

**Committee: Cabinet**

**Agenda Item**

**Date: 20 November 2012**

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**Title: Local Council Tax Support -  
final scheme proposals**

**Portfolio Holder: Councillor Robert Chambers**

**Key decision: No**

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## **Summary**

1. This report asks Cabinet to determine its recommendations to Full Council for the adoption of an Uttlesford Scheme of Local Council Tax Support (LCTS). LCTS replaces Council Tax Benefit from 1 April 2013, with reduced Government funding. Failure to adopt local schemes would result in the Government imposing a default scheme.
2. The Council has been working with its partners across Essex to develop a common set of principles. The most significant of these is the pan-Essex agreement that schemes will be “cost neutral”: this means that the major preceptors, Essex County Council, Essex Police and Essex Fire, should not be financially disadvantaged.
3. The Cabinet developed its draft proposals at its meetings on 21 June and 2 August. In summary, the draft proposals would ensure that pensioners and vulnerable working age households would be protected against adverse changes. Non-vulnerable working age households would be required to pay more Council Tax from April 2013 – an average of around £6 per week. Increased allowances for earned income would be given, to provide an explicit work incentive. Changes to the treatment of other income and savings would be made. UDC would be required to subsidise the scheme to ensure that the scheme was cost neutral for County, Police and Fire.
4. The proposals have undergone a consultation process. The consultation responses include a strong body of opinion that feels the Government policy in this area is unfair, and many respondents are opposed to the principle of cutting financial support for low income households. Responses from people directly affected indicate that hardship would be suffered and quite understandably such people oppose the proposals.
5. On 18 October, without any prior indication that such a thing was being considered, DCLG announced a Transitional Grant fund of £100 million. A voluntary scheme, Councils who decide to adopt LCTS schemes which ensure that people currently on full Council Tax Benefit will only pay a maximum of 8.5% of their Council Tax bill under LCTS, are eligible to receive grant. The Secretary of State characterised the transition scheme as councils ‘doing the right thing.’ The transition funding is one-off, for 2013/14 only.

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6. After careful consideration of the consultation responses, and the late development of the Transition Grant scheme, the Administration and Officers feel that there is sufficient justification to conclude that the Council's draft LCTS proposals should be amended in line with the Transition proposals.
7. As a result, the Cabinet is asked to support an Uttlesford LCTS scheme that ensures people currently on full Council Tax Benefit will only have to pay up to 8.5% of their Council Tax Bill next year. On average this is around £1.50 per week as compared with £6 per week under the draft proposals.
8. The other key parts of the draft proposals are not being amended e.g. protection for pensioners and vulnerable (disabled) people will be a feature, and the work incentive remains. In order to hit the 8.5% limit, some of the more detailed proposals are amended e.g. savings limits and treatment of child benefit and child maintenance income.
9. If adopted by the Council, the LCTS proposals would entitle the Council to claim an additional £96,000 of Government funding. To ensure cost neutrality for County, Police and Fire, the Council would need to provide a one-off subsidy of £212,000, funded from the LGRR contingency reserve.
10. During 2013/14, the scheme will be reviewed with a view to ensuring ongoing financial sustainability from 2014/15. It is envisaged that adjustments to council tax discounts for second homes and empty homes would result in additional council tax income being collectible that could be used to offset LCTS costs. Depending on the availability of further DCLG funding, the Council may need to consider amending the 8.5% limit for 2014/15.
11. This approach ensures that the additional financial burden falling upon low-income working age households is phased in over at least a two year period; additional Government funding is drawn down and the Council can be said to be 'doing the right thing'.

## Recommendations

12. The Cabinet is requested to recommend that Full Council approves the following at its meeting on 11 December:
  - a) The Equalities Impact Assessment at Appendix F
  - b) The UDC LCTS Scheme as set out in paragraph 43, pursuant to Section 13A(2) of the Local Government Finance Act 1992 (as amended)
  - c) Confirmation that council tax discounts for Empty Homes and Second Homes will be unchanged for 2013/14, with a view to reviewing the discounts for 2014/15
  - d) UDC General Fund base budget funding for additional Recovery team resource of up to £40,000 (less any external contributions received)

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- e) UDC General Fund base budget funding for exceptional hardship relief of up to £10,000 (less any external contributions received)
- f) Authority for the Assistant Chief Executive – Finance to submit a claim to DCLG for Transition Grant funding.

13. The Cabinet is recommended to approve alterations to the Executive Scheme of Delegation as summarised in paragraph 68.

## Financial Implications

14. The following table shows the estimated costs and funding arising from the LCTS proposals, and the distribution of costs between UDC, County Police and Fire. It shows that in 2013/14 the total costs under the revised proposals are £21,000 higher than under the draft proposals. This is felt to be justifiable given that under the revised proposals, the impact on low income working age households will be much less severe.

	Note	2012/13	2013/14 Draft proposals	2013/14 Revised proposals	2014/15 onwards Indicative
Council Tax Benefit	(a)	3.971	-	-	-
Council Tax Benefit subsidy	(a)	-3.971	-	-	-
LCTS discounts	(b)	-	3.560	3.862	Tbc
Provisional Government funding	(c)	-	-3.554	-3.554	Tbc
DCLG transition grant	(d)	-	-	-0.096	Tbc
Additional income from reducing empty/2 <sup>nd</sup> home discounts	(e)	-	-	-	Tbc
<b>Net direct cost of scheme</b>	<b>(f)</b>	<b>0.000</b>	<b>0.006</b>	<b>0.212</b>	<b>0.000</b>
Recovery Team resource	(g)	-	0.040	0.040	0.040
Exceptional hardship support	(h)	-	0.025	0.010	0.020
Estimated collection losses	(i)		0.206	0.036	0.075
<b>TOTAL COSTS</b>		<b>0.000</b>	<b>0.277</b>	<b>0.298</b>	<b>0.135</b>
ECC share of collection losses	(j)	-	0.149	0.026	0.054
Police share of collection losses	(j)	-	0.019	0.003	0.007
Fire share of collection losses	(j)	-	0.009	0.002	0.003
<b>UDC share of total costs</b>	<b>(k)</b>	<b>0.000</b>	<b>0.100</b>	<b>0.267</b>	<b>0.071</b>
Funded by:					
Use of LGRR reserve	(k)	-	0.006	0.212	-
UDC General Fund budget	(k)	-	0.094	0.055	0.071

