

LOCALISED COUNCIL TAX BENEFITS SCHEME

1 Purpose

- 1.1 The attached report will be submitted to Cabinet on 18 September 2012. Any relevant comments made by Cabinet at that meeting, including recommendation(s) to full Council, will be reported orally to the scrutiny committee.
- 1.2 Cabinet has been requested to consider the Localised Council Tax Benefits scheme report and to make a recommendation to Council of the details of the scheme to be adopted for Aylesbury Vale. This scheme will come into effect from 1 April 2013.

2 Recommendation

- 2.1 The Scrutiny Committee is requested to indicate any comments on the Localised Council Tax Benefits Scheme that it wishes to be reported to full Council when this matter is considered on 17 October 2012.

2 Executive summary

- 2.1 The attached report details the information considered by Cabinet on 18 September 2012.

3 Resource implications

- 3.1 These are set out within the Cabinet report.

4 Response to Key Aims and Objectives

- 4.1 The Council aims to protect and improve the living experience within the Vale, and as part of this it aims to support local people in housing need. Providing access to council tax support is part of achieving this aim.

Contact Officer
Background Documents

Andrew Small, (01296) 585507
Cabinet report 18 September 2012

LOCALISED COUNCIL TAX BENEFITS

Councillor Neil Blake

Cabinet Member for Resources

1 Purpose

- 1.1 The report seeks to obtain from members a recommendation that full Council gives a decision in principle to adopt a Localised Council Tax Support Scheme as detailed in Appendix 1. This scheme to come into effect from 1st April 2013.

2 Recommendations/for decision

- 2.1 The Cabinet is recommended to;
- a. Agree upon the details of the Council Tax Support scheme to be adopted for Aylesbury Vale.
 - b. Recommend to full Council that this scheme be agreed in principle as the scheme to be adopted for Aylesbury Vale pending Royal Assent to the Welfare Reform Bill.

3 Supporting information

- 3.1 Previous reports to Cabinet explained the background and timetable to the introduction of a new localised form of Council Tax Benefit from April 2013. Agreement was reached on an outline scheme to be put for formal public consultation.
- 3.2 The formal public consultation is now complete and the results are attached as background papers to this report.
- 3.3 Following the consultation, details of the proposed scheme for Aylesbury Vale have been further developed and this is attached as Appendix 1.
- 3.4 An equalities and cohesion impact assessment has been completed in draft and this is also attached.
- 3.5 In order for the impact of the scheme to be included in the Council Tax base calculation for 2013/14 a decision in principle needs to be taken by full Council by the end of October 2012.
- 3.6 A final decision formally adopting the scheme will then need to be taken by full Council after the bill receives Royal Assent, probably in November 2012.

4 The proposed scheme.

- 4.1 It is proposed that the scheme consist of a reduction in the level of Council Tax demanded from a liable person on the basis of a means test. Support can be applied for by any person who;
- a) Is liable for Council Tax on their sole or main residence which is situated within the boundaries of Aylesbury Vale District Council.
 - b) Is not subject to the Government restrictions on support for Persons From Abroad.

- c) Does not possess capital of £6,000 or greater.
 - d) Has a household income of a level that is below that identified by the scheme as being sufficient to enable Council Tax to be paid in full without the granting of support.
- 4.2 The income of the person applying for support, and that of their partner if they have one, will be compared with the amount the Council calculates they need to live on before paying their Council Tax (To be called a needs allowance).
 - 4.3 Where the level of household income is less than the needs allowance maximum support will be granted.
 - 4.4 Where the level of household income is greater than the needs allowance, the level of support granted to the person claiming support will be reduced by 20% of the excess.
 - 4.5 The needs allowance of people who are disabled, who have young children or who are working will be increased.
 - 4.6 The level of any maximum support granted will never be more than 90% of the Council Tax liability before Council Tax Support is applied.
 - 4.7 Before any support can be granted under the scheme the liable person must make a claim and provide to the Council all the documents, certificates, evidence and information that the Council requires to confirm entitlement to support.
 - 4.8 People receiving support will be required to notify the Council of changes in their circumstances.
 - 4.9 A discretionary pot will be established to grant additional support to people with particularly challenging individual circumstances but who would not otherwise fall under the protection given to vulnerable groups.

