

**Brighton & Hove
City Council**

POLICY & RESOURCES COMMITTEE ADDENDUM

4.00PM, THURSDAY, 12 JULY 2012

COUNCIL CHAMBER, HOVE TOWN HALL

ADDENDUM

ITEM	Page
25. COUNCIL TAX SUPPORT SYSTEM - DRAFT SCHEME	1 – 62

Report of the Director of Finance (copy attached).

Contact Officer: John Francis Tel: 29-1913

Ward(s) affected: All

Subject:	Council Tax Support System – Draft Scheme		
Date of Meeting:	12th July 2012		
Report of:	Director of Finance		
Contact Officer:	Name:	John Francis	Tel: 29-1913
	Email:	john.francis@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

Note: The special circumstances for non-compliance with Council Procedure Rule 19, Access to Information Rule 5 and Section 100B(4) of the 1972 Local Government Act as amended (items not to be considered unless the agenda is open to inspection at least five days in advance of the meeting) are that, due to the tight timescale for implementation, there have been ongoing initial consultations in order to understand, consider and address as many issues as possible in drafting the proposed Scheme.

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 14th April 2012. The council needs to consider a wide range of policy and financial issues in the design of the new system. 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 of reducing inequality.
- 1.2 The timelines 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. This report sets out the council's draft Council Tax Support Scheme referred to as the draft Brighton & Hove Council Tax Low Income Discount Scheme or "draft Scheme" which has been designed after initial consultation and careful consideration of the likely effects of the various options.
- 1.3 The council will receive at least 10% less funding from central government to fund the new Council Tax Support system. The proposed Scheme for Brighton & Hove only passes on part of that reduction to affected households in the city and the council will need to bridge the funding gap within its overall budget planning.
- 1.4 Following this decision the council will then formally consult on the draft Scheme and how it will be administered and develop proposals to provide information,

advice and support to affected households. The results of the consultation and the final proposals will be reported to Policy & Resources Committee on 11th October 2012 and the final decision will be taken at Full Council on 25th October.

2. RECOMMENDATIONS:

- 2.1 That the Government's Statement of Intent be noted.
- 2.2 That the feedback from the consultation with Major Precepting Authorities be noted.
- 2.3 That the feedback from the initial consultation with other stakeholders be noted.
- 2.4 That the Transition Principles and Scheme Principles be agreed as the basis for the draft Scheme as set out in paragraph 3.7
- 2.5 That the draft Brighton & Hove Council Tax Low Income Discount Scheme (the "draft Scheme") as set out in paragraph 3.8 be agreed
- 2.6 That the draft Scheme be published and formal consultation and next steps undertaken as set out in paragraph 3.11 to 3.18
- 2.7 That the key issues to be raised in response to the government's consultation on funding arrangements, as set out in paragraph 3.19, be agreed.
- 2.8 That the Director of Finance be authorised to (a) settle the final draft of the Scheme for publication, the detailed arrangements for formal consultation, and the response to the government's consultation on funding arrangements and (b) take any other steps considered necessary for progressing the proposed Scheme.
- 2.9 That the final proposed Scheme be brought back to Policy & Resources Committee and Full Council in October 2012.

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 grant to pay for this.
- 3.2 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 expenditure would be reduced by 10% from that date. Rather than receiving a benefit payment, eligible households will receive a discounted council tax bill. Details of the policy intentions behind the Government's decision were included in the April Cabinet report.

Statement of Intent

3.3 The legislation to enable localised council tax support schemes is currently passing through Parliament. In May 2012 the government issued a consultation document on the funding arrangements for Localising Support for Council Tax and a “Statement of Intent”. This is intended to provide local authorities with the certainty over the Government’s proposals that are needed in order to construct a scheme and begin detailed conversations with interested parties in their area prior to the publication of detailed regulations.

3.4 The Statement of Intent sets out what local consultation arrangements are required. In particular, before making a Scheme, the council needs to take these steps in this order:

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

The first step of consultation with the major precepting authorities (Sussex Police and East Sussex Fire and Rescue Service) has been undertaken as set out in paragraph 4.1 and they will also be consulted again on the draft Scheme. The next stage of consultation is set out in para 3.11.

3.5 The Statement of Intent also sets out Transitional Arrangements and Prescribed Requirements. One of the key aspects of this is to ensure that applicants already in receipt of council tax benefit do not need to apply again for a council tax discount i.e. the council can use existing applications and information to calculate a reduction for council tax bills for 2013/14. It also sets out how the government’s commitment to protect pensioners on low incomes from these changes will be implemented in practice. In addition it gives information about a default scheme that will come into place if a local authority fails to implement a new scheme. In practice, any authority having to operate the default scheme will be required to deliver the same benefits as the current Council Tax Benefit Scheme, although the funding from the government will still be reduced by 10%. It is important to note that even though affected pensioners will be protected from the financial consequences of the changes they will still see a presentational impact of the reforms because they will be receiving a discount on their Council Tax Bill from 1 April 2013 rather than receiving a benefit payment.

Approach to designing the draft Scheme

3.6 In designing the draft Scheme the council has taken into account a wide range of complex issues including:

- the Government’s Statement of Intent and other relevant guidance and regulation relating to vulnerable people and work incentives (The relevant documents are listed under “Supporting Documentation” below).

- the feedback received from initial consultation from a range of stakeholders including major precepting authorities
- the need for an Equalities Impact Assessment including regard for vulnerable people and cumulative impact of other welfare reform changes
- 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 at least 10% in government funding for council tax support nationally and the direct impact on the council's overall financial position
- the potential impact on other council services from the implementation of these changes, for example homelessness and social care

3.7 The council has designed the draft Scheme on the basis of a series of principles. The first set are Transition Principles and deal with the change from the 2012/13 council tax benefits system to the new 2013/14 council tax support system. The second set are Scheme Principles and deal with the ongoing operation of the new system.

Draft Transition Principles

- the council will provide clear and accessible information to all those affected by the ending of Council Tax Benefit
- the council will ensure those affected by the ending of Council Tax Benefit can access additional advice and support
- those people who are currently receiving Council Tax Benefit will have their eligibility for a Council Tax Discount assessed without having to reapply to the council*
- there will be a cap on the maximum detriment that any household faces as a result of the changes in the first year*

* assuming no other changes in their circumstances

Draft Scheme Principles

- support for Council Tax will be in the form of a discount and entitlement will be assessed by a means test so that those with the least ability to pay will receive the highest levels of assistance.
- The means test will take into account similar criteria to the old Council Tax Benefit scheme in deciding who is eligible for a discount
- Council Tax Discount resources for those on a low income will be distributed as widely as possible amongst those eligible to claim the discount
- There will be a discretionary fund to ensure that the most vulnerable can access additional support in exceptional circumstances
- The Scheme will support people moving into, and on low paid, work.
- The Scheme will be reviewed annually with provision to make urgent in year changes where required by legislation.

The Draft Scheme

3.8 A number of high level options for designing the scheme have been considered and multiple variations modelled. This is summarised in Appendix 1 including the key findings from that work. These findings have informed the draft Brighton & Hove Council Tax Low Income Discount Scheme which is shown at Appendix 2 along with case study examples of how it may affect individuals. The impacts on households and an assessment of the numbers affected are shown in Appendix 3. Its key features include:

- support for Council Tax for people of pensionable age will be provided through a means tested discount equivalent to what they would have been entitled to under the previous Council Tax Benefit system*
- support for Council Tax for people of working age will be provided through a means tested discount and in 2013/14 will take into account similar criteria to the old Council Tax Benefits scheme in deciding who is eligible
- The Council Tax discount for people of working age will be determined on the basis of 90% of full Council Tax liability
- the earnings disregard for single working age people will be doubled from £5 to £10 per week
- 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 Benefits with this new Council Tax Low Income discount*
- up to £100,000 per annum available in a discretionary fund to provide additional assistance in exceptional circumstances to the most vulnerable

* assuming no other change in circumstances

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

3.9 The proposed administration of the draft Scheme is set out in Appendix 4. The key similarities between this and the current Council Tax Benefits Scheme are:

- the Council Tax Low Income Discount 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 and Benefits service
- There will be a right of appeal against any decision made.

3.10 There are opportunities to improve and simplify key areas of complexity which currently exist within the Council Tax Benefit scheme. Particular areas which may be improved are around application forms, requirements for evidence, timescales for claiming and notification letters. The second stage consultation will seek views on how these simplifications can be best achieved. It will also assess options for how the discretionary discount will be applied. At this stage there is insufficient detail from government about how appeals will operate.

Next steps

3.11 Following decision by this committee the draft Scheme will be published on the council's consultation portal. The council will be seeking feedback on:

- the draft Transition principles
 - the draft Scheme principles
 - the draft Scheme
 - how the Scheme will be administered
 - how the Discretionary Fund could operate
 - the Equalities impact of the proposals
- 3.12 This will be achieved through by a variety of materials and channels (for example video presentations) to ensure that it is accessible to a wide range of stakeholders. There will be Frequently Asked Questions on the website which will be kept up to date as key issues are clarified. The Community & Voluntary Sector Forum will be commissioned to undertake further consultation on the council's behalf. Feedback from those with first hand experience of working with households who will be affected by these changes will be sought, whether from the council's front line benefits staff, staff in other related council services such as housing advice and children's services or advice agency workers. The council's Welfare Rights team, Performance & Analysis team, Equalities & Inclusion team and Communications team are all providing advice and guidance to ensure that this part of process is as meaningful and informative as possible.
- 3.13 The details of the administration of the scheme will be refined and published as further guidance is made available from government.
- 3.14 Proposals for the operation of the discretionary fund will also be developed. It is possible that the discretionary fund may not be directly within the Scheme, but may sit beside it. The council already has responsibility for Discretionary Housing Payments and will have additional responsibility for Social Fund payments from 2013/14. The latter is a transfer from the Department of Work and Pensions as part of the ongoing welfare reforms. The council will need to consider how these, in combination with other discretionary funds, can be best used to support the most vulnerable, for example to prevent homelessness. While it may not necessarily be appropriate to pool these resources, there should be clarity about the purposes of each, who is eligible for them, how they can be accessed and how they collectively support the council's overall priorities.
- 3.15 The final Scheme including all the details of how it will be administered and the discretionary discounts will be reported to Policy & Resources Committee in October followed by Full Council.
- 3.16 Plans are being developed to ensure the council can communicate effectively with affected households once a final scheme has been agreed by Full Council. Current caseload is being analysed and this will, for example, enable us to identify which households are council housing tenants where face to face contact from council housing officers could be provided. For many customers face to face or phone contact is likely to have a greater impact than posted written material.
- 3.17 There is a particular stream of work in the project plan for implementing the scheme to ensure that sufficient well trained staff are in place to support the transition to the new scheme.
- 3.18 The provision of additional advice, both by the council, advice agencies and organisations such as the credit union, will be essential at the changeover point.

It is in the council and household's interests to ensure that arrangements to pay council tax are in place at the outset for those paying for the first time to ensure that there is not a quick escalation of debt and resulting costs for all parties. This is being linked to the council's work on Financial Inclusion.

Response to Department of Communities and Local Government

3.19 The Department of Communities and Local Government published a paper called Localising Support for Council Tax Funding Arrangements Consultation in May 2012 which set out the proposed funding arrangements for Local Authorities administering this. The council has previously responded to broader Government consultation on these changes including submitting a joint response across all Sussex Authorities expressing serious concerns about the changes. These included the timescales, harmonising with Universal Credit, the impact that the government's commitment to protecting pensioners has on other groups currently in receipt of council tax benefit, administrative costs and the impact on council tax collection. This particular government consultation document relates only to the funding of the new arrangements and the reply to the detail proposes to particularly focus on the following points

- the government based its proposed funding provisions in part on an expected decrease in Council Tax Support take up next year. The council will seek the government's reasons as to why it expects take up of Council Support to reduce as trends in Brighton & Hove show caseload increasing by 7% over the period from 2009/10 to 2011/12, this means that the funding shortfall will be greater than 10%
- the council will also emphasise the importance of being able to collect arrears of Council Tax from Universal Credit as is currently the case with some national benefits.
- the transition to and the ongoing administration of Council Tax Support must be considered as a new burden on local government and adequately funded
- the lack of clarity about the adequacy of future funding levels for Council Tax Support given its proposed integration into the business rates retention scheme

4. COMMUNITY ENGAGEMENT AND CONSULTATION

4.1 As set out in paragraph 3.4, the Council has a duty to consult with major precepting authorities prior to publication of the draft scheme. Formal approaches to both Sussex Police and East Sussex Fire and Rescue Services have been made. Responses to this consultation to date have been positive with the Fire and Rescue Service complementing the council on the early commencement of the work. A formal response from East Sussex Fire and Rescue Service is included at Appendix 8. Feedback has been received from Sussex Police and their formal response will be circulated once received.

