

Localising Support for Council Tax

Consultation Options

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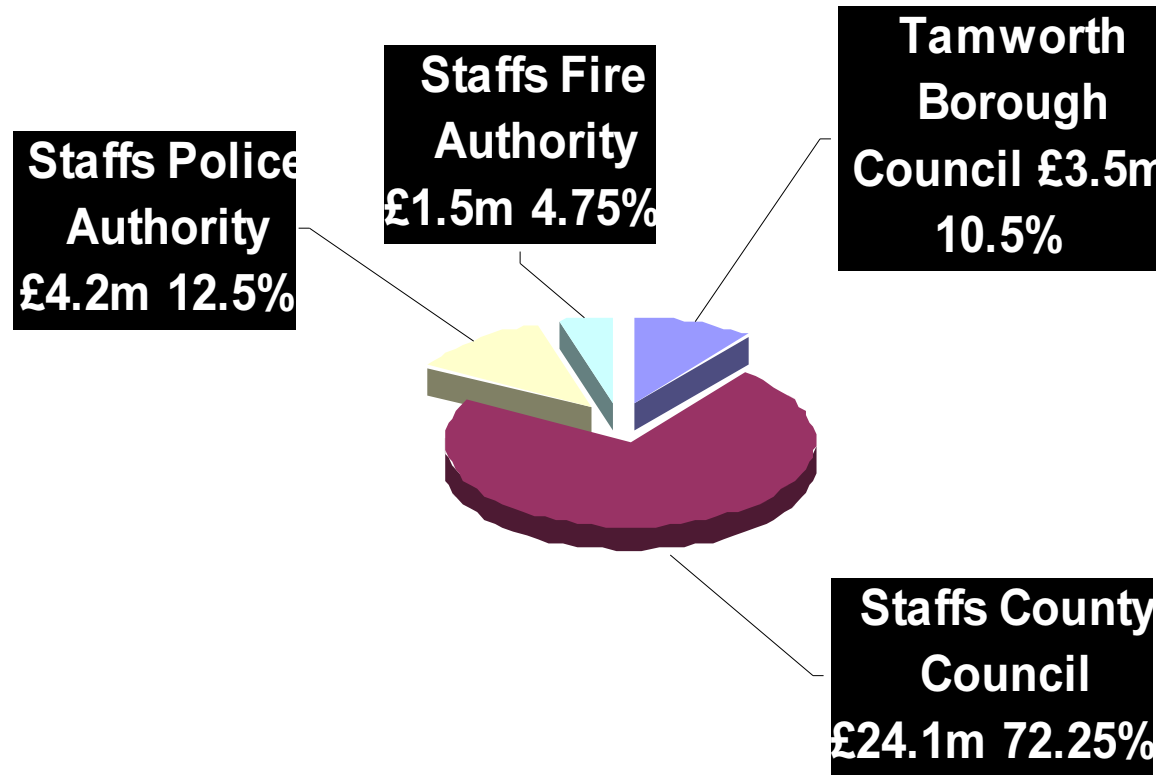


Welfare Reform Act 2012 and Local Govt Finance Bill

- [The Spending Review 2010](#) confirmed that support for Council Tax would be localised from 1 April 2013
- [Welfare Reform Act 2012](#) abolishes Council Tax Benefit wef 1 April 2013
- Grant funding for Local Council Tax Support (LCTS) will be reduced by 10% and distributed by DCLG rather than DWP
- Purpose of today is to advise Cabinet of what the grant reduction means, to inform on options available to bridge the gap in funding and request consideration of Local Council Tax Support scheme options – with a decision sought at Cabinet on 15th August on the chosen option, which will then be subject to public consultation

