

CABINET

21 JANUARY 2015

Subject Heading:	Council Tax Support Scheme 2015
Cabinet Member:	Councillor Ron Ower
CMT Lead:	Andrew Blake-Herbert Group Director – Communities & Resources
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Policy context:	The proposed Council Tax Support Scheme for 2015 and Empty Homes Premium seek to adjust the budget for Council Tax Support in the light of overall budgetary pressures.
Financial summary:	The proposed local scheme design reduces Council subsidy to the Council Tax Support Scheme.
Is this a Key Decision?	Yes
When should this matter be reviewed?	Full Council 28 January 2015
Reviewing OSC:	N/A as this is a Full Council decision.

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	<input type="checkbox"/>
Championing education and learning for all	<input type="checkbox"/>
Providing economic, social and cultural activity	<input type="checkbox"/>
in thriving towns and villages	<input type="checkbox"/>
Valuing and enhancing the lives of our residents	<input type="checkbox"/>
Delivering high customer satisfaction and a stable council tax	<input checked="" type="checkbox"/>

SUMMARY

At Cabinet on 3 September 2014, Members were made aware that a review of the Council Tax Support Scheme was being initiated due to anticipated reductions in settlement funding for 2015/16 which included the rolled in CTS grant and the consequent need for the Council to consider a range of spending reductions or realignment of budgets.

The provisional settlement which was announced in December for the 2015/16 financial year has seen a 17% reduction to the upper and lower tier funding allocations. From 2013/14, Council Tax Support was rolled into the formula and is therefore no longer separately identifiable. If the upper and lower tier reduction was to be applied to the already reduced Council Tax Support allocation, the funding would reduce by a further £1.9m. Cabinet consequently initiated consultation on a series of proposals to reduce Council spending, consider Council Tax levels. Consultation on proposed reductions to the Council Tax Support Scheme formed part of these proposals. The Council will also need to consider its use of reserves and balances in coming to a decision on the Council Tax Support Scheme.

Members at Full Council on 17 September 2014 also considered increasing the Council Tax level for properties which are empty for more than two years to 50% above the standard Council Tax rate.

This report considers responses to the consultation about the budget position overall and specifically with respect to Council Tax Support and makes proposals in relation to both the Council Tax Support Scheme and empty homes. Formal consultation with residents, persons affected and the Greater London Authority (GLA) are appended to the Council's Financial Strategy.

RECOMMENDATIONS

That Cabinet:

1. Note and consider the responses to the CTS and Empty Homes Premium consultation appended to the Council's Financial Strategy Cabinet report considered earlier on the agenda.
2. Note the financial pressure of the reduction in settlement funding considered earlier on the agenda and the potential impact on the Council Tax Support allocation.
3. Approve and recommend to Council of the adoption of the proposed revised local council tax support scheme as summarised in Appendix A with effect from April 2015.
4. Approve an increase of 50% to the standard rate of council tax for properties that have been empty for more than two years with effect from April 2015, subject to the current discounts and exemptions.

REPORT DETAIL

1. Council Tax Support Scheme Proposed for 2015

- 1.1 The Council Tax Support (CTS) Scheme has been in place since 1 April 2013. Proposals are being made to revise the scheme from April 2015 for working-age claimants as part of the Council's overall budget strategy. The CTS 2015 scheme for claimants of pensionable age does not form part of this report and remains unchanged by the Council.
- 1.2 Previously Cabinet considered several options for changing the CTS scheme before noting their preference for the preferred scheme on which to consult with the GLA and members of the public as part of a wider consultation on budget strategy and priorities. Details of the changes now proposed to the Council Tax Scheme for 2015 can be found at Appendix C.
- 1.3 An overall summary of the CTS Scheme can also be found at Appendix A. Following Cabinet Members' decision, a full version of the scheme will be available for ratification by Council on 28 January 2015 and subsequent publication.
- 1.4 In summary, it is now proposed that the current CTS scheme is amended as follows:
 - Reduce Council Tax liability for Working Age claimants by 15%.
 - Abolish Second Adult Rebate (2AR).
 - Reduce capital amount for Working Age claimants from £16,000 to £6,000.

2. Background to the Council Tax Empty Homes Premium

- 2.1 The Local Government Finance Act 2012 embedded the Technical Reform of Council Tax and gave billing authorities the discretion to increase the council tax charged on certain properties by up to 50%. The conditions for the increased council tax charge are that the property must be empty (no individual's sole or main residence) for more than two years and substantially unfurnished. This is known as the Empty Homes Premium.
- 2.2 There are limited exceptions should an authority decide to introduce the Empty Homes Premium and these are if the property is left empty by a member of the armed services or it is an annexe that forms part of the main property.
- 2.3 Current discounts and exemptions remain unaffected, for example, where a property is left empty while probate is in process, an exemption is still applicable.
- 2.4 In July 2014, there were 372 properties in the borough that had been empty for two years or more and of which 153 are Council owned. The table below reflects potential amounts of premium that could be charged based on the current year's council tax. £239,898 represents the additional council tax due above the standard rate of 100%.

Owner	No. of properties	Council Tax 2014/15	50% Premium
Havering Council	153	£160,872	£80,436
Private	219	£318,924	£159,462
Total	372	£479,796	£239,898

- 2.5 The potential net income after making provision for bad debt (at 10%) and discharging the GLA precept (at 20%) will be nearer £175,000, assuming this level of properties remain vacant.

3. Consultation with the GLA and the Public

- 3.1 The Council has formally consulted members of the public and representative groups on the proposed revisions to the CTS scheme. This Consultation formed part of a wider consultation about the Council's budgetary position, the results of which are set out in full in Appendix D to the Report on the Council's Financial Strategy, also on this Cabinet Agenda. In addition to the general consultation there was specific consultation targeted around the CTS Scheme. Consultation questionnaires were posted to just under 10,000 working-age CTS claimants, meetings were also held with representative groups and the survey was made available to everyone online and detailed information about options considered was provided on the Council's web site.
- 3.2 The specific CTS consultation posed four questions:
- Q1. Should everyone of working age pay at least 15 per cent of their council tax?
- Q2. Should working age council tax payers with more than £6,000 savings or investments be disqualified from claiming CTS?
- Q3. Should Second Adult Rebate be removed from the scheme for working age Council Tax Payers whose income is too high to receive CTS?
- Q4. Should people who own or rent a property which has been empty for more than two years, be charged 150 per cent Council Tax?
- 3.3 The consultation took place between 29 September 2014 and 29 December 2014. The full extract of consultation responses has been made available to Members and is summarised in the Consultation Outcome report appended to the main Financial Strategy Cabinet report.
- 3.4 The CTS consultation was set in the context of the Council's overall budget position including general consultation conducted about the priorities local people placed on Council services, whether they agreed in broad principal with the set of budget proposals that the Council were consulting on (which included the CTS and empty homes charges) and whether residents would be prepared to pay additional Council Tax rather than see the savings proposed being made. As the Appendix on consultation responses shows, the majority of respondents supported the overall priorities proposed in the budget strategy and opposed increases in Council Tax being made instead of spending reductions.
- 3.5 The detail of the CTS specific consultation is also set out in the appendix. It should be recalled that this consultation specifically targeted those currently in receipt of CT support and the majority of responses to this element of the consultation were received in a spike following a direct mail shot and were in the form of the completed

paper questionnaires sent to CT support clients rather than on line. Still, a relatively low 396 replies overall were received to the specific consultation, despite just under 10,000 targeted letters being sent out. Though data was made available about the other options for making changes to CTS, no respondents suggested using one of the alternatives considered by the Cabinet in its previous deliberations.

