

<b>AGENDA ITEM NO. 6</b>	
<b>OVERVIEW AND SCRUTINY PANEL</b>	
<b>Date</b>	<b>12 NOVEMBER 2012</b>
<b>Title</b>	<b>DRAFT LOCAL COUNCIL TAX BENEFIT SCHEME</b>

### 1. PURPOSE/SUMMARY

The Government is giving Councils a greater stake in their local economy, by allowing us to devise our own Council Tax Benefit (CTB) scheme to take effect in April 2013. At the same time, as part of the Government’s budget deficit reduction plan, the amount available for CTB is being reduced. This report advises Overview and Scrutiny on progress of preparing a draft CTB scheme. This scheme is known as a “Local Council Tax Benefit” scheme.

### 2. KEY ISSUES

- Changes to the way CTB is administered take effect from April 2013 with Councils taking local control,
- Changes to Council Tax exemptions also take place to help fund the above change,
- Councils need to devise, consult on and implement local CTB schemes,
- These schemes take into account a reduction in funding as well as allow for growth,
- The Council has now consulted on these changes,
- A Government announcement on additional funding together with publication of revised national statistics for long term CTB demand have meant a revision of the proposals.

### 3. RECOMMENDATION(S)

The Panel is requested to:

- Consider progress of implementation of the Local CTB scheme for Fenland so far,
- Recommend any changes to the approach being taken prior to further reports being considered by Cabinet and Council.

<b>Wards Affected</b>	All
<b>Forward Plan Reference No.</b> (if applicable)	These proposals are included in the Forward Plan.
<b>Portfolio Holder(s)</b>	<b>Councillor Alan Melton</b> Leader of the Council. <b>Councillor Chris Seaton</b> Deputy Leader of the Council. <b>Councillor John Clark</b> Portfolio Holder for Quality Organisation, Finance and Performance Management. <b>Councillor Kit Owen</b> Portfolio Holder for Growth and Transport.

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<b>Background Paper(s)</b>	Localising Support for Council Tax – A Statement of Intent Department of Communities and Local Govt 17 May 2012  If this report is being read electronically, the above can be accessed by clicking <a href="#">here</a> .  Localising Council Tax Support Report to Cabinet 26 July 2012  If this report is being read electronically, the above can be accessed by clicking <a href="#">here</a> .

## 1. COUNCIL TAX BENEFIT – AN INTRODUCTION

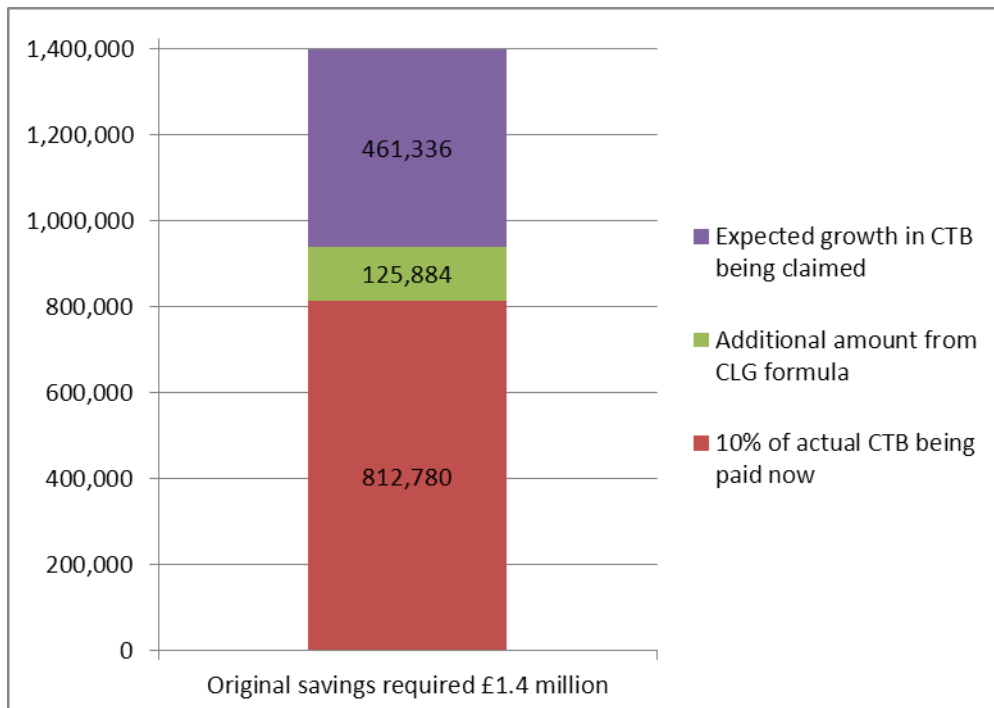
- 1.1 Council Tax Benefit (CTB) is a means tested benefit. Unlike most other benefits, it is given as a reduction in someone's Council Tax bill, rather than being actually paid direct to them.
- 1.2 It shares most rules about eligibility and administration with Housing Benefit (HB). These rules are prescribed by Government regulations with District Councils and Unitary Councils administering both HB and CTB locally.
- 1.3 The amount of CTB awarded depends on:-
  - Income (from wages, other benefits or a state /private pension),
  - Capital (savings and other things that have financial value i.e. shares),
  - Household make-up (if there are people dependent or non-dependent),
  - The Council Tax payable (the basic amount, by band),
  - The circumstances of another adult in the property (this is called "Second Adult Rebate").
- 1.4 Being on some benefits (such as Income Support, Employment and Support Allowance or Jobseekers' Allowance) can mean that a claim for CTB is not needed in its own right. In these cases, the Department for Work and Pensions (DWP) will give us information allowing an application for CTB to be made without a customer needing to complete another form.
- 1.5 The above benefits are "passported" which means that generally (but not always); those people on these benefits will receive full (or 100%) CTB meaning that they will have no Council Tax to pay.
- 1.6 For all other people, there is an application process that is shared with that for HB. This means that customers only complete one form that covers both benefits.
- 1.7 Our website has a benefits calculator that allows customers to see their possible entitlement to CTB, and then takes them to an on-line application form. At the end of this process, a declaration is produced for printing off. This ensures we receive a signature for the claim. It is accompanied by a list of documents that we need to prove things like identity, income and savings.
- 1.8 Paper application forms are also available. Customers can also come into one of our Fenland @ Your Service Shops where they can either use self-serve computer terminals or have a member of staff go through the process with them face to face.
- 1.9 The information on the application form is input into a specialised computer system that calculates the amount of CTB a customer is entitled to. This is then offset against Council Tax liability and a revised bill and payment instalments produced. This process is shared and seamless with that for HB, except that for the later a payment is generated at the end either to the customer or their landlord.
- 1.10 Where customers' circumstances change, they report this to us. Their CTB entitlement is then revised. This means a higher amount of Council Tax becomes payable and their payment instalments will be adjusted accordingly.