5 Reasons for Recommendation

- 5.1 The Council is required to design and implement a system for awarding Council Tax benefit from April 2013. This scheme has to be agreed by a meeting of full Council.
- 5.2 The timetable is exceptionally challenging and it would not be possible to wait until the legislative process has concluded before starting work on the implementation of the new scheme. A new computer system needs to be specified, implemented and tested before annual billing in February, new application forms and leaflets need to be designed, training of staff undertaken and a marketing and communications campaign launched for existing and potential new claimants.
- 5.3 The legislation will require full Council to formally adopt the new scheme after the bill receives royal assent which is why the initial decision can only be an in principle one.

6 Resource implications

- 6.1 The protection provided to vulnerable groups by the proposed scheme means that just under half of the reduction in Government grant will not be passed on to people claiming support. This has a direct cost of £41,000 to AVDC.
- 6.2 The reduction in support granted by the new scheme compared to that given under the current Council Tax Benefit arrangements will increase demands

upon the Council's recovery team. However, this should be offset by the simplification of the claiming and administration process of the scheme itself allowing some reallocation of resources.

- 6.3 As with any significant change, there will initially be increased public contact with the Council from people who are impacted by the new arrangements and their representatives. This will require short term additional resource within the Revenues and Benefits service but this will be funded by a Government grant given specifically for this purpose rather than from the Council's existing budgets.

7 Further Action

- 7.1 Subject to Cabinet and full Council's agreement, the preferred Localised Council Tax Support scheme will continue to be developed and refined. Arrangements will also be put in place for all existing recipients of Council Tax Benefit to have their entitlement to the new support automatically calculated prior to the issuing of the Council Tax bills for the 2013/14 financial year.

Response to Key Aims and Objectives

- 7.2 The Council aims to protect and improve the living experience within the Vale, and as part of this it aims to support local people in housing need. Providing access to council tax support is part of achieving this aim.

Contact Officer

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Background Documents

Appendix 1 – Scheme Rules

Appendix 2 – Consultation Responses.

Appendix 1
Council Tax Support – Aylesbury Vale District Council Rules.

Section 1 - Who can claim.

- 1) The claimant
 - (a) Subject to Government Legislation on persons from abroad, a claim for support can be made by any person who is liable to the Council to pay Council Tax on a property within the Aylesbury Vale District Council area which they currently occupy as their sole or main residence.
 - (b) Where the liable person is a member of a couple of which both are joint and severally liable for Council Tax then either member of that couple may claim.
- 2) Appointees
 - (a) Where a person who is liable to the Council to pay Council Tax is unable to act on their own behalf for the purpose of claiming support, then the Council can, upon receipt of a written application, appoint a natural person who is over the age of 18, to act on the liable persons behalf on matters relating to their claim for support.
 - (b) An appointee can, by giving three months' notice to the Council in writing, resign their appointment at any time.

Section 2 - Claims and claiming.

- 1) Making a claim
 - (a) All claims must be in writing made on a form approved by the Council for the purposes of claiming Council Tax Support that has been completed according to the instructions on that form and is also supplemented by such documents, certificates, evidence and information as is required by the statements contained on that form.
 - (b) Where the claim is not completed in accordance with the instructions or is not accompanied by the required supporting documentation, the claim will be invalid and of no effect.
 - (c) The authority may, in any individual case, agree to accept the claim by telephone, or over the internet, where it deems this to be appropriate.
 - (d) Where a claim is invalid, the Council will contact the claimant and give them one calendar month to correct the claim to make it valid.
 - (e) Where an invalid claim is not made valid within a calendar month of the Council contacting the claimant about this point, the claim will no longer subsist and the Council will inform the Claimant of this.
- 2) Date of claim
 - (a) A valid claim will be made on the date that it is received by the Council's Revenues and Benefits Service or the date it is handed to, and retained by, an officer of that service operating from one of the Council Customer Services Centres or Area Offices, whichever is the earliest.
 - (b) Where an invalid claim is made valid within the time limits identified in Rule S2.1(d) above, it will be treated as though it were valid from the date it was originally received as defined in Rule S2.2(a) above.