- 3.6 A summary of individual responses showed 396 people in total responded to the Council Tax and CTS consultation. Of these, 309 responses or 78% were completed on paper by CTS claimants and represented 3% of working age CTS claimants. The remaining 87 completed surveys (22%) came through online.
- 3.7 In response to Question 1, 58% of respondents or 231 people disagreed with the proposed reduction of 15% compared to 152 who agreed. There was only a majority of 79 people who disagreed of all those responding.
- 3.8 With regard to Question 2, 51% of respondents or 202 people disagreed with the reduction in the capital limit compared to 184 who agreed. A small majority of only 18 people disagreed with this proposal.
- 3.9 Generally, with regard to Questions 1 and 2 no comments were made as to how the Council could fund the grant shortfall other than to cutback other services or increase the council tax. These considerations are already being made as part of the main Financial Strategy.
- 3.10 Given the detailed consultation, though a small (in number) majority of respondents were against the proposal that everyone should pay at least 15% and an even smaller (in number) were against the £6,000 limit, it is proposed to still proceed with these changes. This is because it is felt necessary to balance the overall views of where budget reductions will be made against the specific views of those in receipt of CTS, as they are more likely to oppose any changes as they will be personally affected by them. This decision is also based on a review of the other options available to change the CTS Scheme and the consequent view that the 15% and £6,000 options are the best and fairest overall under the circumstances.
- 3.11 Generally the consultation responses were in favour of reducing the second adult rebate and in favour of 50% being charged for properties empty for more than 2 years. It is consequentially intended to proceed with these proposals.
- 3.12 In accordance with Schedule 4 of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012), the major precepting authority, the GLA, were consulted in advance of the publication of the draft scheme. The GLA's substantive letter of response can be found at Appendix D.
- 3.13 The GLA responded generally to the proposals and recognised that while the development of the CTS scheme is a matter for the Council to determine, it shares in any risks and potential shortfall arising from the impacts of the scheme and encourages the Council to provide an indicative council tax base forecast as soon Members approve a scheme which it shall do.
- 3.14 The proposal to remove Second Adult Rebate contained in Question 3, received an 11% majority in favour of its removal.
- 3.15 The introduction of an additional 50% council tax for homes left empty for more than two years was favourably received by respondents with a majority of 34%.

3.16 Two stakeholder groups; Financial Inclusion and Housing Benefit Landlord Forum both accepted proposals to change the scheme without major comment. The changes made by Havering were not unexpected as some neighbouring boroughs had already decreased expenditure on their schemes since April 2013.

REASONS AND OPTIONS

Reasons for the decision:

The Council has consulted on a broad package of savings and an overall budget strategy which includes changes to the CTS Scheme and this consultation has provided broad support for the strategy.

The proposed CTS scheme for 2015 will bring Havering in line with neighbouring borough schemes. The scheme itself has been designed to assist people on low income pay their council tax. Certain vulnerable groups face barriers to work which result in less earning power and entitles them to claim CTS. An even distribution of the 15% reduction does not therefore disproportionately impact any specific single vulnerable group.

A CTS bill at only 15% of the standard rate is felt to be reasonable for a CTS claimant who may also be a first time council tax payer to pay over the course of a year.

In making their recommendation officers noted that approximately 10,000 consultation questionnaires were posted to working-age CTS claimants and not to a corresponding number of residents who were not in receipt of CTS. It is possible respondents may have found it more important and convenient to fill in and return a *paper* survey rather than go online to complete the same survey.

While the consultation response has shown 363 respondents were not in favour of reducing CTS by 15% or reducing the capital limit from £16,000 to £6,000, the majority of the 2,000 people responding to the wider budget strategy supported the overall priorities contained in it, which included £1.2m savings came from the CTS scheme.

By applying the Empty Homes Premium, Havering will fall in line with other London Boroughs who have already introduced this increase in council tax and encourage owners of these empty properties to bring them back into occupation.

Other options considered:

Eight options were considered at Cabinet and reconsidered by Officers in light of the consultation responses. The CTS options can be found in the Cabinet report of 3 September 2014.

Five of these alternatives options reduced expenditure by varying degrees but not sufficiently to make significant savings and so would fall outside of the strategy and priorities set by the Council and consulted on. Two alternatives did provide the savings through the scheme but would have placed a significant burden on the CTS claimant to pay 20% or more in Council Tax. The 15% figure is considered more fair.

The option outlined in Appendix C is considered the fairest proposal to CTS claimants and council tax payers if the CTS scheme is to be included as part of the savings package.

While the Council has reserves it could use to fund the CTS scheme, it could only be used for one-off savings and schemes in future years would still need funding. The Council's overall budget strategy was consulted on and does not include use of balances or reserves. No significant responses were received suggesting the Council should not reduce spending but instead should use reserves.

The option of increasing the Council Tax is already being considered as part of the main budget strategy. Consultation with the public has shown a majority are not in favour of a higher Council Tax rise than proposed in the Strategy.

IMPLICATIONS AND RISKS

Financial implications and risks:

While the funding for CTS has been rolled into the Settlement Funding Allocation (SFA) reductions are being experienced year on year.

The provisional settlement which was announced in December for the 2015/16 financial year has seen a 17% reduction to the upper and lower tier funding allocations. From 2013/14, CTS was rolled into the formula and since is no longer separately identifiable. If the upper and lower tier reduction was to be applied to the already reduced Council Tax Support allocation, the funding would reduce by a further £1.9m. The savings put forward assume an increase in bad debt to safeguard against a drop in collection. Although nationally, collection rates have only reduced slightly, these vary between authorities.

The main operational and performance risks, consequences and counter measures connected with the proposed changes to the Local CTS Scheme are contained within Appendix E.

The Empty Homes Premium has the potential to make a saving of £173k. This however could change as the reaction of residences to this premium may change their behaviour and as a result claim residency. In the event of a reduction in empty homes premium, this will have a positive effect on the council's new Homes Bonus allocation.

Due account will need to be taken of these changes as part of the Council's budget strategy and reflected in the budget setting cycle for 2015/16. In addition, monitoring of the financial risk will need to be undertaken routinely and in the event of any significant variation, this would need to feed into the budget monitoring reporting arrangements

Legal implications and risks:

On 31 October 2012, the Local Government Finance Act 2012 amended the Local Government Finance Act 1992 ("the 1992 Act") to introduce a requirement for the local council tax reduction schemes. Section 13A of the 1992 Act and Schedule 1A to the Act require each billing authority in England to make a scheme specifying the reductions which are to apply to council tax payable in respect of dwellings situated in its area by: (a) persons considered by the authority to be in financial need; and (b) classes of persons considered by the authority to generally be in financial need.

The Council was required to have a council tax reduction scheme in place by 31 January 2013. For each financial year, the Council is required to consider whether to revise its scheme or to replace it with a different scheme. Any revision or replacement must be made by 31 January in the financial year preceding that for which the scheme is to take effect.

Under Schedule 1A paragraph 3(1), before revising or replacing its scheme, the Council must (in the following order):

- a) Consult any major precepting authority which has power to issue a precept to it,
- b) publish a draft scheme in such manner as it thinks fit, and
- c) Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

There are therefore two stages to the consultation requirements. Firstly with the major precepting authority, then once the final draft scheme has been determined with the public. A consultation must be meaningful in that it must be undertaken at a stage when consultees can influence the final decision and enough time and information must be given to enable them to respond properly.

The Council has consulted with the GLA and the public as required by Schedule 1A above. The comments must be carefully considered by Members before making their determination.

Schedule 1A to the 1992 Act requires that the council tax reduction scheme address the following matters:

- The scheme must state the classes of person who are entitled to a reduction. This may be determined by reference to the income of any person liable to pay council tax, the capital of any such person or both income and capital. It may be determined by reference to the number of such a person's dependants and whether or not the person has applied for a reduction.
- The scheme must specify the reduction to which a person in a given class is entitled to and different reductions may apply to different classes. The reduction may be in the form of a percentage discount, a discount of an amount specified or calculated under the scheme, an amount of council tax or the whole of council tax.
- The scheme must specify the procedure by which a person may apply for a reduction and how a person may appeal a decision in respect of reduction or council tax.
- The scheme must contain other matters specified in Regulations made by the Secretary of State.

Pursuant to powers given in the 1992 Act, the Secretary of State has made the Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations 2012 ("the Prescribed Requirements Regulations"), which set out detailed matters that must be contained in council tax reduction schemes. The proposed scheme has been prepared in accordance with these requirements.

The Council must publish its council tax reduction scheme. It must also keep the scheme under review and decide each financial year whether to revise or replace the scheme.

Before adopting a council tax reduction scheme, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a

protected characteristic and those who don't. An equality impact analysis is attached to this report.

Section 67 of the 1992 Act specifies functions of an authority that shall be discharged only be the authority. The specified functions include making or revising a council tax reduction scheme under section 13A(2) of the 1992 Act. This means that full council has ultimate responsibility for making and revising the council tax reduction scheme.

Human Resources implications and risks:

The proposal to revise the CTS scheme will require a detailed training plan and strategy to develop staff awareness and support them through the transition from Council Tax Benefit to CTS. Staff will also require briefings throughout implementation as the options develop into a local scheme.

