hardship if financial assistance were not given.
- 6.2 Individuals in this group will not be defined but need to be able to demonstrate their circumstances and have exhausted other sources of income that are available to them.
- 6.3 Each case will be considered on its own merits.
- 6.4 Care will be taken to ensure the applicant or household has access to independent financial advice and support.
- 6.5 Examples of applicant or households who may potentially be awarded Discretionary Discount support are:
- i. Recently bereaved and suspension of other benefits have caused a disruption to income
  - ii. Terminally ill and unable to contribute to the household income
  - iii. Recovering from a serious illness and unable to contribute to the household income
  - iv. Recently released from prison and under probation
- 6.6 Applications for Discretionary Council Tax Support (DCTS) should be one of last resort. Applicants will be expected to have explored and secured any lawful entitlement to other benefits, incomes and reductions in preference to claiming DCTS.

Applicants will need to ensure they are able to satisfy the Council that they have taken all reasonable steps to resolve their own situation prior to application.

6.7 Applications will be considered if the above apply and:

- i. There is evidence of financial hardship or personal circumstances that justify an award
- ii. The applicant or household has supplied all evidence requested by the Local Authority in respect of their claim for the Local Council Tax Support Scheme
- iii. The applicant or household must have applied for any appropriate discount or exemption and supplied any evidence requested by the Local Authority in respect of that application
- iv. The applicant or household does not have access to any other financial assets that could be realised to pay the council tax
- v. The applicant or household must not be avoiding outstanding council tax due to wilful refusal or culpable neglect
- vi. The Council's finances must allow for an award to be made

## **7. How to claim**

7.1 A claim should be made in writing or on line using the approved claim form together with supporting evidence as required.

7.2 Claims can also be made by a referral process. Please see Section 10, Referrals from other sectors.

7.3 The applicant must be the person liable to pay the council tax, or be their representative with authority to act on their behalf i.e. Power of Attorney

7.4 Claims can only be made to and accepted by the billing authority who issues the taxpayer their Council Tax Demand Notice.

7.5 If an applicant or household needs advice and support to complete a claim form, the applicant or household will be signposted to an appropriate service that offers support relevant to the needs of the applicant or household.

7.6 The applicant must set out the reasons for applying including explaining any special circumstances or hardship being experienced.

## **8. Information required to support a claim**

8.1 Evidence will be required to substantiate a claim from the Discretionary Discount.

Evidence can include, but is not limited to:

- A household income statement; using a prescribed form
- A household expenditure statement; using a prescribed form
- Supporting evidence may be requested such as utility bills
- Evidence of seeking debt advice, if appropriate

8.2 Evidence may be requested that is relevant to the nature of the Claim i.e. evidence of illness. It should be noted that no costs will be borne by the Authority in circumstances of this nature.

8.3 Failure to provide supporting information and evidence that is requested may lead to a refusal.

- 8.4 Care will be taken by staff to ensure that the applicant or household is treated fairly and respectfully and that only relevant information and evidence is requested.
- 8.5 All information and evidence provided will be treated in confidence and in accordance with the Data Protection Act 1998.
- 8.6 Where the Council requires additional information or evidence it will write to the applicant requesting the information is supplied within one calendar month.
- 8.7 The applicant is required to report any changes in their circumstances or of the circumstances of household members immediately in writing to the Council. A failure to report changes may lead to a loss of DCTS, result in an overpayment which will be recoverable from the Council Tax account and lead to prosecution where appropriate.

## **9. Notice of decision**

- 9.1 The Council will provide a written notice of its decision to the applicant or their representative. The decision notice will set out:
- i) The amount of the award (if any)
  - ii) The period of the award (if any)
  - iii) Provide details of how to appeal or obtain more information about the decision
  - iv) Provide details of how the award (if any) will be made

Provide a summary of the factors considered in reaching the decision.

- 9.2 On the provision of all satisfactory requested information, a decision will be made where practicable within 14 working days.

