

**Council**

13 December 2012

**Agenda Item 63**

Brighton &amp; Hove City Council

<b>Subject:</b>	<b>Council Tax Support – Proposed Final Scheme</b>		
<b>Date of Meeting:</b>	<b>13<sup>th</sup> December 2012 Full Council</b> 29 <sup>th</sup> November 2012 Policy & Resources Committee		
<b>Report of:</b>	<b>Director of Finance</b>		
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

Note: It has been necessary to amend the report following the Policy & Resources Committee meeting to take account of the making of the regulations and drafting of the detailed scheme etc...

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The Government has decided that there will no longer be a national Council Tax Benefits system from 1 April 2013. Instead the council needs to introduce its own local Council Tax Support system. The planning process for this new system commenced with a report to Cabinet on 14<sup>th</sup> April 2012 and authority to progress a draft scheme was given by Policy & Resources Committee on 12<sup>th</sup> July 2012.
- 1.2 The council has taken into account a wide range of policy and financial issues in the design of the new system. The change is one of a number being made to welfare provision over a period of eight years. As such there are important links to wider welfare reforms at a national level and existing council policies such as the Child Poverty Strategy, Housing Strategy, work on Financial Advice and Inclusion, Customer Access and Digital Inclusion. It also has a significant bearing on the council's Corporate Plan objective to reduce inequality.
- 1.3 The timelines and financial parameters set by the Government to develop and implement a new system are very challenging and there are a number of constraints on the choices available to the council which are outside the council's control.
- 1.4 The council has extensively consulted on the proposals in this scheme including contacting every household in receipt of Council Tax Benefit who may be affected by these changes.
- 1.5 In the light of the consultation responses, no changes to the main elements of the draft scheme were felt to be essential. However, on 16<sup>th</sup> October 2012, the government announced that a new transitional grant would be made available to authorities whose schemes satisfied certain criteria. This report examines the

changes which would be necessary to the draft scheme, and the financial implications, and recommends making the required amendments to take advantage of the transitional grant.

- 1.6 The report sets out the proposed final scheme, the results of the consultation exercises, the implications of the government's recent announcement and other relevant information for the council to consider in reaching a decision on its scheme.

## **2. RECOMMENDATIONS:**

- 2.1 The Policy & Resources Committee recommends to Council:-

- 2.1.1 To note the Overview and Scrutiny report at appendix 1, its recommendations and the Committee's responses at appendix 2.

- 2.1.2 To note the information about the government's October announcement of transition grant at appendix 3.

- 2.1.3 To note the feedback from consultation and the responses at appendix 5 and section 4 of the report.

- 2.1.4 To note the Equality Impact Assessment at appendix 6.

- 2.1.5 To agree that the proposals in the draft scheme published in July be adopted with the amendments necessary to satisfy the criteria for transition grant set out in the October announcement.

- 2.1.6 To agree the full text of the final scheme .

- 2.17 Accordingly to make the Council Tax Reduction Scheme (Pensioners) (Brighton & Hove City Council) 2013 and the Council Tax Reduction Scheme (Persons who are not Pensioners) (Brighton & Hove City Council) 2013 (which together make up the main scheme) as set out in Part 1 of appendix 4 and the Discretionary Council Tax Scheme (Brighton & Hove City (Council) 2013 (the discretionary scheme) as set out in Part 2 of appendix 4.

- 2.2.8 To authorise Director of Finance to take all appropriate steps to implement and administer the main scheme and the discretionary scheme, including (1) publishing the main scheme in accordance with statutory requirements, (2) applying for any funding for which the Council may be eligible, and (3) responding to any other government initiatives or consultation exercises.

- 2.2.9 To authorise the Head of Law to make suitable amendments to the Council's constitution to reflect the council's new functions in relation to council tax reduction schemes, in particular (1) to indicate in Part 3 (Council Functions) that only the Full Council can make, revise or replace its main scheme and (2) to replace in the Schemes of Delegation to Committees and Sub-committees and to officers any references to council tax benefit with references to council tax reduction schemes.