- 3) Evidence and Information
- (a) Where a question arises out of a claim or there is a change in the claimant's circumstances, the Council can ask the claimant to provide the evidence and/or information necessary to confirm entitlement to the Council's satisfaction, and to do so within one calendar month of being so requested.
- (b) Where the claimant does not provide the evidence and information requested by the Council, their entitlement to receive support, or, to continue to receive support as the case may be, will not be established and will therefore be extinguished.
- (c) The Council may, in circumstances where it believes it is appropriate, extend the time limit in S2.3(a) above or in S2.1.(d) by up to a maximum of a further calendar month.

Section 3 - Aggregation of needs and resources.

- (a) All of the income received by the claimant and their partner will be treated as the claimant's income for the purposes of calculating entitlement to Council Tax Support.
- (b) All of the capital held by the claimant, their partner and any dependant child will be treated as the claimant's capital for the purposes of calculating entitlement to Council Tax Support.
- (c) For the purposes of calculating entitlement to Council Tax Support, the claimant's household will consist of the claimant, their partner, any dependant child and any non-dependants who normally live with the claimant.
- (d) Subject to paragraph (e) below, a person will be treated as normally living with the claimant where their sole or main residence is the same as that of the claimant and they have not been, nor will they be, continuously absent from the property for more than 13 weeks .
- (e) A student who is absent from their main residence in order to undertake a course of study at an educational establishment will be treated as occupying their main residence unless they have claimed Housing Benefit, Universal Credit or Council Tax Support at the property they occupy to facilitate their study.
- (f) Where a non-dependant is a member of the claimant's household, the level of support to which they would otherwise be entitled shall be reduced by the amount specified in schedule 2 to these rules.

Section 4 - Income

- (a) For the purposes of these rules, Income means any of the following; -
- 1) Earnings
 - 2) Any Tax Credit
 - 3) Retirement Pension Income
 - 4) Income from annuity contracts.
 - 5) A war disablement pension or war widow's or widower's pension.
 - 6) Payments from a foreign government
 - 7) Any Social Security Benefits including sick pay and statutory maternity pay.
 - 8) Maintenance Payments

- 9) Rent received.
- 10) Payments due from any person in respect of board and lodgings provided by the claimant.

(b) For the purposes of these rules, the income of the claimant and their partner will be calculated on a weekly basis-

- 1) By estimating the average level of income where it is subject to fluctuations.
- 2) By deducting from any gross earned income the amount of tax and national insurance actually paid.
- 3) By deduction from any gross unearned income the level of tax actually paid.
- 4) Where income is paid monthly, the figure resulting from the application of 2) and 3) above will be multiplied by 12 to give an annual figure, then divided by 52 to give a weekly figure.
- 5) Where either a single claimant or both members of a couple work then the amount of child care charges will be deducted from the level of income used for calculating entitlement for support up to a maximum of £200 per week.

Section 5 - Capital

- (a) No person shall be entitled to receive Council Tax Support where they hold capital of £6,000 or more.
- (b) For the purposes of these regulations, capital includes any savings, property, stocks, shares or holdings with a monetary value. It does not include the value of the claimant's sole or main residence for which they are claiming support.
- (c) Capital holdings of less than £6,000 have no impact on the level of support a claimant would otherwise receive.

Section 6 - Students

- (a) A single person who is a full time student, or a couple where both members are full time students, are not able to be granted any level of Council Tax Support under these rules.
- (b) A student is considered to be full time where they study for 16 hours a week or more, or where they attend a course classified as "full time" by the educational establishment running the course.

Section 7 - Amount of support

- (a) Subject to b-c below, the maximum amount of support that a claimant can receive for any week shall be 90% of the weekly Council Tax liability net of any discounts and exemptions awarded but before any support is calculated. This will be known as "Maximum Support".
- (b) Where a claimant is jointly and severally liable for Council Tax with someone who is not a member of their household, the level of the claimants' maximum benefit as calculated in line with (a) above divided by the number of household identified as jointly liable for the charge.