## **2. BACKGROUND TO LOCAL COUNCIL TAX BENEFIT**

- 2.1 In its 2010 Spending Review the Government announced that it would localise support for Council Tax from April 2013, and at the same time reduce expenditure by 10%.
- 2.2 In 2011 the Welfare Reform Bill was published (since passed into law) allowing for the current Council Tax Benefit (CTB) scheme to be abolished from 2013.
- 2.3 At present, CTB is governed by legislation set by the Department for Work and Pensions (DWP). District and Unitary Councils administer it alongside Housing Benefit (HB) with some single application and administrative process. CTB when granted, it is offset against peoples' liability for Council Tax, reducing the amount they pay.
- 2.4 CTB is currently paid out by Councils, with the cost of it being reimbursed to them by the DWP. This system allows for fluctuations in demand, so if Councils give more CTB out, the DWP will reimburse the higher costs.
- 2.5 From April 2013, this system is changing. CTB is being "localised". This means that there will no longer be a nationally governed CTB scheme. Councils will set their own schemes. This is part of the Government's wider policy of localisation, giving Councils increased financial autonomy and a greater stake in the economic future of their local area.
- 2.6 Pensioners (of state pensionable age) will be protected under these new arrangements. CTB for them will continue to be subject to national controls. They will not have their CTB reduced by these changes.
- 2.7 The Government is also committed to ensuring that the most vulnerable in society are supported and it has advised Councils to take the needs of these groups into consideration when devising local schemes for CTB.
- 2.8 At the same time as this shift to local control and accountability, the amount of funding for CTB is being changed. It is moving from the current demand-led arrangements to a fixed budget allocation each year from April 2013.
- 2.9 The headline reduction in funding is 10%. Recent advice from the Department for Communities and Local Government (CLG) has included a formula that explains how this reduction will apply in practice. It suggests that the reduction will be closer to 12% for Fenland.
- 2.10 Demand for CTB has risen year-on-year for a number of years. We need to make budgetary provision for this over and above the funding that we will receive, noting that the DWP have recently issued forecasts that show demand will start to slow.
- 2.11 We currently award about £8.127 million in CTB (2012-13 figures). Taking into account the expected funding reduction and allowance for growth, we expect that the funding shortfall will be £1.4 million in 2013-14.
- 2.12 In order to meet this shortfall we need to consider ways to reduce the cost of providing CTB. This will potentially mean a reduction in the amount we pay out to residents of working age, who are not classed as vulnerable.
- 2.13 Although Fenland pays CTB out in full, then currently receives funding back from DWP to cover this, the change to localised control of CTB will have an effect on other public bodies as well.

### 3. THE FINANCIAL CONTEXT

3.1 At the time we calculated the effects of a move to Local CTB, the savings required in 2013-14 were as follows:-



3.2 The above savings figures have three distinct elements which are explained below in more detail.

3.3 **The 10% of actual CTB being paid now.** This is the base cut in spending that the Government is bringing in. This was first announced as part of the Government's deficit reduction plans in 2010.

3.4 **The additional amount from CLG formula.** This formula was published on 17 May 2012 and give further information on the basis of the actual savings requirement, which indicated that the real cut in funding is more than 10%. For Fenland, it is in fact £938,664 which represents 12% of current CTB being paid out. Annex A of this report gives an illustration of the formula used by the CLG to arrive at this picture. This indicates that the change in funding is more complex than a straight 10% cut in funding.

3.5 **Expected growth of 5% in CTB spend per annum.** The reduction in funding makes no allowance for increased demand for CTB. Taking into account growth in recent years, and the potential increased benefit take-up that the publicity and consultation for Local CTB will generate this figure has been calculated as 5%. It should also be noted that the funding reduction also takes no account of any potential increases in Council Tax in future years. This figure also includes an allowance for increased, unexpected demand. This could come if a large local employer were to make cuts in the size of its workforce. In the past, the DWP would have funded this additional demand, but with the new scheme Fenland will have to fully fund this additional demand should it be needed.

3.6 The DWP issued revised estimates of the growth of CTB nationally in October 2012, after Cabinet first received the proposals for Fenland's CTB scheme. The effects of these and how they change our growth projections are shown in section 10 of this report.

- 3.7 It should be noted that these are the first indicative figures, for which the CLG has given a health warning whilst at the same time allowing Councils to start planning for the impact of these funding changes.
- 3.7 In effect, grant from the CLG to (partially) fund CTB in future will be paid to Councils as part of other overall Government grants. As we collect Council Tax on behalf of other bodies as Cambridgeshire County Council, the Fire and Police authorities and Town /Parish Councils this will affect them as well.
- 3.8 Taking Council Tax that is paid on an “average” Band D property (this is the base point for calculating what Council Tax is paid), this is how the savings in section 2.1 above would be allocated:-

<b>Savings distribution</b>			
<b>Body</b>	<b>Share of Band D Council Tax</b>		<b>Saving effect</b>
Fenland District Council	£241.56	15.29%	£214,060
Cambs County Council	£1078.65	68.27%	£955,780
Cambs Police	£174.51	11.04%	£154,560
Cambs Fire	£59.31	3.75%	£52,500
Town and Parish Councils	£26.16	1.65%	£23,100
<b>Average Band D tax</b>	<b>£1580.19</b>		
<b>Total savings required</b>	<b>£1,400,000</b>		

- 3.9 It should again be noted that the above are indicative amounts and the exact effects will be different.
- 3.10 The key principle is that the above amounts represent the money that needs to be saved. If we were to keep the CTB scheme as now and not make this saving, both Fenland and these other bodies who we collect Council Tax on behalf of would all need to find this shortfall in funding.
- 3.11 It was therefore clear that savings needed to be made.

#### 4. REDUCING THE COSTS OF CTB

4.1 As at July 2012, we awarded £8.127 million in CTB for the current financial year, split:-

CTB recipients	
Pensioners	4,910
Working Age	4,552

4.2 Pensioners will be protected from these savings, which means that the amount to be saved from working age customers will actually be much higher than the headline 10% saving and in effect over 20% for these customers.