4.2 In developing a preferred model the Council has sought to consult and engage with as many relevant groups in the city as possible. A consultation conference hosted through the CVSF (Community and Voluntary Sector Forum) was held on 13 June 2012. Over 320 organisations were invited including the CVSF member

organisations and a number of social housing providers. A list of the attendees on the day are included in Appendix 7. The Council has received a great deal of positive feedback on this event and the information obtained from the specialist organisations that attended has been invaluable in developing the draft Scheme.

- 4.3 Attendees predominantly represented the advice agencies and further work will be needed in the second phase of consultation to ensure impacts on particular communities of interest have been properly considered. Participants recognised advantages and disadvantages of all the potential approaches to scheme design (minimum payment, means testing, maximum liability) and there was no clear favourite. There was an overall view that ensuring fairness was important and should not be compromised by a desire for simplicity. The draft Scheme incorporates a range of features from all the models. Immediate feedback on the day stressed the importance of considering young people and the effects that the wider welfare reforms will have on this group in particular. As a result the draft Scheme includes specific amendments that will help support young people onto employment through changes to the earnings disregard. A full copy of the feedback can be seen at Appendix 7. Following the event, a copy of the filmed presentation on the various models and consultation materials were e-mailed to the full CVSF membership. This encouraged further participation from those unable to attend on the day.
- 4.4 Consultation was also undertaken with the Children & Young People Network and Social Landlords Forum. A variety of suggestions were made about how income such as child benefits should be considered in the scheme. There were differences of views with advice agencies on this matter. On balance the draft Scheme has not recommended changes in this area.
- 4.5 The work undertaken to date was the subject of an Overview and Scrutiny Workshop on 28 June 2012. The minutes of that meeting are included at Appendix 6. Many of the concerns raised relate to the next stage of the project planning for implementation and have been specifically covered in the Next Steps section above as a result of this feedback to ensure clarity.
- 4.6 There was common concern expressed during the consultation about the impacts of the changes on the most vulnerable and the cumulative impact of wider welfare reform changes. This has been taken into account through the proposal to establish a discretionary fund and not to pass on the full amount of government funding reduction to households in the city.
- 4.7 The next steps for consultation on the draft Scheme are set out from para 3.11.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The estimated cost of council tax benefit in 2012/13 is £25m. The draft Scheme has an estimated cost of £23.5m, a reduction of £1.5m, after allowing for discretionary discounts of £0.1m. If Council tax increases by 3.5% in 2013/14 this cost will rise to £24.3m.

- 5.2 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 discounts due to council tax increases will fall to the council.
- 5.3 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 proposed grant from government in 2013/14 for Council Tax Support is £22.2m, compared to the estimated draft Scheme costs for 2013/14 of £24.3m, a shortfall of £2.1m. 85% of this shortfall (£1.8m) relates to Brighton & Hove, the remaining £0.3m will be a loss of taxbase shared between East Sussex Fire and Rescue Service and Sussex Police Authority.
- 5.4 The proposed scheme will mean over 10,000 households currently in receipt of full Council Tax Benefit will pay a proportion of their council tax from 1/4/2013. 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 equivalent to £0.150m. This means that the funding shortfall for Brighton & Hove in 2013/14 will be £2.15m, this is incorporated into the council's financial projections. There will also be additional costs in administering the new scheme however it is assumed these costs will be funded by government as a new burden on local authorities.
- 5.5 The council tax support grant is assumed to be fixed at the 2013/14 level and is expected to be rolled in to the Business Rate Retention scheme, the replacement for formula grant. Details of how the grant will be treated once transferred have yet to be announced but it is assumed there will be no increase. This means the council will bear the financial risk of fluctuations in the number of claimants, where trends show small increases each year, and the additional cost of the scheme due to council tax increases. These assumptions have been built into the medium term financial estimates included in the Budget Update and Budget Process report 2013/14 elsewhere on this agenda.
- 5.6 Budget Council in February this year set aside £0.75m to support the implementation of a local council tax benefit scheme; the council has also been awarded £0.08m from government to support implementation giving total resources available of £0.83m. Some of these resources are being used to provide project resources, support consultation, and additional ICT costs. Some will be used to provide extra staff to support the roll out of the new scheme including communication with affected households and provide additional advice and support. Any remaining resources could be used to top up the discretionary fund or provide further transitional relief over and above the planned cap.

Finance Officer Consulted: James Hengeveld

Date: 25/06/12

Legal Implications:

- 5.7 This report is based on provisions in the Local Government Finance Bill dealing with the introduction of localised council tax benefit support schemes. The Bill has passed its third reading in the House of Commons and is going through its stages in the House of Lords. Assuming the Bill becomes law, it is possible that some of its provisions may be changed between now and Royal assent.

Under the Bill as currently drafted, only the full Council will have power to make the Council Tax Support Scheme. Certain classes of claimant must be protected and the Council will need to consider any transitional provisions for any current class of claimant adversely affected by the new scheme. Also, there must be reference in the Scheme to the procedure for the appeal of decisions and a claims application procedure. Unless a scheme is adopted by the Council before 31/01/2013, a default scheme will automatically apply. The three Bill requirements (consulting the precepting authorities, scheme publication and formal consultation) are explained in the body of the report. The Bill provides that these three steps can be validly carried out before the Bill becomes law.

In creating its Scheme, the Council must have due regard to its general duties under section 149 of 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. 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. Case law demonstrates that duties such as these are continuing duties

The drafting of the Council's Scheme to date has had regard to these matters and the equalities impact assessment and the formal consultations will assist in identifying any further issues which need to be considered before the next report is made.

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.

Lawyer Consulted:

John Heys

Date: 21/06/12

Equalities Implications:

- 5.8 In addition to the legal requirements detailed in para 5.7 it is recognised that the combined affects of the wider welfare reform package on the residents of the city require a robust and detailed Equalities Impact Assessment, which is underway. An EIA which is at data collection stage is attached at Appendix 5. In addition to working alongside officers in Equalities and Inclusion and Welfare Rights, the project team will engage with the CVSF Equalities Network and the Health and Well-Being Board to further review and hone this document. A completed Equalities Impact Assessment will be included with the proposed final scheme to Council in October. Feedback from the first stage of consultation has informed

the design of the scheme; specifically the proposal for discretionary discounts for vulnerable people in exceptional circumstances and the scheme principle of spreading the available resources for the scheme as widely as possible so no single group is disproportionately affected.

Sustainability Implications:

- 5.9 There are no sustainability implications related specifically to this proposal.

Crime & Disorder Implications:

- 5.10 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:

- 5.11 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:

- 5.12 A public health impact assessment will be undertaken as part of the second stage of consultation.

Corporate / Citywide Implications:

- 5.13 The replacement of Council Tax Benefits with a new localised Council Tax Support Scheme, the Brighton & Hove Council Tax Low Income Discount Scheme, has significant implications for large numbers of householders in the city and major policy and financial implications, which are set out in the body of the report.

SUPPORTING DOCUMENTATION

Appendices:

1. Options for the scheme
2. The preferred model
3. Impact on Households
4. Principles for the administration of the Brighton & Hove Council Tax Low Income Discount Scheme
5. Draft equalities impact assessment
6. Overview and Scrutiny minutes 28th June 2012
7. CVSF consultation report
8. Fire authority consultation response

Documents in Members' Rooms

None

Background Documents

1. Localising Support for Council Tax – A statement of Intent – published by CLG in May 2012
2. Localising Support for Council Tax – Vulnerable people – key local authority duties – published by CLG in May 2012
3. Localising Support for Council Tax – Taking work incentives into account – published by CLG in May 2012

Appendix 1 – Options for Scheme

The report to Cabinet on 19th April identified three broad approaches to scheme design:

- Minimum payment
- Changes to means testing
- Maximum discount

The emerging software designs from the council's supplier suggest that any of these would be feasible to implement, including combining a range of features. The draft scheme is designed to replicate as closely as possible the mechanics of the current Council Tax Benefit scheme, while providing a means to reduce expenditure in the new model. This is both for practical implementation reasons and also because the national Council Tax Benefits system has well developed approaches to assessing the financial requirements of vulnerable groups and accounting for them in the calculation of entitlement.

Financial modelling of multiple variations of schemes (approximately 20) has been undertaken to narrow down feasible options. The consultation undertaken so far has also helped to understand the impact that those options may have on particular households and enable further refinements to be made. The following key findings have emerged from that modelling and testing:

- tightening of means testing criteria affect a small number of households disproportionately, particularly working households and only results in a relatively small reduction in expenditure
- changes to means testing criteria quickly distort the balance that exists within the current Council Tax Benefits system across the hugely varied range of household circumstances in the caseload
- current uncertainty over other welfare benefit reforms mean that tightening of means testing criteria could lead to unanticipated perverse incentives or benefit cliff edges
- restricting the amount of discount that can be received based on council tax band or household size tends to have the undesirable effect of either restricting the impact to a small number of households and/or leaving some groups with significant amounts of financial loss relative to the current scheme. It also requires quantity of alternative housing supply to be available to enable households to move to smaller occupation if necessary.
- the greater the number of households who are protected from changes in council tax support (for example those in work, those with disabilities, those with children), the higher the impact on those who are not protected
- while a council tax discount scheme can have a role in incentivising work, Universal Credit will play a much larger part because of its far greater contribution to household income

Appendix 2

Draft Brighton & Hove Council Tax Low Income Discount Scheme from 1 April 2013

Support for Council Tax for people of pensionable age will be provided through a means tested discount equivalent to what they would have been entitled to under the previous Council Tax Benefit (CTB) system.

The Government has committed to protecting pensioners from the impact of changes to the Council Tax Benefits System. Instead of receiving Council Tax Benefits, eligible pensioners will receive a discount on their Council Tax but this will for the same amount as they would have received under Council Tax Benefit, assuming no other changes in their circumstances. There will be a presentational difference because they will see a discount on the face of their Council Tax Bill rather than receiving a benefit payment. Existing pensioner claimants will not need to make a new application and will be automatically transferred from receiving Council Tax Benefits to receiving a Council Tax discount.

Support for Council Tax for those of working age will be provided through a means tested discount and in 2013/14 will take into account similar criteria to the current Council Tax Benefits scheme in deciding who is eligible.

This means that decisions on who is eligible to receive help with paying their council tax will take into account the same things as was the case under Council Tax Benefits, for example other state benefits, earned income, savings. It makes the change from the old system to the new system as simple and clear as possible in terms of the application process that will be required and minimises disruption for existing claimants. It will be very similar to the protected scheme that will continue to run for people of pensionable age.

The Council Tax discount for people of working age on a low income will be assessed on the basis of 90% of full council tax liability.

If a household qualifies for Council Tax Discount, they will be assessed on the basis of 90% of their full council tax liability. The actual amount that an individual pays will depend on the means test and any other discount that may apply.

The earnings disregard for single working age people will be doubled from £5 to £10 per week

The work incentives in this scheme will be improved for single people. If a single person receives an income from working they will be treated as though they do not receive the first £10 of that income when their Council Tax Discount is worked out. This is designed to help work incentives. No changes in the earnings disregard are proposed for couples (currently £10) or families (currently £25) are proposed.

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 introduction of the Council Tax Low Income Discount assuming there are no other changes in circumstances

For some households in higher banded properties (who are likely to be larger families) when their Council Tax Discount is calculated using 90% of their full Council Tax liability they may face a significant increase in costs as a result of this new scheme. Therefore it is proposed that the increase will be capped at £3 per week. (Other changes such as increases in income which would also reduce the award of the Council Tax Discount will not have the same protection).