**Notes**

- (a) Some residual CTB costs and CTB subsidy adjustments may arise in 2013/14 and subsequent years e.g. if retrospective adjustments are required to CTB awards given in previous years, or if adjustments arise from the external audit process.
- (b) Estimated cost of granting LCTS discounts based on UDC proposals, as amended. This is based on CTB caseload as at 8 October 2012. No allowance has been built in the estimates for Council Tax increases or caseload increases. Current trends indicate a slight caseload reduction; Council Tax increases, if any, could increase costs by up to 1%-2%.
- (c) Based on Government announcements of provisional funding in the Summer, and apportionments for Uttlesford district produced by Essex County Council. The actual figure is expected in mid-December when the Local Government Finance Settlement is published. It represents an approximate 10% cut from CTB funding levels. LCTS funding will be cash limited i.e. Councils bear the financial risk of LCTS costs increasing.
- (d) The Transition Grant is a confirmed figure that the Council will receive if its LCTS scheme meets the Government criteria.
- (e) It is intended that second homes and empty homes discounts will be reviewed during 2013/14, with a view to making changes from 2014/15. Current gross annual cost of the discounts is around £0.8 million. Additional Council Tax income could be generated by reducing the discounts, and this could be used to fund the LCTS scheme. The intention is that from 2014/15, the net direct cost of the LCTS scheme shall be zero, achieved by a combination of reduced discounts, LCTS scheme amendments and Government funding.
- (f) The net direct cost needs to be funded by UDC to ensure that the pan-Essex cost neutral agreement is met. The 2013/14 figure is a one-off cost to be funded from the UDC LGRR Contingency reserve. This figure may vary slightly if caseload levels change. The net cost would increase if major preceptors increase their Council Tax level, but any LCTS cost directly attributable to such increases would not be funded by UDC.
- (g) LCTS will mean that many low income households will be required to pay more Council Tax, in some cases, paying something for the first time. In order to minimise collection losses, proactive engagement with these households will need to take place, and resource intensive recovery work. The figure of £40,000 is for one full time officer plus associated overheads. This is a cost for the UDC General Fund, however funding contributions have been requested from County, Police and Fire. If granted, this would mean that the cost falling upon UDC would be lower. A meeting at ECC is scheduled for 27 November to consider this item.

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- (h) It is inevitable that in a small number of cases, exceptional circumstances will arise that will require discretionary additional financial support. This is similar to existing schemes relating to Housing Benefit. This is discussed in more detail in the body of the report below. Again, funding contributions have been requested from County, Police and Fire.
- (i) Even with investment in recovery team resource, it is inevitable that some of the Council Tax we attempt to collect from low income households will prove not to be collectible and will be written off. The amount is much lower under the revised LCTS proposals because the amounts to be collected are much smaller, and shall be easier for people to pay, and for the Council enforce through the Courts if necessary.
- (j) Collection losses will affect all major preceptors in proportion to their share of the Council Tax bill: 72.2% for County, 14.3% for UDC, 9.1% for Police and 4.4% for Fire. Parishes are unaffected.
- (k) The total cost falling upon UDC; the one-off subsidy of the direct scheme cost to be met from the LGRR Contingency Reserve, and the balance from the General Fund budget.

**15. Implementation costs:** the Council's software supplier will charge £62,500 to develop the necessary LCTS module. Since March 2012 the Council has employed a project officer until June 2013, at the cost of £48,000 per annum, total cost £64,000, giving total direct implementation costs of £126,500. The Government has provided one off funding of £84,000 and indicated that more funding may be given, but nothing further has been advised. Any net costs arising will be funded from the LGRR Contingency Reserve.

## Background Papers

16. A detailed technical document setting out the LCTS scheme in a form compliant with statutory regulations will be available on the Council's website by the 11 December Council meeting and will be available to Members upon request.

## Impact

Communication/Consultation	Detailed in the report
Community Safety	No specific issues.
Equalities	Equalities Impact Assessment attached to this report.
Health and Safety	No specific issues.
Human Rights/Legal Implications	It is a legal requirement to adopt an LCTS scheme, or a default scheme will be imposed.
Sustainability	The scheme will be reviewed in 2013/14 to endure ongoing sustainability from 2014/15.
Ward-specific impacts	No specific issues.
Workforce/Workplace	The scheme will require additional resources in the Recovery Team.

### **Local Council Tax Support - overview**

17. Since 1993 Council Tax Benefit (CTB) has been a means-tested benefit, administered by billing authorities such as district councils, to help households on low incomes pay their Council Tax bill.
18. CTB is administered in strict accordance with national statutory regulations, that determine eligibility and levels of support. The Government reimburses billing authorities for the expenditure incurred, subject to an external audit process.
19. The Government has enacted legislation that abolishes CTB with effect from April 2013. Instead, billing authorities are required to design their own schemes of Local Council Tax Support (LCTS). The Government will allocate a cash-limited sum to each authority, of approximately 90% of current CTB funding levels. The 10% funding cut needs to be absorbed by councils, or most commonly, recovered by reducing the amount of support low income households receive.
20. Government has prescribed that pensioner CTB claimants should be protected from reductions in support. The reductions therefore fall upon working age claimants.
21. This is part of the Government's strategy to reduce the cost of welfare and benefits, and to provide additional incentives to people of working age to get off welfare and into work. The LCTS framework also gives councils direct financial incentives to improve their local economies, to minimise the number of people claiming LCTS. The cash limited LCTS funding passes risk onto Council but also opportunities should claimant levels reduce.
22. LCTS has been the subject of three previous Cabinet reports, on 10 May, 21 June and 2 August, through which has evolved the development of draft proposals for an Uttlesford LCTS scheme. This has been drawn up in conjunction with other Essex billing authorities, to share best practice and ensure commonality where appropriate, and in consultation with the major precepting authorities of Essex County Council, Essex Police and Essex Fire, as LCTS schemes will have a direct effect on their own budgets.
23. The UDC LCTS Scheme has been drawn up pursuant to Section 13A(2) of the Local Government Finance Act 1992 (as amended).

## **UDC Draft Proposals**

24. The following are the draft proposals agreed by the Cabinet on 2 August and were consulted upon:

- Pensioner claimants to be protected from the changes
- Vulnerable working age claimants to be protected, defined as:
  - Claimant, partner or dependent receives DWP Disability Living Allowance and/or Personal Independence Payments
  - Claimant or partner receiving Carers Allowance
  - Claimant or Partners is Registered Blind
- Non-vulnerable working age CTB claimants will see a reduction in the amount of support given. Support to be restricted to a maximum 80% of the Council Tax liability
- To reduce the capital cut off limit from £16,000 to £6,000
- Minimum award of £5 per week; awards currently worth less than £5 per week to be cancelled
- To disregard up to £25 per week of wages earned from the income assessment
- Child Benefit no longer to be disregarded from the income assessment
- Inclusion of income from Child Maintenance in the subject to a £15 weekly disregard per family
- Second Adult Rebate scheme will not be treated as a class of eligible claimants
- Reduce the period of backdating from 6 months to 3 months
- Minor changes to treatment of changes in circumstances
- A small sum to be made available to cover exceptional hardship cases.

## **Consultation process and responses**

25. The following consultation was carried out:

- An on line survey was published on the Council's website
- Letters was issued to all existing Council Tax Benefit claimants, making clear whether or not they fell within the protected groups, or would be adversely affected, and inviting people to complete the survey
- The survey was issued to the UDC e-citizens panel
- Letters were issued to the major precepting authorities as statutory consultees (Essex County Council, Essex Police and Essex Fire)
- Emails were sent to other major stakeholders i.e. key voluntary bodies and major landlords.
- An email was sent to all town/parish councils

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- An email was sent to all Members.

### 26. Statutory Consultee Responses

Essex County Council: raised no objections and welcomed the commitment to provide subsidy from the district council budget to ensure cost neutrality for other major preceptors. Requested additional information and analysis for certain aspects, this has been provided.

Essex Police: did not respond to the consultation, despite a few reminders.