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

3.1 Currently Council Tax Benefits is a national system for low income households. You may get Council Tax Benefit if you pay Council Tax and your income and capital (savings and investments) are below a certain level. You may apply whether you rent or own your home, or live rent-free. You could qualify if you are out of work, or in work and earning a wage. Individuals apply for Council Tax Benefits through a single application process for Housing & Council Tax Benefits. If you are eligible for Council Tax Benefits you will receive a reduction in your council tax bill and the council receives a grant to pay for this. At present there are 10,000 people who receive full council tax benefits because they are on government means tested benefits. Another 3000 people currently receive full council tax benefits, although their award fluctuates through the year meaning they normally have to pay something at some points during the year. Another 4000 people working/on a low income receive partial awards. This is 17,000 households affected by the proposals outlined below.

3.2 The Government is making changes, although the financial impact will only affect people of working age and not people of pensionable age. As part of the Comprehensive Spending Review the government announced plans to introduce a localised system of council tax support from 1 April 2013 and that Government expenditure would be reduced by 10% from that date. Rather than receiving a benefit payment, eligible households will receive a reduction in their council tax bill. Details of the policy intentions behind the Government's decision were included in the April Cabinet report (available on the council's website).

3.3 In May 2012, the government issued a Statement of Intent to help authorities plan their schemes. Since then, the issues to be dealt with have become closer to crystallisation as the Local Government Finance Bill has been progressing through Parliament. The Bill received Royal Assent on 31 October 2012. The government also published drafts of the Regulations to help local authorities formulate their schemes. A fuller summary of the legal position is given in the Legal Implications paragraphs of this report. The following points are particularly important:

- the council has a duty to make a scheme, the purpose of which is to reduce council tax for those in financial need;
- the main scheme proposed in this report can only be made by the Full Council;
- the Regulations will require state pensioners to be protected in accordance with regulations set by central Government which are broadly similar to Council Tax Benefit.
- for the financial year starting on 1<sup>st</sup> April 2013, the council must make its main scheme no later than 31 January 2013;
- Regulations will require any authority which does not make a scheme by then to implement a default scheme under which applicants will receive reductions broadly equivalent to current benefits.

Based on the information then available, an initial draft scheme was presented to the Policy & Resources Committee on 12 July 2012. In accordance with the procedures set out in the Bill and now included in the Act, views of the major precepting authorities had already been obtained and the council proceeded to approve the draft for publication and formal consultation. The steps the council has taken to consult on the scheme are set out in section 4 and appendix 5.

### **Approach to designing the scheme**

3.4 In designing the scheme as now proposed, the council has taken into account a wide range of complex issues including:

- The Government's "Statement of Intent" issued in May 2012, the Bill and draft Regulations and other guidance relating to vulnerable people and work incentives
- the feedback received from consultation (section 4 and appendix 5)
- the feedback received from Overview & Scrutiny Committee (appendices 1 and 2 )
- A full assessment of the impact on equalities (Equalities Impact Assessment) (appendix 6)
- Incentivising work and alignment with emerging Universal Credit proposals
- Incorporating, where appropriate, key elements of the current Council Tax Benefits scheme in order to minimise the complexity of the transition process and build on tried and tested national approaches
- Balancing simplicity and transparency in scheme design with a need to meet other policy objectives and legal duties
- The impact on collection rates for council tax (including the impact on major precepting authorities) and the administrative costs of the scheme
- The reduction of 10% in government funding for council tax support nationally and the direct impact on the council's overall financial position (see Financial Implications paragraphs starting at 5.1.1)
- The potential impact on other council services from the implementation of these changes, for example homelessness and social care
- The transition and scheme principles which were agreed at Policy & Resources Committee on 12<sup>th</sup> July 2012 (appendix 7)
- The Government announcement on 16<sup>th</sup> October concerning transitional grant for the first year of the scheme.

### **The proposed scheme**

3.5 The proposed scheme is set out in appendix 4 and is in two parts: (1) A main scheme in compliance with the council's duty to make a scheme and (2) a discretionary scheme to govern the distribution of the proposed £100,000 discretionary fund which will provide additional support in exceptional circumstances to the most vulnerable people. More information about the statutory basis for separating these is given in the Legal Implications paragraphs starting at 5.2.1. In relation to the main scheme, it has been split into two parts, one dealing with working age people and the other with people of pensionable age. The relevant regulations have very recently been made and become available, so work on appendix 4 was still in progress when this report was being revised for council. Appendix 4 will be provided separately from the main agenda and it is unlikely to be available at the same time as the agenda is despatched.

