

Report of:	Meeting	Date	Item No.
Cllr Alan Vincent, Resources Portfolio Holder and Philippa Davies, Corporate Director of Resources	Council	29 November 2012	12

## Localisation of Council Tax Support

### 1. Purpose of Report

- 1.1 To agree a Localised Council Tax Support Scheme to replace Council Tax Benefit from 1 April 2013.

### 2. Outcomes

- 2.1 Improved incentives to work, ensuring resources are used more effectively, so reducing worklessness and ending a culture of benefit dependency.
- 2.2 Compliance with the Welfare Reform Act 2012 and specifically its provisions for the abolition of Council Tax benefit and replacement with new localised schemes.

### 3. Recommendation

- 3.1 That the proposed Localised Council Tax Support Scheme be agreed with the additional maximum percentage contribution from working age claimants, being no more than 8.5%, subject to notification of the Council Tax Support funding being in line with the assumptions used to calculate the financial impact.

### 4. Background

- 4.1 As part of the 2011 Welfare Reform Bill the national Council Tax Benefit (CTB) scheme is to be abolished, with individual local authorities instead being required to introduce a Localised Council Tax Support (LCTS) scheme.
- 4.2 In future, support for Council Tax will be offered as reductions within the Council Tax system. Regulations will set the roles, allowances and awards

for claimants of state pension credit age so that they do not experience a reduction in support as a direct result of the reform.

- 4.3** Localisation gives Local authorities the flexibility to design Council Tax Support schemes for working age claimants taking into account the needs of vulnerable groups and the importance of supporting work incentives.
- 4.4** Any authority failing to have a localised scheme in place by the January 2013 deadline will automatically be forced to use a 'default' scheme, and be subjected to severe financial penalties.

## **5. Key Issues and Proposals**

**5.1** Prior to agreeing a localised scheme the authority was required to

- a) Consult any major precepting authority which has power to issue a precept to it
- b) Publicise a draft scheme
- c) Consult such other persons who it considers are likely to have an interest in the operation of the scheme

The initial consultation sought views on 10 specific questions and indicated that whilst the percentage reduction in benefit for working age claimants was unknown at the moment, it could be as much as 30%. The consultation period in respect of the proposed scheme for Wyre ended on 25 October 2012 and a summary of the findings is attached at Appendix 1.

**5.2** 2,846 consultation questionnaires were issued, and 251 replies (9%) were received. Items of note resulting from the consultation exercise included:

182 (72%) of responders indicated that they thought it was a good idea to continue to operate a hardship fund in the proposed scheme. There is, however, the ability within Section 13A of the existing Local Government Finance Act 1992, to reduce a taxpayers liability via the award of a "discretionary reduction" when circumstances dictate it to be prudent to do so. It is therefore proposed that this mechanism be used for future awards.

118 (47%) of responders thought CTB claimants living in more expensive property should have their benefit restricted to that of a lower banded property. Under the current scheme, a person can receive 100% Council Tax Benefit for their home, regardless of the band it falls in. If Benefit was restricted to the maximum level for a Band D property the total savings would be £43,723 (0.5% of the current benefit awarded). Amending the scheme in this way would also prevent the council from being eligible to claim additional grant support under the transitional grant scheme.

**5.3** In modelling the proposed LCTS a number of factors have been taken into account:

- It must be affordable in terms of grant received, revenue loss and costs to operate;
- It must be as fair as possible and a detailed 'map' of those affected is required; an Equality Impact Assessment is attached at Appendix 2:
- It must be transparent, understandable to customers and practical to operate;
- It must be feasible to implement within the constraints of the timescales and available software;
- It must be simple in design avoiding unnecessary complexity; and
- It should avoid the costs and risks associated with collecting additional data.

**5.4** Approximately 55% of the council's current CTB claimants are pensioners and consequently a 10% cut in funding, if it were to be passed on and not borne by the precepting authorities, would result in a benefit reduction of 23% for working age claimants. Their liability for Council Tax would increase along with the administrative work associated with attempting to collect this debt.

**5.5** The Council's proposed scheme broadly mirrors the current CTB scheme, with a % reduction to the amount of benefit awarded at the end of the calculation process determined by the reduction in government grant. This is in line with the agreement made by the Lancashire leaders group at their meeting on 16 May 2012 following an evaluation of other options. The proposed scheme:

- Can be administered in the required timescales with minimal changes to our software system or working practices;
- Will cost a minimal amount to introduce (our costs will be incurred in consultation, production of new claim forms and advisory letters to our claimants);
- Requires minimal staff training to embed;
- Is already understood by our customers; and
- Will ensure that we treat the different vulnerable groups fairly and consistently. By using the same 'applicable amounts' as those currently used to calculate weekly entitlement to CTB we will ensure that claimants from vulnerable groups, for example families with children, will earn/receive more income than other claimants before their benefit entitlement is reduced to take account of their earnings. (For example, to calculate the weekly CTB entitlement of a single claimant aged over 25, we use an applicable amount of £71 which is the minimum income the Government states that they need to live on. 20% of any income over £71 is reduced from the claimants benefit entitlement. For a couple with 2 children aged under 16 however, we would use a much higher applicable amount of £259 per week, which again is the minimum income the

Government states that a family with 2 children need to live on).