4.3 At the same time we are mindful of the potential serious financial impact on customers, who represent the most vulnerable members of society. In order to make savings, it is proposed that 20% be cut from CTB entitlement for all working age customers as shown in the table below:-

The effects of the 20% cut in CTB awarded for Working Age customers	
Overall reduction in CTB paid	9.66%
Reduction for pensioners	0%
Reduction for Working Age	20%
Key features	CTB is calculated as now. Then 20% is taken off the award.
Overall saving	£784,896
Number of customers who lose CTB	4,552
Average weekly loss	£3.32
Average annual loss	£172.43

4.4 The existing benefits system gives consideration to vulnerable groups using a system of disregards, premiums and allowances that in effect pay more to those such as families with children and the disabled. An example of this is families; Child Benefit is already disregarded in the CTB calculation.

4.5 The Government is also keen to see Councils using CTB as a way of incentivising customers to return to work. This proposed scheme does this by retaining a feature of the existing CTB scheme, whereby the first £15 of a single persons' income, the first £20 of a couples' income and the first £35 of a lone parents' income is disregarded in the CTB calculation. This helps reinforce the principle that "work pays".

4.6 It will be noted that all of the options above do not meet the expected budget shortfall.

4.7 The next section of this report will cover other ways to make up this shortfall, using amendments to Council Tax legislation that are contained in the Local Government Finance Bill that is currently passing through Parliament.

## 5. OTHER WAYS OF MAKING UP THE BUDGET SHORTFALL

- 5.1 The Local Government Finance Bill (currently progressing through Parliament) will give Councils the power to change the level of some Council Tax reductions.
- 5.2 Other than CTB, the other reductions currently available are:-
- Exemptions: certain types of properties that are normally empty, or occupied by students for example.
  - Discounts: 25% or 50% is deducted in certain situations, such as 25% where the property only has one adult living in it.
- 5.3 The above are prescribed by Government regulations and cannot be changed.
- 5.4 However in 2004 the Government amended legislation to allow Councils to change discounts in respect of second homes, long term empty properties and holiday homes. Fenland took advantage of this power from April 2005.
- 5.5 From April 2013 we will have new powers to change the level of discount applicable to the circumstances outlined in this table:-

<b>Changes to Council Tax discounts and exemptions</b>		
<u>Circumstance</u>	<u>Current legislation</u>	<u>Proposed legislation</u>
Empty properties	Class A exemption: Unoccupied, undergoing major repairs (exempt up to one year)  Class C exemption: Empty and unfurnished (exempt up to six months)	Replaced with a discount: Councils can set this between 0% and 100%
Second homes	Discount: 10% for properties that are second homes (no time limit)	Second homes: Councils can set this between 0% and 100%
Long-term empty properties	Discount: 0-50%. We currently give 0%. For properties that are long term empty (generally over six months with no upper time limit)	Replaced with a premium:- Councils can charge an additional 50% (in effect 150% of basic Council Tax level) for properties empty over two years.

- 5.6 By making the changes to Council tax discounts and exemptions that this legislation will allow, it is possible to generate additional revenue that will make a significant contribution to the shortfall.
- 5.7 The table overleaf shows the possible income from these changes.



<b>Potential income from discount and exemption changes</b>		
<u>Detail</u>	<u>Savings</u>	<u>Customers affected</u>
Class A exemption: Replace with 0% discount.	£51,422	74
Class C exemption: Replace with 0% discount.	£440,290	808
Second homes discount: Replace with 0% discount.	£11,036	96
Long-term empty properties: Create 50% premium where empty over two years.	£136,746	140
<b>Total savings possible</b>	<b>£639,494</b>	

5.8 In order to achieve the required £1.4 million savings required, it is necessary to take elements of the suggested options for reducing CTB expenditure together with the additional income that can be raised by changing some Council tax discounts and exemptions.

5.9 The combined effects of the changes to both CTB and Council tax exemptions are shown the table below.

<b>Combined effects of savings</b>	
Local CTB – 20% cut for working age claims	£784,896
Class A exemption withdrawal	£51,422
Class C exemption withdrawal	£440,290
Second Homes remove 10% discount	£11,036
Long term empties charge 50% premium after two years	£136,747
<b>Total saving</b>	<b>£1,424,391</b>

## 6. THE NEXT STAGE OF CHANGE

- 6.1 **For changes to Council Tax discounts and exemptions**, these would need to be approved by Council before Council tax levels are set for 2013-14. In effect this could be at any meeting before or at the budget setting meeting next February. No formal consultation would be required, although we would contact those customers directly affected in advance to make them aware of the forthcoming changes to their Council Tax bills.
- 6.2 **For Local CTB**, there is a much more comprehensive process that must be followed.
- 6.3 The first stage of this is a requirement to consult major precepting authorities (the County Council, Fire and Police Authorities) about our intention to create a Local CTB scheme, in common with all other District Councils in Cambridgeshire. This is already under way. The purpose of this consultation is not to gain approval of any scheme but to make these bodies aware of the financial considerations each District will have with regards to funding Local CTB and their potential effects on preceptors. We did this in July 2012.
- 6.4 We are required by law to devise, consult on and for Council to formally approve a local scheme before 31 January 2013, which will be implemented from 1 April 2013. If we fail to do this, the Government will impose a default CTB scheme upon us. This will mean that we will have to operate what is in effect the existing CTB scheme. Although no customers will see reductions in CTB, the overall scheme will have a resultant budget shortfall of over £1 million in 2013-14 (shared between Fenland and precepting authorities) if this happens.
- 6.5 The Local Government Finance Bill (as drafted) gives these specific instructions with regards to the next steps:-
- That we publish a draft scheme in such manner as we see fit,
  - That we consult such persons we consider likely to have an interest in the scheme,
  - Having made a scheme, we publish it in a way that we see fit.
- 6.6 More detailed information about the originally proposed steps for Local CTB follow in the table below:-

<b>Key milestones for implementing Local CTB</b>		
<u>Action</u>	<u>Detail</u>	<u>Dates</u>
Consultation with precepting authorities	Liaise with Cambs County Council, Fire and Police Authorities to explain CTB options and financial effects.	End of July 2012
Brief Members	Briefing packs with example main consultation documents, and case studies issued to all Members ahead of community consultation starting.	Start of August 2012
Consultation with the community	Consult through media, website, roadshows at our Shops and Community House. Hold meetings with customers, disability groups, community groups and Housing Associations.	Eight weeks Starts 6 August 2012; Ends 30 September 2012

