

**CHILTERN DISTRICT COUNCIL
CABINET – 17 December 2013**

Background Papers, if any, are specified at the end of the Report

COUNCIL TAX REDUCTION SCHEME

Contact Officer: Nicola Ellis 01494 732231

RECOMMENDATIONS

- 1. That Cabinet recommends to Council the approval of the proposed Council Tax Reduction Scheme as consulted on.**
- 2. The Cabinet agrees that a Discretionary Council Tax Reduction Scheme will be created in compliance with S13A(2)(a) of the Local Government Finance Act 1992.**

Relationship to Council Objectives

The form of the local Council Tax Reduction Scheme is important in supporting the council's aims of supporting safe healthy and cohesive communities

Implications

- (i) This is a key decision within the Forward Plan*

Financial Implications

The Council Tax Reduction Scheme for 2013/14 is estimated to cost the Council and preceptors approximately £435,846 as a consequence of the 10% reduction in funding imposed by the Government. The proposed scheme is estimated to reduce the cost by approximately £484,680.

Risk Implications

The risks to the Council arise if the proposed scheme is not properly consulted on or is defective in respect of the criteria and guidance set by Government for local schemes. In these circumstances the Council could be open to legal challenge and review.

Equalities Implications

An equalities impact assessment on the proposed scheme is appended to the report.

Sustainability Implications

None

Background

1. As part of the Welfare Reform Act 2012 the Government introduced legislation to abolish the national council tax benefit from 2013/14 and replace it with locally determined schemes whereby financial support towards paying the council tax would be by way of discounts to council tax liability.
2. At the same time financial support from Government was reduced from 100% to 90%.
3. The Government also stipulated that people of pension age will be fully protected from any changes, so that if they currently receive full benefit entitlement they will not lose out under any new scheme. When designing local schemes authorities were also required to have regard to vulnerable groups and their responsibilities in respect of child poverty, disabled people, homelessness and equalities. Any schemes would also need to be consistent with the Universal Credit, and provide incentives to work.
4. In the current year there are approximately 4500 households in receipt of council tax support, and of these 45% are pensioners.
5. In 2012 the Council considered the implication of this change and decided that in view of the short timescales needed to approve and implement a local scheme, that it would for one year adopt the "default" scheme, which essentially continued the council tax benefit scheme. A consequence of this was that the cost of the reduction in Government funding was borne by all the local council tax payers and not by the claimants.
6. The Council agreed for officers and members to carry out a detailed consideration of how a local scheme should be constructed, in order to consult on proposals in 2013 in advance of agreeing a local scheme to come into effect from April 2014. The consideration was carried out by the Council Tax Support Policy Advisory Group (PAG), and a draft scheme for consultation was approved by Cabinet on 9 July 2013.

The Draft Council Tax Reduction Scheme

7. The key changes included in the draft scheme are:

- Maximum Entitlement

The maximum amount of Council Tax Reduction that a working age customer will be entitled to is 80% of the Council Tax payable in respect of properties in bands A, B, C and D.

Where a customer occupies a property in bands E, F, G and H their maximum entitlement will be 80% of the band D equivalent.

- Vulnerable Groups

The following groups will be treated as vulnerable:

- Customers with a disability, caring for someone with a disability or with responsibility for a child who is disabled; and
- Lone parents with a child under 5.

In order to offer protection to these groups, the maximum entitlement for vulnerable groups is limited to 90% of band D as opposed to 80% for others.

- Earned Income

A 25% disregard will be applied to net earned income. This will provide a simple and clear incentive to work.

As an additional work incentive the current child care disregard of up to £175 per week for one child and £300 per week for more than one child will be retained. This means that payments to registered providers of child care will be disregarded from earned income if they are under the threshold amounts.

- Unearned Income

In the current scheme various amounts of unearned income are disregarded. The draft scheme abolishes the disregards in respect of the following income:

- Voluntary charitable payments;
- Widowed mother's/parent's allowance;
- Student loans; and
- Child maintenance.

- Capital

The lower capital limit is to be raised to £10,000 so that any capital under that amount will be disregarded. The upper limit of £16,000 will remain so that anyone with capital in excess of £16,000 will not qualify.

Income will be taken into account at a rate of £1 for every £250 (or part) on capital over £10,000.

