

**Wiltshire Council**

**Cabinet**

**6 November 2012**

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**Subject: Council Tax Support and Technical Changes**

**Cabinet Member: Councillor John Thomson - Adult Care, Communities and Housing**

**Key Decision: Yes**

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**Executive Summary:**

The Welfare Reform Act 2012 is bringing about huge changes in the way welfare benefits are administered. The Welfare Reform Act 2012 provides for the abolition of council tax benefit with effect from April 2013. The local government finance bill prescribes the way in which a local authority should introduce any replacement for the current scheme, known as the local council tax support scheme.

The way in which council tax benefit is financed has been changed by the Coalition Government. The estimated annual spend in Wiltshire in 2012-13 will be £27 million and the Government in the past have met the full cost of the scheme. In future allocations will be given to the Council, Police and Fire, amounting to between 10% and 14% in total less than the current award.

This report proposes ways in which a local scheme could minimise the impact of the changes and where monies could be found within the discretionary aspect of the council tax scheme to partly fund this reduction.

Legislation states that

*Before making a scheme the billing authority must in the following order:*

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

The purpose of this report is twofold. Firstly it brings the proposed scheme and discretionary changes to council tax exemptions before the council for ratification and secondly demonstrates that the above obligations have been met and considered as part of the legal decision making process.

Through analysis and discussions with neighbouring authorities as well as national

bodies, the four possible options for consideration were reduced to one and whilst this option appears to be similar to those proposed by neighbouring authorities, it provides greater incentive to work and for non-dependants to live at home.

Our option is to:-

- a) Reduce maximum eligible council tax support to 80% of the Council Tax chargeable for all those of working age except those in receipt of disability premium and war widows/ disablement pension.
- b) No longer apply second adult rebates.
- c) Determine whether those with savings of more than £6,000 or £10,000 should be excluded from the scheme.
- d) Moderate non-dependant deductions to a single rate regardless of their income.
- e) Lower the income deduction taper from 20% to 15%.
- f) Cease backdating claims.
- g) Cease the calculation for underlying entitlement.
- h) Protect those with children and continue to disregard child benefit as income.

Of the options originally considered, this option delivers a local council tax support scheme, for non-pensioners, which supports the principles of simplicity, protects vulnerable people and minimises the impact on incentives to work. The scheme offers the greatest ability to manage the reduction in central government funding, and creates opportunities to give greater incentives for those who work and greater protection for those who are most vulnerable. It is a scheme that is more generous than many of our neighbours, which may make any resulting bill, better targeted and therefore more collectable.

In addition to these changes it is noted that the council tax technical changes provide new legislative powers that will enable authorities to raise additional charges by amending entitlement to discounts and exemptions. Various options have again been considered as set out in detail at Appendix 2 of the attached report. These changes support the council's aims to bring empty homes back into occupation, more quickly.

In addition, in considering the impact of welfare reform and in support of the Council's objective to support the vulnerable, Wiltshire recognise the need to introduce a scheme for those most severely affected and to encourage those who can to return to work and enable transition from the old to the new scheme.

The detailed report therefore sets out:

- The final option which will become the Wiltshire Council's Council Tax Support

scheme that will replace Council Tax Benefit with effect from April 2013, having given due consideration to the results, ideas and suggestion made as part of the consultation process.

- Further options to employ new powers to reduce some council tax discounts and exemptions proposed by new technical reforms to council tax legislation which also come in to effect from April 2013. These are presented at Appendix 2
- A proposal to create a discretionary fund in year one of the scheme to support the transition for those who may be particularly disadvantaged. In the past these people may have qualified for a discretionary housing payment, but with other welfare reforms around under occupation and benefit cap, this fund is likely to be oversubscribed.

In order to meet our obligations it was agreed that the consultation period would last 8 weeks, ending on 31<sup>st</sup> October. A targeted, multi-media campaign to raise awareness and to gather opinions on the proposed changes has taken place and a summary of Responses are attached at Appendix 3. (Please note that the date to upload this report was 29<sup>th</sup> October to meet statutory reporting lines, therefore this report will be supported with a verbal presentation and explanation of any significant changes in the consultation in the final two days of consultation after this report is/was uploaded).

## **Proposals**

Cabinet recommend to Council that:

- a) A local council tax support scheme is introduced, as set out at paragraphs 16 to 18 of the report.
- b) Technical changes are made to the way in which council tax discounts for second homes and exemptions for properties in classes A, C and L are applied from 1<sup>st</sup> April 2013, as set out at Appendix 2 of the report, and paragraph 20.
- c) Council introduce a discretionary fund to be administered in conjunction with the discretionary housing payments (DHP) and ring fence the Social Fund grant allocation to mitigate the impact of transition from the old scheme to the new, in cases where householders may feel the impact of other changes to benefit entitlement, under-occupancy costs, for example. Criteria for awards under this scheme to be approved by Cabinet and Council by January / February 2013 and implemented from 1<sup>st</sup> April 2013.

## **Reason for Proposals**

For the purpose of setting 2013/14 council tax it is also important that a decision is made now to ensure that having maximised the period for consultation on the draft scheme, the council is able to introduce the scheme within its budgetary timetable and the statutory timetable ending on 31 January 2013.

Michael Hudson Service Director, Finance
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**The following supporting documents are attached:**

**Detailed report on Council Tax Support and Technical Changes  
Appendices**

Appendix 1 = Scheme Options  
Appendix 2 = Council tax Technical changes.  
Appendix 3 = Results of consultation  
Appendix 4 = Equality Analysis

**The following supporting documents are available from the officer named  
above:**

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**Background Papers  
Financial models analysing impact of Option 1, 3 and 4.**

Cabinet member: Cllr John Thomson, Deputy Leader

Cabinet member contact details: 01225 713000

Date: 31<sup>st</sup> October 2012

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**Wiltshire Council**

**CABINET**

**6<sup>th</sup> November 2012**

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**Subject: COUNCIL TAX SUPPORT AND TECHNICAL CHANGES**

**Cabinet Member: Councillor John Thomson**

**Key Decision: Yes**

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**Purpose of Report**

1. This report provides options in response to the Coalition Government's Welfare Reform changes that see a significant reduction in the Council's funding of Council Tax Benefit. It therefore proposes to bring in a local, means tested, method of calculating a reduction in council tax; as well as a number of technical changes to council tax discounts and exemptions to go in part to meet that imposed funding gap.
2. The council tax support scheme will only be applied to non-pensioners, on a low or fixed income and be introduced by next April. Legislation requires that this is a decision of full council and that decision then enables a series of defined steps the council must take to introduce a robust and lawful scheme approved by DCLG by 31<sup>st</sup> January in order to set it's 2013/14 Council Tax and budget requirement thereafter.
3. At the same time the report identifies ways in which the Council proposes to help those most affected through further discretionary support schemes in order to meet its objective of protecting the most vulnerable and strengthening and building resilient communities.

