

**WYRE FOREST DISTRICT COUNCIL**  
**CABINET**  
**23<sup>RD</sup> OCTOBER 2012**  
**COUNCIL TAX BENEFIT REFORM**

<b>OPEN ITEM</b>	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	<b>Stronger Communities</b>
<b>CORPORATE PLAN PRIORITY:</b>	<b>Delivering Together with Less</b>
<b>CABINET MEMBER:</b>	<b>Cllr. Nathan Desmond</b>
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<b>Date</b>	<b>23rd October 2012</b>
<b>Appendix 1</b> <b>Appendix 2</b> <b>Appendix 3</b>  <b>Appendix 4</b> <b>Appendix 5</b>	<b>Options Consulted On</b> <b>Comments from the Consultation</b> <b>Worcestershire County Council</b> <b>Response</b> <b>Results from Consultation</b> <b>Draft Policy and guidance for the</b> <b>Hardship Scheme</b>

## **1 PURPOSE OF REPORT**

- 1.1 This report sets out the feedback from the consultation on the Council Tax Discount Scheme (CTDS) which the Council will have to introduce following the Government's decision to replace the national Council Tax Benefit (CTB) scheme with a localised CTDS.
- 1.2 The report outlines the feedback received from proposed options for the scheme which were available for consultation for a 12 week period from 23<sup>rd</sup> July 2012 to 15<sup>th</sup> October 2012.
- 1.3 The results from the consultation have helped the Cabinet refine the details of the proposed scheme and this report also sets out Cabinet's proposal for the final scheme.
- 1.4 The proposed scheme, following the consultation responses, will be recommended by Cabinet to Overview and Scrutiny Committee for consideration. The Overview and Scrutiny Committee will then make recommendations on the scheme to Cabinet and then will be taken to Full Council in November, where a decision on the final scheme will be made. This means there will be sufficient time for consideration and debate by councillors prior to any decisions being taken on the final scheme.
- 1.5 The Council also has the opportunity to change some of the Council Tax discount exemptions which are currently available. Whilst these exemptions are outside of the CTDS these have been considered alongside the CTDS and are also included in this report.

## 2 RECOMMENDATION

**The Cabinet are asked to recommend to Overview and Scrutiny Committee that:**

- 2.1 The principles for the scheme as set out in paragraph 5.3 are approved.
- 2.2 The changes to the Council Tax exemptions as set out in paragraph 5.6 are approved.
- 2.3 The changes to the eligibility criteria for access to Council Tax support as set out in paragraph 5.12 are approved.
- 2.4 Option 3 is adopted and limit the support available to people of working age to 90% of their Council Tax liability.
- 2.5 A Hardship Fund is created with a maximum contribution from WFDC of £25,000 per annum and approve the proposed criteria for administering the fund included in Appendix 5.

## 3 BACKGROUND

- 3.1 The Government intends to localise support for CTB from 2013/14 and this is being put into effect by the Local Government Finance Bill, currently before Parliament. The main effect of this is to reimburse councils only 90% of the current costs of granting CTB. This 10% reduction in grant funding for the Wyre Forest district with a current CTB cost of £8.51M equates to a shortfall of £851,000 per annum. If the Council took no action, the amount of the shortfall which must be financed by Wyre Forest would be approximately £111,000. If the shortfall was to be funded from Council Tax this would equate to a 1.6% increase to the Council Tax payers.
- 3.2 The 90% of current grant will continue to be funded by Government at a set amount. Any increase / decrease in the level of Council Tax Discount due to demographic pressures will then fall to the local government family to finance.
- 3.3 The Government has decided that pensioners must remain protected from any reductions compared to the current Council Tax Benefit scheme and we may also have to consider protection of other vulnerable groups.
- 3.4 At the same time some of the current mandatory exemptions that are offered on Council Tax will cease. It will then be a local decision if these exemptions will continue and at what level.

## 4 KEY ISSUES

### Cost Implications

- 4.1 The estimated cost of the reduction in CTB grant will fall upon local authorities using the usual collection fund percentages as shown in Table 1 below.

Table 1: Local Authority Collection Fund percentages

Authority	%	£000
Worcestershire County Council	70	596
West Mercia Police	12	102
H&W Fire Authority	5	42
WFDC	13	111
<b>Total</b>	<b>100</b>	<b>851</b>

- 4.2 The Council now has an opportunity to devise a new scheme in the light of national changes. The costs of a local scheme may be partially offset by some changes to Council Tax exemptions. The remaining costs can then either be found by the Council at the expense of other services or by increasing council tax, or be passed on to the claimants, or any combination of these options.
- 4.3 The demographics of Wyre Forest in terms of the rising number of pensioners who must be protected from reductions (52% of benefit claimants are currently pensioners, with a 1% rise per annum predicted for future years) and unemployment trends mean that the status quo would not be sustainable in terms of costs in future years, as costs would increase under the current scheme.
- 4.4 The Government stipulation that any changes to the CTB scheme will have to protect pensioners means Councils face considering reducing support to working age claimants well in excess of 10% if they are not going to face funding shortfalls.
- 4.5 In order to avoid disproportionate impacts on those who are least able to pay a proportion of their Council Tax bill a Hardship Fund is proposed to be established.

## **5 CONSULTATION RESPONSES**

- 5.1 This section sets out a summary of the responses which have been received on the CTDS. More detailed information relating to the responses can be found in Appendices 2,3 and 4.
- 5.2 Appendices 2 and 3 contain the comments which have been received on the scheme and Appendix 4 contains more detailed information on the responses to the questionnaire.

### **Proposed Principles**

- 5.3 The consultation asked whether people agreed with our proposed principles for the scheme. The proposed principles are:
  - Principle 1 Every household with working age claimants should pay something;
  - Principle 2 The scheme should incentivise people into work;
  - Principle 3 People with greater amounts of savings receive less support;
  - Principle 4 Protection will be provided through a Hardship Fund to those who are least able to pay; and
  - Principle 5 The scheme will be in support of the Council's Corporate Plan Priorities of an increased supply of good quality and decent homes in which people can afford to live.
- 5.4 The results from the consultation broadly support these principles. A summary of the results are shown in

5.5 Table 2 below and a full analysis of the results can be found in Appendix 1.

Table 2: Summary of responses on the proposed principles

Principle	Percentage of respondents who Strongly Agree or Agree
Every household with working age claimants should pay something;	84%
The scheme should incentivise people into work;	87%
People with greater amounts of savings receive less support;	55%
Protection will be provided through a Hardship Fund to those who are least able to pay; and	72%
The scheme will be in support of the Council's Corporate Plan Priorities of an increased supply of good quality and decent homes in which people can afford to live	64%

- 5.6 It is therefore recommended that the principles, as outlined in paragraph 5.3 for the scheme are adopted.

### Council Tax Changes

- 5.7 The Government has made some changes to the Council Tax Regulations. These changes impact on some of the exemptions which are currently available to Council Tax payers. If a Council Tax payer has an exemption this will reduce the amount of Council Tax payable on a property. Whilst these changes do not form part of the CTDS it is proposed that any savings generated through these exemption changes could be used to offset the reduction in funding for Council tax discounts. The exemptions where the council now has flexibility to introduce new arrangements are shown in Table 3 below, along with the option which was consulted on. The total saving which may be achieved from implementing these changes is currently estimated to be £273,000.

Table 3: Proposed Council Tax Exemption Changes

Exemption	Options consulted on
<b>Class A Exemption</b> – these apply to long term uninhabitable empty properties, which are unfurnished and in the course of renovation e.g. due to refurbishment, flooding. The current exemption is 100% for a twelve month period.	Option to change this exemption to 50% for a maximum of a 12 month period.
<b>Class C Exemption</b> – these apply to short term unfurnished empty properties. The current exemption is 100% support for a six month period.	Option to reinstate exemption at 50% for 6 months in line with business rates properties.

Exemption	Options consulted on
<b>Class L Exemption</b> – these apply to properties repossessed by mortgage lenders. The current exemption is a 100% exemption until the house is sold.	Option to levy a full charge payable by the bank / building society.
<b>Second Homes Discount</b> – The current exemption for second homes must be at least 10%, and this is the level applied in Wyre Forest.	Option to end discount and charge full 100%.
<b>Long Term Empty Properties</b> – these properties currently receive a 100% discount for a six month period, after this time they are charged 100%.	No change.

- 5.8 The consultation considered the proposed options for changes to the Council Tax exemptions. A summary of the responses are contained in Table 4 below. Further details of the responses can be found in Appendix 4.

Table 4: Summary of Responses to Council Tax Changes

	Class A	Class C	Class L	Second Homes	Long Term Empties
Strongly agree or agree	74%	69%	82%	89%	39%
Neither agree nor disagree	6%	5%	5%	4%	15%
Strongly disagree or disagree	19%	25%	12%	7%	46%
Total	100%	100%	100%	100%	100%

- 5.9 Currently long term empty properties can receive a six month free period but from this date they incur a 100% charge. No extra charge is currently levied as an incentive to bring these dwellings back into use but councils will be given the power to charge more than 100%. The option consulted on was not to increase the charge beyond the 100%. This view was supported by 46% of the responses indicated that they strongly disagreed or disagreed with the statement that property owners of long term empties should pay more. 39% of respondents indicated that they thought these property owners should pay more than 100%. The response to this question is mixed, and unlike most other issues in the consultation, has not produced a conclusive answer. In view of the mixed response, and that any additional Council Tax charged for long term empty properties might not provide a sufficient incentive to bring the dwellings back into use, it is proposed not to increase the amount of Council Tax charged on such properties at present.

- 5.10 Comments received through the consultation process have also suggested that for landlords the Class C exemption (short term empty) may be changed to help support landlords. There has been a suggestion that this option may be changed to a 3 month 100% exemption.
- 5.11 The Cabinet has considered this view but considers that the proposed 50% exemption has been supported by the consultation response and by implementing a 50% discount for six months will help encourage landlords to bring properties back into use sooner.
- 5.12 It is therefore recommended that the Council Tax exemption changes as set out in paragraph 5.7 are approved.

### Changes to Eligibility

- 5.13 The Council is considering making some changes to the eligibility criteria for accessing Council Tax support. These may mean that less people become eligible for support under the new scheme than would have been under the existing scheme. The changes which were consulted on are shown in Table 5 below:

Table 5: Proposed Changes to Eligibility Criteria

Eligibility Criteria	Options consulted on
<b>Second Adult Rebate*</b> – this is awarded to liable Council Taxpayers who are not eligible to claim Council Tax Benefit but have a second adult living with them with either no income (other than benefits) or low income. It is currently worth up to 25%.	Option to abolish this.
<b>Minimum Level of benefit/support per week*</b>  This is currently set by the benefits regulations at 1p per week. Therefore anyone who receives a benefit payment of 1p per week or more receives support.	Option is to increase this threshold to £5 per week. Therefore anyone who is entitled to less than £5 per week support will not receive any support under this scheme.
<b>Capital level and Tariffs*</b> – income above £6,000 but below £16,000 assumed in the calculation of benefit, from claimants' capital is currently subject to a £250 per unit tariff	Option to change the tariff to £200 per unit. This will mean that those with savings will receive less support under the scheme and will have to use their savings towards the payment of their Council Tax bill. If their savings fall below £6,000 then there will be no further reduction in support in relation to this option.
<b>Backdating</b> - Officer discretion is currently exercised to backdate benefits (maximum of 6 months)	Option to remove backdating but allow for claims to be considered against the Hardship fund. Thus incentivising people to make claims promptly and to tell us quickly about any changes in their financial circumstances.

5.14 A summary of results from the consultation are shown in Table 6 below, full responses can be seen in Appendix 4.

Table 6: Responses to the Proposed Changes to Eligibility Criteria

	Abolish Second Adult Rebate	Capital Levels and Tariffs	Minimum support £5 per week
Strongly agree or agree	75%	45%	59%
Neither agree nor disagree	12%	23%	16%
Strongly disagree or disagree	13%	32%	25%
Total	100%	100%	100%

5.15 The results from the consultation broadly support the proposed changes to eligibility and it is therefore recommended that the proposed changes to eligibility for access to support for Council Tax are adopted.

### Reducing the Impact

5.16 Due to the funding reductions proposed as part of the changes to Council Tax Benefit the Council has a choice to make as to whether to fund this reduction in support from Central Government through finding savings in other services, increasing Council Tax, passing the reduction on to claimants or a combination of the above.

5.17 The consultation document sought views on a range of options which designed to help to offset the impact of the scheme on the Council's finances.

5.18 The options which were consulted on are shown in Table 7 below.

Table 7: Proposals for Reducing the Impact

Eligibility Criteria	Options Consulted On
<b>Limitation of support to between 80% and 95% of the Council Tax payable.</b>	Option to limit the maximum amount of Council Tax Discount which is payable to working age claimants to a percentage of the amount of Council Tax payable, current options range from 80 to 95% of Council Tax payable.
<b>Limiting support to lower bands</b>	Option to limit discounts to Band D level for all claimants. Therefore the maximum amount of discount payable under this scheme would be limited to that of a Band D property.

5.19 The consultation asked for responses as to whether savings achieved from the changes to exemptions and eligibility should be used to support the introduction of the CTDS. The consultation also considered whether support should be limited for claimants. The responses are summarised in



5.20 Table **8** below. A full set of responses can be found in Appendix 4.

Table 8: Responses to the Proposals for Reducing the Impact

	Limit support to 80%	Limit support to 85%	Support should be limited to 90%	Support should be limited to 95%	Support should be limited to Band D properties
Strongly agree or agree	56%	52%	46%	22%	72%
Neither agree nor disagree	20%	25%	21%	26%	15%
Strongly disagree or disagree	24%	23%	33%	51%	13%
Total	100%	100%	100%	100%	100%

5.21 The responses to the consultation indicate that the respondents are broadly happy for the money saved from the proposed changes to Council Tax exemptions is used to fund the Council Tax discount scheme.

5.22 The responses to the consultation show the following:

- 51% strongly disagree or disagree that support should be limited to 95%,
- 46% of the respondents either strongly agreed or agreed with limiting support to 90%, but a greater percentage supported limiting support to 80% or 85%
- 72% of respondents also agree that support should be limited to band D properties.

5.23 The majority of respondents also agreed that support for families living in larger properties should be limited.

## 6 RECOMMENDED OPTION

6.1 The Council needs to make a decision as to how the reduction in funding for Council Tax for those of working age is applied. This decision needs to be taken in conjunction with an understanding of the other pressures which are facing the Council.

6.2 If the Council decides to cover the reduced funding for the scheme this will mean that £111,000 needs to be found either from Council Tax increases (this would be a 1.5% increase) or service reductions. If a decision to pass the reduction in funding on is taken then this may mean that support towards Council Tax payments for those of working age may be limited to 80%, meaning that they have to fund 20% of their bill themselves. A third option can also be considered which is to fund some of the reduction.

6.3 Following the feedback from the consultation and also considering the other financial pressures facing the organisation the Cabinet feel that there should be some resources provided to support the working age claimants for payment of their Council Tax. To limit support to 80% and 85% may have a disproportionate impact on those of working age and would be against the Council's priority of fostering economic prosperity in the district.

- 6.4 The Government has recently announced plans to provide a further grant to local authorities if they freeze their Council Tax. This grant is currently being offered at a 1% increase. If the Council chooses not to accept this grant then it may only increase Council Tax by 2% before it has to hold a referendum. Both of these increases are less than the increases projected in the current financial strategy. This therefore limits the Council's ability to cover any shortfall from Council Tax increases.
- 6.5 Local Government is also facing significant further reduction in its funding from central government in future years and as such this may also limit the Council's ability to cover any funding shortfall for support towards the payment of Council Tax from service reductions.
- 6.6 Taking these factors into account and the results from the consultation it is recommended that Option 3 is approved. This will mean that support towards the payment of Council Tax under the CTDS will be limited to 90%.
- 6.7 The impact on individuals, if option 3 is approved, would be minimal. For an 'average' band D property this would equate to approximately £3 per week which a claimant must find to cover their Council Tax bill. In Wyre Forest the majority of those currently claiming Council Tax benefit live in band A and B properties which means that they will have to find less per week to put towards their Council Tax bill.

### **Other Issues to Consider**

- 6.8 The consultation also sought views on how the council could limit entitlement where a claimant has made one or more fraudulent claims for council tax discount and on whether the scheme should require claimants to comply with other legal duties such as registering to vote.
- 6.9 A summary of the responses to the questions are set out in Table 9 below and a full set of responses can be seen in Appendix 4.

Table 9: Responses to the Proposals for Those Who Have Previously Committed Fraud and Being Registered to Vote.

	Limit entitlement for those who have previously submitted fraudulent claims	Claimants should be registered to vote
Strongly agree or agree	87%	74%
Neither agree nor disagree	6%	11%
Strongly disagree or disagree	7%	15%
Total	100%	100%

- 6.10 The responses to the consultation support the fact that the scheme should limit entitlement where a claimant has made one or more fraudulent claims for Council Tax Discount and that the claimants should comply with their legal duties. It is therefore recommended that the scheme limits entitlement to access to the Council Support Scheme with the details for this being worked through in due course.
- 6.11 It is also recommended that claimants must comply with their legal duties in order to be able to access support through this scheme. Therefore it is recommended that being registered to vote should be a requirement of the scheme.

## **7 COMMENTS RECEIVED**

- 7.1 A number of comments on the consultation were received and these have been included in Appendix 2 and 3. All of these comments and responses have been considered and where appropriate they have been included in this report and changes made to the proposed scheme.