The draft policy set out in Appendix 3 (circulated as a separate document), has been prepared by an independent consultant, David Airey, taking into account the Council's requirements. The document includes a number of specified amounts used to calculate entitlement and it should be noted that these will change in line with upratings published by the DWP. There may also be minor adjustments to the scheme should further guidance be received from the DCLG.

**5.6** It has become clear, as councils draw up their local schemes that whilst some are choosing not to increase the burden on those who are currently on benefits, some councils' are asking for large additional contributions. The Government have recently announced £100m transitional grant for one year "to provide the space and the support for all local authorities to follow the example of those councils who are making the most of opportunities to find savings across their budgets to be able to develop schemes that protect the poorest." To apply for the grant billing authorities must adopt a scheme that ensures that:

- Those who would be entitled to 100% support under current Council Tax benefit arrangements pay between zero and no more than 8.5% of their net Council Tax liability;
- The taper does not increase above 25%;
- There is no sharp reduction in support for those entering work. The taper should continue to operate as under current Council Tax benefit regulations – that is, to be applied to excess income and in relation to the claimant's maximum eligible Council Tax reduction. Where an authority has decided to adopt a scheme in which the maximum reduction is lower than 100% of the liability, this maximum eligible reduction will therefore be this level, lower than 100% of liability.

**5.7** Subsequent consultation with the major preceptors has been undertaken concerning the proposed acceptance of the transitional grant and the restriction of the additional maximum percentage contribution from working age claimants to no more than 8.5%.

**5.8** The County Council's Cabinet considered the later proposal at their meeting on 8 November 2012 and submitted the following response. 'You are aware that the grant offered by the government will not cover the cost of the scheme as proposed by the Secretary of State. Our initial estimates are that if all the Districts across Lancashire accepted the grant, the additional cost to the County Council could be in the range of £2½m - £3m in 2013/14, potentially rising to over £5m in 2014/15 (depending on what assumptions are made regarding the number of claimants, and collection levels). Clearly, there would be a financial impact on your Council as well. The County Council is very

concerned as to the potential impact that the further reductions required to fund this would have on services to the most vulnerable members of our communities across Lancashire, and does not support the implementation of a scheme which leaves such significant costs to fall on the County Council's revenue budget. The resolution of the County Council's Cabinet is set out below, and I ask that this be taken into account when your Council considers its council tax support scheme.' "The County Treasurer be requested to urge all District Councils to carefully consider their response to the Government's announcement of £100m one-off funding for those authorities who implement a council tax support scheme which ensures that claimants currently on 100% support would not pay more than 8.5% of their net council tax liability and the impact on both their own services and the services provided by the County Council to the most vulnerable people in Lancashire."

- 5.9** The Council has also received a response from the Combined Fire Authority along similar lines but their response includes a reference to possible amendments to the level of discounts and exemptions which could be introduced to mitigate the financial impact. 'As you are aware the grant offered by the government will not cover the cost of the scheme as proposed by the Secretary of State. Our initial estimates are that if all the Authorities across Lancashire accepted the grant, the additional cost to the Fire Authority would be somewhere in the region of £200k in 2013/14, potentially rising to approximately £400k in 2014/15 as the one off funding is withdrawn. We are concerned as to the potential impact that the further reductions required to fund this would have on our service. As such the Authority does not support amending the scheme to qualify for the one off grant unless the additional cost is offset by amendments to the level of council tax discounts and exemptions that are currently provided in both 2013/14 and 2014/15.'

<b>IMPLICATIONS</b>	
Finance	<p>The Council is currently reimbursed by the DWP for expenditure in relation to correctly awarded CTB. The Government spending review 2010 announced that as part of the welfare reforms Council Tax support would be localised and expenditure would be reduced by 10%. In the 2011/12 financial year the council spent £9 million on CTB, and assuming no increase in caseload, a 10% cut equates to £900k.</p> <p>The DCLG have indicated that in future, funding will be based on 90% of the forecast CTB expenditure for 2013/14.</p> <p>An exemplification of the council's 2013/14 start-up funding, for illustrative purposes only, indicates a grant award for Wyre of £992,000 which when extrapolated to reflect all the precepting bodies gives an estimated value of grant totalling £8.3million.</p>