<b>Key milestones for implementing Local CTB</b>		
Contact directly affected customers	Series of personal mailshots and information packs that explain the changes and potential effects.	August 2012, November 2012, March 2013
Revise and finalise scheme in light of consultation	Take feedback into account; prepare legal considerations and policies associated with new scheme.	October 2012
Scrutiny	Overview and Scrutiny examine scheme and effects.	12 November 2012
Cabinet	Cabinet examine and agree scheme.	22 November 2012
Council	Council examine and agree scheme.	13 December 2012
Final publicity	Directly affected customers advised, wider community awareness.	January 2013
Informing the change	New 2013-14 Council tax Bills sent with the amended CTB.	March 2013
New scheme starts	The new rules take effect.	1 April 2013

## 7. THE PUBLIC CONSULTATION PROCESS

- 7.1 Public consultation about the proposed changes to CTB lasted for ten weeks, from 13 August 2012 to 20 October 2012.
- 7.2 We publicised the proposed changes to the community in these ways:-
- Press releases at the start of, and during the process,
  - Using the “Fenlander” insert in the Cambs Times,
  - Having an article on the front page of [www.fenland.gov.uk](http://www.fenland.gov.uk),
  - Writing to 70 local voluntary groups and Housing Associations,
  - Having posters and information in our Fenland @ Your Service Shops,
  - Holding drop-in surgeries for customers in our Fenland @ Your Service Shops,
  - Writing to all 4,500 customers potentially affected to advise them personally.
- 7.3 We also sent a letter with copies of all information being used above, to all Council Members in August before the consultation started, so that they were aware of the proposals and were equipped to help concerned residents with queries.
- 7.4 The central part of the consultation was a survey, in which we asked for views about the proposals. This was available at [www.fenland.gov.uk](http://www.fenland.gov.uk). It was also downloadable from our website and hard copies were available at our Fenland @ Your Service Shops.
- 7.5 The letter and additional information we sent to all 4,500 customers potentially affected by these proposals is attached as Annex E. This letter contained an estimate of the weekly reduction in CTB that each individual customer could expect themselves (this figure was calculated using their current CTB entitlement at the time the letter was produced).
- 7.6 All the information that was sent to customers and available in hard-copy form in our Fenland @ Your Service Shops is shown in this table (and available as printed annexes to this report):-

Annex (1)	Description (2)	Sent out (3)	In our Shops (4)
B	Local CTB survey form	No	Yes
C	Local CTB information leaflet	Yes	Yes
D	Local CTB FAQ document	No	Yes
E	Local CTB letter sent to customers	Yes	No

- Note (1) This refers to the annex shown, printable separate to this main report.
- (2) What the document is.
- (3) If the document was sent to customers with the personalised letter.
- (4) If the document was available from our Fenland @ Your Service Shops on demand [it was also sent to customers who contacted us, on request].

- 7.7 Customers were able to seek information and advice from us in these ways:-
- By ringing us on our normal Customer Services number of 01354-654321,
  - By emailing a dedicated email address at [localcounciltaxbenefit@fenland.gov.uk](mailto:localcounciltaxbenefit@fenland.gov.uk),
  - By writing to us using our existing CTB, HB and Council Tax postal addresses,
  - By visiting any of our Fenland @ Your Service Shops,
  - By our special pages on [www.fenland.gov.uk](http://www.fenland.gov.uk).

## 8. THE CONSULTATION RESULTS

- 8.1 74 survey forms were completed. The majority were on-line. Those completed using hardcopy forms were input on-line after receipt.
- 8.2 The results of the survey by question follow. A summary of the report responses is attached as Annex F.
- 8.3 The first question in the survey asked about our proposals with regards to:-
- If they are understood,
  - If people agree with the principle that everyone (except pensioners) has to pay,
  - If vulnerable groups should get more CTB than non-vulnerable groups.
- 8.4 The table below shows that respondents understood the proposals. They did not agree that everyone should pay Council Tax. They agreed that vulnerable people should get more help paying than others:-

<b>Some questions about the proposals - Please tick one answer for each question below.</b>						
<b><u>Answer Options</u></b>	<b><u>Strongly Agree</u></b>	<b><u>Agree</u></b>	<b><u>Neither Agree or Disagree</u></b>	<b><u>Disagree</u></b>	<b><u>Strongly Disagree</u></b>	<b><u>Total</u></b>
Do you understand the Local CTB scheme being proposed?	31	26	8	4	5	74
The proposals mean everyone (except Pensioners) must have to pay some Council Tax. Do you agree with this?	10	8	2	12	39	71
Vulnerable groups (such as the disabled and families with young children) will be helped by getting more benefit than those without a disability or young children. Do you agree with this?	28	16	5	9	16	74

8.5 The second question asked for comments about our proposed scheme.

8.6 These are summarised in the following table. Where comments were very similar, the main issue is quoted with the number of customers mentioning this issue noted as a number in brackets next to it.

<b>What comments do you have about the Local CTB scheme being proposed?</b>		
	<b><u>Customer comments</u></b>	<b><u>How we mitigate these</u></b>
1	Families with children should get more help than pensioners.	We are required to protect pensioners.
2	Disabled people and their carers should not be affected (9)	The benefits system allows the disabled to receive more income than non-disabled people.
3	Being in minimum JSA of £71 /week means further debt if have to pay some Council Tax (3)	Noted.
4	Those on highest rate of Disability Living Allowance should be protected as they have no chance of work.	This group receives more benefits overall than other groups to reflect their greater needs.
5	This is asking those least able to pay more (6)	Noted.
6	Everyone, including Pensioners should pay (5)	See responses (17) and (21).
7	Making more families vulnerable to poverty (2)	Noted.
8	Can't see any other options.	Noted.
9	People unable to work (disabled or retired) should not be made to pay (2)	See response (2) above.
10	Disabled, get 100% CTB now, does not feel protected.	See response (2) above.
11	If getting only means-tested benefits, do not have any money to pay more Council Tax (6)	Noted.
12	Cannot afford 20% as travel costs to Job Centre considerable. Could pay 5-10%.	Noted.
13	Government bodies are out of touch with the community in making these decisions (2)	Noted.
14	People will have to cut other spending to pay this.	Noted.
15	Council spending should be cut instead (3)	Cabinet have determined CTB should be reduced and not our spending. We cannot pass on a share of the cut to other bodies. We are reducing on-going total spending.
16	I think it is fair.	Noted.
17	Pensioners should pay more Council Tax instead of families.	The Government requires us to protect Pensioners.
18	Difficult to collect the unpaid Council Tax which could mean others paying more (3)	We will focus resources to collect these smaller amounts effectively.
19	Children of adults claiming earn high amounts or have high capital.	CTB rules will ensure these people do not unfairly gain.
20	Cut should be only 10% with greater cut for new claimants phased in.	Regulations do not give us scope to do this.
21	People not on CTB should pay more instead.	There is no mechanism to raise this additional income from Council Tax.