## **8 HARDSHIP FUND**

- 8.1 It is not possible to assess the impact of a local scheme for every set of individual circumstances. Therefore it is proposed that a Hardship Fund will be established. This will help to support those who are least able to pay an element of their Council Tax liability
- 8.2 Each application to the Hardship Fund will be considered on a case by case basis and assessed on its own merits. This will ensure that those who are not entitled to a full discount on their Council Tax will still be able to be considered for some additional protection.
- 8.3 The full proposals for the Hardship Fund will be worked up as the proposals for the CTDS are confirmed. The fund should be ring fenced and be a finite amount, although consideration will be given to linking the hardship fund into other available funding streams so as to maximise the Council's use of resources.
- 8.4 The Council is currently working with other partners to consider funding for the Hardship Fund. It is proposed that WFDC contributes a maximum of £25,000 per annum into the fund.
- 8.5 The Hardship Fund draft policy and guidance is attached in Appendix 5.

## **9 FINANCIAL IMPLICATIONS OF THE PROPOSALS**

- 9.1 The Government is changing the way in which existing Council Tax Benefits are to be paid and will be reducing the amount of funding paid to local government by 10%. This will leave a shortfall in funding which the Council needs to consider how to finance. The above proposals set out some options as to how to close this gap but other options still leave an element which will need to be funded either from increased council tax or additional service reductions.
- 9.2 This section sets out a summary of the potential financial implications of the proposed scheme. It must be noted that the figures are draft at this stage and will change as the existing caseload changes. It is also possible that there is some double counting in the numbers, due to the modelling tool used.

Table 10: Responses to the proposals for reducing the impact

<b>£k</b>	<b>Financial impact for Collection fund (£000)</b>	<b>Financial impact on WFDC (£000)</b>
Estimated cost of Government cut to funding	851	110
<b><u>LESS</u></b>		
Council Tax exemption changes (table 3)	273	35
Limitation of discount including limiting support to 90% for working age people	452	59
<b><u>PLUS</u></b>		
Hardship fund (maximum)	0	25
<b>Total financial impact</b>	<b>126</b>	<b>41</b>

9.3 The figures shown in

- 9.4 Table **10** only consider the impact of the payment of the Council Tax Discount scheme payments on the Collection Fund. There will be other impacts on the collection fund, and amounts to be raised from Council Tax collection following the introduction of the Council Tax Discount Scheme
- 9.5 The new scheme will have impacts on the Collection Fund and ultimately the amount which can be raised through Council Tax. This change is brought about due to the support available no longer being classed as a benefit but as a discount. This will impact on the Council's Tax Base and thus impact on the Council Tax. These costs have not been quantified at this stage but will be built into the Council's budget setting process, with the final impacts will be built into the budget which will be approved in February 2013.
- 9.6 In addition to the costs identified above there may be additional costs of collection for Council Tax relating to the implementation of this scheme. There may also be an impact on the Council Tax collection rates. They are difficult to quantify at this stage although we expect collection rates to decline as some people who do not pay council tax will have to pay something in future. However, it is not anticipated that the levels of non payment should be a major issue at this stage.
- 9.7 The costs of implementing this scheme are also not known at this stage. The government is providing some money to help support the introduction of these changes. However, it is not known whether the additional support will fully cover the implementation costs, including software changes.
- 9.8 The Government has recently announced that there will be additional funding of £100million available to support the introduction of this Council Tax Discount scheme nationally. At the time of writing this report there were very few details available on this grant, so the implications of the grant have not been considered in this report, but may be built into further reports once guidance is published.
- 9.9 into account the Councils financial position it is recommended that Option 3 is approved.

## **10 INTRODUCTION OF CTDS – OVERVIEW OF TIMELINE**

10.1 The legislation requires Councils to adopt a new scheme for council tax discounts by 31 January each year, from implementation on 1<sup>st</sup> April each year. As local schemes will come into force from April 2013, our scheme will need to be ready by January 2013. Given the requirement to establish the principles of the scheme, consult on the principles, design the final scheme and make any software changes this is a challenging timescale and early decisions on changes to the current scheme are essential.

10.2 Key dates in the Timeline are:

- 23 October 2012 – Cabinet propose CTDS following consultation for consideration by Overview and Scrutiny Committee.
- 8 November 2012- Scrutiny Committee considers proposed scheme, alongside results of formal consultation process.
- 12 November 2012 -Cabinet receive report from Scrutiny and make final recommendations to Council.
- 21 November 2012– Council approve Local Scheme effective from 1 April 2013.

10.3 The timetable will ensure that members have the opportunity to consider and debate the proposals, following the consultation, before a final decision on the scheme is made.

## **11 LEGAL AND POLICY IMPLICATIONS**

11.1 The powers under which the council will decide a scheme for council tax discounts are in section 13A of the Local Government Finance Act 1992 as substituted by clause 9 of the Local Government Finance Bill, which is currently before the House of Lords. Clause 9(4) requires a scheme to be adopted by 31 January 2013. Clause 10 provides a power for councils to decide the discount for second homes, while clause 11 inserts section 11B into the 1992 Act which allows councils to set a council tax of up to 150% for long term empty properties.

11.2 Schedule 4 to the Bill inserts Schedule 1A in the 1992 Act. Among other things, this requires the Council to consult major precepting authorities and such other persons as are likely to have an interest in the scheme. Paragraph 3(2) of Schedule 1A provides that the fact that the requirement was not in force when councils undertake consultation is to be disregarded in determining whether there has been compliance with the requirement. In other words, consultation while the Bill is still before Parliament will discharge the (future) legal duty to consult.

11.3 In reaching final decisions on the scheme in the autumn, the Council will have to have regard to its duties under the Equality Act 2010 although as noted below the initial view is that no equality issues arise as the proposed options apply to all potential recipients of council tax discounts. The Council will also have to have regard to any legislation issued by the Secretary of State as a consequence of the Local Government Finance Bill as it may constrain the options that are available; and consideration will need to be given to other relevant legal requirements, such as the duty to co-operate in reducing child poverty in accordance with section 21 of the Child Poverty Act 2010.

11.4 The final decisions should also seek as far as possible to be consistent with the Council's corporate priorities of securing the economic prosperity of the district; improving community well-being; and delivering together, with less.

## **12 RISK MANAGEMENT**

### **12.1 Key risks include:**

- Lack of guidance from central government, making it difficult to plan for new arrangements effectively;
- Risk of judicial review of changes ;
- Level of financial risk passed to the Council as the funding is currently proposed to be a finite amount regardless of the caseload experienced by a local authority; and
- Resources required for implementing new arrangements; external support will be necessary in order for the Council to meet all of the timescales. However the main concern relates to the ability of the software companies to make the necessary changes to the system.

## **13 EQUALITY IMPACT ASSESSMENT**

13.1 An Equality Impact Assessment has being undertaken on the scheme and will be updated once the details of the scheme have been agreed. At present, the only adverse impact which has been identified is that there will be a differential impact on age. This is due to the Government scheme protecting pensioners and the changes to the scheme impacting on working age claimants.

## **14 CONCLUSION**

14.1 This report sets out the feedback received from the consultation process on the options for introducing a CTDS in response to the Government's proposals for the localisation of Council Tax support. The report also recommends a preferred scheme for consideration by the Overview and Scrutiny Committee and then Full Council in November 2012.

## **15 CONSULTEES**

- Leader of the Council.
- Cabinet Member for Resources and Transformation
- Corporate Management Team
- Worcestershire County Council;
- West Mercia Police Authority;
- Hereford and Worcestershire Fire and Rescue Authority;
- The public; and
- Other relevant stakeholder groups.

## **16 BACKGROUND PAPERS**

16.1 DCLG guidance on the localisation of Council Tax Benefit, published 17th May 2012 and the 17<sup>th</sup> July 2012.

16.2 Council Tax Benefit is Changing – Consultation Document, Wyre Forest, published 23rd July 2012.



Appendix 1

**Options for consultation**

**Option 1 – Limitation of discount for working age claimants to the amount funded from Central Government plus the Council Tax exemptions changes**

This option would limit the amount available for the CTDS to the amount funded by Government, plus additional income from the changes to Council Tax exemptions. This would mean that the CTDS would have a neutral impact on the Council's finances. This option would still protect pensioners at 100% and would equate to an approximately 20% reduction in support for claimants of working age. Therefore support would be limited to approximately 80%.

**Option 2 – Limitation of discount for working age claimants to the amount funded from Central Government plus the Council Tax exemptions changes and changes to eligibility**

This option would limit the amount available for the CTDS to the amount funded by Government, plus additional income from the changes to Council Tax exemptions and also the changes to eligibility to the scheme. This would mean that the CTDS would have a neutral impact on the Council's finances. This option would still protect pensioners at 100% and would equate to an approximately 15% reduction in support for claimants of working age. Therefore support would be limited to approximately 85%.

**Option 3 – Limitation of discount to 90% for working age claimants**

This option would protect pensioners at 100% of their current entitlement and would reduce support to working age claimants by 10%. This would result in 90% of their current entitlement being met by the scheme. This option also assumes that the options for Council Tax exemptions and changes in eligibility have been accepted.

**Option 4 – Limitation of discount to 95% for working age claimants**

This option would protect pensioners at 100% of their current entitlement and would reduce support to working age claimants by 5%. This would result in 95% of their current entitlement being met by the scheme. This option also assumes that the options for Council Tax exemptions and changes in eligibility have been accepted.

**Option 5 – Limiting discount to lower bands**

This option would protect pensioners at 100% of their current entitlement and would impact those claimants of working age. The option is to limit the maximum amount of discount offered by the scheme to the reduction that would be applied to a Band D property. All those claimants in a Band A, B, C or D property would receive a 100% discount on their Council Tax liability for the period they were eligible for the scheme. Discounts would be reduced for claimants living in Band E, F, G or H. This option also assumes that the options for Council Tax exemptions and changes in eligibility have been accepted.

Appendix 2

**Comments from the consultation**

The comments have been included as they were received although some spelling mistakes have been corrected. For those comments which we have received verbally (numbers 28 to 31) these have been summarised.

1. I BELIEVE THAT TOO MUCH MONEY HAS BEEN SQUANDERED OVER THE YEARS ON PROVIDING SUBSIDIES etc. PEOPLE WILL HAVE NO INCENTIVE TO SEEK EMPLOYMENT. WHEN I WAS YOUNG FAR FEWER OF THESE "BENEFITS" WERE ON OFFER SO FAR FEWER PEOPLE WERE DEPENDENT ON "THE STATE" - AND TOOK FAR GREATER RESPONSIBILITY FOR THEIR OWN LIVES. I AM STRONGLY OF THE OPINION THAT THE PROLIFERATION OF LOCAL AUTHORITY "RESPONSIBILITIES" IN THIS AREA (THE INTRODUCTION OF WHICH HAS GONE LARGELY UN-NOTICED) HAS BEEN AS MUCH TO BLAME FOR THE PRESENT ECONOMIC HARDSHIPS AS THE "BANKING CRISIS". LOCAL AUTHORITIES NEED TO STOP "EMPIRE BUILDING": (SPENDING MONEY WHICH IS NOT THEIR OWN)! - AND THEREFORE NOT WAIT UNTIL THE CRISIS IS ACTUALLY UPON THEM. AS FAR AS "BENEFIT ENTITLEMENTS" ARE CONCERNED: THESE SHOULD BE STRICTLY LIMITED TO THE ELDERLY AND THE SEVERELY ILL OR DISABLED. THE REST SHOULD SEEK GAINFUL EMPLOYMENT! IF THIS SOUNDS "UNCAREING" I APOLOGISE - HOWEVER I DO BELIEVE THAT THE REALLY CRUEL RESPONSE WOULD BE TO ALLOW PEOPLE TO THINK THEY CAN REMAIN "DEPENDENT ON STATE HANDOUTS" - WHICH NO DOUBT YOU WOULD BE STILL REFUSING TO ALTER: IF THIS PRESENT FINANCIAL MESS HAD NOT DESCENDED UPON YOU AND FORCED YOU BACK TO REALITY.
2. Although it would be difficult for the Authority to recover, I think non-working (working age customers) should be penalised more within the new local scheme than those whom are working but on a low wage. This is the only way we can incentivise non-workers into employment. We also need to make sure that there is adequate protection in place for the most vulnerable households in our community, but make sure that those groups whom we choose to treat as vulnerable really are (I don't necessarily agree that lone-parents should be classed as vulnerable - when we make a decision to bring a child into the world we shouldn't be relying on the state to

finance that decision - I appreciate that some people through no fault of their own find themselves in this predicament but still think it inappropriate to class every lone-parent family as vulnerable) Would we have any discretionary fund where we could top up the Local Scheme award for certain lone-parent cases which we do deem as vulnerable. I would also consider restricting to a Band C (which I assume represents a typical 3 bed semi), If my financial situation changed where I could no longer afford the mortgage or utility bills (inc C/Tax) for the type of property I was living in, one of the first things I would do is look to move to a smaller property in order to reduce my outgoings, why should we offer Council Tax support on high banded properties (If you can't afford to live there, move!). You could always offer a period of protection at a higher Band for those individuals who have fallen upon hard times (i.e., sudden illness/redundancy). This period of protection would give them the opportunity to make any necessary changes (i.e., new employment/move) before the restriction takes affect.

3. Government has cut the funding, to stop a culture of benefits. The Council must not absorb these costs but a hardship fund is a good idea for the real poor
4. I agree that there has to be a support system in place but everyone should have to make a contribution, even if it is small.
5. I believe that money saved can be utilised from people with second homes and those long term empty homes - over 12 months. Also the fact that the Government has refused to include pensioners in this re-assessment puts a massive strain on the system and again should be looked at
6. I do believe that savings should be used but I also believe that people who have spent their money on the highlife (cars, TV, holidays, phones etc.) and therefore don't have any savings should get away with having all those things and then being subsidised in the way of a CT benefit. For example, if people have a Sky subscription or have holidays abroad, they shouldn't have any benefits at all (whether they work or not); they should use the money that they have spent on the Sky or holiday for CT first and then if they are still struggling should be considered for a benefit. The benefits should only be made available for those who genuinely need them - not those who just use the "saving" to spend on something else.

7. I do not think council taxes should increase to pay for any shortfall in funding.
8. I feel that if there is a change in second adult rebate it should be based on income not savings
9. I feel uneasy about penalising people who live in Bands E to H properties as there can be many reasons why they cannot downsize, particularly in the current housing market.
10. I strongly believe that Second adult rebate be removed as if the main tax payer can afford to pay then they should. I also think that if a property is empty for any length of time it should be exempt from any charges as no facilities (i.e. rubbish collection) is being used.
11. I strongly believe that further savings should be made from those owning a second property or those long term empty property owners. I also believe that the Government should reconsider their decision not to include pensioners in this re-assessment
12. I think empty properties should have an initial exemption for 3 months, and then become liable for a charge. This would be fairer to landlords and tenants. It would also be much straighter forward to administer and prevent the council becoming caught up in disputes between new owners and vendors, and landlords and tenants when people vacate before tenancies end. There are a number of scenarios where properties are frequently left empty and unfurnished for only a short period and the administration of a charge over these periods would be hugely time consuming for an extremely small return.
13. I think regarding the void properties there should still be an exempt period of up to 3 months rather than it being a 50% charge for 6 months.
14. I ticked strong support for 5% reduction but also for 10%. My preference is for the 10% reduction - the design of your questionnaire didn't let me show that
15. If people have no job, they should have to take part in voluntary work within the District as a way of appreciating what has been done for them. This could be done on a sliding scale depending upon how much they get. If they work part-time this voluntary work could be reduced pro-rata.

16. If someone is on a low income how on earth can they magic the money to pay council tax everything has gone up and it is a struggle for most people and anyone can find themselves out of a job no one is safe how much immigration has in this county added to the council tax bill?
17. In a recession it is important that people who are unemployed but actively seeking work should not be penalised? It is important that foster carers are not penalised when they are holding a bed space for an emergency placement. Also young care leavers must not be penalised when they have no parental home to which to return!
18. Introduce a discount scheme as an encouragement for regular full paying residents of Wyre Forest. Say 10% .No discount for benefit claims and defaulters.
19. My replies relate to housing in the private sector with regards to empty homes. At the moment social landlords keep back empty properties for the council to use as emergency housing especially over the winter period and these and similar examples should be exempt from charges or otherwise the social landlords won't do this and the Councils B&B charges will rise substantially. They also keep properties that have adaptations empty for a little longer to find someone with a disability - again if these are charged then they won't do it and the Council's DFG budget will rise. We would be happy to work with finance on some similar exemptions from charging.
20. No council tax discount should be given to people who have just moved in to the UK.
21. Once an individual has been found to have made a fraudulent claim and punished appropriately I do not believe they should be subject to further punishment by the with-holding of benefits as this could lead to far more severe crime than other public sector bodies and the public at large will end up paying up. I would also be interested to understand how the Council has ensured that the most vulnerable sectors of society have been protected by the design of this scheme. I have read about Universal Credit in the media and I do not understand how this links into this new scheme - I assume it is another layer of cuts to the Welfare State but some information on this would be useful to understand the big picture. I think a 10% cut is the maximum that should be made and this will be excessive for some.