- Applicable Amounts
The applicable amounts will be based on the annually updated Department of Work and Pensions (DWP) figures which are used to calculate the minimum weekly amount that customers need to live on.
- Income Taper
The taper applied to any income above the applicable amount will continue at a rate of 20% on that excess income.
- Non Dependant Deductions
The draft scheme introduces one flat rate non dependant deduction of £5 for each non dependant in the property. Currently the rate of deduction is based upon the non dependant's income. This will align the treatment of non dependants to the proposed method of treatment in Universal Credit and will reduce administration costs.

Consultation Exercise

15. After developing a consultation plan (Appendix 1), a full consultation exercise was completed during the period from 29 July 2013 to 31 October 2013.
16. Letters were emailed to the major preceptors giving details of the changes in the proposed scheme and enclosing a link to the full draft scheme.
17. Buckinghamshire County Council's response is enclosed as Appendix 2. The County Council state that they are keen to see a new scheme that aims to cover all of the funding reduction and is in line with other Councils across the County. They support the principle that most working age people should pay at least 20% and agree with the scheme's definition of vulnerable customers. But they would be keen to see them protected from any proposed changes in a similar way to pensioners.
18. Buckinghamshire & Milton Keynes Fire Authority's response is enclosed as Appendix 3. The Fire Authority recommends that the Council seeks to minimise any potential gap in funding and is therefore supportive of the proposal to adopt an approach designed to make changes to the benefit scheme whilst allowing protection for the most vulnerable groups.
19. The Police and Crime Commissioner for Thames Valley's response is enclosed as Appendix 4. The Commissioner stated that the changes 'appear fair, equitable and are also in-line with what other councils in the Thames Valley police area have already implemented'. The response confirmed support for the proposed scheme changes for 2014/15.

20. During the consultation period details of the draft scheme, questionnaire and examples were included on our website. This was advertised on the home page so that anyone viewing Chiltern District Council's website were immediately alerted to the consultation.
21. Targeted consultation was also completed by a market research company and surveys were sent to: 1000 working age recipients of a Council Tax reduction; 1000 Council Taxpayers that were not in receipt of a reduction and 500 customers who were pensioners and in receipt of a Council Tax reduction.
22. Although pension age customers are unaffected by the changes proposed, a sample of such customers were surveyed in order to gather opinion across the whole cross-section of the community.
23. An email/letter was sent to all Parish Councils and various voluntary groups advising them of the consultation and the key changes, offering to come and talk to them and their members at scheduled meetings and inviting them to attend prearranged road show sessions. The groups contacted included:
- Bucks MIND;
 - Chiltern Food Bank;
 - Chiltern Clinical Commissioning Group;
 - Chiltern Hills Academy;
 - Thames Valley Police;
 - Chesham Asian Welfare Society;
 - CAP UK;
 - Paradigm Housing;
 - Disability Focus Group;
 - PACT Charity;
 - Pond Park Community Association; and
 - Waterside Community Association.
24. Representatives from the Revenues and Benefits Service attended the following events:

Figure One - Table of Events Attended

Date	Event Attended
30 July 2013	Asheridge Vale & Lowndes Community Association
7 August 2013	National Play Day Event, Amersham
7 August 2013	Beechcroft Road Interactive Afternoon, Chesham
2 September 2013	Disability Focus Group
9 September 2013	Great Missenden Parish Council
11 September 2013	Road Show, Chesham Town Hall
20 September 2013	Road Show, Chiltern District Council Offices
27 September 2013	Meeting with CAB
7 October 2013	Evening event at Prestwood Youth and Community Centre
10 October 2013	Evening event at Chesham Library

25. Attendance was low at the events but we did find that publicity around the events prompted surges in traffic over the web page.

26. During the consultation period we issued various press releases to publicise the consultation and also the road show events. We received coverage in Amersham & Little Chalfont Examiner, Bucks Advertiser and Bucks Examiner. The consultation was also covered on MIX96 radio and this included an interview with Head of Customer Services.

27. Posters and leaflets were developed and these were displayed in the Council offices, Chesham Library, Sure Start Children's Centres and Paradigm Housing. Gold Hill Baptist Church took 500 leaflets and enclosed them with their weekend newsletters. They also displayed posters in the church. Leaflets were distributed in the local area prior to the events at Asheridge Vale & Lowndes Community Association, Chesham Library and Prestwood Youth and Community Centre.