These considerations have been incorporated into the CTS project plan.

Equalities implications and risks:

The Public Sector Equality Duty (and *The Equality Act 2010*) requires local authorities in carrying out their functions, to have due regard to the need to:

- (a) Eliminate discrimination, harassment, victimization and any other conduct that is prohibited by or under the Equality Act 2010;
- (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Council must pay due regard to the three aims of the duty and consider how the CTS scheme might affect people who share a relevant protected characteristic and people who do not share it.

The proposed revisions to the CTS scheme are the subject of an Equalities Impact Assessment (EIA) which is attached at Appendix B for Members to read.

CTS is a means tested scheme available to households on low incomes. Therefore all recipients would be considered to be at a socio-economic disadvantage, particularly lone parents (most likely to be women), part-time workers (most likely to be women), and working-age households on low income, large families (more likely to be from BME backgrounds) and carers (most likely to be women).

Pension age CTS claimants will not be affected and will continue to receive similar levels of support with their council tax bills as they do at present.

The proposed changes, particularly the proposals to reduce Council Tax liability for Working Age claimants by 15% and to reduce the capital amount for Working Age claimants from £16,000 to £6,000 will have a disproportionate impact on low income working age households.

The Equality Impact Assessment will also be reviewed on a regular basis as the policy for the local scheme develops to ensure negative impacts are identified and minimised if not eliminated.

BACKGROUND PAPERS

Appendices

- Appendix A - Summary of the proposed CTS Scheme for 2015
- Appendix B - CTS Equalities Impact Assessment
- Appendix C - Preferred Option for Consultation
- Appendix D - GLA Response
- Appendix E - CTS 2015 Risk Register

Reference Documents

Cabinet Agenda, Decision and Meetings 3 September 2014

London Borough of Havering Summary of the proposed Council Tax Support Scheme for CTS 2015

Introduction

Council Tax Benefit was abolished from 1 April 2013. In its place each local authority was required by Section 9 of the Local Government Finance Act 2012 to produce its own scheme to reduce the liability of working age applicants it considers to be in financial need.

This document summarises the proposed Council Tax Support Scheme from April 2015 which the Council has produced in accordance with of Schedule 4 of the Act.

The Council adopted its own local scheme from April 2013 which has due regard to the Department for Communities and Local Government's policy intentions and unequivocally protects pensioners.

Havering's Local Council Tax Support scheme has been interpreted and applied in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 which set out what must be included in the scheme.

Summary of Council Tax Support Scheme changes from 2015

The 2015 scheme will adopt the existing scheme as summarised in this document and subject to the following amendments:

1. Reduce Council Tax Support for working age claimants by 15%. This means that every working age household would have to pay a minimum charge of 15% of their Council Tax Bill.
2. Reduce the amount of savings and investments people are allowed to have and still be entitled to claim from £16,000 to £6,000.
3. Abolish Second Adult Rebate. Second Adult Rebate supports working age tax payers whose income is too high in their own right for Council Tax Support but who have other adults living in the household whose income is low.

The above amendments will take effect from April 2015.

In this document 'the current scheme' means Havering's existing Local Council Tax Support scheme which was adopted in January 2013 and amended with effect from April 2014.

Unless expressly stated otherwise the provisions outlined below relate solely to working age applicants under the Council Tax Support scheme.

Havering's Local Council Tax Support Scheme

This document summarises the Council's proposed Scheme for eligible working age Council Tax payers to receive council tax support.

The scheme applicable to pensioners is defined in The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, Part 3, Schedules 1 to 6, which is adopted within this scheme.

The procedure for the operation of the Scheme summarised below is made in accordance with Schedules 7 and 8 of the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012.

The principles of the Local Council Tax Support Scheme are:

- Local authorities will be expected to manage significant reductions in subsidised expenditure.
- Regulations have been set to protect claimants of state pension credit age.
- Local authorities will consult on their schemes with precepting authorities and the public.
- The Council will adopt the final scheme before 31 January 2013 or the default scheme will apply.
- Local authorities should aim to protect vulnerable groups.
- In developing schemes, local authorities should consider incentivising claimants into work.

The Local Council Tax Support Scheme includes the following:

- Introduction and definitions
- Prescribed of persons
- Provisions relating to entitlement under the scheme
- Applicable amounts
- Maximum Council Tax Reduction
- Alternative Maximum Council Tax Reduction
- Amount of reduction under the scheme
- Assessment of Income and Capital under the scheme
- Students
- Applications
- Extended reductions
- Period of entitlement and changes of circumstances
- Schedules

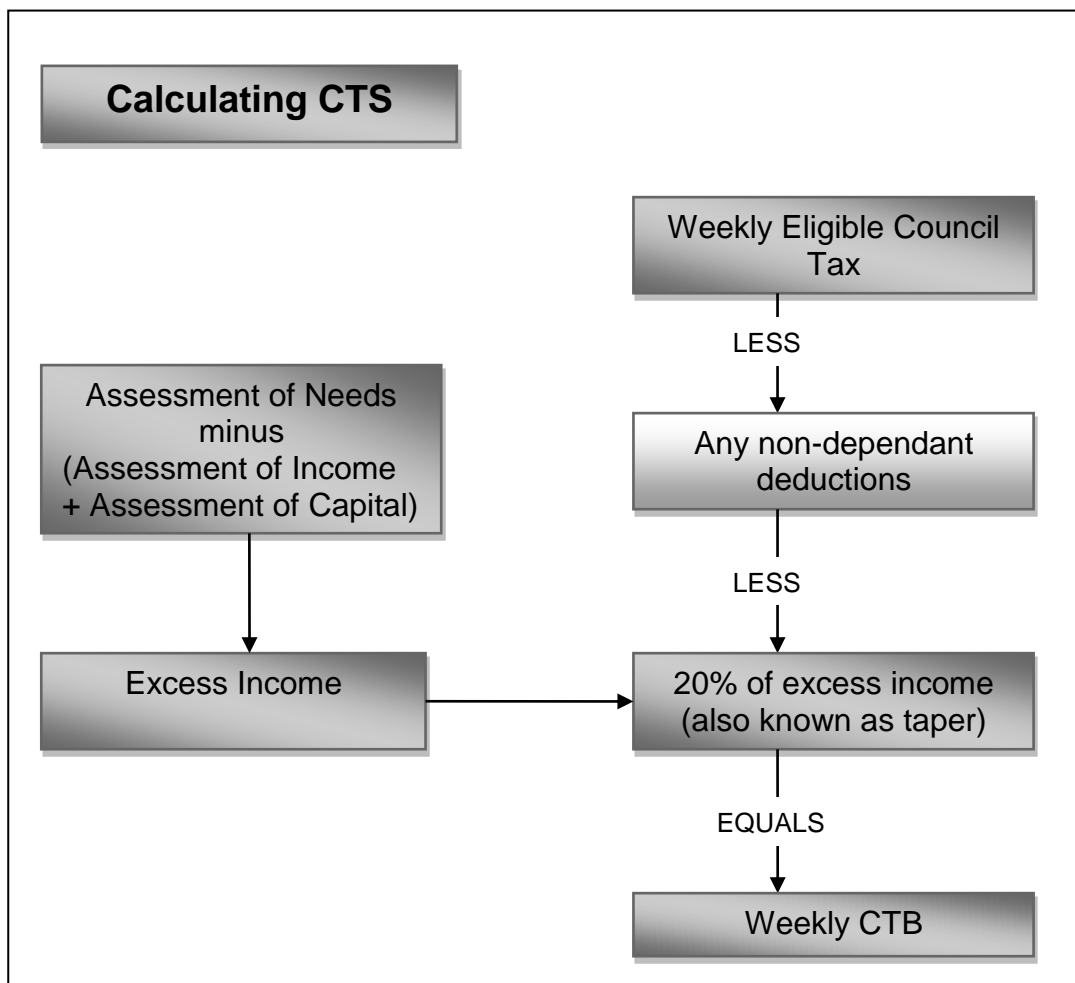
The Council Tax Support Calculation

The starting point for all calculations of Council Tax Support is the claimant's 'maximum benefit'. This is the claimant's weekly eligible Council Tax less any non-dependant deductions that apply.

Income and capital are compared to the claimant's applicable amount. Any income over the applicable amount is known as the Excess Income.