	<p>If the council were minded to devise a scheme within the parameters required to ensure eligibility for the transitional grant then the additional maximum percentage contribution from working age claimants would be 8.5%. The value of benefit payable, including pensioners and working age claimants, would be £8.8million. The Government has indicated that it does not intend to update the allocations for the transitional grant which for Wyre is £214,000. This together with the indicative start-up funding allocation totals £8.6million leaving an unfunded gap of approximately £200,000 to be met by each precepting body as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">%</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Wyre</td> <td style="text-align: center;">11.93</td> <td style="text-align: center;">26,213</td> </tr> <tr> <td>Parish/Town Councils</td> <td style="text-align: center;">0.60</td> <td style="text-align: center;">1.326</td> </tr> <tr> <td>Combined Fire Authority</td> <td style="text-align: center;">4.21</td> <td style="text-align: center;">9,261</td> </tr> <tr> <td>Lancashire Police Authority</td> <td style="text-align: center;">9.92</td> <td style="text-align: center;">21,814</td> </tr> <tr> <td>LCC</td> <td style="text-align: center;">73.34</td> <td style="text-align: center;">161,258</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center; border-top: 1px solid black;">219,872</td> </tr> </tbody> </table>		%	£	Wyre	11.93	26,213	Parish/Town Councils	0.60	1.326	Combined Fire Authority	4.21	9,261	Lancashire Police Authority	9.92	21,814	LCC	73.34	161,258			219,872
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Legal	The Council must be able to demonstrate that it has complied with the statutory guidance surrounding the implementation of the new scheme.																					
Community Safety	None arising directly from this report.																					
Equality and Diversity	An equality impact assessment has been completed and is attached at Appendix 2.																					
Sustainability	The transitional grant is for one year only and in order to reduce the financial impact on the major precepting authorities a reduction to council tax discounts and exemptions is also being considered.																					
Health and Safety	None arising directly from this report.																					
Risk Management	The opportunity will be taken to work with our Lancashire colleagues to consider the options and opportunities afforded by a local scheme allowing the Council to mitigate the impact on its community wherever practicable and mitigate the financial risk.																					
Asset Management	None arising directly from this report.																					
Climate Change	None arising directly from this report.																					

Report Author	Telephone No.	Email	Date
Peter Mason	887530	Peter.mason@wyre.gov.uk	19 November 2012

<b>List of Background Papers:</b>		
<b>Name of Document</b>	<b>Date</b>	<b>Where available for inspection</b>

**LIST OF APPENDICES**

- Appendix 1 - Consultation Findings
- 2 - Equality Impact Assessment
- 3 - Draft Policy
- 4 – Key Milestones/Work Programme agreed by Cabinet 1/8/12

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### Consultation Findings

In advance of the introduction of a new localised council tax support scheme the Council undertook a formal consultation exercise which sought feedback from interested parties over a 12 week period that ended 25 October 2012. A detailed analysis has been carried out which reveals the following:-

2,846 consultation questionnaires were issued;

- 1,398 with Benefit notifications
- 619 via Civic Centre reception/BMAC and Visiting Officers
- 560 to landlords
- 269 to recognised Groups and Preceptors

A total of 251(9%) replies have been received:-

- 118 completed using the Council's website
- 133 completed using paper form

A summary of the responses can be seen in the table enclosed. Individual comments supplied can be viewed on the website.

Each individual question, replies and comments have been considered and are detailed below:

#### **1 - Does your household receive Council Tax Benefit?**

131 (52%) of those responding currently receive Council Tax Benefit.

#### **2 – What type of household describes your circumstances?**

- 36 Disabled
- 4 Carer
- 47 Lone Parent
- 73 Dependent Children
- 77 Workers
- 39 Single or couple without children

Some responders fit into more than one category.

#### **3 - Should CTB claimants who live in a more expensive property have their benefit restricted?**

118 (47%) of responders say CTB claimants who live in a more expensive property should have their benefit restricted to a lower band property. In the current scheme, a person can receive 100% Council Tax Benefit no matter how large their house is.

This has been considered and the reform may provide an incentive for families to live in smaller properties. However, of the 4480 working age claims in receipt of Council Tax Benefit, 96 live in a Band E property, 34 Band F, 11 Band G and none in Band H.

If Benefit was restricted to the maximum level for a Band D property the total savings would be £43,723 (0.5% of the current benefit awarded).

(Due to the numbers affected by this change the affect would not be great and therefore in turn the savings not significant. After taking into account the extra cost of the software changes to the current benefit system, the value of the savings does not support a proposal to amend the current eligibility criteria although this may be reviewed again in future).

**4 – Should we continue to award benefit for a limited period when claimants start or return to work?**

169 (67%) of responders say we should continue to award benefit for a limited period when claimants start or return to work. In the current scheme customers who take employment of 16 hours or more each week are entitled to a four week run on of benefit for the first four weeks of employment. This means they are entitled to the same amount of council tax benefit as they were previously and is designed to help the change over from receiving benefits to working and receiving a wage.

**5 – Should we in special circumstances continue to consider awarding backdated Council Tax Benefit for up to 6 months?**

170 (68%) of responders say we should continue to award backdated Council Tax for up to 6 months. In the current scheme claimants can request backdated benefit up to 6 months prior to making an application for benefit. They are required to request this in writing and provide a good reason why they did not apply for benefit at the relevant time.

**6 – Should we continue to exclude any amount of Child Benefit received when assessing eligibility for Council Tax Benefit?**

146 (58%) of responders say we should continue to exclude Child Benefit when assessing eligibility for Council Tax Benefit. Currently Child Benefit is payable for each child in a household regardless of the parents/carers income. In the present scheme Child Benefit is not taken into account as income.