**Background**

4. Currently almost 30,000 households in Wiltshire receive full or partial help with their council tax through the current scheme which is fully funded by Government, amounting to an estimated £27 million for the current financial year.
5. Welfare reform and efforts to reduce the cost of the welfare bill have resulted in the planned abolition of the current council tax benefit scheme with effect from April 2013. Councils are expected to introduce a locally designed scheme, specifically for working age claimants, which must realise a minimum 10% reduction in current funding levels and /or generate further income.

6. The alternative is to adopt the Coalition Government's default scheme, meaning all of the savings would have to be met from cuts to other services rather than the claimants', whose benefit would not change.
7. Currently 48% of households (c14,500 properties) who receive council tax benefit are of pensionable age and are protected from any reduction in their award. The government announced what is now known as the 'default scheme' on 17<sup>th</sup> July 2012, determining the means and criteria by which these claims should continue to be paid. This default scheme mirrors the existing scheme, and therefore the costs, as well.
8. Analysis of the remaining 52% of caseload (c15,500 properties) suggests that around 3,500 householders are deemed highly vulnerable and are in receipt of multiple benefits which means they currently receive full council tax benefit. This means that any shortfall will have to be met by the remaining 12,000 recipients, who are either working or looking for work.
9. In order to produce a cost neutral local scheme, or as close as possible, a number of choices will have to be made which may result in some families currently on full benefits paying council tax for the first time. Many, previously in receipt of some council tax benefit, will find themselves with more council tax to pay.
10. In addition, provision has been made within the proposed, local council tax support scheme to accommodate and in some ways anticipate the impact the introduction of Universal Credit will have, which will replace a number of means tested benefit, from October 2013 and the replacement of disabled living allowance (DLA) with personal independence payment (PIP).

## **Main Considerations for the Council**

### **- Council Tax**

11. The council has to publish a draft local scheme (if it intends not to use the default scheme) for the purposes of consultation, and having undertaken the consultation process Cabinet must present the final version for agreement before full council and completion by 31 January 2013.
12. In reaching a conclusion on the preferred scheme it has to:
  - Be relatively simple to understand from both the customer's perspective and from an administrator's perspective.
  - Must minimise the impact on vulnerable groups such as the disabled and those entitled to either war disablement or war widow's pensions.
  - Support the aim of making work pay.
  - Share the impact equally across all working age claimants.
  - Be feasible in terms of adapting existing software.

- Be fully operational by January 2013 and embedded for the purposes of tax base setting in autumn, 2012.
  - Consider protecting vulnerable groups in the design of the scheme taking into account existing duties and responsibilities.
13. If the council were to implement the default scheme it is unlikely to simplify the scheme or provide an incentive to make work pay.
14. In order to provide options for consideration the data currently held on the council's revenues and benefits system (Northgate) has been analysed using specially designed software. It is however very difficult to anticipate behaviour or the full impact of other welfare reforms with so much changing and an element of estimation has been deployed. Analysis has provided only a partial 'snap-shot' enabling us to drill down through data held at individual claimant level offering some understanding of the impact planned changes and the cost or saving any proposal will generate.
15. Through analysis and discussions with neighbouring authorities as well as national bodies, the four possible options for consideration were reduced to one and whilst this option appears to be similar to those proposed by neighbouring authorities, it provides greater incentive to work and for non-dependants to live at home.
16. The proposed option is to:-
- a) Reduce maximum eligible council tax support to 80% of the Council Tax chargeable for all those of working age except those in receipt of disability premium and war widows/ disablement pension.
  - b) No longer apply second adult rebates.
  - c) Determine whether those with savings of more than £6,000 or £10,000 should be excluded from the scheme.
  - d) Moderate non-dependant deductions to a single rate regardless of their income.
  - e) Lower the income deduction taper from 20% to 15%.
  - f) Cease backdating claims.
  - g) Cease the calculation for underlying entitlement.
  - h) Protect those with children and continue to disregard child benefit as income.
17. Of the options originally considered, this option delivers a local council tax support scheme, for non-pensioners, which supports the principles of simplicity, protects vulnerable people and minimises the impact on incentives to work. The scheme offers the greatest ability to manage the reduction in central government funding, and creates opportunities to give greater incentives for those who work and greater protection for those who are most vulnerable. It is a scheme that is more generous than many of our neighbours, which may make any resulting bill, better targeted and therefore more collectable.

18. The scheme is set out in detail at Appendix 1. There are a number of options to raise more or less income and these are covered in financial comments below. In order to encourage employment and reduce administration, within this scheme it is proposed that the earning taper for those returning to employment is set at £0.15 deduction for every £1.00 earned, above the needs assessment. This is higher than many of our neighbouring authorities. It is also proposed that Non-Dependent deductions remain at £3.30 per week and thus introduce no new administrative burdens. It is not possible to exactly assess the impact of setting these rates at these levels due to uncertainty of application as it is dependent on several external factors. The complex modelling has thus applied only formulaic assumptions and these will need to be assessed and potentially provided for during early application of the new scheme.

- **Technical changes**

19. In addition to these changes it is noted that the council tax technical changes provide new legislative powers that will enable authorities to raise additional charges by reducing the discounts on second homes and reducing the time exemptions are applied to empty homes. These are set out in detail at Appendix 2. This gives the ability to raise more Council Tax income than is presently collected, all other things being equal, and thus potentially reduce the draw arising from the 2013/14 reduction in government Council Tax Benefit grant.

20. The areas of current discounts and exemptions proposed are:

- a) **Second homes** – currently the Council awards a 10% discount to owners of second homes. We estimate that there are 1,822 such properties. The proposal is to remove this discount and require 100% council tax on such properties. This will raise approximately £0.32m.
- b) **Properties requiring structural repair** – (Class A) currently the Council provides a 12 month 100% exemption council tax. Based on 2012 figures a change proposed to reduce this exemption to three months and 50% thereafter for the remaining 9 months, then reverting to 100% for the period after would raise approximately £0.17m.
- c) **Unoccupied and unfurnished properties** – (Class C) it is proposed to end the 6 month exemption and allow only 3 month 100% exemption, after which a 50% charge will be applied for a further three months and 100% charge thereafter. This is to encourage earlier occupation of empty properties. It is estimated this would bring in a further £0.42m.
- d) **Charge mortgage companies** – (Class L) under current exemptions where a property has been repossessed we do not charge the mortgage company. Under the proposed changes we would stop this exemption. Based on current figures that would raise approximately £0.089m.



