

Agenda Item No 17

Executive Board

26 November 2012

Report of the Assistant Chief Executive (Community Services)

Adoption of a Council Tax Support Scheme for 2013/14

1 Summary

- 1.1 This report provides an update to the report agreed by this board on 25 July 2012 concerning the Councils proposed localised Council Tax Support scheme (CTS) to be implemented on 1 April 2013. It provides a summary of the results of the recently completed consultation exercise and requests that Members consider whether to accept the subsequent offer from Government of a transitional grant in respect of 2013/14 only.

Recommendation to the Council

- a To note the findings of the Local Council Tax Consultation, as set out in Section 4;**
- b To approve the implementation of an 8.5% reduction in existing levels of Council Tax Benefit to all current working age customers in relation to the Proposed Council Tax Support Scheme to be adopted in 2013/14 only; and**
- c Agree that a full appraisal of the Council Tax Support Scheme is undertaken by December 2013 with a view to recommending any necessary changes in respect of 2014/15 onwards.**

2 Consultation

- 2.1 See Section 4 for the outcome of an extensive 9 week consultation exercise in relation to this report.

3 Background

- 3.1 Council Tax Benefit (CTB) is a means tested benefit. It is a national scheme, but it is administered by a billing authority (the District Council in a two tier area). CTB is currently fully funded by the Government, who also provide an administration grant to deliver it.
- 3.2 CTB claimants do not receive the benefit in cash – instead their Council Tax bill is credited with the benefit by either reducing monthly instalments due to be paid or as in the case of two thirds of the current 1940 working age

claimants receiving CTB requires no payment at all as customers are in receipt of what are called “passport benefits” (e.g.) Income Support, Jobseekers Allowance etc.

3.3 The current national CTB scheme will be replaced by a localised CTS scheme on 1 April 2013. It has fallen to each Billing Authority to devise its own scheme and Members will be aware of their responsibilities and considerations as outlined in the report considered by this board on 25 July 2012 (see agenda item 5).

3.4 In summary, the main elements of the new scheme will be as follows:

- The current CTB scheme does not have any direct financial impact on the council. It is a demand led benefit, where government fully refunds the Council for the benefit it has paid out. In contrast, the CTS will be a Council Tax discount based scheme (like single person discounts). This will reduce the taxbase and therefore the Council Tax collected by NWBC for itself and its preceptors. To compensate them for the lost Council Tax, government will provide a grant, but only at 90% of the cost of current CTB, so we have to design a CTS scheme that absorbs the 10%, or one that delivers the 10% saving.
- The new CTS will continue to be demand led, but with a fixed grant from Government it transfers the risk of any growth in caseload numbers locally. If the costs of the CTS overrun, it cannot be amended "in year". The overrun costs have to be borne by the Major Preceptors. Conversely, it reduces the cost of the scheme should the caseload fall.
- Because the scheme proposed in this report is not recommending the “status quo”, this will mean requesting payment of increased Council Tax liabilities from all working age claimants, many of whom are not accustomed to paying Council Tax, as currently two thirds of them receive 100% benefit. This change will most likely result in lower collection rates, which will have to be estimated in our future projections, and the necessary adjustments made to the taxbase.
- Pensioners must be protected from any impact when designing local council tax support schemes. Pensioner’s account for over 62% of the current claimant base and 63% of the current benefit expenditure. This is higher than the average level of pensioners nationally and increases the proportion of savings that have to come from other claimants compared to other Councils locally. In our case just 38% of those claimants of working age (or currently 1940 customers) making the potential impacts of cuts greater than in neighbouring authorities.
- Protection for other vulnerable groups should be considered
- Local authorities have flexibility in how the 10% reduction in funding can be managed, and can make savings in other areas of the budget in order to maintain the existing benefit scheme.

- 3.5 During 2011/12, NWBC spent approximately £4.564m (subject to final audit) on Council Tax Benefit. For 2012/13 this figure is forecast to remain almost the same based on our caseload remaining at very similar levels over the last twelve months and Council Tax rises being low based on two of the three major preceptors freezing their council tax in 2012/13.
- 3.6 However, the fixed grant for 2013/14 will be based on DWP forecasts of future spend. Unfortunately, this assumes that expenditure on Council Tax Support will be less in future years than it is now based on Government predictions of an anticipated fall in caseloads. This assumption is currently the subject of challenge by the Local Government Association on behalf of all Local Authorities but as final grant allocations are not expected until 19 December when these forecasts of future spend will be updated, the indicative amount of £650,000 loss of grant on which the July report was based and consultation was undertaken remains unchanged.
- 3.7 As stated in July, the impact of this cut in grant means that NWBC faces an estimated financial pressure, currently circa £103,000 if it does not make the required changes. Growth in claimant numbers, levels of non-collection and changes in government projections could increase this pressure further. The pressure on the preceptors (i.e.) WCC and the Police would be £547,000 in North Warwickshire alone ignoring any other decisions across the County should the Council have sought to make up the shortfall and protect current CTB award levels.
- 3.8 To date, NBBC are the only Warwickshire Council to formally propose a CTS scheme, which will see part of the saving required being passed on as a 20% benefit cut from 2013/14 onwards. An update on the other Warwickshire District Council schemes will be provided at the meeting where available.
- 3.9 Having regard to all of the above, at the 25 July meeting, the Executive Board approved the following draft scheme for public consultation:
- All working age customers would be expected to pay 15% to 20% of their Council Tax Liability before benefit is calculated passed on as a standard reduction.
 - Removal of Second Adult Rebate - currently under the CTB scheme where the claimants own income is too high to receive CTB and they have another adult living in the property whose income is low, they can make a claim for Second Adult Rebate and receive a discount of up to 25 per cent.
- 3.10 With the exception of the above, the draft scheme retained all of the remaining features of the current CTB scheme.
- 3.11 To enable officers to propose this level of reduction as opposed to an original estimate that would have required a reduction in current CTB levels in the region of 40%, the Council indicated that it would also be implementing a number of changes to certain council tax exemptions from April 2013.