The claimant qualifies for maximum support less 20% of any excess income figure. The 20% reduction to the maximum benefit is known as a taper.

Claimants in receipt of Job Seeker's Allowance and Income Support have already been assessed by the Department for Work and Pensions (DWP) as having income lower than their applicable amount and so will receive maximum council tax support less any non-dependant deductions.



Non-dependant deductions from April 2013

Paragraph 58 in Part 6 of the Council Tax Benefit Regulations 2006 shall be taken to read as follows:

“58.

- (1) Subject to the following provisions of this regulation, the non-dependant deductions in respect of a day referred to in regulation 57 (maximum council tax benefit) shall be—
 - (a) in respect of a non-dependant aged 18 or over in remunerative work, £20.00 x 1/7;
 - (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £6.00 x 1/7.

- (2) In the case of a non-dependant aged 18 or over to whom paragraph (1)(a) applies, where it is shown to the appropriate authority that his normal gross weekly income is—
- (a) less than £183.00, the deduction to be made under this regulation shall be that specified in paragraph (1)(b);
 - (b) not less than £183.00 but less than £316.00, the deduction to be made under this regulation shall be £9.00;
 - (c) not less than £316.00 but less than £394.00, the deduction to be made under this regulation shall be £15.00.

From April 2014 onwards, restrict the maximum council tax support award to the top of Council Tax band D

That Paragraph 57 in Part 6 of the Council Tax Benefit Regulations 2006 shall be taken to read as follows:

“57.

- (1) Subject to paragraphs (2) to (5), the amount of a person’s maximum council tax benefit in respect of a day for which he is liable to pay council tax, shall be 100 per cent of the amount A/B where—
 - (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
 - (b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under regulation 58 (non-dependant deductions).
- (2) In calculating a person’s maximum council tax benefit any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.
- (3) The level of any Council Tax Support awarded shall be restricted to the level of band D
- (4) Subject to paragraph (5), where a claimant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the claimant who is a student to whom regulation 45(2) (students who are excluded from entitlement to council tax benefit) applies, in determining the maximum council tax benefit in his case in accordance with paragraph (1), the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.
- (5) Where a claimant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph (4) shall not apply in his case.

Applications for Council Tax Support

This part applies to both pensioners and working-age applicants

The following procedure is in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, referred to as 'the Regulations' below and shall be implemented in accordance with those Regulations.

Entitlement to CTS is dependent on an application being made in the following way:

An application may be made:

- (a) In writing
- (b) By means of an electronic communication or
- (c) By telephone following publication by the Council of a number for this purpose.

The form provided by the Council for this purpose must be properly completed, and the Council may require the applicant to complete the form in the proper manner, and may further require that further information and evidence is provided by the applicant.

An application will be defective if the applicant does not provide all of the information the Council requires.

Applications made by telephone will only be valid if the applicant provides a written statement of their circumstances in the format required by the Council.

The Council will provide applicants making their applications with an opportunity to correct any defects in their application.

Applications may be made by those persons set out in paragraph 6 of Schedule 8 of the Regulations.

The Government has indicated that they intend to introduce legislation to the effect that people entitled to Council Tax Benefit on 31 March 2013 will be deemed to have made an application under the new scheme.

Evidence and information

Any person who makes an application or any person to whom a reduction under the Council's scheme has been awarded shall furnish such certificates, documents, information and evidence in connection with the application or award, or question arising out of it as may reasonably be required by the Council in order to determine the person's entitlement. Where the Council requests information it shall inform the applicant or person of their duty to notify the Council of any change of circumstances and shall indicate the kind of changes of circumstances which are to be notified.

Matters related to the electronic communication of information, proof of delivery and content of information will be determined in accordance with Part 4 of Schedule 7 of the Regulations.

Where the person is a pensioner paragraph 7(4) (5) (6) and (7) of Schedule 8 of the Regulations apply which specify matters relevant to evidence and information related to pensioners.

Amendment and withdrawal of applications

Any person who has made an application may amend it at any time before a decision had been made by serving a notice in writing to the Council in accordance with paragraph 8 of Schedule 8 of the Regulations.

Decisions by the Council

The Council will make a decision in respect of any application for a reduction under this scheme in accordance with the criteria set out within the Council Tax Benefit Regulations 2006 (subject to the amendments made to paragraphs 57 and 58 and Schedule 2 referred to above), and in accordance with Schedules 7 and 8 of the Regulations.

The decision will be made within 14 days of the Council receiving at its designated office the properly completed application or the information requested to complete it or the evidence required. The date upon which the Council is deemed to have received the properly completed application shall be determined in accordance with paragraphs 6 of Schedule 1, paragraph 7 and Part 1 of Schedule 7 of the Regulations being satisfied, or as soon as reasonably practicable thereafter.

The Council will notify the applicant or any person affected by its decision under the scheme in writing forthwith, or as soon as reasonably practicable.

Any person affected to whom the Council sends or delivers a notification of a decision to may, within one month of the notification of the decision, request in writing from the Council a statement setting out the reasons for its decision on any matter set out in the notice.

Following receipt of a request for a written statement the Council will provide this within 14 days or as soon as reasonably practicable thereafter.

Where an award or payment of reduction is made the time and manner of granting the reduction under the scheme will be in accordance with Part 5 of Schedule 8 of the Regulations.

Change of circumstances

For persons who are not pensioners the date on which changes of circumstances are to take effect will be determined in accordance with paragraph 4 of Part 2 of Schedule 8 of the Regulations.

Procedure for making an appeal

Any applicant who is not in agreement with the decision of the Council taken under this scheme may service a notice in writing on the Council setting out their reasons and grounds upon which they believe the Council has made the wrong decision.

Following receipt of an appeal in writing the Council will:

- (1) Consider the appeal
- (2) Notify the applicant in writing of the following:
 - (i) Any decision not to uphold the appeal and the reasons for that; or
 - (ii) That steps are being taken to proceed with the appeal and set out what steps.

Where an applicant remains dissatisfied following receipt of any written notice sent by the Council in response to their appeal, they may within two months of the service of that notice, appeal to the valuation tribunal.

Applications for further discretionary reductions

Under Section 13A(1)(c) of the Local Government Finance Act 1992 and The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, the Authority will consider applications for a further reduction in Council Tax.

There will be financial implications in that the cost of any reduction will be a direct cost to the Council. The cost of any discretionary reduction will, therefore, have to be met by the rest of the council taxpayers.

Applications must be made in writing or by prescribed electronic communications.

The Council will, in making decisions for further discretionary reductions, have due regard to its duties under The Child Poverty Act 2010, The Housing Act 1996, and The Equality Act 2010.

The Council will review all relevant matters when deciding whether to award a reduction including, but not limited to:

- The circumstances of any other person with whom the applicant is jointly and severally liable for Council Tax.
- The overall financial situation of the applicant and the applicant's family.
- The effect the council believes making an award will have on the applicant and any members of the applicant's family.
- Protecting the public purse and maintaining financial budgets.

A person who applies for a discretionary reduction may request that the Council review its decision. Any such request must be made in writing and be received within one month of the date the notification of the decision.

If practicable, another more senior officer, will reconsider the decision in light of all available evidence and, if appropriate amend it. Any change may lead to either a reduction or an increase in any award.

A further right of review will be available against the decision as reviewed which will be considered by a manager but only against the legality of the decision and not the actual outcome.



Equality Impact Assessment (EIA)

Document control

Title of activity:	Proposal to amend the Council Tax Support Scheme 2015
Type of activity:	This is a scheme which provides assistance to people on low incomes to help them pay their Council Tax.
Lead officer:	Chris Henry, Head of Council Tax & Benefits, Exchequer & Transactional Services, oneSource
Approved by:	Sarah Bryant, Director of Exchequer & Transactional Services
Date completed:	January 2015
Scheduled date for review:	September 2016

Did you seek advice from the Corporate Policy & Diversity team?	Yes
Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?	No

1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at diversity@haverling.gov.uk

About your activity

1	Title of activity	Proposal to amend the Council Tax Support Scheme 2015
2	Type of activity	This is a scheme which provides assistance to people on low incomes to help them pay their Council Tax.
3	Scope of activity	<p>Many people on low incomes can get Council Tax Support to help them pay their council tax bills. The Council Tax Support Scheme is mainly funded by the Government although the Council help pay towards the scheme as well.</p> <p>The Government plan to reduce the money to pay for the scheme from 2015/2016. The CTS grant has been rolled into the Settlement Funding Allocation which has been reduced in 14/15 in-line with core funding reduction. The Council's budget cannot cover a further shortfall in Government funding. Therefore, a proposal has been submitted for consultation to change the current scheme to help bridge the funding gap.</p> <p>The proposed scheme will continue to protect pensioners who will get the same level of council tax support as they do now.</p> <p>The proposals for 2015/2016 are to:</p> <ul style="list-style-type: none">4. Reduce Council Tax Support for working age claimants by 15%. This means that every working age household would have to pay a minimum charge of 15% of their Council Tax Bill.5. Reduce the amount of savings and investments people are allowed to have and still be entitled to claim from £16,000 to £6,000.