- 3.6 The main scheme looks quite different to the draft scheme approved for consultation in July, but in substance the effect is very much the same. The chief reason for the difference is that the proposed scheme now needs to document in full all the very detailed administrative provisions which only needed brief reference in the consultation draft.
- 3.7 There will be an ongoing process of checking and adjusting the scheme to ensure that it is based on the most up to date information possible when it is actually approved. As the legislation is so new and untested it is possible that there will be anomalies, particularly in the regulations. Should these arise the council will seek to address them with discretionary funds where appropriate.
- 3.8 The discretionary scheme arises from the discretionary fund of £100,000 proposed in the July report to Policy & Resources Committee. The report indicated that the proposals for the operation of the discretionary fund would be developed and that it might not sit directly in the main scheme. It has been established that the appropriate power to operate such a fund is separate from the duty to operate the main scheme. Therefore it has been worked up as a separate document. By being separate, there will be much greater flexibility to adjust it to the circumstances which arise when the main scheme comes into operation.
- 3.9 Taking into account the Equality Implications Assessment, the comments during the consultation period and the government's announcement of transition grant, the key features of the main and discretionary schemes as now recommended, taken together, are:
- council tax support for people of pensionable age will be provided in accordance with the government's Regulations through a means tested reduction equivalent to their entitlement entitled to under the previous council tax benefit system\* (see note 1)
  - council tax support for people of working age will be provided through a means tested reduction and in 2013/14 will take into account similar criteria to the previous council tax benefits scheme in deciding who is eligible
  - the council tax reduction for people of working age will be determined on the basis of 91.5% of council tax liability. The consultation draft scheme set out in the July Policy & Resources report set this figure at 90%. This change will mean the scheme can take advantage of the transitional funding announced on 16<sup>th</sup> October 2012 as such the reduction in support citizens will face will be smaller without adverse impact on council tax payers as a whole. A table setting out the options in respect of this proposal is in appendix 3
  - the earnings disregard for single working age people will be doubled from £5 to £10 per week

- there will be a cap on the maximum detriment that any household faces of £3 per week from 2012/13 to 2013/14 as a result of the replacement of council tax benefit with the council's scheme\*\* (see note 2)
- at least a £100,000 per annum will be made available in a discretionary fund to provide additional assistance in exceptional circumstances to the most vulnerable.

Note 1 \* Assuming no other change in circumstances

Note 2 \*For clarity the cap applies to the difference between the government's default scheme (which is effectively the current Council Tax Benefits scheme that has been uprated) and our local scheme as at 1<sup>st</sup> April 2013. It does not take account of the factors beyond our control such as government uprating of benefits, applicable amounts, non-dependent deductions etc (we do not know what they are at the moment and cannot quantify the added impact, if any) or changes in income that reduce benefit entitlement. There may be individuals who are paying more than £3 extra per week in 2013/14 than 2012/13 but this will not be as a result of the Council decision in respect of the design of the local scheme

This means most households of working age will pay something towards their council tax and there will be extra help for the most vulnerable in exceptional circumstances.

### **Administration**

- 3.10 The scheme will continue to be administered by the Revenues & Benefit Service in the same way Council Tax Benefit is now. The key similarities between it and the current Council Tax Benefits Scheme are:
- Council Tax Support can be claimed at the same time on the same form as Housing Benefit and they will be assessed together
  - The work will be carried out by the council's Revenues & Benefits Service
  - There will be a right of appeal against any decision made.

### **Transitional support**

- 3.11 In addition to the specific transitional elements of the scheme designed to limit the impact in the scheme in its first year of operation, the council is in the process of procuring specific budgeting and financial advice from the third sector to assist individuals and families who need assistance with these changes. This will ensure there is a specific provision in place to which the council can directly refer people who need this help.

## **Publicity and Monitoring**

- 3.12 The council will engage as soon as it practically can with everyone who is directly impacted by these changes once the Council has made its decision. A letter will be written detailing the changes to the individuals affected and the most appropriate forms of communications will be utilised to distribute the information generally.
- 3.13 The council will provide detailed information on the changes to the advice and voluntary sector in the city.
- 3.14 The council will monitor the impact of the changes in the first year of operation including the number of cases which fall into arrears, the number of applications for discretionary funds, the amount of referrals made to advice agencies and the impact on demand of public services access within the Revenues & Benefits team.
- 3.15 This work will fall under the remit of the Welfare Reform Programme led by Valerie Pearce.