22. The Civil service pension, new HQ, and massive dept you are currently running up is simply wrong. If someone moves away from Kidderminster (and I am due in part to the councils running of the shambles of a dying town) why should I support you in paying on an unsellable house? If you made the place more business friendly and stopped wasting money (my money not yours) people would want to visit/move to Kidderminster more and thus no issue.
23. The worst offenders, as such, for non council tax paying households are those that are student let. I presume this is because of the inability of students to pay but the charge should be levied on the landlords. Landlords of such properties are making huge profits and these properties take up far more council resources than family homes when one factors in council time in dealing with noise abuse, unruly behaviour etc. Being a qualified accountant who deals with a number of clients with student let properties then I have firsthand experience of the huge profits generated, typically £15k to £20k on a five bed roomed let. This is without factoring in the large gains that can be made on the eventual sale of the property. Many landlords own numerous properties so profits can run into the hundreds of thousands yet they are not required to contribute a penny of council tax, but the resources used are far greater than anyone else. Thus, the majority of us are funding the huge profits that these landlords are allowed to make. You will probably argue that this will result in landlords seeking to increase their rent to cover this cost, but this should not be allowed, and in any event, with the ever increasing number of homes being lost to students, competition is high and landlords have to be mindful not to charge more than the University campus anyway, which I am led to believe does not have full occupancy in any event. Landlords have been enjoying the fruits of record low interest rates for the past few years which have bumped up their profits, I presume that this saving was not passed onto tenants? Houses are not selling at present due to the economy, landlords have easy pickings for those wanting a quick sell so more and more council tax paying properties are being lost and unless something is done about it it will be down to the remainder of us to cover this cost. In the street I live, 6 properties have fallen into landlords hands in the last 12 months alone, perhaps the

24. There are too many people claiming housing tax benefit, many people who make a deliberate choice not to work, or only work limited hours so they can claim. The system is too easy and must incentivise people into work. I agree with the council plans to reduce the benefit, as its one big scam
25. Very difficult questionnaire! Not well advertised - only heard about it today by word of mouth! Only applicable to those on line so a very restricted sample of population.
26. We should be helping those in need not looking to cut them off, forcing the worse off to pay when they cannot afford it is immoral for a government body to cut benefits is just plain wrong. Also by forcing landlords to take tenants into empty properties it puts tenants at risk and a cycle of poor property getting worse we should be helping landlords get property into a good state of repair and tenanted thus getting more money in
27. With a National move to a single benefit system (to encourage back-to-work) why are we discussing a separate benefit system at all? Abolish it! As for empty & 2nd property discounts - the problem relates to why the property is empty. As pensioner volunteers in disadvantaged majority world, non resident in UK and self funded from own pension + savings we had to pay Council Tax on flat in its part refurbished state - this didn't appear to be just! The rest of our property was producing a 'commercial rent' and tenants were paying Council tax which paid for all services they were using so why were we 'penalised' when doing self-funded charity work abroad - even when in UK on furlough most of our time was spent making the place fit to live in; for much of the 5 years it didn't even have a working toilet or bath!
28. The questions in the questionnaire are not broad enough and the Council has many bigger issues and therefore the questions are too narrow. The Council are the only one in the Country to give a private company land and money for a cemetery. Kidderminster and surrounding area are not being well run and are becoming run down and have high unemployment, car parks are expensive and there is no direct route to the motorway to encourage new businesses. Worcester has more to offer. Planning have not done enough for local businesses and there are not enough incentives given to encourage new businesses. The empty shop scheme is not good as other areas. Not enough has been done at the Sugar beet site. Unhappy about Wyre Forest giving themselves

permission to build Wyre Forest house where they did when there is a brown field site next door which the Council is expecting private companies to pay more to develop.

29. Good questionnaire but cannot say what really think as the Council are only following Government rules.
30. Questions are limited and I would like to have left comments for each question. The whole of the benefits scheme needs looking at.
31. Council Tax benefit should be scrapped and the owner of each property should pay then everyone is paying something for the services which they use.



Joanne Wagstaffe  
Director of Resources  
Wyre Forest District Council,  
Wyre Forest House,  
Finepoint Way,  
KIDDERMINSTER  
DY11 7WF

Our ref: CTS/WFDC

12 October 2012

Dear Joanne,

**Response to Wyre Forest District Council's consultation on Council Tax Support**

I welcome the opportunity to contribute to your consultation exercise with regard to the localisation of Council Tax support. I also recognise the efforts made by colleagues at Wyre Forest District Council to consider how best to make some difficult decisions with regard to the localisation of Council Tax Support.

I have valued the approach taken by you to develop and maintain an open dialogue with my team in your development of a set of proposals as a result of Central Governments localisation of Council Tax support alongside at least a 10% cut in funding.

Worcestershire County Council estimates the financial gap created by this policy developed in Central Government to be at least £4 million across all Worcestershire local authorities, West Mercia Police and Hereford and Worcester Fire Service.

The latest estimate of the potential financial gap for Worcestershire County Council is in excess of £3 million alone for 2013/14. Working with colleagues from your local authority, the potential financial gap for Worcestershire County Council is £0.85 million in 2013/14 should the default scheme for Council Tax Support be operated by Wyre Forest District Council.

The main principles of our response to your consultation are that you should:

- confirm and implement changes set out in your consultation in 2013/14 to meet at least half of the Worcestershire County Council's financial gap subject to consideration of my comments on Class C exemptions; and
- support a fundamental review of the Council Tax Support system during 2013 in order to design a Council Tax Support scheme in 2014/15 that meets the County Council's financial gap fully in the future.

I welcome the measures that Wyre Forest District Council are currently consulting upon that seek to address more than half of the financial gap in 2013/14 and support those in full. In particular, the County Council is keen to support your proposals to limit the support provided to existing Council Tax Benefit claimants of working age to either 80% or 85% of entitlement as a way to addressing the financial gap.

I recognise this may involve difficult decisions around the levels of Council Tax Support and as such you have my support in continuing to review this area of expenditure. My view is that reform in this area is preferable in continuing to

**Patrick Birch**

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support increased employment and economic prosperity in Worcestershire as well as minimising the impact of Central Government's austerity agenda on vital services provided to residents and service users.

I am aware of changes being considered in some neighbouring County areas that intend to cover the full potential financial gap in 2012/13. Notably this includes:

- introducing smaller exemptions from Council Tax for Classes A and C; and
- reviewing eligibility criteria and calculations.

I request that Wyre Forest District Council considers the potential for further measures to be implemented with effect from 1 April 2014 to recover the full financial gap in 2014/15 in line with the aspiration agreed at the Worcestershire Leaders Board.

I also support the aim of developing a more open and timely sharing of data with regard to Council Tax Support particularly as it now has a direct financial interest in this area of District Council business. I am interested in exploring the topic of in year data sharing further with you to maintain and develop the already close working relationship between us.

I have provided a response in Attachment 1 rather than completing the Questionnaire as the questions are phrased more towards residents than the County Council. This covers those questions of relevance to the County Council in Part 2 to Part 5 of your Questionnaire.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Patrick Birch', is written over a white rectangular area. A large, faint, diagonal watermark reading 'DRAFT' is visible across the background of the page.

**Patrick Birch**  
**Director of Resources**

## **Attachment 1: Response to Wyre Forest District Council**

### Part 2: Council Tax changes

#### **Question 2:**

If you have a property which has been empty for a long time and is unfurnished and in need of renovation you don't have to pay Council Tax for a year. To what extent do you agree that this should be changed so the property owner would have to pay 50% of the Council Tax Bill for the first year and then full Council Tax after that?

Agree

#### **Question 3:**

If you have an unfurnished property which is empty and has had no one living in for a short time you don't have to pay Council Tax for six months. To what extent do you agree that this should be changed so the property owner would have to pay 50% of their Council Tax bill for the first six months and then full Council Tax after that?

Agree

#### **Question 4:**

To what extent do you agree that where a property has been repossessed, the mortgage lenders should be liable for the Council Tax on the property?

Agree

#### **Question 5:**

To what extent do you agree that those who own second homes should pay 100% of the Council Tax on the second property?

Agree

#### **Question 6:**

If someone has a long term empty property they currently have to pay 100% Council Tax. To what extent do you agree that they should have to pay more?

Agree

---

#### Part 4 – Your view on options

##### **Question 10:**

To what extent do you agree that the money saved from the proposed Council Tax changes (set out in part 2 of this questionnaire) are used to help fund the Council Tax Discount Scheme?

Strongly Agree

##### **Question 11:**

To what extent do you agree that the money saved from the proposed Council Tax Changes and eligibility changes (set out in parts 2 and 3 of the questionnaire) are used to help fund the Council Tax Discount Scheme?

Strongly Agree

##### **Question 12:**

To what extent do you agree that any reduction in support for paying Council Tax should be limited to 10%? (Please note pensioners' Council Tax Benefit will remain unchanged)

Disagree – based on the County Council's shared aspiration to recover the full financial gap and from an analysis of Wyre Forest District Council's figures, this requires a reduction in support of at least 15%

##### **Question 13:**

To what extent do you agree that any reduction in support for paying Council Tax should be limited to 5%? (Please note pensioners' Council Tax Benefit will remain unchanged)

Disagree – based on the County Council's shared aspiration to recover the full financial gap and from an analysis of Wyre Forest District Council's figures, this requires a reduction in support of at least 15%

##### **Question 14:**

To what extent do you agree that families living in larger properties should have their support limited?

Agree – to be consistent with the other District Council consultations in Worcestershire.

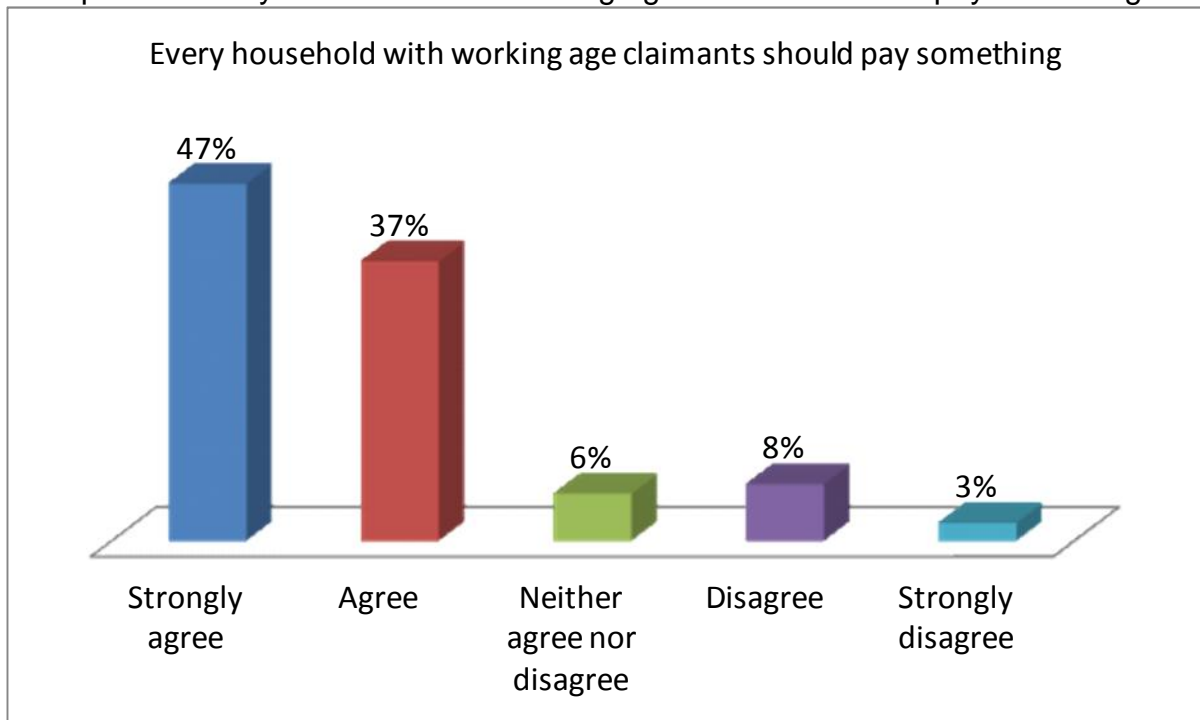
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## Appendix 4

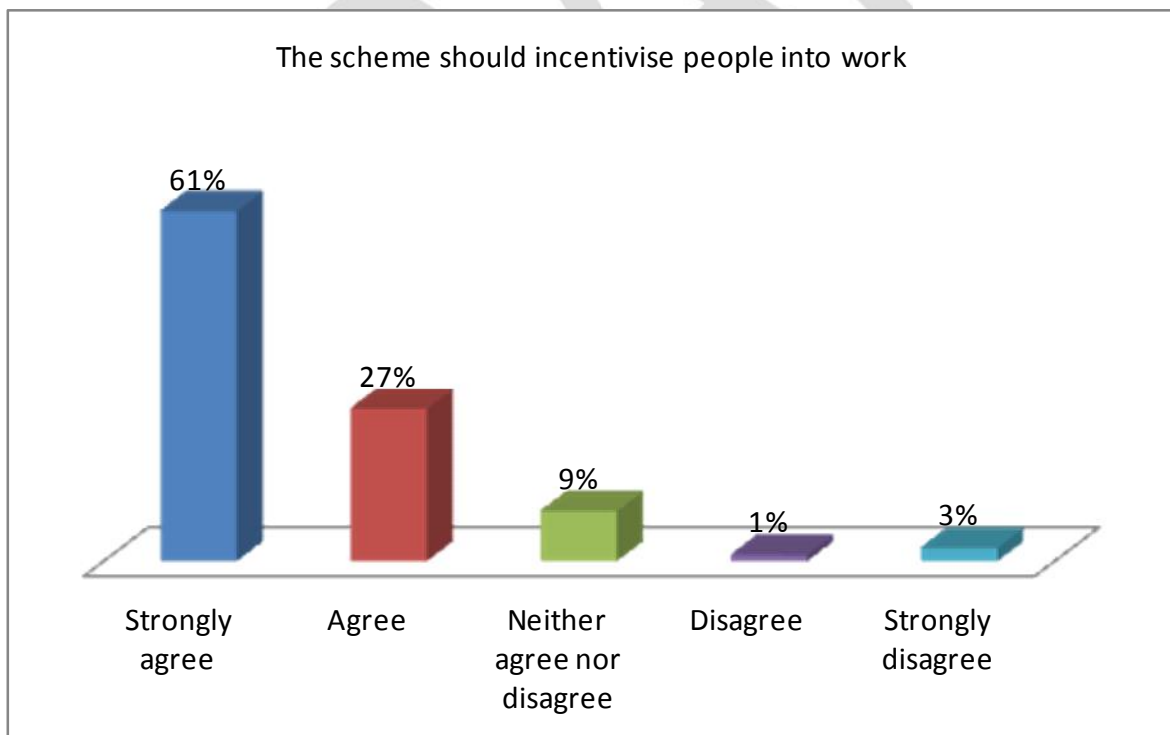
### Council Tax Discount Scheme Responses

#### Part 1 – The Principles

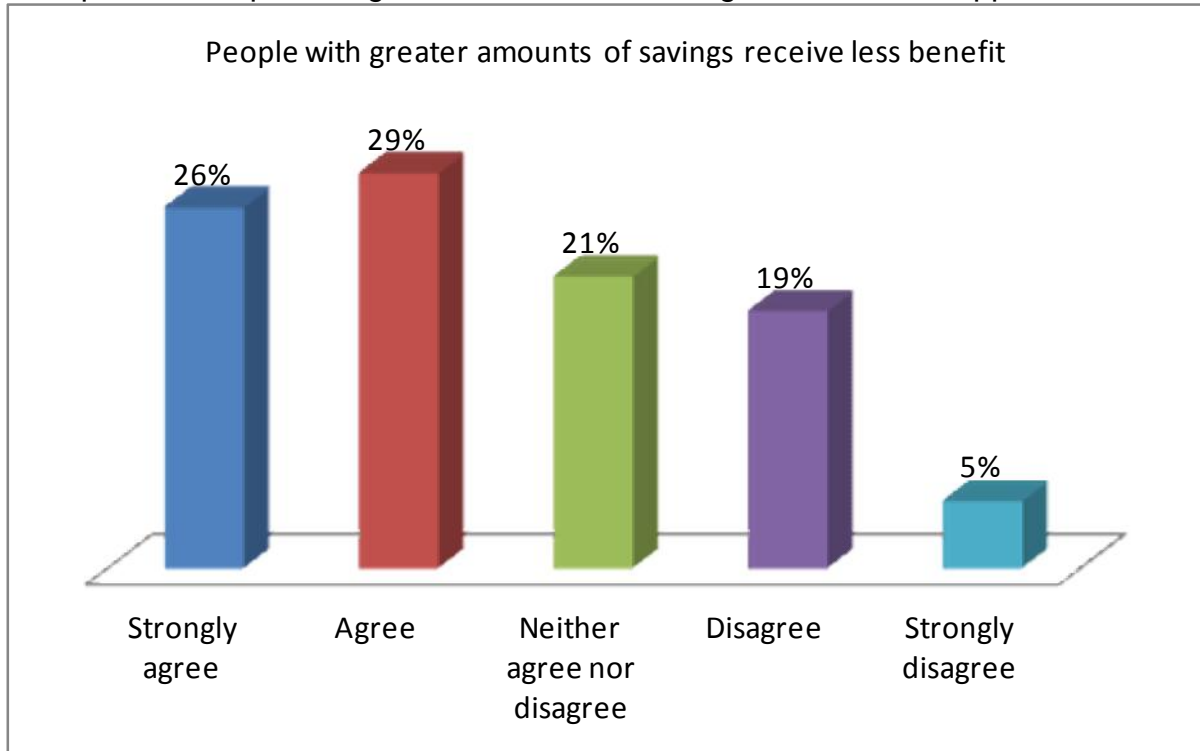
Principle 1 Every household with working age claimants should pay something.