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		6. Abolish Second Adult Rebate. Second Adult Rebate supports working age tax payers whose income is too high in their own right for Council Tax Support but who have other adults living in the household whose income is low.
4a	Is the activity new or changing?	Yes – changing
4b	Is the activity likely to have an impact on individuals or groups?	
5	If you answered yes:	Yes

Completed by:	Chris Henry, Head of Council Tax & Benefits
Date:	January 2015

2. Equality Impact Assessment

Background/context:

The Council proposes to amend the Council Tax Support (CTS) Scheme from April 2015. The scheme provides assistance to people on low incomes to help them pay their Council Tax.

The Council needs to make savings in order to balance its budget due to large reductions in government grant and changing funding regimes.

The CTS grant has been rolled into the Settlement Funding Allocation which has been reduced in 14/15 as part of the core funding reduction. The Council's budget cannot cover a further shortfall in Government funding without using reserves, increasing the Council Tax or reducing Services.

The Council has consulted on a range of options including which service to protect and which to reduce and whether residents would wish to pay increases above 2% council tax rather than see service reductions. Changes to the CTS scheme form part of the Council's overall strategy to balance the budget.

The proposed scheme will continue to protect pensioners who will get the same level of Council Tax Support as they do now.

The proposals for 2015/2016 are to:

7. Reduce Council Tax Support for working age claimants by 15%. This means that every working age household would have to pay a minimum charge of 15% of their Council Tax Bill.
8. Reduce the amount of savings and investments working age claimants are allowed to have and still be entitled Council Tax Support from £16,000 to £6,000.
9. Abolish Second Adult Rebate. Second Adult Rebate supports working age tax payers whose income is too high in their own right for Council Tax Support but who have other adults living in the household whose income is low.

At any one time, approximately 10,000 working-age claimants are in receipt of Council Tax Support.

To contextualise the changes, all working age claimants (approx. 10,000) will be affected by the 15% reduction. Currently only 89 working age claimants have capital in excess of £6,000 and 177 working-age claimants receive Second Adult Rebate.

The proposed changes will have disproportionate impact on low income working age households because Council Tax Support is designed for low income working age

households. This is with the exception of the removal of the Second Adult Rebate where the taxpayer's income is too high for Council Tax Support and a rebate is paid in respect of another low-earning adult in the household. 177 claimants are affected by the removal of Second Adult Rebate.

The proposals to change the current CTS scheme to help bridge the funding gap were subject to a three-month consultation, and formed part of a wider package of proposals.

All 10,000 working-age CTS claimants were posted a questionnaire to share their views. A corresponding number of questionnaires were not posted to other residents not in receipt of Council Tax Support. However, the public were invited to comment on the Council's proposals via an online survey.

396 responses were received of which 309 were from paper questionnaires. This represents 4% of the working-age population on CTS or 0.003% of the population in Havering. The responses are summarised as follows:

- 38.4% (152) agree everyone of working age should pay at least 15 per cent of their Council Tax. 58.3% (231) disagree.
- 46.5% (184) agree working age Council Tax payers with more than £6,000 savings or investments should be disqualified from claiming Council Tax Support. 51% (202) disagree
- 55.3% (219) agree second Adult Rebate should be removed from the scheme for working age Council Tax payers whose income is too high to receive Council Tax support. 40.9% (162) disagree

In the overall budget consultation the following results were received from 1987 responses.

To clarify this, please tick your top three priority services:	Count	Percentage
Crime reduction & public safety	1007	17%
Rubbish & recycling collection	726	12%
Road & pavement repairs	682	12%
Cleaning the streets	613	10%
Social Services for adults (inc. older people)	448	8%
Parks & green spaces	405	7%
Public health	370	6%
Libraries	355	6%
Social Services for children	245	4%
Sports & leisure facilities	222	4%
Young people's Activities	212	4%
Support for schools	177	3%
Attracting businesses and jobs	131	2%
Environmental health & trading standards	125	2%
Public events & activities	98	2%
Housing services & advice	67	1%
Planning services & advice	36	1%
Total	5919	100%

CTS changes were catered for within the package of priorities and it can therefore be seen that in general respondents were in favour of the overall priorities change and a majority of residents were not in favour of raising council tax above 2% in order not to make up reductions proposed.

<u>Council Tax Support Case Group Descriptions</u>	<u>Count</u>
Elderly - Non-Passported - Carer	165
Elderly - Non-Passported - Child Under 5	1
Elderly - Non-Passported - Enhanced Disability	2
Elderly - Non-Passported - Family Premium	6
Elderly - Non-Passported - Family Premium - 1 Child	9
Elderly - Non-Passported - Family Premium - 2 Child	2
Elderly - Non-Passported - Family Premium - 4 Child	1
Elderly - Non-Passported - Non Dependant	378
Elderly - Non-Passported - Other	2130
Elderly - Non-Passported - Severe Disability	388
Elderly - Non-Passported - War Pensioners	29
Elderly - Non-Passported - Working	92
Elderly - Passported - Carer	160
Elderly - Passported - Child Under 5	3
Elderly - Passported - Enhanced Disability	1
Elderly - Passported - Family Premium	16
Elderly - Passported - Family Premium - 1 Child	25
Elderly - Passported - Family Premium - 2 Child	4

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Elderly - Passported - Family Premium - 3 Child	2
Elderly - Passported - Family Premium - 4 Child	1
Elderly - Passported - Non Dependant	544
Elderly - Passported - Other	3120
Elderly - Passported - Severe Disability	821
Elderly - Passported - Working	11
TOTAL (Elderly) = 7,911 (43%)	
Working Age - Non-Passported - Carer	71
Working Age - Non-Passported - Child Under 5	469
Working Age - Non-Passported - Disability	211
Working Age - Non-Passported - Disabled Child Premium	20
Working Age - Non-Passported - Enhanced Disability	226
Working Age - Non-Passported - Family Premium	175
Working Age - Non-Passported - Family Premium - 1 Child	778
Working Age - Non-Passported - Family Premium - 2 Child	508
Working Age - Non-Passported - Family Premium - 3 Child	160
Working Age - Non-Passported - Family Premium - 4 Child	39
Working Age - Non-Passported - Family Premium - 5 and above	6
Working Age - Non-Passported - Lone Parent Child Under 5	470
Working Age - Non-Passported - Non Dependant	88
Working Age - Non-Passported - Other	131
Working Age - Non-Passported - Severe Disability	79
Working Age - Non-Passported - War Pensioners	4
Working Age - Non-Passported - Working	535
Working Age - Passported - Carer	314
Working Age - Passported - Child Under 5	206
Working Age - Passported - Disability	261
Working Age - Passported - Disabled Child Premium	31
Working Age - Passported - Enhanced Disability	996
Working Age - Passported - Family Premium	143
Working Age - Passported - Family Premium - 1 Child	620
Working Age - Passported - Family Premium - 2 Child	354
Working Age - Passported - Family Premium - 3 Child	120
Working Age - Passported - Family Premium - 4 Child	29
Working Age - Passported - Family Premium - 5 and Above	2
Working Age - Passported - Lone Parent Child Under 5	1229
Working Age - Passported - Non Dependant	351
Working Age - Passported - Other	1432
Working Age - Passported - Severe Disability	425
Working Age - Passported - Working	25
TOTAL (Working Age) = 10,508 (57%)	
Grand Total Working Age & Elderly)	18419

Age: Consider the full range of age groups	
<i>Please tick (✓) the relevant box:</i>	Overall impact:

Positive		Whilst the proposed changes will impact negatively on working age Council Tax Support claimants, based on the findings from other London authorities who have implemented the same or higher reductions, we do not anticipate the impact to be significant. Within the scope of the scheme there is a Council Tax Discretionary policy to enable us to consider cases of hardship which will help mitigate any negative impacts.
Neutral		
Negative	✓	Pension age claimants (currently men and women aged 62½ and over) will not be affected by the change.