£33.3m Council Tax collected by Tamworth – preceptor split

Precepting Composition 2012/2013



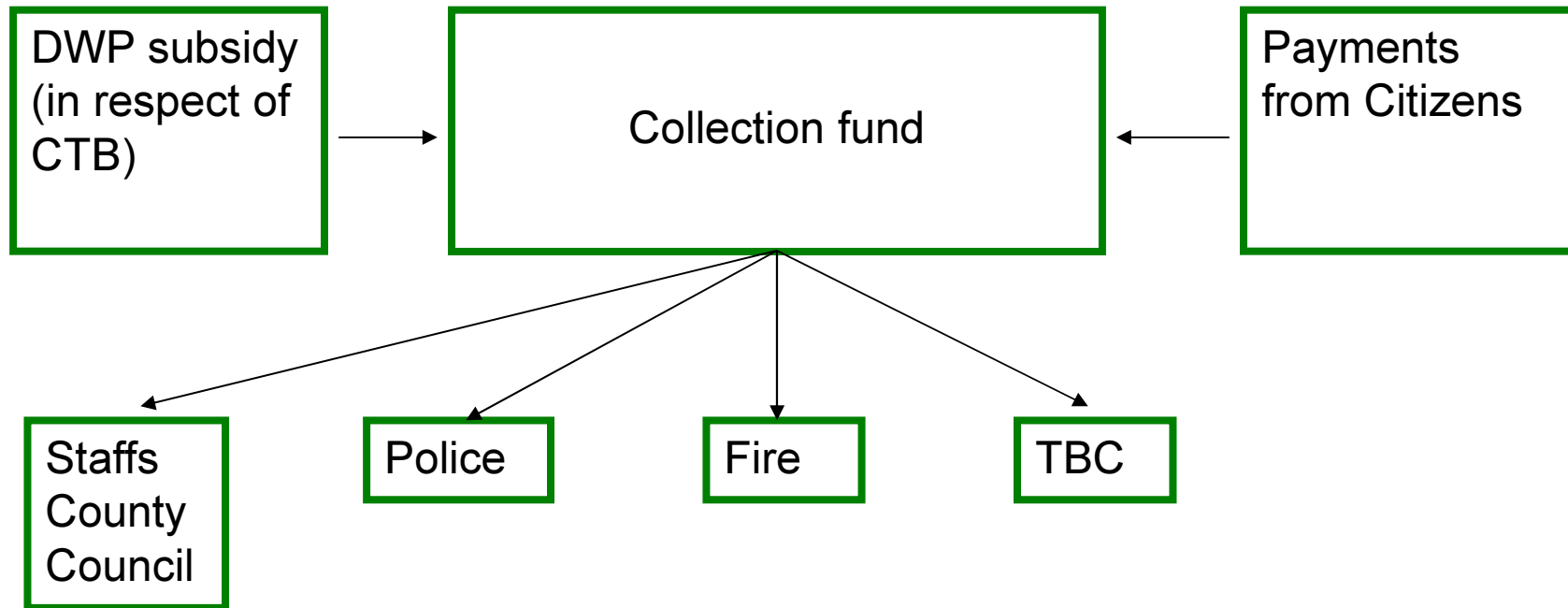
Council Tax base – current arrangements

Measures number of dwellings that we can raise Council tax from

Number of chargeable dwellings

- addition for growth
- adjusted to reflect discounts and exemptions
- converted to band D equivalent
- reduction for projected rate of collection and successful appeals

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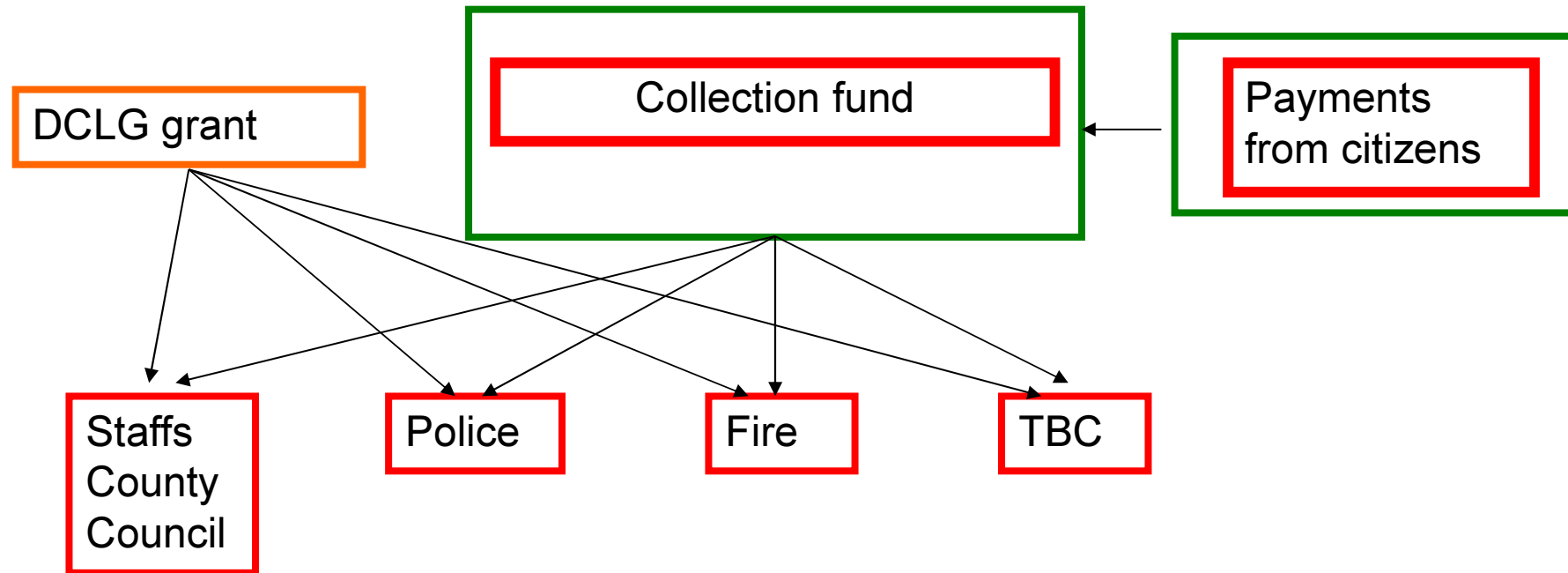