There will be a £100,000 per annum discretionary fund to provide additional support in exceptional circumstances to the most vulnerable

Households will be able to make applications to have up to the full amount of their Council Tax met through this fund in exceptional circumstances. The Council will set out the process for applying to this fund, the criteria that will be used, how decisions will be made and how long awards will be made for.

Summary

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

Examples:

Couple of pensionable age – the same level of support as CTB

Michael and Pat are 73 and 71 respectively. They currently claim Council Tax Benefit and their award of £17.11 a week is based on means testing their income from state pensions, Michael's work pension and Pat's savings. The full liability for their band B property is £22.11 per week so they are paying £5.00 a week in council tax. When the Council Tax Discount is introduced they receive a bill which says they now receive a discount rather than benefit but the amount they are entitled to is the same at £17.11 and so the amount they have to pay, £5.00, also remains the same.

Pensioner – new claim

Laura is 68, she moves from Worthing to a new rented flat in Brighton in May 2013. Laura is on Pension Credit Guarantee Credit. Her new flat is a band A property. When she moves she makes a claim for Council Tax Discount, because she is a pensioner and because she is on Pension Credit Guarantee Credit she receives full Council Tax Discount and does not have to pay any Council Tax.

Couple in Band A property – standard working age case

Mary lives with her partner in a Band A property and they are both on Job Seekers Allowance. Their Council Tax is £18.95 per week and in 2012/13 they receive full Council Tax Benefits. They will automatically be assessed for Council Tax Discount and they will receive a discount of 90% on their full liability which is worth £17.05 per week. They will therefore have to pay £1.90 a week themselves in Council Tax.

Family in Band F property - £3 cap applies

James and Danielle live with their four children in a Band F property. James works but is currently sick and receives statutory sick pay, the family also receive child benefit and tax credits. Their Council Tax is £41.06 per week and they currently receive full Council Tax Benefit. They will automatically be assessed for Council Tax Discount and they will receive a discount of 90% on their full liability which is worth £36.95. This would leave them in theory having to pay £4.11 a week themselves in Council Tax, compared with £0 the previous year. However this would be capped at £3.00 in the first year. Note that if this family had not previously received Council Tax Benefits and this was a new application they would have to pay all of the £4.11 per week based on a 90% discount.

Single person in work – earning disregard applies

Ahmed is 23 and shares a Band B flat with one housemate. He earns £100 per week. His share of Council Tax is £11.05 per week. He currently receives partial Council Tax Benefits of £7.75 per week which is calculated on the basis of the first £5 of his earnings being disregarded, so he pays £3.30. When the Council Tax Discount is introduced the amount he has to pay is calculated in two steps. Firstly the maximum discount he could receive would be 90% of his £11.05 liability. Secondly the means test is applied. If there was no change to the earnings disregard he would have to pay £4.40 per week. However an increase in the earnings disregard from £5 to £10 means he now has to pay £3.40, only 10 pence more than under Council Tax Benefits.

Appendix 3 - Impact on Households

The tables below illustrate the estimated numbers of households of working age affected by the change from Council Tax Benefit to the proposed draft Brighton & Hove Council Tax Low Income Discount scheme and the financial impact.

These are best estimates drawn from the draft software we have been supplied with, tested against our own independently generated financial model. There are complexities in the order in which some of the calculations could be undertaken (for example variants in how the single person discount is taken into account, as explained below) and therefore there are risks attached to these projections but they have been undertaken on the basis of the best available information at this stage and using current caseload figures.

It shows how the numbers of households affected will vary by the amount of the % that eligibility is assessed on and the proposed £3 per week transitional cap. It is not clear at this stage whether the software will be able to cope with the proposed £3 cap in detriment in the transition period. In the draft Scheme it would only apply to an estimated 208 households and this number is low enough for manual interventions to be possible to ensure this outcome. In other scenarios and at other levels of cap this may not be feasible if numbers affected are significantly higher. The reduction in the cost of the scheme is shown net of the £100,000 per annum allowance for the discretionary fund and is compared with current council tax benefits expenditure in Brighton & Hove. The additional cost of applying the extra £5 earnings disregard is approximately £45,000 in each scenario

There are two options for calculating the combined effect of Single Person Discounts and Means Tested Discounts in the new scheme. The Single Person discount of 25% is not changing and will always be calculated on the full 100% Council Tax liability. Eligibility for a means tested discount can either be calculated before or after the Single Person discount has been applied.. The preferred option for the Brighton & Hove scheme is for the means tested discount to be calculated before the Single Person discount has been applied as the alternative effectively means a further enhancement to the discount for single people in comparison to other claimants. However the emerging software doesn't currently allow the calculation to be undertaken in this order, although the final version may. The financial difference is significant both to households and to the council's budget. Therefore two sets of financial modelling have been undertaken and the financial implications in the report have been assessed on the basis of the lower spend reduction figures driven by the current software calculation.

Assessment of impact on working age households of the draft Scheme – shown in bold

Table assuming liability assessed applied **after** Single Person Discounts

Eligibility assessed on the basis of % liability	Households Better off (due to extra £5 disregard)	Households with reduced support (per week)				Total Households	Reduction in cost of scheme pa £'000	Total cost of Scheme £'000	One off cost of £3 cap £'000
		£0 - £1.00	£1.01 - £2.00	£2.01 - £3.00	More than £3.00				
95%	827	11,516	5,006	39	0	17,388	690	24,310	0
90%	80	1,734	10,545	4,821	208	17,388	1,519	23,481	7
85%	15	167	2,109	10,099	4,998	17,388	2,345	22,655	176
80%	1	64	1,022	5,562	10,739	17,388	3,164	21,836	662

Table assuming maximum discount applied **before** Single Person Discounts

Eligibility assessed on the basis of % liability	Households Better off (due to extra £5 disregard)	Households with reduced support (per week)				Total Households	Reduction in cost of scheme pa £'000	Total cost of Scheme £'000	One off cost of £3 cap £'000
		£0 - £1.00	£1.01 - £2.00	£2.01 - £3.00	More than £3.00				
95%	291	8,064	8,976	57	0	17,388	926	24,074	0
90%	46	974	7,324	8,741	303	17,388	1,896	23,104	10
85%	7	242	1,278	6,762	9,099	17,388	2,862	22,138	308
80%	1	139	537	1,025	15,686	17,388	3,817	21,183	1,148

Appendix 4 – Draft Principles for administration of the Brighton & Hove Council Tax Low Income Discount Scheme

Details contained in this appendix are subject to, and may be amended to reflect, further government requirements, consultation responses and emerging Universal Credit obligations.

Council Tax Low Income Discount Scheme

1 Principles for administration

Customers will continue to be required to make applications and evidence their circumstances. Likewise there will be obligations on the council to assess those claims, verify the details provided, to give clear decisions and to offer a route for a customer to appeal if they do not agree with the decisions that have been made.

At present Housing Benefit and Council Tax Benefit claims are administered by the Revenues and Benefits team within City Services. It is proposed applications for Council Tax Discount are administered by the same team.

2 Claim process

2.1 Applications

At present the council accepts applications for Council Tax Benefit (CTB) and Housing Benefit (HB) on the same form (either paper or electronic). In addition the council accepts applications made via Job Centre Plus and the Pension Service.

The information requested in current HB/CTB application forms is likely to be very similar if not identical to the information requested under Council Tax Discount (CTD)

The council proposes to change its own stationary so that customers can make joint application for HB and CTD.

The council will try to engage the DWP and HMRC to work with them to allow their stationary to be used for CTD claims.

2.2 Evidence

Customers for CTD will be required to verify their income, capital, and identification. Where possible the council will use its internal systems, where this is not possible customers will be asked to provide satisfactory documents which do this. If there is good reason a person cannot provide these

documents the council will consider making payment of CTD on account until they can be provided.

2.3 Time scales

The council will set clear targets for processing claims and monitor against them. Where insufficient information has been provided to allow a claim to be assessed a member of staff will contact that customer by phone to explain what information is needed and when it should be provided.

2.4 Notification

Once the council has made a decision and the outcome is that the person is entitled to some award, they will be sent a new Council Tax Bill which shows the amount of award and confirms the reduction in their liability. In the case where the application is not successful a letter will be sent to that person explaining this decision.

In both cases rights of appeal will be set out

2.5 Appeals

Any possible scheme will contain a right to appeal. The Government has yet to stipulate whether there will be a statutory route for appeals; at present Housing and Council Tax Benefit appeals are heard by the Tribunals Service and appeals over Council Tax liability are heard by the Valuation Office Tribunal.

In any case the first stage of appeal will be review by a council officer who was not involved in the original decision. Further appeal will either be via a statutory route or via a further internal Council process.

2.6 Complaints

If a Council Tax Discount applicant wishes to complain for any reason about the Council Tax Discount scheme or their application the council's normal complaints channels will be open to them.

Brighton & Hove Council Tax Low Income Discount: Equalities Impact Assessment

The Law

The Equality Act 2010 says that we (and all statutory services) must work to eliminate discrimination, advance equality of opportunity and foster good relations between groups. The law says we must do this across a range of ‘protected characteristics’: age, disability, ethnicity (or race), gender, gender reassignment, religion or belief, sexual orientation, marriage or civil partnership, pregnancy or maternity.

What this means in practice is that we consider the needs of all individuals in our day to day work – in shaping policy, in delivering services, and in relation to our employees.

The legal duties support us in good decision-making and our commitment to equality. We focus on understanding how different people will or might be affected by our activities so that policies and services are appropriate and accessible to all and meet different people’s needs. This means that our services and practices will be fairer, easy to access and make a real difference. They will also be more effective and efficient.

Why we are changing?

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 14th April 2012. The council needs to consider a wide range of policy and financial issues in the design of the new system.

Equalities Impact Assessment

It is recognised that the combined affects of the wider welfare reform package on the residents of the city requires a robust and detailed Equalities Impact Assessment.

The current document contains data derived from both the current Council Tax Benefit caseload and citywide data. Initial consultation has taken place through the Community and Voluntary Sector Forum to identify issues for all groups to complement data collected on claimants.

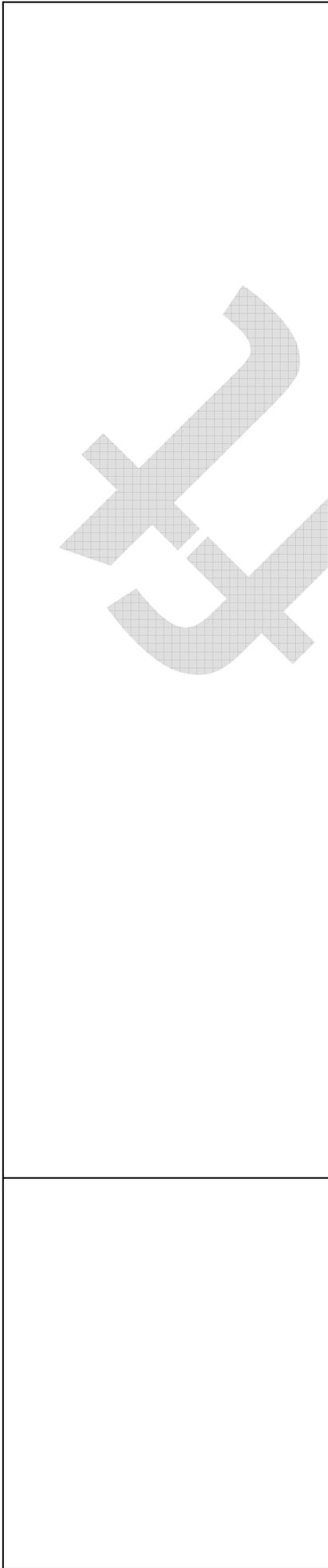
Following publication of the draft scheme, formal consultation will commence in July 2012, utilising a combination of the council’s consultation portal, CVSF facilitated engagement events and press releases directing the public to the on-line consultation documents. At this point consultees may find it easier to comment on specific equalities issues arising from more detailed proposals rather than principals.

Consideration has been given to the needs of different stakeholders in the process. Each of these has been considered in relation to how the changes might differently and /or adversely affect people with protected characteristics.

Mitigating action will be identified as part of the on-going process and an assessment made on how significant the potential impact is.

1.