28. Events were also promoted on Facebook and Twitter pages and we also sent a mass email to 6000 Council taxpayers alerting them to the consultation. This resulted in a significant increase in on line responses following the email.

29. A more detailed summary of the consultation exercise is included in Appendix 5.

Feedback from the Consultation

30. Detailed feedback from the consultation surveys is included in the report entitled Research Report – Council Tax Support Consultation at Appendix 6.

31. The response rate to the survey was good with a total of 1287 returns. 738 were postal self-completion questionnaires and this represents a response rate of 30%. 549 responses were received via the on line survey. A total of 480 respondents identified themselves as Council Tax Reductions recipients which represents 37% of the total sample. More detailed analysis of the demographic compilation of the respondents is contained in the detailed report.
32. The main findings are shown in the table below:

Figure Two – Summary of Responses to Consultation Questions

	ALL RESPONDENTS		COUNCIL TAX REDUCTION RECIPIENTS		NON COUNCIL TAX REDUCTION RECIPIENTS	
	Agree %	Disagree %	Agree %	Disagree %	Agree %	Disagree %
Should Working Age people pay something towards their Council Tax?	77	14	73	16	85	11
Do you agree with the principle that the maximum support a person receives should be based on the Council Tax for a band D property?	57	20	55	20	64	19
Should vulnerable customers still pay something towards their Council Tax?	55	31	47	37	63	24
Are carers vulnerable?	67	10	69	7	66	13
Are disabled adults vulnerable?	83	5	86	4	83	7
Are disabled children vulnerable?	74	8	77	6	72	10
Are lone parents with a child under 5 vulnerable?	49	23	55	16	45	30
Should we offer an extended payment when a customer is starting work?	75	9	78	6	76	10
Should we disregard 25% of earnings?	67	12	70	10	68	13
Should we count voluntary/charitable payments as income in full?	45	30	38	34	52	28
Should we count widowed parents allowance as income in full?	47	26	40	30	56	21
Should we count student loan payments as income in full?	38	34	31	36	43	33
Should we count child maintenance as income in full?	55	25	45	28	64	20
Should we count maintenance from a former partner as income in full?	62	19	53	23	74	14
Should we disregard £10,000 capital?	66	20	72	15	66	24
Should we make a £5 deduction for each non-dependant in the household?	57	17	55	15	63	17

33. The results of the consultation survey indicate general acceptance of the draft scheme. The balance of opinion was positive in relation to each of the proposals, but particularly in relation to:
- Keeping the four week extended payments;
 - Everyone of working age should pay something towards their Council Tax; and
 - Disregarding 25% of earnings rather than a flat rate.
34. Respondents were given the opportunity to comment on the draft scheme. Just under a quarter (23%) of respondents provided a comment and the comments were diverse. The main mentions centred around the need to support the vulnerable in some way, the need for a fair system and that everyone should pay something.
35. Great Missenden Parish Council has written a comprehensive letter in response to the consultation. This is enclosed at Appendix 7. Great Missenden Parish Council has expressed concern about the impact on the most vulnerable members in their community and in particular residents in Prestwood where there is a high content of social housing and deprivation.
36. They have also expressed concern about the band D cap being unfair. In summary, the Parish Council has stated that they are opposed to the changes and suggest that there is 'further mitigation in the percentage reduction amounts to protect the vulnerable'.
37. Chesham Town Council has also submitted a response. The Town Council have stated that they feel that the proposals will unfairly disadvantage Chesham residents in comparison with other inhabitants within the District. This is because more of Chesham residents are working age customers in receipt of a Council Tax reduction than other areas in Chiltern. They have expressed concern at the impact on the least able to pay and the most vulnerable and the knock on effect that this will have on the local economy. They have also questioned the criteria for administering any discretionary fund and how accessible this will be to the most vulnerable members of the community.
38. Child poverty is an issue in Chesham. Of the 1500 children that are stated as being in child poverty within Chiltern district, a sizeable amount of those reside in Chesham. The Town Council states that the draft scheme, with 'huge increases in some categories', would exacerbate child poverty.
39. Chesham Town Council's response can be found in full at appendix 8. The Council's conclusion is that they oppose the proposals and believe that the grant shortfall should be met by a small increase in Council Tax across the District. They also suggest that the savings made as a result of the changes to discounts on second homes and empty properties is used to offset the shortfall in grant. Chesham Town

Council strongly believe the minimum of 10% for vulnerable people is too high and this should be lower.

