

Local Council Tax Support Scheme

1. Purpose

To specify the new Council Tax Support Scheme to be adopted by Slough Borough Council

2. Executive Summary

The Government is undertaking a major set of welfare system reforms. One of these is the replacement of Council Tax Benefit (CTB) with a Local Council Tax Support (CTS) scheme from 1st April 2013.

3. It is estimated that the proposed funding mechanism for CTS will create a shortfall in funding of at least £1.1m, based on the 10% cut of the 2011/12 Council Tax benefit expenditure by the Department of Work and Pensions (DWP)
4. In addition to this shortfall we estimate that the introduction of universal credit, the identification of Council Tax Support as a discount instead of a benefit and the processing of new housing benefit claims by government will mean that, once this is introduced, Slough's benefit administration grant will reduce, and this is likely to result in an additional cost to the council which is as yet unknown.
5. The shortfall in funding will be greater than the publicised 10% base cut because the reduction is based on the 2011/12 subsidy expenditure. Caseload is estimated to have grown by the end of 2013/14 due to the current economic situation. The impact of council tax changes, increased discount applications, lower collection rates caused by a reduction in CTB to Customers and reduced admin grant have the effect of this change being nearer to a real cut of 15% by the end of 2013/14
6. The basic eligibility criteria based on the level of income is not proposed to change as this protects low income households whenever possible. This also prevents future challenge on equality grounds on this aspect of the proposed new local scheme.

7. Background

The Local Government Finance Act paves the way for the implementation of localised council tax support schemes in England from April 2013. This requires local councils to design their own schemes to administer council tax support, working within a framework set out in legislation. The Government has been clear that the elderly and the vulnerable should be protected, and that the changes should support incentives for people to find and stay in work.

8. The Finance Act also provides for local retention of business rates, and a number of technical reforms to council tax, including powers to reduce certain discounts and exemptions.
9. The Governments key aims are to:

1. give local authorities a greater stake in the economic future of their local area which supports the Governments wider agenda to encourage stronger, balanced economic growth across the country;
 2. provide local authorities with the opportunity to reform the system of support for working age customers;
 3. reinforce local control over council tax (Local decisions about what support is given i.e. council's are free to establish whatever rules they choose for working age customers);
 4. implement new schemes by April 2013 and;
 5. provide local authorities with a financial stake in the provision of support for council tax (The fixed grant will not be ring-fenced).
10. This is part of a wider set of reforms to the welfare system: designed to improve the incentives to work and ensuring resources are used more effectively, so reducing worklessness and ending a culture of benefit dependency.
11. If the local authority does not adopt a local scheme then the default scheme, as prescribed by the Secretary of State will take effect. This scheme leaves the existing complex regulations in place and will be the worst case situation for the Council as it will be left with the current financial costs and significant administration costs.

12. Existing Council Tax Benefit Scheme

Council Tax Benefit (CTB) provides means-tested help to people on a low income who have to pay Council Tax. For working age people there is a limit on savings of £16,000. Customers who claim means-tested out-of-work benefits (Income Support, Jobseeker's Allowance and Employment and Support Allowance) will generally receive full assistance, so that they do not pay Council Tax at all. Customers who are in work or have other income can still receive CTB but are likely to receive less than the full amount, so that their Council Tax bill will be reduced but not eliminated.

13. A more generous system applies to pensioners. If they claim Pension Credit (guarantee element) there is no limit on the amount of savings they can have and they will normally not pay Council Tax at all. Pensioners with higher incomes can also qualify, even if they do not get Pension Credit, and depending on their circumstances can qualify with an income of £400 a week or more. Nationally around 60% of pensioners are entitled to CTB, though many fail to claim. In Slough 34% of CTB Customers are pensioners.

14. New Funding Arrangements for Local Council Tax Support Scheme

Local authorities will be paid a grant to enable them to offer support for Council Tax, allocated in advance. The grant will be paid to the billing and major precepting authorities using existing powers. This grant will be set at 10% less than the amount of CT benefit paid out in 11/12. More detail has been received and modelled on the likely funding and in total equates to a potential reduction of c£1.1m in funding for Slough per year based on 2011/12 council tax benefit. Grant allocations will be set on an annual basis for the first two years.

15. The Government will consider whether a new basis for distributing funding grant, other than previous expenditure, is required from 2015-16 and if multi- year allocations would be better for local authorities. At this stage the suggestion is that this would form part of the Revenue Support Grant (RSG) from 2015-16.
16. The localisation of Council Tax Support, treating Council Tax Benefit as a grant as opposed to a subsidy, will create a position whereby the Local Authority is responsible for any spending in addition to the grant provided by Government. The risk attached to this is that once Slough Borough Council has set the criteria for the delivery of this benefit, if the social demographic position of Slough changes during the year, creating an increase in Customers, the grant could be overspent. This will place pressure on the services delivered by the Council. It also means that the funding model adopted will require close monitoring and potentially altering year on year to reflect possible social demographic changes e.g. an increase in the proportion of pensioners or vulnerable people in the population.