8.7 The third question asked if there are any other people that we should protect from these changes.

8.8 These are summarised in the following table. Where comments were very similar, the main issue is quoted with the number of customers mentioning this issue noted as a number in brackets next to it.

<b>Are there any other people we should protect from these changes and why?</b>		
	<b>Customer comments</b>	<b>How we mitigate these</b>
1	Everyone entitled as it is a means-tested benefit.	Applying the same % reduction across all groups makes the proposal as fair as possible.
2	Disabled people (15)	
3	People with children (3)	
4	People already on benefits (4)	
5	Carers (2)	
6	Young single people (2)	
7	Families with disabilities and young /disabled children (2)	
8	People with incomes below minimum wage.	
9	All people on low incomes (2)	
10	Vulnerable, people with mind related illnesses, those on poor income, disabled, pensioners	
11	People unable to work through illness.	
12	Disabled and vulnerable people.	
13	The genuinely disabled and those with younger children.	
14	Any vulnerable groups especially single parents of children under 5 and those with mental health conditions.	
15	Those who cannot work whatever the reason.	
16	Those on severe disability allowance and disabled living allowance.	
17	Middle aged home-owners should get more help.	There is not a mechanism to help this group.
18	People in rural areas relying on taxis.	There is not a mechanism to help this group. Some people can set up a Direct Debit to save travelling to make payments.
19	Unemployed and in private rented property.	These can claim HB to help with their rent.
20	Students.	Students are disregarded from Council tax already and pay nothing where the whole property is occupied by students.
21	The elderly.	Pensioners are protected.
22	No groups should be protected (7)	N/a

8.9 The fourth question asked if our proposals affect any individuals or groups more than others, and if so how we deal with them.

8.10 These are summarised in the following table. Where comments were very similar, the main issue is quoted with the number of customers mentioning this issue noted as a number in brackets next to it.

<b>Will these proposals affect any individuals or groups more than others, and if so how can we deal with this?</b>		
	<b>Customers' say these people affected</b>	<b>Customers' suggestions to deal with</b>
1	Don't give help to people who don't need it.	These people can give up other things.
2	Carers.	N/a
3	Disabled people.	Cut non-disabled benefit by 40% and disabled by nothing.
4	Wrong to further impoverish those with least.	N/a
5	Massively affect families (2)	Protect the same as pensioners.
6	Long-term unemployed (one year plus).	Protect these where single and registered with back to work scheme.
7	People on fixed incomes (4)	Cut Council spending instead.
8	Families with disabilities and young /disabled children (2)	N/a
9	Target directly least able to pay (4)	Disabled and elderly should be exempt from these measures.
10	Help everyone not just those affected by this.	Give everyone 12 months to pay instead of 10.
11	N/a	Contact people to go through changes with them so they understand what they mean.
12	People who cannot work (3)	N/a
13	People on Income Support.	N/a
14	Disabled people.	Stop supporting migrants.
15	Everyone (5)	Look at each case individually. The extra cost should be borne by everyone. Share the cost. Make everyone pay.
16	N/a	Encourage more people to downsize properties.
17	Everyone receiving HB /CTB.	Petition the Government to reject these cuts.
18	Those receiving DLA and ESA	Treat same as pensioners.
19	Children	N/a
20	People on low incomes who have no money for food after paying their bills.	Food tokens.
21	Unsure	Not clear what groups affected by proposal.
22	Families in social housing where no-one working	Work with Roddons to help families move.
23	Single unemployed people under 25.	Target those with incomes which can stretch to pay this.
24	Those getting 100% CTB now affected more than someone on lower percentage CTB.	N/a
25	Existing claimants.	New claimants have CTB cut first.
26	Single people under 35.	N/a
27	People living on state benefits alone.	Fully protect these.
28	Older people below the rising pension age who are limited in work or unable to work.	N/a
29	All single working age people.	Incentive to work, higher wage disregard.



8.10 There was a mixture of different circumstances of those completing the survey, albeit that not everyone completed all the questions relating to this. It may be that where a person is receiving CTB now, they do not think that they pay Council tax to us.

<b>Please tick the boxes that apply to you. This will help us understand about the range of people commenting on our proposals.</b>		
<b><u>Answer Options</u></b>	<b><u>Yes</u></b>	<b><u>No</u></b>
Do you pay Council Tax to Fenland District Council?	40	15
Do you currently get Council Tax Benefit from Fenland District Council?	48	21
Do you currently get Housing benefit from Fenland District Council?	33	32

8.11 In order to ensure that we took into account the views of different groups in the community, we asked if this was a factor in their answers.

<b>Do you feel any of the following have been a factor in the issue you have raised? (Please tick the relevant boxes and include any extra information if necessary.)</b>		
<b><u>Answer Options</u></b>	<b><u>%</u></b>	<b><u>Number</u></b>
Age	32.6%	15
Disability	50.0%	23
Gender Reassignment	0.0%	0
Pregnancy and Maternity	0.0%	0
Race	2.2%	1
Religion or Belief	2.2%	1
Gender	2.2%	1
Sexual Orientation	0.0%	0
Marriage and Civil Partnerships	0.0%	0
None of the above	43.5%	20

8.12 These are summarised in the following table. Where comments were very similar, the main issue is quoted with the number of customers mentioning this issue noted as a number in brackets next to it.

<b>Do you feel any of the following [table 7.11 above] have been a factor in the issue you have raised?</b>	
	<b><u>Customer comments</u></b>
1	Full-time Carer for daughter. Will make financial problems worse.
2	Older and disabled persons are treated differently because most others affected by EU influx.
3	Being in low-paid jobs detrimental to marriage and children.
4	Not clear which disabled groups will receive more help and withy DLA reviews more people will need further help with CTB.
5	Suffer from mental illness and panic attacks.
6	Vulnerable as getting Severe Disability Allowance and DLA, not being recognised.
7	Less job prospects for people not aged 30-40 so hit the most.
8	Issue with arm no longer treated as a disability.
9	Extra payments will be made with money people don't have (2)
10	Hitting most vulnerable in society who are trying to get work (3)
11	People claiming whilst working should be targeted instead.
12	Young families hardest hit as pensioners protected (2)
13	Proposals disproportionately hit people on 100% CTB compared with those on lower CTB amounts now.
14	Older women but not of state pension age.
15	Working age people without children hardest affected.