40. Feedback from the external events attended is included in the report at Appendix 5. Numbers attending the event were small so feedback from the events should be considered with that in mind. In general the people that we spoke to were supportive of the scheme. One of the areas that people were concerned about is the impact that the scheme will have on families who are working. They felt it was important that the scheme encouraged work and that such families would not be better off on benefits. There was support for the inclusion of the child care disregard for working families.
41. At the event at Asheridge Vale & Lowndes concern was expressed about the impact on disabled customers. It was felt that the scheme does not 'protect' vulnerable customers such as disabled as they are still worse off as they have an additional 10% to pay and would be subject to the band D restriction.
42. In general people felt that maintenance should be taken into account as income. But some concerns were expressed about people who do not receive maintenance regularly or where amounts vary. It was felt that this would be difficult to prove and could result in more administration for the customer and for the Council. People were also concerned about the sudden change for customers in receipt of maintenance who will now have these amounts taken into account in full where they were previously disregarded in full. There was also concern that the payment is for children and so the negative impact is on the children and that maintenance is disregarded in full for Housing Benefit purposes. Citizens Advice Bureau advisors also expressed concern as child maintenance is disregarded in all other welfare benefits.

Proposals for Changes to the Draft Scheme

43. Based on the responses to the consultation it is not recommended that there are any changes to the draft scheme.

Financial Implications

44. It was the clearly stated intention of the Council that the new scheme should reduce the cost of the scheme to the general council tax payer. The Council Tax is made up of a number of components including the element applying to the district council and the preceptors.
45. The table below shows for each component of the total Council Tax bill the updated estimated saving under the proposed scheme.

Figure Three- Estimated savings under the proposed Council Tax Reduction Scheme (remodelled as at October 2013)

	%	Current Scheme Cost	Estimated Savings under New Scheme
Bucks CC	71.3	£310,758	£345,577
Chiltern DC	10.8	£47,071	£52,345
Police	10.4	£45,328	£50,407
Fire	3.9	£16,998	£18,903
Parishes	3.6	£15,691	£17,448
Total		£435,846	£484,680

Equalities Impact Assessment

46. An equalities impact assessment has been completed in respect of the draft scheme and this can be found at Appendix 9.

Discretionary Council Tax Reduction Scheme

47. The Local Government Finance Act, Schedule 1A details matters that must be included in Council Tax Reduction Schemes. This prescribes that a scheme must state the procedure by which a person can apply for a reduction under section 13A(2)(a). This legislation gives the billing authority the power to reduce the amount of Council Tax that the liable person is required to pay to such extent as it sees fit.

48. During the consultation period, consideration has been given to the most effective way to administer such discretionary reductions. Major preceptors have been approached and asked if they would be prepared to contribute. The Police and Crime Commissioner for the Thames Valley has offered to contribute 10% of the estimated additional Council Tax income that they will receive as a result of implementing the new scheme. Based on the draft scheme this would amount to a contribution in the region of £5,000. Buckinghamshire and Milton Keynes Fire Authority have stated that they would be willing to contribute but would need to know what clear benefit would be gained from offering this support and how this would impact on the Fire Service. Buckinghamshire County Council have advised that they are keen to understand more about the discretionary scheme and have stated that they are keen to ensure that there is a coordinated approach in the support to vulnerable people.

49. Officers have consulted with other local authorities that are currently administering a Discretionary Council Tax Reduction Scheme. They have advised that the policy and process for administering the scheme should be closely aligned to that for administering Discretionary Housing Payments. If this is the case, applications from customers

experiencing exceptional hardship can be considered for both awards at the same time. This means the most appropriate award can be made and reduces the cost of administering the scheme as applications for both schemes can be applied for and determined at the same time.

50. Cabinet are asked to approve creation of a discretionary fund of £30,000 with contributions from the major preceptors to be confirmed. This will be administered in the same way as Discretionary Housing Payments in line with the policy which is enclosed as Appendix 10 for Cabinet's approval.

Background Papers: None