Essex Fire: their response, in full: “I have no comments on the Uttlesford scheme.”

### 27. UDC Members

The Liberal Democrat Group has submitted a response which is set out in full in Appendix A. It consists of alternative proposals which are designed to reduce and phase in the impact on affected households. It also proposes that child benefit should continue to be disregarded, and that the capital limit should not be reduced to £6,000, with alternatives suggested.

It is felt that the amended proposals set out in this report are broadly consistent with the intentions of the Group's suggestions, although the method by which this is achieved is different.

No other consultation responses from Members were received.

### 28. Major stakeholders and parish councils

The Royal British Legion wrote to the Council to request that when calculating entitlement to council tax support, income from War Disablement Pensions, War Widows Pensions and Armed Forces Compensation Scheme payments are disregarded. This is a feature of the current CTB system and there are no proposals to change this under the UDC LCTS scheme.

No separate responses received however it can be gleaned that a representative of the Citizens Advice Bureau completed the online survey.

### 29. Survey responses from the public

Altogether 107 surveys were completed and 40 citizens panel members responded to the consultation.

A summary of the responses is included in Appendix A.



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The unexpurgated narrative responses provided are attached to the report. These are unedited except for redaction of contact details which could be used to identify the respondent.

### 30. Conclusions to be drawn from the responses

- The major preceptors shall be content with the UDC scheme so long as that the impact on their budgets is neutral. They accept that the manner by which this is achieved is a matter for the district council to determine.
- Survey responses show that there is deep concern over the fairness of the Government's policy to cut benefits for local people. Subject to this overarching reservation, there is a balanced response to the Council's detailed proposals on how to implement the Government policy.
- The responses cannot be considered to give a clear mandate for proceeding with the original proposals.
- Some local people are content for the Council to use its own budget to subsidise the scheme.

## DCLG Transition Grant scheme

31. On 18 October, a few days following adverse media coverage, DCLG announced it was making a one-off fund of £100 million available. The fund is for paying Transition Grants to those councils who choose to adopt LCTS schemes that fit the new DCLG criteria.
32. There was no prior indication that such a fund was being contemplated, and most councils including UDC had already undergone consultation on their draft proposals.
33. The objective of the Transition Grant is to encourage councils to phase in the adverse impact on working age households arising from the new LCTS arrangements.
34. The key criterion for claiming Transition Grant is that those people currently in receipt of full Council Tax Benefit (i.e. they pay no Council Tax) would not have to pay more than 8.5% of their Council Tax bill. This compares with the Council's draft proposals which were based around capping support at 80% of the bill i.e. people would be paying 20%. There are a few other conditions concerning tapering arrangements and retaining work incentives, which the Council's draft proposals were already consistent with.
35. The Government has published the amounts that would be paid to each authority if they were eligible and claimed it, for Uttlesford the amount is £96,000.

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36. Officers examined the feasibility of the amending the draft UDC LCTS scheme in line with the Transition Grant criteria; the key change being capping support at 91.5% instead of 80%. The analysis is summarised in the Financial Implications section of this report, and shows that the estimated net direct cost of the scheme would increase from £6,000 to £212,000, but after taking indirect costs and collection losses into account, the overall cost would increase from £277,000 to £298,000, an increase of £21,000. This is chiefly because as a result of granting more LCTS discounts, the residual amount of Council Tax to collect is much lower, so the possible losses are lower. It is also the case that by granting a higher discount, the residual amount to pay is smaller and therefore easier, but it is also easier for the Council to enforce smaller amounts through the Court recovery process e.g. through attachment to benefits orders.
37. The consultation responses give weight to an argument that a way should be found to alleviate the impact on the affected households, and at least to phase in the impact rather than have a big hit straight away.
38. It is therefore felt that there are strong moral and financial arguments to amend the UDC LCTS scheme proposals in line with the Transition Grant criteria.
39. The views of the major preceptors have been sought on the intention to amend the scheme in line with the transition criteria. County and Fire have raised no objections, because of the intention for UDC to provide subsidy to the scheme and therefore avert adverse impact on the major preceptors' budgets. Police have not responded.
40. Major stakeholders have also been invited to comment. Any responses received before the Cabinet meeting date will be advised at the meeting.
41. At time of writing, no other councils in Essex were intending to adopt an LCTS scheme in line with the Transition Grant criteria, although it is believed that one or two may be considering this. There are many district councils not in Essex who are producing compliant schemes and will be claiming Transition Grant.
42. The Transition Grant is for one year only i.e. 2013/14. There will be a need to ensure continued financial sustainability of the UDC LCTS scheme from 2014/15 onwards. A review will need to take place during 2013/14, including consultation, to make the adjustments necessary to achieve sustainability. This is likely to include a combination of making use of whatever Government funding is available, generating additional Council Tax income by amending empty/2<sup>nd</sup> homes discounts, and amending the 8.5% limit to something closer to the original proposal of 20%.

## Revised Proposals

43. The following are the revised proposals which the Cabinet is asked to approve, for recommendation to Full Council. Bold text denotes a variation from the draft proposals:

- Pensioner claimants to be protected from the changes
- Vulnerable working age claimants to be protected, defined as:
  - Claimant, partner or dependent receives DWP Disability Living Allowance and/or Personal Independence Payments
  - Claimant or partner receiving Carers Allowance
  - Claimant or Partners is Registered Blind(please see additional description at Appendix C)
- Non-vulnerable working age CTB claimants will see a reduction in the amount of support given. Support to be restricted to a maximum **91.5%** of the Council Tax liability
- **People current receiving full Council Tax Benefit will not be required to pay more than 8.5% of the Council Tax liability**
- **The capital cut off limit to be retained as £16,000**
- Minimum award of **£2** per week; awards currently worth less than **£2** per week to be cancelled
- To disregard up to £25 per week of wages earned from the income assessment
- Child Benefit **will continue to be** disregarded from the income assessment
- Child Maintenance **will continue to be disregarded from the income assessment**
- Second Adult Rebate scheme will not be treated as a class of eligible claimants
- Reduce the period of backdating from 6 months to 3 months
- Minor changes to treatment of changes in circumstances
- A sum of **£10,000** to be made available to cover exceptional hardship cases.

44. The amendments to the treatment of child benefit, child maintenance, minimum award value and capital limits are necessary to ensure that the 8.5% condition is fulfilled.

45. The following table summarises the estimated effects: it shows that pensioners and vulnerable households are protected, as intended, but non-vulnerable working age households will have their support reduced by an average of £1.49 per week or 8.5%. This compares with £6.09 or 33% under the draft proposals.