- (c) The level of support to which any claimant is entitled will be calculated as follows;
- 1) Firstly the claimant's maximum weekly support will be calculated in line with section 7 of these rules.
 - 2) Secondly the level of the claimant's weekly household income will be calculated in line with section 4 of these rules.
 - 3) Thirdly, the claimant's weekly needs allowance will be calculated in accordance with schedule 1 of these rules.
- (d) Where the amount of total income calculated in 2) above is less than their needs allowance calculated in 3) above then the claimant will be awarded the maximum weekly support.
- (e) Where the amount of total income calculated in 2) above is greater than their needs allowance calculated in 3) above then the claimant will be awarded the maximum weekly support LESS 20% of the amount that their income exceeds their needs allowance.

Section 8 - Decisions and awards

- (a) A claimant who is entitled to support will receive notification of their award by the issuing of a new Council Tax bill showing the total amount of support awarded on the basis of;
- 1) Where their entitlement to support is at that point on going – assuming support continues at the same rate until the end of the financial year.
 - 2) Where the award of support is for a specific period – The total award for that period.
- (b) Council Tax Support will only ever be paid by means of a credit onto the claimant's Council Tax account.

Section 9 - Changes of Circumstances

- (a) Subject to paragraphs b-c, a change in the claimant's circumstances will take effect for Council Tax Support purposes from Monday following the date the claimant reports the change to the Councils Revenues and Benefits Department.
- (b) Subject to paragraph c, where a change in circumstances occurs that reduces the level of Council Tax Support to which a claimant is entitled, the change will take effect for Council Tax Support purposes from the Monday following the date of the actual change.
- (c) Where the change in circumstances is a change in the amount of Council Tax to for which the claimant would be liable if they were not in receipt of support, then the change will take effect for Council Tax support purposes from the date of the actual change in liability.
- (d) Where a change in circumstances consists of;
- 1) A partner joining the household,
Or
 - 2) The claimant or partner starting work.
Or

3) An increase in the claimant or partner's income of more than £20.00 per week.

And, the change was not reported to the Council within one month of it occurring, the claimant will not be entitled to any support from the date of the change in circumstances.

Section 10 - Excess Support

- (a) Any excess support, except support to which paragraph (b) applies, shall be recoverable by increasing the level of Council Tax for which the claimant is liable.
- (b) .Excess benefit caused solely by an error of an officer of Aylesbury Vale District Council where the claimant has not caused or contributed to that mistake and the claimant or their partner could not reasonably have realised that a mistake had been made, is not recoverable.

Schedule 1 – Needs Allowances

Enhanced Disability Premium		
Single		14.80
Disabled child rate		22.89
Couple		21.30
Severe Disability Premium		
Single		58.20
Couple (lower rate)		58.20
Couple (higher rate)		116.40
Disabled Child Premium		56.63
Carer Premium		32.60
Components ESA(IR) and ESA(C)		
Work-related activity component		28.15
Support component		34.05

Schedule 2 – Non-Dependant Deductions

- (a) In these Rules, "non-dependant" means any person, except someone to whom paragraph (b) applies, who normally resides with a claimant or with whom a claimant normally resides.
- (b) This paragraph applies to—
- (1) any member of the claimant's family;
 - (2) a child or young person who is living with the claimant but who is not a member of his household such as a foster child.
 - (3) any person who, with the claimant, is jointly and severally liable to pay council tax in respect of their dwelling.
 - (4) any person who is liable to make payments on a commercial basis to the claimant or the claimant's partner in respect of the occupation of the dwelling;

- (5) a person who lives with the claimant in order to care for him or a partner of his and who is engaged by a charitable or voluntary organisation which makes a charge to the claimant or his partner for the services provided by that person.

Weekly Non-dependant Deductions from Benefits – April 2013

Aged under 18	Nil
Aged 18 or over and in remunerative work	£10.00
Unemployed	£2.50
Aged 18 or over and in full time education	Nil
Aged 18 or over and not any of the above	£5.00

Appendix 2 – Public Consultation Responses. Responses to Website Consultation

Précis –

The public responses via the website were mostly strongly in favour of all aspects of AVDCs proposed scheme, although the minority that were not in favour of proposals were normally strongly opposed. Most of the respondents were working full time and respondents were from a good range of postcodes.