## **10. Referrals from other sectors**

- 10.1 The billing authority will accept referrals from:

- Leicester City, Leicestershire County Council, Social Services Team
- Leicester, Leicestershire & Rutland Combined Fire Authority
- Leicestershire Policy Authority
- Third sector organisations i.e. Citizens Advice Bureau, welfare rights

- 10.2 The approved referral form should be completed and returned to the relevant billing authority.

- 10.3 The Leicestershire and Rutland billing authorities and the organisations above have a Service Level Agreement (SLA) in place to ensure the agreed process is adhered to.

- 10.4 Referrals will be monitored and reviewed in accordance with the SLA.

## **11. Alternative sources of financial assistance**

- 11.1 Various alternative sources of financial assistance exist with the public, private and voluntary sectors, if support from The Leicestershire and Rutland Council Tax Support Discretionary Discount is not awarded, applicant or households will be signposted to alternative sources of financial assistance.

## 12. Debt Advice

- 12.1 It is recognised that debt and poverty are linked. In most cases the billing authority will expect the applicant or household to seek debt/money management advice as a long term solution to financial problems.
- 12.2 Working age applicant or households are also expected to move into work if they are able to reduce their dependency on support. With this in mind applicant or households should receive more income from work than out of work. Work incentives will be a factor when determining awards from The Leicestershire and Rutland Council Tax Support Discretionary Discount Scheme.
- 12.3 Billing Authorities will signpost applicant or households to debt advice service in their area, evidence of taking and adhering to advice may be requested from the applicant or household when making an application for Leicestershire and Rutland Council Tax Support Discretionary Discount Scheme.

## 13. Backdating

- 13.1 Applications for Discretionary Discount may be backdated up to 1 calendar month from the date the written application is received where continuous good cause exists throughout the period for the delay in making the application

## 14. Determining awards

- 14.1 The Council will consider each application on its own merits. This will ensure that each application is treated in an open and consistent manner, whilst considering individual circumstances.
- 14.2 The Council will be under no duty to assess applications not made in the approved manner.
- 14.3 Where information or evidence requested has not been received within one calendar month, the Council will determine the application on the basis of the evidence and information in its possession. The Council will make an adverse inference in respect of any information or evidence not supplied by the applicant within the one calendar month time limit.
- 14.4 Nothing in this policy shall permit the Council to reduce the Council Tax charge for any day to less than NIL.

*DCTS may only be awarded in respect of Council Tax liability.*

- 14.5 The order of discounts will be maintained in line with the Local Government Finance Act; therefore the maximum amount of DCTS that can be claimed for any day will be net of other discounts and reductions already awarded.
- 14.6 Awards will have a defined start and end date. This information will be provided to the applicant or household when the decision is made.
- 14.7 Awards may be a one off payment, an award for a short period of time or until the applicant or households circumstances change or for a full financial year. This will be detailed when a decision is made.

14.8 Awards will stop immediately if the applicant or household or their representative has misrepresented or failed to disclose a material fact, fraudulent or otherwise. The authority may look to recover any overpayment of award but instances of proven fraudulent activity will seek to recover in all cases.

## 15. Method of Payment

15.1 Awards will be credited directly to the applicant or households/liable persons' council tax account. This will have the effect of reducing the council tax liability.

15.2 Taxpayers may find that the award does not reduce their council tax to zero. If taxpayers have council tax to pay, they should contact the recovery section as early as possible and make arrangements to pay the sum due.

## 16. Appeals

16.1 Applicants may appeal against a decision within one calendar month of the decision notice where:

- i They have not been awarded DCTS for a day; or
- ii Where they feel the award should be increased.