17. Impact of Funding Changes

As pensioners who are already customers will not be affected by the cut (they are protected under the new scheme from losing any benefit), as are any new pensioners applying for support. The percentage of the benefit loss to working age customers therefore will be much higher than 10%.

18. Welfare Reform Changes

Many of the customers who receive Council Tax Benefit may also be affected by the changes to housing benefit announced by the Government. The majority of Benefit customers claim both Council Tax and Housing Benefit.

Welfare reforms also potentially hitting this same group of people are:

Benefits Cap

Under Occupancy

Local Welfare Assistance

Universal Credit – to be implemented in October 2013

Personal Independence Plans

The Local Council Tax Benefit Scheme – Slough Borough Council

1. This document contains the Council Tax Support Scheme which the Council is required to produce under the provisions of Schedule 4 of the Bill. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 prescribe a number of matters which must be included in the scheme and the scheme is to be interpreted and applied in accordance with those regulations.
2. The scheme applicable to pensioners is defined in the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, Part 3, Schedules 1 to 6, which will be adopted within this scheme following their enactment.
3. 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) (England) Regulations 2012.
4. The scheme related to persons of working age is being proposed based upon the following Key Principles:

Principle 1: The core of the new local Council Tax support scheme will remain the same as the current Council Tax Benefit scheme

Principle 2: Every working age adult should pay something and therefore the reduction required to cover the Governments cut should be applied equally

Principle 3: There is no change for pensioners and protects those classed as vulnerable as instructed by Government

Principle 4: The scheme should incentivise work. The new scheme adopts the existing scheme as defined in the Council Tax Benefit Regulations 2006 as they stood on 21 July 2012 subject to the following amendment:

5. This scheme states that the principals and methods set out in those regulations be used to determine council tax support, except where amendments are set out in this scheme or by statute under the Local Government Finance Act and accompanying legislation.

That Regulation 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 persons maximum council tax benefit in respect of a day for which he is liable to pay council tax, shall be between 70% and 90%t 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).”

6. This scheme is compliant with the following local operational principles:

- To protect the most vulnerable in society.
- To maintain the current protection for War Widows and War Disablement customers.
- Is simple to administer ensuring the Council will have available resources to operate it, reflecting the fact that the administration grant for CTS will soon be withdrawn by Government.
- That the attached hardship policy is adopted in order to ensure that there is a safety net for exceptional cases.
- Any change in benefit entitlement is collectable.
- Recovers as much as possible of the potential gap in funding

7. Principles of the Council Tax Benefit Replacement Local Support Scheme

As well as protecting pensioners' entitlement to their current level of council tax benefit the Government propose two additional principles to underpin local schemes which Slough will adopt: .

- Local authorities should also ensure support for vulnerable groups;
- Local schemes should support work incentives, and in particular avoid disincentives to move into work.

8. Pensioners

Pensioner council tax support will not be reduced as a result of the local scheme. Therefore all pensioners and those who apply in the future will have their council tax support based on the current regulations.

9. Vulnerable Groups

Slough like all local authorities has a duty to protect vulnerable groups. While there is no agreed definition – in government or elsewhere – of what characteristics make an individual vulnerable the local authority has statutory duties in relation to:

- Children, and duties under the 2010 Child Poverty Act to reduce and mitigate the effects of child poverty;
- Disabled people, and duties under the 1986 Disabled Persons Act;
- Homelessness prevention, and duties under the 1996 Housing Act to prevent homelessness with a special regard to vulnerable groups.

10. It is the Government's intention to prescribe the criteria, allowances and awards for Council Tax Support to pensioners. This means there will be no flexibility on funding the shortfall for councils in respect of this element of the

scheme. Both this and the Governments wish to incentivise Customers into work and protection of the vulnerable is emphasised in the Government's response to the outcome of consultation published in December 2011.

11. The following scheme provides the way forward and is split into the following broad categories:

- A - Changes to Discounts and Exemptions for Council Tax
- B - Percentage Reduction in benefit.
- C - Reduction based around property band.
- D - Reduction based on income e.g. Child Benefit
- E- Removing Second Adult Rebate

12. A- Changes to Discounts and Exemptions for Council Tax

Central Government legislation allows for changes to Council Tax Discounts and Exemptions which will come into effect from 1st April 2013. Slough Borough Council has chosen implement these changes.

There are currently 23 classes of Council tax exemption and the changes will only affect three of these:

- Class A - A property which is undergoing or requiring major structural repairs or alterations.
- Class C - A new property or a property that has become empty. It must be unoccupied and substantially unfurnished. May last for a maximum of six months from the date last occupied and substantially unfurnished or the date of completion on new properties.
- Class L- A property that the mortgagee has taken possession of under the terms of the mortgage contract.

In addition the council will also implement a charge of a 50% Empty Home Premium on properties that have been empty longer than 2 years.