## **Fraud**

- 3.16 The changes in the funding provisions for Council Tax Support mean the impact of fraud may have a more direct impact on the councils' financial position. The approach to fraud is being refreshed and tackling it will become part of a joined up corporate fraud function.

## **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 Due to the significant impact this new scheme may have, the council has sought to consult and engage as thoroughly as the limited timescales will allow.
- 4.2 The legal requirements provided by Government are that the authority 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.
- 4.3 Consultation was undertaken with both the East Sussex Fire and Rescue Service and the Police and their responses to the consultation were reported to the July Policy & Resources Committee. In summary, they understand the purpose of schemes is to assist those in financial need and they would like the scheme the council makes to be one which best protects long term council tax yield, reduces potential early year losses to minimum levels and is based on sensible and prudent presumptions so that the projections of yield are reality based and the authorities are not left with collection fund losses to deal with in retrospect.

- 4.4 Pre-consultation on the design of the scheme was undertaken with the assistance of the Community and Voluntary Sector Forum (CVSF) and at an Overview & Scrutiny workshop. Reports detailing this work formed appendices to the July Policy & Resources committee report. At this stage a number of model schemes were under consideration but there was no clear favourite. The effects on young people and of the wider welfare reforms were common concerns. The draft scheme approved by Policy & Resources Committee for formal consultation took account of the preliminary consultation and included a range of features from all the models. It sought to mitigate the uncertain impact of all the welfare reform changes by not passing on the full amount of the likely government 10% grant funding reduction and with the proposal for the discretionary fund of £100,000 to assist the most vulnerable in exceptional circumstances.
- 4.5 The draft Low Income Discount Scheme for Brighton & Hove was published on 13 July 2012. A copy is shown at appendix 5. Formal public consultation commenced on 16<sup>th</sup> July 2012 and ran until 12<sup>th</sup> October 2012. (Note; due to legal advice the scheme has subsequently undergone a name change).
- 4.6 The consultation questionnaire was available on the consultation portal and in paper form. A great deal of work has been undertaken to publicise the consultation. Full details of the organisations contacted and supplied with publicity are contained in appendix 5.
- 4.7 After the Policy & Resources Committee had endorsed the broad consultation proposals in July, the extent of the consultation was reviewed by the Director of Finance under the powers delegated to her by Policy & Resources Committee. As a result, it was decided to include direct contact with people currently in receipt of benefits who would be adversely affected by the change from Council Tax Benefit to the new local support system. All current working age recipients of Council Tax Benefit were written to and invited to respond to the consultation.
- 4.8 The council also produced a short film to explain the scheme and consultation and a link to this was also distributed across the city to encourage participation.
- 4.9 In addition to extensive consultation with partners and CVSF organisations in the city both in developing the draft scheme and post publication, the council is planning further joint working after the approval of a final Scheme at Full Council. A further event is planned towards the end of the year to focus on the details of implementing the scheme, the best ways to support claimants and how to communicate the changes.
- 4.10 Further to the Governments announcement on 16<sup>th</sup> October 2012 about the availability of extra transitional funding a recommendation has been made to base the council tax reduction scheme on 91.5% of liability rather than 90% as stated in the draft scheme upon which consultation was based. Consideration has been given as to whether this change necessitates further consultation. The transitional grant the council will receive for making this change will exceed the cost of this change. Recipients on the council tax reduction scheme will receive the same or higher levels of support than they would have done under the 90% provision. Council tax payers who do not receive the council tax reduction scheme will not see a higher proportion of the Council Tax they pay spent on funding the reduction. As such no potentially affected group will experience



financial detriment as a result of this change; because no group or individual will experience detriment as a result of the proposed change it was concluded that there was no need to re-consult.