16.2 Appeals must be:

- i Be submitted in writing;
- ii Received at the Council offices within one calendar month of the date of the decision notice;
- iii Signed by the applicant;
- iv Outline the grounds for appeal;

16.3 Applicants will not have the right of appeal:

- i. Where their appeal is received by the Council more than one calendar month after the date of the decision notice;
- ii. Where the Council has already made a determination of appeal in respect of the matter;
- iii. For any day on which they have received 100% discount or exemption;
- iv. For any request to backdate the award for more than one calendar month from the date of application;
- v. Where the Council has no remaining budget provision;
- vi. Where the Council has made an adverse inference decision;
- vii. In any case where the Council was under no duty to make a decision.
- viii. Local Council Tax Support scheme suspensions where there is doubt about entitlement
- ix. Shortfalls caused by the recovery of overpaid Local Council Tax Support

16.4 Any appeal under this scheme will be determined within one calendar month of receipt of the appeal or as soon as reasonably practicable.

16.5 Appeal decisions are final and may not be further challenged except where legislation permits. The Council will write to the applicant once their appeal has been considered and will explain:

- i The amount of the award (if any);
- ii The period of the award (if any);
- iii Provide details of how the award (if any) will be made;
- iv Provide a summary of the factors considered in reaching the decision.



## **17. Recovery of an overpaid discretionary discount award**

17.1 The Council may recover any overpayment of Discretionary Discount that has been paid by removing the discount from the account.

## **18. Fraud**

18.1 The Council may always correct any award made under this scheme where fraud or error has occurred.

18.2 Where a customer has failed to provide information or has knowingly supplied false or misleading information the Council reserves the right to withdraw any award made under this scheme.

18.3 Furthermore, the Council reserves the right to investigate any the alleged offences, to levy penalties in accordance with the law and to prosecute anyone who has committed a criminal offence.

## **19. Data Sharing and Fair processing**

19.1 The Council may use any evidence and information supplied to it in respect of DCTS to check the eligibility of the applicant in respect of this scheme or any other welfare benefit, discounts or exemptions.

19.2 The Council take parts in data matching exercises as part work to assist in the prevention and detection of fraud. Data matching involves comparing sets of our data, such as council tax or benefit records against other records held by the Council or other bodies to see how far they match. Data matching allows potentially fraudulent claims, reductions and payments to be identified. Where a match is found it indicates that there is an inconsistency that requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. The processing of personal information by the Council for data matching exercises is carried out in accordance with the Data Protection Act 1988; specifically under section 29 of that act. This means the Council does not require the consent of the individuals concerned

## **20. Publicity**

20.1 The Leicestershire and Rutland Council Tax Support Discretionary Discount will be publicised across the region.

20.2 The following methods of communication may be used:

- Leaflets and posters
- Information with decision notices for the Local Council Tax Support Scheme where there is a shortfall
- Face to face and verbal when visiting or telephoning the council offices
- Information on billing authority websites
- Information for 3<sup>rd</sup> sector organizations and referrers
- Claim forms available to download or complete online
- Information with council tax reminders notices where the taxpayer is in receipt of Local Council Tax Support

## **21. Administration**

21.1 Applications will be subject to the billing authority's usual quality control procedures

and audit.

21.2 Home visits will be made available to applicant or households who are unable to attend the council offices and have no-one else to assist them.

21.3 Awards will be recorded and reported on monthly basis to Senior Management and to precepting authorities. Statistical information will be made available on the billing authorities website, personal data i.e. individuals names and addresses will be withheld and not published in accordance with The Freedom of Information Act 2000.

21.4 Reports will record the following: for both successful and unsuccessful claims per financial year:

- Name of applicant or household
- Address of applicant or household
- Ward of applicant or household ( if relevant )
- The start/end date of the award
- The amount of the award
- The reason for the award/refusal/eligibility criteria
- Equality data to monitor the effectiveness of the EIA

21.5 Billing authorities may from time to time conduct a survey of all applicants to seek opinions, satisfaction levels and to shape the scheme for future years.

## **22. Policy Review**

22.1 The Leicestershire and Rutland Council Tax Support Discretionary Discount Policy/Guidance will be reviewed annually by 31<sup>st</sup> January each year.