Title of EIA	Council Tax Support Project	Ref No.
<p>Delivery / Resource / Finance Unit or Intelligent Commissioning name</p>	<p>The Government has decided that there will no longer be a national Council Tax Benefits system from 1 April 2013. Instead the council will need to introduce its own local Council Tax Support system. The Government's assumption following the last Comprehensive Spending Review is that there will be a 10% reduction in expenditure through these changes from 1 April 2013 and that it will be for local authorities to determine how to manage that funding reduction. Brighton & Hove City Council will receive approximately £2.5m less money from Government as a result of this change.</p> <p>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. It you are eligible for council tax benefits you will receive a reduction in your council tax bill and the council receives grant to pay for this.</p> <p>The government has stated that council tax support for older people will not be reduced as a result of the introduction of this reform. This is because the government wants to ensure that low income pensioners, who would struggle to pay council tax without additional support, and whom the government does not expect to work to increase their income, will continue to receive support for their council tax. Pensioner protection will be achieved by keeping in place national rules.</p> <p>The council needs to give consideration to vulnerable groups in the design of a new system. The government's consultation response appears to be less prescriptive about how this should be done than perhaps originally envisaged. Rather the government draws councils' attention to existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.</p>	
<p>Aim of policy or scope of service</p>		



2. Record of data/engagement; impacts identified; and potential actions to meet the Duties.

	Data ¹ that you have	Community engagement exercises or mechanisms ²	Impacts identified from analysis (actual and potential) ³	Potential actions to advance equality of opportunity, eliminate discrimination, and foster good relations (You will prioritise these below)
<p>Consider:</p> <ul style="list-style-type: none"> • How to avoid, reduce or minimise negative impact (if you identify unlawful discrimination, including victimisation and harassment, you must stop the action and take advice immediately). • How to promote equality of opportunity. This means the need to: <ul style="list-style-type: none"> – Remove or minimise disadvantages suffered by equality groups – Take steps to meet the needs of equality groups – Encourage equality groups to participate in public life or any other activity where participation is disproportionately low – Consider if there is a need to treat disabled people differently, including more favourable treatment where necessary • How to foster good relations between people who share a protected characteristic and those who do not. This means: <ul style="list-style-type: none"> – Tackle prejudice – Promote understanding 	<p>CTB is a household benefit where by one adult makes a claim on behalf of a given household.</p> <p>There are 27,809 households claiming CTB. 7,278 (26%) households contain at least one dependent child.</p>			
<p>Community Cohesion (what must happen in all communities to enable</p>				

¹ 'Data' may be monitoring, customer feedback, equalities monitoring, survey responses...

² These may be ongoing links that you have with community and voluntary groups, service-user groups, staff forums; or one-off engagement sessions you have run.

³ If data or engagement are missing and you can not define impacts then your action will be to take steps to collect the missing information.

<p>different groups of people to get on well together.)</p>	<p>49,360 people live in household in receipt of CTB, 19% of the city's population. This comprises of 36,915 adults, 12,445 dependent children of which 11,830 are aged under 18. This is 17% of the city's adult population and 25% of children aged under 18.</p>																							
<p>Age (people of all ages)</p>	<p>Age data is only available for the CTB claimant and their partner (32,825, 89% of all adult household members).</p> <p>Fig 3: CTB claimant age profile</p> <table border="1" data-bbox="491 1164 821 1848"> <thead> <tr> <th>Age</th> <th>Number</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>16 to 18</td> <td>11</td> <td>?</td> </tr> <tr> <td>18 to 24</td> <td>1,519</td> <td>5%</td> </tr> <tr> <td>25 to 34</td> <td>4,733</td> <td>14%</td> </tr> <tr> <td>35 to 49</td> <td>9,378</td> <td>29%</td> </tr> <tr> <td>50 to 64</td> <td>7,644</td> <td>23%</td> </tr> <tr> <td>65 and over</td> <td>9,540</td> <td>29%</td> </tr> </tbody> </table>	Age	Number	Percentage	16 to 18	11	?	18 to 24	1,519	5%	25 to 34	4,733	14%	35 to 49	9,378	29%	50 to 64	7,644	23%	65 and over	9,540	29%	<p>NOTE: consultation is planned through the Community and Voluntary Sector Forum to identify issues for <u>all</u> groups to complement data collected on claimants</p>	
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<p>Disability (a person is disabled if they have a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out</p>	<p>Disability data is only available for the CTB claimant and their partner (32,826, 89% of all adult household members). In this instance a person is defined as disabled if they are in receipt of Disability Living Allowance (DLA), Severe DLA and or Attendance Allowance.</p> <ul style="list-style-type: none"> • A fifth of people (6,647, 20%) are disabled with 4,409 (13%) severely disabled. • Among the 7,278 household with at least one dependent child, 577 households (8%) have at least one dependent child who is disabled. • Research suggests that the cumulative impacts of this change and other national benefits changes will have a disproportionately larger 																							

normal day-to-day activities ¹)	impact on disabled people (and carers, see below) than others.		
<p>Gender reassignment (a transsexual person is someone who proposes to, starts or has completed a process to change his or her gender. A person does <u>not</u> need to be under medical supervision to be protected)</p> <p>Pregnancy and maternity (protection is during pregnancy and any statutory maternity leave to which the woman is entitled)</p>	<p>No information is collected on the gender reassignment status of CTB claimants. Local Count Me In Too research and national data show that Trans people experience higher levels of disadvantage and social/financial exclusion.</p> <p>Among all households in receipt of CTB, for 72 households at least one person is also in receipt of statutory maternity pay</p>		

¹ The definition includes: sensory impairments, impairments with fluctuating or recurring effects, progressive, organ specific, developmental, learning difficulties, mental health conditions and mental illnesses, produced by injury to the body or brain. Persons with cancer, multiple sclerosis or HIV infection are all now deemed to be disabled persons from the point of diagnosis.

Estimated resident population by broad ethnic group mid-2009 (experimental statistics)					
Figures in thousands					
Source: Office of National Statistics (ONS)					
	Brighton and Hove		South East		England
	number	percentage	percentage	percentage	percentage
All persons	256.4				
All White	227.1	89%	91%	87%	87%
White: British	208.1	81%	86%	83%	83%
White: Irish	3.3	1%	1%	1%	1%
White: Other White	15.7	6%	4%	4%	4%
All BME	29.3	11%	9%	13%	13%
Mixed	5.9	2%	2%	2%	2%
Asian or Asian British	12.5	5%	4%	6%	6%
Black or Black British	5.8	2%	2%	3%	3%
Other	5.1	2%	1%	2%	2%

We know that employment patterns and earning levels are different for different ethnic groups.
We don't know the ethnicity of people locally claiming CTB, but we would expect that members of some ethnic groups will be disproportionately represented as claimants.

Over a quarter of our residents said they had no religion in response to the 2001 census. 59% of our residents (146,466) were Christian, 1.5% were Muslim (3,635), 1.4% were Jewish (3,558), 0.7% were Buddhist (1,747), 0.5% were Hindu (1,300) and 0.1% were Sikh (237).

- We have no data on the religion or belief of CTB claimants locally and the census data for 2011 will not be available in time for this

Race (this includes ethnic or national origins, colour or nationality, including refugees and migrants; and Gypsies and Travellers)

Religion or belief (religion includes any religion with a clear structure and belief system. Belief

<p>means any religious or philosophical belief. The Act also covers lack of religion or belief.)</p>	<p>project. However, as for ethnicity, some religious groups experience different levels of disadvantage</p>																	
<p>Sex (both men and women are covered under the Act)</p>	<p>Gender data is only available for the CTB claimant and their partner (32,805, 89% of all adult household members)</p> <p>Among CTB claimants and their partners, 58% are female and 42% male. This compares to a city profile of residents aged over 16 of males (49%) and females (51%).</p>																	
<p>Sexual orientation (the Act protects bisexual, gay, heterosexual and lesbian people)</p>	<p>Brighton & Hove's State of the City report estimated that at least 14% (35,000) of Brighton & Hove's adult residents are lesbian, gay, bisexual or transgender.</p> <p>We have no data on the sexual orientation of CTB claimants locally. Count Me In Too research and national data demonstrate that many LGB people experience higher levels of disadvantage and financial exclusion than other groups.</p>																	
<p>Marriage and civil partnership (only in relation to due regard to the need to eliminate discrimination)</p>	<p>Fig 7: Household composition</p> <table border="1" data-bbox="1062 815 1481 1845"> <thead> <tr> <th></th> <th>Number</th> <th>Percentage of all households</th> </tr> </thead> <tbody> <tr> <td>Single person households</td> <td>15,971</td> <td>57%</td> </tr> <tr> <td>Two or more adults with at least one dependent child</td> <td>2,437</td> <td>9%</td> </tr> <tr> <td>Single parent with at least one dependent child</td> <td>4,845</td> <td>17%</td> </tr> <tr> <td>Two or more adults with no dependent children</td> <td>4,559</td> <td>16%</td> </tr> </tbody> </table>		Number	Percentage of all households	Single person households	15,971	57%	Two or more adults with at least one dependent child	2,437	9%	Single parent with at least one dependent child	4,845	17%	Two or more adults with no dependent children	4,559	16%		
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	<p>More than a half (57%) of all households in receipt of CTB are single person households, of which 6,104 (22%) are single pensioner households.</p>		
<p>Other relevant groups eg: Carers, people experiencing domestic violence, substance misusers, homeless people, looked after children etc</p>	<p>Among all household in receipt of CTB, for 1,071 households (4%) at least one person is also in receipt of Carers Allowance.</p> <ul style="list-style-type: none"> • Research suggests that the cumulative impacts of this change and other national benefits changes will have a disproportionately larger impact on disabled people (and disabled people, see above) than others. <p>Issues such as caring responsibilities, substance misuse, domestic violence, being ex-armed forces, or an ex-offender can also have a significant impact on income and other aspects of financial exclusion. However, we have no data locally on these issues for CTB claimants</p>		

3. Prioritised Actions:

NB: you should also highlight here if there is potential for cumulative impact across the service or for a specific group.

Action	Timeframe	Lead officer	Evidence of progress	Success measure

Signing of EIA:-

Lead Equality Impact Assessment Officer:

Date:

Head of Service Delivery Unit

Date:

Lead Commissioner (if required):

Date:

Communities and Equality Team

Date:

NB: Actions must now be transferred to service or business plans

You must also complete and submit a summary of the EIA in the Publication Template (see below)

FOR

4. Attach data and/or engagement lists as appendices.

Title (of data or engagement)	Date	Main findings	Gaps in data	Contact

Overview and Scrutiny Committee Workshop - Council Tax Support

28 June 2012 at 2pm in KH R431

Present; Cllrs Warren Morgan (Chair), Vanessa Brown, Ruth Buckley, Leigh Farrow and Ken Norman

Also Present: Emma Daniel, Community and Voluntary Sector Forum (CVSF); Catherine Vaughan (CV), Director of Finance; Graham Bourne (GB), John Francis (JF) Tracey Wallace(TW). *Valerie Pearce (apologies)*

Apologies: Councillors Graham Cox, Matt Follett, Christopher Hawtree, Mo Marsh

Councillor Warren Morgan Chair of Overview and Scrutiny Committee (OSC) welcomed everyone to the meeting. Officers gave information on Designing a Localised Council Tax (CT) Support Scheme and replied to comments and questions on the main issues.

1 Introduction

1.1 Finance Director Catherine Vaughan gave a presentation on Council Tax Support (attached). The level of grant will reduce by over £2.5 million in 2013-2014 compared with 2012-2013. This reduction includes the government's planned 10% saving as well as a nationally anticipated reduction in the number of claimants, whereas locally there is a rising trend in claimants. The financial risks are transferring to the Council from government as part of the transfer of responsibility. Changes in the cost of the scheme due to changes in the number of claimants or the level of council tax will become the council's risk. The government grant is expected to be fixed at the time of transfer. The long term impact was difficult to estimate though there was some clarity about the position for 2013 – 2014. More accurate information would be available by December; a scheme had to be in place by then.

1.2 Pensioners would be fully protected under the new support scheme, and would receive an equivalent discount as in the existing benefit system, so pensioners would be no better off and no worse off. In answer to a question the workshop heard that Pension Credit was not anticipated to change.