21. It was proposed in the consultation that we could look at levying additional charges, up to 150% council tax for properties that had been empty for more than two years. It was thought this would raise around £0.4m from 440 properties charged 150%. However, subsequent guidance issued and out for consultation at present would introduce three exceptions to this, including properties 'genuinely being advertised for sale or rent'; or the main residence of members of the armed forces absent from the property as a result of service. A review of the existing 440 properties would leave only 113 properties subject to the additional charge, however many of these properties that have been left empty, are sheltered flats where until the last resident leaves, the other flats cannot be demolished. Any additional charge would simply have an adverse impact upon the council and other housing providers who are managing the disposal of unsuitable property. Therefore unless the current guidelines are changed the implementation of this additional charge, whilst originally well intended, is not supported. Instead the current discount is proposed to be removed and 100% chargeable. This would raise around £0.062m.
22. Thus in total the proposed changes to the Council's discounts and exemptions are estimated to raise around £1m.

- **Transitional support**

23. The Government have announced that the Social Fund will transfer from DWP administration to local government from 1<sup>st</sup> April 2013. For Wiltshire this will bring an un-ringfenced grant of £0.614m of which £0.120m is to fund the schemes administration. In addition, the Council will receive a Discretionary Housing Payment to assist with tenants who find themselves in real hardship in paying rents. At this stage it is unclear what the level of DHP will be and no announcement is due until December 2012. It is proposed that officers review the criteria for awarding both these funds, and create a Council Tax Support transition fund to also assist the most vulnerable in society and those assisting the Council in the delivery of its key objectives. These funds are felt necessary due to the number of other changes introduced by the Welfare Reform Act 2012 that are not covered here, in addition to those proposed in this report. They most notably include Housing Benefit cap and Housing Under Occupancy reductions. We estimate as many as 2,000 residents could be affected by all welfare reform changes. Also current or future deliverers of the Council's objectives, such as foster carers could be hit by changes such as under occupancy and council tax.
24. It is proposed that schemes are thus developed around these principles and presented to Cabinet to help protect the most vulnerable in Wiltshire Communities and maintain a drive to build and strengthen resilient communities. These should be reported and agreed by Cabinet no later than February 2013 in order to be delivered by 1<sup>st</sup> April 2013 and for awareness to have been raised.

- **Financial Impact**

25. The total indicative funding gap is £3.5m based on current data. This will not be confirmed until the funding announcement expected in mid December 2012. The proposals set out below cover the full extent of the imposed Coalition Government changes.
26. However, within the proposed scheme there are a number of options around the support provided to families with children under 5. The scheme currently proposes maintaining support to those families by continuing to disregard child benefit as income. This is not the case in Swindon's proposals for example and has been raised by the Police in their consultation with us. The withdrawal of this support is not favoured as it will have a detrimental effect on child benefit recipients many of whom are women (see equality impact assessment appendix 4). It is proposed that families with children under 5, who meet the criteria, would be subject to the 80% cap on entitlement. To do otherwise would cost the council an additional £530,450 based on current data. Given the scale of the funding short fall this is not supported, from a financial perspective or through initial public consultation, however paragraphs 23 and 24 of this report do recognise ways in which to support the most vulnerable through transition.
27. Another potential option to consider around the calculation of council tax chargeable limit is consideration of the level of capital assets a claimant has in savings/investments. The two options are over £6,000 or £10,000. The impact is estimated to only be a difference of £65,000. As such and to recognise and encourage saving in society a £10,000 level is supported.
28. The overall impact of the proposed local scheme and removal of technical discounts/exemptions is shown in the table below:

<b>Proposal</b>	<b>Total estimated raised – Option A £m</b>	<b>Total estimated raised – Option B £m</b>	<b>Total estimated raised – Option C £m</b>	<b>Total estimated raised – Option D £m</b>
Local Council Tax Support scheme at maximum 80% discount per Appendix A:	2.339	2.339	2.339	2.339
Option A - Retaining allowance for children under 5		(0.530)	-	(0.530)
Option B - Regard child benefit as income			0.900	0.900
Option C - £6,000 capital/assets level			0.065	0.065

<b>Total estimated to be raised from Local Council Tax Support Scheme proposed</b>	<b>2.339</b>	<b>1.809</b>	<b>3.304</b>	<b>2.774</b>
Technical Changes:				
• Second homes	0.320	0.320	0.320	0.320
• Requiring structural repair	0.170	0.170	0.170	0.170
• Unoccupied & unfurnished	0.420	0.420	0.420	0.420
• Charge Mortgage companies	0.089	0.089	0.089	0.089
• Long term empty properties	<b>0.062</b>	<b>0.062</b>	<b>0.062</b>	<b>0.062</b>
<b>Total Technical</b>	<b>1.061</b>	<b>1.061</b>	<b>1.061</b>	<b>1.061</b>
<b>Total savings</b>	<b>3.400</b>	<b>2.870</b>	<b>4.365</b>	<b>3.835</b>

29. Whilst option C would result in the most reduction in benefit expenditure, it is proposed that option A is applied as this protects families with children through continuing to disregard child benefit income.
30. Overall therefore the scheme proposed above as Option A together with technical changes would raise around £3.4m of the current shortfall brought about by the imposed funding reduction.
31. An additional complexity is that the adjustments made through the incorporation of the council tax support scheme is that the council's tax base is reduced to account for those not liable, as new legislation determines them to be receiving a discount. This has an impact on precepting bodies. The reduction for Police and Fire will be funded under their formulae adjustments. For parish councils the shortfall is expected to be transferred to the local authority and add further pressures to be absorbed by the Council, and there will be no impact thus on Wiltshire's Town and Parish Councils. The impact of this could be a further £1.2m. However, given the level of previous collection fund surpluses of between £1m to £2m it is assumed it will be funded from this surplus.
32. One point to note is that on 16<sup>th</sup> October 2012 the Department for Communities and Local Government Secretary of State (Rt. Hon E. Pickles) issued a new £100m grant to support the Council Tax support scheme. This proposes new centrally imposed requirements that had previously not been known. This proposes councils will be invited to bid for a one off grant to support the transition where:

- Those who would be on 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their council tax liability;
  - The taper rate does not increase above 25%; and
  - There is no sharp reduction in support for those entering work - for claimants currently entitled to less than 100% support, the taper will be applied to an amount at least equal to their maximum eligible award.
33. The timing of this announcement given the fact Wiltshire like other councils has been out to consultation; the fact that it is only a one off grant which will require changes next year; and that in reality this will only fund a small proportion of the imposed reduction in grant means this does not give sufficient call to change the scheme.
34. The final points to note are, firstly that this scheme as a means tested benefit will introduce greater administration. As yet no announcement has been made confirming whether a 10% reduction in Council Tax administration grant announced under the 2012 Comprehensive Spending Review will be carried out. Although a one off administration grant has been awarded to cover some of the additional cost of implementation of the new scheme (£0.090m).
35. Secondly, at this stage it is anticipated that there will be considerable risk both in terms of the assumptions applied to the estimations used in this report and to the ability to collect and on recovery rates next year. As such there will need to a clear assessment in the risk assessment of reserves in setting the 2013/14 budget requirement for these factors. At this stage it is thought this could be as high as 25% of the £3.400m. It is not clear if this will require any increase in reserves at this stage without further budget setting due diligence. This will be reported to members as part of the budget and council tax setting process.