- 8.13 We received three letters in response to the consultation. These stated:-  
 Letter 1 - It is not fair to have to pay an extra £3.05 per week in Council Tax,  
 Letter 2 - Proposals strongly opposed. It will hit them financially,  
 Letter 3 - A registered blind person would have to find £150 per year from doing without other essential items.
- 8.14 We received one email to our dedicated email address [localcounciltaxbenefit@fenland.gov.uk](mailto:localcounciltaxbenefit@fenland.gov.uk) about these proposals. It was from a person receiving ESA and DLA who understood the proposals but was concerned that the poorest sector of the community is being penalised.
- 8.15 We held surgeries at our four Fenland @ Your Service Shops. Specialist benefits staff were on hand for two hours, advertised in advance in "The Fenlander", in the information we sent to those directly affected and on our website; at each of our four Shops.
- 8.16 Our Customer Advisors who work at our Shops and in our Telephone Contact Centre were also trained on the proposed changes and offered advice and guidance on our proposals in addition to the specialist staff at the above surgery events.
- 8.17 The specific feedback from the customers we saw at the surgeries is shown below.

<b>Feedback received from customers in surgeries at Fenland @ Your Service shops</b>		
	<b>Customer comments</b>	<b>How we mitigate these</b>
1	On Income Support. Understands changes. Could find extra £3 /week.	By reducing the % reduction.
2	Disabled. Accepts have to pay more but seeks clarity on how to pay.	By giving support and guidance to those being asked to pay for the first time.
3	Carer. Unfair other benefits not increased to compensate.	We do not have any control over other benefits.
4	Will have to take extra from JSA (2)	Noted.
5	Carer. Cannot pay extra £4 /week but could pay £2 /week.	See (1) above.
6	Lives in remote location without internet or phone. Costs to travel are significant.	Support such people to set up Direct Debit to save travel to make payments.
7	Concerned we are not protecting disabled people or those who care for them, more (2)	Noted.
8	Everyone should pay something but where on JSA this should be 5-10% not 20%.	See (1) above.

- 8.18 The consultation showed that there are concerns about our application of a 20% cut in CTB for all Working Age customers, regardless of the higher level of benefits (in total, across all means-tested benefits) paid to vulnerable groups such as the disabled.
- 8.19 The opportunities presented in section 10 have allowed us to use customer feedback in designing a revised scheme that gives a lower reduction in CTB for all Working Age customers.

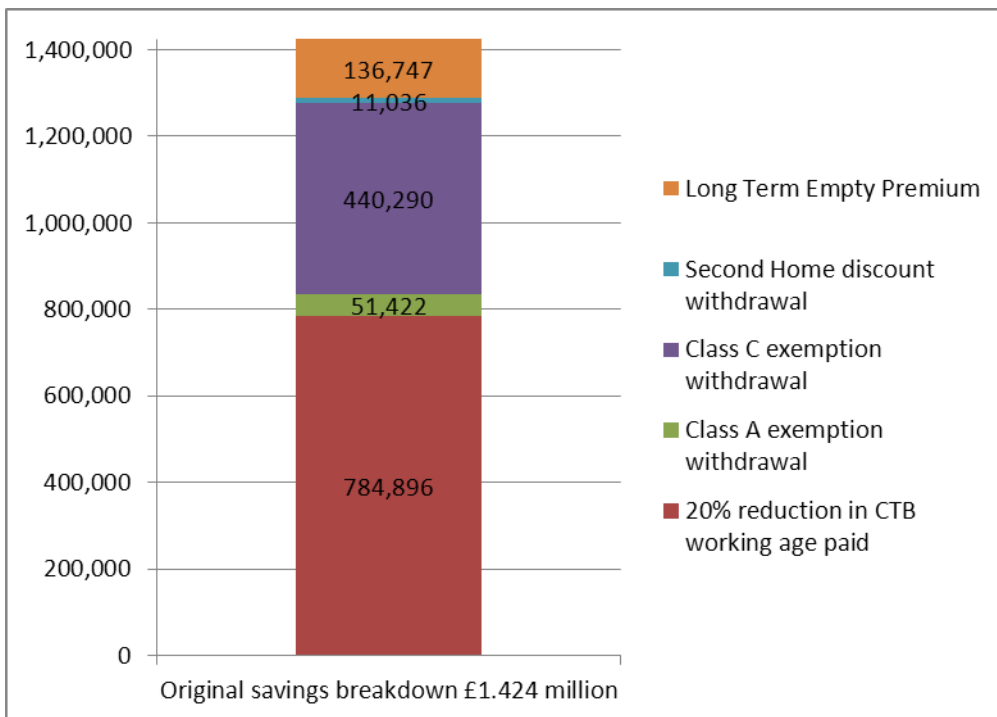
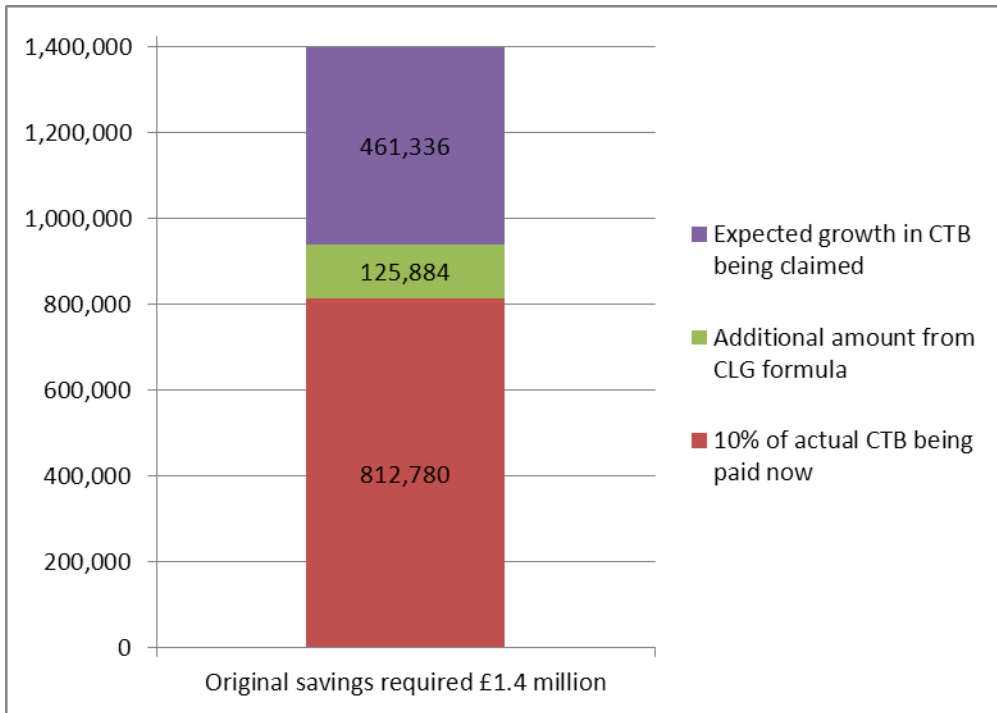
## **9. EQUALITIES IMPACT ASSESSMENT**