1.3 The average reduction of £145 per year in CT benefit/support for those of working age (either in work or not in work) combined with other changes to household budgets; e.g. welfare reform, food and fuel bills would have an impact on the finances of vulnerable groups.

1.4 The timescales for introducing the scheme (e.g. consulting and developing software) were challenging. The earlier proposals were agreed, the more lead-in

time would be possible for testing the scheme, ensuring information is accurate, informing residents, and helping avoid legal challenge. It was likely that some people would be paying council tax for the first time, so collection arrangements and information needed to be clear and easily communicated.

1.5 The government had indicated that local authorities could choose to use Council resources to maintain existing council tax support. However this would mean cuts elsewhere at a time when there were funding reductions in other areas too. Some local authorities were likely to pass on to CTB claimants the full reductions; some may be able to afford to find the full or partial funding from elsewhere.

1.6 It was important that Councillors consider the impact of the 'in-principle' budget choices at an early stage. There would be some degree of flexibility once a scheme had been agreed; however it would not be possible to change the approach.

1.7 Before publishing a draft scheme the Council was obliged to consult with the major precepting authorities – East Sussex Fire and Rescue and Sussex Police. The report was scheduled for Policy and Resources Committee (P&R) on 12 July but the latter had unfortunately not provided a reply.

1.8 The CVSF was undertaking consultations on behalf of the Council. Many advice agencies and the Children and Young People Network were already commenting (see attached) but as yet there had been less representation from other communities of interest; this work is being followed up in the second phase full consultation process. Before a final scheme is submitted to P&R in October, there would be a longer, second period of consultation. At that stage, the implications of the proposals for those affected would be easier to envisage and communicate.

1.9 Separately proposals regarding new powers on Council Tax discounts and exemptions would be considered by July P&R. These would give only modest financial benefits that would not offset changes in Council Tax support.

1.10 Pooling resources with neighbouring local authorities had been ruled out in the current time frame due to different demographics and the complexity of agreeing a single scheme in county areas comprising districts and boroughs. It was hoped to achieve greater consistency in the longer term but meanwhile national advice agencies would need to consider how to give localised advice when each billing area will have different arrangements.

1.11 Extra help and support would be needed by households especially those paying Council Tax for the first time. Providing early advice was a 'win-win' situation; not only in the Authority's interest in terms of collecting council tax, but also in households' interest, to help avoid a spiral of financial difficulty. The earlier a scheme was finalised, the earlier information and advice could be given.

2. Designing a Localised Council Tax Support Scheme

2.1 In reply to a question, CV said implementing the scheme should be fully funded nationally. But technical issues could be more difficult than the government assumes and the Local Government Association was lobbying on behalf of councils.

2.2 GB said the software provider, Northgate, was working constructively and the Council was part of an existing a user group. A flexible set of parameters was being developed that would allow 'pick and mix' options for different authorities. A final test iteration was being planned for October. The software companies would receive a proportion of the national funds allocated to the changes. Later 'add-ons' may be required at hopefully minimal cost to the Council. (Processing Housing Benefit and Council Tax benefit had formerly been done using an integrated Council system, he said.)

2.3 Transitional funding from the Council budget had been identified for consultation and software plus an additional element to provide advice and support to mitigate the impact on those affected. People in need would be helped eg accessing the most appropriate local and national discretionary funds, to get the priorities right and help avoid increases in homelessness and children in care.

2.4 Asked about troubled families in the City, CV told the workshop there was a known link between vulnerability and difficulties in paying Council Tax. JF said that the Council already knew many of the families likely to be adversely affected by the changes.

2.5 Chair of OSC Councillor Morgan emphasised the importance of the right advice for households according to their own priority needs, to avoid duplication and people being referred around to different services.

2.6 CV pointed out that this was a good opportunity to provide joined up advice to the most vulnerable households, though the Social Fund and Discretionary Housing Payments were at a lower level than council tax support.

2.7 GB noted that the most effective way to communicate with many households on these issues was 'face-to-face' or by phone to help prioritise individual needs. Pre-emptive work would be needed to ensure those paying CT for the first time would not fall into arrears. Some families may not use direct debits and costs of CT arrears can often escalate rapidly in a 'lose-lose' situation.

2.8 Regarding government moves towards Universal Credit CV said those payments would have a greater impact on households, typically being the largest part of a recipient's income. Depending on individual circumstances Universal Credit might average around £150 per month compared with £15 CT support. National proposals for these were not yet known and local authorities would have little control over their

introduction or administration. It did seem likely that any economies of scale re: council tax support would be lost when Universal credit is introduced, CV stated.

2.9 There were a number of unknowns such as how an CT support appeal process would work and whether local authorities would be responsible for these.

2.10 Turning to the broad approach, CV said that to minimise disruption, it was being suggested that for Year 1, the new scheme would be similar to the existing one, so that only minimal changes are made to entitlement rules and criteria. In this way, the existing CT Benefit information can be more simply rolled over to the new CT Support scheme. This would be less confusing for recipients; mistakes would be less likely and it would be possible to focus more on advising those who had not paid Council Tax before.

2.11 Council Tax support would need to be reviewed annually.

2.12 It was clarified that at Appendix A, description of Option 2; those on 'passporting benefits' would be not be subject to means testing by Councils, but by the Department of Work and Pensions.

2.13 With regards to a query on disincentivising work i.e. people being better off on benefit rather than at work, the workshop heard that CT support formed only a small part of any possible incentive or disincentive. The potential impact of Universal Credit would be far greater.

2.14 For a younger person accessing employment, it was relatively simple to introduce a device to enable more earned income to be kept. However 'tweaking' the system in this way to protect any particular group, needed to be demonstrably proportionate. Otherwise groups that would 'lose out' as a result may have grounds for legal challenge.

2.15 Asked about officer training, CV explained that recruitment and training in financial inclusion and financial planning would be scheduled in time to start providing advice in December.

2.16 The Chair welcomed the involvement of the Credit Union. The involvement of many different agencies could be confusing, he felt.

3 Results of consultation

3.1 Emma Daniel, CVSF Policy and Research Manager set out the consultation work that had been commissioned by the Council. This was a short timescale. A draft CVSF feedback report was tabled at the workshop and a full version would be reported to July P&R.

3.2 42 voting members mostly from Advice Services and Children and Young People's Networks had provided input to this part of the consultation. Other communities of interest would be involved more closely at a later stage.

3.3 Officers had given clear information; CVSF feedback showed that the changes had been well explained. It was also well recognised by CVSF that this was a national and not a local decision.

3.4 Child poverty was a key concern, as were younger people (under 35 years old) at the lower end of the benefit scale, and the impact that making additional top up rent payments could have, such as putting food on the table.

3.5 Overall CVSF felt there was no good option, and no scope to incentivise anything. But least worst options could be chosen. There was generally a preference for a mixture of means testing because an income-based approach was seen to be fairest - and maximum payments because of concern for younger working people on low benefits. CVSF had discussed the implications of 'fairness' and felt for instance that a single parent without support for their children should not be treated the same as a single parent in receipt of child maintenance payments.

3.6 ED noted that the 'fairest' choice was not necessarily the 'simplest' or least costly to implement. The Universal Credit announcement would be key.

3.7 CV pointed out it was most important to consider what was the best outcome for different interest groups. Many good ideas were being brought forward and the debate was helping understand the advantages and disadvantages for different households. This would help identify benefits of different elements of proposals.

3.8 Some constructive ideas such as aiming to encourage young people into work had associated financial risks at this time e.g. unclear levels of eligibility or potential legal challenge. In her view, implications of the more major changes from the introduction of Universal Credit needed to be known, before making too many early changes to the existing CB Scheme.

3.9 The workshop asked questions about child poverty in families with parents in low income jobs, referring to some 25% of children in the City living in households in receipt of CT Benefit. They asked that Members receive more information on existing caseloads, during the data-gathering process.

3.10 CV highlighted that local authorities would have regard to the changes being made at a national level. However they were not in a position to control or mitigate against them all.

4. EIA

4.1 TW referred to the draft EIA that was tabled at the workshop; this was being kept updated as information was being brought together. Training for Members was being explored via Democratic Services, she said.

5. Scrutiny Comment

5.1 The Chair said the Council did have responsibility to deal with the impact of national funding changes, even though it had no control over them, for example in children's services or homelessness. The City had areas of multiple deprivation and some families would feel the impact of a range of changes to and reductions in benefit payments. It was important to provide timely advice for vulnerable households whether in Council properties, housing associations or private rented sector, to help avoid the human and financial costs of crises, the consequences of which the council would ultimately have to deal with.

5.2 Summarising the workshop, the Chair thanked the officers and endorsed CVSF's work on developing a CT Support scheme. He asked that Councillors be kept updated as information became available so that residents' questions could be answered.

5.3 Draft notes of the workshop would go to all OSC Members and be included as an Appendix to the 12 July P&R report.



in partnership with



Brighton and Hove Council Tax Benefit Community Sector Pre-Consultation Engagement Report

June 2012

With special thanks to Paul Sweeting, Advice Strategy Project for support and information during this work.

Contact Emma Daniel: emma@cvsectorforum.org.uk or 01273 810233

CONTENTS

Introduction

The context of Welfare Benefit Reforms

In the consultation document '[21st Century Welfare](#)', July 2010, the Secretary of State for work and Pensions outlined the Coalition Government vision for Welfare Reform as follows '*...we want to begin real change to the benefits system by making it simpler and more efficient, with a view to fewer benefits, fewer layers of bureaucracy and with financial support firmly focused on making work pay...*'

The Government has also been clear that reducing the overall welfare bill is key to their programme of change. [In the comprehensive spending review of October 2010](#) the Chancellor of the Exchequer estimated savings to the public purse in the region of £18 billion.

In practical terms this means that the financial help that people on low incomes get, and the systems for applying for that help is changing radically and will continue to do so for the next few years.

Council Tax Benefit Changes

One of the things the Government is changing is the help people on low incomes can get with their Council Tax Bill. Most households are liable to pay council tax (and people can be ultimately sent to prison if they don't pay).

At present, people on low incomes can apply for Council Tax Benefit to help with their bill. When people apply, there is a system set down by the Government that determines how much people in different circumstances 'need' to live on, how much they have got coming in and how much help they should therefore get with paying their bill.

From 2013, there will be far greater flexibility for local authorities to decide **who** gets how much help. However, at the same time, the Government will be cutting 10% from the Council Tax Benefit budget. This means that it is likely that, whatever system is introduced in Brighton and Hove, there will be people on low incomes who will end up paying more council tax than they do now.

In addition, the reforms mean that people who have never had to think about paying their Council Tax will now need to budget for this bill from their benefits and may need to organise a direct debit to pay this bill. This means that there is a task in raising awareness of this change for those affected.

The local consultation & who is affected

Brighton & Hove City Council has commissioned CVSF to support voluntary and city partnership engagement in making their decision on how to manage this 10% cut in Council Tax Benefit (an estimated cut of around £2.5 million per year). The only parameter set by government is that this must not impact pensioners. This means that whilst pensioners are protected, the other categories, people on other benefits will then have a cut to their council tax benefit of more than 10%. At the moment in Brighton & Hove 10,472 claimants are pensioners; 12,956 claimants are working age but not in work, and; 4,279 are working age and in work. Excluding pensioners we think this equates to an average reduction per head of other claimants of £145.05 per year or £2.79 per week. However the amount that it affects real individuals and households depends on their specific circumstances.

The Council's Revenues & Benefits team have developed three *models for consideration*. These options and the variants within them are not exclusive and could be used in combination. Click <http://tinyurl.com/cd5hv6q> to see BHCC's John Francis explaining the three options on a video from the event and click here to view John's slides - <http://tinyurl.com/d8y64sq>

Together with Brighton & Hove City Council Officers and the Advice Strategy project CVSF has engaged the sector in the pre-consultation stage of this policy work. It is a **complex subject** and very difficult to engage those who are not already conversant with the language of welfare benefits in this work. However, we held a sector conference on the 13 June, presented to the Children & Young People's Network on 20 June and have circulated a briefing and survey to the sector via our e-lists and to the Advice Services Network. To try to encourage more engagement we tweeted events and information using the #bhctb via twitter and filmed the most technical presentations to enable others to participate. This is phase one of this project with Brighton and Hove City Council and our next steps are outlined later in this report.