3.12 It is anticipated that these will raise more than half of the estimated savings by changing charging policies in respect of these properties. As the legislation to allow these changes is as yet to be agreed and the final grant settlement remains unclear, a separate report outlining the detail of these changes will be taken as a separate report to a Special Executive Board on Monday 10 January 2013.

4 **Consultation – Summary of Responses**

4.1 The consultation on the draft scheme ran from 20 August to 22 October 2012 in order to meet budget timescales for 2012/13. The following consultation methods were used:

- The consultation documents were available on-line and as a hardcopy.
- Consultation documents were placed in a number of locations, including libraries and B.O.B hubs.
- All current working age Council Tax Benefit claimants were written to outlining the changes
- Consultation documents were emailed out to a large number of Community and Voluntary groups and individuals for whom e-mail addresses were held.
- A series of drop-in and briefing sessions were held across the Borough during the consultation period
- The consultation was promoted on the Council's website, Facebook and Twitter pages.
- A dedicated telephone hotline was set up to deal with any responses or requests for further information

4.2 In total, 120 responses were received (99 by post; 21 on line) and a summary of the full results is shown at Appendix A. This initially appears a very low response, especially bearing in mind the amount of publicity undertaken to promote the consultation. However, this is in line with similar experiences of other local authorities.

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4.3 An overview of the key headlines from the responses is set out as follows;

- 120 responses were received
- We sent 1940 letters to those working age directly affected of which 110 households replied (5.67% of all households canvassed). Only 10 responded on line in spite of the offer of a £50 prize draw to encourage this method
- 10 non-benefit recipients responded – despite sending over 5000 e mails, alerts, promoting at area forums and putting on the front page of the Council website for the entire 9 week consultation period. These accounted for 8.3% of the total responses received

- 3 letters were received; one from WCC and one from Warwickshire Police supported the proposals. They restated in their responses that they are unable to contribute towards any administrative costs that can be attributed to running the scheme in 2013/14 in terms of increased staffing or other charges connected with collecting monies but will review this position for 2014/15. The third letter from the Royal British Legion requested that we continue to disregard war widows pensions in the calculation of benefits. We were happy to advise them that this would be the case as it was never our intention to remove this disregard.
- No telephone calls were received on the benefits helpline set up and we had little interest at any of the area forums attended, in the One Stop Shop or on the B.O.B bus.
- Of those who responded to the consultation, 60% were aged between 45 to 64 years of age and 47.5% indicated they had a disability

5 On The Specific Questions Asked

- 74.2% agreed that working age benefit claimants should pay something.
- 81.2% believed the proposals would impact on some groups more than others
- However, only 27.5% of those replying were prepared to get less help to pay for any protection to any group.
- On whether the cut should be passed on as a percentage or standard (everyone paying the same) reduction, 45.8% expressed a preference for a percentage, 42.5% for a standard and 11.7% did not answer
- Only 40% disagreed with the removal of the Second Adult Rebate
- 60% indicated that they would need debt or budgeting advice to help pay any new liability
- Finally, in terms of whether those responding agreed with the scheme being proposed
 - 40.8% agreed
 - 54.1% disagreed
 - 5.1% did not answer

5.1 The questionnaire also included some 'free text' questions to allow respondents to give their views in more detail, or suggest alternative options.

5.2 There was a trend in the responses for the disabled, long term sick and carers to receive protection from any potential reduction in support which is not surprising based on nearly half of those responding indicating they were disabled. Members may wish to note that the Council's proposed scheme acknowledges that these groups of claimants are vulnerable and as such they will be awarded additional premiums when calculating their basic living allowance. Their needs were reflected in undertaking impact equality

assessments when developing the original proposals and we have found no new evidence to suggest that that original approach should change.

- 5.3 Some respondents suggested that pensioners should not be protected from the changes being proposed, but as this is part of the regulations, we do not have any flexibility to change that element of the scheme.
- 5.4 In addition, and to address the Councils commitment to understanding the support needed by persons affected by the change, a series of questions were asked around the type of support individuals may need to pay increased liabilities e.g. debt advice, budgeting help, help to access affordable loans or better fuel deals.
- 5.5 Of the 120 responses, 43 said they were not interested in receiving any help from us, or our partners but we did receive 125 requests for help from the remaining 77 returns. This indicated that on average only one area of help was needed from the choices listed and we have been making contact with these people directly by phone to signpost or provide them the help they highlighted. The table below provides a breakdown of the type of, and numbers requesting support.