Council Tax base –1st April 2013

Measures number of dwellings that we can raise Council tax from

Number of chargeable dwellings

- addition for growth
- adjusted to reflect discounts and exemptions
- further adjusted to reflect local support for Council Tax
- converted to band D equivalent
- reduction for projected rate of collection and successful appeals



What is Localised Council Tax Support?

- Council Tax Benefit will be abolished and replaced with a Local Support scheme. Our replacement scheme has to be approved by full Council before 31/01/13 - Cabinet are today asked to consider the consultation options for our Local Scheme for Working Age claimants – options decision to be made at Cabinet on 15th August
- Support will be treated as discount for Council Tax base calculation purposes
- But – will still be a means-tested benefit for Pensioners under the new regulations – and will remain a means-tested scheme for those of Working Age under the local policy

Designing a Local Scheme

DCLG advice –

- local schemes should encourage work incentives
- consider the most vulnerable, to mitigate the effects of child poverty and homelessness
- consider welfare needs of disabled people – but there is no official definition of ‘vulnerable’
- Pensioners will be protected via a new national scheme that mirrors the current Council Tax Benefit calculation

Council Tax Benefit vs Council Tax Support

Council Tax Benefit	Council Tax Support	Impact
Demand led – funding claimed back from DWP at end of year under AME rules	Funding limited – fixed value grant under DEL rules Funding is £10% less than current subsidy claimed as Council Tax Benefit	£600k-£700k reduction in funding for Tamworth, Staffs County Council and the Fire Authority
Counts as a payment towards Council Tax liability	Counts as a discount to Council Tax – reduces the tax base	Council Tax base reduces from 23,378 to approx 19,930 Equates to reduction in income to TBC of approx £586k, offset by grant of £521k = £65k net loss to TBC from April 2013

Council Tax Benefit vs Council Tax Support

Council Tax Benefit	Council Tax Support
National rules that run from year to year for pensioners and Working Age	National rules for pensioners For Working Age, Councils will have their own scheme which will need to be reviewed as part of budget setting each year
Any growth in caseload is covered by government subsidy	The Council and its preceptors must fund additional (unpredicted) caseload from its own budgets, in year, whilst maintaining protection to pensioners

Localising Council Tax Support

- We must take into account changing demographics and funding reductions
- If a scheme is not in place by 31/01/13, the default scheme will be imposed (existing CTB scheme) which we cannot afford as is currently based on AME – Annual Managed Expenditure (open pot) – and new scheme will be based on DEL – Departmental Expenditure Limit (closed, fixed pot)

The Staffordshire Framework – agreed *considerations*

Claims based on maximum of Council Tax Band D liability

Claims based on xx% less liability – option to consider protection for those not expected to work through disability

Claims based on xx% of current CTB award – option to consider protection for those not expected to work through disability

Second Adult Rebate not retained for Working Age

*** £25 earnings disregard (future option, subject to software capabilities)*

3 rates of non dependent deductions - £0, £5 and £10

capital cut off at £6k for non passported cases

*** Count Child Benefit and maintenance as income*

Provision for a Hardship Fund – from Contingency budgets and subject to BRG consideration

Each authority is considering how best to achieve savings from its Working Age claim base, using some or all of the above criteria

Current Council Tax Benefit caseload

7150 total caseload @ 02/07/12

<i>Pensioner</i>	3532	49.4%
on full benefit	2243	
on partial benefit	1289	
<i>Working age</i>	3618	50.6%
on full benefit	2478	
on partial benefit	1140	

Where can these savings be made?