#### 4.11 The key findings from consultation and the responses are:

- **FINDING:-** 66% favoured the principles the scheme has been based on and 76% agreed with the transition principles. A common theme amongst those who disagreed with the both sets of principles was concern about how the changes will impact on vulnerable groups including the disabled, those on benefits, single parents and the unemployed.
- **RESPONSE:-** It is recognised that there will be some impact, but it is considered that the financial effects of the scheme as proposed are reasonably balanced between those seeking assistance and the costs to council tax payers as a whole. It is not considered that the impact on any people with protected characteristics under the Equality Act 2010 will be so out of proportion that any changes be made to the consultation draft scheme other than those necessary to obtain transition grant. It will be important for the council to promote the discretionary fund which is a part of these provisions to these vulnerable groups and to individuals when they contact the council. In addition the council must make best use of the advice provision it is commissioning in order to support people through this change.
- **FINDING:-** 49% agreed with the provision to base the reduction on 90% of liability with 51% disagreeing. Those who disagree tended to do so on the basis that they thought there were groups of people who would not be able to pay or should not have to pay.
- **RESPONSE:-** Generally as in the first response above, plus the council is now proposing to reduce this amount so that the reduction will be based on 91.5% of liability. This will also have the effect that the £100,000 discretionary fund will go further than under the 90% provision.
- **FINDING:-** 84% favoured basing the reduction on a means test as is the case with Council Tax Benefit. Most people who offered comments concerned the need for a fair system which could help most people on a low income and there were some specific suggestions about increasing the level of savings which is allowed (currently set at £16,000)
- **RESPONSE:-** Generally as in the first response above, plus although it is not felt appropriate to increase the level of saving for the first year of the scheme, this issue can be re-examined when the scheme is up for review in relation to its second year.
- **FINDING:-** 82% agreed with the principle of doubling the earnings disregard for single people from £5 to £10 and 62% of people thought this will help people moving into work.

- **RESPONSE:-** In this aspect the scheme is more generous than the current benefit provisions and demonstrates that the council is having regard to government guidance on work incentives.
- **FINDING:-** 64% agreed with the provision to limit any detriment a family will face as a result of these changes to £3 per week in the first year, however concern was expressed that £3 was too large an increase for certain groups. Additionally 17% of people thought this cap should be extended for more than one year.
- **RESPONSE:-** Generally as in the first response above plus although it is not felt appropriate to increase the level of detriment protection for the first year of the scheme, the issue of extending it for a further year can be re-examined when the scheme is up for review in relation to its second year.
- **FINDING:-** 81% favoured the principle of having a discretionary scheme to help the most vulnerable in exceptional circumstances. Two clear themes emerged in the comments about this, the first where budget management is affected by disability / vulnerability and the second where people may need immediate assistance for example when affected by a serious illness/accident, redundancy, new single mothers.
- **RESPONSE:-** These points will be taken into account when making decisions on applications made for discretionary funds. Circumstances as described in the second point may also be covered by new Local Welfare Provision the council has responsibility for from April 2013 and customers will need to be accurately signposted.

4.12 A full copy of the consultation report is in appendix 5

## **5. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 5.1.1 The estimated cost of council tax benefit in 2012/13 is £25m. The proposed scheme will generate total savings against the existing scheme of £1.9m net of discretionary discounts and assuming the council qualifies for transitional grant. Therefore the new scheme will cost £23.1m. If Council tax increases by 2% in 2013/14 this cost will rise to £23.6m
- 5.1.2 The government has announced indicative allocations of council tax support grant to replace the loss of council tax benefit subsidy. The announcement included the planned 10% reduction in resources but also included a reduction due to a nationally assumed downward trend in claimants which is not borne out locally. Therefore the actual loss of resources is greater than 10%. The indicative allocation also takes no account of any council tax increases in 2013/14 and therefore the additional cost of reductions due to council tax increases will fall to the council.
- 5.1.3 The new council tax support grant will be paid to the council, Sussex Police and East Sussex Fire Authority in proportion to their elements of the overall council tax. The indicative total grant relating to Brighton and Hove Council Tax Benefit is £22.2m of which £18.9m will be received by the council however the actual

grant will not be known until the local government finance settlement is announced in mid December 2012. The indicative allocation is a reduction of £2.8m compared with Council Tax Benefit in 2012/13.