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Category	No. of households	Total CTB expenditure per annum	Average Weekly CTB	Average weekly LCTS under new system	Estimated reduction in support – lowest cut	Estimated reduction in support – highest cut	Estimated reduction in support – average cut
Pensioners currently in receipt of CTB	2,152	£2.125m	£18.94	£18.94	£0.00	£0.00	£0.00 0%
Vulnerable working age households currently in receipt of CTB	410	£0.465m	£21.76	£21.83	£0.00	£0.00	£0.00 0%
Non-vulnerable working age households currently in receipt of CTB	1427	£1.381m	£18.56	£17.07	£0.05	£12.40	£1.49 8.5%
Total	3,989	£3.971m	£19.09	£18.57			

46. Detailed worked examples based on real life current CTB claimants in Uttlesford are given at Appendix D. They show that:

Example 1 - pensioner claimant – no impact

Example 2 - working age non-vulnerable claimant (lone parent) - £1.60 per week worse off – was on full benefit now pays 8.4% of liability

Example 3 - working age non-vulnerable claimant (single man, private landlord) - £1.70 per week worse off – was on full benefit now pays 8.5% of liability

Example 4 - working age non-vulnerable claimant (single man, council tenant) - £1.40 per week worse off – was on full benefit and now pays 8.2% of liability

Example 5 - working age non vulnerable claimant (long term sick but not receiving DLA) - £3 per week worse off due to LCTS, and is also adversely affected by housing benefits changes

Example 6 – working age non vulnerable claimant with second adult - £12 per week worse off.

Example 7 – working age non vulnerable claimant in work - £0.80 better off because of improved wages disregard.

### **Equalities Impact Assessment**

47. A detailed Equality Impact Assessment (EqIA) has been carried out and shown at Appendix F; and the details of the impact to claimants is appended.
48. The EqIA shows the impact of the revised scheme on low income households is significantly reduced compared to the draft proposals. There will be 1,234 households 'worse-off' which represents less than 4% of UDC households, but the average reduction is only £1.49 per week.
49. The revised proposals mitigate the impact on families with children; protects the disabled, carers and pensioners. Although there are more females impacted than males this is largely because there has always been a higher female caseload. Females are much more likely to have caring responsibilities than males; that often means females rely on part-time work or out of work benefits.
50. The introduction of increased wages disregard as a work incentive means that nearly 200 households will be "better-off" than the current Council Tax Benefit scheme.

### **Exceptional Circumstances Hardship Relief**

51. It is inevitable that there will be a small number of households with unforeseeable exceptional circumstances. It is necessary to retain discretion to provide additional support to such people. The fund will operate in a similar way to the current Discretionary Housing Payment scheme run by the Department for Work and Pensions (DWP).
52. The operation of an exceptional hardship scheme may assist in our duties for families with complex needs; reducing re-offending; strengthening communities and promoting early years development and mitigate some of the impact of the other welfare reforms expected in April 2013. The fund will be used only in the most exceptional circumstances and will be a safety net for the most impoverished households.
53. The creation of an exceptional hardship facility will assist the Council in meeting their obligations under the Equalities Act. It is not possible to design a Localised Council Tax Support scheme that protects every potentially vulnerable category of person and also stay within the existing budgetary constraints agreed by authorities. There will be some minor additional costs in administration, mainly set-up costs with awareness and application forms; it is proposed that the Council will integrate the claiming process and administration for Exceptional Hardship within the existing DHP arrangements.

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54. The Essex billing authorities are presenting a business case to County, Police and Fire to ask them to contribute to an exceptional hardship fund in each authority. In order to present a uniform scheme across Essex, it has been agreed that the fund in each authority should be calculated as 0.2% of Gross Council Tax Benefit expenditure for the current year. In Uttlesford this equates to a fund of £8,000 for 2013/14. It is not yet known if County, Police and Fire will agree to provide funding; a meeting is scheduled for 27 November to determine this.
55. It is acknowledged that to limit funding to these levels may be challenging for the first year given the adjustment needed to be made by taxpayers in their finances. Under the original proposals, officers estimated that a UDC exceptional hardship fund of up to £25,000 may be required. However, under the revised proposals, the impact on households is less severe, so a fund of £10,000 should be sufficient. Pending outcome of business case considerations, it is proposed that the Council should build £10,000 into its base budget for this purpose. This would be adjusted downwards for any external funding that is confirmed.
56. Appendix B has more detail of the proposed Exceptional Hardship Scheme.

## Recovery Work

57. The revenues team will be proactive in helping claimants with new or additional Council Tax liability, including notifying working age claimants of the likely impact of the changes by letter in January 2013; posters in the council offices and raising awareness with partner organisations.
58. Leaflets written in clear and straightforward English will be included with the above letter and the first bill issued in March 2013 and in all Recovery Notices; this leaflet will give payment options, the consequences of non-payment and contact details for the Council Tax team and Government approved Debt agencies. (Translations will be available on request)
59. Recovery notices will be updated and ensure LCTS customers realise they need to pay promptly or contact the Council to make an arrangement.
60. Personal Advice – Access to specialist revenue officer via telephone help lines; surgeries at Saffron Walden and Dunmow; and email.
61. Proactive recovery including contacting customer by telephone, email, visits, SMS (text) to ensure early arrangements for repayment.
62. Flexible instalment options including 12 monthly instalments; fortnightly or four weekly payment schedules to fit in with benefit payments or salary. Promotion of a variety of payment options and additional direct debit dates.
63. Working in partnership with CAB and similar Government approved Debt Advice agencies to help with financial advice.

64. If a liability order is obtained for non-payment, and the taxpayer makes a payment agreement to clear the debt, the court costs for LCTS customers may be reduced on the successful completion of their payment arrangement.
65. Because of the resource intensive nature of the work and the nature of the customer base, it will be necessary to invest resources into the Recovery Team equivalent to 1 FTE at an annual cost of £40,000. Funding contributions have been requested from County, Police and Fire.

### **Amendments to the Scheme of Delegation of Executive Functions**

66. For reasons of operational necessity the Scheme of Delegation of Executive Functions authorises officers to administer Revenues & Benefits services including the payment of Council Tax Benefit and the granting of discretionary support where there is exceptional hardship.
67. The Scheme of Delegation confers this authority on the Director of Corporate Services. From June 2012 management responsibility for Revenues & Benefits services transferred to the Assistant Chief Executive – Finance.
68. The Scheme of Delegation therefore requires tailoring to reflect the change in management responsibility and the introduction of LCTS i.e. to add the following to the functions delegated to the Assistant Chief Executive – Finance:
- a) The administration of council tax and business rates
  - b) The administration of housing and council tax benefits
  - c) The completion of grant claims for housing and council tax benefit and discretionary housing payments
  - d) The administration of sundry debtors.
  - e) The administration of the Local Council Tax Support scheme (LCTS)
  - f) The determination of applications for Exceptional Circumstances Hardship Relief under the LCTS.

### **Other Council Tax discounts**

69. The Government has empowered Councils to alter the Council Tax discounts given to owners of empty homes and second homes.
70. By varying these discounts, councils can generate additional Council Tax income which can be used to subsidise council budgets generally, or the LCTS scheme specifically.