From working age customers *only*, which is 50.6% of current Council Tax Benefit caseload

Working Age caseload demographics

Passported Claims

	number	total ctb £	average award
Single - Income Support	1,063	£822,828.24	£774.06
Single - JSA (IB)	401	£304,889.00	£760.32
Single - ESA (IR)	439	£340,644.72	£775.96
Couple - Income Support	238	£239,963.88	£1,008.25
Couple - JSA (IB)	182	£184,644.72	£1,014.53
Couple - ESA (IR)	155	£157,971.32	£1,019.17
	2,478	£2,050,941.88	£827.66

Working and non passported claims

Single and Disabled	150	£95,644.12	£637.63
Single (Family or Lone Parent)	439	£215,844.20	£491.67
Single (Other)	227	£122,607.68	£540.12
Couple and Disabled	91	£67,353.00	£740.14
Couple (Family or Lone Parent)	206	£142,262.12	£690.59
Couple (Other)	27	£17,810.52	£659.65
	1,140	£661,521.64	£580.28

Working age caseload breakdown

- 1301 Income Support
- 583 Jobseekers Allowance (IB)
- 594 Employment & Support Allowance (IB)

- 390 non primary benefits
- 750 work
 - 71 < 16hrs pw
 - 679 > 16hrs pw

Current Council Tax Benefit working age net liability profile

Net Liability Profile	Working Age		Council Tax Band	Working Age		
	No	%		No	Total	Ave
£0	2,711	74.9%	A	2,167	£1,535,194.44	£708.44
£0 to £50	49	1.4%	B	1,186	£932,454.12	£786.22
£50 to £100	63	1.7%	C	173	£151,019.96	£872.95
£100 to £150	40	1.1 %	D	57	£53,711.84	£942.31
£150 to £200	94	2.6%	E	28	£28,821.52	£1,029.34
£200 to £250	53	1.5%	F	7	£11,261.64	£1,608.81
£250 to £300	62	1.7%	G	0	£0.00	£0.00
£300 to £400	118	3.3%	H	0	£0.00	£0.00
£400 +	428	11.8%	I	0	£0.00	£0.00

Almost 75% of working age CTB recipients currently pay £0 towards their Council Tax liability

Working age caseload breakdown –who is vulnerable?

At least 168 claimants are severely disabled

At least 443 claimants are disabled

152 claimants have disabled children

845 claimants have children aged < 5

The Staffordshire agreed definition of vulnerable is those who are not expected to work because of disability, which excludes claimants with children aged <5

What are the choices?

1. Adopt the default scheme (potentially doubling financial impact from £65k to £130k)

How can we make the savings? -

- a) Reduce or remove services to make the required savings from the grant cuts;

(which services are reduced or removed?)

or

- b) Increase Council Tax by an extra 2-4% which would trigger a referendum.

2. Implement a Local Council Tax Support scheme, absorbing the funding cuts)

(Preferred option – Pan Staffordshire working group).

How can we make the savings?

Savings can be made from a Localised Scheme for working age claimants

DCLG will design statutory regulations for Local Council Tax Support for pensioners

£600k - £700k must be saved from the current Council Tax Benefit subsidy received (£5.5m) – we can also consider technical reforms of Council Tax

Modelling tools have been used to analyse the financial impact of current Council Tax Benefit caseload, to form consultation options

Option 1 - Local Council Tax Support Scheme – Protecting only Pensioners

		£ savings
1	Calculate based on maximum 75% liability	£775,000
2	Reduce current CTB by 20% and include Child Benefit as income*	£752,000
3	Reduce current CTB by 25%	£703,000
4	Calculate based on maximum of 78% of liability	£700,000
5	Calculate based on maximum of 85% of liability and include Child Benefit as income*	£680,000
6	Calculate based on maximum of 80% of liability	£641,000
7	Reduce current CTB by 15% and include Child Benefit as income*	£578,000

*including Child Benefit as income will affect non passported claims only

Some potential adverse impact may occur as supporting vulnerable adults is a very high cost to the Council and more and more people require the Council's support.