Questions	Number of Customers
I am currently in debt (my outgoings are more than my income every month) and I am getting further into debt and not in control of my situation	6
I would like professional debt advice	6
I would like help with learning how to budget and manage my money	4
I would like help to open a bank account	3
I would like to access affordable loans as opposed to relying on high cost loan or pay day loan providers	10
I cannot access the internet at home to complete this consultation form online	12
I would like to learn how to use a Personal Computer	8
I would like help with finding work	7
I would like help with writing or updating my CV	5
I would like help improving my reading and / or writing	4
I would like help to stop smoking	9
I would like more information on living a healthy lifestyle, exercise and healthy eating	9
I am interested in getting involved in local volunteering opportunities that will enable me to gain new skills and give me better employment opportunities	8
I would help to reduce my fuel and energy bills	22
Not interested in any of the above	6
I would like more information on Home contents insurance	12

5.6 The consultation exercise undertaken demonstrates that the Councils proposals have been subject of a comprehensive appraisal and findings would not indicate any significant alternative options need to be considered at this time.

6 **Changes Since the Consultation Period Started - Transitional Grant Scheme**

6.1 On the 16 October, the Department for Communities and Local Government announced £100m of transitional funding to support the move to the localisation of CTS. Although the Government has previously emphasised flexibility for authorities to determine the appropriateness of their local schemes, this grant presents a financial incentive to authorities to implement certain criteria within the local schemes it adopts. These are as follows;

6.2 The grant is available to councils who choose to design their local schemes so that:

- Those who would be on 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their council tax liability;
- The taper rate (i.e. the rate at which support declines as people's income increases) does not increase above 25%; and
- There is no sharp reduction in support for those entering work—for claimants currently entitled to less than 100%, support, the taper will be applied to an amount at least equal to their maximum eligible award (which to be eligible for the grant, could not be less than 91.5%)

6.3 The grant allocation available to the Council (including precepting authorities) is £113,000, of which £17,000 would be for NWBC. Accepting the grant and implementing the changes at the maximum level of an 8.5% cut would mean the average bill for those 1940 households affected would be reduced to £75 per annum with 95% of those households paying between £66 to £90.

6.4 This is compared to the £177 per annum all households would have been requested to pay as a standard levy (based on the 20% cut that would have been the recommended outcome to Members following the Councils consultation period) if this grant had not been offered.

6.5 The only key change from that proposed in the consultation document is that if the Council accept the grant, this would require the Council to pass on the cut in benefit as a percentage as opposed to a standard reduction. The adoption of a standard reduction was our initial preference, as this would have made understanding the new scheme easier and assisted in collection. However, for single people living in band A properties who receive a 25% discount, this approach would have resulted in them paying slightly more than the equivalent 8.5% cut

6.6 The recommendation has been changed to propose a reduction in benefit of 8.5% in 2013/14 only, in place of the 15% to 20% originally consulted on.

6.7 The number of consultation responses agreeing with the consultation proposal was surprisingly high considering that nearly all responses were received from those impacted by the changes. It is reasonable to assume that had we advised customers that the reduction of benefit was going to be limited to 8.5% as opposed to 15 to 20% that those in agreement would have been higher.

6.8 It is possible to seek ratification on the adoption of a CTS scheme at this time. This is possible for the reasons outlined above and the fact that any decision will remain largely unaffected by the final grant position decision. Adopting a scheme by Full Council on 12 December 2012 will allow letters to be sent to those affected by the change to be notified before Christmas maximising the time they will have to review their finances.

7 This should not concern Members for the following reasons:

- You will note that the consultation responses indicated a marginal preference for a percentage cut rather than the proposed standard reduction so this will allow this preference to be adopted.
- Taking a percentage reduction approach will ensure those in work on very small awards of benefit of between zero and £177 per annum will remain in benefit increasing the incentive to work.
- For the small numbers of claimants living in larger properties (Band E and above) who benefited from a standard reduction approach, if their bills are now based on a 8.5% cut, this will mean those households will still be asked to pay a bill in the region of £177 which was the figure indicated as part of the consultation had the Council adopted a 20 per cent cut passed on as a standard reduction.

7.1 In recommending the acceptance of the grant to Members, it is assumed that the key benefits of taking the transitional grant are two fold:

- It will reduce the impact of losing support from CTB from 20% to 8.5% which even if just for one year will help customers by giving them longer to reorganise their financial circumstances in preparation for potentially bigger cuts from 2014/15 onwards
- It will help the Council collect monies due. It has been estimated by officers that they anticipate they will be able to collect over 90% of the Council Tax due in year where a cut is limited to 8.5% as opposed to an expected 60% collection rate if it was 20%. It should also result in less recovery action being necessary through the courts at further additional cost to the customer.

8 The Downside of Taking the One-Year Grant is:

- 8.1 That if the Council is forced to pass on bigger cuts in Council Tax Support in future years as likely, it could be viewed as the Council being responsible for making the decision to pass on the cuts and not the Government and;
- 8.2 It will mean that the Council will be faced with recovering a lot of relatively small bills (for 95% of claimants between £66 to £90). If not paid, these will result in court costs of £100 being incurred. This position cannot be altered (unless adopted for all customers) and will mean that in the majority of cases where court action is necessary to assist recovery of monies due that the costs will be higher than the original debt. This does have the potential for adverse publicity but at this time and to ensure compliance with principles of equality, this cannot be avoided.
- 8.3 If Members agree to apply for the transitional grant, this will require the Council to make an application to the Government after 31 January 2013 but before 15th February 2013, and the funding will be paid in March 2013. It will require confirmation from the Deputy Chief Executive as the Councils Section 151 Officer to confirm that the adopted scheme as proposed complies with the qualifying criteria for the grant following Full Council approval to accept it. The proposed scheme as recommended complies with this requirement.
- 8.4 In addition, whilst the scheme adopted would be different from that on which the Council consulted based on reducing benefit entitlement by 8.5% as opposed to 15% to 20%, having consulted the Councils solicitor, the original consultation process will not need to be repeated. This is because the consultation was based on a set of principles; with little if any technical changes to the current benefit scheme and the only difference is that the amount of any cut will be lower for all than that was being proposed.