### **Consultation and Communication**

36. Government guidance states the process councils should follow in order to deliver their preferred scheme. It states:

*Before making a scheme the billing authority must in the following order:*

*(a) consult any major precepting authority which has power to issue a precept to it*

*(b) publish a draft scheme in such a manner as it thinks fit, and*

*(c) consult such persons as it considers are likely to have an interest in the operation of the scheme*

It also provides that whilst the Government's code of practice on consultation, states that normally 12 weeks is appropriate, it is for billing authorities 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.

The results so far of the consultation are contained within Appendix 3. The key messages are:

- 68% of responses indicated that where feasible, households should contribute toward their council tax
  - 74% of responses thought it right to protect the most vulnerable.
  - Of the 74%, 35% of responses agreed with protecting the disabled
  - Of the 74%, 16.4% responses agreed with protecting those with children under 5 years old
  - Of the 74%, 24.3% of responses agreed with protecting war widows and widowers
  - And of the 74%, 21.6% agreed with the protection of all families on a low income.
  - 58.7% of all respondents suggested we support those who are in work
  - 61% Agreed that savings of less than £16,000 could exclude people entitlement
  - 59.3% supported a lowered and simplified rate of deduction for non-dependants
  - 64.7% rejected the proposal to allow the backdating of claims
  - 75.7% agreed with the withdrawal of single adult rebate and
  - 83.4% supported the idea of a providing a discretionary fund for exceptional cases.
37. The Council has already sought some views of the major precepting bodies in relation to the preferred option. This has not identified any issues but further, more detailed consultation has taken place between the Fire and Police Authorities once the specific option was agreed.
38. If the recommendations contained in Appendix 2 are accepted then the effect of reducing discounts and exemptions will be to increase the tax base, and will initially help mitigate the impact the change to council tax support will have. As part of the consultation this approach will have to be conveyed, in detail, to the major precepting authorities who will be more exposed to any deficit or shortfall in collection.

### **Environmental and climate change considerations**

39. None

### **Equalities Impact of the Proposal**

40. An Equalities Impact Assessment will be completed in the light of the outcome of the consultation, and this is attached at Appendix 4. In summary the key points are :
- In designing the scheme every attempt has been made to minimize the effect of the reduced funding in delivering the scheme, and to prevent discrimination against people who are disadvantaged, vulnerable or

with protected characteristics

- Disabled people can find it much harder to secure employment than non – disabled people. The new scheme provides additional protection for disabled people from the 20% reduction in support.
- The new scheme is likely to have a negative impact on all working age people who currently receive council tax benefit and do not fall within the protected groups. In mitigation the new scheme does provide incentive for people to gain work by introducing an enhanced earnings taper  
All current recipients of council tax benefit will automatically be reassessed for eligibility to the new scheme.
- War pensioners and their widows will also receive protection from the 20% reduction in support

### **Risk Assessment**

41. The introduction of any new scheme, specifically a local scheme, carries with it the inherent risk, in terms of its design, to minimise challenge and dispute whilst offering a simple and cost effective solution.
42. Through consultation, creating media attention, awareness of the impending changes has been raised with residents, however the final outcome will need explaining to those affected, to help them prepare.
43. The change in funding arrangements will mean that the council will inherit a new financial risk due to the uncertainty over estimations of the collectability of income arising from the volatility of processing arising from these changes and other welfare reforms. This risk is all the greater going forward, through the introduction of a new national benefit in the form of universal credit.

### **Risks that may arise if the proposed decision and related work is not taken**

44. Maintaining the default scheme will mean the financial burden will have to be met in full by the council. Changes to exemptions alone, will not be sufficient to meet the anticipated shortfall in funding which means that the shortfall would have to be met from cuts to other services. This falls at the same time as the Council faces reduction in other funds and increasing costs and demands for other services. Further reductions in spending to cover the imposed cut in benefit grant could affect services that support the most vulnerable in society and adversely affect the cost of other services increasing.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

45. The revenues and benefits team have a reputation for delivering change projects. They are suitably equipped and have the skills, knowledge and equipment to introduce a local scheme.

46. The team as a whole manage customers and their debts in a sensitive and understanding way and are establishing relations across the council to mitigate the impact of these changes. They also have robust procedures in place for managing debt in what will no doubt be an increasingly difficult arena in which to collect payment.

	<b>Risk</b>	<b>Action to mitigate the risk</b>
	1.communication	Corporate communications plan and consultation
	2.cost	Analyse all possible options (See supporting papers)
	3. complexity	Ensure understanding of staff & customers who will have to operate and claim for a growing number of benefit schemes

### **Financial Implications**

47. The Council has consulted on a scheme to fund an anticipated gap of £3.5m in its funding. Since the consultation began, provisional allocations from Central Government on funding changes and analysis of the Councils technical and legislative changes to its tax base have resulted in suggestions that the gap for the Council could be considerably higher. All the proposals recommended within this report would raise £3.4m. The remaining £0.1m it is suggested can be funded from the new Council Tax support grant announced recently and previous Collection Fund balances.
48. As such the proposed scheme is supported as this realises a way to partially meet the reduction in funding.
49. Should recommendations around both a new localised Council Tax Support Scheme and changes to exemptions and discounts be adopted it should be noted that these are likely to create new and considerable challenges in terms of collecting the additional sums, which are estimated to be between £200 and £300 per annum, per affected household which in turn will have an impact on administration and collection rates. This has been factored into the financial considerations of the option and will continue to be reviewed alongside the assessment of reserves and income monitoring.
50. Whilst there are implications on both major precepting authorities (Police and Fire Services), the impact upon towns and parish councils as a result of the changes in funding will now be mitigated by Wiltshire Council. It is vital therefore that the full impacts of the proposals are discussed and regularly revisited with major precepting authorities.