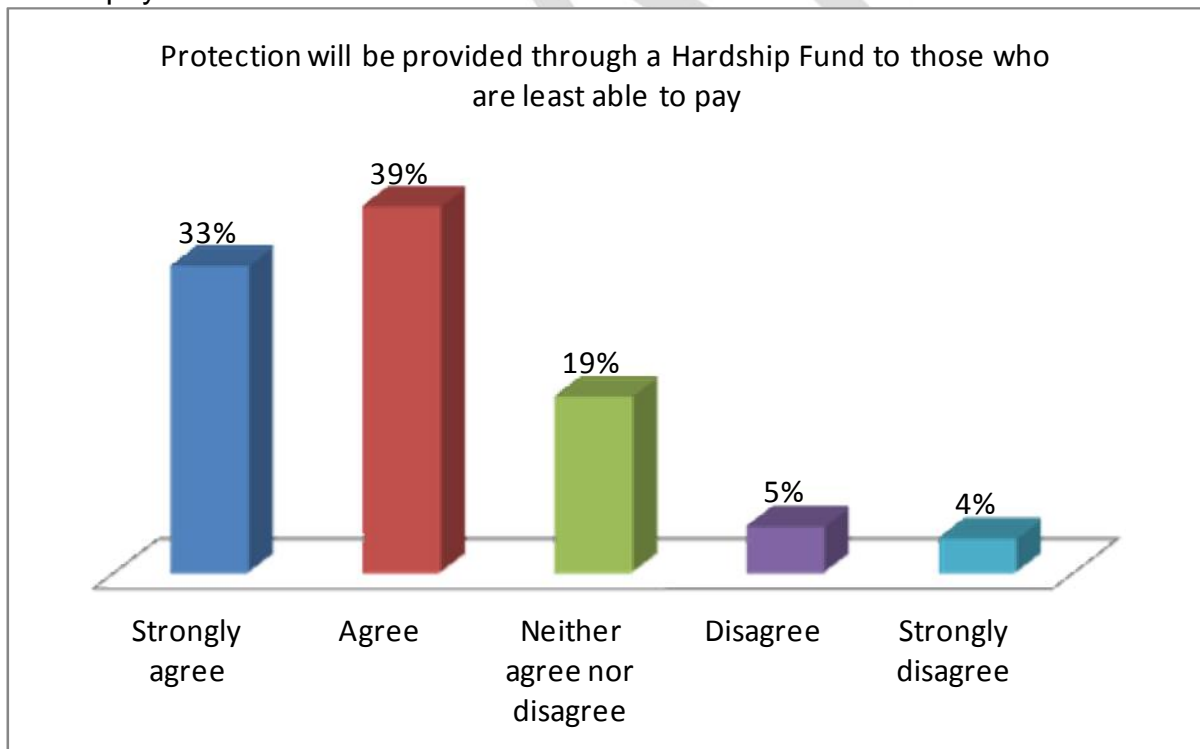
Principle 2 The scheme should incentivise people into work



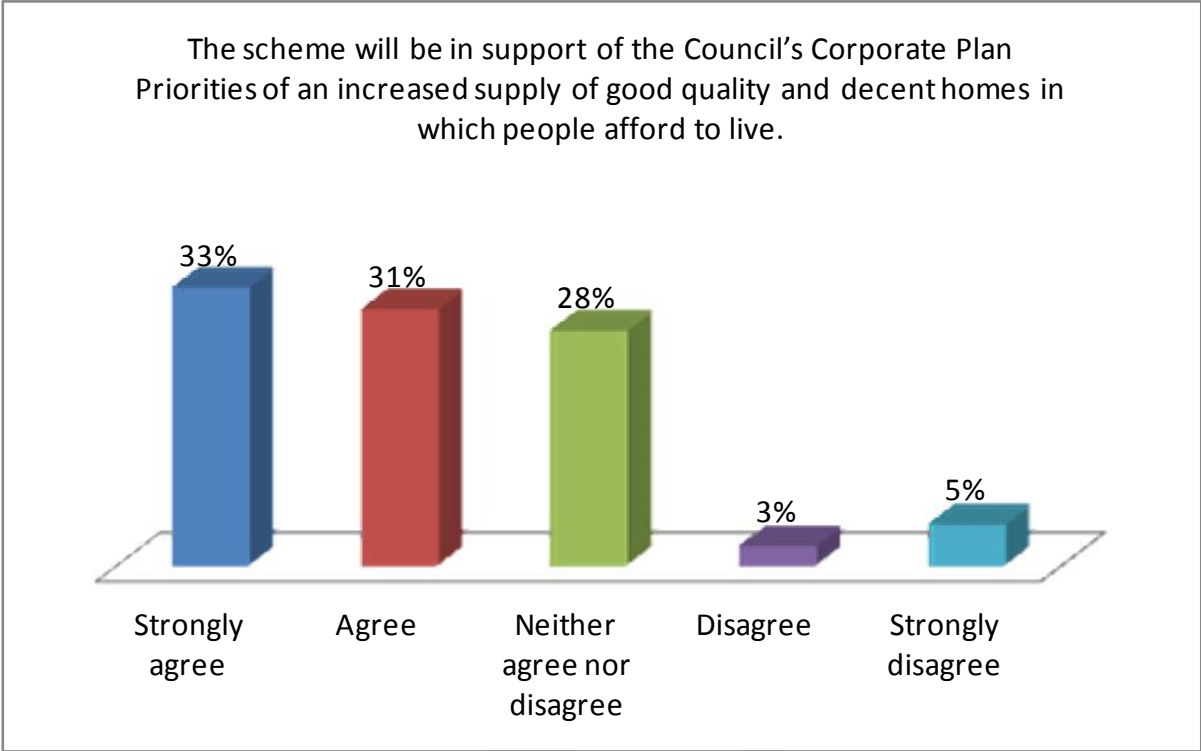
Principle 3 People with greater amounts of savings receive less support.



Principle 4 Protection will be provided through a Hardship Fund to those who are least able to pay.



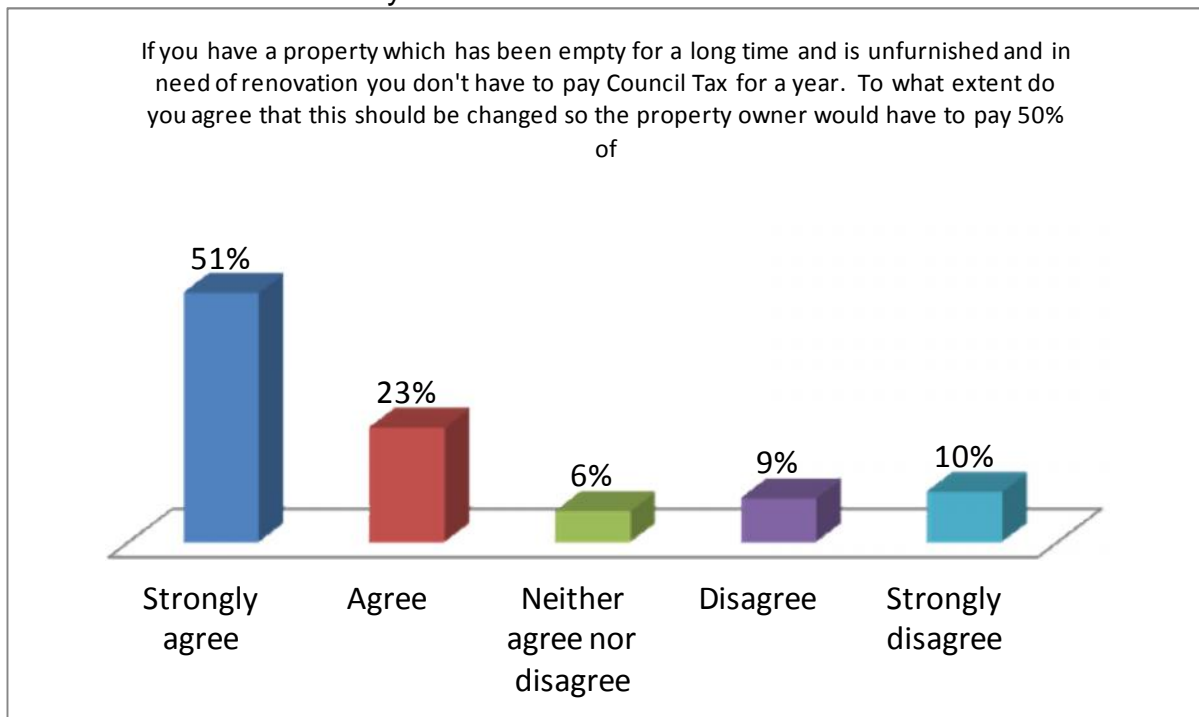
Principle 5    The scheme will be in support of the Council’s Corporate Plan Priorities of an increased supply of good quality and decent homes in which people can afford to live.



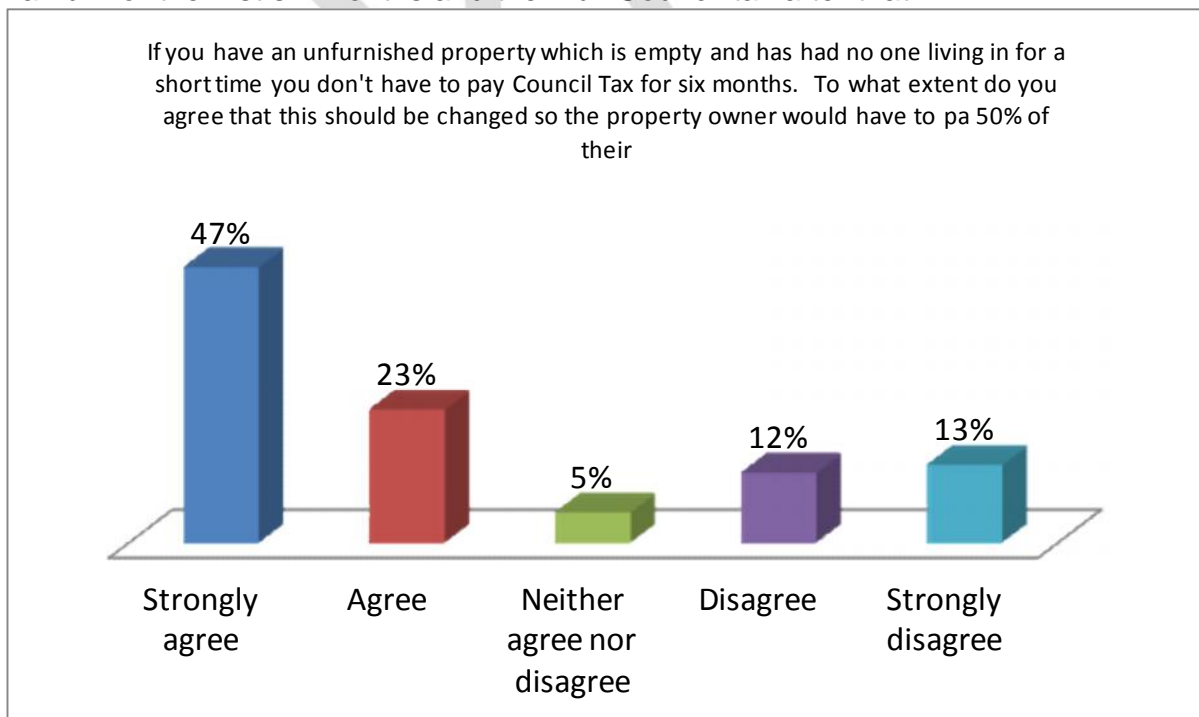
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## Part 2 – Council Tax Changes

Q2 - If you have a property which has been empty for a long time and is unfurnished and in need of renovation you don't have to pay Council Tax for a year. To what extent do you agree that this should be changed so the property owner would have to pay 50% of the Council Tax bill for the first year and then full Council Tax there after?

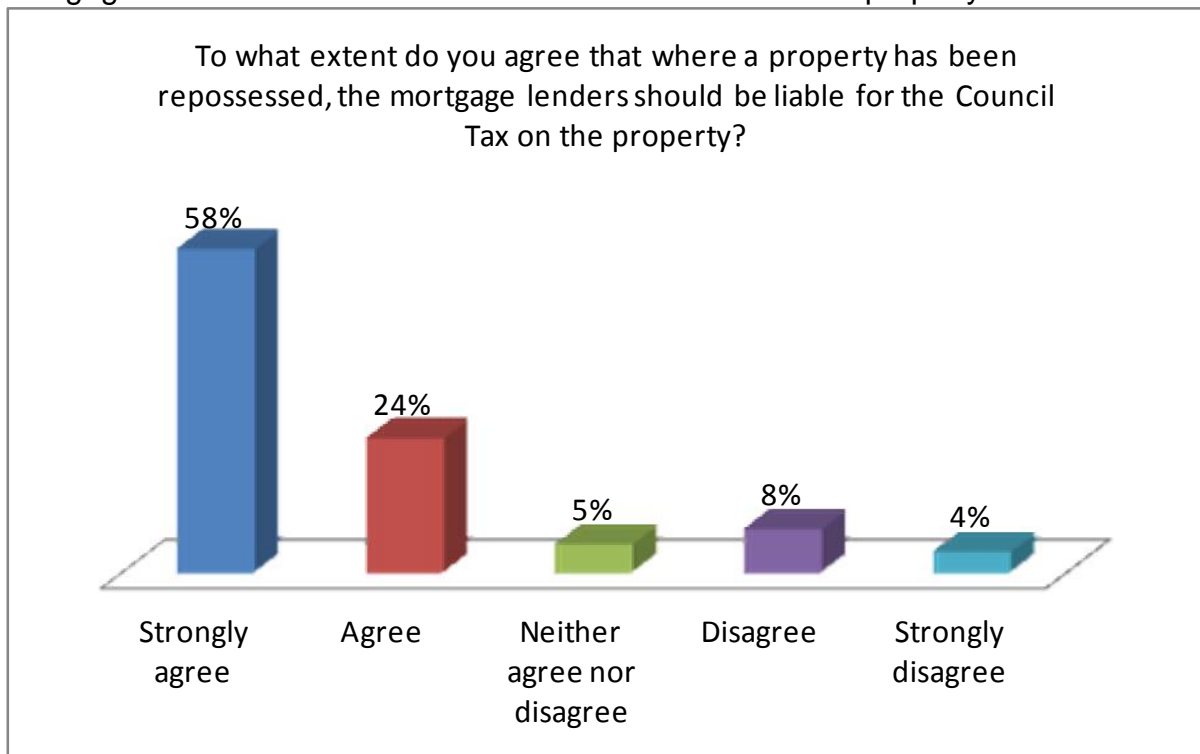


Q3 – If you have an unfurnished property which is empty and has had no one living in for a short time you don't have to pay Council Tax for six months. To what extent do you agree that this should be changed so the property owner would have to pay 50% of their Council Tax bill for the first six months and then full Council tax after that