9 The Final Proposed Scheme for 2013/14

- 9.1 Council Tax Support will remain as a means tested benefit. The calculation will be based on the claimant and households assessable income compared to their applicable amount. The applicable amount is based upon allowances and premiums, which reflect the day-to-day living expenses of the claimant and their family. Our CTS scheme will retain the existing applicable amounts currently used when calculating Council Tax Benefit. Current income disregards, such as Child Benefit, will also remain.
- 9.2 The draft Local Government Finance Bill states that a billing authority must have regard to any guidance issued by the Secretary of State in designing a approving its CTS scheme. The table below sets out how our proposed scheme does this:

Consulting with Major Preceptors	Warwickshire County Council and Warwickshire Police Authority were consulted on our draft scheme, prior to public consultation
Statutory consultation with the public	A nine-week public consultation was carried out and further information on

	this process is given at section 4.
Approval and publication of scheme by 31 January 2013	Full Council will approve the final scheme in December, which will allow publication by 31 January 2013
Protection of pensioners	The proposed scheme ensures that pensioner claimants are no worse off as a result of the local scheme
Consideration to other vulnerable groups	Armed Forces – income received in respect of a War Widows Pension or War Disablement Pension will be disregarded in the calculation of income. Child Poverty Act 2010 – child benefit and child maintenance will be disregarded Disabled Persons Act 1986 – Income from disability living allowance will be disregarded. The Equality Impact Assessments carried out prior to the consultation exercise that considered these issues have been reviewed and remain valid
Incentivising Work	The CTS scheme disregards a set amount of earnings depending on circumstances when assessing a claim. Also by adopting the 8.5% cut to all customers and not only those currently in receipt of 100% benefit promotes this aim.

10 Report Implications

10.1 Finance and Value for Money Implications

10.1.1 The savings required have been projected at £650,000, although this will only be clarified following the release of the Autumn Statement in December. The potential savings from the reductions in benefits previously mentioned are shown in the table below, together with an estimated provision for non collection of council tax.

	20% Cut	8.5% Cut
Saving from reduction in benefit	(343,000)	(146,000)
Loss on collection	137,000	11,000
Government grant	-	(113,000)
Saving	(206,000)	(248,000)

10.1.2 The assumed collection rate with an 8.5% cut is 93%, reducing to an assumed collection rate of 60% with a 20% cut. This reflects the expectation that the higher bills that would be raised with a 20% cut would be harder to

collect, requiring more court action to be taken. This would increase the burden on people already having difficulty in paying monies due.

10.1.3 In line with the principles outlined in the original report in July, it is to be assumed that the additional income required to make up the shortfall of £402,000 will be raised from changes to current exempt properties. This will be the subject of a separate report in January. The reason for delaying any decision on the level of changes necessary in exemptions is that officers are awaiting the release of the Autumn statement settlement, which will clarify the actual savings that will be required before it makes a recommendation to Members. This will ensure decisions are based on the best available information.

10.1.4 Only at this point will the Council be able to calculate its tax base, which it is required to undertake and communicate to all precepting authorities by 31 January 2013. It is anticipated that based on the principles agreed by Members in July that the savings target required will be achieved by making changes to the existing benefits and exemption schemes.

10.2 Administration and Collection Issues

10.2.1 As there are 1,940 working age claimants getting CTB with nearly two thirds getting full CTB, it is likely recovering these low but significant amounts of Council Tax from our most vulnerable customers will be expensive as the costs relate to the activity required to recover the Council Tax and not to the value of Council Tax being collected. It is expected that claimants with reduced levels of CTS will lead to significantly increased recovery activity for a relatively small amount of Council Tax and much greater levels of support needing to be provided by officers and partners to ensure payments are maintained.

10.2.2 As previously stated in this report at Section 6, it is reasonable to assume that adopting a scheme that only reduces benefit awards by 8.5% as opposed to up to 20% as previously consulted on should make paying and recovery of monies easier. This will also mean that where recovery action is necessary that the council tax liability plus court costs should be able to be recovered in year in the majority of cases. The potential implications in terms of collection are detailed below.

10.2.3 Collecting monies is likely to be more expensive as most of the passported claims are likely to need to pay by cash at either the post office or via paypoint which attracts the highest cost of any collection method offered (currently approximately 51p per transaction) plus greater back office processing costs. If all 19,400 payments assuming 10 payments were made by this method, the recharge to the Council alone of collection would be £10,000. It is likely a number of these payments would also be paid weekly or fortnightly which would significantly increase costs further as these are not shared. This may require a review of the current payment policy and will form the basis of a report to the Resources Board in January 2013 if it is deemed necessary to change our approach.

10.2.4 The council is likely to need to issue an increased level of recovery action as a result of non-payment and obtaining liability orders will involve adding a further £100 costs to the claimant debt. It has been assumed that providing recovery action is taken by June 2013 in line with our normal recovery procedures, this will mean that where debtors are in receipt of certain state benefits these can be deducted at a rate of £3.55 per week from their ongoing entitlement which would be sufficient to clear liabilities plus costs in full in year. The level of costs charged cannot be reduced unless this was a decision that would apply to all payers. Reducing costs is not recommended as it currently provides an income stream that could not easily be replaced and would create an extra burden to the Council and its savings strategy.