## **Legal Implications**

51. The Local Government Finance Bill currently passing through Parliament makes provision for the localisation of council tax support in England by imposing a duty on billing authorities to make a localised council tax reduction scheme by 31 January 2013.
52. Under section 13A (2) of the Local Government Act 1992, substituted by clause 9 of the Bill, a billing authority must make a council tax reduction scheme. Schedule 1A to the 1992 Act, inserted by Schedule 4 to the Bill, makes further provision about council tax reduction schemes wherein it specifies that before adopting a scheme the billing authority must, in the following order:
  - a) consult any major precepting authority which has power to issue a precept to it
  - b) publish a draft scheme in such manner as it thinks fit and
  - c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.

The Bill clearly sets out that Councils must consult in the order set out above and therefore when the public consultation was carried out the major precepting authorities were consulted and were involved in drawing up the initial proposals.

Although Councils have a broad discretion as to how consultation should be carried out, it is commonly accepted that certain fundamental propositions must be adhered to:

- (i) consultation must take place when the proposal is still at a formative stage;
  - (ii) sufficient reasons must be put forward for the proposal to allow for intelligent consideration and response;
  - (iii) adequate time must be given for consideration and response; and
  - (iv) the product of consultation must be conscientiously taken into account.
53. With regard to the options set out in this report and to the preferred option, such consultation has taken place with the major precepting authorities as they have been actively involved in shaping them. Further, more detailed consultation has now taken place on the proposal and the results are analysed in appendix 3.

## **Options Considered**

54. The option for consideration to replace the current Council Tax Benefit scheme with a localised support scheme is set out in Appendix 1.



55. Appendix 2 provides details of the technical changes to council tax exemptions and discounts. Recommendations will be made to incorporate all these changes from April 2013.
56. Appendix 3 provides the results of the consultation including correspondence and notes of meeting held with the major precepting authorities.
57. Appendix 4 contains the Equality Impact Assessment.

## **Conclusions**

58. The changes proposed are part of a huge change in the way our customers are awarded benefits. These changes are being brought about as part of the wider Welfare Reforms that will affect a variety of services we provide and impact upon some of the most disadvantaged members of our community; they are also being enacted at a time when household budgets are under great pressure. Whilst we have undertaken consultation it is expected that with so many changes being proposed, that further communication will need to take place with those affected between now and next March.
59. Through the ratification of this proposal the council has seized the opportunity to design a simplified scheme that offers some degree of protection to all working age claimants, and encourage work. The scheme is also based on ability to pay, rather than ensuring the council covers all additional burdens.
60. The proposals for the council tax support scheme have therefore been designed to limit the impact on those least able to afford council tax. The proposals are made based on the principle that any scheme should be simple and equitable across all groups and offers incentives for those who can work, wherever possible. It will not apply to those of pension age or the most vulnerable in our communities.
61. Full advantage of the Council tax technical changes to exemptions and discounts presents the council with an opportunity to generate further revenue and lessen the impact of the grant reduction on the council's budget. It will also enable the council to support the ambition to bring empty houses back in to occupation as quickly as possible and ensure funding is secure to benefit the wider community.

## **Recommendations**

62. Cabinet recommend to Council that:
  - a) A local council tax support scheme is introduced, as set out at paragraphs 16 to 18 of the report.
  - b) Technical changes are made to the way in which discounts for empty and second homes and exemptions for properties in classes A, C and L are applied from 1<sup>st</sup> April 2013, as set out at Appendix 2 of the report, and paragraph 20.

- c) Council introduce a discretionary fund to be administered in conjunction with the discretionary housing payments (DHP) and ring fence the Social Fund grant allocation to mitigate the impact of transition from the old scheme to the new, in cases where householders may feel the impact of other changes to benefit entitlement, under-occupancy costs, for example. Criteria for awards under this scheme to be approved by Cabinet and Council by January / February 2013 and implemented from 1<sup>st</sup> April 2013.

**Michael Hudson**  
**Service Director, Finance**

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Date of report: 26<sup>th</sup> October 2012

**Background Papers**  
**Financial impact of Options.**

**Appendices**

Appendix 1 = Scheme

Appendix 2 = Council tax Technical changes.

Appendix 3 = Consultation Summary

Appendix 4 = Equality Analysis

## Council Tax Support Options Paper

Base data @ 30/04/12	Caseload: Pension Age: 14,411 Non Pension Age 15,440 ( broken down into three elements) Working Age Passported: 8,576 Working Age Vulnerable: 1,523 (Disability or WDP/WWP) Working Age Other: 5,341 Estimated expenditure @ 01/04/2013: £26,995,940.67			
Note:	CTB posted @ 30/04/12 = £26,897,600.97 CTB posted @ 31/05/12 = £27,096,774.06 Analysis tool calculates total awards on imported data as £27,030,623.58 (difference < 0.5%)			
Caseload trend:	<b>April 2010</b>	<b>April 2011</b>	<b>April 2012</b>	<b>%age change used for future year caseload</b>
All claims	29068	29725	30388	
Pensioners	12734	12740	12756	0.13%
Vulnerable	1360	1399	1252	1.00%
Passported	10366	10063	10153	0.00%
Other	4608	5523	6227	13.00%
Forecast Caseload stats based on increase	Caseload: Pension Age: 14,585 Working Age Passported: 8,486 Working Age Vulnerable: 1,534 (Disability or WDP/WWP) Working Age Other: 5,966  <b><u>Estimated benefit expenditure @ 01/04/2013: £27,551,931.07</u></b>			

<p><b>Proposed Option</b></p>	<p>Maximum eligible amount is reduced to 80% of the Council Tax chargeable limit to all those of working age except those in receipt of disability premium or disabled status and war widows/ disablement pension</p> <p><b>Plus</b></p> <ul style="list-style-type: none"> <li>• Withdraw entitlement to Second Adult Rebate for all working age claims</li> <li>• Withdraw entitlement to Underlying Entitlement <i>(we cannot estimate at this stage how much this will exactly save us )</i></li> <li>• Withdraw entitlement to backdates <i>(for cases of hardship with small needs, we could have a contingency arrangement similar to Discretionary Housing Payment, DHP)</i></li> <li>• Capital/assets of over £6,000 will not be entitled to CTS or (Option A)</li> <li>• Capital/assets of over £10,000 will not be entitled to CTS(B)</li> <li>• Non-Dependant deduction standardised at the current minimum amount = £3.30 per week</li> <li>• Earnings taper £0.15 deduction for every £1.00 earned, above need assessment.</li> </ul> <p><b>NOTE ADJUSTMENTS TO BE CONSIDERED:</b></p> <p>Approx no. of claims affected: 12,000</p> <p>No. of vulnerable cases will increase as DLA is added to those passported claims where applicable</p> <p>(estimated no. of passported cases where DLA is in payment 25% = 2,122, therefore expenditure will increase by approx 2,122 x 1515.25 x 20% = £643,072</p> <p>Children under 5 – there are 3463 claims with children under 5, estimated annual expenditure = £2,652,249.46 protecting these cases, would cost an additional: £530,450</p>	<p>Estimated benefit expenditure if changes are applied:</p> <p>(A) £24,947,000</p> <p>(B) £25,012,000</p> <p>Total benefit expenditure = £25,655,000 (Saving £1.9 million)</p> <p>Total benefit expenditure £26,185,000 (Saving £1.4million)</p>
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## Appendix 2

### 1. Council Tax Technical Changes (as at April 2012)

These tables highlight the additional income which could be generated if this Council chooses to apply the maximum discretion in relation to technical reforms of Council tax liability.