Total participants whose views are incorporated into this report: 53

13 June event – 24 community & voluntary sector organisations

20 June event - 20 community & voluntary sector organisations

Online survey – 9 community & voluntary sector organisations

Panel Session from 13 June Event

Setting the scene, the context of welfare benefits reforms – some highlights from presentations (full presentations at appendices)

Word from the Chair: Peter Sutcliffe, Brighton Unemployed Centre Families Project (CVSF Rep for Enterprise & Learning)

Protecting pensioners from the cut effectively means a 19% reduction in funding for working aged people. If further exclusions are applied, this could result in some people paying a £4-5 increase per week.

There are issues around communicating the change, especially amongst people that have never paid council tax and do not know or understand what it is.

Advice organisations will need to help people manage the change, e.g. setting up a bank account or direct debit, budgeting etc.

Appeals process: what will it be and how will it work? Can the consultation process come up with ideas about how to manage that?

Paul Sweeting, Advice Strategy Project/Advice Services Network

What is 'Financial Exclusion'? a simple definition states that the less money you have, the more things cost, e.g. credit and loans, fuel (when paying using key meters and/or living in poorly insulated homes), lack of access to internet at home to get the best deals etc.

The welfare reform means that people will have *new responsibilities*, their benefits will be processed and paid differently and the people on the lowest incomes will have less to live on.

Changes being brought about via Universal Credit will mean the advice sector will be called upon to assist people in avoiding debt. At the same time, legal aid reforms will result in less funding for the largest advice services in the city; BHT and Citizens Advice Bureau.

The Advice Strategy Project recommends a Community Banking Partnership model which promotes financial wellbeing by integrating the 'ABCDE's of Financial Inclusion: Advice, Banking, Credit, Deposits (savings), Education.

Alongside this model, there is an 'Advice Hub Project Board' made up of advice services who meet to discuss ways forward. Currently they are looking at offering support to agencies to train more volunteers and colocation as ways of continuing to provide some advice with much less funding available for these services.

John Holmstrom, Brighton Housing Trust

Brighton and Hove City Council have been handed a hugely difficult task to cut £2.6m per year from the council tax benefit budget. It is vital that the community and voluntary sector work in partnership with them to make sure the needs of the most vulnerable are heard and understood.

People are faced with difficult choices about which bills to pay first and make judgements based on *their perception* of which are most important rather than those bills with the most serious consequences ie: Not

paying rent/mortgage results in eviction, not paying utility bills means being cut off and not paying council tax could lead to prison.

Private rented sector in Brighton and Hove is 24% of the total housing stock and 15% is social housing. Landlords are increasingly worried about needing the maximum rents available to make their (usually small) businesses work.

Challenges for private tenants include:

- The days of affordable rents are numbered
- Local Housing Allowance (LHA) is set at the lowest 30% of the rental market
- Restriction of single room levels of LHA extended to over 35s
- From 2013, the maximum LHA increase is limited to CPI (Consumer price index) rather than RPI (Retail price index) which means it will track a figure lower than the increase in market rents

Tools for helping claimants manage on less money include:

- Use of increased discretionary schemes and crisis loans
- Digital inclusion schemes
- Community banking
- Credit unions
- Education (e.g. non priority creditors will find it hard to get paid. This will be a challenge for Council Tax)

The future is unclear and could include further austerity measures. The government could be looking for £10bn savings in the welfare budget. Housing Benefit is £22bn and the second biggest spend after pensions. The government is considering removal of HB for under 25s in future years.

Valerie Pearce Head of City Services BHCC

We need to work together to work out what to do to support the most vulnerable people.

Wider welfare reforms will include the migration of Universal Credit, which will be paid to one person in a household monthly in arrears like a salary, with the aim of making a transition into work easier.

Government decided to exclude council tax benefit (CTB) from Universal Credit. CTB will stay with local authorities. Government say councils can decide how to pay council tax benefit and that they hold discretionary housing payments (DHP) for people in exceptional hardship, but remember in practice, the CT budget has been cut by around £2.5million and the DHP is small (£300, 000 for B&H) so it can't plug the gap alone.

In addition, the social fund currently administered as crisis loans by JobCentrePlus will migrate to local authorities which has some positive benefits to local authorities for more joined up action, however there are risks of the pot becoming depleted as the mechanism for collecting payments direct from benefits before paying them to the claimant does not belong to the local authority.

Council Tax Benefit and the challenge the city faces

Catherine Vaughan Director of Finance BHCC

26,000 people in Brighton and Hove receive CTB of which 10472 are pensioners (who are protected from the cut).

Many individuals will find themselves paying council tax for the first time which will make a big difference for many households that will need to plan for how to pay it.

The government suggest that councils could choose to top up the council tax benefit pot, but in reality this would mean taking money from other services, which are also being cut.

In addition, if B&H Council fails to implement a chosen scheme for making cuts, the government will impose a 'default' scheme which mirrors the existing one, meaning cuts will **have** to be made to other services to pay the difference.

BHCC has £400m funding that it has choices over (in addition to other protected funding, e.g. schools, housing benefit, council housing) and £16m to save next financial year. BHCC does have choices, but anything they don't cut in one service means bigger cuts elsewhere.

Other challenges include not having all the information about how universal credit will work in practice and what the rules will be, making it difficult to plan changes to the council tax discount to match up with universal credit, including how the new software system will work.

BHCC plan to finalise the scheme in October to give time for software changes to be put in place to start in March 2013.

The models open for pre-consultation 13 June & 20 June & online video

John Francis Welfare Reform Programme Manager BHCC

(See Appendix E for full presentation) or click here to see presentation <http://tinyurl.com/cd5hv6q>

To make a decision about the most effective option involves thinking about who the changes will have the most impact on and how well/easily the scheme can be explained and understood.

John explained how council tax benefit currently works, who receives it in full and what a taper is (a mechanism that can be used to incentivise work transition) ie how increases in earned income affect levels of benefit received.

The 3 Models for Pre-consultation Engagement

Model 1- Minimum Payment

Where every household is liable for a minimum charge of Council Tax before any discount can be applied to the remaining amount.

Examples of ways in which this could be applied:

- a. All working age pay a minimum of £x CT per week
- b. All working age pay a minimum percentage of their full CT liability.

Who should the council apply this ruling to?

- a. Apply to all non-pensioners
- b. Apply to all non-working households
- c. Apply to all non-working households without children
- d. Apply to all non-working households, except those on disability benefits

Model 2- Changes in rules for Means Testing

The way in which the Council Tax Benefit award is calculated can be altered, resulting in a higher eligible threshold for those who are not on a 'passporting benefit' (automatically entitled to Council Tax Benefit without means testing, e.g. JSA because they have in effect already been means tested).

Examples of how this could be applied:

- a. **Decrease capital disregard.** i.e. Claimants will be allowed to have less equity before it is included in the calculation
- b. **Increase non-dependent deductions.** i.e. non-dependent adults living with the claimant who are earning will be expected to contribute a larger amount to the household's Council Tax liability.
- c. **Adjust the taper.** i.e. each pound that is earned or saved will have a greater impact on the amount of Council Tax a claimant is liable for.
- d. **Changes to the way in which certain incomes are disregarded.** i.e.
 - Start including Child Benefit as income
 - Start including child maintenance as a form of household income
 - DLA/AA, although they would still provide beneficial premiums to the calculation
 - War Widows payments
 - Charitable payments

How much is paid depends on income levels that the household receives (there are some complexities and a lot of detail as to how this works)

Model 3 – Maximum Discount

This means a maximum amount of Council Tax Benefit would be payable. This could be fixed to apply against how many people make up the household, or to apply a maximum amount of Council Tax Support payable in correlation to Council Tax Banding.

Examples of how this could be applied:

- a. **Apply fixed amounts of Council Tax Benefit eligibility** (by % or figure) according to the household size i.e. this will mean a system similar to the current Local Housing Allowance (LHA) under Housing Benefits. It will mean that your eligibility is based on your household size and not your liable tax amount.
- b. **Limit the maximum Council Tax Benefit payable to a single amount** and apply to all cases, irrelevant of property size. i.e. those in larger properties will be responsible for a greater liability for Council Tax which won't be supported through this benefit.
- c. **Limit Council Tax Benefit** to a maximum percentage of the household's Council Tax liability i.e. You can only claim for up to 90% of the cost of the Council Tax bill you receive.

Discussion, comments and questions

Minimum payment discussion and comments:

- Single young people are now the most vulnerable due to impacts of this and other Welfare Reforms, e.g. single room rate as maximum claim
- There is an over-supply of low skilled workers meaning no incentives can genuinely work when the relevant jobs are not there
- This feels like an ideological push to get money from everyone. Measures should be based purely on income levels.
- Could this model be combined with means testing to incentivise work? ANSWER, yes that could be done.
- Concerned at the complexities of communicating any change to such large numbers of people so perhaps fairness has to be sacrificed for the ability to easily comprehend the scheme.
- This model is equivalent to the Poll Tax
- Our clients (under 35s on c£60pw) can't afford an additional £2.50 - £3 to pay Council Tax, and prison seems a very harsh punishment for this amount. They won't open their post and they won't realise that this applies to them. Even, if they do open and understand this change, the threat of criminalisation will cause serious stress to them, regardless of whether the Council intends to carry out the threat or not.
- The cost of the administration should be taken into account which means option A would be better from that point of view.

Means testing discussion and comments:

Increasing non-dependent deductions

- Where it is expected that a non-dependent (e.g. adult off-spring) in the household should be contributing, in reality it can be very difficult for the person who pays the bill to receive money from them. A lot of householders end up paying the deduction themselves.
- This can especially be a problem in households where there is domestic abuse and could indeed lead to domestic abuse.
- Many adult non-dependants will not comprehend why they should start paying a significant contribution to council tax bill when the householder is in receipt of benefits.
- Raising the bar on non-dependents could impact on homelessness as parents may feel obliged to throw their kids out at a certain age to retain their income.

Adjusting the taper

- A steeper taper would allow focus on payments for people on lower incomes

Changes to the way in which certain incomes/capital are disregarded

- It was commented that child maintenance should be considered as income in the way that it used to be. Whilst this would be much fairer in theory, a counter argument suggested that in reality a person who has been able to negotiate and organise maintenance payments from an ex-partner will be clever enough to hide the (usually cash) payments from authorities.
- Don't change the savings threshold, this will really impact low income working families who have done the right thing and been sensible, saving to meet emergencies and contingencies.
- The capital rule is currently very generous and could be dropped from £16,000 to £8,000.
- The means testing option seems the best, where all income including child benefit and maintenance are taken into account.

Linking with Universal Credit

- It was felt that if possible, means testing calculations should be linked or compatible with calculations that will happen under Universal Credit

Maximum discount discussion and comments:

- People who have partial awards are unlikely to see any difference to their current discount
- It was suggested that caps could be set differently for each property band. However, there are overwhelming numbers of claimants in property Band A, so this is unlikely to spread the cut widely enough
- It was felt that the maximum payment would incentivise work more than the minimum payment option with caveats around suitable skills/ job matches and the fact that many claimants do work

Discussion on implementation of the scheme

Communication and logistics

- There was concern about the lack of awareness about this change happening in a few months from now.
- There will be an even bigger need for advice, yet advice services are being cut. How will this need be met?
- There is a concern that people may fall through the gaps until they reach crisis. Need for structured support to targeted groups.
- How could the criminal justice system cope with the potential level of non-payment actions that could result from this policy change?
- Concerns about communication, especially with families where nobody can read and write.
- 16% of people affected by Welfare Reforms cannot read or write and the Welfare Benefit Reforms being communicated to them is a huge challenge.
- There are issues around literacy and making people aware of the changes.
- There is a concern about the change in housing benefit rule for under 35s (who can now only claim for the single room limit, meaning that most are forced to move from a single person studio/flat to shared accommodation) Currently the claim process makes it difficult for someone to make it clear they live in shared accommodation with a separate income from others in their household. It was suggested that any new system makes it clearer where financial ties exist within a household and where people are simply 'housemates'.
- Collection is likely to be problematic.
- A question were raised about software capabilities and setting up a system that can work alongside new Universal Credits system. BHCC are looking to software companies for a flexible system that can incorporate new rules/systems as they are applied.
- This policy will create costs for other parts of the Council. What other departments are involved in this process? [All depts. are involved]

Discretionary payments

- The language of discretionary payments needs to be changed and the information needs to be headlined by staff at every opportunity to ensure that it isn't only those whose crisis has got so bad that they have an adviser working with them that access this help.
- Have the ability to link CT discount with discretionary housing benefit payments for a short period of crisis time
- A further question was raised about who will be awarded discretionary hardship payments. There is no hard definition of who is entitled to these. Currently, people made representations to the council to ask for a top up.
- The process of accessing discretionary payments should be simple and easy.