10.2.5 Where deduction from benefits is not possible and payments are not made voluntarily, this will in many cases require the matter to be sent to the Councils bailiff again at a significant cost to the customer and Council in additional administration. This will also have the impact of significantly increasing the liability of the person – in some cases disproportionate to the primary debt and will require a review of current recovery policies. This is currently being reviewed with the CAB and it is intended that the Resources Board at its January meeting will consider a revised corporate debt policy that may mean that the Council will need to accept that for some paying may just not be possible.

10.2.6 As such there will be the potential for higher levels of write off and again this will require a review of the Councils existing write off policy. It is intended that the Resources Board if needed by March 2013 will consider a revised write off policy. It should be noted that any shortfall in collection caused by inability to pay resulting in a write off would ultimately be shared in proportion to the precept levy.

10.2.7 Officers will need to spend increased time dealing with more complex cases and more recovery cases overall. The opportunity cost of this additional work is unknown but it is likely to impact on in year as well as overall collection rates and impact on the very good payment culture the Council has promoted over many years. It may be necessary to employ some additional resources from 2013/14 onwards to assist in collecting monies which if necessary could be funded from a combination of a contribution from the new burdens award and the increased income from court costs. This income is as yet uncertain and no decisions have been made as covered further under the heading “Human Resource Implications”.

10.3 Safer Communities Implications

10.3.1 The impact of benefit changes could lead to an increase in adverse claimant behaviour where benefit has been lost (e.g.) anti social behaviour over having less income or promoting people to borrow money from high interest lenders. It is hoped that the recommended approach to share the burden of the cuts and reduce the cut to 8.5% for the most vulnerable may mitigate against this being necessary.

10.3.2 It will be increasingly necessary to ensure appropriate support and help is available from the Council, CAB, CWDA and other advice agencies to provide financial and budgeting support. The Council is very well placed to provide this because of the infrastructure developed with its partners in recent years surrounding the wide-ranging B.O.B services delivered via the bus, one stop shop and recently introduced hubs but these services are likely to see significant increased demand that may not be able to be met quickly or easily.

10.3.3 This support will be provided alongside Housing colleagues and the Councils Financial Inclusion Partnership are constantly reviewing how best to support customers affected by both these changes and other wide ranging Welfare Reforms.

10.3.4 The potential implications of the CTS scheme presented for approval are far reaching and should not be underestimated. We will continue to provide support to those affected by the Welfare Reform changes by continuing to promote the following: in partnership with others: -

Bank Accounts	<ul style="list-style-type: none"> • Help residents to open a basic bank accounts • Encourage ‘Jam Jar’ Accounts (accounts with a money managing feature – money is split into ‘jar’s for different outgoings such as bills, savings etc) • Accounts with Credit Unions
Help, Support and Advice	<ul style="list-style-type: none"> • Budgeting and Debt Advice • Expanding our referral scheme to 3rd sector organisations who could provide this advice via greater promotion of our Front Line Worker Toolkit • Running more targeted events e.g. Wraparound sessions, Big Energy Week • The potential setting up of food banks • Ensuring benefits and entitlements are maximised e.g. free school meals
Grants/Funding	<ul style="list-style-type: none"> • Links with other companies such as Severn Trent Water who provide grants and payments to those residents experiencing financial hardship • Maximise grants available to residents such as free cavity wall and loft insulation • Maximise funding available to the Local Authority for financial inclusion work

10.4 Legal and Human Rights Implications

10.4.1 The wider welfare reform changes currently being implemented (e.g.) the changes to Local Housing Allowances have already left a number of claimants reliant on Housing Benefit with shortfalls towards paying their rent and the planned changes around under-occupation in the social rented sector as well as the introduction of the Benefit Cap in April 2013 will leave many more claimants with further shortfalls in rent to pay. Imposing further reductions under the CTS scheme, particularly where claimants have no option to move to more affordable accommodation, may lead to worse outcomes for claimants and for the Council in dealing with the consequences of these changes. By restricting the reductions to 8.5%, even if only for one year can only assist customers in these difficult times.

10.5 Human Resources Implications

10.5.1 Senior officers within the Community Services division are currently absorbing the considerable additional workload created by these and other welfare proposals. Where possible we are working with NBBC and other councils to share information and prevent duplication of effort. This position is under constant review.

10.5.2 We are also awaiting clarification on the resources that may be available to investigate potential Council Tax Support fraud. This is linked to the proposal to create a Single Fraud Investigation Service (SFIS), which will bring together local authority fraud officers into one service operated by the DWP. It is unlikely that this will include Council Tax Support, so we may need to commit resources to this separately but again we are expecting further clarification of this in January.

10.5.3 Whilst it would be reasonable to assume that to maximise collection rates, this may rely on the employment of more resources, under the current scheme all additional costs of employing staff would be the sole responsibility of the Council as the Billing Authority despite the Council retaining only a relatively small element of the monies collected. It is anticipated that there will be additional workload particularly in collection, recovery and appeal activity, and the council will need to consider if some additional resources will be necessary to undertake additional workload created.