### 2. Second Homes

In Wiltshire we have identified 1,822 properties which come in to this category. At present these properties are awarded 10% discount. Under the technical reforms, if we were to remove the 10% discount from April 2013 we would raise additional debit of £320,525.95 based on the average 2012 charge.

<b>Band</b>	<b>No of Properties</b>	<b>Amount raised by charging additional 10%</b>
A	214	£21,617.56
B	219	£25,809.75
C	290	£39,059.77
D	247	£37,426.67
E	269	£49,818.05
F	175	£38,302.15
G	300	£75,762.60
H	108	£32,729.40
<b>Total</b>	<b>1822</b>	<b>£320,525.95</b>

Source – CTB1 return October 2012

Note if we are to charge 100% for second homes and 100% for empty unfurnished properties it will become increasingly difficult to differentiate between the two categories as there is no incentive for owners to report such a change.

### 3. Properties requiring structural repair to make them habitable - Class A Exemptions

In Wiltshire we have identified 278 properties which come in to this category currently and if we were to stop giving the 12 months exemption of 100%, then based on average 2012 charges, and if we were to charge nothing for three months levying a 50% charge for the following nine months, we would raise an additional debit of £170,050.49. The discount will be applied for a total of 12 months after which a full charge would apply.

<b>Band</b>	<b>No of Properties</b>	<b>Amount raised by charging additional 50%</b>
A	27	£10,237.28
B	40	£17,694.06
C	54	£27,299.41

D	51	£29,005.62
E	49	£34,185.38
F	28	£23,002.28
G	23	£21,801.61
H	6	£6,824.85
<b>Total</b>	<b>278</b>	<b>£170,050.49</b>

Source – CTB1 return October 2012

Again this would support the principle of bringing empty property in to occupation sooner and would have similar impacts to those proposed under long term empty changes.

It may however, lead to some cases of hardship and support in these cases may need to be considered.

A change in behaviour here would not necessarily mean a change in the amount of potential debit to be raised as an occupied property would realise the same level of charge in most cases.

#### 4. Unoccupied, unfurnished properties - Class C Exemptions

In Wiltshire we have identified 3,771 properties that fall in to this category, at some point during the year. Although this category of exemption won't be abolished, the council has the discretion to set a discount at 100% or any lower percentage that seems reasonable (0 % if the council thought this was reasonable) however the duration of any award cannot be less than 6 months. If we were to charge nothing for three months and then 50% for properties empty more than 3 months, then a full charge after 6 months, based on average 2012 charges, we would raise additional debit of around £416,727.

<b>Band</b>	<b>No of Properties</b>	<b>Amount raised by charging additional 10%</b>
A	794	£64,481
B	849	£77,976
C	888	£94,319
D	545	£64,415
E	349	£51,409
F	195	£33,172
G	136	£27,147
H	15	£3,808
<b>Total</b>	<b>3771</b>	<b>£416,727</b>

Source – CTB1 return October 2012

This technical reform has potential for realising the highest level of increase in collectable debit and would again serve to encourage the earlier occupation of empty properties.

Without differentiation between the charge for occupied and unoccupied premises it will make classification more difficult and raising a charge in all cases could cause hardship in some cases.

## 5. Long Term Empty Properties

In Wiltshire 440 properties were identified as empty for a period longer **than two years** and are currently charged 90% of the full charge. If we were to charge them 150% as proposed by the technical reforms, we would potentially raise an additional debit of £370,225.36 based on the average 2012 charge.

To be prudent, it would be realistic to charge all properties empty for longer than 12 months 100% and generate an additional £61,704.21.

These properties are currently charged at 90% Council Tax liability and it is recommended to increase this to 100%, rather than the 150% set out below.

<b>Band</b>	<b>No of Properties</b>	<b>Amount raised by charging additional 60%</b>
A	128	£77,580.08
B	78	£55,155.10
C	81	£65,458.80
D	63	£57,276.45
E	42	£46,669.70
F	29	£38,083.28
G	15	£22,728.75
H	4	£7,273.20
<b>Total</b>	<b>440</b>	<b>£370,225.36</b>

Bringing long term empty properties back in to occupation is a major challenge for all authorities and this ability to raise the levy in these cases should act as a spur to encourage owners to do so. This will of course subsequently lead to a reduction in the amount of debit collectable from such premises and should be noted.

However since the original proposals were made the Government have issued a consultation paper regarding the exclusion of certain empty homes from any additional charge and at the time of writing the results are not known, however they would if agreed, greatly reduce the number of properties in this table. The proposal includes:

- A dwelling which is genuinely on the market for sale or letting
- A dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service
- An annex deemed unoccupied because it is being treated by the occupier of the main dwelling, as part of that main dwelling)

The estimate of the number of properties that would not be affected by the proposals equate to around 113, however many of these properties are former

sheltered housing units where both the council and our housing providers are managing the gradual vacation of residents, pending demolition of the properties.

## 6. Exempt Class L's

Our current records only identify 66 properties in this category on our system and if we were to stop giving them an exemption and charge the mortgage company we would raise additional debit of £88,558.06.

<b>Band</b>	<b>No of Properties</b>	<b>Amount raised by charging additional 10%</b>
A	19	£19,193.23
B	16	£18,856.48
C	14	£18,856.46
D	11	£16,667.75
E	1	£1,851.97
F	0	0.00
G	4	£10,101.67
H	1	£3,030.50
<b>Total</b>	<b>66</b>	<b>£88,558.06</b>

Source – CTB1 October 2012

## 7. Summary

If all of these options as set out in the new Council Tax Technical Reforms are adopted then they would realise an increased debit within the collection fund of around £1million. This increase can be used to meet the Council's very tough spending requirements and support the delivery of services to all Council Tax payers.