- 5.1.4 On the 16<sup>th</sup> October 2012 the government announced a one year £100m transitional grant available nationally to support reducing the impact of introducing local council tax support schemes and set out specific criteria to qualify for the grant. The proposed scheme meets this criteria and an allocation of £0.6m across Brighton & Hove City Council, Sussex Police and East Sussex Fire and Rescue Service is anticipated.
- 5.1.5 At present there are 10,000 people who receive full council tax benefits because they are on government means tested benefits. Another 3000 people currently receive full council tax benefits, although their award fluctuates through the year meaning they normally have to pay something at some points during the year. Another 4000 people working/on a low income receive partial awards. It is anticipated that these additional council tax debts will require additional resources to support collection at an estimated cost of £0.2m. It is also anticipated there will be a marginal reduction in the council tax collection rate.
- 5.1.6 The costs in administering the new scheme have been included in the budget projections for 2013/14. These costs will be funded as a new burden on local authorities although any allocation will be in the context of the government reducing the current level of support for Housing Benefit and Council Tax benefit administration grant. The level of funding has yet to be announced however corporately there is service pressure funding identified to cover the expected reduction in this specific grant.
- 5.1.7 The cost of the new scheme for Brighton and Hove City Council only is £20.8m. The total grant including the transitional element is £19.4m leaving a shortfall of £1.4m. With the additional costs of debt collection the total cost to the council is £1.6m and this has been factored into the financial projections included in the Budget Update and Budget Savings report elsewhere on this agenda. Any gain the council receives from the transitional grant is not dealt with in this report. It is dealt with in the budget report which is also presented to this meeting.
- 5.1.8 From April 2014 the transitional grant will fall away and consideration will need to be given to amending the scheme to reflect this loss of short term support.

*Finance Officer Consulted: James Hengeveld*

*Date: 01/11/12*

Legal Implications:

- 5.2.1 This report stems from provisions in the Local Government Finance Act dealing with the introduction of localised council tax reduction schemes. The Act received Royal Assent on 31 October 2012. However, the Council only had full power to make a scheme when Regulations which needed to be taken into account in making schemes were recently made.
- 5.2.2 The Act amends the Local Government Finance Act 1992 so that the Council has a duty to make a scheme specifying reductions in council tax for (a) persons whom the Council considers to be in financial need or (b) classes of persons generally considered by the Council to be in financial need. The first scheme must be for the financial year beginning on 1 April 2013 and must be made no later than 31 January 2013. It cannot be amended during the financial year for

which it is in force. Only the full Council can make the council tax reduction scheme. The function cannot be delegated to a committee or officer. The Act sets out matters which must be dealt with in schemes and the Secretary of State has power to specify further matters. He has recently made Regulations which include protection of the position of state pensioners, who will receive as much in reductions as they did in benefits. If the Council fails to adopt a scheme on or before 31 January 2013, Regulations will apply a default scheme which will give reductions broadly equivalent to the current benefits. The scheme proposed in this report takes account of all the points above.

- 5.2.3 The Act also re-enacts an existing power in the Local Government Finance Act 1992 which gives authorities a general discretion to reduce a person's council tax to such extent as the authority thinks fit or remit it entirely, whether or not the person already receives a reduction under a scheme. It is this power which the report proposes to use in connection with the creation of a £100,000 discretionary fund to provide additional support in exceptional circumstances to the most vulnerable. Unlike the main scheme described above, a discretionary scheme can be amended at any time and the function of dealing with it is delegable to committees and officers.
- 5.2.4 The Act lays down 3 steps which must be taken (in the order given) by the Council before a scheme is made:- consultation of major precepting authorities, publication of a draft scheme and consultation of other persons considered likely to have an interest in the operation of the scheme. The Act provides that these three steps can be carried out before the Act became law. The Council has carried out these steps and this report presents the results of the consultation for the Council to take into account before it decides on the final form of its scheme. On making its scheme, the Council must publish it in such manner as it thinks fit.
- 5.2.5 In making its scheme, the Council must have due regard to its general duties under the Equality Act 2010 towards people with particular protected characteristics, (age; disability; gender reassignment; marriage and partnership, pregnancy and maternity; race; religion or belief; sex; and sexual orientation) and the duty to mitigate child poverty under the Child Poverty Act 2010. In connection with council tax reduction schemes, detailed information is given about these duties and the duty to prevent homelessness, in the Government publication "Vulnerable people – key local authority duties" listed as one of the Background Documents to this report and accessible on line at <http://www.communities.gov.uk/publications/localgovernment/lscvtvulnerablepeople> . Information about the duties is also given in the Equality Impact Assessment which is appendix 6 to this report. Case law demonstrates that duties such as these are continuing duties. Usually the key is to ensure that equalities implications are properly considered, not that there is no impact.
- 5.2.6 The Council must also have regard to the guidance in the Government publication "Taking Work Incentives into account" listed as one of the Background Documents to this report and accessible on line at <http://www.communities.gov.uk/documents/localgovernment/pdf/2148501.pdf> . The broad thrust of the guidance is that the Government wants authorities to design schemes which support rather than remove incentives for people to work or to do additional work.