10.5.4 Greater clarity around available finance will be received by January as decisions regarding funding to cover new burdens created by changes introduced and the position on the ongoing level of administration grant to be paid to the Council will be better known. This will assist us in determining how we resource increased workloads going forward.

10.6 Environment and Sustainability Implications

10.6.1 The wider welfare reform changes currently being implemented (e.g.) the changes to Local Housing Allowances have already left a number of claimants reliant on Housing Benefit with shortfalls towards paying their rent and the planned changes around under-occupation in the social rented sector as well as the introduction of the Benefit Cap in April 2013 will leave many more

claimants with further shortfalls in rent to pay. Imposing further reductions under the CTS scheme, particularly where claimants have no option to move to more affordable accommodation, may lead to worse outcomes for claimants and for the Council in dealing with the consequences of these changes. By restricting the reductions to 8.5%, even if only for one year can only assist customers in these difficult times.

10.7 Risk Management Implications

10.7.1 A risk assessment for local Council Tax Support was prepared as part of the July report and is being regularly updated and monitored throughout the implementation process by officers. See Appendix B for the updated position.

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10.7.2 If Members choose to apply for the transitional grant, the application can only be made in early February, so the receipt of grant may not be known until after the Council's budget has been set. However as mentioned in paragraph 6.3, the maximum impact for this Council if the grant were not forthcoming, would be £17,000.

10.7.3 The key financial risk surrounds the concern over increased caseload in future years – from both working age and pensioners. The risk of future caseload growth will fall entirely on the Council and the Major Preceptors going forward. Officers have made an adjustment for assumed growth of 1.5% in take up on current levels included in the figures above. This is based on analysis of our caseload over the last 5 years that has grown by more than 20% despite remaining fairly static for the last 2 years.

10.8 Equalities Implications

10.8.1 Initial Equalities Impact Assessments based on the proposed scheme changes was undertaken as part of the July board report. Whilst they highlighted that impacts would be felt by the proposed changes, it is hoped that these will be mitigated and managed by ensuring that help, support and the correct information is available to assist customers deal with the changes. This position can only be helped should Members agree to only passing on an 8.5% reduction in benefit support in 2013/14 as opposed to the 15% to 20% that would have been necessary under original consultation proposals.

10.8.2 It is understood that many individuals will be impacted by the proposed changes. Officers have sought to provide a balance between ability to pay and spreading the impact of changes as widely as possible whilst having regard to the very difficult economic climate under which these changes are being introduced to try to ensure collection performance can be maintained, or at best, not fall considerably.

10.8.3 The impacts on all groups have been reviewed again following the consultation exercise and it remains the case that as the proposed changes impact across the whole of the working age caseload, they will not disproportionately impact on different groups. By restricting the reductions to 8.5%, even if only for one

year can only assist customers at these difficult times and the outcome from the consultation exercise has not affected this view.

10.8.4 There are no issues of concern raised in the assessment that the proposed scheme will have a differential impact due to either:

- Gender
- Race
- Sexual orientation
- Religious belief
- Gypsy or travellers
- Children or vulnerable adults

10.8.5 There is a differential impact based on age, due to the legislative requirements to protect those of pensioner age. Pensioners must not be any worse off under the CTS scheme than they are under the current CTB scheme.

The Contact Officer for this report is Bob Trahern (719378).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Equality Impact Assessment Summary Sheet

Please complete the following table summarised from the equality impact assessment form. This should be completed and attached to relevant Board reports.

Name of Policy Procedure/Service	Council Tax Support Scheme
Officer Responsible for assessment	Bob Trahern

Does this policy /procedure /service have any differential impact on the following equality groups /people

- (a) Is there a positive impact on any of the equality target groups or contribute to promoting equal opportunities and improve relations or:
- (b) could there be a negative impact on any of the equality target groups i.e. disadvantage them in any way

Equality Group	Positive impact	Negative impact	Reasons/Comments
Racial			
Gender			
Disabled people			
Gay, Lesbian and Bisexual people			
Older/Younger people			
Religion and Beliefs			
People having dependents caring responsibilities			
People having an offending past			
Transgender people			

If you have answered **No** to any of the above please give your reasons below

See previous IEA undertaken as part of the Executive Board report in July 2012, Section 10.8 of this report.

Please indicate if you believe that this document

Should proceed to further Impact assessment

Needs no further action

Risk Management Form

**NORTH WARWICKSHIRE
BOROUGH COUNCIL**

Division

Cost Centre or Service

Risk Ref	Risk: Title/Description	Consequence	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Gross Risk Rating	Responsible Officer	Existing Control Procedures	Likelihood(5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating
Risk Ref	Options for additional / replacement control procedure						Cost Resources	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating

Completed By:

Date:

A separate risk register is being maintained as highlighted in paragraph 10.7.

Appendix A

SUMMARY OF COUNCIL TAX CONSULTATION RESULTS UNDERTAKEN BETWEEN 20 AUGUST 2012 AND 22 OCTOBER 2012

Overview of Responses

1 Do you agree that working age benefit claimants should pay something towards their Council Tax?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	1	.8	.8	.8
Ans Agree	52	43.3	43.3	44.2
Strongly Agree	15	12.5	12.5	75.0
Disagree	22	18.3	18.3	62.5
Strongly Disagree	30	25.0	25.0	100.0
Total	120	100.0	100.0	

2 Do you think that our proposals are likely to impact on some groups of people more than others and they should be protected from any decision taken to reduce the level of current CTB? (The 'groups of people' could mean, lone parents, disabled people, carers, families with children, single people, or childless couples etc)

	Frequency	Percent	Valid Percent	Cumulative Percent
No	1	.8	.8	.8
ans No	22	18.3	18.3	19.2
Yes	97	80.8	80.8	100.0

3 If you consider groups should be protected from any reduction in their current CTB entitlement, would you be prepared to receive less CTS and pay more towards your own Council Tax to pay for this protection? For example, if claims with a disabled element were protected from paying more than at present, this would increase the weekly loss of CTS to remaining claimants from £2.55 to £3.37 per week or £4.55 per week instead of £3.40. In respect of the case studies outlined, this would mean case studies 4 and 5 would be protected and continue to pay no council tax but 1,2,3 and 6 would pay more as above.

		Frequency	Percent	Valid Percent	Cumulative Percent
No ans	No	36	30.0	30.0	30.0
	Yes	51	42.5	42.5	72.5
	Yes	33	27.5	27.5	100.0
	Total	120	100.0	100.0	

4 Do you agree that implementing any cut as a 'standard reduction' (i.e.) where everyone pays the same, is a fairer system than applying a 'percentage reduction' to the CTS award (see case studies on pages 5 and 6 for examples of what this means)?

		Frequency	Percent	Valid Percent	Cumulative Percent
No ans	Agree	14	11.7	11.7	11.7
	Strongly Agree	45	37.5	37.5	49.2
	Disagree	6	5.0	5.0	81.7
	Strongly Disagree	33	27.5	27.5	76.7
	Strongly Disagree	22	18.3	18.3	100.0
	Total	120	100.0	100.0	

5 Do you agree that the Second Adult Rebate part of the Council Tax Benefit scheme (see page 4) should be removed in any CTS scheme adopted?

		Frequency	Percent	Valid Percent	Cumulative Percent
No ans	Agree	9	7.5	7.5	7.5
	Disagree	42	35.0	35.0	42.5

Strongly Agree	21	17.5	17.5	88.3
Disagree	34	28.3	28.3	70.8
Strongly Disagree	14	11.7	11.7	100.0
Total	120	100.0	100.0	

6 If you are going to be required to pay between £130 and £186 more per year towards your Council Tax, will you need any budgeting advice or help from the Citizens Advice Bureau, the Council or a similar organisation to help identify how you can pay this?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	16	13.3	13.3	13.3
ans No	44	36.7	36.7	50.0
Yes	60	50.0	50.0	100.0
Total	120	100.0	100.0	

7 Overall, to what extent do you agree with the CTS scheme that is being proposed?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	6	5.0	5.0	5.0
ans Agree	45	37.5	37.5	42.5
Strongly Agree	4	3.3	3.3	69.2
Disagree	28	23.3	23.3	65.8
Strongly Disagree	37	30.8	30.8	100.0
Total	120	100.0	100.0	

8 Are you interested in finding out more about any of the following (please tick all that apply)

I am currently in debt – 7
I would like professional debt advice – 6
I would like help to open a bank account – 3
I would like to access affordable loans as opposed to relying high cost loan or pay day loan providers – 10

I would like help to reduce my fuel and energy bills - 18
I would like help with learning how to budget and manage my money - 3
I would like help with finding work – 5
I am interested in getting involved in local volunteering opportunities that will enable me to gain new skills and give me better employment opportunities - 6
I would like help to stop smoking - 9
I cannot access the internet at home to complete this consultation form online - 11
I would like more information on living a healthy lifestyle, exercise and healthy eating - 9
I would like to learn how to use a personal computer - 9
I would like help with writing or updating my CV - 4
I Would Like To Access Affordable Home Contents Insurance – 2
I would like help improving my reading and/or writing – 3
Not interested – 43

Are you?

	Frequency	Percent	Valid Percent	Cumulative Percent
No	10	8.3	8.3	8.3
ans Female	66	55.0	55.0	63.3
Male	41	34.2	34.2	97.5
Prefer not to say	3	2.5	2.5	100.0
Total	120	100.0	100.0	

Ethnic Origin

	Frequency	Percent	Valid Percent	Cumulative Percent
No	10	8.3	8.3	8.3
ans Black or Black White	2	1.7	1.7	10.0
British - Caribbean				

Irish	1	.8	.8	10.8
Other - English	1	.8	.8	11.7
Other - White Middle eastern	1	.8	.8	12.5
White British	102	85.0	85.0	97.5
White Other	3	2.5	2.5	100.0
Total	120	100.0	100.0	

Religion

	Frequency	Percent	Valid Percent	Cumulative Percent
No	13	10.8	10.8	10.8
ans Any other religion	4	3.3	3.3	14.2
Bahai	1	.8	.8	15.0
Christian	68	56.7	56.7	71.7
Methodist	1	.8	.8	72.5
Muslim	1	.8	.8	73.3
No Religion	30	25.0	25.0	98.3
Prefer not to say	2	1.7	1.7	100.0
Total	120	100.0	100.0	

Old

	Frequency	Percent	Valid Percent	Cumulative Percent
No	10	8.3	8.3	8.3
ans 16-24	3	2.5	2.5	10.8
25-34	13	10.8	10.8	21.7
35-44	23	19.2	19.2	40.8
45-54	40	33.3	33.3	74.2
55-64	28	23.3	23.3	97.5
Over 65	2	1.7	1.7	99.2
Prefer not to say	1	.8	.8	100.0
Total	120	100.0	100.0	