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71. Many councils are choosing not to review discounts for 2013/14, due to the large additional workload and capacity issues in a year when implementing an LCTS scheme (and other welfare reforms) is mandatory. Some councils are doing so, however. In consultation with officers, the Administration decided at an early stage that it would be too challenging to develop alternative discount arrangements for 2013/14. However, a review during 2013/14 with a view to implementing changes in 2014/15 is the intention.
72. Second Homes discounts: currently second homes receive a 10% discount on their Council Tax. The gross annual value of the discounts is approximately £37,000.
73. Empty dwellings undergoing major repair receive a 100% discount for up to 12 months. The gross annual value of these discounts is currently £98,000.
74. Empty dwellings that are simply unoccupied receive a 100% discount for up to six months. The gross annual value of these discounts is currently £585,000.
75. For empty homes unoccupied and unfurnished for over 2 years, the Government has given Councils powers to levy a premium of 50% over and above the standard council tax charge. In Uttlesford this could amount to a total gross income of £93,000.
76. Thus, the total gross value of these discounts and premiums is around £800,000 however not all of this would be realisable as income. There would be collection losses, and avoidance tactics. Care would also need to be taken to limit adverse effects on social housing providers. However, there is no doubt that an additional income stream is available, and could be applied at least in part to meet LCTS costs from 2014/15.
77. All council tax discounts and income is of course shared with the major preceptors in proportion to their precepts; currently ECC 72.2%, Police 9.1%, Fire 4.4%, District (incl. parishes) 14.3%. There is currently an agreement with ECC for the district councils to retain a greater share of income from second homes. The Council would need to closely consult its major preceptors before making any changes.

### Next Steps

78. The following are the key milestones for proceeding with LCTS scheme implementation:

20 November	Cabinet to finalise its proposals
11 December	Full Council to approve LCTS scheme Software implementation and testing



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December / January	<p>Letters to existing CTB claimants</p> <p>Detailed estimates to be supplied to County, Police and Fire</p> <p>Recruitment of recovery officer</p>
February	Transition Grant to be claimed
28 February	Full Council to set its Budget and Council Tax for 2013/14
Early March	<p>Council Tax bills to be issued</p> <p>Proactive engagement with affected households</p> <p>Transition Grant received</p>

## Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Failure to adopt a local scheme in time, which would lead to the Government imposing a default scheme	1 (proposals for local scheme have been developed)	4 (impact on residents, cost implications and reputational damage)	Cabinet to recommend adoption of local scheme for approval by Full Council on 11 December
Legal challenge	1 (unlikely especially as amended proposals alleviate impact in line with DCLG Transition scheme. Consultation responses support the approach)	4 (legal costs and delays in scheme implementation)	<p>Consultation process and Equalities Impact Assessment</p> <p>Review of scheme during first year</p>
LCTS costs increase due to additional demand or increases in council tax precepts	2 (publicity could increase demand, but current trends indicate slight caseload decrease. Continued pressure to freeze council tax; referendum limit of 2% for 2013/14)	2 (modest adverse financial implications for District, County, Police, Fire)	<p>Close monitoring</p> <p>Annual review of the scheme</p>
Loss of debt due to irrecoverability of debt from low income households	3 (bad debts are likely)	2 (modest adverse financial implications for District, County, Police, Fire)	<p>Proactive recovery work; investment in recovery team</p> <p>Phase in the impact by adopting DCLG transition scheme</p>

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Risk	Likelihood	Impact	Mitigating actions
Implementation problems e.g. software difficulties	2 (Active project management)	3 (Delays or disruption affecting customer service)	Project management and resource planning Training Engagement with software supplier

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

## Appendices

A	Consultation Responses
B	Exceptional Hardship scheme
C	Vulnerable definition – additional description
D	Worked Examples
E	Schedule of what other authorities are doing
F	Equalities Impact Assessment

## **CONSULTATION RESPONSES**

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### **Uttlesford Local Council Tax Support scheme Alternative Proposals from the Liberal Democrat Group**

#### **Alleviating financial hardship**

The Council should make use of its discretion to increase council tax income from second homes and empty homes in order to subsidise the LCTS scheme and reduce hardship for low-incomed households.

This should be managed in a way to ensure that people currently in receipt of full Council Tax Benefit would have their council tax support capped at no lower than 95% of the council tax bill, compared with 80% under the Council's draft proposals. This would mean that a person on full benefit now would not be required to pay more than 5% of their council tax bill.

Officers estimate that the increased cost of the additional support needed to achieve this position would be approximately £342,000. The gross value of second homes and empty homes discounts is approximately £800,000. Discretion could be exercised therefore to fund the cost by reducing the discounts. It is recognised that Essex County Council, Essex Police and Essex Fire would need to be consulted and their support sought on this point.

#### **Transition period**

For households required to pay more towards their council tax next year, the Council should take steps to phase in the impact so that people can more easily manage the extra financial commitment.

The Council should make use of its reserves in a sustainable way to temporarily subsidise the scheme so that the full effects are phased in over two years. This means that the extra liability would be subsidised in the first year (2013/14) by 50%. The additional one off cost of providing this subsidy, estimated by officers at £40,000, could be met from the LGRR contingency reserve.

The scheme should be reviewed and adjusted annually, based on experience of the scheme and its impact on claimants.

#### **Final scheme design**

The Liberal Democrat Group supports the following aspects of the proposed scheme:

- Protection for pensioners
- Protection for vulnerable groups including people with disabilities
- Disregarding up to £25 per week of wages earned from the assessment of a household's income.

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The Group makes the following alternative proposals:

- Child Benefit should not be brought back into the assessment of a household's income. It should continue to be disregarded. This adjustment would minimise risks of the LCTS scheme exacerbating child poverty. Officers estimate that this adjustment would assist 524 households and 948 children in those households.
- Savings limit: instead of the proposed savings cap of £6,000, the cap should be £6,000 plus £2,000 per family member, up to a maximum of £16,000. This change would assist 17 households.

The net additional cost of these proposals in 2013/14 is estimated by officers as £132,000 to be funded from reduced second & empty homes discounts.

### **Overall effect of the Liberal Democrat Group proposals**

The net effect of the changes is to reduce the average additional financial burden for working age households to £1.20 per week.

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## **PUBLIC CONSULTATION RESPONSES**

The consultation for the Local Council Tax Support scheme ran from 6 August until 28 September 2012. The consultation encouraged individuals to complete an on line survey, but paper copies were available on request. Almost 4000 personalised letters went to current council tax benefit recipients. In total 107 responses were received to the public consultation, 106 were from individuals and 1 from an organisation. Not all respondents answered all questions. The core 7 questions were covered with an additional email promotion was made specifically to those members of the council's e-citizens panel, and we received 40 responses.

Overall we received a good range of responses from residents living in the district. Analysis of the demographic profile of the respondents shows that a very high proportion of them are existing council tax benefit recipients (76 % were named person on the Council Tax Bill and 68% of respondents were in receipt of Council Tax Benefit and other benefits). The responses are evenly balanced as shown in the table below.

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<b>Summary of the results</b> 107 responses - all figures are % (excluding the "Don't Knows" from the percentage calculations).		Agree %	Disagree %
Q1.Low income working age people should have to pay some of their Council Tax		52	48
Q2.			
Meet funding gap by cutting support, or		11	
Meet funding gap by cutting services, or		20	
Meet funding gap by increasing council tax bills, or		13	
Meet funding gap by a combination of the above		37	
Q3. Cap on support 80% – claimant pays remaining 20% of bill		46	54
Q4. Introduce Savings limit £6,000		52	48
Q5. Support for disabled		78	22
Q6a	Include child benefit in income assessment	55	45
Q6b	Include child maintenance in income assessment	62	38
Q7	Disregard element of earned income from the income assessment	82	18
Q8 Continue with non-dependents deduction		84	16
Q9 Reduce backdating		35	65
Q10 Stop second adult rebate		77	23
Q11 Introduce minimum award of £5 per week		80	20

We have a range of narrative comments, a lot of which are critical of Government policy towards benefits; almost one third show concerns on ability to pay and levels of debt that the proposed changes will create. There are several comments showing concern for children and lone parent families with the prospect of including child benefit, but other comments support the protection of the disabled, and stopping support for the 'well-off' who receive Second Adult Rebate.