These changes affect discounts currently granted to properties not used as a main home.

This will impact mainly upon landlords and will include the council's own empty properties as well as housing association properties and possibly property developers.

13. B – A flat rate reduction from all existing working age CTB Customers

The Government have made it clear that we cannot remove benefits from pensioners, and that we should look to protect the vulnerable. In the following the customers who are pensioners or receiving severe disability allowance, disability allowance, disability allowance for a child and receives a disability premium have been protected.

14. We will implement a flat rate percentage cut of 20% in benefit which will be applied to all current working age Customers

15. Reducing entitlements for all Customers slightly strengthens work incentives but imposes significant losses on even the poorest households. Such a policy would mean that all households, even those on the lowest incomes, would have to pay some Council Tax. The poll tax experience showed how difficult it can be to collect small amounts of tax from low-income households who are not used to paying it.
16. This reduction option would mean that those of working age would never be entitled to have all of their Council Tax rebated, meaning that the Council would have to collect some Council Tax from families with very low incomes.

17. C - Restricting Council Tax Support to the charge for a Band C Property.

We will restrict Council Tax Support to the liability of a Band C property. This means we will calculate Council Tax Support assuming that all customers who are in a higher band are in Band C. We acknowledge that while simple to administer this option pays no regard to the needs of the people who may happen to live in larger properties, such as large families.

Customer distribution by property band is as shown below:

Total Number of Council Tax Benefit Customers by council tax band (Number
Disabled A	2
A	452
B	3,137
C	5,207
D	2,305
E	410
F	93
G	7
H	0
Total	11,619

This shows:

- 76% of Customers live in band A, B or C properties in Slough.
- 96% of Customers live in band A, B, C or D properties in Slough.

18. The advantage of this option is that it sets a maximum support cap for all Customers of working age so could be perceived to be transparent and fair.
19. Reducing support for occupants of properties in higher Council Tax bands also involves starting to collect Council Tax from some households with little or no private income. But only households in higher-band properties are affected. Reforms of this kind slightly strengthen work incentives, and also affect people's incentives to occupy properties in higher Council Tax bands.

20. The Government have made it clear that we cannot remove benefits from pensioners, and that we should look to protect the vulnerable, in the above customers who are pensioners or receiving severe disability allowance, disability allowance and disability allowance for a child have been protected.

21. D –Reduction Based on Income

We will use income in the calculation of Benefit that is currently disregarded.

22. The current Council Tax Benefit regulations mean that the following income is not used in the calculation of entitlement

- Child Benefit

23. This income will now be brought into the calculation of CTS, which would have the effect of increasing the income used in the calculation and reducing the amount of Benefit received

24. Child Benefit will no longer be disregarded in the calculation of Council Tax Support for all current working age Customers.

25. Customers who are pensioners or receiving severe disability allowance, disability allowance and disability allowance for a child have again been protected.

26. This option would proportionally disadvantage customers with children

27. This option may also increase the burden on other areas of the authority.

28. E- Remove Second Adult Rebate

Second Adult Rebate is claimed by the householder but on the basis of the “second adult” normally a non dependant in the household, the level of the Customers own income and capital (and that of any partner is irrelevant) the income and capital of the second adult is taken into consideration.

29. We will remove the calculation of second adult rebate

30. Supporting People into Work

There are also a number of small changes that could be considered at minimal cost and will support customers into work which is the other principal of the scheme. These include

- **‘Run-ons’:** Allowing the award to continue unchanged for a period after someone returns to work. We will allow the benefit to continue at the existing rate for four weeks after the Customer enters work to allow for them to receive their first monthly salary.

There would be minimal costs associated with this.

- **Advance claims:** Allowing customers to submit claims for council tax support in advance of being liable for paying council tax, which may encourage some customers to take up short term employment

opportunities. This would ensure that they would not need to take time away from work to claim their benefits, there would be no cost to this.

- **Retaining ‘information stubs’ about customers for a fixed period after eligibility is lost:** Providing for simplified claim procedures when a customer reclaims within a specified period of their previous claim provided there has been no change in their circumstances only their income

31. 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) (England) 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 will require that 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.

32. Evidence and Information

Any person who makes an application or any person to whom a reduction under the Councils 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. 5

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.

33. 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.

34. 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 amendment made to regulation 57 referred to above), and in accordance with Schedules 7 and 8 of the Regulations.

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 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.

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.

35. 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.

36. Procedure for making an appeal

Any applicant who is not in agreement with the decision of the Council has 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:

- a. Any decision not to uphold the appeal and the reasons for that; or
- b. 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.

37. Transition Arrangements

The regulations will state that a person who is in receipt of Council Tax Benefit immediately before 1st April 2013 then they will be treated as having made an application for a reduction under the local scheme.

A review process may be implemented by the Council for new and existing awards, this time period will be determined by the Council and failure by the Customer to fulfil and request during the review of their award may result in the termination of that award.