**7 – Should we continue to exclude any amount of Disability Living Allowance received when assessing eligibility for Council Tax Benefit?**

131 (52%) of responders say we should continue to exclude any amount of DLA received when assessing eligibility for Council Tax Benefit. Currently DLA is payable to claimants regardless of other income and is not means tested. In the present scheme DLA is not taken into account as income but can increase the customer's entitlement to benefit. Any amount received in respect of DLA is taken into account however, when considering requests for a payment from the Hardship Fund.

**8- Should the income of other adults living in the household affect the amount of CTB being awarded?**

178 (71%) of responders say the income from other adults living in the household should affect the amount of Council Tax Benefit awarded. In the current scheme benefit is assessed on the needs of the claimant, partner and dependent children. Other adults within the household are expected to contribute towards the Council Tax Bill depending on their income.

**9 - At the moment anyone with savings of more than £16,000 is prevented from claiming Council Tax Benefit. Should this amount be lower?**

86 (34%) of responders say the £16,000 limit should not be decreased. In the current scheme, a person is not entitled to Council Tax Benefit when their savings are £16,000 or more. Any savings their partner has are also taken into account. To decrease the savings limit would mean less people would be eligible to claim benefit. At the moment the first £6,000 of any savings is disregarded and a calculation is performed based on a weekly income of £1.00 for every £250 savings above the capital disregard of £6,000.

**10 – Should the Council operate a Hardship Fund to support people suffering genuine hardship because of the changes to CTB?**

182 (72%) of responders say the council should create a Hardship Fund. It is anticipated the hardship fund would work in a similar way to the current Discretionary Housing Payment Scheme, as either a weekly amount or one off payment to help claimants that are in desperate need of help and are unable to pay their council tax bill. Claimants must be eligible for benefit currently before they are able to apply for assistance. They are required to complete a form and provide evidence of income and outgoings.

Questions	Yes	No	Don't Know	Blank	% Yes	% No	% Dont Know	% Blank
1 - Does your household receive Council Tax Benefit	131	100	8	12	52.19	39.84	3.19	4.78
3 - Should CTB claimants who live in a more expensive property have their benefit restricted?	118	90	43	0	47.01	35.86	17.13	0.00
4 - Should we continue to award benefit for a limited period when claimants start or return to work?	169	66	14	2	67.33	26.29	5.58	0.80
5 - Should we continue to consider awarding backdated CTB for up to six months in special circumstances?	170	56	22	3	67.73	22.31	8.76	1.20
6 - Should we continue to exclude any amount of Child Benefit received when assessing eligibility for CTB?	146	80	22	3	58.17	31.87	8.76	1.20
7 - Should we continue to exclude any amount of Disability Living Allowance received when assessing eligibility for CTB?	131	98	0	22	52.19	39.04	0.00	8.76
8 - Should the income of other adults living in the household affect the amount of CTB being awarded?	178	50	0	23	70.92	19.92	0.00	9.16
9 - At the moment anyone with savings of more than £16,000 is prevented from claiming CTB. Should this amount be lower?	86	130	31	4	34.26	51.79	12.35	1.59
10 - Should the Council operate a Hardship Fund to support people suffering genuine hardship because of the changes to CTB?	182	46	21	2	72.51	18.33	8.37	0.80

Households Containing	
Disabled	36
Carer	4
Lone Parent	47
Dependant Children	73
Workers	77
Single or couple without Children	39
<b>Total</b>	<b>276*</b>

\*This is higher than the 251 responses received as some responders fit into more than one of the categories

# Localisation of Council Tax Support - Equality Impact Assessment

## Why are we changing the current scheme?

As part of the Governments Welfare reform agenda Council Tax Benefit will be abolished in 2013. Each Billing authority is required to devise a new local scheme to take effect from 01 April 2013. The new scheme must be in place by 31 January 2013.

The Government has also cut the amount of cash they allocate to fund the scheme by 10% based on the previous year's expenditure. The authority will be required to develop a scheme that takes account of this and provides for an increase in the number of people claiming council tax support.

The Government has also stated that the new scheme must:

- Incentivise work
- Consider the needs of vulnerable groups
- Protect pensioners i.e. they must not be any worse off financially

## Who is Affected?

Wyre has a high proportion (55%) of pensioners claiming benefit and this means that the impact of the cut in funding will be met by those of a working age (45%).

The Government has stated that whilst there is no protection for vulnerable groups other than pensioners, the council must have regard to how the scheme they devise may impact on different people taking account of the Equality Act 2010, the Child Poverty Act 2010 and the Housing Act 1996. These acts give guidance on the duty of an authority to consider their responsibility to treat everyone fairly, to protect children from poverty and to prevent homelessness.

## Aims and Objectives of the new scheme

In modelling the proposed LCTS a number of factors have been taken into account:

- It must be affordable in terms of grant received, revenue loss and costs to operate;
- It must be as fair as possible and a detailed 'map' of those affected is required; a detailed Equality Analysis is required;
- It must be transparent, understandable to customers and practical to operate;
- It must be feasible to implement within the constraints of the timescales and available software;
- It must be simple in design avoiding unnecessary complexity;
- It should avoid the costs and risks associated with collecting additional data

## The New Scheme

The council has been constrained by the time available in which to devise a new scheme which must be operated from 01 April 2013, and therefore intends to “mirror” the rules and regulations of the current Council Tax Benefit scheme with an equivalent % reduction at the end of the benefit calculation for all working age claimants.