Question 1

Do you agree that it's right that everybody who is working age must pay something towards their Council Tax?		
Answer Options	Response Percent	Response Count
Strongly agree	53.3%	16
Agree	20.0%	6
Neither agree nor disagree	13.3%	4
Disagree	0.0%	0
Strongly disagree	13.3%	4
<i>answered question</i>		30

Question 2

And would you agree to the proposal to cut the benefit of everyone of working age by at least 10%, as identified in these proposals?		
Answer Options	Response Percent	Response Count
Yes	63.3%	19
Don't know/ not sure	10.0%	3
No	26.7%	8
<i>answered question</i>		30

Question 3

Is AVDC right to refuse support to people with more than £6,000 in savings?		
Answer Options	Response Percent	Response Count
Yes definitely	56.7%	17
Yes	10.0%	3
Don't know / not sure	13.3%	4
No	20.0%	6
<i>answered question</i>		30

Question 4

Do you think it is it right for AVDC to make special provision to protect vulnerable people, such as disabled people and those with young children?		
Answer Options	Response Percent	Response Count
Yes, definitely	37.9%	11
Yes	37.9%	11
Don't know / not sure	13.8%	4
No	10.3%	3
<i>answered question</i>		29

Question 5

And do you think that AVDC has identified the right groups of vulnerable people?		
Answer Options	Response Percent	Response Count
Yes	37.9%	11
No	10.3%	3
Don't know / not sure	41.4%	12
Other (please specify)	10.3%	3
<i>answered question</i>		29

Responses to 'other' at Q5

1. Disabled/truly ill I agree with, do NOT agree that having "young children" makes one vulnerable
2. I'd like to see in a tapered reduction for some couples with children who have been in the benefit system for a long period, to encourage them to find work and start to support themselves more financially. I would also like to see less reduction for those with severe disabilities who cannot work. Also could some of these people be re-housed to cheaper property if they have been claiming council tax for years, have not worked are mentally/physically able to do so? That way less council tax will need to be paid by AVDC and also less housing benefit
3. Too many bludgers

Question 6

Thinking about the best ways to make the process of claiming support simple. Should AVDC accept claims over the telephone or e-mail, as well as on paper? Please tick all that apply		
Answer Options	Response Percent	Response Count
Email	64.3%	18
Phone	60.7%	17
Paper	78.6%	22
<i>answered question</i>		28

Question 7

Do you think AVDC is right to recognise people who are working, but on a low wage?		
Answer Options	Response Percent	Response Count
Yes	71.4%	20
No	17.9%	5
Don' know / not sure	10.7%	3
<i>answered question</i>		28

Question 8

If those people on a low wage are recognised, how best do you think this can be done?	
Answer Options	Response Count
	10
<i>answered question</i>	10

Responses to at Q8

1. charges scaled according to wages
2. As has been suggested, offer slightly more council tax help to those on low income and less help to those who are working age and able to work. This creates more motivation for unemployed persons to find work. Again I think there should more done to encourage those who have been on the benefit system for a long time and are able to work. There could be a tapered reduction for these individuals.
3. Have a time lag in reducing support when their circumstances improve.
4. not sure
5. wage slips, tax returns, P60, bank statements
6. means tested, check salary with employers. For those self employed must see sets of accounts and check bank statements as they seem to get away with things much more.
7. Discounted rate of council tax
8. Give benefit related to income
9. Depends on definition of low wage.
10. Increase the earnings disregards

Question 9

And do you think working people should receive the same level of protection as people with severe disabilities?		
Answer Options	Response Percent	Response Count
Yes	32.1%	9
No	42.9%	12
Don't know/ not sure	25.0%	7
<i>answered question</i>		28

Question 10

Do you think AVDC is being too strict proposing to withdraw all support from people who don't report major changes in their circumstances within one month?		
Answer Options	Response Percent	Response Count
Yes	11.5%	3
No	80.8%	21
Don't know/ not sure	7.7%	2
<i>answered question</i>		26

Question 11

Do you think it is right to set up a discretionary pot to help those in particularly difficult circumstances?		
Answer Options	Response Percent	Response Count
Yes	80.8%	21
No	3.8%	1
Don't know/ not sure	15.4%	4
<i>answered question</i>		26