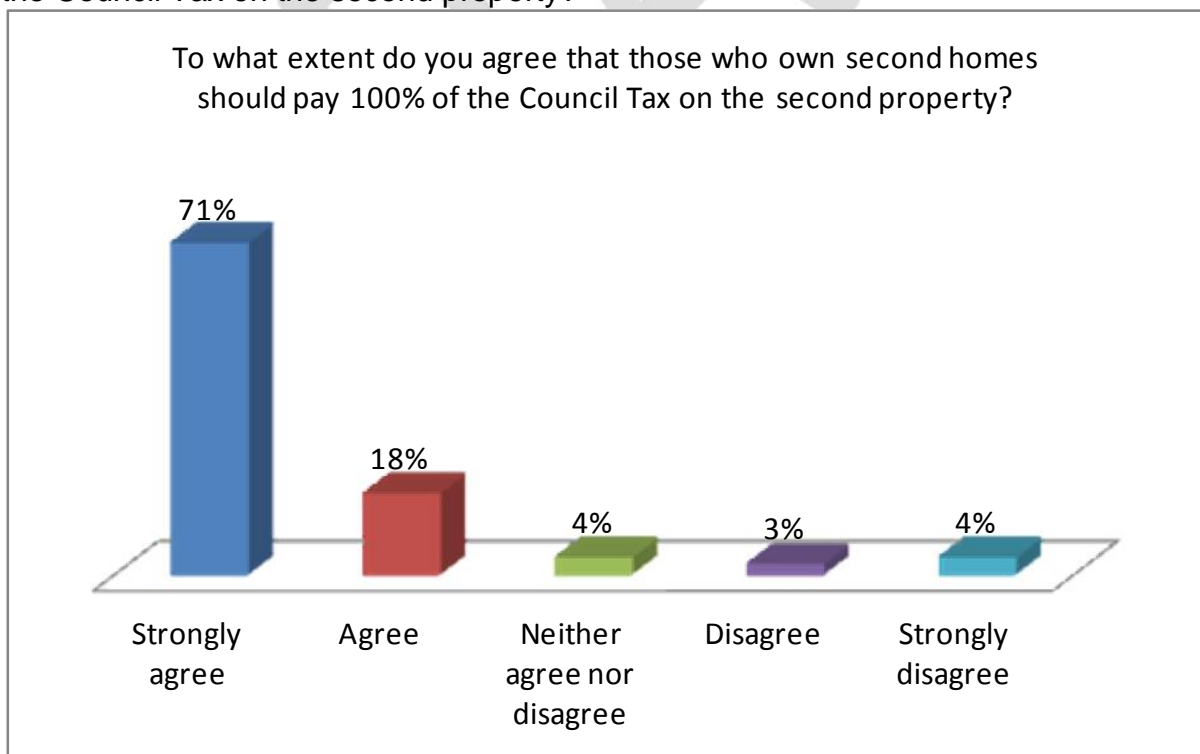




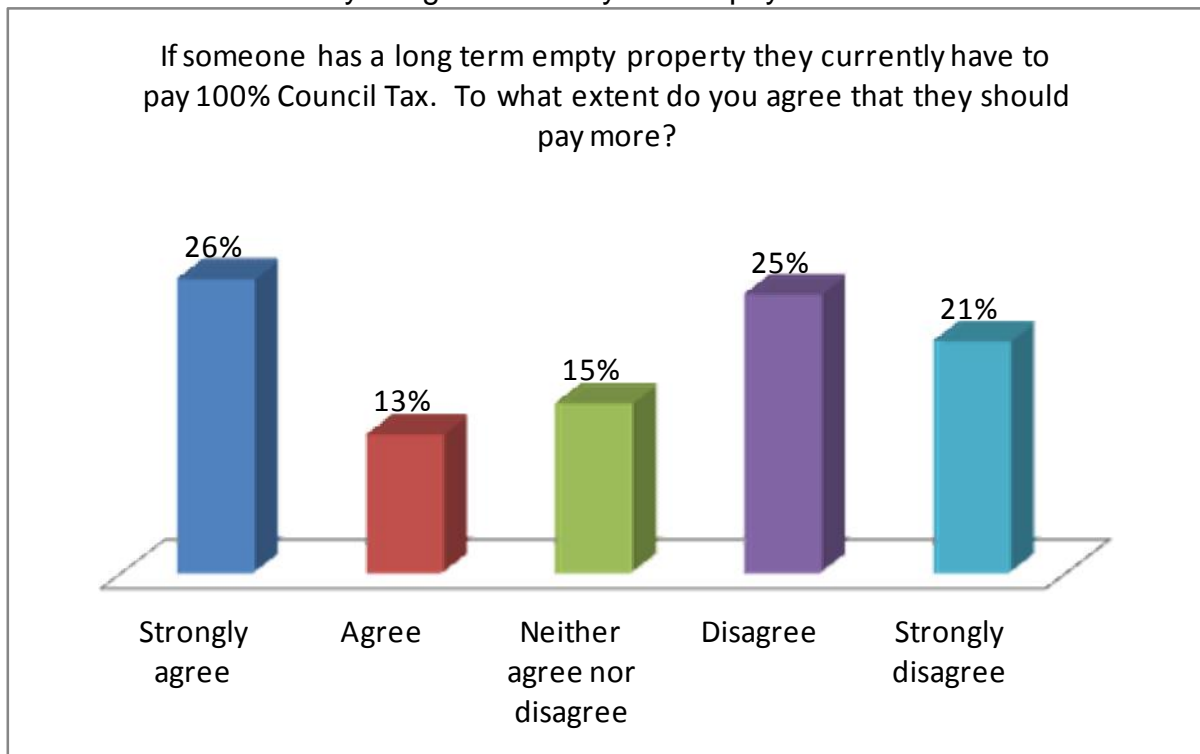
Q4 – To what extent do you agree that where a property has been repossessed, the mortgage lenders should be liable for the Council Tax on the property?



Q5 – To what extent do you agree that those who own second homes should pay 100% of the Council Tax on the second property?

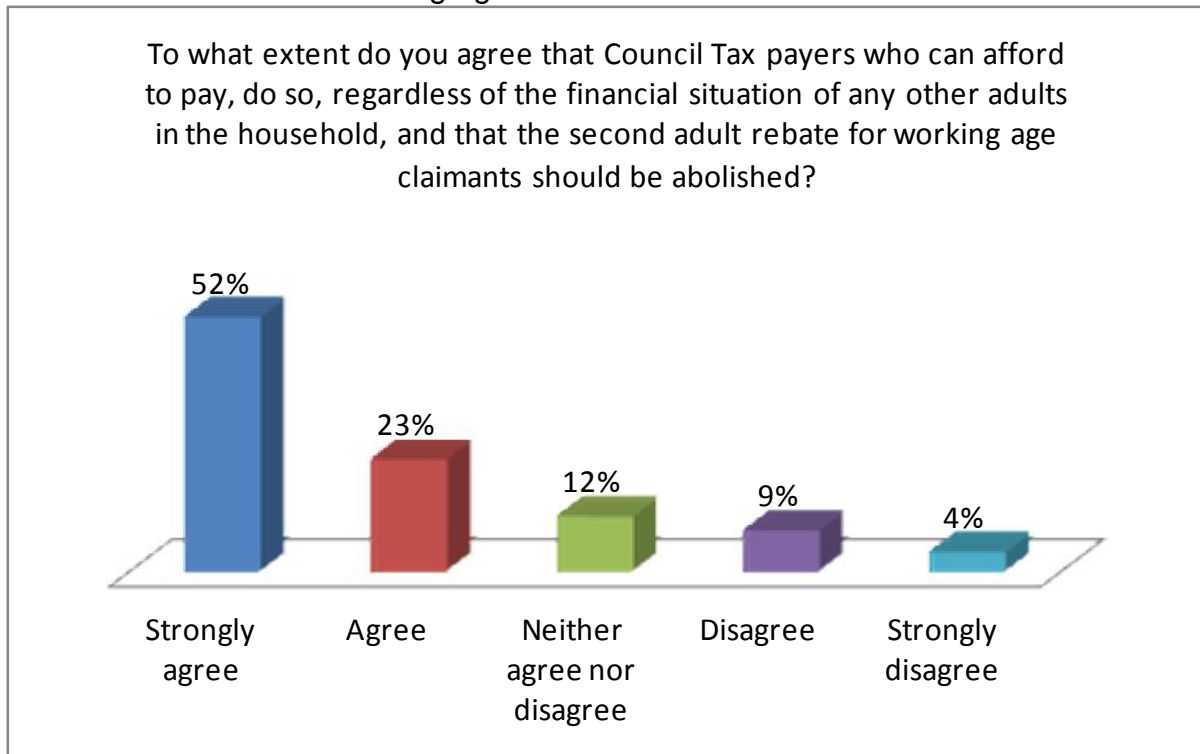


Q6 – If someone has a long term empty property they currently have to pay 100% Council Tax. To what extent do you agree that they should pay more?

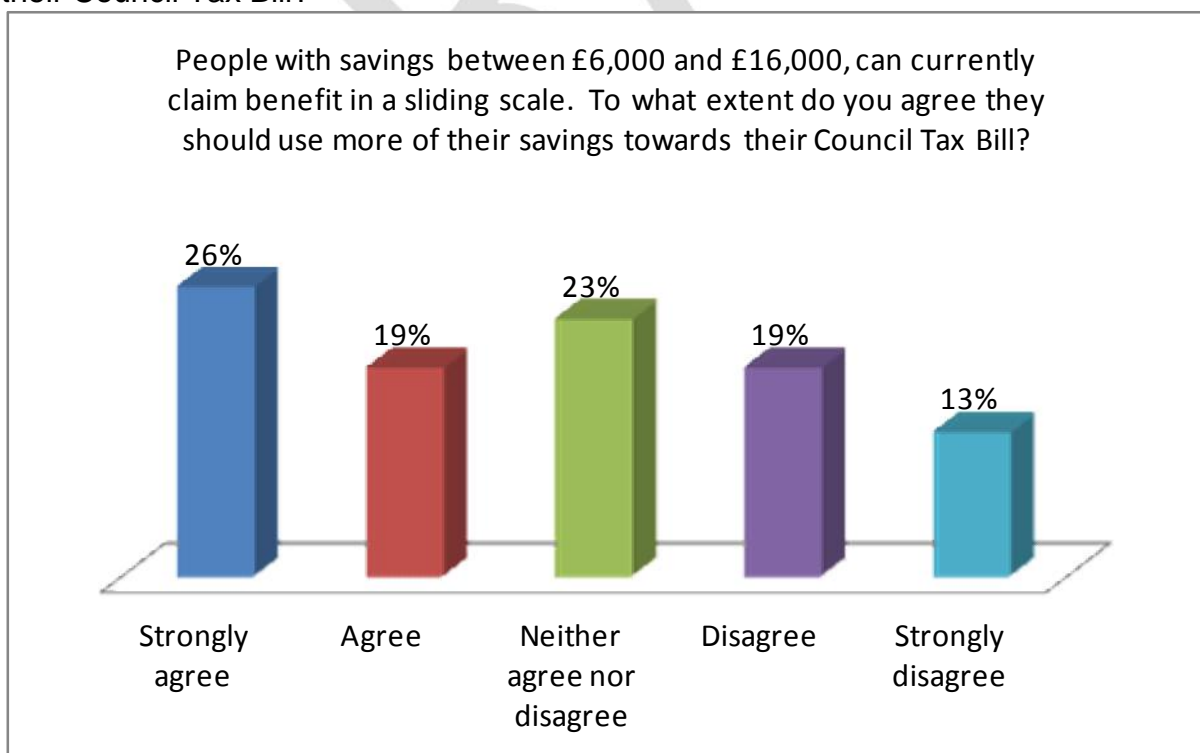


### Part 3 – Changes to Eligibility

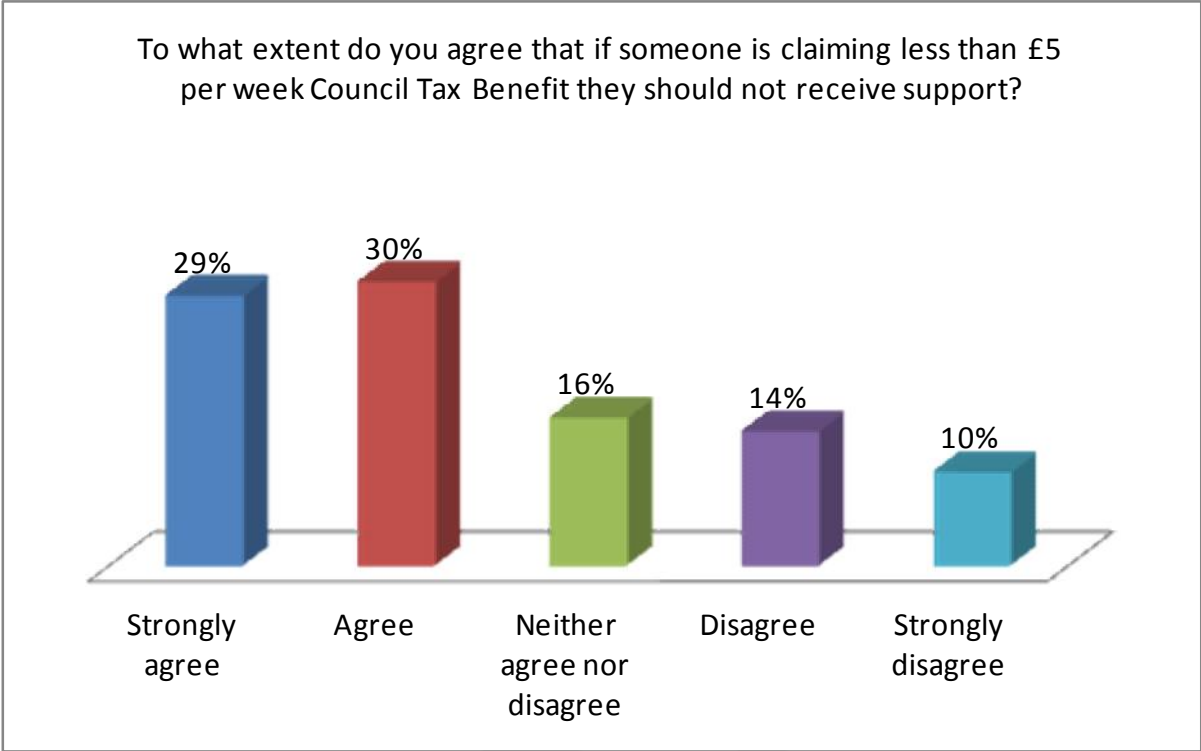
Q7 – To what extent do you agree that Council Tax payers who can afford to pay, do so, regardless of the financial situation of any other adults in the household, and that the second adult rebate for working age claimants should be abolished?



Q8 – People with savings between £6,000 and £16,000, can currently claim benefit in a sliding scale. To what extent do you agree they should use more of their savings towards their Council Tax Bill?



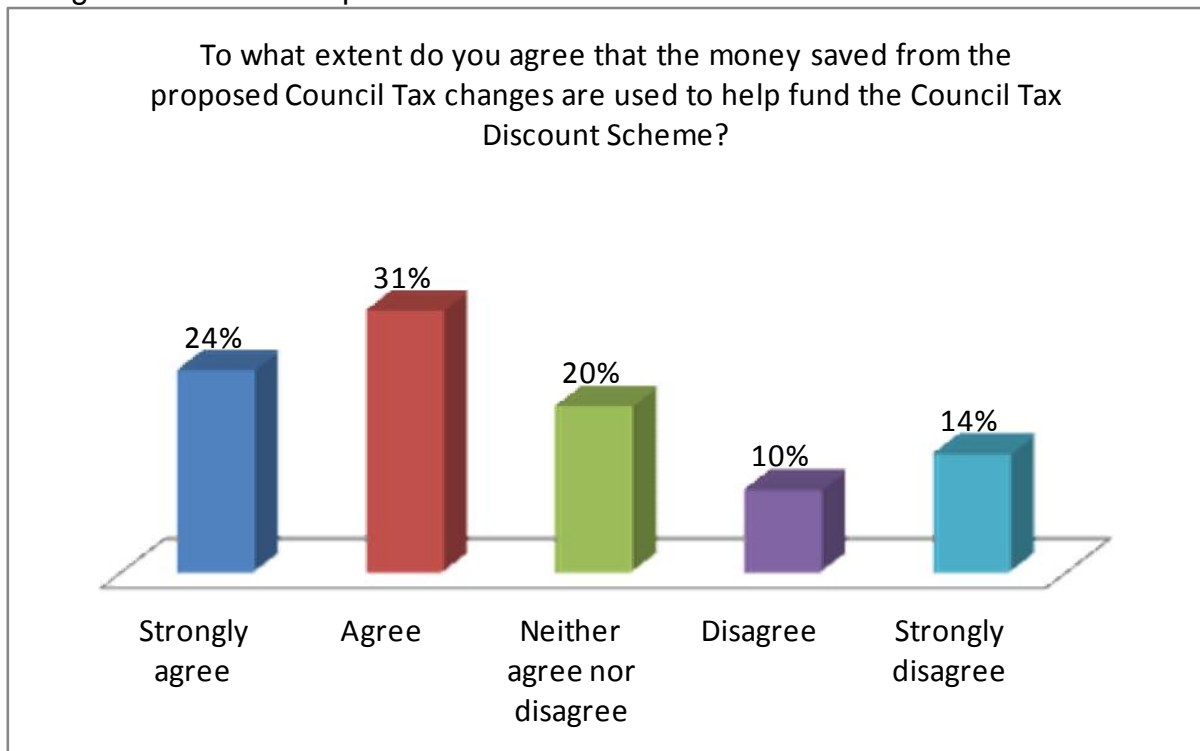
Q9 – To what extent do you agree that if someone is claiming less than £5 per week Council Tax Benefit they should not receive support?



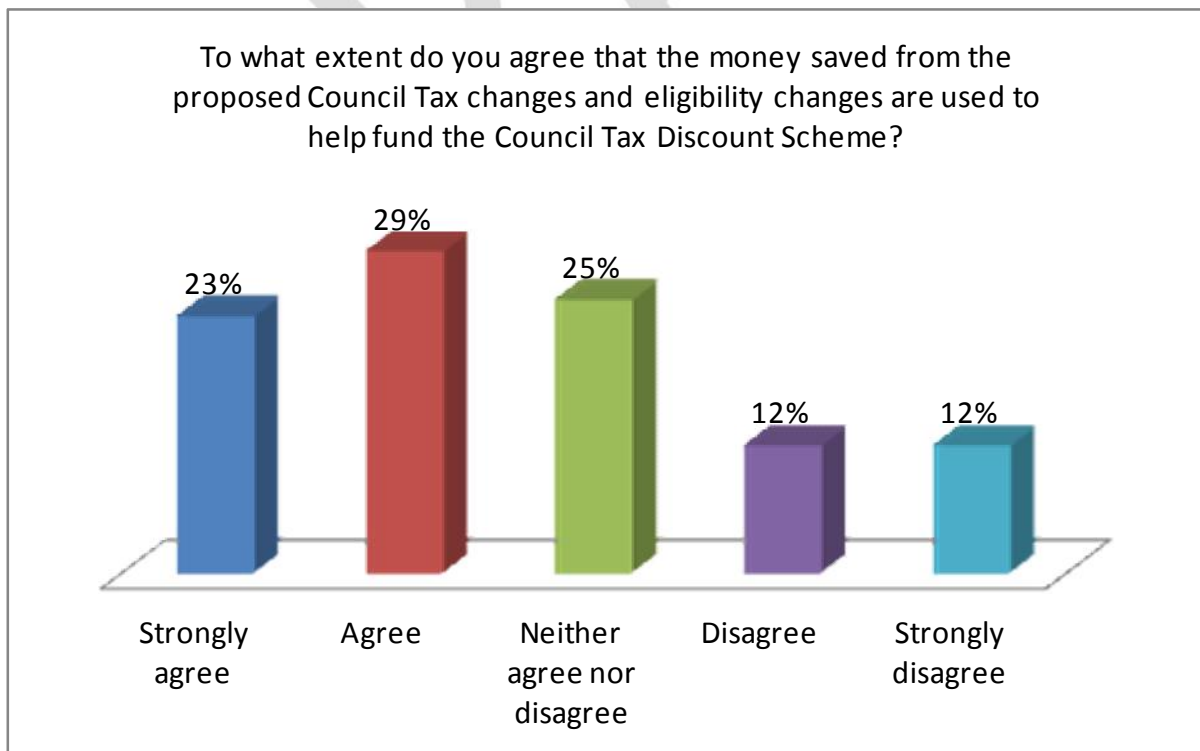
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## Part 4 – Your Views on Options

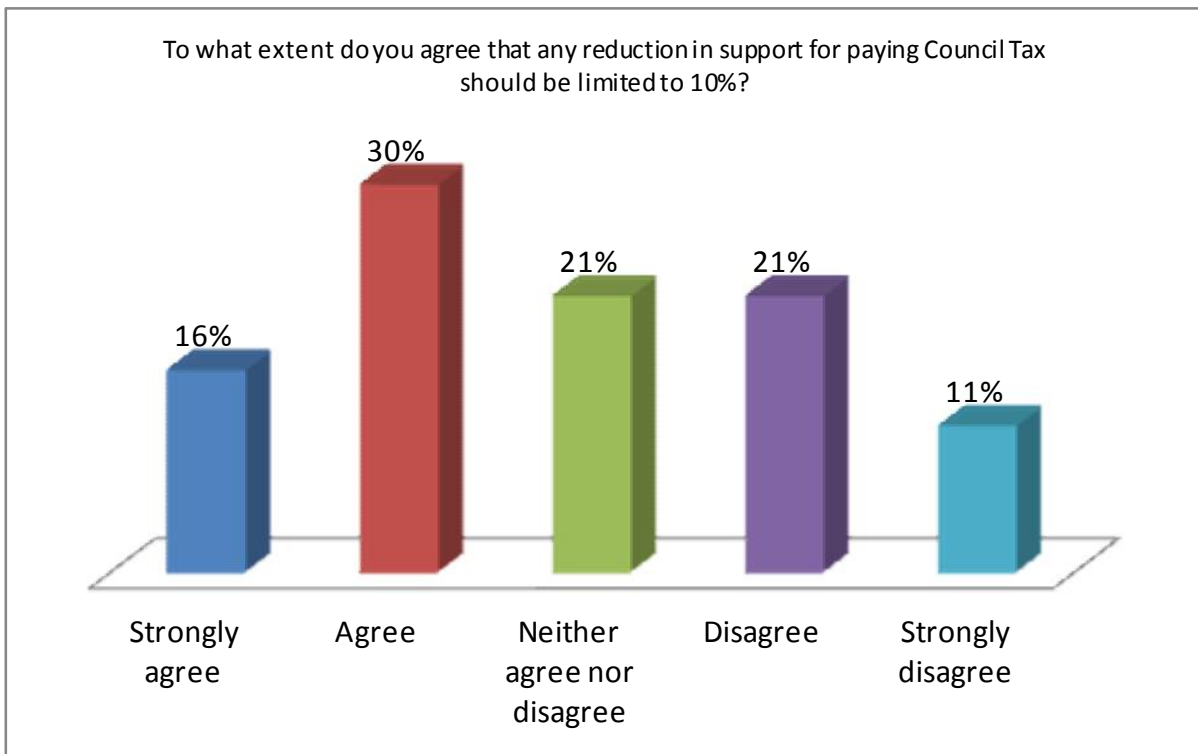
Q10 – To what extent do you agree that the money saved from the proposed Council Tax changes are used to help fund the Council Tax Discount Scheme?



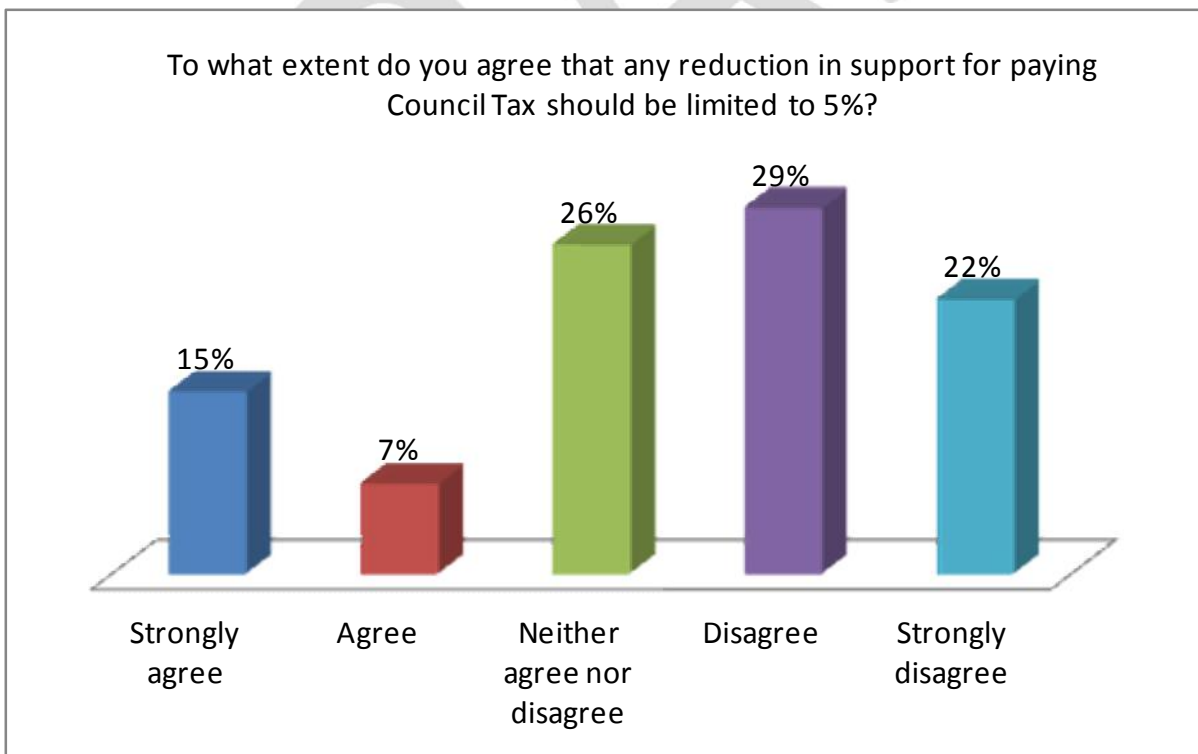
Q11 – To what extent do you agree that the money saved from the proposed Council Tax changes and eligibility changes are used to help fund the Council Tax Discount Scheme?



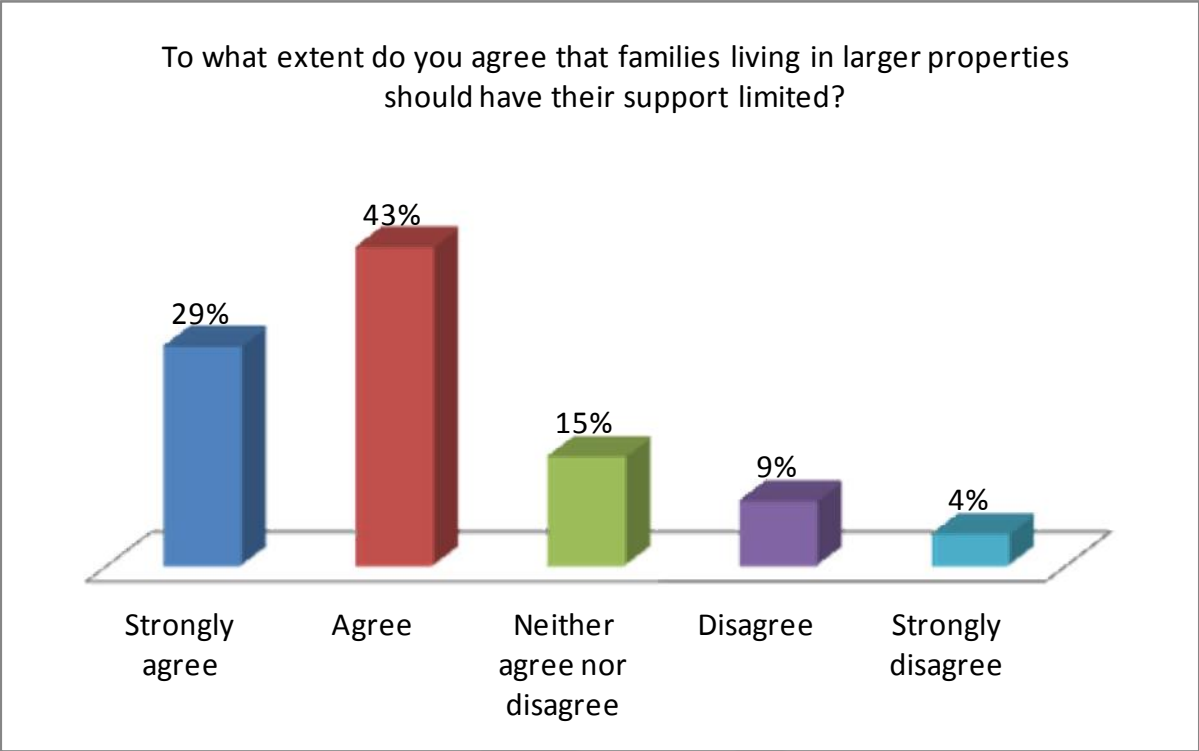
Q12 – To what extent do you agree that any reduction in support for paying Council Tax should be limited to 10%?



Q13 – To what extent do you agree that any reduction in support for paying Council Tax should be limited to 5%?



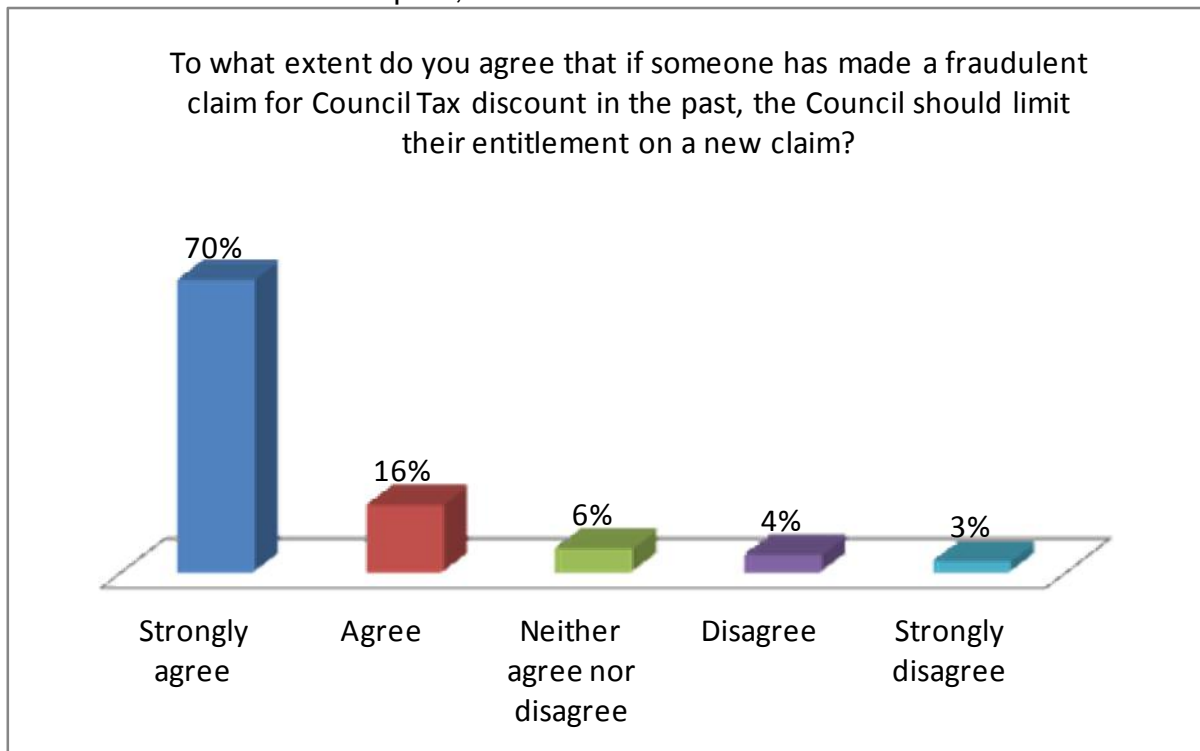
Q14 – To what extent do you agree that families living in larger properties should have their support limited?



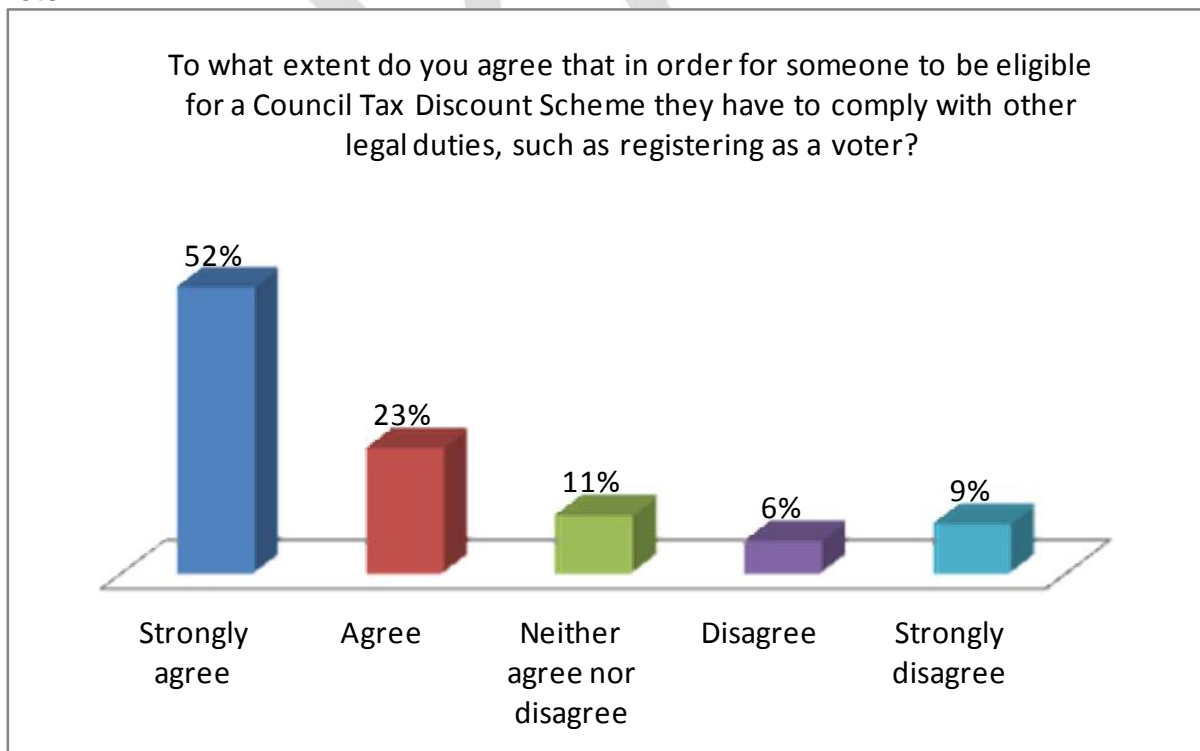
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## Part 5 – Other Options to Consider

Q15 – To what extent do you agree that if someone has made a fraudulent claim for Council Tax discount in the past, the Council should limit their entitlement on a new claim?



Q16 – To what extent do you agree that in order for someone to be eligible for a Council Tax Discount Scheme they have to comply with other legal duties, such as registering as a voter?



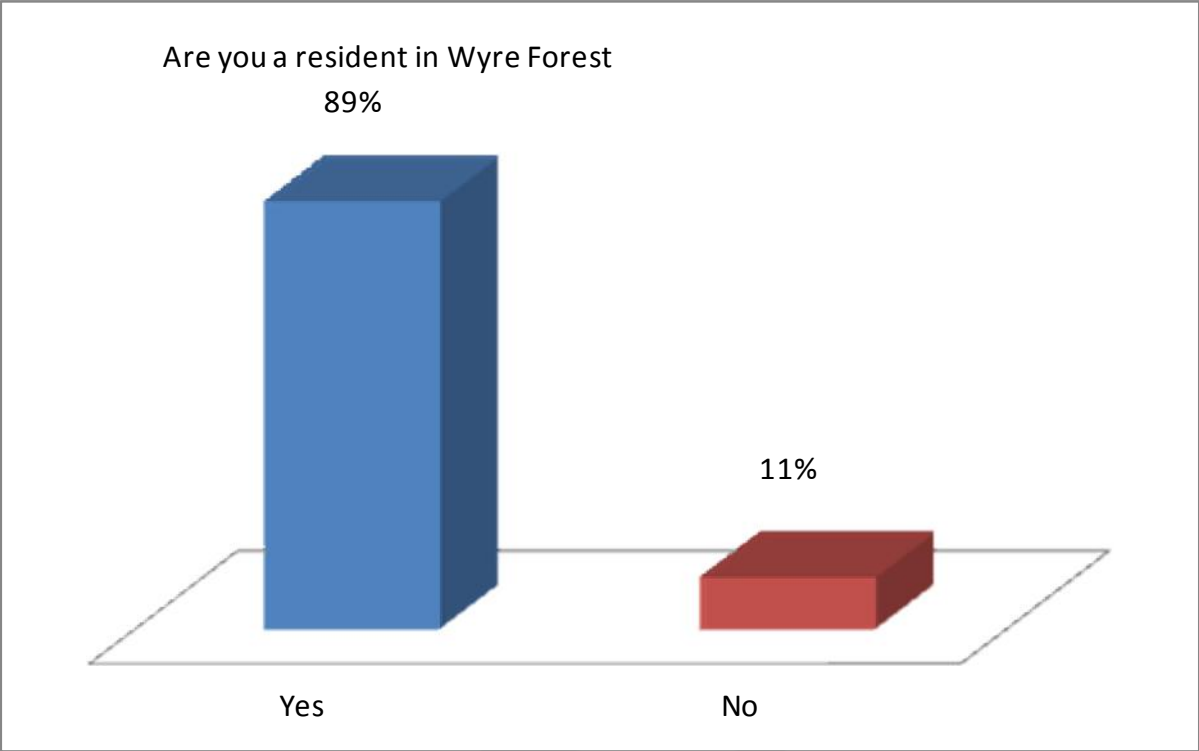
Q17 - For responses to this question please see Appendix 2 and 3.