Evidence:

At present approximately 57% of Council Tax Support claimants are working age and 43% are pension age.

For comparison, the working age population (18 – 64 years) in Havering is 76% and the pension age population (65 and over) is 24%.

The proposed changes mean that all working age Council Tax Support claimants will have to pay at least 15% towards their Council Tax.

Sources used:

Council Tax Support caseload data

Diversity Profile for EIAs August 2014

Demographic, Diversity and Socio-economic Profile of Havering's Population March 2014

Disability: Consider the full range of disabilities; including physical mental, sensory and progressive conditions

Please tick (✓) the relevant box:

Positive		Overall impact: If the proposals are approved, disabled people who are of working age will also be negatively affected This is because they are disproportionately represented amongst working age claimants who will receive a reduction in Council Tax support.
Neutral		
Negative	✓	In addition, disabled people are less likely to have the same opportunities and access to work and employment that would improve their financial situation.

		<p>Support is in place through the Council Tax Discretionary policy for those who suffer hardship as a result of these proposals in order to mitigate any negative impacts.</p> <p>Pension age Council Tax Support claimants are not affected by these proposals.</p>
--	--	---

Evidence:

In terms of Council Tax Support, disabled household are those where the claimant (or any partner, or child) receives a state disability benefit payment or is seriously sick or disabled.

Approximately 24% of working age Council Tax Support claimants meet the above definition compared with 21% of the working age population of Havering.

The Council recognizes the barriers disabled people face and seek to assist address them by disregarding Disability Living Allowance and Attendance Allowance in the calculation of Council Tax Support. This often increases the amount of Council Tax Support a disabled person is entitled to. Havering has also chosen to disregard all Armed Forces compensation income from Veterans and Members of the Armed Forces.

In addition to the above, the Council seeks to maximize Council Tax Support for disabled people by increasing the applicable amount for them through premiums. Currently, there are premiums for severe disability, enhanced disability and a disabled child rate. Such premiums are granted when Council Tax Support applicants receive a relevant disability related benefit granted and administered by the Department of Work & Pensions.

Disabled people are historically disadvantaged and face greater barriers when accessing (information about) services and therefore disabled households are considered to be more vulnerable than other households. Disabled people who are unable to work receive higher levels of state benefits and while based on the proposals they will be subject to the 15% liability reduction, disabled working age claimants are likely to have a higher income than other unemployed, working age claimants whose council tax support will also be reduced.

Sources used:

Council Tax Support caseload data

Diversity Profile for EIAs August 2014

Demographic, Diversity and Socio-economic Profile of Havering's Population March 2014

Sex/gender: Consider both men and women

<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive		It is difficult to fully consider the implications the proposals will have on this protected characteristic due to the fact that only one claim is submitted per household.
Neutral		
Negative	✓	However, equalities monitoring indicates that the majority of claims (63%) are made by females (married and single titles) compared with males. We also know that lone parents, part-time workers and carers are more likely to be women. The proposals are therefore considered to have a disproportionate impact on women. Support is in place through the Council Tax Discretionary policy for those who suffer hardship as a result of these proposals in order to mitigate any negative impacts.

Evidence:

Council Tax Support caseload data:

Title on claim	No.	Percentage
Mr Count	2153	37%
MRS Count	1327	23%
MS/Miss Count	2346	40%
Other	8	0%

From the above table it is seen that in total 63% of the household claims are made by women.

Sources used:

Council Tax Support caseload data

Diversity Profile for EIAs August 2014

Demographic, Diversity and Socio-economic Profile of Havering's Population March 2014

Ethnicity/race: Consider the impact on different ethnic groups and nationalities

<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive		There could be a negative impact of the proposals on people from

Neutral		Black and Minority Ethnic (BME) groups. As our data shows that BME claimants are slightly over-represented amongst working age claimants receiving Council Tax Support. This could imply that BME groups experience more difficulty in finding employment.
Negative	✓	

Evidence:

The tables below show the projected figures for the breakdown of Havering by ethnicity/race and for Benefits claimants where they have supplied this information. The data is difficult to compare due to the different classifications of ethnicity used.

2014 (projection)	Number	Percentage of population (%)
All ethnicities	246,269	100.00
White	211,126	85.7
Black Caribbean	3,335	1.4
Black African	9,485	3.9
Black Other	4,524	1.8
Indian	5,813	2.4
Pakistani	1,820	0.7
Bangladeshi	1,205	0.5
Chinese	1,662	0.7
Other Asian	4,467	1.8
Other	2,833	1.2
<i>BAME¹ Total</i>	<i>35,144</i>	<i>14.3</i>

Council Tax Support/Housing Benefit Claimants where Equalities information provided

	Number	Percentage of claimants who provided information
White/British	4249	72.8%
White/Irish	91	1.6%
White/Other	381	6.5%
White & Black Caribbean	66	1.1%
White & Black African	43	0.7%
White & Asian	16	0.3%
Mixed/Other	43	0.8%
Asian/Asian British Indian	71	1.2%
Asian/Asian British Pakistan	69	1.2%
Asian/Asian British Bangladesh	54	0.9%
Asian/Asian British: Any Other	32	0.6%
Asian/Other	14	0.2%
Black/Black British Caribbean	154	2.6%
Black/Black British African	381	6.5%

¹ The GLA define BAME differently to the ONS. The GLA does not include a 'White Other' Group. Instead they have one category 'White' that includes 'White British' and 'White Other'.

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Black/Black British Other	53	0.9%
Chinese	8	0.1%
Gypsy/Traveller	1	0.1%
Other Ethnic Group	86	1.5%
Declined	22	0.4%
Total	5834	100%

From the data provided above, it would appear that there is a disproportionate impact on BME claimants. 85.7% of Havering's population are defined as White (including the 'White: Other' category such as Eastern Europeans), compared to 80.9% of benefit claimants who define themselves as White (including 'White: Other').

Sources used:

Council Tax Support caseload data

Diversity Profile for EIAs August 2014

Demographic, Diversity and Socio-economic Profile of Havering's Population March 2014 *

Religion/faitb: Consider people from different religions or beliefs including those with no religion or belief

*Please tick (✓)
the relevant box:*

Positive

Neutral

Negative

Overall impact:

Not known

There is no information available to make an assessment on the impact of the proposals on this protected characteristic.

Evidence:**Sources used:**

Sexual orientation: Consider people who are heterosexual, lesbian, gay or bisexual

*Please tick (✓)
the relevant box:*

Positive

Neutral

Negative

Overall impact:

Not known

There is no information available to make an assessment on the impact of the proposals on this protected characteristic.

Evidence:
Sources used:

Gender reassignment: Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth	
<i>Please tick (✓) the relevant box:</i>	Overall impact:
Positive	Not known
Neutral	There is no information available to make an assessment on the impact of the proposals on this protected characteristic.
Negative	
Evidence:	
.	
Sources used:	

Marriage/civil partnership: Consider people in a marriage or civil partnership	
<i>Please tick (✓) the relevant box:</i>	Overall impact:
Positive	Not known
Neutral	There is insufficient information available to make an assessment on the impact of the proposals on this protected characteristic.