By doing this this, the council will not disadvantage any particular type of claimant above another compared to the Government’s existing scheme regardless of their age (pensioners excluded) disability, sex and sexual orientation, gender reassignment, pregnancy and maternity, race, religion or belief.

Whilst the % reduction is distributed equally across all working age claimants, however, some groups may be affected more. The demographics of the borough indicate that some wards have a higher percentage of claimants, some have a higher density of child poverty and the impact of the changes in these areas could be greater as a result. The Wyre Children and Young Peoples Trust have been consulted along with the Wyre Disability Partnership group to ensure that they are fully aware of the impact of the changes.

## Other Changes in April 2013

The Government is also planning to introduce other changes to Housing Benefit happening at the same time which may impact on the same groups. These changes will affect working age claimants who claim housing benefit and are in social housing properties. Housing benefit will be reduced if they are ‘over accommodated’ and have more bedrooms than they need and non-working families or single claimants will see their housing benefit reduced if their combined benefit income is higher than £350 per week for a single claimant and £500 per week for a family.

Those wards which currently have higher levels of child poverty than the national average of 22% could therefore be significantly affected. Residents with disabilities and families with children may find it harder to enter employment as their ability to move home to broaden the access to work opportunities may be reduced due to factors such as schooling or carers.

Ward	Child Poverty (under 16)
Rossall	39.6%
Park	32.8%
Mount	32.8%
Pharos	29.4%
Jubilee	22%

## Vulnerable Groups

This information below is as accurate as it can be and will change from day to day. The number of customers in receipt of Disability Living Allowance and Carers Allowance may be higher than stated because when a customer is claiming a passported benefit, the

breakdown of income is not always included on the claim and therefore cannot be reported. Customers may also fall into more than one of the groups listed below.

Type of Customer	Number	% of 10,624 Caseload at May 2012
Number of households with children under 5	1024	10
Total number of households with children	2376	22
Number of households in receipt of DLA	1088	10
Number of households in receipt of Carers Allowance	303	3

### **The Consultation**

To better understand the impact of the proposals on different groups of people, the authority undertook a consultation exercise which started 02 August for a 12 week period concluding 25 October 2012. In order to gather people's views and ideas. A questionnaire was published on the consultation area of the Wyre website and was also available as a paper version. The paper version was offered to customers to complete when visiting the Civic Centre, Mobile Advice Centre and given to Visiting Officers for distribution to Housing and Council Tax Benefit claimants.

The council has also written to different groups and organisations including those represented on the Engagement Network, Wyre Together and all Councillors. Questionnaires are also being issued each week with correspondence being despatched from the Contact Centre.

At the end of the consultation period, the council will carefully consider all the comments made before proposing the final details of the new scheme. A summary of the consultation analysis/feedback will be published on the Wyre website in November.

### **What we are doing to help?**

1. The council is considering the operation of a "hardship fund" whereby money is set aside to help claimants and families who are suffering extreme hardship due to the changes. This could be due to their own personal circumstances, health, age or/and disability. It is the council's intention to assess each case on its own merits, taking into account the claimants financial and personal circumstances. A policy will be devised detailing the eligibility conditions and procedures to be followed when considering a claim for hardship.
2. The council has commissioned the Lancashire West Citizen Advice Bureau to provide financial management training for Wyre residents identified by the council as likely

to require assistance as a result of cuts to their benefits. The funding is for one year initially and commenced 01 July 2012.

3. Elected Members have been advised about the changes and provided with detailed ward information showing the impact on their electorate.
4. Staff have been trained to enable them to “spread the word” to customers visiting the mobile advice centre or the civic centre.
5. Information about the new proposed scheme has been publicised in the local press and on our website with regular refresher articles being issued.
6. We have distributed information about the Council Tax Support scheme and the Consultation exercise with Benefit entitlement notifications.
7. We have written to Landlords who receive direct payment of Housing Benefit in respect of residents, so they understand how the changes may affect their tenants.
8. We are visiting claimants affected by the “capping” of benefits to explain what will happen and offer financial money management training from the CAB.
9. A leaflet has been produced explaining the changes to Benefits from April 2013.

## Expected Collection Problems

The council is aware that it will be difficult to collect Council Tax from residents who have previously been in receipt of full council tax benefit and therefore have had nothing to pay. These claimants, whilst always receiving a Council Tax bill in March showing a nil balance because the cost has been met by council tax benefit, do not recognise this as benefit, but merely something they are exempt from paying.

The income they currently receive is made up to a basic amount the Government states a person of their age and circumstance needs to live off each week – this is a minimum amount to meet their day to day needs . In the past, eligible housing costs and council tax have been paid via Housing and Council Tax Benefit.

From April 2013 some of their income will have to be used to pay council tax and will therefore reduce their income below the national basic allowance.

## Claimant Information

There are currently:

- 4,840 working age claimants in Wyre
- 2,872 passported claimants – this means they receive state benefits that entitle them to claim full Council Tax Benefit. 231 of these do pay something towards their bill – due to non-dependant deductions applied because other adults also live in the household. This could be grown up children, friends or relatives.
- 2,641 claimants who receive full benefit and have nothing to pay.
- 55% of working age claimants do not make any contribution towards their Council Tax Bill.
- In 2013 we will be trying to collect £207,387.43 from this group

The bill is spread across the bands as detailed below

Council Tax Band	Number of Households	Total 8.5% to be Collected
Band A	1711	£120,834.75
Band B	584	£49,326.01
Band C	248	£24,555.89
Band D	60	£6753.60
Band E	22	£3185.14
Band F	10	£1659.75
Band G	6	£1072.29
<b>Totals</b>	<b>2641</b>	<b>£207,387.43</b>

The council's current procedure, if people don't pay their council tax, is to issue a summons and if that was to happen in all of the cases then the amount outstanding would increase by 198,075 (£75.00 per summons)

The following examples of possible impacts include both working and non-working single adults and families living in a typical Band A property in Wyre.

### **Example 1**

Single person aged 19 not working and living in a one bedroom flat in Fleetwood paying rent of £65.00 per week and with Council Tax of £14.51 per week (with 25% Single Person Discount applied)

Weekly Income: £56.25 JSA Income Based;

The Government states a person of this age and circumstance needs £56.25 per week to live off. This is called their "applicable amount". As they have no additional income (nothing above the applicable amount) the claimant qualifies for maximum benefit.

They will receive £58.50 Local Housing Allowance, based on a shared room rate and £14.51 Council Tax Benefit.

If we deduct the shortfall in rent of £6.50 from their Job Seekers Allowance they are left with £47.95 to live off.

#### **What extra will they have to pay in April 2013?**

£1.23 Council Tax leaving them with £48.52 to live off.

£1.23 represents 2% of their total income of £56.25

### **Example 2**

A couple who are unemployed and both receive JSA, living in a 2 bedroom privately rented house in Cleveleys paying rent of £90 per week and with Council Tax of £19.35 per week.

Weekly income: £111.45 JSA Income Based;

The Government states that a couple of this age and circumstance needs £111.45 per week to live off. This is called their "applicable amount" as they have no additional income (nothing above the applicable amount) they qualify for maximum benefit.

They will receive £86.54 Local Housing Allowance, based on a one bedroom rate and £19.35 Council Tax Benefit.

If we deduct the shortfall in rent of £3.46 from their Job Seekers Allowance they are left with £107.99 to live off.

#### **What extra will they have to pay in April 2013?**

£1.64 Council Tax leaving them with £106.35 to live off.

£1.64 represents 1% of their total income of £111.45

### **Example 3**

A single person working 25 hours each week, living in a 3 bedroom Housing Association house in Fleetwood paying rent of £82.41 and with Council Tax of £14.51 (Based on a Band A property with 25% Single person discount applied)

Weekly income: £135.39 Earned Income;

They receive £43.81 Housing Benefit and £2.63 Council Tax Benefit.

If we deduct the shortfall in rent of £38.60 and £11.88 council tax to pay from their income they are left with £84.91 to live off.

#### **What extra will they have to pay in April 2013?**

£0.22 extra Council Tax

They will also be affected by the bedroom tax as they have 3 bedrooms and only require 1. The rent of £82.41 will be reduced by 25% and their benefit will be based on a rent of

£61.81. They will now qualify for £23.21 housing benefit. Leaving them with £64.09 to live off.

This works out as

- £20.82 more to pay each week
- £90.22 each month
- £1,082.64 for the year
- This represents 15% of their income

#### **Example 4**

A couple, one is working 16 hours a week and the other is claiming JSA contribution based and looking for work. Living in a 3 bedroom Housing Association house in Fleetwood paying rent of £83.84 and with Council Tax of £19.35 per week.

Weekly income; £134.72 Earned Income; £71.00 JSA giving a total income of **£205.72**

They receive £29.06 Housing Benefit and £2.50 Council Tax Benefit.

If we deduct the shortfall in rent of £54.78 and £16.85 council tax to pay from their combined income they are left with £134.09 to live off.

#### **What extra will they have to pay in April 2013?**

£0.21 extra Council Tax

They will also be affected by the bedroom tax as they have 3 bedrooms and only require 1. The rent of £83.84 will be reduced by 25% and their benefit will be based on a rent of £62.88. They will now qualify for £8.10 housing benefit. Leaving them with £112.92 to live off.

This works out as

- £21.17 more to pay each week
- £91.74 each month
- £1100.84 for the year
- This represents 10% of their combined income

## Potential Impacts on different groups

### Age

**Older people of pension age** – Due to the protection provided to this group they will be treated more favourably than other groups under the proposed changes.

The council has 10692 council tax benefit claimants of these 5852 (55%) are of pension age. They will continue to receive the same amount of benefit and will not be affected by the changes.

**People of working age (over25)** – People under pension age will be treated less favourably compared to pensioners. It is also possible that some people within this group will be affected differently because of their age and those who are older may find it more difficult to find paid employment.

**People of working age (under 25)**- Under the current Council Tax Benefit scheme the system of applicable amounts (the amount the Government say a person of that age and circumstance need to live off each week)are different for those under and over 25. Claimants under 25 have a lower applicable amount and are treated as having lower living costs than those aged 25 and over. In addition, young single people may be more at risk of becoming homeless and/or there will be pressure on these people to return or remain in the family home.

### Gender

Nationally the breakdown of Council Tax Benefit claimants is 68% female and 32% male. The council will continue to treat both men and women equally in the proposed Council Tax support scheme. However, recognising that nationally there are more female claimant's changes to the current scheme will impact more on women than men. In addition, because many of the female claimants are lone parents, they may be treated less favourably indirectly because lone parents may face greater difficulties in responding to the changes, including finding work.

There are two examples below showing the potential impact and the financial impact in each case will be the same regardless of the gender of the individual.

#### Gender - Example 1

Single person aged 26, not working and claiming Income based Jobseekers Allowance (JSA) living in a one bedroom privately rented flat costing £70 per week and with Council Tax of £14.51 per week (based on average Band A in Fleetwood with single person discount applied)

Weekly income: £71.00 JSA Income Based;

They receive £58.50 Single room rate of Housing Benefit as the claimant is under 35 and only entitled to the shared room rate of Local Housing Allowance and £14.51 Council Tax Benefit.

If we deduct the shortfall in rent of £11.50 from their Job Seekers Allowance they are left with £59.50 to live off.

#### What extra will they have to pay in April 2013?

Calculating an 8.5% reduction in Council Tax Benefit entitlement would mean they would have to find £1.23 each week to pay their council tax. Leaving them with **£58.27** to live off. They will not be affected by the bedroom tax or benefit capping.

## **Gender - Example 2**

Lone parent with 2 children aged 15 and 5 of the same sex, not working and claiming Income Support. Living in a 3 bedroom privately rented property costing £140.00 per week and with council tax of £16.93 per week (based on average band B property in Fleetwood with single person discount applied)

Weekly income: £71.00 Income Support; £113.63 Child Tax Credit; £33.70 Child Benefit – giving a total income of **£218.33**

They receive £114.23 Housing Benefit, based on a 2 bedroom rate of Local Housing Allowance and £16.93 Council Tax Benefit.

If we deduct the shortfall in rent of £25.77 from their income they are left with £192.56 to live off.

### **What extra will they have to pay in April 2013?**

Calculating an 8.5% reduction in Council Tax Benefit entitlement would mean they would have to find £1.44 each week to pay their council tax. Leaving them with **£191.12** to live off. They will not be affected by the bedroom tax or benefit capping.

## **Disability**

For Housing and Council Tax Benefit purposes the definition of disability used is based on entitlement to certain state benefits. Residents may also be entitled to a disabled band reduction, where they receive a qualifying state benefit and require a room to be adapted for their needs and this will be awarded following a request from a resident and subsequent visit to the home. The disability can be in respect of any member of the household.

Relevant benefits include:

- Disability Living Allowance Care Component
- Employment Support Allowance Support Element
- War Disablement Pension

Nationally, 18% of households in receipt of Council Tax Benefit aged under 65 may have at least one adult or child who is disabled in the household.

It is possible that some people in this group will be affected less favourably because of the greater difficulties they may face in coping with the changes, for example, by finding paid employment. This may result from their reduced capacity to work due to the nature of their disability, discrimination based on the perceptions of employers or the absence of suitable adaptations to meet their needs.

There may also be communication issues depending on the nature of the disability. This may cause greater difficulty in understanding the changes. This may create a greater challenge to the council in getting its message across.

## **Disability - Example 1**

Single person aged 50, unable to work because of disabilities, lives alone in a 1 bedroom privately rented flat costing £100 per week and with Council Tax of £16.93 per week (Based on Band B property in Thornton)

Weekly income: £157.35 Employment Support Allowance (Income Related); £51.85 DLA (middle rate care); £54.05 DLA (High rate mobility) – giving a total weekly income of **£263.25**

They receive £86.54 Housing Benefit (entitled to 1 bedroom rate of Local Housing Allowance) and £16.93 Council Tax Benefit.

**What extra will they have to pay in April 2013?**

Calculating an 8.5% reduction in Council Tax Benefit entitlement would mean they would have to find £1.44 each week to pay their council tax. After paying this and their shortfall in rent of £13.46 they will have **£248.35** to live off. They will not be affected by the bedroom tax or benefit capping.

**Marriage and Civil Partnerships**

The proposed scheme will have an impact on working age families and couples regardless of whether they are living together or married or in civil partnerships. Married couples and civil partnerships are recognised equally in the current Council Tax Benefit system.

**Marriage and Civil Partnerships - Example 1**

Couple in their 40's with 2 children aged 9 and 17 of the same sex. Man works 40 hours per week with a net income of £214.00 Living in a 3 bedroom privately rented property costing £150 per week and with Council Tax of £29.02 (based on a Band D property in Poulton)

**Weekly income:** £214.00 net earnings; £40.57 Working Tax Credit; £113.68 Child Tax Credit; £33.70 Child Benefit giving a total weekly income of **£401.95**

They will receive £60.73 Housing Benefit (entitled to 3 bedroom rate of Local Housing Allowance as children can share a room) and £12.56 Council Tax Benefit.

**What extra will they have to pay in April 2013?**

Calculating an 8.5% reduction in Council Tax Benefit entitlement would mean finding another £1.07 each week. Paying a total of £17.53 Council Tax. After paying the shortfall in rent and council tax they will have **£295.15** to live off. They will not be affected by the bedroom tax or benefit capping.

**Pregnancy and Maternity**

The proposed scheme will have a negative impact on all working age single people and couples who are recipients of Council Tax Benefit regardless of whether they are pregnant or have recently given birth.

Whilst the impact of any changes on this group will not be disproportionate it is acknowledged that they may face greater difficulties in responding to the changes, for example, in being able to find work.

**Race**

The proposed scheme will have a negative impact on all working age single people and couples who are recipients of Council Tax Benefit regardless of their race or ethnicity. National data regarding ethnicity of Council Tax Benefit claimants reveals that 90% of these are white, and 10% are ethnic minorities. However, within Wyre the ethnic minority percentage is much lower than the national average.

The impact is unlikely to be disproportionately greater on households of different ethnicity within the working age group as there will be no difference in the way ethnic groups are treated under any new scheme. It is acknowledged that some groups, however, do experience levels of disadvantage and may struggle to cope with change, for example by finding work due to language barriers, or the absence of other skills.

### **Sexual Orientation**

The proposed scheme will have a negative impact on all working age single people and couples who are recipients of Council Tax Benefit regardless of their sexual orientation.

National data demonstrates that some Lesbian, Gay or Bisexual people experience higher levels of disadvantage and financial exclusion than other groups and therefore may face greater difficulties in responding to the changes.

### **Religion or Belief**

The proposed scheme will have a negative impact on all working age single people and couples who are recipients of Council Tax Benefit regardless of their religion or belief. The impact of any changes is not expected to be any greater as a result of particular religions or beliefs.

### **War Veterans**

The proposed scheme will have a negative impact on all working age claimants in receipt of a war disablement pension. The impact of the changes will be no different than any other working age group. The Council already disregards the war disablement pension in full when calculating benefit. This is a local disregard the council has chosen to apply. The Government disregard for all war disablement pensions is £10.00 per week. Although the council recognises that all working age veterans will have to pay something it does not expect the changes to have any greater impact on this group.

### **War Veterans - Example 1**

A couple of working age receive a War Disablement Pension, Incapacity Benefit, Disability Living Allowance and an occupational pension live in a 1 bedroom Housing Association rented house in Fleetwood paying rent of £122.13 per week and with Council Tax of £19.35 per week.

**Weekly income:** £329.64 War Disablement Pension; £29.07 Incapacity Benefit; £20.55 Disability Living Allowance Care component; £125.44 private pension. Giving a total weekly income of **£504.70**

The Government disregard in respect of war pensions is £10.00 per week. Wyre Council disregards the whole of the remaining war pension. The couple also receive an amount of £20.55 in respect of Disability Living Allowance which is also disregarded for Housing and Council Tax Benefit purposes. The total weekly income used is £154.51,

The Government states that a couple of this age and circumstance needs £154.70 per week to live off. This is called their "applicable amount." as they have no additional income (nothing above the applicable amount) they qualify for maximum benefit.

They will receive £122.13 Housing Benefit and £19.35 Council Tax Benefit.

### **What extra will they have to pay in April 2013?**

£1.64 Council Tax leaving them with £503.06 to live off.

£1.64 represents 0.3% of their total income of £504.70

They will not be affected by the bedroom tax or benefit capping.

**Key Milestone/Work Programme Agreed by Cabinet 1 August 2012**

<b><u>Date</u></b>	<b><u>Action</u></b>
April – June 12	Initial consideration as to the various options for a new scheme. Liaison with other Lancashire LA's to explore options for a county wide scheme.
On-going	Costing of various options to take account of caseload increases/decreases.
July 12	Briefing note to Management Board re proposed Localised scheme.
1 Aug 12	Cabinet agree draft scheme and start of consultation period.
July 12	Staff training re proposed scheme in order that staff can provide necessary information to customers as required during consultation period
Aug - Oct 12	Consultation period for proposed new scheme. Consultation to be carried out via internet and written correspondence to appropriate groups.
Aug – Oct 12	Proposed localised scheme rules written and amended and verified in accordance with any agreed changes emanating from the consultation.
6 Sept 12	Briefing to all councillors re all changes to housing and Council Tax benefits.
29 November 12	Consideration of consultation responses and scheme formally adopted by Council.
30 November 12	First letter to customers re localised scheme and reductions in entitlement.
Early December	Council Tax Base calculation.
July 12 – Jan 13	On-going preparatory work for localised scheme including claim forms, notification letters, software changes.
Early Feb	Second letter to customers re localised scheme and reductions in entitlement.
Feb 13	Staff training.
Mar 13	Council Tax cases migrated across to LCTS, new Council Tax bills produced and sent to customers.
Apr 13	Visiting programme commenced to review every LCTS claim and obtain required claimant signatures.