5.2.7 The formulation and drafting of the Council's scheme has had regard to these equality and work incentive matters. The Equality Impact Assessment and the consultations have assisted in identifying issues which need to be taken into account by the Council before any scheme is made.

*Lawyer Consulted:*

*John Heys*

*Date: 26/10/12*

Equalities Implications:

5.3 A full Equalities Impact Assessment has been undertaken as part of this project (appendix 6)

Sustainability Implications:

5.4 There are no direct sustainability implications

Crime & Disorder Implications:

5.5 The Police Authority have been consulted at an early stage of this project and will continue to be involved. The council will take into account any information provided in the ongoing development of this scheme.

Risk and Opportunity Management Implications:

5.5 There is a detailed risk log attached to this project, this covers areas such as:

- Changes in local demographics
- ICT implications
- Last minute legislative alterations
- Financial inclusion
- Procurement

Public Health Implications:

5.7 A public health assessment has been undertaken as a part of the Equality Impact Assessment. (appendix 6)

Corporate / Citywide Implications:

5.8 The changes to council tax benefit will impact on BHCC's Corporate Plan commitment to reduce inequality, particularly with regards to improving housing affordability and the city's general health and well being. Coupled with the other aspects of the government's welfare reform programme, which includes changes to housing benefit, Local Housing Allowance and the introduction of a benefit cap, there will be increased pressure on individual and family incomes. There is potential for increased demand for other local authority and public services, as well as advice and support from the third sector. Further information about the impacts across the city is available in the Equality Impact Assessment at appendix 6.

## **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 The Council has the principle choice whether maintain current levels of entitlement to Council Tax Benefit and to pay for the shortfall in funding from central government or to pass on some or all of the reductions in government funding to working age people who have previously received Council Tax Benefit. These options were set out in the July Policy & Resources report.
- 6.2 There are a number of ways the council could change the Council Tax Benefit scheme to achieve the level of savings required. The main alternatives were set out in the report to cabinet on 12<sup>th</sup> April. The Overview & Scrutiny draft recommendations notes 'Within the budget and time constraints, the Council Tax Support Scheme cannot be significantly improved. The Panel acknowledges however that the scheme will impact negatively on some residents.'
- 6.3 In terms of the percentage of liability at which the council tax reduction scheme is calculated (91.5%) consideration was given as to whether this value should be calculated on a universal gross percentage (one that would allow the council to meet the criteria for the transitional funding) or whether the percentage should reflect the net liability after other discounts, for example single person discount, had been applied. One of the significant factors in making this decision is the technical risk of either option. Information from software suppliers indicate the gross option would contain a far higher degree of risk in terms of our ability to deliver.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The recommendations set out in this report have regard to the levels of savings the council needs to make whilst still providing support to working age residents on low incomes with the majority of their council tax.
- 7.2 The Overview & Scrutiny report notes '*Within the budget and time constraints, the Council Tax Support Scheme cannot be significantly improved. The Panel acknowledges however that the scheme will impact negatively on some residents.*'

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Overview and Scrutiny Report
2. OSC recommendations and responses
3. Financial Options of taking up the Government's Additional Grant
4. The Final Scheme
  - Part One - the main scheme with separate sections for pensioners and non pensioners
  - Part Two - the discretionary scheme

*NB This appendix will be circulated separately from the main agenda.*

5. Consultation
  - Draft Scheme
  - Report
  - List of organisations consulted with
6. Equalities impact assessment (incorporating public health)
7. Scheme and transitional principles

### **Documents in Members' Rooms**

1. None

### **Background Documents**

1. Comments made in response to the consultation exercises