There will need to be adjustments to the Council Tax Base to reflect a decision on these options and this should also take account of potential changes in behaviour and variances that are likely in these options.

These additional changes in administration will all attract an additional cost which is yet to be determined and needs to be viewed in light of the final scheme for this and Council tax Support, as well as funding towards administrative costs.

***NB. All of these numbers are taken as a snapshot and will be subject to change!***



***Appendix 3 to be delivered as a separate and verbal report***

### Equality Analysis

#### 1. What is the name of the service that is being assessed?

From April 2013 Council tax benefit will be abolished and replaced by a new localised scheme of support. The new scheme will be known as the 'Council Tax Support Scheme'.

*The Council Tax scheme was abolished by the Welfare Reform Bill 2011. The Local Government Finance Act amended by Section 13A allows for the development of a new localised Council Tax Support scheme.*

#### 2. What are the aims of the service, whose needs is it designed to meet, what are the current priorities?

Unlike the current Council Tax Benefit scheme, which is fully funded by central government, the new Council Tax Support scheme will be a cash limited, substantially reduced, pot of money. In funding the new scheme the Government intends to transfer to local authorities their estimate of what would have been spent on Council Tax Benefit in each area (had the old scheme continued) minus 10 per cent. With an estimated spend of £27 million on Council Tax benefit across Wiltshire in 2012/2013 a 10% reduction in funding equates to a shortfall of at least £2.7 million. Within these financial boundaries Wiltshire Council has the discretion to design their own local scheme and decide who to support financially.

The new scheme is just one of a number of measures in a much wider set of reforms to the welfare system. The overall aims of these reforms are to improve incentives to work, reduce worklessness and end a culture of benefit dependency.

Wiltshire council has developed a scheme that seeks to support the government's aims and provides help for those on low income, taking into account the reality of the funding cut. The Council's approach in designing the new scheme has been to continue to deliver a means tested reduction in council tax aimed to support those with the greatest need and to provide work incentives through enhanced income thresholds. Many of the current recipients of the existing Council Tax benefit scheme as well as applicants to the new scheme will be affected by these changes.

#### 2.1 New scheme

Although the new scheme will retain many of the features of the current Council Tax Benefit Scheme the value of the award for many working age people will be reduced. This is because there are some nationally prescribed elements to the new scheme which include protecting people of pension age from any reduction in benefit. Therefore it is inevitable that the burden of the reduced funding will largely fall upon people of working age.

In targeting support to those most in need, the Capital savings limit at the point support can be claimed has been lowered and a discretionary fund established to support anyone who may suffer severe financial hardship as a result of the planned changes. The design of the scheme has been simplified as well as the introduction of work incentives. The key differences under the new scheme include:

- Putting a maximum limit on the amount of council tax benefit that can be paid. This means working age people who claim council tax benefit will have to pay up to 20% of their bill.
- Changing the amount of savings a person can have before benefits are given. In the current scheme, a person is not entitled to council tax benefit when their savings are more than £16,000. Any savings their partner may have are also taken into account. Under the new scheme the savings limit will be £10,000.
- Removing second adult rebate, at the moment, if you can afford to pay your council tax but live with someone on a low income, you may be able to receive help with your council tax. This will change so that a discount will no longer be offered.
- Removing the right to have council tax support backdated if someone fails to claim within the prescribed period. All existing Council Tax Benefit recipients that are eligible will be automatically transferred to the new council tax support scheme.
- Enhanced earnings taper, this means the rate at which council tax benefit is withdrawn where a person has more income than the law says they need to live on will be reduced.
- In order to simplify the scheme a new flat rate non-dependant deduction will be introduced.
- In order to simplify the scheme changes to the treatment of underlying entitlement will be made.

**3. In what ways might the policy or service affect some groups of people differently? Might some groups find it harder to access the service? Do some groups have particular needs that are not well met by the service?**

In addition to the nationally prescribed rules for people of pension age, the government requires local authorities to consider protecting vulnerable groups in the design of the new scheme, drawing council's attention to existing duties and responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and Housing ACT 1996 as well as the public sector duties in section 139 of the Equality Act 2010.

During the development of the scheme the council has tried hard to balance the reality of a significant cut in funding to protecting the most vulnerable members of our community as far as possible. The scheme acknowledges that recipients will need to contribute more to meet the shortfall but also seeks to support those people with protected characteristics as much as possible. Recognition is also

given to the fact that some people may be more vulnerable to the reductions in financial support under the new scheme particularly where they may have difficulty gaining employment.

### **3.1 Age**

#### ***Pension Age people***

Older people (those of pension age) are protected from any reduction under the new scheme by the legislation. The government state in their 'Localising Council Tax – EIA' in January 2012 that:-

“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”.

#### ***Working Age people***

The decision to protect people of pension age means that the impact of reduced funding for the scheme falls disproportionately upon those of working age. This is likely to have a negative impact on all working age people who currently receive council tax benefit and are transferred to the new scheme.

The new scheme does provide incentives to working age people to seek employment by introducing an enhanced earnings taper, this means the rate at which council tax benefit is withdrawn where a person has more income than the law says they need to live on will be reduced

### **3.2 Sexual orientation**

The proposed scheme is likely to have a negative impact on all working age people who currently receive council tax benefit and are transferred to the new scheme irrespective of sexuality.

The Council does not currently keep case level data on sexuality as it is not relevant to the calculation of Council Tax Benefit. The merits of collecting information with regard to those with protected characteristics will form part of the wider review of the scheme in 2013.

### **3.3 Sex**

The proposed scheme is likely to have a negative impact on all working age people who currently receive council tax benefit and are transferred to the new scheme irrespective of gender.

In designing the new scheme consideration was given to making changes to income disregards including child benefit which would have had a detrimental effect on child benefit recipients, many of whom are women. These changes were rejected on equality grounds.

Current disregards under the council tax benefit scheme which tend to favour more females than males such as child benefit disregards will continue to be a feature of the new scheme.

### **3.4 Marriage and civil partnership**

The proposed scheme is likely to have a negative impact on all working age people who currently receive council tax benefit.

Married couples and civil partnerships are recognised equally in the current Council Tax Benefit scheme. The equal and fair treatment of couples will continue in the proposed CTS scheme from 1<sup>st</sup> April 2013.

### **3.5 Disability**

Disabled people can find it much harder to secure employment than non-disabled people. In the first quarter of 2012, DWP national figures show an increasing gap in the employment rate for disabled people compared to that for non-disabled.