For these reasons the Council has to consider doing things differently

Option 2 – Local Council Tax Support Scheme – Protecting pensioners and all severely disabled/disabled/claimants with disabled children – consultation options

	£savings
1 Calculate based on maximum 70% liability	£735,000
2. Reduce current CTB by 32%	£708,000
3. Reduce current CTB by 30%	£667,000
4. Calculate based on maximum 75% liability	£625,000
5. Reduce current CTB by 25%	£564,000
6. Calculate based on maximum 78% liability	£560,000

Some potential adverse impact may occur as supporting vulnerable adults is a very high cost to the Council and more and more people require the Council's support. For these reasons the Council has to consider doing things differently

**Option 3 – Local Council Tax Support scheme –
Protecting pensioners and *only* severely disabled working age claimants
– consultation options**

	savings £
1. Calculate based on maximum 75% liability	£774,000
2. Reduce current CTB by 27%	£724,000
3. Reduce current CTB by 26%	£698,000
4. Reduce current CTB by 25%	£673,000
5. Calculate based on maximum 78% liability	£662,000
6. Calculate based on maximum 80% liability	£607,000

Some potential adverse impact may occur as supporting vulnerable adults is a very high cost to the Council and more and more people require the Council's support.
For these reasons the Council has to consider doing things differently

Analysis based on disability

- If all severely disabled working age claimants are protected, this will cost £30,000 - £40,000 p.a (included in consultation options)
- If *all* disabled claimants and claimants who have disabled children are protected, this will cost £110,000 p.a (included in consultation options)
- Total of £140,000 - £150,000 p.a to protect working age claimants currently in receipt of Council Tax Benefit who are disabled or who have a disabled child

However – these are provisional figures - the number of disabled claimants will be higher (current Benefits data cleansing exercise being undertaken which will give more accurate figures before consultation starts)

Case studies – £ benefit reduction with 75% maximum liability

Protecting Pensioners only

- -£3.42 pw for Lucy, lone parent on Income Support with 3 children in Band A property
- -£4.56 pw for Gary and Gail, couple on Jobseekers Allowance in Band A property
- -£5.30 pw for Sarah, lone parent who works and has 3 children
- -£5.30 for Paul and Caroline – Mr is disabled, Mrs works and they have 2 children

£775k savings

Protecting Pensioners and only severely disabled claimants

- -£3.42 for Lucy
- -£4.56 for Gary and Gail
- -£5.58 for Sarah
- -£5.58 for Paul and Caroline

£735k savings

Protecting Pensioners and all disabled claimants

- -£3.42 for Lucy
- -£4.56 for Gary
- -£5.58 for Sarah
- -£5.58 for Paul and Caroline

£625k savings

Case studies – effect of 25% overall reduction in benefit

Protecting Pensioners only

- -£3.42 pw for Lucy, lone parent on Income Support with 3 children in Band A property
- -£4.56 pw for Gary and Gail, couple on Jobseekers Allowance in Band A property
- -£3.87 pw for Sarah, lone parent who works and has 3 children
- -£2.11 pw for Paul and Caroline– Mr is disabled, Mrs works and they have 2 children

£703k savings

Protecting Pensioners and only severely disabled claimants

- -£3.42 pw for Lucy
- -£4.56 pw for Gary and Gail
- -£3.87 pw for Sarah
- -£2.11 pw for Paul and Caroline

£673k savings

Protecting Pensioners and all disabled claimants

- -£3.42 pw for Lucy
- -£4.56 pw for Gary and Gail
- -£3.87 pw for Sarah
- -£2.11 pw for Paul and Caroline

£565k savings

75% max liability v overall 25% net reduction

% liability	100%	75%	25% (reduction to net award)
Max Council Tax to be used in calculation	£21.23	£15.93	£21.23
-20% of excess income	<u>(£ 5.76)</u>	<u>(£ 5.76)</u>	<u>(£ 5.76)</u>
Weekly award	£15.47	£10.17	£15.47 – 25% = £11.60 *

* This shows earners and others not on passported benefit will lose less benefit if scheme is based on overall % net reduction