22.2 Any major changes will be subject to consultation in accordance with best practice.

22.3 Leicestershire and Rutland Council Tax Support Discretionary Discount Policy will be published and available to view on billing authorities' websites.

## **23. Budget considerations**

23.1 *The Leicestershire and Rutland Council Tax Support Discretionary Discount Scheme will have a budget set each financial year for each local authority. This will be set in agreement with and with a contribution from major precepting authorities*

23.2 Once available funds have been exhausted from the Discretionary Discount budget, no further awards will be made until a new financial year.

## **24. Legislation**

24.1 Awards under this scheme are made in line with the Local Government Finance Act as outlined below:

- i) Section 13A and 76 Local Government Finance Act 1992 – The award of discretionary discounts.
- ii) Section 4 Local Government Finance Act 1992 - Dwellings may be exempt from Council Tax if they fall within one of the specified classes.
- iii) Section 11 Local Government Finance Act 1992 - The amount of Council Tax payable may be subject to a discount under where there is no resident, or all but one of them fall to be disregarded.

- iv) Section 13 Local Government Finance Act 1992 - The amount may be reduced where it is occupied by disabled person(s).

**PROPOSED TECHNICAL CHANGES IN COUNCIL TAX**

The Council will take advantage of proposed technical changes in council tax and resolve to set discounts and exemptions on empty properties and second homes as follows:

- Class A - Vacant dwellings where major repair works or structural alterations are required, under way or recently completed (up to 12 months)
  - DISCOUNT 50%
- Class C - A vacant dwelling, i.e. empty and substantially unfurnished (up to 6 months)
  - DISCOUNT 100% for the first month
  - DISCOUNT NIL % for subsequent months
- Discount on Second Homes
  - DISCOUNT NIL %

### Funding details for Council Tax Discretionary Fund

<b>Hinckley &amp; Bosworth</b>	
<b>1% of 2011/2012 Council Tax Benefit payable</b>	<b>£58,316</b>
HBBC share of precept 13.62%	£6,151
LCC Share of precept 71.17%	£42,981
Leicestershire Police Authority Share of precept 11.64%	£7,027
Combined Fire Authority Share of precept 3.56%	£2,157

### Administration Costs

As previously identified the introduction of the local scheme is likely to create additional demands on the Council's operations particularly around dealing with customer queries, and debt collection and recovery. Much of the additional activity can be attributed to the features of the local scheme and technical changes to council tax designed to deliver a financially sustainable arrangement. In recognition of the benefit they receive from this approach the major preceptors, Leicestershire County Council, and the Police and Fire Authorities, have agreed to contribute towards the Council's additional administration (staffing) costs which for Hinckley & Bosworth equates to approximately 1.0fte or £xxxx per annum

### Funding details for Additional Staffing Costs

<b>Hinckley &amp; Bosworth Borough Council – Additional Staffing Costs</b>	
<b>Hinckley &amp; Bosworth Borough Council</b>	<b>£2,363</b>
Leicestershire C. C.	£16,509
Leicestershire Police Authority	£2,699
Fire & Rescue Authority	£829
<b>Total</b>	<b>£22,400</b>

## DESIGNING THE NEW LOCAL COUNCIL TAX SUPPORT SCHEME

### Background to the current Council Tax Benefit scheme

The present Council Tax Benefit scheme has been in place since the introduction of Council Tax in 1993. It is a national scheme administered by local authorities but prescribed in extensive detail by the DWP.

Claimants who receive the DWP means-tested benefits (income-based Jobseekers' Allowance, Income Support, income-related Employment & Support Allowance and Pension Credit that includes the Guarantee Credit) are entitled to maximum help with their Council Tax without further means testing; they are "passported" to full benefit (subject to any contribution needed from other people in their household). Others can receive help on the basis of a complex means test, assessed by the Council that provides a level of help proportionate to the claimant's circumstances and income. Council Tax Benefit pays the full liability for Council Tax for the poorest claimants.

Local authorities are, to all intents and purposes, fully funded by the DWP for their council tax benefit expenditure; local authorities therefore do not carry the risk of changing caseloads or changes in the level of deprivation

Local authority administration of council tax benefit is combined with the administration of the very similar Housing Benefit scheme. As local authorities see it, council tax benefit for tenants is administered painlessly on the back of Housing Benefit. The assessment for owner-occupiers stands alone and is a real administrative cost. The DWP pays an administration grant towards the cost of administering housing benefit and council tax benefit.

In 2011/12 Hinckley & Bosworth Borough Council paid around £5.8m in Council Tax Benefit. At any point in the year around a 7,100 of households are receiving housing and council tax benefit. A proportion of these receive full benefit for the whole financial year but many receive less than full benefit or receive benefit for only part of the year so have a reduced bill to pay.

### Designing the New Local Council Tax Support Scheme

#### Design issues and constraints

The key issues and constraints facing local authorities in designing their local council tax support schemes were, and remain:

- At the time of designing, costing and consulting on a local scheme the detailed supporting legislation had yet to be agreed
- The funding to be provided for the new provision will be cut by an envisaged 10%, although full details of this are not yet available
- Council tax collection from those households that receive partial council tax benefit is already more difficult than from those with incomes above the benefit threshold; the changes will mean that council tax collection will be even more challenging
- The Government will not allow local authorities complete freedom in the design of their schemes and have stipulated that the elderly (pensioners) are to be protected;

around 56% of Hinckley & Bosworth Borough Council caseload are classed as elderly

- The risk of increases in caseloads is transferred to local authorities; unlike now, funding will be determined in advance, not based on actual spend.
- As the Government is also abolishing Housing Benefit, subsuming it gradually into Universal Credit from October 2013, and into Pension Credit from October 2014, local authorities will not be able to administer their new schemes as efficiently as at present.
- The new scheme will need to be up and running, with existing cases assessed by early March 2013 so that claimants receive rebated bills where appropriate; the timescale for designing, consulting on and implementing a new scheme is therefore extremely challenging.
- If the Council doesn't introduce a local scheme by the due date then a default scheme developed by the DCLG will apply; as this will mirror the current DWP scheme in all material effects, it will lead to costs similar to those currently incurred and lead to a budget shortfall for the Council and the major preceptors - Leicestershire County Council and the Police and Fire Authorities
- The scheme is being introduced in advance of the introduction of Universal Credit which will provide potentially reduced income for many of those also receiving Council Tax.
- The risk of increased demand resulting from higher take up, increased numbers needing assistance or existing claimants' incomes reducing are transferred from central government to local authorities
- The amount paid for people of pension age cannot be reduced so the funding cuts will have a substantial impact on working age claimants - as a result of protecting pensioner claimants the percentage cut is therefore higher for working age claimants

The cost of designing and implementing a local scheme to replace the existing Council Tax Benefit scheme is unknown but significant. Although the Government has agreed to provide funding to meet the cost of the changes there is no indication of the final level of DCLG funding to be provided.

## HBBC Full Equality Impact Assessment Form

### Localisation of Council Tax Benefit Consultation – Equality Impact Assessment

#### **A. Outline: What is the purpose of this policy? (specify aims and objectives)**

Localisation of Council Tax Benefit is part of a programme of national policy change to the welfare system aimed at addressing the rising cost of welfare.

From 1<sup>st</sup> April 2013, all Councils will be required to establish a local scheme for Council Tax Support (CTLS) to replace the nationally designed Council Tax Benefit Scheme. These changes will reduce the level of funding received by Councils to deliver the scheme (by approximately 10%) and allow the Council to decide who to financially support, outside prescribed elements which includes protecting support received by pensioners. The scheme itself must be approved and in place by 31<sup>st</sup> January 2013. The Local Government Finance Bill imposes a duty on billing authorities (Hinckley & Bosworth BC) to consult with major precepting authorities and such other persons as it considers having an interest in the scheme. Major precepting authorities in Leicestershire are Leicestershire County Council, Leicestershire Police Authority and Leicestershire Fire Authority.

This policy is intended to replace the current Council Tax Benefit Scheme. This must be in place by 1<sup>st</sup> April 2013 as Council Tax Benefit will be abolished from this date. It must be stressed that the Government is attempting the most significant changes to welfare that have been seen for at least 30 years.

The current system 'Council Tax Benefit' is a national means tested scheme. Claimants may get Council Tax Benefit if they are liable for council tax and their income and capital (savings and investments) are below a certain level. The benefit is income-related (means tested) and anyone who is liable for council tax can apply, irrespective of whether they are working, unemployed, living in rented accommodation or own their own home. Decision making is devolved to Billing Authorities with funding paid by the Department for Works and Pensions from their annually managed expenditure. In essence this means that the Council is re-imbursed for 100% of its spend.

In future funding for a localised scheme will be paid by the Department for Communities and Local Government (DCLG) from the Department Expenditure Limit budget. This means each Council will receive a fixed grant regardless of its spend.

Whilst the Government expect to reduce their expenditure by 10% (estimated £583,000 for Hinckley & Bosworth), they also require that Councils do not pass any of such savings required to those of Pension Age. That decision means that the burden falls disproportionately upon those of Working Age,

In accordance with DCLG proposals, a replacement scheme must be adopted by 31<sup>st</sup> January 2013 to commence from 1<sup>st</sup> April 2013. Councils who are not able to comply will be obliged to adopt the default scheme. In practice, the default scheme mirrors the existing Council Tax Benefit but with a 10% cut in funding to be met from other sources.

The Government has stated that it will protect low income pensioners as they have a fixed income and can't be expected to work to increase their income in the same way that a working age person can. Of the caseload for Hinckley & Bosworth BC; approximately 56% are pensioners and 44% are working age; therefore the impact on working age claimants will be disproportionate. They will bear the burden of the savings applied to the scheme.

The Government has also instructed that vulnerable groups should be protected in the same way as pensioners. The Government has not defined, and does not intend to define, any particular groups. It is therefore up to each local authority, having regard to local needs and knowledge of their population, to identify the most vulnerable in their communities.



The Local Council Tax Support Scheme will deliver the replacement for Council Tax Benefit.

The Leicestershire and Rutland Council Tax Support Scheme - Discretionary Discount Scheme will provide additional support for vulnerable groups.

As part of the Council Tax Local Scheme Council Tax empty property exemptions will be reviewed as these will be deemed as discounts from 1<sup>st</sup> April 2013.

Class A (property requiring structural repairs) discount will be awarded for up to 12 months at a discount of 50% for the period granted.

Class C (empty and unfurnished properties) discount period will be one month only with the discount set at 100%. Thereafter for properties empty for more than one month 'Full' Council Tax will be payable.

Second Home discount (10%) will be removed and therefore 'Full' Council Tax will be payable from 1<sup>st</sup> April 2013.

#### **B. What specific groups is the policy designed to affect/impact?**

The main activity is to provide council tax support via a discount to those of working age on a low income. The discount will automatically be applied to the council tax demand notice and will reduce the amount to be paid. The support will be means tested in the same way as the present 'Council Tax Benefit' scheme.

Those on low incomes will benefit from the scheme in a similar way to the existing Council Tax Benefit; however it is likely that the majority of working age claimants will have to pay some council tax, or more than they do now.

This is because working age claimants will have to pay the funding shortfall of 10%, which in real terms equates to nearer 20%-25% due to the protection of pensioners and vulnerable groups

Working age claimants will be able to claim CTLS however it is possible they will receive less help towards their council tax than if they claimed council tax benefit.

#### **C. Which groups have been consulted as part of the creation or review of the policy?**

A full public consultation will take place for a period of eight weeks, responses will shape the scheme. Equality questions will form part of the questionnaire to enable analysis to take place.

Formal consultation will also be undertaken with precepting authorities, parish preceptors and various 3<sup>rd</sup> sector agencies that work closely with the Council. E.g. Citizen's Advice Bureau, Voluntary and Advocacy groups and community forums in Hinckley & Bosworth.

The consultation will be jointly run with other Leicestershire authorities, this will enable us to identify any midland wide, broader issues and also report on local Hinckley & Bosworth considerations.

The consultation will be open for a period of 8 weeks and be available to view; [www.hinckley-bosworth.gov.uk](http://www.hinckley-bosworth.gov.uk) Letters will be sent to both working age and pensioner council tax benefit claimants to raise awareness of the consultation.

Paper copies will be distributed at road show events being held during the period.

Customer Services staff at Hinckley & Bosworth will also encourage customers to complete the consultation, and be available to guide those who require assistance through the online questionnaire

form.

Copies of the consultation will also be made available upon request in alternative formats.

The consultation documentation incorporates Plain English standards, although, we are legally obliged to provide some technical information that is not easily adapted to Plain English standards.

Meetings are being held with 3<sup>rd</sup> sector organisations to discuss the options of the scheme and enable them to voice an opinion.

## Step 2 - What we already know and where there are gaps

**A. List any existing information/data do you have/monitor about different diverse groups in relation to this policy? Such as in relation to ethnicity, religion, sexual orientation, disability, age, gender, transgender etc.**

**Data/information such as:**

- **Consultation**
- **Previous Equality Impact Assessments**
- **Demographic information**
- **Anecdotal and other evidence**

This is a completely new area of work, and new responsibility. Billing Authorities have always delivered Council Tax support through the national Council Tax Benefit Scheme.

A third party provider has been engaged and is currently undertaking an exercise to forecast various options for the policy. The impact upon various groups will be considered when the data is available.

The results of the forecast will be used to create the new scheme and to model various scenarios for a particular set of circumstances. Scenarios will be presented as supplementary material as part of the online consultation package.

The current council tax benefit data is available to us for modeling and forecasting purposes. Equality and Diversity data is collated and will be used for comparison purposes.

Examples have been provided to the Senior Management Team and Members. This will continue as the scheme is developed.

The current data held in the council tax benefit data base is comprehensive and will help to shape the scheme via modeling, along with the additional data provided by the third party provider engaged..

It is likely that we will need to work closely with council departments to understand how many people we have in the various identified vulnerable groups, as the Discretionary Fund must be affordable. For example; the number of potential claimants who are care leavers up to the age of 22 per year; the number of foster carer households in Hinckley & Bosworth etc.

Consultation exercise results is available to view on the Council's website total number of responses received was 187 from current Council Tax Benefit claimants

This consultation was undertaken by all Districts and Borough Councils at the same time.

The responses from the consultation supported that everyone should pay more than 10%, 57% said yes to this.

The response concerning other adults living in the household 73% respondents said yes that they should contribute to the household.
<b>B. What does this information / data tell you about diverse group? If you do not hold or have access to any data/information on diverse groups, what do you need to begin collating / monitoring? (please list)</b>
<ul style="list-style-type: none"> <li>- Population density comparable with UK average</li> <li>- Borough is predominantly rural</li> <li>- Ranked 252 out of 354 in the 2010 deprivation index LA ranking..</li> <li>- 5.5% of population receiving benefit income, which is higher than the national average</li> </ul>