The new scheme extends all current favourable treatment of income of disabled people. National benefits such as disability living allowance, attendance allowance will continue to be disregarded in full and recipients will continue to benefit from the enhanced premiums and personal allowances which favour people with disabilities

Furthermore, the new scheme will provide protection for disabled people of working age from the reduction 20% reduction in support.

### **3.6 Gender Reassignment**

The proposed scheme is likely to have a negative impact on all working age people who currently receive council tax benefit and are transferred to the new scheme. The Council does not currently keep case level data on gender reassignment as it is not relevant to the calculation of Council Tax Benefit. The merits of collecting information with regard to those with protected characteristics will form part of the wider review of the scheme in 2013.

### **3.7 Race**

The Council does not keep case level data on race as it is not relevant to the calculation of Council Tax Benefit. Although the Council does regularly take positive action in terms of promoting take up of the benefits it administers amongst minority and hard to reach groups.

Support currently offered in terms of improving accessibility will continue under the new scheme this includes, interpretation services, visiting service, information leaflets in different formats and languages, correspondence in plain English and targeted benefit take up campaigns.

The merits of collecting information with regard to those with protected characteristics will form part of the wider review of the scheme in 2013.

### **3.8 Religion or Belief**

The proposed scheme is likely to have a negative impact on all working age people who currently receive council tax benefit and are transferred to the new scheme irrespective of religion or belief.

The Council does 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. Support currently offered in terms of improving accessibility will continue under the new scheme this includes, interpretation services, visiting service, information leaflets in different formats and languages, correspondence in plain English and targeted benefit take up campaigns.

The merits of collecting information with regard to those with protected characteristics will form part of the wider review of the scheme in 2013.

### **3.9 Pregnancy and maternity**

The proposed scheme is likely to have a negative impact on all working age people who currently receive council tax benefit and are transferred to the new scheme.

Current disregards under the council tax benefit scheme which tend to favour more females than males such as child benefit disregards will continue to be a feature of the new scheme

### **3.10 Protected groups**

Another group that will receive protection from the 20% reduction in support will be War pensioners and their widows in recognition of the sacrifices they or their partners have made.

### **3.11 Discretionary fund**

The new scheme incorporates the creation of a discretionary hardship fund in year one to help mitigate against the negative impact of any changes and support those who may be particularly disadvantaged taking into consideration individual circumstances.

### 3.12 Migration of existing claims

All current recipients of Council Tax Benefit will be automatically reassessed for eligibility to the new scheme from April 2013 when the scheme begins. See summary of caseload data this includes groups with protected characteristics:

<b>Council Tax Benefit Caseload trend:</b>	<b>April 2010</b>	<b>April 2011</b>	<b>April 2012</b>
All claims	29068	29725	30388
Pensioners	12734	12740	12756
Vulnerable	1360	1399	1252
Passported benefit cases	10366	10063	10153*
Other	4608	5523	6227

As the table illustrates, currently 30,400 people claim Council Tax Benefit in Wiltshire, of these current recipients 12,000 will face a reduction in support; the remaining 3,400 being those classified as vulnerable above, plus an estimate of those who fall within the passported\* category, who will qualify for protection.

#### 4. What evidence do you have for your judgement? Is there any evidence of public concern? Is there local or national research to suggest that there could be a problem?

In designing the new scheme the council undertook an in depth analysis of the current council tax processing system. A specially designed software tool facilitated the modelling of various scheme options examining the impact on people, according to their age, disability, family circumstances and level of income.

The modelling of the statistical data enabled the council to produce case studies to illustrate how each of the options considered would affect individuals. Models considered included:

- Restricting benefit according to Council Tax bands
- Eliminating income disregards for child benefit
- Making 20% deduction from passported cases (i.e. people eligible to income support etc)

The above models were later rejected as they disproportionately affected vulnerable groups. A summary of the modelling options and case scenarios can be found at appendix 1 to this document.

#### 5. What other data, research and other evidence was used to write the Equality Impact Assessment.

In addition to the in depth modelling and case analysis to inform the design of the new scheme a range of other local and national data, research and evidence was considered.

## 5.1. National Data

The Department for Communities and Local Government (DCLG) have completed an Impact assessment for the implementation:-

[www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/counciltaxsupport](http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/counciltaxsupport)

## 5.2 Funding options considered

Wiltshire council considered the options of allowing the cost of the scheme to fall on the general fund and, ultimately the tax payers or designing a revised scheme that supports incentivises to work. The preferred option approved by cabinet for public consultation was to :-

Develop a new Local Council Tax Support scheme that would continue to be means tested and aimed at helping those with greatest need, this would be along similar lines to the council tax benefit. To avoid passing the cost of the reduction to tax payer's further charges would need to be applied. Changes to current scheme would include;-

- Calculating award based on 80% of maximum eligible council tax
- Removing Second Adult rebate
- Creation of a discretionary hardship fund to help those most in need
- Removing backdating
- Adjusting earnings taper to incentives work
- Removing underlying entitlement
- Introducing a capital limit

## 5.3 Public consultation

The council has undertaken a full public consultation exercise about the proposal for the new scheme. The consultation period run between 5<sup>th</sup> September and the 31<sup>st</sup> October 2012

Customer representative groups such as CAB, Housing advice centres, landlords, disabled groups and Wiltshire assembly have also been invited to actively participate in the public consultation

In addition to the public consultation formal meetings were held with all the major precepting authorities, stakeholders and parishes.

***The full analysis of the public consultation can be found at appendix 3 to this document.***



**6. What practical changes will help reduce any adverse impact on particular groups?**

Raising awareness

Writing to all customers affected in plain English

Visiting those most badly affected by welfare reform in general

Ability to share information across the council in order to identify those most affected

Discretionary fund to support anyone experiences exceptional financial hardship

Right of appeal

**7. Does the policy meet the Council's responsibilities in relation to equality and human rights?**

In designing the scheme every attempt has been made to minimise the effect of reduced funding in delivering the scheme, and to prevent discrimination against people who are disadvantaged, vulnerable or with protected characteristics.

This is a completely new area of work, and responsibility for the council. In future it is likely the councils scheme will by necessity adapt and change to reflect local circumstances.

**8. How will you monitor the take-up impact of the service in future?**

Take up of the service will be measured via the Northgate I.T. council tax support delivery system and supported by measurement of the demand on the discretionary hardship fund.

The provision of monthly reports with regard to take up and expenditure in relation to the new scheme to the Head of finance will help to understand it's interaction with the full range of planned changes to the welfare system. These changes include the introduction of Universal Credit and new areas of responsibility such as localisation of community grants and crisis loans. Whilst every effort is being made to understand how all these changes can interact positively, it is impossible at this stage to fully understand their combined effect.

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