- The scheme should not be too structured as it will be impossible to predict and model every situation. It should stay flexible around advice support and have plenty of referral avenues.
- There is a danger in taking a too rigid/strict structured approach to who received what discounts as this does not allow for changing circumstances or some vulnerable people falling through the net.

Vulnerabilities & Equalities Impacts

- People experiencing domestic abuse are likely to be further victimised through increased opportunities for financial abuse when benefits migrate to a single person in the household. This is almost certainly going to be accessed by the abuse. Debts and credit rating issues are already a significant issue for people fleeing abuse. Please consider these victims under the discretionary elements of any scheme.
- Central in the welfare reform agenda is the issue of digital inclusion. There is a target to get 80% of benefit applications applying online which will not be achievable without support to vulnerable people.
- A question about exemption (to the cuts) on the grounds of severe mental impairment revealed that there are no plans to change the current discounts received.
- There is already a crisis for under-35s. With only 4% of single rooms in the city available at Local Housing Allowance rates, we have experienced a sudden and dramatic rise in homeless young people and this just adds to their difficulties.
- Families are already getting into crisis through increased poverty and this will tip more over the edge which will just cost more to other budgets.
- The policy should be compliant with the Child Poverty Strategy.
- Claimants of income based JSA/Income Support/I-R ESA (+ people in abusive relationships) especially under 35s who are in shared accommodation and have joint and several liability.
- That households claiming DLA for an adult or child are exempted from cuts to CTB and therefore protected in the same way as pensioners. Research tells us that households claiming DLA are likely to be amongst the most vulnerable. They are very often living just on benefit income, juggling higher costs of living and with far fewer realistic opportunities to find paid work. Despite Government's aspirations to protect disabled people, there are already significant concerns within the voluntary sector that further consequences of the Welfare Reform Act and the introduction of Universal Credit will impact more harshly on disabled people and families with disabled children than other groups. Let's not add to the financial pressures on these households!
- Single people with no children
- Families with disabled children and children with special needs

Work Incentivisation

- There is an oversupply of unskilled labour and not enough jobs for them
- A higher disregard would incentivise people to return to work. The current £5 per week has not changed for 21 years and this needs to be addressed. (It was pointed out that £5 is less than an hour's work at minimum wage)
- To make shorter periods of work more secure for people to take on you could make the 'run on' period longer, for example someone could stop receiving benefits after 3 months of employment.
- Reporting changes to your circumstances is a really big burden and should be more flexible.
- The requirement to report for self-employed people needs clarification and could be simplified
- This should not affect low income working families. People on higher incomes should pay more council tax to compensate for this cut. [This point of view can be raised via Budget consultation as it is not in the parameters of this exercise]
- It should be remembered that 60% of children living in poverty have 2 parents in work
- The presentation did not take into account the current 65% claw back rate for Housing benefit. Therefore a total of 85% claw back for anyone in work. Incentive to work must be retained and improved - not made worse as increasing the % to CTB will do.

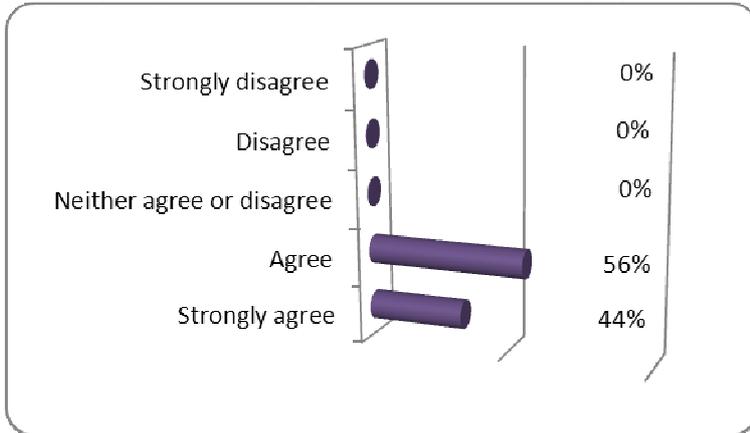
Views expressed which are outside of the scope of this pre-consultation engagement

- Could we collect council tax from better off students, a significant population in Brighton and Hove? [This is outside the scope of the primary legislation, BHCC would have no powers to do this, this comment would need to be fed into DWP]
- Can we raise money from the people who profit from these families? Landlords? And apply a business rate to cover it? A counter argument was that this would not achieve anything as the cost would just be passed on through the rent.
- Rates for landlords
- Can we put an optional box on the council tax form for those that are willing to pay more to contribute to the deficit?
- We should do a campaign to all stop paying Council Tax to prevent this happening. It's a scandal, just add 50p per week to everyone else's bill
- With legal aid going too, this means that nobody amount of money - for whom even £1-£2 is a lot. Too much time and money will be spent on the recovery process
- People just won't pay this extra money because they can't
- This is effectively a punitive measure for the poorest of people
- Raise a mansion tax on properties worth over £1m rather than try to get what to some people is a small amount of money from those who have the very least
- Discussions of other options
- A question was raised around whether there is any scope for increasing the general council tax rate. It was stated that this is a political decision and currently officers have been asked to implement a system taking into account the 10% reduction in grant from the Government

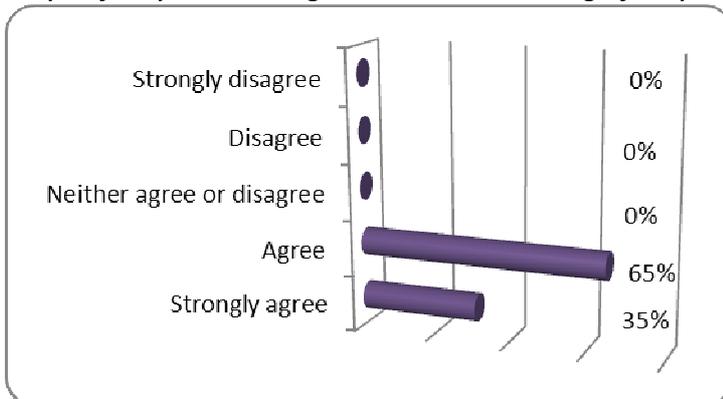
Electronic vote findings

At the end of the conference event, a series of questions were asked to assess consensus in which 17 delegates participated. In addition, 9 CVSF members took part in an online survey. The results have been combined and are presented below:

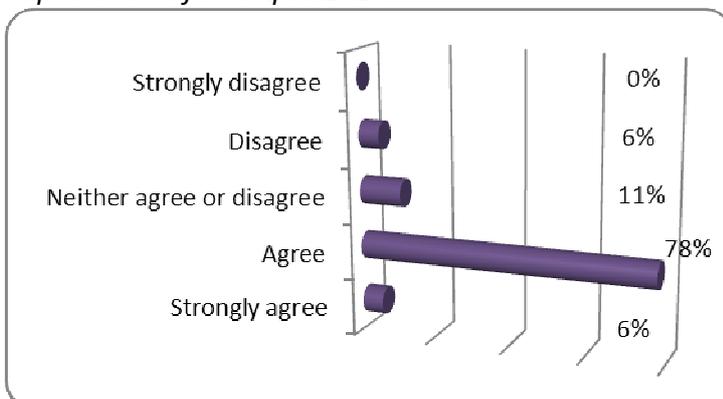
1. *Do you feel you have a greater understanding of the planned changes to council tax support in the city?*



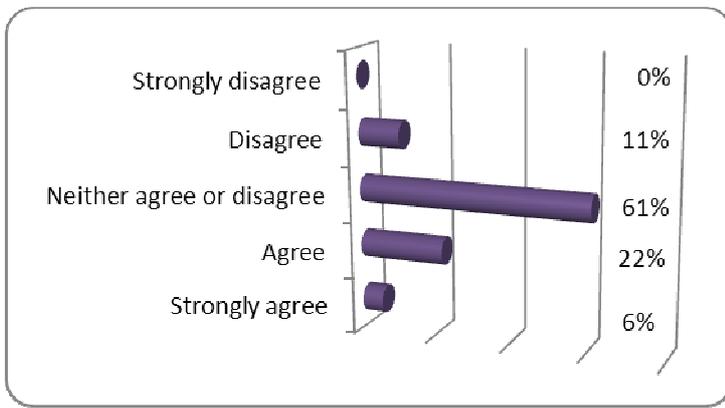
2. *Do you feel you have a greater understanding of why these changes are happening?*



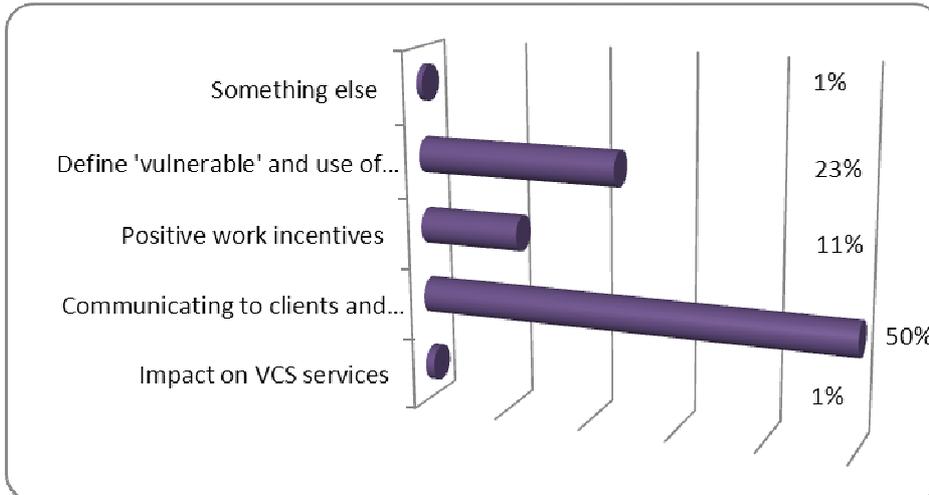
3. *Do you feel you have had the opportunity to influence the model of council tax support that will be implemented from April 2013?*



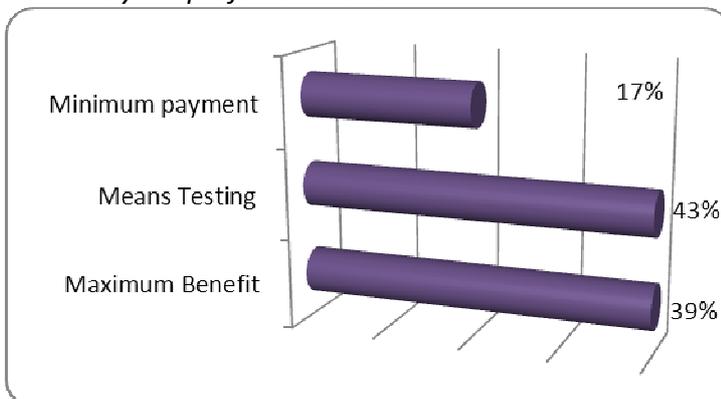
4. *Do you feel that impacts on different communities were fully considered and understood?*