Case Studies – Working Age

Average £ Council Tax Support payable

Description	Current Average CTB award	75% max liability for all Working Age (1) £775k savings	75% max liability Severe Disability only protected (2) £744k savings	Average weekly CTB loss as per (1)	75% max liability all Disabled protected (3) £625k savings	Average weekly CTB loss as per (3)
Passported/severe disability (145)	£14.21	£10.65	£14.21	−£3.56	£14.21	£0.00
Passported/disability (264)	£17.92	£13.44	£13.38	−£4.48	£17.92	£0.00
Passported/disabled child (102)	£17.02	£12.77	£12.74	−£4.25	£17.02	£0.00
passported – other (1949)	£15.70	£11.78	£11.61	−£3.92	£10.96	−£4.74
non passported War Pension/War Disability (2)	£9.90	£7.42	£9.90	−£2.48	£9.90	£0.00
non passported/severe disability (23)	£13.88	£8.93	£13.88	−£4.95	£13.88	£0.00
non passported/disability (179)	£12.96	£9.44	£8.66	−£3.52	£12.96	£0.00
non passported/disabled child (50)	£12.41	£9.10	£7.75	−£3.31	£12.41	£0.00
non passported/working (691)	£9.98	£7.23	£5.86	−£2.75	£5.04	−£4.94
non passported – other (188)	£12.71	£8.62	£8.37	−£4.09	£7.80	−£4.91

Additional savings

Possible adjustment	Saving	Impact	Risk
Calculate on max Band D	£10k	35 customers	minimal
End Second Adult Rebate scheme	£6k	22 customers	Minimal
Count Child Benefit as income	£183k	525 customers Affects non passported cases and will remove all benefit for 25% of earners	Reduces or removes support paid to working families and does not support the Make Work Pay agenda
Increasing non-dependent deductions	£16k	276 cases have to pay between £0.10 and £3.45 extra for each non dependent living with them.	Non-dependents do not pay which puts claimant under greater financial pressure
Capital cut off @ £6k for non passport cases	£13k	17 cases	minimal
TOTAL IF ALL INCLUDED	£228k		
TOTAL IF ALL EXCEPT CHILD BENEFIT INCLUDED	£45K		

Preparing for Public Consultation

- **Full, detailed Local Council Tax Support Scheme** has been drafted, subject to the options choice and amendments pre/post consultation
- **Summary Local Scheme policy** has been drafted, subject to the options choice and any amendments pre and post consultation, which will be available as part of the consultation exercise
- **Vulnerability Policy** has been drafted which is subject to alteration dependant on decisions made about the definition of vulnerable, and will be available as part of the consultation exercise
- **Equality Impact Assessments** have been made, subject to the agreed definition of vulnerable and any amendments pre and post consultation

Summary

Cabinet is requested to take time to consider the information given today

On 15th August, Cabinet will be asked to choose Option 1, Option 2 or Option 3 of the proposals listed for a Local Council Tax Support Scheme. Public consultation will then begin on the chosen option, for at least an 8 week period

- Consultation will be made with all stakeholders
- All current benefit recipients will be sent a paper consultation, to encourage maximum feedback
- On-line consultation will be encouraged
- 3 focus groups will be held in September 12

Consultation - timeline

decide a draft scheme for consultation	Options to Cabinet 25/07/12 Decision at Cabinet 15/08/12	
consult with County and Fire preceptors	Consultations have been ongoing via Staffs group	Have been consulted via SFOG. Local meeting to be arranged
publish draft scheme	End Aug 12	Joint procurement with Staffs District Councils for organisation to produce this document is complete
Carry out public consultation	Sept – Oct 12	To be ran locally in each Authority and facilitated by Staffordshire & SOT Strategic Research Group
Analysis of responses	Ongoing – finalised end Oct 12	
Approve final scheme	Cabinet Nov 12 Full Council Nov/Dec 12	

And other major changes.....a reminder.....

- Social Fund will be abolished and replaced with a local support scheme, to be commissioned to district LAs by Staffs CC
- Fairer charging and Welfare Benefits Advice will be delivered locally – also commissioned by Staffs CC. **Our replacement schemes have to be ready to deal with customers on 01/04/13**
- Introduction of Universal Credit and preparations for this
 - **Under-occupation (bedroom tax) starts 01/04/13**
 - **Benefit cap starts 01/04/13**
 - **Single Fraud Investigation Service – wef April 13?**
 - **Reform of private sector rent amounts (LHA) already started**
 - **Universal Credit – direct rent payment to customers starts Oct 2013**

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