Disability

Old

		Frequency	Percent	Valid Percent	Cumulative Percent
	16-24	10	8.3	8.3	8.3
	25-34	3	2.5	2.5	10.8
	35-44	13	10.8	10.8	21.7
	45-54	23	19.2	19.2	40.8
	55-64	40	33.3	33.3	74.2
	Over 65	28	23.3	23.3	97.5
	Prefer not to say	2	1.7	1.7	99.2
		1	.8	.8	100.0
		Frequency	Percent	Valid Percent	Cumulative Percent
No		11	9.2	9.2	9.2
ans	No	51	42.5	42.5	51.7
	Prefer not to say	1	.8	.8	52.5
	Yes	57	47.5	47.5	100.0
	Total	120	100.0	100.0	

Pregnancy /Maternity

		Frequency	Percent	Valid Percent	Cumulative Percent
No		22	18.3	18.3	18.3
ans	No	95	79.2	79.2	97.5
	Yes	3	2.5	2.5	100.0
	Total	120	100.0	100.0	

Appendix B

Council Tax Support Risk Register

Description of Risk	Initial Impact	Initial Likelihood	Mitigation	Residual Impact	Residual Likelihood
Government Risks					
1. Legislative uncertainty and delays	H	M	Monitor progress of legislation.	H	M
2. Final grant not known.	H	M	Monitor government announcements.	H	M
3. Changes (reductions) in the future level of CTS support.	H	M	None, but the consultation and design of the scheme makes it easy to make future changes.	H	M
4. Government assumptions of reducing claimant levels or reduced level of support prove incorrect.	H	H	Ensure contingency in scheme design and design of the scheme makes it easy to make future changes.	M	H
5. Adverse impact of Universal Credits on the ability of some to afford the Council Tax Bills	H	H	Use second homes and empty homes discount reductions to minimise the Council Tax bills to be sent to CTS claimants	M	M
Consultation Risks					
1. Failure to consult properly with major preceptors.	H	H	This has been undertaken correctly.	L	L
2. Failure to engage with other consultees.	H	H	This has been undertaken widely	L	L

Description of Risk	Initial Impact	Initial Likelihood	Mitigation	Residual Impact	Residual Likelihood
3. Claimants may not understand the consultation.	H	H	Draft clear simple letter to council tax payers and CTB claimants. Liaise / consult with claimant representative organisations and other special interest group representatives.	L	L
Scheme Risks					
1. Lower Council Tax Collection Rate	H	H	The assumptions within the Council Tax base and in agreeing the scheme should ensure that the collection rate is protected as much as possible	M	M
2. Increased claimant levels due to higher take up, increased pensioner numbers or increased unemployment	H	H	None, but recent trends suggest this is unlikely to happen	H	M
3. ICT suppliers unable to deliver.	H	H	In discussions with ICT suppliers. CAPITA, the Councils software provider have assured their users that they are able to deliver a scheme based on that being proposed by the Council within the budget provided by the Government.	H	L
4. Timetable delays.	H	H	Pro-actively managing the timetable	H	M
5. Public resistance to implementation.	H	H	None	H	H

Description of Risk	Initial Impact	Initial Likelihood	Mitigation	Residual Impact	Residual Likelihood
6. Legislation is not complete so the legal position with regards to discounts is uncertain.	H	L	Progress of legislation is monitored and assurances have been sought to ensure the Councils position is safeguarded as much as possible	H	L
7. 2013/14 grant has not been confirmed.	H	H	Announcements from DCLG are being monitored. The final position is expected in the December. The Council has worked on a "prudent" position.	H	H
8. Higher than average levels of non-payment of CT from CTS claimants and other taxpayers.	H	H	A contingency for non-payment has been built into projected costs. Based on the scheme proposed, it should ensure collection of charges is feasible and encouraged to avoid significant extra additional costs being added.	M	M
9. Higher collection costs	M	M	A pragmatic cost / benefit assessment on collection has been undertaken. This suggests there are methods that will be deployed to maximise payments that can in the main be offset by adding court costs where payments are not paid on time.	L	L

Description of Risk	Initial Impact	Initial Likelihood	Mitigation	Residual Impact	Residual Likelihood
10. Lower collection rates will be set by billing authorities as it is not cost effective to the billing authority to spend significant amounts to collect based on the proportion of income retained by the Council at approximately 13% (despite paying 100% of the administration costs). Therefore the impact to billing authorities is low, but to major preceptors it is much higher.	H	M	We have minimised the size of the bill to be sent in order to improve payment levels and reduce the level of significant write off, through the use of empty and second home discounts from whom it is considered payments will be easier to collect. Lobby preceptors to provide further financial support to billing authorities in order to maintain / increase collection rates in future years.	M	L
11. Potential legal challenge to the CTS scheme.	M	M	Ensure the scheme has been comprehensively analysed and full consultation has taken place, and the impact of lower income families has been minimised.	L	L
12 We accept the 8.5% Transitional Grant offer and then find our scheme does not comply	H	L	We have checked our scheme carefully to the Governments scheme and are satisfied that it will	L	L
13 Our assumptions based on our modelling of impact are incorrect	M	H	The ACE (CS) working with the Head of Revenues and Benefits, AD (Finance and HR) and the Section 151 Officer are regularly meeting to review and test assumptions	L	M

All risks remain under the ownership of Bob Trahern, Assistant Chief Executive (Community Services)