5. What do you think is the most important aspect for further discussion and engagement?

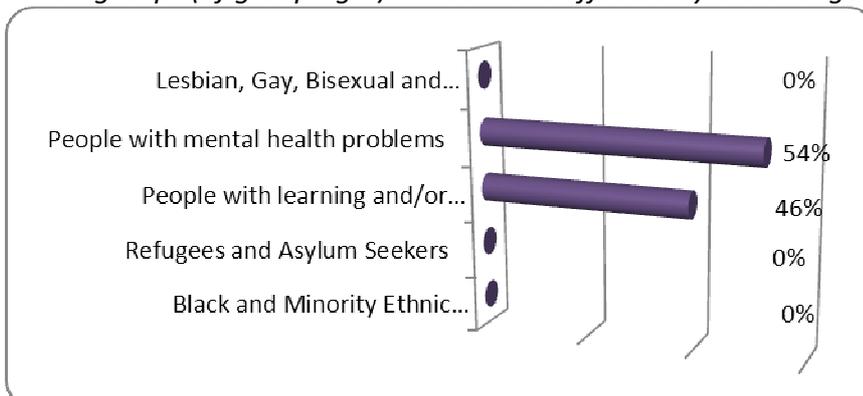


6. Which is your preferred model?

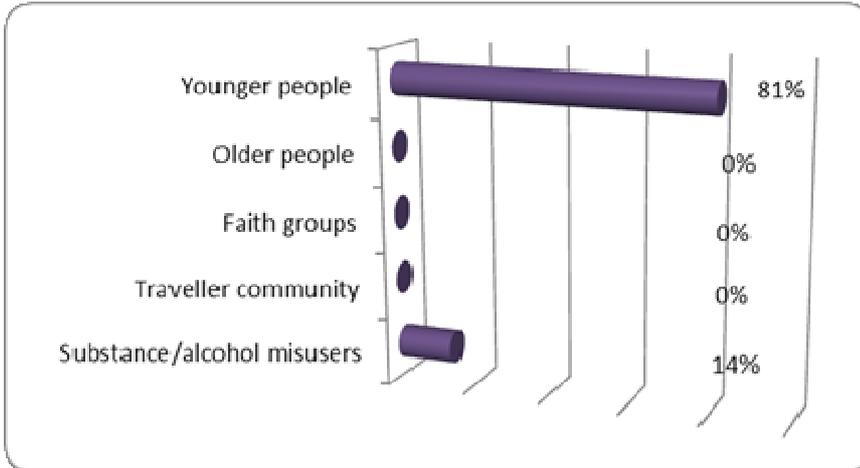


Please note that online people could choose more than one option hence % do not =100

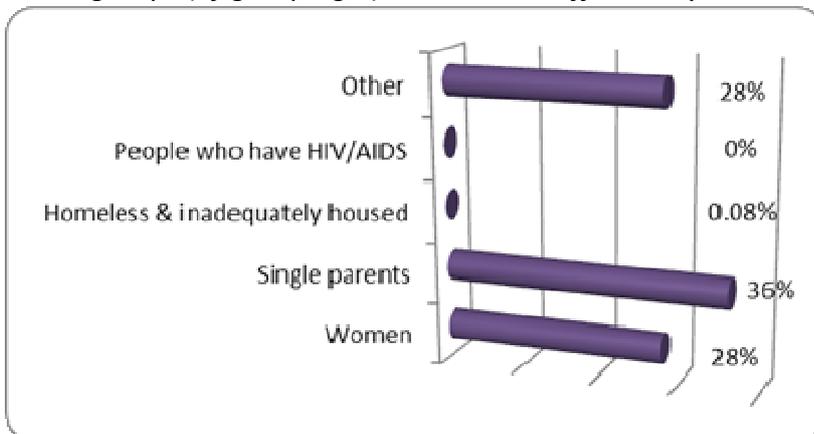
7. Which groups (of grouping A) will be more affected by the changes?



8. Which groups (of grouping B) will be more affected by the changes?



9. Which groups (of grouping C) will be more affected by the changes?



Consultation timetable and next steps

Consultation timetable

- In addition to this conference held on the 13 June and a visit to the CYP Network, CVSF will be carrying out online consultation work with our members. Our report will be published on 29 June in time to influence the Policy & Resources Committee recommendations in mid-July.
- An initial Equalities Impact Assessment will be done by Brighton & Hove City Council and this draft will be circulated to members for comment. In addition, our Equalities reps and network will have a facilitated session in July to develop this document further.
- The recommendations will go out to formal consultation in July and will be online via BHCC's consultation portal
- Subject to legislation being passed during the proposed timetable the changes will take effect from April 2013.

CVSF's Next Steps

A video to view <http://tinyurl.com/cd5hv6q> is still available.

CVSF will promote the formal consultation (to take place during July and August) and will be conducting outreach to community groups and organisations during the formal consultation period. This will include gathering feedback and ideas around the preferred model, to minimise negative unintended consequences and get the detail right as far as possible. This will also involve designing ways of encouraging the sector to feed in community priorities.

CVSF will also be creating an interactive tool to capture 'live' impacts of the Welfare Benefit Reforms on individuals and communities within the city, which will enable decision makers and activists to respond quickly to emerging needs. This part of the project will start in August 2012.

In addition, the CVSF Equalities Network will assist BHCC to develop its Equality Impact Assessment (EIA) in July 2012.

Subject to legislation being passed during the proposed timetable the changes will take effect from April 2013.

Tweeters can join the debate using #bhctb

Appendices

(Click pictures to open files)

Appendix A: Paul Sweeting, Advice Strategy Project/Advice Services Network presentation

Financial Inclusion, Advice Partnership & Welfare Reform



Paul Sweeting, Brighton and Hove Advice Strategy Project. 13/08/12



Appendix B: John Holmstrom, Brighton Housing Trust presentation

Council Tax Benefit Changes – A Housing Perspective

John Holmström
Assistant Chief Executive BHT
Chair Brighton and Hove Advice Partnership
CVSF Housing Network Representative



Appendix C: Valerie Pearce Head of City Services BHCC presentation



Appendix D: Catherine Vaughan Director of Finance BHCC presentation



Council Tax Support Consultation
13th June 2012

Catherine Vaughan
Director of Finance, Brighton & Hove City
Council



Appendix E: John Francis Welfare Reform Programme Manager BHCC presentation



Appendix F: Attendees and participants

Online survey 19/06 – 28/06

- Hangleton Community Centre
- The Fed
- Amaze
- Plus 6 other organisations

Event 13/6

Angela Stripp	Guinness Partnership
Angie Emerson	Brighton & Hove City Council
Ann Tizzard	Knoll Community Association
Christine Easterbrook	RISE (Refuge, Information, Support and Education)
Clara Donnelly	Brighton & Hove City Council
Danny Murphy	BHT - Advice Centre
Dawn Devaney	BHT - Advice Centre
Emma Parker	Welfare Rights Project (Brighton Unemployed Centre Families Project)
Fay Blockey	B&H CAB
Heather Moston	BHT - Advice Centre
James O'Connor	Welfare Rights Project (Brighton Unemployed Centre Families Project)
John Heys	Brighton & Hove City Council
John Holmstrom	Brighton Housing Trust (BHT)
Julie O'Hara	Welfare Rights Project (Brighton Unemployed Centre Families Project)
Kim Tugwell	Sussex Deaf Association
Lisa Mytton	Community & Voluntary Sector Forum
Margaret Carey	Money Advice and Community Support Service
Michael Petek	Welfare Rights Project (Brighton Unemployed Centre Families Project)
Paul Sweeting	Advice Strategy Project
Peter Sutcliffe	Brighton Unemployed Centre Families Project
Rosie Iles-Jonas	RISE (Refuge, Information, Support and Education)
Sarah Colombo	Brighton & Hove City Council
Sarah Ford	Brighton & Hove City Council
Shanti Haft	Welfare Rights Project (Brighton Unemployed Centre Families Project)
Steve Chapman	Hanover Community Association
Sue Shaw	Brighton Women's Centre
Thelo Clarke	The Fed Centre for Independent Living
Zoë Peppiatt	Southern Housing Group

Event - 20/6

Adam Muirhead	Trust for Developing Communities
Ben Glazebrook	Young People's Centre (Impact Initiatives)
Bethan Prosser	MOSAIC
Caroline Smith	Brighton Unemployed centre's Families Project

Dave Higgins	The Young Carers Project (The Carers Centre)
Donna Davidson	BHIP
Jess Wood	Allsorts
Jo Wren	MIND B&H
Joanna Martindale	Hangleton & Knoll Project
Jo Parker	Brighton Oasis Project
Joanna Tolley	Prince's Trust
Lis Gohrisch	Daybreak
Louise Stone	Adventure Unlimited
Lynne Charmer	Safety Net
Polly Hunt	Dialogue Therapeutic and Family Services
Samantha King	Fun in Action for Children
Signe Gosmann	Trust for Developing Communities
Sophie Franzen	The Bridge
Sue Heskin	Tarnerland Youth Project
Terri Fletcher	Safety Net
Yael Breuer	Sussex Clubs for Young People

D G Prichard OBE, QFSM, CDir
Chief Fire Officer & Chief Executive

East Sussex Fire & Rescue Service
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In the case of emergency please dial 999

Catherine Vaughan
Director of Finance
Brighton & Hove City Council
Kings House
Grand Avenue
Hove
BN3 2SR

12 June 2012

please ask for
Warren Tricker
warren.tricker@esfrs.org

our ref

your ref
CV/JEF

Dear Ms Vaughan

Local Council Tax Support Scheme

Thank you for your recent invitation to influence the consultation process on the above subject. Brighton & Hove City Council is to be congratulated on the early commencement and invitation to consult. Whilst we recognise it is for the respective billing authorities to determine ultimately the most appropriate local ways forward, the opportunity to participate in your early strategic consultations is much appreciated bearing in mind the consequences upon precepting authorities such as ourselves.

We have already advised members of East Sussex Fire Authority to recognise the potential and serious financial consequences arising from the government's policy proposals for the localisation of Council Tax benefit upon the whole of local government; the criticality of the timescales involved in resolving related recovery /mitigation policies; and the significance of the differential effects on an area by area basis and the combined potential consequences upon our medium term spending plans.

The most critical issues for us, are to seek confirmation that the advocated approach(es) will best protect long term council tax yield; reduce potential early year losses to minimum levels; and be based upon sensible and prudent presumptions so that such projections of yield are reality based and we are not left with collection fund losses to deal with in retrospect. I doubt whether this differs much from any other authorities' respective goals on this issue.

Your papers give a very clear indication of the scope of likely adverse impacts on some of the poorest households and, from a risk perspective, the Authority recognises that these will include some of our own highest risk groups. However, the Government's strategy is clearly aimed at the Council Tax Benefit system and the Authority would expect that the savings to be found from within those arrangements and not 'passported' on so that precepting authorities such as ESFRS (or the billing authorities themselves) were left with having to absorb any funding gaps.

I am advised that our Treasurer, Mr Duncan Savage, will now attend East Sussex Financial Officer Association meetings to liaise with the other billing authorities covering our area and provide a Fire Authority viewpoint. I would presume that there is at least some strategic finance dialogue between the City and ESFOA officers on proposed options for the future to seek to prevent our respective local communities and council tax payers seeing very different principles, or practical working arrangements emerge that might prove locally divisive and create potential political tensions via any resultant confusion by local council taxpayers and benefit claimants on any such differences. However, I suspect that you have already well-established links to ESFOA members on this issue.

Turning to the City Council's consultation proposals, as indicated above, our strategic objectives are clear – financial risk minimisation in both short and long term; realistic projections of yields from the outset; whilst understanding the social impacts that may arise seeking reassurances of equitable and fair treatment for local vulnerable people and consistency of approach in so far as this proves possible. You have an unenviable task....

As these strategic goals are reasonably clear, I would suggest that the detailed stages of your consultations are undertaken through the Treasurer, Mr Duncan Savage. Duncan will call upon any individual members of the financial services teams in ESCC or ESFRS as required.

I would suggest that future consultations may cover the following generic topics to ensure officers can respond to any ESFA concerns arising:

- a) Progress with research on suggested strategic options, yields and related degrees of risk - high, medium, low, timecales etc.
- b) Expected equality and diversity assessment outcomes and mitigation plans, if any
- c) Initial Feedback from other stakeholders if any
- d) Setting City Council options into context of other local approaches – to what extent is their commonality of approach /differences and underlying reasons.
- e) What we can do to assist, if anything – i.e. further sources of information; public messaging /comms and sign pointing etc.
- f) How we might best use any communications with those adversely affected to offer services which might be useful to them of which they may not be aware.
- g) Seeking endorsement of the 'best' outcome based approach

Yours sincerely,

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE