

## **CABINET**

**4 SEPTEMBER 2012**

### **LOCALISING SUPPORT FOR COUNCIL TAX**

Portfolio Holder: Councillor Alan Jarrett - Deputy Leader and Portfolio Holder for Finance

Report from: Mick Hayward – Chief Finance Officer

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#### **Summary**

This report outlines and seeks permission to consult on the proposed options for the delivery of a local Council Tax Support scheme with effect from 1 April 2013, as summarised at Appendix A.

#### **1. Budget and Policy Framework**

- 1.1 It is the Cabinet's responsibility to propose a budget to be agreed by Council. The localisation of Council Tax Benefit (CTB) will have an impact on both the taxbase calculation and the budget requirement that underpin the budget proposal. The consequences of dealing with these issues will directly impact on the level of council tax.
- 1.2 Following consultation approval of the local Council Tax Support Scheme will be a matter for Council.
- 1.3 The level of discounts to be awarded is a matter for Council.

#### **2. Background**

- 2.1 As part of the Spending Review 2010 the Government made a policy commitment to localise support for council tax by 2013/14 accompanied by a declared intention to reduce expenditure by 10%.
- 2.2 The Welfare Reform Act 2012 (WRA2012), which received royal assent on 8 March 2012, abolishes both Housing Benefit (HB) and Council Tax Benefit (CTB) and will be brought into force by means of commencement orders to be made by the Secretary of State. Housing costs will eventually be met through Universal Credit (UC) which will be administered by the Department for Work and Pensions (DWP) and phased in between October 2013 and March 2017. A local council tax support (CTS) scheme administered by local authorities will replace CTB from 1 April 2013.
- 2.3 The Local Government Finance Bill 2010 – 2012 (LGFB2010-12) establishes a framework for localised CTS. Although the Bill is not yet binding legislation, it is likely to be given Royal Assent before the end of this year. As currently drafted the Bill will

amend the Local Government and Finance Act 1992 so that the 1992 Act states that each billing authority in England must make a CTS scheme by no later than 31 January 2013, and the first financial year to which that scheme relates must be the year beginning with 1 April 2013.

- 2.4 The LGFB2010-12 also makes changes to elements of the council tax system which includes additional discretionary powers in setting the levels of certain discounts and exemptions.

### **3. Current Position in relation to Council Tax Benefits**

- 3.1 The council currently pays approximately £19.2m in council tax benefit (CTB), an income related social security benefit administered by local authorities on behalf of the Department for Work and Pensions (DWP). The benefit is demand led, as more people apply and are eligible to claim so the overall benefit bill increases, and the council is reimbursed by the Government.

- 3.2 Claimants in receipt of means tested out-of-work benefits generally receive full assistance; eligible claimants who work or have other income are likely to get partial relief; around 60% of all pensioners are entitled to CTB, although not all who are entitled actually claim. Some key headline statistics are set out below:

- Current expenditure nationally equates to approximately £4.8 billion and has more than doubled in the last decade
- Over 5.8 million people claim CTB, more than any other means tested benefit
- Medway has over 23,000 claimants, with estimated net CTB in 2012/13 expected to be £19.2m
- 40% of all claimants in Medway are pensioners
- 33% of working age claimants have dependent children
- 9% of claimants are on working tax credits
- DWP research in 2009/10 suggested that as many as 3 million people nationally did not claim the CTB they were actually entitled to. Applying these national statistics proportionately to Medway would produce a significant increase in caseload and therefore cost if these customers were to subsequently claim

### **4. The New Framework for Council Tax Support Scheme**

- 4.1 Financial support for low income council tax households will become fully integrated into the Council Tax system, with support being offered as a discount on Council Tax bills. This means that local decisions about which vulnerable groups should qualify for council tax support, including any reduction on income grounds, will need to be taken as part of the Council tax-setting process.

- 4.2 In developing a local scheme the Council will need to know:

- The scheme grant allocation – it is expected that the grant will be paid to billing and major precepting authorities pro-rata to their share of Council tax, thereby reducing each authority's Council Tax requirement. For the Medway area based on current council tax levels this means the allocation will be:
  - Medway 84.41%
  - Kent Police Authority 10.46%
  - Kent & Medway Fire & Rescue Authority 5.13%

- The potential caseload – prior year data is available to start the process of decision making about the operation of local schemes. The council has modelling tools to analyse the effects of changing variables including the factors which could lead to an increase in demand across certain groups.
- The potential for a regional scheme - Districts within Kent have been actively seeking a uniform scheme in partnership with their major precepting authorities. Whilst a common thread runs through their schemes, a number of authorities have made their own local adjustments to the scheme. In addition, Kent County Council has agreed to underwrite a considerable proportion of the districts' costs and the risk that the new scheme would not meet anticipated costs.

#### 4.3 Any new Local Scheme will need to:

- Detail the Council tax reduction available / to be awarded locally;
- Include categories of claimant entitled to a Council tax reduction and the Council tax reductions which are to apply to those categories;
- Set out procedures for applicants to follow in making applications;
- Set out procedures for appealing against a decision (it is intended that the Valuation Tribunal is the independent appeal body)

#### 4.4 In advance of the new scheme being agreed by Council, the council will need to undertake consultation with:

- Major precepting authorities. In our case these are the Kent Police Authority and the Kent & Medway Fire & Rescue Authority, who will share the effects of any increases or reductions in demand for council tax benefits and costs based on the local scheme offered.
- The public. The Council will need to carry out a public consultation on the content of its proposed scheme during the summer/autumn.

#### 4.5 The Council's scheme will have to be approved by Council on 24 January 2013. A timetable of key dates is included at Appendix C.

#### 4.6 Where billing authorities do not adopt a scheme by 31 January 2013, then the Government's default scheme will need to be used. This default scheme will be set out in regulations and retain the criteria and allowances in the current Council Tax Benefit scheme. It will also contain default procedures that the local scheme must cover. There are however significant financial disincentives for local authorities to avoid using the default scheme.

#### 4.7 From 2014/15 onwards, if a billing authority still fails to adopt a new scheme, the scheme in operation in the previous year will continue.

### **5. Financial Implications – Funding the Local Scheme**

#### 5.1 In May 2012 the Government issued a consultation document on the funding of the new scheme. To secure the reduction in subsidised expenditure, funding for council tax will, from 2013, no longer be met from Annually Managed Expenditure but will be set through an upfront allocation for all billing and major precepting authorities. This will be 90 per cent of the forecast subsidised council tax benefit expenditure for 2013/14. Figures marked 'for illustrative purposes only' in the same document suggest Medway Council

would receive £14,185m. This is based on Government forecasts of a reduction in caseload as a result of coming out of the recession.

- 5.2 Officer calculations, based on a caseload that is still increasing and subsequent Government references to the worst double dip recession since the war suggest that the actual shortfall in funding for Medway and the major preceptors will be approximately £4m.
- 5.2 The confirmed funding will be allocated in advance of 1 April 2013 to enable councils to plan ahead and as stated at 4.2 above will be shared between the Council and its major precepting authorities.
- 5.3 The Council is expected to consider any contingency arrangements for unplanned increases in demand and take-up which it will have to fund from within existing resources.
- 5.4 With any such scheme there is always the possibility that as a result of special conditions a council taxpayer may still face hardship despite the existence of the local scheme and it is therefore considered good practice to establish a contingency fund. Payments could then be made at the Council's discretion from this fund under s13A LGFA 1992.
- 5.4 There are three major financial options that need to be considered in developing a CTS scheme:
- Reducing the benefits awarded by the corresponding reduction in funding
  - Financing the reduction in funding from alternative sources
  - A combination of the above.

## **5.5 Reducing the benefits awarded by the corresponding reduction in funding**

- 5.5.1 Within the framework for CTS, the Government has provided for classes of claimant that it can decide to protect. Currently, it is only seeking to protect pensioners who must still receive the same amount of benefit as they would have had under CTB.
- 5.5.2 Historically the council has always awarded maximum discretionary benefits to claimants in receipt of war disablement and war widow's pensions regardless of age, and it is therefore the intention to create an additional vulnerable group to protect these claimants in the same manner as pensioners.
- 5.5.3 40% of the Council's current claimants are pensioners, and as such the council would need to recoup the total reduction of some £4m in benefits from the remaining 60% of claimants (working age).
- 5.5.4 Any new scheme that reduces benefits means there will be a requirement to collect council tax from the poorer residents of Medway, many of whom may not have had to previously pay any council tax.

## **5.6 Financing the reduction in funding from alternative sources**

- 5.6.1 Whilst acknowledging the current financial climate and the reduction in spending the Council is already striving to achieve, there is no requirement for the reduction in benefits to be ring-fenced and the Council could fund the shortfall from other sources if it so wished.

5.6.2 Such an opportunity is provided for within the LGFB(2010-12) which gives billing authorities the following additional powers:

- to levy up to full council tax on second homes. There are currently four different types of 2<sup>nd</sup> homes discount in Medway, these being:
  - A second home (i.e. furnished but not the main dwelling) – discount of 10%
  - A pitched caravan or mooring – discount of 50% when unoccupied
  - A second home, where the either the first or second home is job related – discount of 50%
  - Long term empties (i.e. unoccupied / unfurnished dwelling) – discount of 0% once any period of exemption has passed
- to replace Class A (major repairs/structural alterations) with discounts, the amount of which would be for billing authorities to determine.

At present, an exemption is given to vacant dwellings (undergoing major repair work) for one year, with billing authorities having discretion over the rate of discount after one year. The Government propose to remove the mandatory 100% exemption for such properties, allowing local authorities to charge between 0% and 100% from the point at which a property becomes vacant and allow authorities to retain locally any additional council tax i.e. for formula grant purposes, the vacant property exemption would still be assumed

- Class C (Empty for up to 6 months) exemptions with discounts, the amount of which would be for billing authorities to determine

At present, an exemption is granted for a period up to 6 months after a property becomes vacant (that is unoccupied and unfurnished). The Government propose to abolish the Class C exemption and replace it with a discount that local authorities are able to set. The discount could be between 0% and 100% and for a time period at the local authority's discretion. As with the proposals around Class A above, the Government are proposing that local authorities retain any additional council tax raised, without a corresponding adjustment to the formula grant.

- to abolish Class L exemption, and making mortgagees in possession of empty dwellings liable to council tax in respect of them.

At present, an exemption is granted for mortgagors that have had their home repossessed by a bank or building society.

The Government propose to amend council tax legislation in order that the liability for council tax would fall on the owner of the property (if there is no resident), thereby making the institutions which have taken possession of the property liable for council tax.

- to levy an 'empty homes premium' in respect of dwellings which have been left empty for two years or more

Local authorities currently have the discretion to provide up to a 50% discount on a non-exempt long term empty dwelling. Medway Council has awarded a zero discount since 1 April 2004. The Government propose to allow local authorities the option to levy an empty homes premium of up to 50% on council tax payable in respect of dwellings that have been left empty for a period in excess of two years.

- 5.6.3 The potential additional revenue resulting from changes to these discounts and exemptions is shown at Appendix D
- 5.6.4 The fact that extra charges could be levied following these changes does not guarantee that the income will be collected. Dwellings left empty for two or more years often have absent owners or unresolved probate issues.
- 5.6.5 Increasing some charges may have undesirable consequences. Removing the exemption for properties needing structural alterations may deter developers, lead to an increase in derelict properties within the area and restrict New Homes Bonus income.
- 5.6.6 Any extra revenues raised would be split between the billing authority and major preceptors in the same manner as at 4.2 above.
- 5.6.7 If the entire saving is made from alternative sources, the council tax payer will, in effect, be subsidising the benefit claimants.

## **5.7 Part reduction in benefits and part additional funding**

- 5.7.1 By combining the two previous options, the savings are in effect spread over both the claimant and the council taxpayer.
- 5.7.2 By spreading the source of funding, the impact of any changes outside expected parameters on any one given funding stream should be reduced.

## **6 Implications of the proposed changes**

- 6.1 Council Tax benefit currently received by pensioners must not be reduced as a result of the introduction of the new council tax support scheme.
- 6.2 Although the Government has not specified any other vulnerable groups it is seeking to protect in this way, it has stated that 'Local authorities already have clearly defined responsibilities in relation to, and awareness of, the most vulnerable groups and individuals other than pensioners in their areas. This includes, for example, responsibilities under:
- The Child Poverty Act 2010
  - The Disabled Persons (Services, Consultation and Representation) Act 1986, and Chronically Sick and Disabled Persons Act 1970
  - The Housing Act 1996, which gives local authorities a duty to prevent homelessness with special regard to vulnerable groups.'
- 6.3 In developing the local scheme the Government's expectation is that Councils should seek to protect customers who receive some form of disability income, such as Disability Living Allowance, Attendance Allowance, Severe Disablement Allowance, Carers Allowance and Employment Support Allowance. Benefit entitlement for these customers could be calculated using the same method of calculation used in the current scheme.
- 6.4 The Government's expectation is that the Council should seek not to undermine the principle of the new Universal Credit scheme which aims to incentivise people to move from benefit into work. People should therefore have more overall income in work than out of work.

- 6.5 The following table provides a summary breakdown of gross Council Tax Benefit eligibility by client type in Medway as at 01 April 2012:

<b>Client Type</b>	<b>Total CTB Award*</b>	<b>% of CTB Award</b>
Pensioners	£7,613,072.09	39.06
Working Age (passported)	£8,680,459.79	44.53
Working Age (non passported)	£3,199,304.73	16.41
	<b>£19,492,836.61</b>	100.00

\* Please note gross award does not include any overpayments offset from previous years that would be included in the total benefits payable of £19.2m

- 6.6 The following table provides a breakdown of the working age (non passported) cases:

<b>Client Type</b>	<b>Total CTB Award</b>	<b>% of CTB Award</b>
Family Premium	£1,963,910.05	10.07
Disabled	£ 813,113.14	4.17
2 <sup>nd</sup> Adult Rebate	£ 37,071.54	0.19
War Widow Pensioners	£ 14,616.45	0.07
Others not included above (eg Single Persons)	£ 370,593.55	1.91
	<b>£3,199,304.73</b>	16.41

## 7. Consultation

- 7.1 Where any consultation is undertaken it must be undertaken at a time when proposals are still at a formative stage; it must include sufficient reasons for particular proposals to allow those consulted to give intelligent consideration and an intelligent response; adequate time must be given for this purpose; and the product of consultation must be conscientiously taken into account when the ultimate decision is taken.
- 7.2 Officers have identified an eight week window for consultation during the period 10 September 2012 to 4 November 2012. Further details of the public consultation strategy are included at Appendix B.

## 8. Advice and Analysis

- 8.1 There are a number of options that have been identified and considered as part of the process of developing a CTS scheme and this report sets out different options and elements that could be considered as part of a proposed / possible CTS scheme that would meet the potential £4m funding shortfall.
- 8.2 The existing CTB scheme has been developed and refined over a number of years but is ultimately based on means testing. It is therefore considered appropriate to retain the core of the current scheme, whilst making a number of key changes to deliver the necessary savings as summarized at Appendix A.
- 8.3 When considering making changes to policies, the decision maker needs to comply with its obligations as to equalities under the Equality Act 2010. In essence this requires decision makers to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Protected characteristics, as defined in the 2010 Act, are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Having due regard to the above needs involves:

- removing or minimising disadvantages suffered by people due to their protected characteristics.
- taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

In order to comply with its equality duties, the Council is required to engage with service users, representative groups, staff and unions and to use the information and views gathered as a result of such engagement (together with other equality information the local authority has) in assessing the equality impact of the proposals

- 8.4 In order to meet these obligations an initial screening has been completed and can be found at Appendix F. In addition, an equality questionnaire will be included within the consultation survey to identify any particular concerns raised by individual groups.

## 9. Risk management

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>
Failure to produce a scheme	Likelihood D (Low) Impact 2 (Critical) If a scheme is not in place the Council will be obliged to use the default scheme (continuation of existing CTB scheme).	Project/Implementation plan drawn up with milestones
Forecast cost of scheme falls short	Likelihood D (Low) Impact 3 (Marginal) Claimants may have reduced benefits 'unnecessarily'	Use of data modelling tools and data analysis
Forecast cost of scheme excessive	Likelihood D (Low) Impact 2 (Critical)	Use of data modelling tools and data analysis



Effect on collection	Likelihood B (High) Impact 2 (Critical) Dependant on method of funding, but new scheme likely to produce small debts and debtors who have not had to pay before	Quick and efficient recovery processes
Comparison to neighbouring authorities	Likelihood D (Low) Impact 2 (Critical) If the Medway scheme is markedly more generous than surrounding authorities' schemes there is a possibility of claimants migrating into Medway placing additional stress on funding	Maintain links to other local authorities

## 10. Financial and legal implications

- 10.1 The Government issued a consultation document in May on the funding of the new scheme. To secure the reduction in subsidised expenditure funding for council tax will, from 2013, no longer be met from Annually Managed Expenditure but will be set through an upfront allocation for all billing and major precepting authorities. This will be 90 per cent of the forecast subsidised council tax benefit expenditure for 2013/14. Figures marked 'for illustrative purposes only' in the same document suggest Medway Council would receive £14,185m. Major preceptors will receive a proportionate grant directly.
- 10.2 The Government states that it is minded to base grant distribution on previous shares of expenditure but will consider what, if any, provision needs to be made for authorities who may face the greatest pressures.
- 10.3 The Council needs to develop a local scheme, based on its own policy objectives, but reflective of protections afforded to vulnerable clients such as pensioners, who are to be protected on existing criteria.
- 10.4 The preferred scheme would reduce the current CTB bill by approximately £3.3m. Changes to Class C exemptions would increase revenue by £0.7m giving a total of £4m, the projected shortfall in funding. In addition, changes to the Class L exemption could finance a new hardship fund of approximately £70k.
- 10.5 The Government announced in the 2012 Budget that it is making an initial £30m available to assist both billing and major precepting authorities with the cost of designing schemes from which each billing authority will receive approximately £84k.
- 10.6 The council will receive £2.139m in grant in 2012/13 for the administration of CTB and HB. It is likely that given the transfer of HB into the Universal Credit and the localisation of council tax support that this grant will be reduced although no indication has been given yet as to the amount. However, when calculating a CTB claim the additional work needed to calculate the HB is limited. Given there will now be two separate organisations responsible for very similar but distinct assessments, it is likely the true cost of administration nationally will therefore increase.

- 10.7 The Council will be subject to greater financial risk as a result of the proposed Change emanating from increased caseload, demographic pressures and future increases in council tax.
- 10.8 Reduction in collection rates for council tax could impact on the collection fund which would mean a further decrease in the Council Tax Base and a consequent increase in council tax charges or necessitate a corresponding further cut in services.
- 10.9 The report sets out the legal implications. While the Bill is not yet law, it is expected that it will become law prior to the end of the year (and therefore before the obligation to bring in a scheme bites). The Bill has been amended so that any consultation undertaken prior to Royal Assent will be effective to comply with the requirements under the Act when it is in force.

## **11. Recommendations**

- 11.1 That Cabinet agrees to consultation being undertaken on the basis of the preferred scheme set out at Appendix A, though agreeing that the consultative document will also describe all other possibilities mentioned in Appendix E.
- 11.2 That the consultation period is 8 weeks and in accordance with the strategy at Appendix B.
- 11.3 That members note the intention to amend the level of discounts for empty properties to 100% for the first three months, after which it is to be set at zero for a further period of 3 months, with effect from 1 April 2013 to help mitigate the cost of the preferred scheme.
- 11.4 That members note the intention to amend the level of discounts for mortgagees in possession to zero and to use the additional income to establish a hardship fund.

## **12. Suggested reasons for decisions**

- 12.1 The Council will be obliged to make council tax support scheme by 31 January or a default scheme will be imposed upon it. The council will be further obliged to consult with the public prior to adopting the new scheme.
- 12.2 The default scheme will be based upon the current CTB scheme and as such the Council would be obliged to find the predicted £4m shortfall from either a cut in services and/or increase in council tax.
- 12.3 The preferred local scheme for consultation in conjunction with the recommended amendments to certain discounts and exemptions meets the projected shortfall in funding thus protecting existing services and council tax levels.
- 12.4 By basing the new local scheme on the current CTB scheme, the Council is ensuring that any special provisions made for specific groups (eg disabled, war widows, families with children) will continue. It will also retain extended payments which allow a run on of benefit for people entering work, thus meeting the need to incentivise work.

## **Lead officer contact**

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## **Background papers**

Welfare Reform Act 2012  
Local Government Finance Bill (2010- 2012)  
Letter dated 5 April 2012 from CLG to Chief Finance Officers  
Localising support for council tax in England: Government's response to the outcome of consultation  
Localising support for council tax – A Statement of Intent



## APPENDIX A

### Local Council Tax Support – Proposed Changes for Consultation

Change to Existing CTB Scheme	Reduction in Expenditure*	Case No's	Average Weekly Cost
<p><b>Reduce the liability used to assess Council Tax Support by 25%</b></p> <p>Currently council tax benefit is assessed taking into account 100% of a resident's council tax liability.</p>	<b>£3,200,000</b>	<b>14329</b>	<b>£4.29</b>
<p><b>Extend the minimum deduction in respect of non-dependants to include any such person in the household, aged 18 years or more, who is in receipt of a means tested benefit.</b></p> <p>Currently no deduction applies where a non-dependant receives Job Seekers Allowance (income based) Employment Support Allowance (income related) or similar means tested benefits. Deductions do apply where the non-dependant is working or in receipt of benefit based on national insurance contributions.</p>	<b>£123,000</b>	<b>1047</b>	<b>£2.26</b>
<p><b>Remove Second Adult Rebate</b></p> <p>Residents can currently claim Second Adult Rebate based on the income of any other adult in the property to compensate them for the loss of 25% Single Person Discount. Currently if a customer claims council tax benefit but would be better off if they receive a second adult rebate this is awarded automatically.</p>	<b>£19,000</b>	<b>271</b>	<b>£1.35</b>
<p><b>Total Reduction in Expenditure</b></p>	<b>£3,342,000</b>		

\* Please note savings are cumulative, with each subsequent saving being dependent on the preceding one.



## Localised Council Tax Support Consultation Strategy

### 1. Length of Consultation.

The Government published 'Localising Support for Council Tax – A Statement of Intent' in May 2012 which included the following:

*'2.15 Although Government's code of practice on consultation<sup>3</sup> states that normally 12 weeks is appropriate, billing authorities may wish to consider the appropriate length of their consultation depending on the impact of their proposals and the ability to complete the consultation exercise within budgetary timetables.*

*2.16 The code of practice indicates that where timing is restricted, for example, due to having to meet a fixed timetable such as a budget cycle, there may be good reason for a shorter consultation, and any documentation should be clear for the reasons for the shorter timetable.*

*2.17 In considering their timetable a billing authority will also need to consider that if effective consultation is carried out it also takes time to gather the feedback, understand the key themes and impacts and take it through any internal governance processes to get agreement on any final changes.'*

Legal advice has been sought and provided the consultation is robust, fully representative and accessible the council could justify an 8 week consultation period given the timescales which are being imposed on us by central government and the Council's own current internal governance arrangements.

### 2. Stakeholders

Appendix H lists stakeholders who we need to consult with and ensure that we get their view on the proposed changes. These include those currently in receipt of council tax benefit, council tax payers not in receipt of benefit, welfare rights groups, and voluntary groups.

### 3. Consultation Activity.

#### Survey

A survey will be placed online and details of that survey sent out to all council taxpayers and residents. A paper survey will also be made available for those who do not have access, do not wish, or are unable to use the internet. The feasibility of providing an automated phone line for respondents to leave their answers is also currently being established.

## **APPENDIX B**

The questions in the survey need to be grouped into broad themes so that we are not asking questions on technical issues of the policy change but on the direction of the policy:

What do you think about everyone paying something regardless of circumstances?

What do you think about reducing entitlement to all in receipt of benefit?

What do you think about capping at a maximum amount?

At least 1000 responses would be needed for the results to be valid and reflect the views of the public. If it appears this target may not be attainable, a decision will need to be made whether to send follow up surveys or whether to undertake direct surveys in council reception areas, libraries etc.

The survey can be publicised on the front page of the Medway website, in Medway Matters and in the press to obtain as much public interest as possible. Material can be linked with the wider welfare reform publicity to increase public interest.

The survey can be placed online on day one of the consultation and act as the start date of the consultation period.

### **Forums & Focus Groups**

Forums & Focus groups such as the Landlords Focus Group & Homelessness Forum will enable the Council to talk directly to representative groups giving the thinking behind the options and an option to gauge opinion instantly.

### **Social Media**

Social media such as Twitter and Facebook can be used to promote the consultation and point people to the online survey. This media can be used to remind residents of the consultation and can be used to advise residents of the outcome of the consultation process.

### **Consultation Response**

Response to the consultation will be published on the website, in the local press and in Medway Matters. Promotion of the response can be advertised using Twitter and Facebook to make as many residents aware as possible. All current recipients of Council Tax benefit will be written to informing them of the changes.



## Appendix C

### Proposed Timetable

	Cabinet	Council	BS O&S	Officer
Draft Scheme for approval to consult	4 September			
Consultation & DIA Start				10 September
Consult with BS O&S			25 September	
Consultation & DIA End (8 weeks)				4 November
Analysis of consultation and DIA Start				5 November
Analysis of consultation and DIA End				16 November
Final Scheme Approval by Cabinet	27 November			
Spare cabinet Date	18 December			
Scheme approved by Council (Deadline 31/01/13)	15 January	24 January		
Taxbase Deadline (31/01/13)				31 January
Council Tax set		21 February		



## Council Tax technical changes – Discounts and exemptions

Legislative change proposed	Number of properties affected as at 30 June 2012	Potential additional revenue*
<p><b>SECOND HOMES;</b> The legislation will allow Councils to have the discretion to lower the discount (currently set by Medway Council at 10%) on second homes to nil</p> <p>This proposal does create a potential issue regarding the current formula grant calculation. At present, the system encourages the taxpayers to identify properties of second homes (to receive the 10% discount). The fact that the Government assumes that all second homes receive a 50% discount for formula grant purposes allows the Council to benefit from the increased council tax revenues when offering a discount of less than 50%. If Medway Council were to reduce the second home discount to nil, there would be no incentive for taxpayers to identify second homes resulting in a danger the additional formula grant would be lost.</p>	413	£44,900
<p><b>UNOCCUPIED;</b> The legislation will abolish the Class C exemption (granted for the first 6 months after a property first becomes unoccupied and unfurnished) but will empower billing authorities to give a discount which they may set at any level between 0% and 100%. The 6 month limit is, however, mandatory</p> <p>This proposal creates a potential issue for landlords including for example the council and housing associations who would be liable for even short terms between tenancies. It may be considered more appropriate to continue with a</p>	<p>1,471 (0 to 6 months)</p> <p>643 (3 to 6 months)</p>	<p>£1,618,000</p> <p>£750,000</p>

100% discount for the first three months after a property becomes empty and then reduce the discount to zero. In order to achieve this outcome the new discount would have to be set at 0% for 6 months and a new s13A discount created to cover the first three months.		
<p><b>UNINHABITABLE;</b> The legislation will abolish the Class A exemption (vacant dwellings undergoing major repair work) but will empower billing authorities to give a discount which they may set at any level between 0% and 100%. The discount will remain at the agreed level while the property remains uninhabitable up to a maximum of 1 year at which time the authority can set a new discount.</p> <p>This proposal could be deemed to discourage properties from being brought back to use</p>	49	£119,500
<p><b>REPOSSESSIONS:</b> The legislation may allow Councils to reduce or withdraw the period of exemption offered to properties that are in repossession known as Exempt Class L. Currently this exemption can run for an unlimited amount of time until the property is re-sold.</p> <p>Monies would be collected in the main from banks and building societies who repossess properties. Monies collected could be used to fund the hardship provisions suggested for the new scheme.</p>	64	£73,800
<p><b>EMPTY HOMES;</b> the Legislation may allow Councils to levy an "empty homes premium" on properties left empty more than two years. The Government will allow the billing authority to apply a premium of up to a maximum of 50%.</p> <p>Properties left empty for this period of time often have absentee owners or unresolved probate issues and as such the likelihood of achieving more than 20% of the potential additional revenues is limited</p>	355	£183,100

\*NB. figures quoted are inclusive of major precepts which total approximately 15.6%

## APPENDIX E

### Local Council Tax Support – Additional Options

#### 1.1 As per preferred scheme with added elements:

Change to Existing CTB Scheme	Reduction in Expenditure*	Case No's	Average Weekly Cost
<p><b>Reduce the liability used to assess Council Tax Support by 25%</b></p> <p>As per preferred scheme</p>	<b>£3,200,000</b>	<b>14329</b>	<b>£4.29</b>
<p><b>Extend the minimum deduction in respect of non-dependants to include any such person in the household, aged 18 years or more, who is in receipt of a means tested benefit.</b></p> <p>As per preferred scheme</p>	<b>£123,000</b>	<b>1047</b>	<b>£2.26</b>
<p><b>Remove Second Adult Rebate</b></p> <p>As per preferred scheme</p>	<b>£19,000</b>	<b>271</b>	<b>£1.35</b>
<p><b>Cap maximum payments at Band C</b></p> <p>This means that all claims would be worked out using a maximum liability of Band C (£1,178.47).</p>	<b>£150,000</b>	<b>886</b>	<b>£3.26</b>
<p><b>Increase taper from 20% to 25%</b></p> <p>Where income is higher than a person's needs allowance currently 20% of the excess should be used to meet council tax liability. The calculation will be increased to 25% of the excess.</p>	<b>£120,000</b>	<b>2400</b>	<b>£0.96</b>
<p><b>Total Reduction in Expenditure</b></p>	<b>£3,612,000</b>		

\* Please note savings are cumulative, with each subsequent saving being dependent on the preceding one.

## APPENDIX E

### Local Council Tax Support – Additional Options

1.2 As per preferred scheme but increasing liability used to 80% with added elements:

Change to Existing CTB Scheme	Reduction in Expenditure*	Case No's	Average Weekly Cost
<p><b>Reduce the liability used to assess Council Tax Support by 20%</b></p> <p>As per preferred scheme but increasing liability used in calculation</p>	<b>£2,588,000</b>	<b>14329</b>	<b>£3.47</b>
<p><b>Extend the minimum deduction in respect of non-dependants to include any such person in the household, aged 18 years or more, who is in receipt of a means tested benefit.</b></p> <p>As per preferred scheme</p>	<b>£125,000</b>	<b>1047</b>	<b>£2.30</b>
<p><b>Remove Second Adult Rebate</b></p> <p>As per preferred scheme</p>	<b>£17,000</b>	<b>271</b>	<b>£1.21</b>
<p><b>Cap maximum payments at Band C</b></p> <p>This means that all claims would be worked out using a maximum liability of Band C (£1,178.47).</p>	<b>£162,000</b>	<b>886</b>	<b>£3.52</b>
<p><b>Increase taper from 20% to 25%</b></p> <p>Where income is higher than a person's needs allowance currently 20% of the excess should be used to meet council tax liability. The calculation will be increased to 25% of the excess.</p>	<b>£134,000</b>	<b>2400</b>	<b>£1.07</b>
<p><b>Total Reduction in Expenditure</b></p>	<b>£3,026,000</b>		

\* Please note savings are cumulative, with each subsequent saving being dependent on the preceding one.

## APPENDIX F

### Diversity Impact Assessment: Screening Form

<b>Directorate</b>	<b>Name of Function or Policy or Major Service Change</b>		
<b>Business Support</b>	<b>Technical changes to council tax – discounts &amp; exemptions</b>		
Officer responsible for assessment		Date of assessment	New or existing?
Jon Poulson Revenues & Benefits Manager		July 2012	New
<b>Defining what is being assessed</b>			
<b>1. Briefly describe the purpose and objectives</b>	<p>From 1<sup>st</sup> April 2013 every Council is required to introduce its own localised Council Tax Support scheme to replace the nationally designed Council Tax Benefit scheme. Between 11-14% of current funding is also being removed by the Government. Councils have the discretion to design their own local scheme and decide whom to financially support.</p> <p>A new power contained in the Local Government Finance Bill will allow local authorities to set council tax discounts on dwellings of a particular kind as set out in regulations. In addition, local authorities will also be able to charge an 'empty homes premium' in respect of dwellings which have been empty for two years or more, with the amount of council tax payable increased by up to 50%.</p> <p>Medway council's approach is to use the extended powers in respect of council tax discounts to help finance the council tax support scheme costs.</p> <p>Officers originally briefed cabinet members on 14<sup>th</sup> May 2012 regarding the Government proposals following which a task group, led by Members, considered a range of options for consultation. Officers explained aspects of the current benefit scheme and provided data to show the effect of the proposals on the affected working age benefit population. Members sought to part fund the local council tax support scheme by amending Class C exemptions and using Class L exemptions to finance a hardship fund administered through a s13A LGFA 1992 discount.</p> <p>The options around charging for empty homes is also seen as a means of encouraging owners to bring these homes into use.</p>		
<b>2. Who is intended to benefit, and in what way?</b>	All current and future recipients of Council Tax Benefit / Council Tax support are affected by the changes as the increased funding received will be used to mitigate the costs of the support scheme.		

	<p>All council taxpayers are affected as otherwise the cost may have had to be mitigated by overall increases in council tax.</p> <p>Anyone who owns an empty property will be financially adversely affected as they will only be exempt from payment for the first three months after becoming empty as opposed to the first six months. .</p> <p>Mortgagees in possession (of a repossessed property) will be adversely affected as they will be charges 100% council tax whilst previously being exempt. However, this will relate to organisations rather than individuals.</p> <p>Anyone in genuine hardship may benefit from a s13A discount.</p> <p>Whilst we have detailed information from the Council Tax processing system regarding second homes, empty property exemptions etc the data recorded on that system is not as comprehensive as the benefits data and does not include dates of birth, income, or anything else other than a name and address. The Data Protection Act does not allow us to ask for anything other than what is needed to set up an account. We will, however, be asking general diversity monitoring questions as part of the consultation exercise for the council tax support scheme.</p>	
<p><b>3. What outcomes are wanted?</b></p>	<p>A fair and equitable council tax discount scheme that encourages the bringing into use of empty homes</p>	
<p><b>4. What factors/forces could contribute/detract from the outcomes?</b></p>	<p>Contribute</p>	<p>Detract</p> <p>Downturn in the housing market</p> <p>Mortgagees passing their costs on to the defaulting mortgagor</p> <p>Decisions taken by the courts</p>
<p><b>5. Who are the main stakeholders?</b></p>	<p>Claimants, council taxpayers, customer representative groups such as CAB; Housing Advice Centres; landlords and Medway Council. A full list of all persons contacted in the consultation exercise is contained in Appendix H to the Cabinet report.</p>	
<p><b>6. Who implements this and who is responsible?</b></p>	<p>Medway Revenues &amp; Benefits Service</p>	

**Assessing impact**



<p><b>7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial/ethnic groups</i>?</b></p>	<p>YES</p>	<p>We do not keep case level data on a person's ethnicity as it is not relevant to the administration of Council Tax accounts. Diversity monitoring questions will be included in the consultation paper that may gather some of this information to enable an assessment of the impact to be made.</p>
<p><b>What evidence exists for this?</b></p>		
<p><b>8re there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?</b></p>	<p>YES</p>	<p>We only keep case level data on a person's disability in so far as it is necessary for the administration of Council Tax accounts. This would only apply to a person's sole or main residence and not second homes. Diversity monitoring questions will be included in the consultation paper that may gathers some of this information to enable an impact assessment to be made.</p>
<p><b>What evidence exists for this?</b></p>		
<p><b>9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?</b></p>	<p>YES</p>	<p>Brief statement of main issue: We do not keep case level data on a person's sex as it is not relevant to the administration of Council Tax accounts. Diversity monitoring questions will be included in the consultation paper that may gather some of this information to enable an assessment of the impact to be made.</p>
<p><b>What evidence exists for this?</b></p>		
<p><b>310. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?</b></p>	<p>NO</p>	<p>We do not keep case level data on a person's sexual orientation as it is not relevant to the administration of Council Tax accounts.</p>
<p><b>What evidence exists for this?</b></p>		
<p><b>11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?</b></p>	<p>NO</p>	<p>We do not keep case level data on a person's religion as it is not relevant to the administration of Council Tax accounts.</p>
<p><b>What evidence exists for this?</b></p>		
<p><b>12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i>?</b></p>	<p>NO</p>	<p>We do not keep case level data on a person's age,provided they are over 18 years of age it is not relevant to the administration of Council Tax accounts. Diversity monitoring questions will be included to the consultation paper which gathers some of this information.</p>

What evidence exists for this?		
13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i> ?		If someone currently undergoes gender reassignment then it only affects how they are referred to on official documents/systems. This does not affect any part of the administration of council tax accounts.
	NO	
What evidence exists for this?		
14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. speakers of other languages; people with caring responsibilities or dependants; those with an offending past; or people living in rural areas)?		If yes, which group(s)?
	NO	
What evidence exists for this?	Access to the service is not changing	
15. Are there concerns there <u>could</u> be a have a differential impact due to <i>multiple discriminations</i> (e.g. <u>disability and age</u> )?	YES	Brief statement of main issue
What evidence exists for this?		

Conclusions & recommendation		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	Brief statement of main issue
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	YES By increasing the amount chargeable on empty properties it encourages the bringing of empty properties back into use. In addition, the proposals will help to finance the costs of the council tax benefit changes that adversely affect over 14,000 working age claimants in Medway. The potential for negative impact on benefit customers will therefore be reduced. By removing some council tax discounts and exemptions, the overall financial impact of benefit reduction to working age people, through loss of income to the Council will be reduced accordingly.
	NO	
Recommendation to proceed to a full impact assessment?		

<b>NO</b>	<b>This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.</b>	
<b>NO, BUT ...</b>	<b>What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?</b>	Minor modifications necessary (e.g. change of 'he' to 'he or she', re-analysis of way routine statistics are reported)
<b>YES</b>	<b>Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)</b>	Jon Poulson  November 2012 following analysis of the consultation results.

<b>Action plan to make Minor modifications</b>		
<b>Outcome</b>	<b>Actions (with date of completion)</b>	<b>Officer responsible</b>
Undertake consultation and target individuals from the protected characteristic groups and those within the 454 most affected by the proposed new scheme		
Fill in any data gaps in terms of claimants from the protected characteristic groups		
Undertake a full diversity impact assessment in X months		

<b>Planning ahead: Reminders for the next review</b>		
<b>Date of next review</b>		
<b>Areas to check at next review (e.g. new census information, new legislation due)</b>		
<b>Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?</b>		
<b>Signed (completing officer/service manager)</b>	<b>Date</b>	

<b>Signed (service manager/Assistant Director)</b>	<b>Date</b>	
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*NB: Remember to list the evidence (i.e. documents and data sources) used*



## APPENDIX F

### Diversity Impact Assessment: Screening Form

<b>Directorate</b>	<b>Name of Function or Policy or Major Service Change</b>		
<b>Business Support</b>	<b>Localisation of Support For Council Tax</b>		
Officer responsible for assessment	Date of assessment	New or existing?	
Jon Poulson Revenues & Benefits Manager	July 2012	New	
<b>Defining what is being assessed</b>			
<b>1. Briefly describe the purpose and objectives</b>	<p>This Diversity Impact Assessment Screening looks at the impact of the change from the current nationally designed Council Tax Benefit Scheme and proposals for a local Council Tax Support Scheme. A further assessment will be undertaken following consultation with council taxpayers and representative / stakeholder groups.</p> <p>From 1<sup>st</sup> April 2013 every Council is required to introduce its own localised Council Tax Support scheme to replace the nationally designed Council Tax Benefit scheme. Between 11-14% of current funding is also being removed by the Government. Councils have the discretion to design their own local scheme and decide whom to financially support. However there are some nationally prescribed elements to the scheme including the full protection of pensioners (i.e. we cannot reduce the benefit currently paid to pensioners as a direct result of developing our own scheme).</p> <p>Officers briefed cabinet members on 14 May 2012 regarding the Government proposals following which a task group, led by Members, considered a range of options for consultation. Officers explained aspects of the current benefit scheme and provided data to show the effect of the proposals on the affected working age benefit population.</p> <p>Medway council's approach has been to develop a scheme that takes account of the reality of the funding cut and looks to protect the vulnerable and those who are least able to afford to pay. The current allowances, premiums &amp; income disregards will be kept for groups such as disabled people and single parents. The scheme also takes account of the requirement to incentivise individuals to gain employment.</p> <p>The proposed local scheme will ensure that any working age customers who are in receipt of an Armed Forces Compensation Scheme or War Pensions Scheme payment in respect of War</p>		

Widow(er) or War Disablement Pension are no worse off than under the current scheme.

For the remainder of working age claimants the proposals include a 25% reduction to the maximum amount of council tax support payable. This means that every working age person affected who receives council tax support will have to pay at least 25% of the council tax liability. Currently there is no reduction to the maximum amount of support available to council tax benefit customers.

There is also a proposed minimum deduction in respect of other adults who reside in the household. Currently council tax benefit is reduced by set deductions which include taking into account the gross income of adults in work and the income of those who receive DWP benefits based on their national insurance contribution. In future a reduction will apply for anyone entitled to a state benefit; for example where income related Job Seekers Allowance and Employment Support Allowance is awarded.

It is proposed that Second Adult Rebate is abolished. This rebate is assessed by taking into consideration the income of any other adults resident in the property, where to do so would give a single council tax payer a higher award than they would be due in council tax benefit. This may mean that a claimant is not entitled to council tax benefit by virtue of their own income but they are entitled because another adult in the property has a low income.

Wherever possible the council is looking to protect the vulnerable and those who are least able to afford to pay more Council Tax. The average reduction in benefit will be £233.48 per annum, with a range from £0.52 per annum to £943.28 per annum, with those people in higher Council Tax band properties or those living with non dependants paying proportionately more.

The proposals for consultation will be put before Cabinet on 4 September 2012, with Cabinet Members having previously been briefed on 6th August 2012. The consultation, subject to Cabinet approval, will take place in September/October for a period of 8 weeks.

All Medway residents will have the opportunity to contribute to the consultation, as will key stakeholder groups. The stakeholder list attached to this document provides for consultation among groups and organisations representative of the key protected characteristic groups.

A variety of engagement methods will be used including an article in Medway Matters, to be issued



	<p>to every household in Medway during the consultation period, details in the monthly e-newsletter issued to residents and social network sites including Medway website and Twitter. Press releases and local advertising will take place in local papers and at Council libraries and Leisure Centres.</p> <p>Responses to the consultation will be encouraged by use of online survey; paper copies will be available from the main office and contact points. Responses will also be taken via the automated phone system.</p> <p>The consultation questions will include diversity monitoring questions to enable conclusions regarding equality and fairness to be drawn.</p>
<p><b>2. Who is intended to benefit, and in what way?</b></p>	<p>All current and future recipients of Council Tax Benefit / Council Tax support are affected by the changes.</p> <p>Profile of current recipients</p> <p>Pensioners and War Pensioners are protected leaving 14,180 working age claimants who will be affected.</p> <p>Once the changes are applied, there are 454 claimants that potentially could be differentially impacted as a result of the introduction of the newly proposed scheme removing their entitlement to benefit.</p> <p>Of the 454, 8% have a weekly benefit award at £1.00 or less, 81% have an award at £5.00 or less, 11% have an award over £5.00 all of which will be lost by these claimants.</p> <p>Of those with an award over £5.00, 55% are not entitled due to the introduction of the minimum deduction for non dependants whereas the rest lose benefit purely as a result of the 25% reduction in maximum liability and/or second adult rebate.</p> <p>Whilst 454 claimants will lose their entire council tax support the remaining 13,726 claimants whilst still receiving some benefit, will lose a minimum of £4.25 per week (for band A properties) or £5.66 per week (for Band C properties).</p> <p>The protected characteristics of the entire claimant population are not known. However we do know that 6,258 of the current 14,180 claimants have provided details of their ethnicity. The data shows that of 6,258, 92.4% are White (5,783), 3.1% are Asian (195), 2.7% are Black (167) , 1.7% are Mixed (106) and 0.1% are Chinese &amp; Other (7).</p> <p>Profile of future recipients Following the proposed changes the number of</p>

	<p>claimants remaining who have provided the necessary ethnicity details are 6,023. The data shows that of 6,023, 92.3% are White (5,560), 3.2% are Asian (190), 2.7% are Black (162), 1.7% are Mixed (104) and 0.1% are Chinese &amp; Other (7).</p>	
<b>3. What outcomes are wanted?</b>	<p>A fair and equitable council tax benefit scheme that protects the vulnerable whilst also encouraging those capable of work to do so.</p>	
<b>4. What factors/forces could contribute/detract from the outcomes?</b>	<p>Contribute Increased employment rates</p>	<p>Detract Increased take up of benefits</p> <p>Decrease in council tax collection rates resulting from non payment by those now expected to contribute more towards their bills. This can lead to further increases in council tax which in turn leads to a further decrease in collection rates</p> <p>Achieving efficiency savings whilst applying a 25% reduction in benefit across all protected groups with the exception of the elderly</p> <p>Assumption that this measure could be used to address structural deficit in employment opportunities locally and incentivise unemployed people back to work</p> <p>Failure to account for the changing demographic population locally and the demand this may place on the service in the future</p>
<b>5. Who are the main stakeholders?</b>	<p>Claimants, council taxpayers, customer representative groups such as CAB; Housing Advice Centres; landlords (A full list of all persons to be contacted in the consultation exercise is contained in Appendix H to the Cabinet Report) &amp; Medway Council.</p>	
<b>6. Who implements this and who is responsible?</b>	<p>Medway Revenues &amp; Benefits Service</p>	

<b>Assessing impact</b>		
<b>7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial/ethnic groups</i>?</b>	YES	The council does not have sufficient diversity monitoring information (as noted above) to be able to conclude that there will not be a differential impact due to racial / ethnic group.
		Medway Council is undertaking consultation with stakeholders (such as the Medway Ethnic Minority Forum) representing racial/ethnic groups as part of the process of determining what impact this policy will have. In addition all surveys will contain diversity monitoring questions relating to ethnicity to enable any trends in comments amongst different ethnic groups to be established.
<b>What evidence exists for this?</b>		
<b>8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?</b>	YES	It is proposed that the current allowances, premiums & income disregards are kept for disabled people however the Council does not have sufficient diversity monitoring information (as indicated above) to be able to conclude that there will not be a differential impact.
		Medway Council is undertaking consultation with stakeholders (such as RAD, RNIB, Learning and Physical Disability services etc) representing disability groups as part of the process of determining what impact this policy will have. In addition all surveys will contain questions relating to disability to enable any trends amongst groups to be established.
<b>What evidence exists for this?</b>		
<b>9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?</b>	YES	Brief statement of main issue
<b>What evidence exists for this?</b>		Of the total number of current working age claimants 14,180, 36% are male (5,104.8) and 64% are female (9,075.2).  As 64% of claimants are female, the impact may be greater than on males. In addition, 95.2% of single parents claimants are female. Given the aim of the legislative changes is to return people to work, and that this may be more difficult for single parents, it could potentially compound the differential impact.

<b>310. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?</b>	NO	We do not keep case level data on a person's sexual orientation as it would not be relevant to the calculation of Council Tax Benefit.
<b>What evidence exists for this?</b>		
<b>11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?</b>	NO	We do not keep case level data on a person's religion or belief as it would not be relevant to the calculation of Council Tax Benefit.
<b>What evidence exists for this?</b>		
<b>12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i>?</b>	YES	<p>The proposed scheme is subject to some national prescription relating to protecting pensioners' entitlements. Therefore we have no discretion about whether or not to follow this principle.</p> <p>In addition, a minimum non dependant deduction of £3.30 from those on means tested benefits will hit the 18 -24 age group harder than other age groups.</p> <p>However, means tested benefits awarded by the DWP take living expenses into consideration and as such it could be expected that they contribute to the household council tax bill.</p>
<b>What evidence exists for this?</b>		<p>The Government stated in their "Localising Council Tax – EIA" in January 2012 that...</p> <p><i>"The Government has considered the situation for low income pensioners who would currently be eligible for support with their council tax bill. Unlike most other groups, pensioners cannot be expected to seek paid employment to increase their income. The Government therefore proposes that as a vulnerable group, low income pensioners should be protected from any reduction in support as a result of this reform".</i></p> <p>Scrutiny of the current benefit caseload shows that 74% of non dependants affected are aged between 18 and 24 years old</p>
<b>13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i>?</b>	NO	If someone currently undergoes gender reassignment then it only affects how they are referred to on official documents/systems. This does not affect any part of their entitlement calculation.
<b>What evidence exists for this?</b>		

14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. speakers of other languages; people with caring responsibilities or dependants; those with an offending past; or people living in rural areas)?		If yes, which group(s)?
	NO	
What evidence exists for this?	Access to the service is not changing	
15. Are there concerns there <u>could</u> be a have a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?	YES	Brief statement of main issue
	NO	
What evidence exists for this?		

<b>Conclusions &amp; recommendation</b>		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	Brief statement of main issue
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	YES Older people and war pensioners are protected from the changes in the new scheme.
	NO	Current allowances, premiums & income disregards are being kept for vulnerable groups such as disabled, lone parents.
Recommendation to proceed to a full impact assessment?		
	<b>This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.</b>	
...	<b>What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?</b>	Minor modifications necessary (e.g. change of 'he' to 'he or she', re-analysis of way routine statistics are reported)
YES	<b>Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)</b>	Jon Poulson  November 2012 following analysis of the consultation results.