- 9.1 The Equality Act 2010 reminds all public bodies that they have “due regard” for the need to:-
- Eliminate unlawful discrimination,
  - Advance equality of opportunity,
  - Foster good relations.
- 9.2 The Act also identifies groups of people who share a common characteristic and must be “protected” under the terms of the Act. These groups have these characteristics:-
- Age,
  - Disability,
  - Gender reassignment
  - Pregnancy and maternity,
  - Race,
  - Religion or belief,
  - Gender,
  - Sexual orientation,
  - Marriage and civil partnerships.
- 9.3 Other legislation and best practice suggest that we should also extend these groups to include those people affected by these considerations:-
- Human Rights,
  - Socio economic factors.
- 9.4 A full Equalities Impact Assessment (EIA) has been carried out. This is attached as Annex G to this report.
- 9.5 This is, however very much a “living document” which is being updated as our proposals for Local CTB progress and are implemented. This enables us to continually revisit the EIA and ensure that it is still relevant and has taken into account all new developments.
- 9.6 Members received training on the Equality Act 2010 on 25 October 2012 and received full notes and copies of slides presented at this training.

## 10. LATEST DEVELOPMENTS

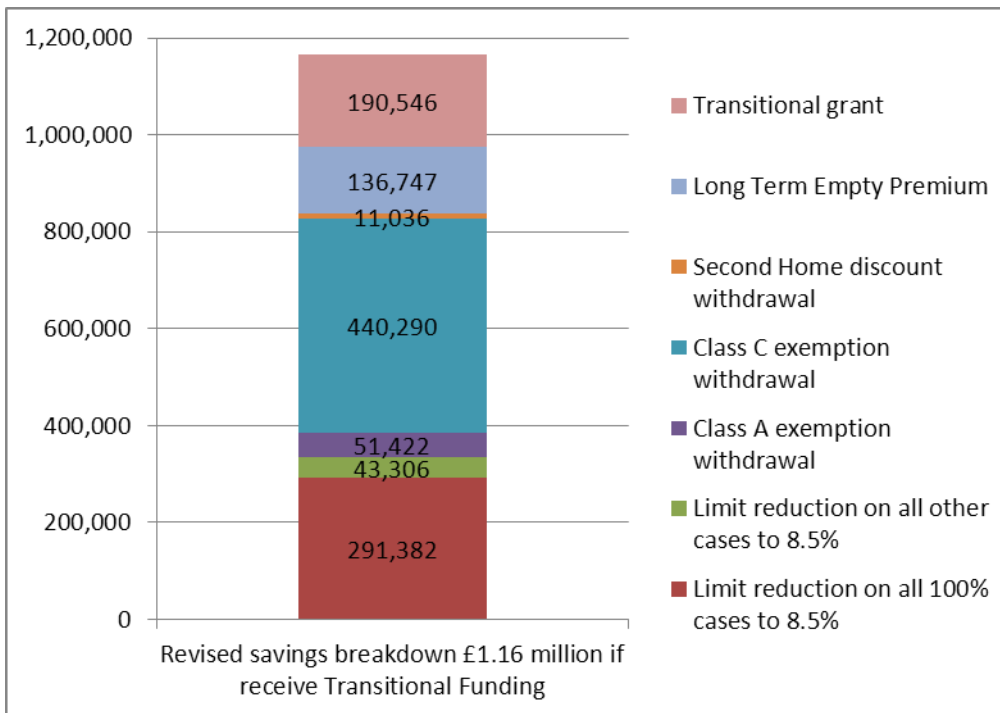
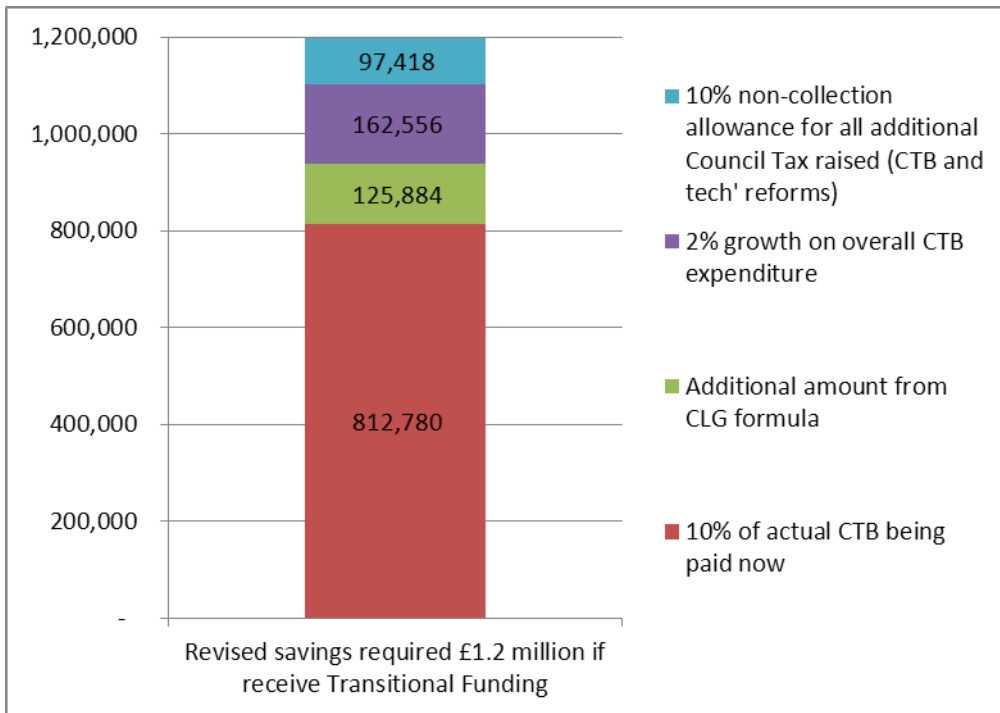
- 10.1 This section details developments that have taken place since the consultation ended, that have a direct impact on our planned next steps.
- 10.2 The next step should have been to analyse the consultation feedback, then make any appropriate amendments to the proposed Local CTB scheme before taking them forward through the Cabinet and Council decision making processes.
- 10.3 However, on 19 October 2012 the Government formally announced that it was making £100 million available nationally to support authorities develop “well-designed council tax support schemes and maintain positive incentives to work”.
- 10.4 Note that the above funding is available in respect of the 2013-14 financial year only.
- 10.5 This additional funding has been made available through an application process that will take place in early 2013. To apply for funding, Councils must show that:-
- Those receiving 100% CTB now will pay no more than 8.5% of their net Council Tax liability,
  - The taper [this is the rate at which someone loses CTB for additional income above their eligible amount] does not increase above 25%,
  - There is no sharp reduction in CTB for those entering work.
- 10.6 On the same day as the above, the DWP issued statistics that showed that they expect the demand for CTB to reduce nationally from 2013-14 onwards as the country emerges from the current economic downturn.
- 10.7 However the DWP statistics should be treated with caution and we are still building in growth into our demand estimates, as reducing the budget for CTB would carry great risk to the Council.
- 10.8 The latest developments shown above have led to a recalculation of the costs of the current CTB proposals in order to understand their effects and also to determine if Fenland can meet the criteria shown in section 10.3 above in order to receive a share of the £100 million funding (for Fenland this would be £190k, split between the Council and major preceptors).
- 10.9 We also used the two developments above to determine if the proposed cut of 20% for Working Age CTB customers could be reduced from the originally proposed 20% to the amount of 8.5% being suggested by the Government.