Question 12

And who do you think should benefit from having support from the discretionary pot? Those people.....		
Answer Options	Response Percent	Response Count
with a personal crisis	54.2%	13
keeping families together	45.8%	11
in severe poverty	79.2%	19
recently bereaved	33.3%	8
Other (please specify)		2
<i>answered question</i>		24

Question 13

Please give details of any other comments you would like to make on the proposals?	
Answer Options	Response Count
	9
<i>answered question</i>	9

Responses to Q13

1. these proposals would seem to be putting a lot of work the bailiffs way If people through no fault of their own are unable to find work or too ill to work it would seem harsh to say the least that we then expect them to pay more rent more council tax etc. I feel strongly that these proposals make us less as both a society and as human beings
2. proposals seem quite reasonable, but maybe you should consider raising the savings level to £8,000, as £6,000 doesn't go far in an emergency.
3. For long term claimants who are able to work but have not for a long period, when assessing their income, can vehicles also be included in this? Its quite common to go past peoples property who are on long term benefits to have BMW, Mercedes etc makes of car. That doesn't stack up with them being paid long term benefit. Also those who commit benefit fraud, should lose their entitlement for benefit, but how long, a few weeks, a few months? This should be long term and they shouldn't be able to other emergency funds
4. I strongly feel that disabled people should not receive a reduction in support, even if they have savings
5. Statements of council tax support should be simpler to understand than current paperwork.
6. is the million saving for those in residence Aylesbury Vale District council's area or all Bucks? How much extra on average per household will have to be paid by residents? Ensure the benefit is re claimed each year Ensure all the overpaid benefit is collected immediately
7. I suggest increasing the amount of money put aside for the discretionary pot do it can help more people
8. Savings have to be made but people who are on ESA, JSA IS have no spare income to pay any amount towards council tax. Maybe benefit should be capped at a local rate.
9. However the scheme is revised costs for assessment / means testing must not be allowed to rise. Claims over the phone and discretionary pots suggest higher admin costs.

E-Mail Response Received – Sovereign Housing Association.

Sovereign Housing Association's input into the design of the local council tax support scheme at Aylesbury Vale District Council

Sovereign is a major provider of social housing in the south and south west, owning and managing around 34,000 homes in more than 70 local authorities. As a significant provider of social housing in the Aylesbury Vale district, we feel it is important to share our views to support the design of your local Council Tax support scheme.

We recognise that local authorities face a big challenge in implementing local council tax benefit schemes while making 10% savings overall from working age households.

The overall impact of the Welfare Reform Act will be significant for many low income and vulnerable households and in some cases it will be devastating. Cutting council tax benefit entitlement will inevitably hit poorer households at a time when they need our support the most. It is our view that councils should be doing all that they can when devising their schemes to minimise the amount of council tax benefit that is cut.

We feel it would be fairer for local authorities to prioritise savings by reducing, or cutting completely, some of the existing council tax discounts. Many of these are provided regardless of people's ability to pay. Should these cuts result in individual cases of hardship, we would suggest that it is reasonable to expect that these could be addressed via the local council tax benefit scheme. For instance:
Reducing the discounts received by those with a second home and introducing a premium to those owning an home that has been empty for a certain period of time

Reviewing the single person discount, including the scope for introducing means testing to target the discount at people on low incomes (we recognise this is not in the power of the local authority but feel it worth stating our support for such a measure)

If these approaches do not generate sufficient savings, we would like Aylesbury Vale DC to consider the following options before cutting entitlement:

- Increased contribution made by other adult members of the household who are in work
- Removal of second adult rebate
- Decreasing the £16k savings limit for eligibility

There are added advantages to reducing discounts rather than cutting entitlement:

It will satisfy the government directives of protecting vulnerable households and avoiding disincentives to work. It is likely that any scheme that makes savings by cutting council tax benefit will go against one, if not both, of these directives.

Applying a broad brush cut means those previously on full council tax benefit would have to pay a small amount of council tax under a new system presenting the council with an increased administrative burden and potentially affect collection rates.