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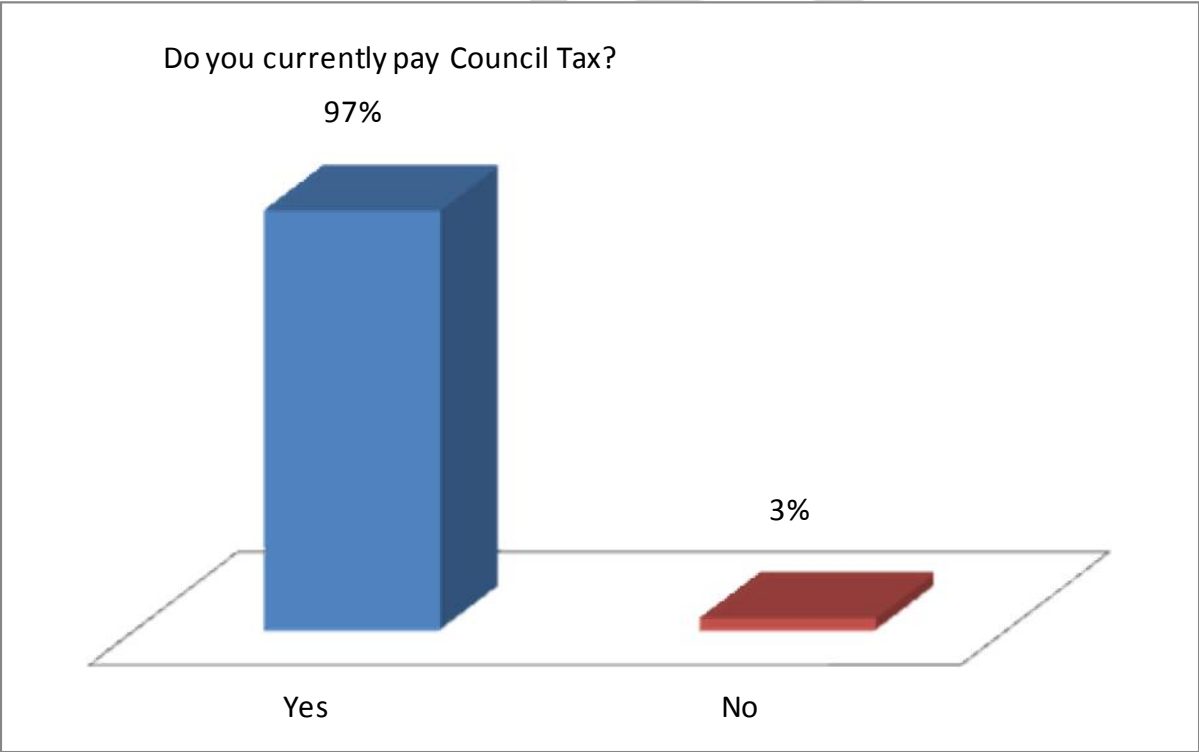


**Part 6 – About You**

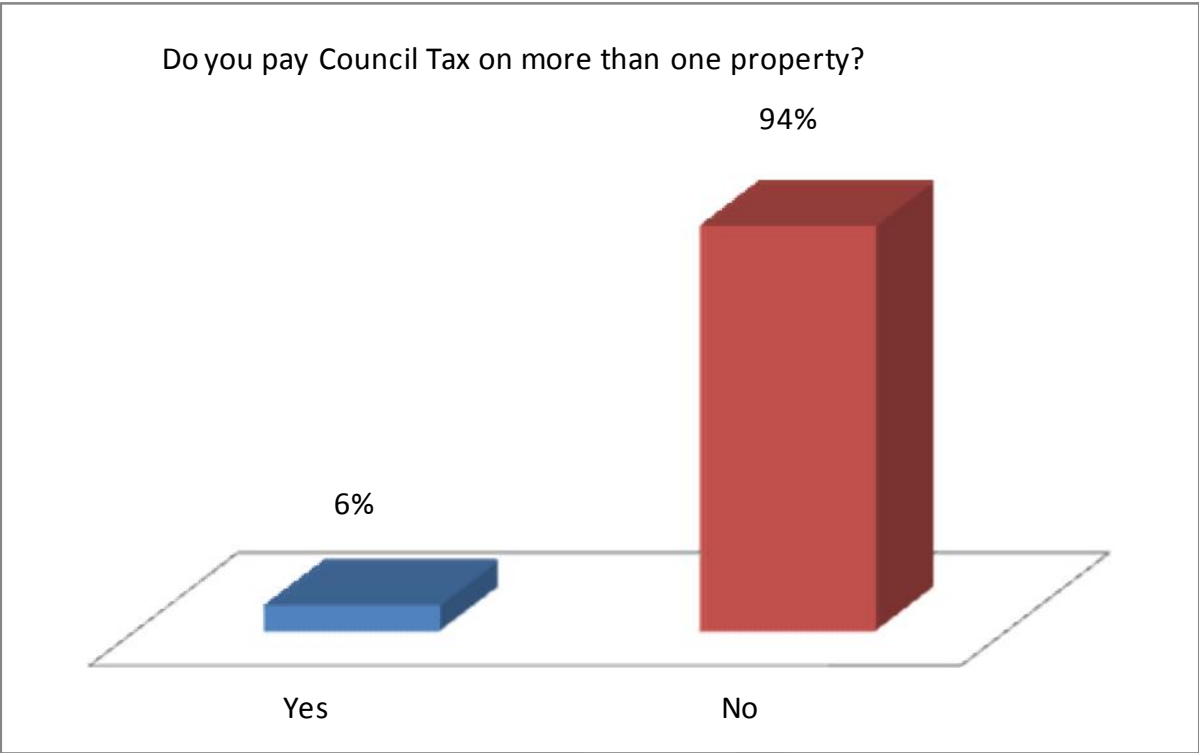
Q18 – Are you a resident in Wyre Forest



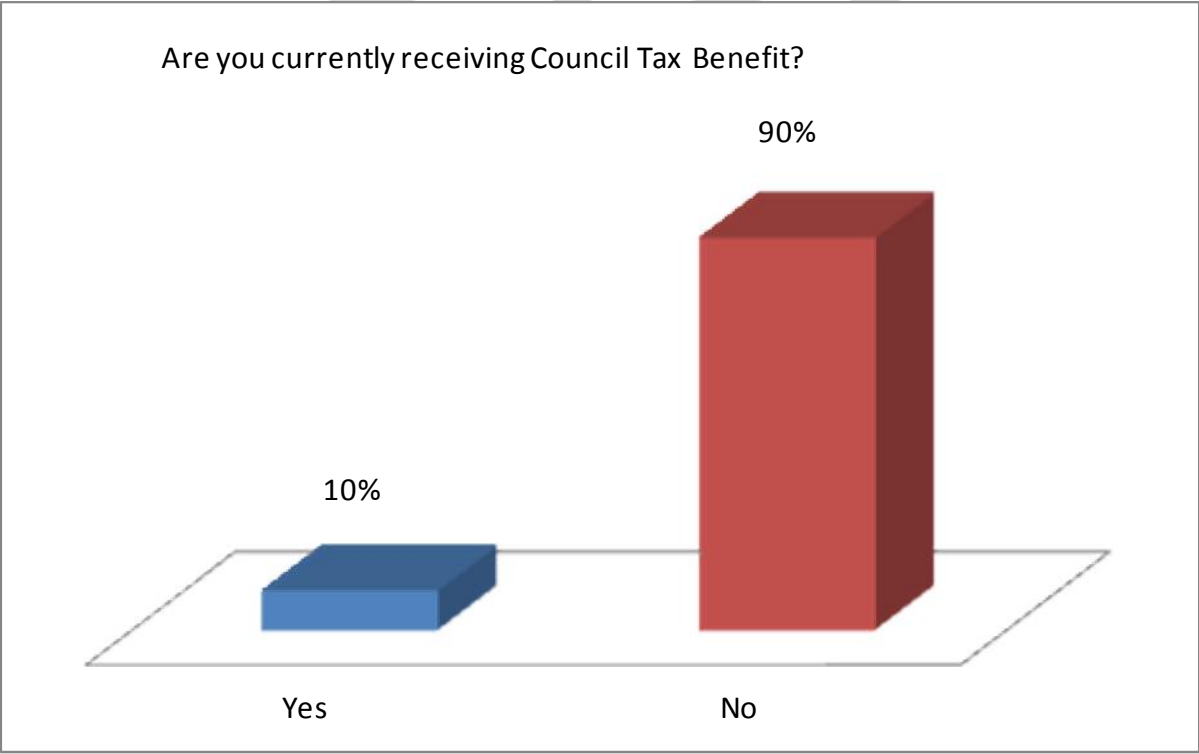
Q19 – Do you currently pay Council Tax?



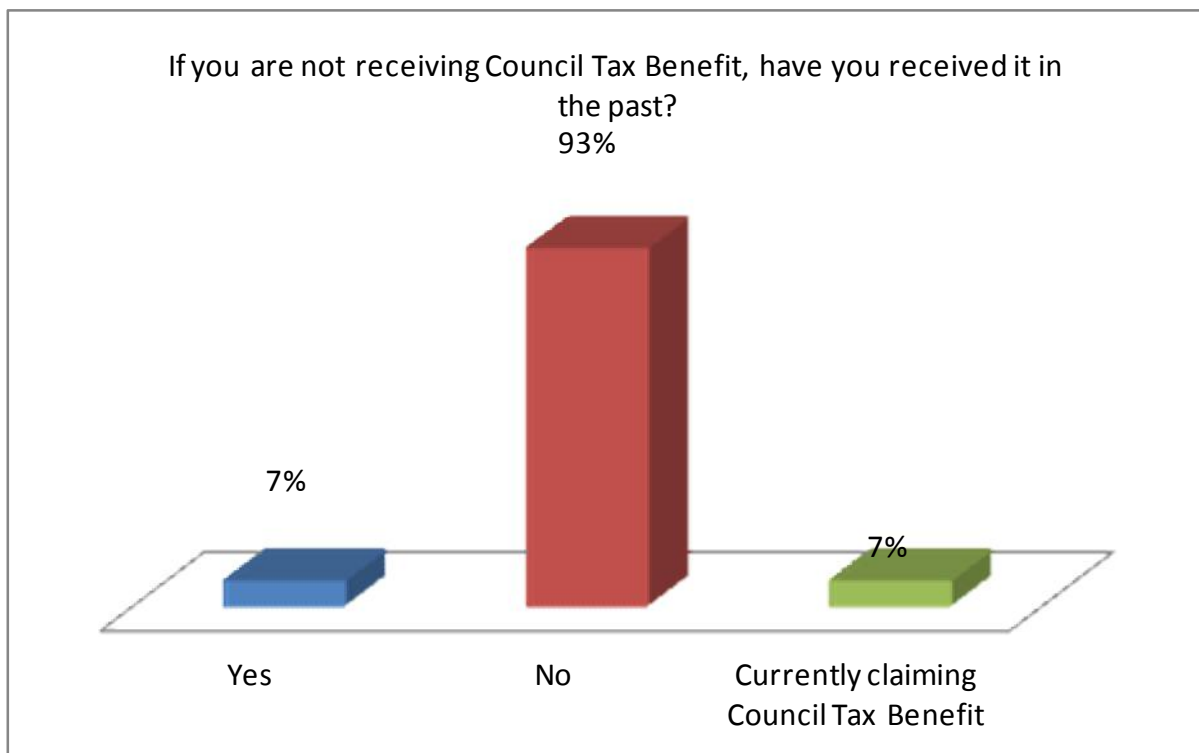
Q20 – Do you pay Council Tax on more than one property?



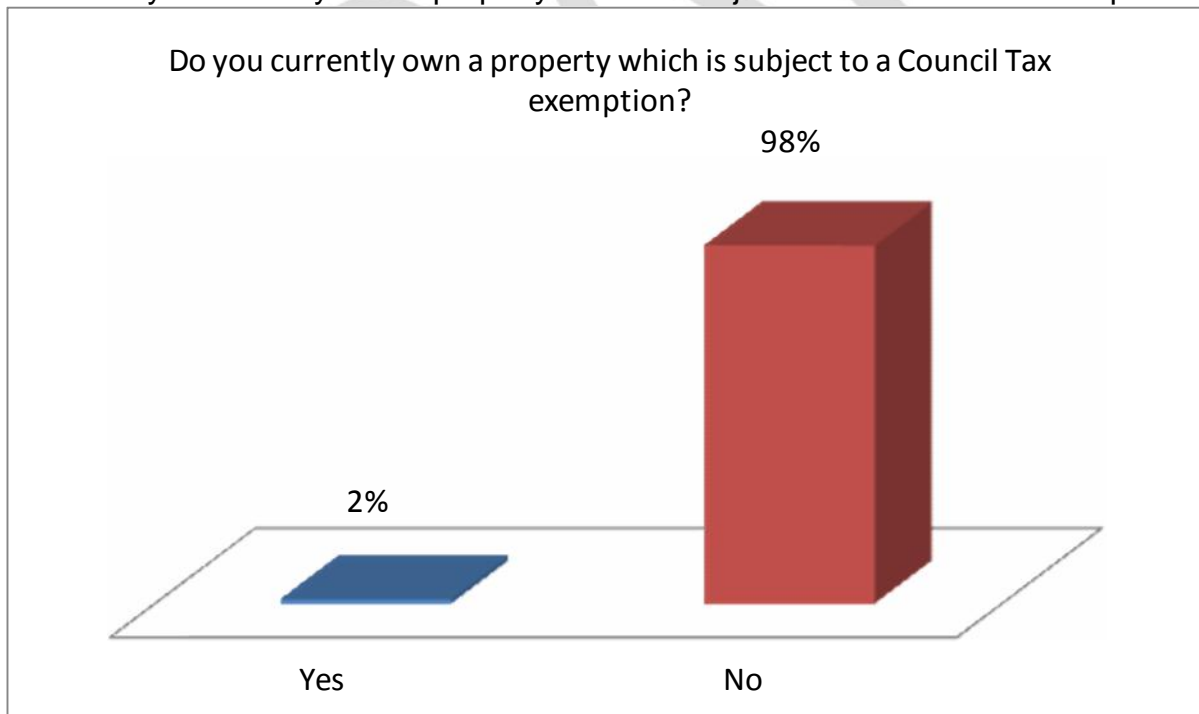
Q21 – Are you currently receiving Council Tax Benefit?



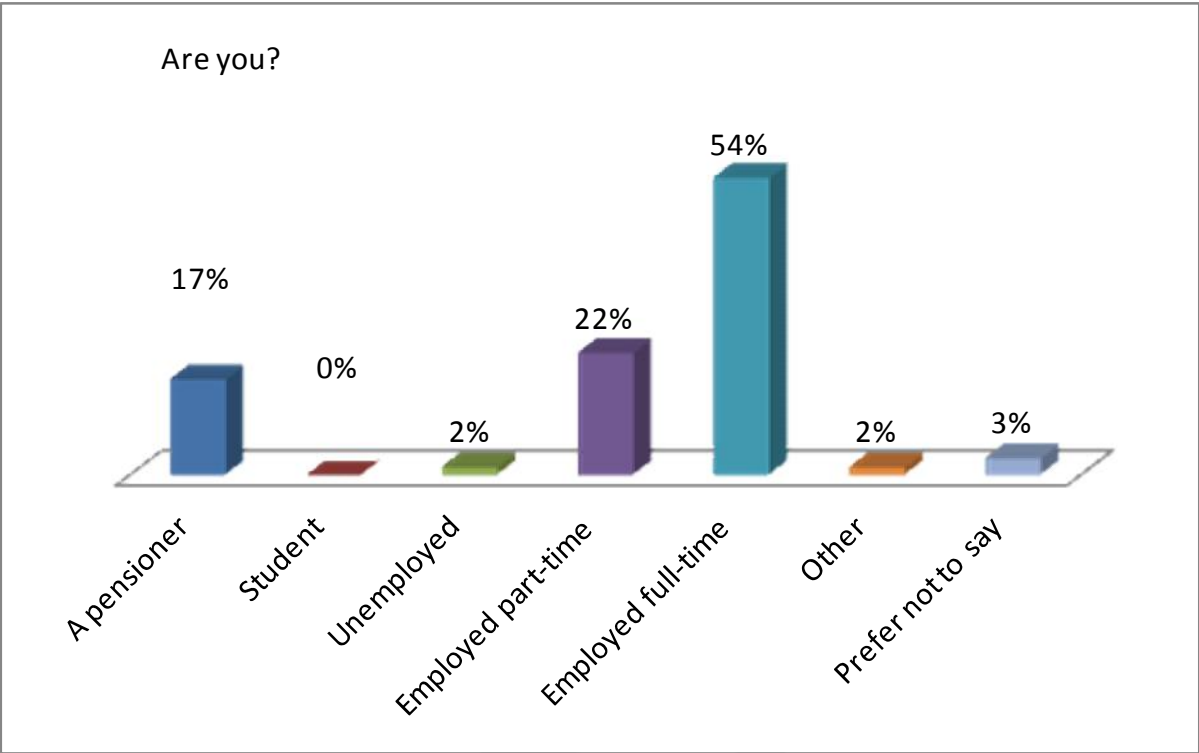
Q22 – If you are not receiving Council Tax Benefit, have you received it in the past?