**Summary of additional written comments**

The benefit system is not fair and these changes don't address it. All types of benefits should be reviewed.

People who can work should be made to work, protection for those who can't work through disability

Pensioners should be included/excluded

People on very low incomes will struggle to pay

All income should be included in the calculation

Everyone's circumstances are different and this should be taken into account

Changes to Council Tax discounts and exemptions should be used to fund this.

Money should only be paid to those who really need it

The questionnaire is ambiguously worded to get the responses we require.

Those with an ability to pay should pay something, but those who really cannot should be treated better.

General concern that child benefit is for expenditure on children

The comments from the main survey are attached below, unexpurgated.

<b>Summary of the e-citizen panel results (40 responses)</b>	Agree	Disagree
Q1.		
Meet funding gap by cutting support, or	38	
Meet funding gap by cutting services, or	5	
Meet funding gap by increasing council tax bills, or	13	
Meet funding gap by a combination of the above	38	
Q2. Cap on support 80% – claimant pays remaining 20% of bill	87	13
Q3. Introduce Savings limit £6,000	73	27
Q4. Support for disabled	78	22
Q5. Include child benefit and child maintenance in income assessment	89	11
Q6. Disregard element of earned income from the income assessment	95	5
Q7. Introduce minimum award of £5 per week	87	13

This survey was completed by citizens who are unlikely to be on benefits, shows support for protecting the disabled and promoting work incentives. The funding gap to pass to the claimants, or a combination of proposals.

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### Other comments

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"People who are only able to earn a part-time income, eg lone parents, should not be penalised under this scheme."

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"For those who need help and assurance, this is another way to grind them down even further. No one wants to have to claim, it is humiliating and difficult, and this make it worse."

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"An overhaul of the system is long overdue. Just because people are disabled does not mean they are less able to pay! in some cases they are much better off! Initially, to some, it may seem harsh, but I think through this we should encourage people to help themselves as much as possible and discourage those who take the mickey!"

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"yes i do have a comment. It seems to me that the long term sick have been over looked in these new proposals. Many of them are on less income than those on disability living allowance. ( no offence to the disabled intended ). I will most certainly will find it difficult to meet these proposed new charges."

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"I find it quite difficult to answer some of your questions as sometimes it depends entirely on the circumstances of the person/people involved. My views, therefore, are not necessarily strong ones or even definite ones. Sorry to be so unhelpful but as a pensioner a lot of what you're asking doesn't relate to me & it's difficult to put myself into 'other people's shoes' as it were."

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"i feel very frightened by these changes ,i am a lone parent on JSa ,i barely manage now ,on the benefits i get ,so this is very daunting ."

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"YeS people on income support or jsa receive £71 to live on after paying utility bills and having to get food the money is gone adding more to pay out would put people into serious debt i myself also receive £53 a week child tax credit and £20.40 a week child benefit after paying out for my bills and food and clothes for my daughter i an left wits just £5 a week for travel having to say my bytmagj tax would cripple me and put me into serious debt

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"If somebody is unemployed and they are not going to get as much help with their council tax benefit where are they expected to get the extra money from. Being exempt from Council Tax enables me to just about live on my State Pension. Any cutback here would be a major problem to me."

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"As a working single parent struggling to keep a roof over my children's heads and may my bills I will no doubt loose my home if I do not qualify for council tax benefit anymore under the new proposals :( My ex-husband pays me maintenance for the children....not to fund the local council services, all the money he pays me goes on clothes/shoes/food and the mortgage etc as does my child benefit. I have very little if

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any money spare and it was a huge relief to me to qualify for council tax benefit this financial year. Please do not take child tax credit and maintenance into account when calculating who is entitled and who isn't; that money is for supporting the children."

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"No scheme like this will encourage people into work unless the work is available. There will be losers due the government cuts, without any winners. Some will lose more than others. Those planned to lose most are the ones who can work. I'm in that situation. If I lose benefit, I may have to give up the car. I'll then be ten times less able to find a job, and so I'll be claiming for ever instead of temporarily. I cannot move to cheaper accommodation as I have no money, and if I did, that would further reduce my attractiveness to an employer. I'll then be ten times less able to find a job, and so I'll be claiming for ever instead of temporarily."

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"The questions are poorly explained."

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"Yes I think they are appalling. I recognise that they are being imposed by central government but UDC has not even put forward the option of making up the shortfall in funding from other council tax payers. I personally would be quite happy to pay more and my understanding is that it would be a very small amount indeed for each council taxpayer. Instead, UDC is proposing to make some vulnerable benefits claimants, many of whom do not work through no fault of their own pay 20% of the council tax, in an economic climate where jobs are scarce. Why penalise those who can least afford to pay? It is immoral. Look at reducing the exempt classes on second homes for the wealthy and those unoccupied classes A and C before making vulnerable people pay more. Remember the poll tax days when students and benefits claimants had to pay 25% of their poll tax! It simply was unworkable!"

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"I think those who are low incomes due to illness or disability should get full help but those who can work a bit given some help. Those with large savings or large salaries should pay in full - whoever lives with them."

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"Pensioners should not be excluded from these cuts as a lot of their income is higher than that of working age claims. Many pensioners receive benefits simply for age related reasons as opposed to income. If this is a time for change then these old hat ideas also need to change. Basically if they can afford to pay Council tax based on the same assessment of another human being capable to pay theirs then they should have to."

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"I agree with most changes apart from including child maintenance and child benefit in as income - for working families, this money is for the CHILDREN not for bills. Perhaps including only one, or a percentage of those would be far fairer? A disregard on maintenance the same as the first £25 a week of income would prevent families like mine from serious financial struggle. I am a single working parent who does pay council tax and receives some benefit and this will severely penalise my children and family situation directly as a result, when single mums like me are unable to either find extra work or work more hours to support their children. No one begrudges the elderly and disabled being exempt from council tax but those of us who do work always end up suffering the most."

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"Basically any cuts in Government Funding that affect the benefits paid to pensioners, and people on low incomes should be condemned."

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"Obviously, as someone in receipt of pension Credit as well as Council Tax and Housing Benefit, any move by central or local government to restrict such benefits send out an extremely worrying signal. This one could have political as well as economic consequences."

"What savings are a couple allowed? Is the £6000 just for one person?"

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"Paying a maximum of 80% benefit is going back to the failed policies of the community charge in 1990. You will find the unemployed can't pay and won't pay and you will spend more recovering this money with court and recovery action and employing extra staff."

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"I Strongly disagree with child benefit being taken into account as income, as I also disagree with the minimum payment of £5 idea as people should get what they are entitled to no matter how little. I do agree that the disabled should be protected but feel that it is very easy for people to be passed off as disabled when they are not or only mildly disabled and could work and contribute so I feel there need to be more rules about what classifies people as disabled. But I cannot stress enough how I disagree with child benefit being taken as income as I feel that child benefit is given to support children and should most definitely be there for this reason and not be part of council tax in anyway. I do also feel that the council has to realise that the proposed schemes could and will make many hard working families really struggle for money in these very hard financial times which will cause a knock-on effect to many other problems, so I would encourage the council to think very carefully before introducing any scheme and to remember that they are really playing with many people's living conditions and standards of living."

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"You are yet again proposing to penalise the poorest people that need the most support and help. Not everyone who receives council tax benefit is a scrounger - I paid full council tax for decades until my circumstances changed in such a dramatic way. I am sure, once I have got on my feet and finished raising my children, that I can work and then pay council tax again - so why punish me for circumstances so out of my control?? How about paying your chief Executive a lot less? Your Chief Exec and deputy chief executive get paid as much as bankers. That is disgraceful - I could do their job for much much less, as could an awful lot of people - and I would be as good as they."

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"People on benefits need the support of council tax benefit to help with all their everyday living expenses"

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"because people's circumstances change there should be a way of checking up in case they haven't realized they need to let you know either way."

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"WHY ARE THE GOVERNMENT TARGETING PEOPLE ON BENEFITS THROUGH NO FAULT OF THEIR OWN WHEN THEY CANNOT MANAGE TO LIVE AS IT IS?"

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"Genuine claimants on benefits are struggling with finances. Please deal compassionately with those. Also make the forms as clear and simple, cutting out legalistic and un-intelligable language."

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"I agree that most vulnerable should be protected - disabled, elderly, carers and those suffering extreme poverty. I am concerned that council discretion will be removed by a checklist. We should not allow these changes to undermine the council's duty of care to protect the meek, weak & vulnerable. Qualifying for 80% CT benefit for unemployed causes a problem if the person's benefits place them in the extreme poverty bracket. "The 20% should be based on ability to pay/means tested. I suggest seeking alternative funds to make up any shortfall from other social funds if available. Big Society, European Social Fund, etc. If the £6000 limit is exceeded due to funds being set aside for the costs of future residential/palliative care, I feel that this limit should not apply. Any reduced CT benefit for multiple homes i.e landlords, second homes, etc should be ended. Consider introducing council tax charge for temporary accommodation i.e caravans, new builds once planning granted, mobile/holiday homes, lodges, etc. Q11. Consider accumulating very small amounts of benefit to be paid out less regularly to reduce cost of bureaucracy. I would like to see the present £4 million expenditure broken down by district council into their demographic groups on the website and literature to determine the real impact of the changes that you are proposing. More transparency required. Also I am weary of consultations where radio buttons are used. Instead of 'Don't know' which are generally disregarded, please provide an 'Other' option with a text box so comments can be submitted. If you wish to reply to respond/correct my comments please email me at [REDACTED]"

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"Receiving Council Tax Benefits is, in many cases the difference between them managing to make ends meet or not. It could make a difference as to whether they have heating or food."

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"I have been on ESA for over 2 years having had a serious of mental breakdowns. I applied for DLA but was refused because the rules are now so strict, in spite of having frequent panic attacks and problems going out. I feel that the changes should include 100% benefit to those in receipt of ESA. However, how can people afford to pay any Council Tax Benefit if they are on income related JSA? The real inflation rate for people on low incomes is a lot higher for others and with fuel and food prices rising they can barely afford to live, especially in the expensive south-east"

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"some low income families like mine literally live hand to mouth on the breadline... although I try to provide basic needs for my children penalising my child support simply means that my children suffer. My ex husband has never paid his maintenance as directed by court. Somne months I may receive money and some months not. How will this scheme be able to allocate me with a bill when I never know what my ex may pay for the children he also brought into this world"

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"If someone's only income is from State benefits, then charging them any council tax is ridiculous as they will have to take the money from their benefits (which are not calculated to take council tax into consideration, so are insufficient for that purpose))just to pay it back to the council. Money from one state source/pot, being

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circled around at great expense and inconvenience to all concerned, just to be paid back into another state source/pot is neither efficient nor a good use of tax payers' money."

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"I think that everybody understands that cuts will have to be born by everyone....What we don't understand is when HUGE amounts of money has been wasted on a 'bad' scheme that didn't work [i.e the huge mammoth wastage on brown bins that are now redundant for the tiny bins that I FOR ONE SUGGESTED IN THE FIRST PLACE!!!!] Nobodies heads rolled!"

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"Yes typical tory policy make the people who can least afford it pay for the financial mess that the Bankers caused but do nothing to penalise the Banks.

"Pensioners with high capital should be looked into, so they can also start paying a percentage of their rent/council tax."

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"There should be a continuous review system with close examination by independent persons. Claimants should be able to ask for help from independent, responsible sources - voluntary, if possible. All benefits should be reduced by 10% after each 12 months, unless the recipient can justify continuation at the existing level."

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"If you change the rules for some but not all vulnerable people those that have not had changes will have to bare the additional costs or you will have to increase the council tax rate across the authority. Neither is fair."

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"People with no income coming in should be protected so that they do not get into financial difficulties and hence in the longterm need to be housed by the council thus incurring and even greater burden on the councils finances."

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"Uttlesford is by and large an extremely wealthy area with many people with first/second homes in London, Scotland or overseas. The shortfall from central government should not be clawed out of the poor, and no way should child benefits/maintenance be considered as income. Let those who are financially most able help in these hard times, after all they are the ones who have benefited most."

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"I certainly feel that disabled people living on their own should not be liable for Council Tax, but only if they are living on their own or sharing a house with other disabled people in a similar financial situation."

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"Maximum backdate 3 months Non dep deductions for households in receipt of DLA/ATA as these adults should be expected to contribute Same LCTS for all of Essex."

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"I am a single mother aged 19 currently studying at Cambridge Regional College full-time. I rely on my Council Tax Benefit to be able to continue my studies. Without it I will have to give up my course."

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"Shortfalls should be funded in part by looking at the changes to exemptions and discounts, particularly empty and 2nd home."

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“AS A PENSIONER I WOULD LIKE BENEFITS TO BE PROTECTED”

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"Your letter about this survey dated 6 August mentions protecting households where someone receives DLA. This does not cover all disabled people by any means. Also, as DLA is phased out even fewer disabled people will be likely to receive the replacement benefit (PIP) - resulting in even fewer receiving Council Tax Benefit. This is a concern for many disabled people."

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"Most 'changes', especially in today's climate can, in some circumstances, seem uncaring. Whilst realising this a government decision."

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"Because of my circumstances since I retired I rely on my council tax benefit but I do contribute, nonetheless. I would like to get a part-time job but I know that what I would earn would go instantly to pay the increase to my council tax so I would not benefit."

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"Please note that the single person benefit rate for JSA is £71 a week and for those under 25 it is set at £56.25, how are the unemployed meant to afford to pay council tax as well as the rent top ups that many are struggling to afford since the introduction of Local Housing Allowance. We need to cover the payments of those who find themselves in such difficult circumstances not continually penalise them, they will not be able to afford the increase and the subsequent work of trying to chase payment would be very expensive, causing many to resort to bankruptcy and Debt relief orders, were the cost will then be borne by UDC. There will be a similar impact should the second adult rate be abolished, people living in shared accommodation could be forced to look elsewhere, there will be no clear demarcation on who should pay what, leading to many being forced to try and find up to half the bill out of possibly very low income forcing them to leave their accommodation."

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"The whole scheme will be an additional administration burden if you look at changing the means test. therefore the ability to save money disappears and in fact the opposite occurs with a high administration cost of running the scheme and collecting the monies or in some extreme cases chasing defaults due to inability to pay"

## **Exceptional Hardship Scheme**

### **Overview**

In common with many other counties, each Billing Authority within Essex has included within their support scheme the need for a fund to assist those claimants most at risk and considered the most vulnerable. Similar to the current Discretionary Housing Payment (DHP) fund within the current Council Tax Benefit scheme, the Exceptional Hardship Fund will allow the Council a limited ability to grant additional support. It should be noted that whilst DHPs will continue for Housing Benefit, they will no longer be available to assist customers with their Council Tax liabilities from April 2013.

Customers facing exceptional hardship (as defined within the agreed policies) would be able to make a claim against the fund.

The prime objective of the fund would be to;

- Provide a safety net to assist claimants to meet their Council Tax liability in full where the level of entitlement does not reflect the true level of need.
- Prevent exceptional financial hardship; and
- Meet obligations under the Equalities Act

It is proposed that the fund would be built into the overall LCTS schemes but be limited to an agreed amount.

It is acknowledged that all working age claimants could potentially experience a drop in the level of assistance given towards their Council Tax due to the change from CTB. With this in mind, it could be argued that all working age claimants would face hardship. The fund would only be available to those taxpayers who face exceptional hardship. This might be as a result of an exceptional life event or the impact of another welfare reform. By having a robust mechanism which will identify those in most need, and by enabling the discretion to pay support up to 100% of total Council Tax liabilities in those cases, it assists Council to meet its legal obligations whilst at the same time assists the most impoverished households

### **Approach**

#### **Targeted assistance**

Given that pension age claimants are protected under the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations, which broadly replicate the existing Council Tax Benefit schemes, it is proposed that the exceptional hardship fund only be available to working age claimants

By limiting applications to the working age group, the Council will be able to target additional assistance to those most in need. This approach also allows for total flexibility which does not currently exist within the current write off policies and procedures.

#### **Long term / short term**

It is not intended that the fund will be a long term solution to the overall reduction in Council Tax Support. Where taxpayers are unable to meet their liabilities in the longer

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term, they will be encouraged and supported to take actions to mitigate their situation.

### **Criteria**

Any person claiming against the fund will be required to go through a process that will not only establish their eligibility for any payment but would allow them to more adequately manage their finances in the future.

It is proposed that before making any payments, the Council would require the taxpayer to undertake the following;

1. Make a separate application for assistance either direct to the Council or via their support worker;
2. Provide full details of their income and expenditure;
3. Accept assistance from either the Council or third parties such as the CAB or similar organisations to enable them to manage their finances more effectively including the termination of non-essential expenditure;
4. Identify potential changes in payment methods and instalment arrangements to assist the taxpayer
5. Assist the Council to minimise liability by ensuring that all eligible discounts, exemptions and reductions are properly granted; and
6. Maximising income through the application for other welfare benefits and identifying the most economical tariffs for the supply of utilities; and encouraging “welfare into work” opportunities.

At any time the Authority feels that additional support is not appropriate, no payment would be made. However where it is clearly identified that the taxpayer is suffering ‘exceptional hardship’ or an unforeseen consequence of the local scheme, then the Council would be able to grant additional support up to a total of 100% of the total liability for Council Tax. Priority would of course be given to those cases, which are identified as particularly vulnerable, but each case will be considered on its own merits.

### **Administration**

There will be some additional costs in administration, mainly set-up costs for systems to monitor expenditure; promoting awareness, designing application forms and leaflets; it is proposed that the Council will integrate the claiming process and administration for Exceptional Hardship Scheme within the existing DHP arrangements. In the event that the taxpayer is not satisfied with the outcome of their application, the taxpayer may make written representations and a senior officer will review the application.

## APPENDIX C

### VULNERABLE DEFINITION – ADDITIONAL DESCRIPTION

**Examples of Disability from the “Daily Living Activities and descriptors”** based on the second draft of regulations (and the explanatory notes) intended to highlight the Government’s current thinking on Personal Independence Payments (PIP) that will replace Disability Living Allowance (DLA) from April 2013. They will be subject to further development and consultation. These are available at [www.dwp.gov.uk/policy/disability/personal-independence-payment/](http://www.dwp.gov.uk/policy/disability/personal-independence-payment/).

The examples given below are for illustration only; any assessment will be made by the DWP, usually including a medical assessment it will focus on the impact of the individual’s health condition or impairment has on their daily lives, and an individual’s ability to carry out everyday activities, reliably, repeatedly, safely and in a timely manner.

**“Higher” needs. (202 claimants at UDC- with 36 households in employment)**

- Disabled child (qualifying for DLA care) (20)
- Carers receiving carers’ allowance (142)
- Receive a disability reduction on their property for Council Tax due to adaptations for the disabled person (8)
- Claimant or partner registered blind (currently 6 households but they are all pensioners and protected)
- Claimant or partner needs help or supervision day **and** night for personal care e.g. eating, washing, getting to and using the toilet, communicating needs. (65)

These claimants generally have between £120 and £200 per week of additional income from disability benefits, plus allowances and premiums to source help with personal needs.

**“Medium” needs (157 claimants at UDC of those 16 are working)**

Assistance required during the day (but not at night) with washing, dressing or eating, including dialysis patients; and/or claimants with difficulty communicating needs (mute or deaf); advanced alcoholism. (103, of those 50 also have mobility issues)

Mobility issues:- eg walking difficulties; using walking sticks/crutches, zimmer frame or wheelchair outside, able to move around indoors with some use of grab rails.(104)

These claimants usually have at least an additional £100 per week in disability benefits, premiums and allowances.

**“Low” needs (currently 51 claimants at UDC of those 4 are currently employed)**

Claimant or partner has a physical and/or mental disability, so needs assistance with caring for him/herself (9) or walking difficulties (18) or both (33).

Eg unable to prepare and cook a main meal from basic ingredients: i.e. needs to use an aid or appliance to either prepare or cook a simple meal, or cannot cook a simple meal using a conventional cooker but can do so using a microwave; or needs to use an aid or appliance or prompting to eat/drink or groom. Examples of aids might be ‘pivot on a kettle’; enlarged handles on cutlery, kitchen and /or grooming tools; raised toilet seat; grab rails; ramps;

Deaf or blind people, who are unable to walk outdoors in unfamiliar places without guidance or supervision from someone, (they are able to live independently in familiar surroundings).

This category will often include drug addicts and alcoholics in the current Disability Living Allowance rules.

These claimants will have at least £50 per week additional income from disability benefits, premiums and allowances to cover the cost of purchase of disability aids, or occasional use support e.g. taxi rather than bus.

## Local Council Tax Scheme – final proposals

Cabinet 20 November 2012, item 2

For many residents of UDC their 'low needs' disability does not act as a barrier to employment, as reasonable adjustments may be made to household and/or workstation.