**Step 3 – Do we need to seek the views of others? If so, who?**

<b>A. In light of the answers you have given in step 2, do you need to consult with specific groups to identify needs / issues? If not please explain why.</b>
<p><b><u>Consultation</u></b></p> <p>Welfare, social sector landlords and voluntary groups have been consulted on the proposed scheme and have been invited to respond. This has included a number of road shows on this within the locality as well as across the County.</p> <p>Letters have been issued to current Council Tax Benefit claimants to participate in the consultation process</p> <p>Citizen Advice Bureau assisted in delivering road show events across the County</p> <p><b>Awareness</b></p> <p>Taxpayers may also need to seek debt advice prior to April 2013 if they are already struggling to pay their bills or ensure that they are currently claiming all of the benefits that they are entitled to under the current scheme.</p> <p>A series of debt advice road shows aimed at 3<sup>rd</sup> sector organisations are being held in conjunction with the Leicestershire County Council Housing Partnership. These road shows will not only provide awareness of the council tax changes in April 2013, but bring together practitioners from other areas of welfare reform changes.</p> <p><b>Information, Advice and Guidance</b></p> <p>Taxpayers may need tools to help them understand the impact of changes to their household. Once the scheme has been agreed, scenarios will be revised and published, the council may produce a ‘council tax scheme calculator’ to help taxpayers work out the cost of changes.</p> <p>Information will be delivered to each household with annual council tax bills to explain changes.</p> <p>Discretionary fund and other sources of help for those impacted negatively will also be communicated to 3<sup>rd</sup> party organisations, groups and vulnerable people.</p>

**Step 4 – Assessing the impacts**

	<b>In light of any data/consultation/information and your own knowledge and awareness, please identify whether the policy has a positive or negative on the groups specified and provide an explanation for your decision. (please refer to the general duties on the front page)</b>
<b>Age</b>	Working age claimants on a low income

<b>Disability (physical, visual, hearing, learning disabilities, mental health)</b>	Working age claimants on a low income
<b>Sex</b>	Working age claimants on a low income
<b>Religious Belief</b>	Working age claimants on a low income
<b>Racial Group</b>	Working age claimants on a low income
<b>Sexual Orientation</b>	Working age claimants on a low income
<b>Transgender</b>	Working age claimants on a low income
<b>Other protected groups (pregnancy &amp; maternity, marriage &amp; civil partnership)</b>	Working age claimants on a low income
<b>Other socially excluded groups (low literacy, priority neighbourhoods, socio-economic, etc)</b>	None specific to other groups, however there may be feelings of social injustice for those affected in their communities, this may create tension within small hamlets and villages.
<b>All</b>	Working age claimants on a low income

## Step 5 – Action Plan

Please include any identified concerns/actions/issues in this action plan:			
Question Number (Ref)	Action	Responsible Officer	Target Date
1	Advice from Leicestershire Valuing People Team to run specific event targeted at people with learning difficulties Arrange for documentation to be available in Easy Read format	Sharon Stacey	30 <sup>th</sup> August 2012
2	How many people are likely to be affected? To be advised after modeling of a) vulnerable groups and b) the scheme.	Storme Coop Leigh Butler (The Leicestershire Partnership)	31 <sup>st</sup> October 2012
3	Help tax payers work out cost of changes 'Council Tax calculator'	Leila Wilson Programme manager	30 <sup>th</sup> November 2012
4	Notify working age customers of Council decision	Sanjiv Kholi Storme Coop Leigh Butler	31 <sup>st</sup> January 2013

## Step 6 – Who needs to know about the outcomes of this assessment and how will they be informed

	Who needs to know (Please tick)	How they will be informed (we have a legal duty to publish EIA's)
<b>Employees</b>	Council Staff – in particular those within Revenues and Benefits, Customer Services, Housing and other front facing service areas	Staff briefings, email, intranet/internet.
<b>Service users</b>	Council Tax Benefit claimants	The council's 'Borough Bulletin', press releases in local papers, on the council's website, posters, leaflets, discussion at forum meetings.
<b>Partners and stakeholders</b>	CAB, Money Advice, 3 <sup>rd</sup> sector voluntary groups, Housing Associations, Housing departments	Liaison meetings, email updates, briefings/awareness sessions.
<b>Others</b>		
<b>To ensure ease of access, what other communication needs/concerns are there?</b>		We need to be able to communicate with all sectors of the community. Therefore we may need to provide information in other

		languages, Braille, large print etc. We may also need to arrange appointments with customers or their representatives to directly explain changes in a manner which meets their particular needs.
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