10.10 The funding and savings models for the original proposals are below:-



10.11 Taking the conditions attached to the additional funding offer and the DWP demand estimates, this changes the funding gap to £1.2 million.

10.12 A breakdown of this revised gap and the way to cover this is shown in the two charts below.



10.13 It is therefore possible to reduce the level of reduction in CTB for customers being proposed as a result of these developments.

10.14 The revised proposals have these effects on those customers receiving CTB:-

<b>Original proposals</b>	<b>Revised proposals</b>
Working Age customers lose an average of £3.32 CTB per week.	Those currently receiving 100% CTB will lose an average of £1.52 CTB per week.  Those currently receiving less than 100% CTB will lose an average of £0.72 CTB per week.
A 20% reduction is applied to all these cases.	A 8.5% reduction is applied to all these cases.

10.15 This additional funding cannot be applied for until after 31 January 2013 but before 15 February 2013 with the grant being paid to Councils in March 2013.

10.16 Note that the funding has to be applied for after the statutory deadline for Councils to have set a Local CTB scheme, which is 31 January 2013. This creates a risk that a CTB scheme is approved and funding is not agreed by the CLG creating additional budget pressures on the Council.

10.17 The funding will apply for one year only; the 2013-14 financial year.

10.18 In view of the above, the CTB scheme we propose and adopt for 2014-15 will need to be significantly different, in order to meet the funding pressures that existed before the Government announced the additional funding for 2013-14.

10.19 These latest developments have allowed us to potentially reduce the effects of these changes in CTB as the table in section 10.9 above indicates. Whilst we cannot protect the poorest members of our community completely from these changes, we can now significantly reduce the impact upon them.

10.20 The savings figures in the graphs above demonstrate that the changes to Council Tax exemptions are also required in addition to the changes to CTB, in order to reconcile the deficit and assist the Council in setting a balanced budget.

## 11. PROPOSED REVISED NEXT STEPS

- 11.1 The developments outlined in section 10 significantly change our proposals. It means that we should further consult on them, also demonstrating that we have been able to reduce the effects on the 4,500 customers impacted upon by these changes.
- 11.2 We are therefore consulting for a further four weeks, from Monday 5 November 2012 to Sunday 2 December 2012 inclusive. This will be the longest possible time possible to take into account the need to analyse feedback and then feed that into a formal report to Council for its meeting on 20 December 2012 where the formal decision will be made regarding the final Local CTB for 2013-14.
- 11.3 We will also write to Precepting Authorities and neighbouring District Councils, advising them of the changes and the effects (for the former) on them.
- 11.3 The consultation will have these elements:-
- Press releases at the start of, and during the process,
  - Using the "Fenlander" insert in the Cambs Times,
  - Having an article on the front page of [www.fenland.gov.uk](http://www.fenland.gov.uk),
  - Engaging with 70 local voluntary groups and Housing Associations,
  - Having posters and information in our Fenland @ Your Service Shops,
  - Writing to all 4,500 customers potentially affected to advise them personally.
- 11.4 In order to boost the amount of feedback it is also proposed to include information about these proposals with other correspondence that we send out during November, such as Council Tax Bills. This will ensure that information reaches a wider range of people in the community and this increases the potential feedback that we will receive.
- 11.5 The reaction to the proposals from local voluntary groups was also very disappointing. We are looking at ways to elicit comments more effectively in this second round of consultation.
- 11.6 The steps for implementing Local CTB from now onwards are:-

<b>Key milestones for implementing Local CTB</b>		
<u>Action</u>	<u>Detail</u>	<u>Dates</u>
Second Consultation with the community and Precepting Authorities	Consult through media, website, roadshows at our Shops and Community House. Hold meetings with customers, disability groups, community groups and Housing Assoc'.	November 2012
Contact directly affected customers	Series of personal mailshots and information packs that explain the changes and potential effects.	November 2012, January 2013, March 2013
Revise and finalise scheme in light of consultation	Take feedback into account; prepare legal considerations and policies associated for scheme.	December 2012
Cabinet	Cabinet receive update.	22 November 2012
Council	Council examine and agree scheme.	13 December 2012
Final publicity		January 2013
Informing the change	New 2013-14 Council tax Bills sent with the amended CTB.	March 2013
New scheme starts	The new rules take effect.	1 April 2013



## **12. CONCLUSION**

- 12.1 The transfer of CTB to local control is a complex one, and this report has explained the background to this as well as the effects it is likely to have on the community.
- 12.2 This report has given the Panel an update on progress of our proposals so far, and how they are being shaped by the latest developments.
- 12.3 Members will see how these proposals progress through key points at Cabinet and Council in the next few weeks, before final preparations are made to implement the final scheme in time for its live operation from 1 April 2013.

## **ANNEXES TO THIS REPORT**

These are separate PDF documents that are referred to, and circulated with this report. They are:-

- Annex A Calculation of Government spending reduction
- Annex B Survey form
- Annex C Information leaflet
- Annex D FAQ document
- Annex E Letter sent to customers
- Annex F Summary of survey responses
- Annex G Equality Impact Assessment