Negative		
Evidence:		
Sources used:		

Pregnancy, maternity and paternity: Consider those who are pregnant and those who are undertaking maternity or paternity leave		
<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive		<p>There is insufficient information available to make an assessment on the impact of the proposals on this protected characteristic.</p> <p>However, working mothers on maternity leave and women with caring responsibilities tend to have less income and/or reduced access to the labour market.</p> <p>It is perceived that there may also be equality implications for parents with young children and babies, particularly lone parents who may experience a negative impact. Support is in place through the Council Tax Discretionary policy for those who suffer hardship as a result of these proposals in order to mitigate any negative impacts.</p>
Neutral		
Negative	✓	
Evidence:		
Sources used:		

Socio-economic status: Consider those who are from low income or financially excluded backgrounds
--

<i>Please tick (✓) the relevant box:</i>		Overall impact: Council Tax Support is a means tested scheme available to households on low incomes. Therefore all recipients would be considered to be at a socio-economic disadvantage, particularly lone parents (most likely to be women), part-time workers (most likely to be women), working-age couples on low income, large households (more likely to be from BME backgrounds) and carers (most likely to be women). Support is in place through the Council Tax Discretionary policy for those who suffer hardship as a result of these proposals in order to mitigate any negative impacts. Pension age Council Tax Support claimants will not be affected and will continue to receive similar levels of support with their council tax bills as they do at present.
Positive		
Neutral		
Negative	✓	
Evidence: Please refer to breakdowns of Council Tax Support claimants available above.		
Sources used: Council Tax Support caseload data Diversity Profile for EIAs August 2014 Demographic, Diversity and Socio-economic Profile of Havering's Population March 2014		

Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
All	✓	<p>We consulted on the proposed changes in October, November & December 2014 and will report the results to Cabinet in January 2015</p> <p>All affected CTS applicants to be contacted in advance to advise of change if agreed prior to annual billing</p> <p>Monitor implication of</p>	<p>Individual households will have access to formal appeal and review arrangements should they have complaints or concerns about the assessment criteria and method used to identify the Council Tax Support they need.</p> <p>Customers will have time to adjust and make appropriate payment arrangements</p> <p>We will monitor the impact of the changes and take-</p>	<p>January 2015</p> <p>February 2015</p> <p>Ongoing</p>	<p>Chris Henry</p> <p>Debbie Wheatley</p> <p>Debbie Wheatley</p>

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		<p>change in Council Tax Support.</p>	<p>up of hardship funds as part of our performance and quality checking systems. The performance data collated, including satisfaction surveys and community profile monitoring will form part of regular reporting arrangements to senior management and members.</p> <p>Citizens' Advice Bureau commissioned to assist provides debt counselling and advice.</p>		
		<p>The Council actively supports Apprenticeships. Meetings and events are arranged with Training Providers and Apprentices to keep them up to date with new initiatives and creating</p>			

Cabinet, 21 January 2015

		opportunities and promotion of Apprenticeships. Regeneration also work with small and medium business enterprises to encourage growth and opportunities			
--	--	--	--	--	--

* You should include details of any future consultations you will undertake to mitigate negative impacts

** Monitoring: You should state how the negative impact will be monitored; how regularly it will be monitored; and who will be monitoring it (if this is different from the lead officer).

Review

In this section you should identify how frequently the EIA will be reviewed; the date for next review; and who will be reviewing it.

The EIA will be reviewed at bi-annual intervals or earlier if the Council Tax Support scheme is reviewed earlier than September 2016.



Preferred Option for Consultation

- a) Reduce Council Tax liability for Working Age claimants by 15%.
- b) Abolish Second Adult Rebate (2AR).
- c) Reduce capital amount for Working Age claimants from £16,000 to £6,000.

Net Savings £1,244, 384

GLA element £311,096

BDP £172,831

Gross Savings £1,728,311

Who is affected:

- a) All working age claimants will be affected by the 15% reduction.
6534 JSA(Job Seeker's Allowance)/Income Support claimants: £993,195
Average £152 per year/£3 p/w per claimant
3964 All other working age claimants: £610,315 Average £154 per year/£2.96 p/w per claimant
Scheme adopted by Greenwich, Barking & Dagenham.
- b) 177 working age claimants are affected by the removal of 2AR. Gross saving £44,649.
2AR is awarded to the claimant but based on the circumstances of the 'second adult' (Non Dependant).
This would be an opportunity to streamline the CTS scheme as this is a complicated calculation that affects a minimal amount of claimants.
Neighbouring boroughs Newham & Thurrock have adopted as part of their schemes.
- c) 89 Non JSA/Income Support claimants only affected. Gross saving £80,152. This option does not generate significant savings but alters the scheme so the calculation is no longer aligns with Housing Benefit. Greater complication for administering & conveying to customers.

It is fair top slice because extra income and higher premiums are already awarded for vulnerable groups.

Used by Thurrock in conjunction with 25% reduction in maximum liability.

Appendix D

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Web: www.london.gov.uk

Our ref: HaveringCTResponse

Your ref:

Date: 15 December 2014

GREATERLONDONAUTHORITY

Resources

Andrew Blake-Herbert
Group Director - Resources
London Borough of Havering
Town Hall
Main Road
Romford Essex RM1 3BB

Dear Andrew

**LONDON BOROUGH OF HAVERING
DRAFT 2015-16 COUNCIL TAX SUPPORT SCHEME
GREATER LONDON AUTHORITY RESPONSE TO CONSULTATION**

Thank you for your email dated 28 August setting out the draft council tax support (CTS) scheme options for 2015-16 which the London Borough of Havering has issued for public consultation. This letter sets out the GLA's response to the consultation.

Introduction

Firstly, the GLA recognises that the determination of council tax support schemes under the provisions of the Local Government Finance Act 2012 are a local matter for each London borough. Individual schemes need to be developed which have regard to specific local circumstances, both in respect of the potential impact of any scheme on working age claimants (particularly vulnerable groups) and more generally the financial impact on the council and local council taxpayers – and

therefore the final policies adopted may, for legitimate reasons, differ across the capital's 33 billing authorities.

This fact notwithstanding the GLA also shares in the risks and potential shortfalls arising from the impact of council tax benefit localisation in proportion to its share of the council tax in each London billing authority. It is therefore important that we are engaged in the scheme development process and have an understanding both of the factors which have been taken into account by boroughs in framing their proposals as well as the data and underlying assumptions used to determine any forecast shortfalls which will inform their final scheme design.

Framing and Publicising Proposals

The Government has expressed a clear intention that in developing their scheme proposals billing authorities should ensure that:

- Pensioners see no change in their current level of awards whether they are existing or new claimants
- They consider extending support or protection to other vulnerable groups
- Local schemes should support work incentives and in particular avoid disincentives to move into work

The GLA concurs with those general broad principles and would encourage all billing authorities in London to have regard to them in framing their schemes.

Impact of Supreme Court Judgement on London Borough of Haringey's Council Tax Support Scheme Consultation for 2013-14 and 2014-15

On 29 October 2014 the London Borough of Haringey lost its ongoing legal case concerning its council tax support scheme in the Supreme Court. The Court ruled that Haringey's consultation had unfairly prejudged that the reduction in government funding for council tax support should be passed onto working age claimants – rather than providing alternative options for residents to consider (e.g. absorbing the cuts and maintaining previous council tax benefit levels, increasing council tax to offset it etc.) Its scheme consultation for 2013-14 and 2014-15 was declared unlawful although it will not be required to repeat it. Some London Boroughs have chosen to rerun their 2015-16 scheme consultations to ensure that they are in compliance with the judgement of the Supreme Court.

The 2015-16 Scheme Options

Havering has put forward eight schemes for consultation. Set out below is the scheme option recommended by Havering officers; further details on option one and the other seven scheme options are set out in Appendix A.

Option recommended by London Borough of Havering officers:

- a) Every working age household to pay a minimum of 15% of their council tax bill.
- b) Abolish the Second Adult Rebate.
- c) Reduce the amount of savings and investments allowed under the CTS claimant eligibility criteria from the current £16,000 to £6,000.

In regards to their 2015-16 council tax support schemes, some London local authorities are consulting on or have chosen to introduce revised applicable amounts, personal allowances and non-dependent deductions in line with the uprated amounts for the national Housing Benefit scheme. The effect of this will be that the applicable amounts and personal allowances within 2015-16 council tax support schemes will increase in line with Housing Benefit increases. Where these uprated amounts are introduced, council tax support claimants will be protected from a real terms cut in the level of support they receive, notwithstanding other reductions that may be made to their entitlement due to other amendments to the scheme. It is not clear from your consultation material whether you intend to uprate allowances and applicable amounts and we would encourage your Council to also consider whether it would be appropriate to uprate these amounts before finalising its 2015-16 scheme.

The GLA has no further specific comments on the proposals at this stage as it regards them as being a legitimate matter for local determination, notwithstanding the need for the Council to consider the equalities impact of its final decision and the potential impact on vulnerable groups.

Financial Implications of the 2015-16 Scheme Option

We note Havering's forecast that the changes to the CTS scheme set out in the option above would reduce the cost of CTS by £1.7 million, of which £311,000 is the GLA element. Forecast cost reductions for the other seven options put forward for consultation are set out in Appendix A.

It would be helpful for the GLA's planning purposes if Harrow could provide us with an updated forecast cost for each of the eight options based on its forecast 2015-16 caseload taking into account any developments since the public consultation was launched.