<b>Action plan to make Minor modifications</b>		
<b>Outcome</b>	<b>Actions (with date of completion)</b>	<b>Officer responsible</b>
Undertake consultation and target individuals from the protected characteristic groups and those within the 454 most affected by the proposed new scheme		
Fill in any data gaps in terms of claimants from the protected characteristic groups		
Undertake a full diversity impact assessment in X months		

<b>Planning ahead: Reminders for the next review</b>		
<b>Date of next review</b>		
<b>Areas to check at next review (e.g. new census information, new legislation due)</b>		
<b>Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?</b>		
<b>Signed (completing officer/service manager)</b>	<b>Date</b>	

<b>Signed (service manager/Assistant Director)</b>	<b>Date</b>	
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*NB: Remember to list the evidence (i.e. documents and data sources) used*





### 1. Legislation

#### 1.1 Local Government Finance Bill (taken from explanatory notes)

This Bill amends the Local Government Finance Act 1992 and makes provision for local authorities to establish their own, locally determined, council tax reduction scheme. According to the provisions of the Bill, the schemes are to be made by 31st January 2013 and will apply to the financial year 2013-14. (The commencement of the schemes can be altered by the Secretary of State.)

Each local authority is to make their own assessment as to which groups they consider to be in financial need and thereby entitled to a reduction to their council tax. The local authority's scheme must set out the classes of person who are entitled to a reduction, the level of reduction which is to apply to those classes and the procedure by which a person may apply for a reduction. The Secretary of State retains the power to prescribe classes of persons which must be included in a scheme and the reductions which must apply to them. The Secretary of State intends to use this power to ensure that reductions are provided for pensioners.

Local authorities must consult before making a scheme and each financial year it must consider whether to revise or to replace its scheme. Should a local authority fail to institute a scheme by 31st January 2013 a default scheme established by the Secretary of State will apply to that local authority for the financial year 2013-14.

A new power contained in the Bill will allow local authorities to set council tax discounts on dwellings of a particular kind as set out in regulations. In addition, local authorities will also be able to charge an 'empty homes premium' in respect of dwellings which have been empty for two years or more, with the amount of council tax payable increased by up to 50%.

#### 1.2 Child Poverty Act 2010 (extract from explanatory notes)

Places a duty on local authorities and their partners to co-operate to tackle child poverty in their area, to carry out an assessment of the levels of child poverty in that area, and to prepare a joint local child poverty strategy; and amends section 4 of the Local Government Act 2000 to require local authorities in England to have regard to the arrangements they have made to co-operate with their partners to reduce child poverty in their area, their local child poverty needs assessment and their joint child poverty strategy when preparing their Sustainable Community Strategy.

Enables an order under section 512ZB of the Education Act 1996 to provide for free school lunches and milk to be provided to prescribed school children whose parents are entitled to a prescribed social security benefit without extending the same entitlement to other school children within the same family.

### **1.3 Disabled Persons (Services, Consultation and Representation) Act 1986 (summary explanation)**

This Act makes provisions to provide for the improvement of the effectiveness of, and the co-ordination of resources in, the provision of services for people with mental or handicap and for people with mental illness.

Section 1 explains the meaning of an authorised representative and Section 2 sets out the rights of authorised representatives of disabled persons.

Section 3 makes provisions regarding the assessment by local authorities of needs of disabled persons.

Section 4 provides that services under Section 2 of the Act have a duty to consider the needs of disabled persons.

Section 5 applies to disabled persons leaving education.

Section 6 relates to the review of expected leaving dates from full time education of disabled persons.

### **1.4 The Chronically Sick and Disabled Persons Act 1970**

This Act makes further provisions with respect to the welfare of chronically sick and disabled persons.

Sections 1 – 3 consider welfare and housing. Section 3 imposes duties on the housing authorities for those with special needs, chronically sick or disabled.

Sections 4 – 7 apply to premises open to the public.

Section 8 makes provisions relating to university and school buildings.

Section 13 relates to the youth employment service which requires at least one person to be responsible for the employment of young disabled persons.

Section 16 sets out the duties of the national advisory council under Disabled Persons (Employment) Act 1944. Section 17 and 18 make special provisions with respect to persons under 65.

Section 26 imposes a duty on every local educational authority to require special educational treatment for children suffering from autism or other forms of early child hood psychosis.

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Section 27 imposes a duty on every local educational authority for special educational treatment for children suffering with acute dyslexia.

### 1.5 Housing Act 1996 (prevention of homelessness)

Households unable to meet their accommodation costs, and as a consequence become threatened with homelessness or homeless, may turn to the local authority for assistance with housing. The local authority has a statutory duty to prevent homelessness arising but where it is unable to do so a statutory housing duty may arise. In some circumstances that will entail the provision of emergency whilst enquiries into a household homelessness application is carried out.

Part 7 of the Housing Act 1996 as amended by the Homelessness Act 2002 sets out the main statutory housing duties to homeless households. A statutory housing duty only arises where a household is considered **homeless** or **threatened with homelessness** under the terms of the act and to have a '**priority need**' for accommodation.

There are four categories of people that have a 'priority need' which can broadly be grouped into:

- i) families
- ii) a person who is 'vulnerable' as a result of old age, mental illness, learning or physical disability or other special reason.

Homelessness may arise where a household has:

- i) no accommodation s/he can legally occupy
- ii) accommodation that s/he can legally occupy but cannot gain access to
- iii) has accommodation that s/he can occupy but it is not reasonable to continue to occupy that accommodation.

It has been established by case law that it is not reasonable for an applicant to continue to occupy accommodation if the cost of paying for it would deprive the applicant of the means to provide for 'the ordinary necessities of life'. The local authority is required to take into consideration the household's whole financial resources to meet accommodation costs, any child support or other payments that the applicant is required to make, and all other reasonable living expenses.

In determining 'affordability' of accommodation a financial assessment is undertaken and the household's income against expenditure is measured. Financial resources are allocated against priority expenditure of which rental or mortgage payments are considered the highest priority followed by *gas, electricity, council tax and food* and *any income remaining left over*

## Appendix G

*is then allocated paid towards secured loans, followed by unsecured debts such as credit card, personal loans and overdrafts.*

The failure of a household to treat their rental or mortgage payment as priority expenditure may result in the household being found intentionally homeless should they lose that accommodation.

### **1.6 s13A Local Government Finance Act ( as amended by Local Government Act 2003)**

#### **'13A Billing authority's power to reduce amount of tax payable**

- (1) Where a person is liable to pay council tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit.
- (2) The power under subsection (1) above includes power to reduce an amount to nil.
- (3) The power under subsection (1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.'

## APPENDIX H

### LIST OF STAKEHOLDERS FOR CONSULTATION

Council Taxpayers  
Council Tax Benefit Claimants  
All Saints Community Project  
Amicus Horizon Group  
British Legion  
Citizens' Advice Bureau  
Cerebral Palsy Care  
Children's Disability Link  
Churches Together in Medway  
Council for Voluntary Service (Medway)  
DIAL  
Disability Information Service  
Fibromyalgia Support Group  
In Touch Support  
Jobcentre Plus  
Learning & Physical Disability Services  
Living Well  
Medway Credit Union  
Medway Dyslexia Association  
Medway Ethnic Minority Forum  
Medway Homelessness Forum  
Medway Housing Society  
Medway Landlord Forum  
National Landlords Association  
Parish Councils  
RAD  
Residents  
RNIB  
Rochester Crossroads  
Shelter  
Stonewall  
Strood Community Project  
Welcome Day Centre  
West Kent Lifeways