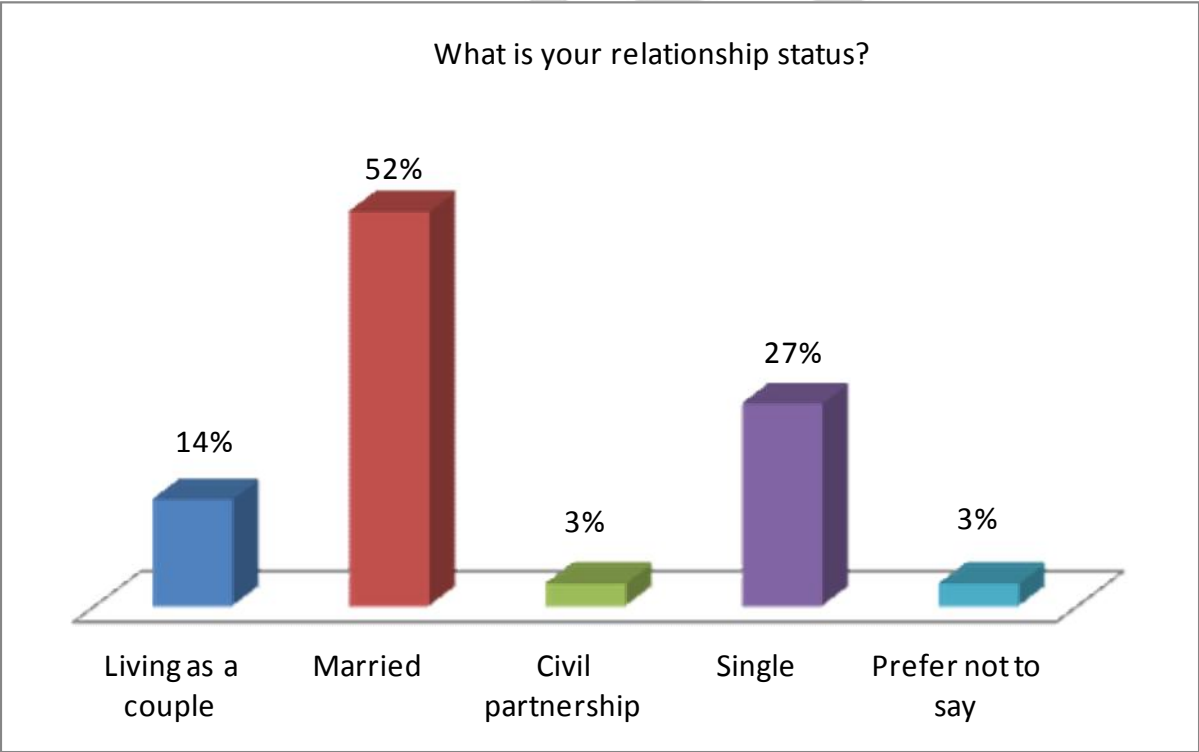
Q23 – Do you currently own a property which is subject to a Council Tax exemption?



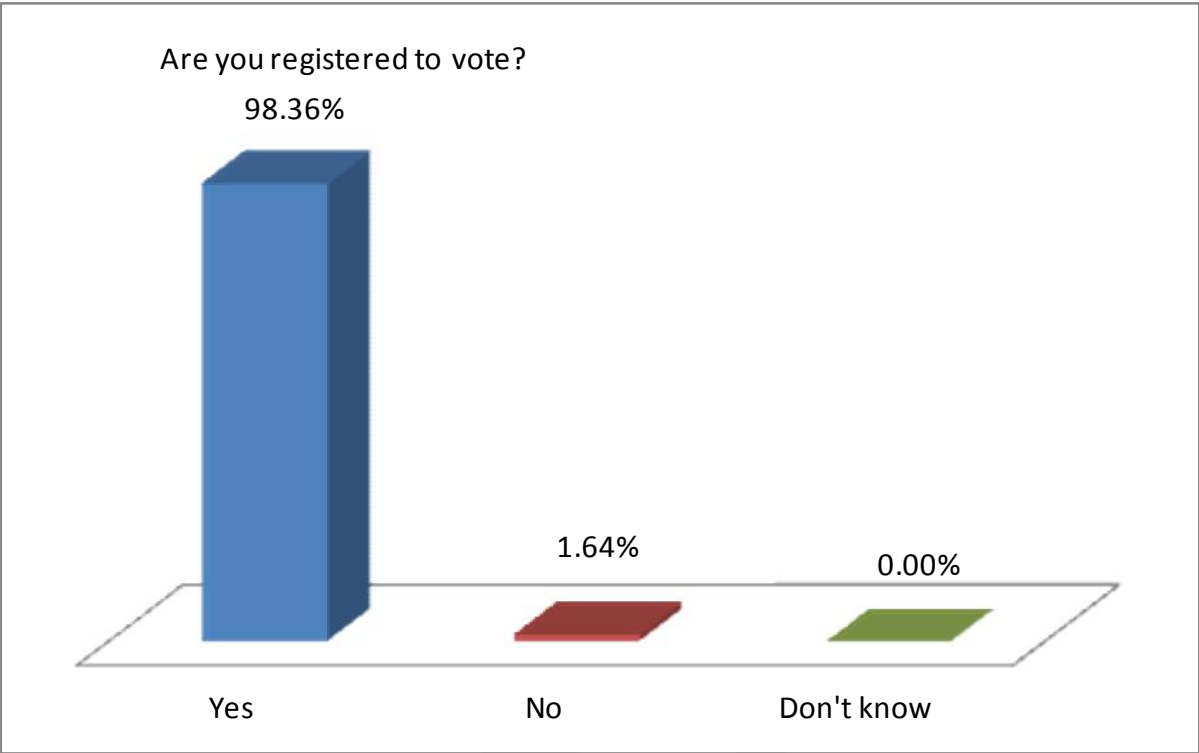
Q24 – Are you?



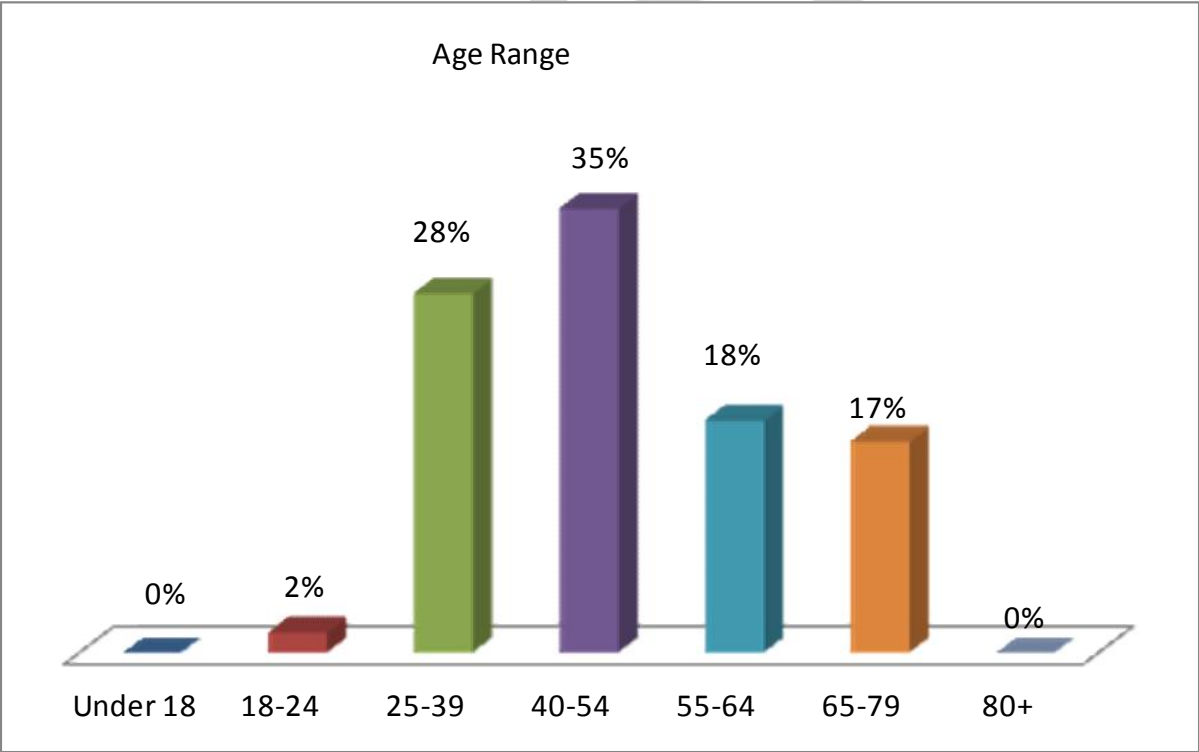
Q25 – What is your relationship status?



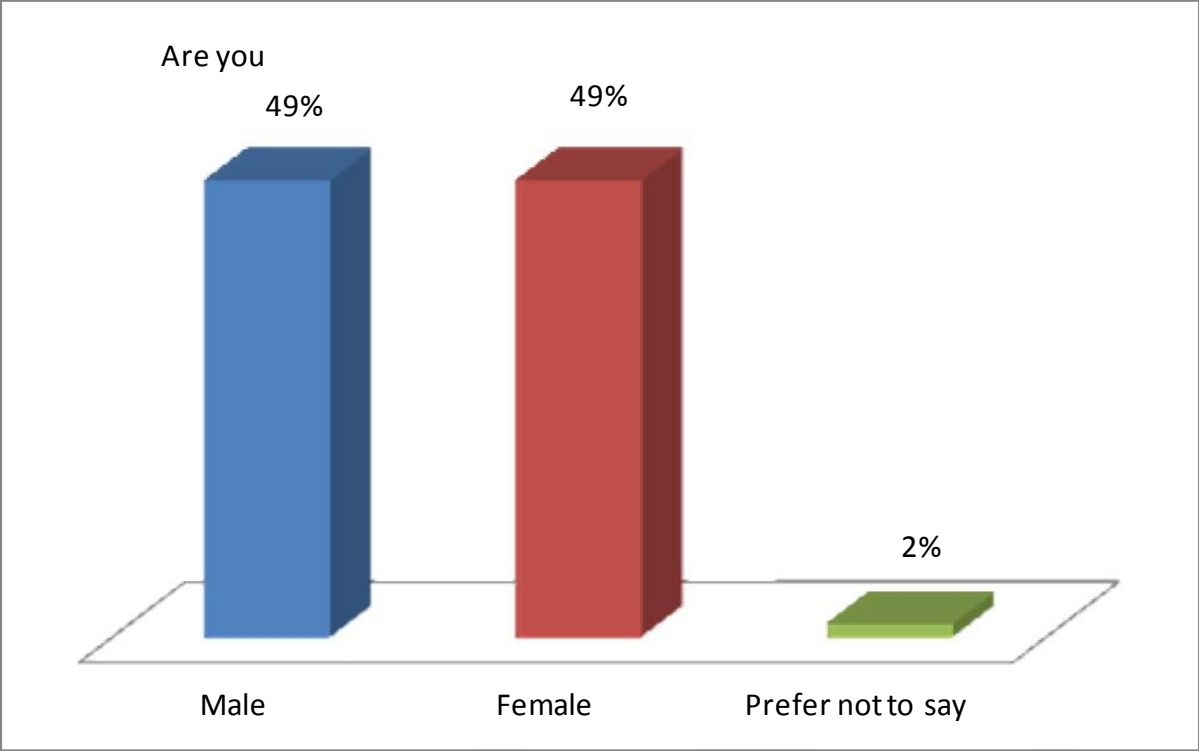
Q26 – Are you registered to vote?



Q27 – Age Range



Q28 – Are you



## **Appendix 5**

### **Hardship Funding for Local Council Tax Discount – Policy and Guidance**

#### **Introduction**

Hardship Funding is not a payment of Benefit or Local Council Tax Discount. They are stand-alone payments made at the discretion of the local authority, subject to an annual cash limit, in cases where the local authority considers that extra help with Council Tax liability is needed as a result of the Local Council Tax Discount scheme introduced from April 2013.

#### **Legislation**

The Local Government Finance Bill was introduced to Parliament on 19<sup>th</sup> December 2011. The Bill makes provision for the localisation of council tax support in England by imposing a duty on billing authorities to make a localised council tax discount scheme by 31<sup>st</sup> January 2013. This new local council tax discount replaces Council Tax Benefit from April 2013.

#### **Policy on eligibility for Hardship Funding**

- Only Customers of working age status are eligible to make an application
- Only working age Customers who are in receipt of local council tax discount can make an application
- We must be satisfied that the Customer requires further help towards his/her council tax liability
- The Hardship Funding is only in respect of Council Tax and no other housing related costs. We will use the Hardship Fund to reduce potential council tax arrears and recovery action which would generate additional costs to the Customer.
- There is no limit on the numbers of customers who will be able to apply for Hardship Funding. However we will not exceed our overall Hardship Funding Budget set by the Council each year

#### **Duties of the Customer**

- The Customer must provide such information as we may require to make a decision or to look again at a decision.
  - The Customer must notify us of any change in circumstances that may be relevant to the continuation of their Hardship Fund award.
  - The Customer must give us such other information as we may require in connection with their application.
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### **Factors that we will take into account in reaching a decision will include:**

- The extent of the council tax liability, including whether the Customer has any capital or disregarded income which can be used to meet it or whether anyone else is able and willing to help to meet it
- What steps has the Customer taken to alleviate the problem?
- We will determine if the Customer has any special circumstances which affect living costs and the choice of where to live – e.g. single parent, disabled, under threat of violence, children at local school etc
- We will compare expenditure costs with similar properties and family size if possible
- Is there cheaper suitable accommodation available in the locality to which the Customer can move? Could the customer let out any spare bedrooms in the house to tenants?
- Does the Customer or anyone in his/her household suffer from a health problem illness, or disability which means that his/her choice of housing is restricted either temporarily or permanently?
- Does the Customer have other debts to pay which make paying the council tax bill more difficult?
- Does the Customer or anyone in his household have any unusual or unusually large expenses which make it harder than normal for the Customer to pay the council tax bill (e.g. frequent travel to hospital)?
- Has there been a change in circumstances which makes it more difficult to pay the council tax bill?
- Could the Customer reduce other outgoings and therefore reduce the hardship him/herself? It is reasonable to look at the Customer's spending patterns in order to ascertain whether he is able to avoid any hardship. It may be reasonable to expect expenditure to be reduced on non-essential items (e.g. mobile phones, cable television other than main terrestrial channels, running a car, entertainment etc)

### **Administration of Applications**

Applications for Hardship Funding must be made on the Hardship Funding Application Form.

If an application is approved the Customer will be issued with a revised Council Tax Bill and a covering letter to confirm the period and amount of award.

If an application is not approved the Customer will be advised by letter and given the opportunity to ask us to reconsider the decision, which must be made in writing.

- The council will ensure that the Hardship Funding is promoted, on the back of the council tax bills and on their website.
  - All Revenues, Benefits and Customer Service Staff will be aware of the Funding and be able to give appropriate advice.
  - The duration and level of the award will be determined individually for each application.
-



- Awards will be set at a weekly amount.
- All awards will cease on or before 31<sup>st</sup> March each year, being the end of the financial year.
- When an award period comes to an end the claimant will be required to reapply for Hardship Funding and their circumstances will be reviewed. There will only be one award period per financial year.
- An award of Hardship Funding will not exceed the applicant's Council Tax liability.
- There is no prescribed time limit for the supply of information in support of a Hardship Funding application, but Customers should be advised that their applications may not always be backdated.
- Payment will be credited to the Customer's Council Tax account.
- As this is a local discretionary Hardship Fund and not dictated by Regulations, the council will decide the date an application should be treated as having been made or the date that an award should start or end – each case will be considered on its merits, including request to backdate such awards.

### **Repeat Applications**

Where an application is granted, only one application per financial year per Customer will be accepted.

Where the Customer could have taken action, but has failed to do so, then it is less likely that there will be a positive decision to pay a repeat award of Hardship Funding in the following financial year.

In cases where the Customer is unable to reduce expenditure, and circumstances remain the same (or worse), generally the decision would be to continue to make further awards of Hardship Funding in future financial years as long as the budget was available.

### **Reconsidering Decisions**

If a Customer disagrees with a decision we have made they will be given one calendar month to ask us – in writing - to reconsider.

When we are asked to reconsider a decision the case will be passed to the Manager for re-consideration and will review the reasons for the original decision and take in to account any new information supplied. The Customer will then be informed in writing of the reviewed decision. There is no further right of appeal within the council.

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