Technical Reforms to Council Tax

The GLA considers that in formulating its council tax support scheme each billing authority should both consider and address the impact of the additional revenue it is expecting to raise from the technical reforms to council tax introduced in the Local Government Finance Act 2012, which provide greater flexibility in relation to discounts, exemptions and premiums for second and empty homes. The additional revenues from the technical reforms could be used to reduce any shortfalls and thus the sums which need to be recovered from working age claimants via any changes to council tax support.

The GLA notes that in 2014-15 Havering had the following policies in place:

- For properties requiring or undergoing major repairs or structural alterations (former class A): 0% discount
- For properties unoccupied and substantially unfurnished (former class C): 0% discount
- For second homes: 0% discount

- For long-term empty properties: a 50% premium on properties that have been unoccupied and substantially unfurnished for a continuous period of two years is not currently levied.

We would encourage the Council to inform the GLA as soon as possible if any changes to its current second and empty homes discount policies are agreed in order to assist us in assessing the potential impact on the Mayor's funding and tax base for 2015-16 and future years.

Setting the Council Taxbase for 2015-16 and Assumptions in Relation to Collection Rates

The Council will be required to set a council tax base for 2015-16 taking into account the potential impact of the discounts the Council may introduce in respect of council tax support and any potential changes the Council may implement regarding the changes to the treatment of second and empty homes.

The Council will need to make a judgement as to the forecast collection rates from those claimants and council taxpayers affected by the changes to council tax support, taking into account the experience in the first two years of the council tax support arrangements. The GLA notes that across London collection rates for council tax support recipients have generally been better than had originally been forecast prior to the introduction of localised council tax support schemes.

It remains likely that in respect of claimants on low incomes, who may not be in a position to pay by direct debit or other automatic payment mechanisms, collection rates may increasingly fall below the average percentage collection rate for council tax as a whole as the proportion of the council tax liability they are required to meet grows.

The GLA would encourage the Council to provide it with an indicative council tax base forecast as soon as options are presented to members for approval in December or January (if not before) in order that it can assess the potential implications for the Mayor's budget for 2015-16. This should ideally be accompanied by supporting calculations disclosing any assumptions around collection rates and discounts granted having regard to the final council tax support scheme design.

Collection Fund and Precept Payments

By 25 January 2015 the Council is required to notify the GLA of its forecast collection fund surplus or deficit for 2014-15, which will reflect the cumulative impact of the first two years of the localisation of council tax support. The GLA would encourage the Council to provide it with this information as soon as it is available in order that it can assess the potential implications for the Mayor's budget for police, fire and other services for 2015-16.

I would like to thank you again for consulting the GLA on your proposed council tax support options for 2015-16.

Cabinet, 21 January 2015

Yours sincerely

Martin Mitchell
Finance Manager



Project Name:	Proposed changes to Local Council Tax Support Scheme	Project Ref:		Project Manager	Chris Henry
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Risk No	Risk	Possible Consequences	Impact Red/Amber/Green	Likelihood Red/Amber/Green	Counter-measures	Owner
01	Slippage in LCTS project timetable; the timetable for making the proposed changes to the Local Council Tax Support scheme is very challenging, requiring the amended scheme to be finalised by Jan 2015.	A delay modelling and/or selecting consultation options, or in the consultation process, could prevent an informed decision being made.	Red	Green	The risk is front loaded around the modelling and consultation process. This allows for slippage but would require an extraordinary cabinet/council meeting. The majority of the amendments to the scheme can be put in place prior to a final decision, and time saved by moving this part of the process forward will release resources to manage slippages arising from a delayed consultation.	Project Board
02	Scheme guidance/policy not ready for roll-out as detailed in project plan.	The parts of the Support scheme policy and guidance which have been amended and rewritten will certainly need to be checked and signed off by legal services to prevent challenge from claimants and user groups. This considerably increases costs.	Amber	Green	The outcome of the consultation will drive policy pending sign off of the published policy document.	Project Board
03	Software changes not ready; however this is unlikely as the proposed changes only require changes to the system parameters.	The changes to the system parameters will need to be tested. There is some potential for glitches and errors to occur.	Amber	Green	Changes in processes should be kept to a minimum.	Project Board
04	Managing the new administrative burdens arising from the proposed amendments	Additional resources will be needed to ensure that the necessary changes are made.	Red	Amber	Changes in processes should be kept to a minimum. Current procedures will be adapted. For forms and letters, current stocks can be used as an interim measure.	Project Board

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Risk No	Risk	Possible Consequences	Impact Red/Amber/Green	Likelihood Red/Amber/Green	Counter-measures	Owner
	to the local Council Tax Support scheme. As well as reviewing performance management measures. Additionally, there will need to be amendments to notification letters, the claim form and to the information provided to residents in leaflets and on the Council's website.					
05	The proposed amendments to the Local Council Tax Support scheme will have a potential impact on collection rates.	Collection rates could drop significantly	Red	Red	Raising awareness of residents about the forthcoming changes is essential, particularly for those who are currently fully pass-ported. Ensure payment options including instalments, direct debits etc. are also widely publicised. The scheme should also link in with debt counselling and financial inclusion provision. Building a surplus into the savings will allow for a hardship fund for short term support for vulnerable families, although there will be associated admin costs	Council Tax and Benefits
06	Significant changes to caseload profile could affect the Local Council Tax Support scheme. This could undermine the savings anticipated, increase costs and reduce effectiveness.	If the numbers applying for help increase (including significant migration from other boroughs), this would increase costs to the borough which would need to be reflected in the budget.	Amber	Green	Building a surplus into the savings will allow for a hardship fund for short term support for vulnerable families, although there will be associated admin costs. The scheme should also link in with debt counselling and financial inclusion provision.	Council Tax and Benefits Finance
07	Increased life expectancy for pensioners who are	If the number of pensioners receiving Council Tax Support were to increase	Amber	Red	Although people are living longer, the age at which they start to be treated as pensioners for Council Tax Support is	Project Board Finance

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Risk No	Risk	Possible Consequences	Impact Red/Amber/Green	Likelihood Red/Amber/Green	Counter-measures	Owner
	protected from the reductions.	significantly this could impact on the Council's finances. This could result in reductions having to be made to the scheme for working age claimants.			increasing. Currently it is about 62½ years and gradually increasing to 65. It will reach 66 by October 2020	
08	The impact of continuing roll out of the wider welfare reform agenda undermines the policy intentions and costs profiling of the proposed changes to the Local Council Tax Support scheme.	Efforts to protect sections of the community would be undermined and cause them to be more adversely affected than intended.	Amber	Amber	Working closely with the local community and consulting widely on the changes to the scheme will help to minimise any unforeseen outcomes.	Project Board Finance
09	Reduced or no access to DWP data as Welfare Reform changes are introduced.	If information that is currently obtained from the DWP has to be collected directly from claimants, this could increase costs and delay credits of Council Tax Support to their Council Tax account. This could potentially affect the Council's income	Green	Green	Benefits would need to put processes in place to encourage claimants to provide information quickly. There may still be limited information available from DWP. DWP has stated (DWP General Information Bulletin HB/CTB G8/2012 that the Welfare Reform Act 2012 and the implementation of Universal Credit (UC) will provide for greater data sharing between DWP and LAs. As these changes are instigated the extent to which DWP data can be shared, the circumstances in which LAs can use the data and the way data is accessed may change.	Project Board
10	No incentive for taxpayers to tell us about properties that are empty since the removal of class A & C exemptions	May not pick up on empty properties when they are vacated and therefore not be aware when they have been empty for more than 2 years which would result in a drop	Green	Red	Ensure records are updated when we are advised of empty properties. Liaise with Empty Properties Team to ensure that we make use of any information they obtain. Visits & Inspections Officers to report any long-term empty properties that come to	Council Tax

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Risk No	Risk	Possible Consequences	Impact Red/Amber/Green	Likelihood Red/Amber/Green	Counter-measures	Owner
		in income.			their attention while carrying out other duties to ensure our records are correct	
11	Properties may be reoccupied after 2 years to prevent the premium being incurred	Would be unable to charge premium resulting in a loss of income to the Council.	Green	Amber	Where properties are only reported as occupied after the premium has been incurred (or shortly before), carry out an inspection to ensure the claim isn't fraudulent	Council Tax