



FULL COUNCIL
DATE: January 15th 2013

Report of: The Mayor

Title: COUNCIL TAX REDUCTION SCHEME

Ward: City-wide

Member presenting report: The Mayor

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RECOMMENDATION:

The Local Government Finance Act 2012 requires each Local Authority to implement its own Council Tax Reduction scheme from April 2013. It is recommended that members of Full Council approve the Bristol Council Tax Reduction Scheme for 2013/14. This scheme does not pass the funding shortfall onto Council Tax Benefit recipients, and enables the Council to claim transitional funds from central government.

It is further recommended that the Bristol Council Tax Reduction Scheme is reviewed in 2013/14 so that an alternative scheme can be implemented for 2014/15 as necessary.

Full Council is recommended to approve the use of discretionary powers under section 13A Local Government Finance Act 1992, to subsidise monies awarded under the Armed Forces Covenant for pensioner Council Tax Reduction recipients, as currently exists for all Council Tax Benefit claimants.

SUMMARY:

As part of the Government's reform of welfare, a local Council Tax Reduction scheme is required to be in place from April 2013 to replace the national Council Tax Benefit scheme. There is a funding shortfall between the current national scheme and the funds being given to Local Authorities with which to replace the scheme. In Bristol the shortfall is £6.3m.

A decision was taken in full Cabinet on 20th December 2012 following a review by Resources Scrutiny on 14th December 2012, to opt for a scheme whereby Bristol City Council and preceptors absorb the funding shortfall in 2013/14 ("option 6"), also enabling us to apply for transitional grant from

Government.

A full review will be carried out in 2013/14 so that an alternative scheme may be put in place for 2014/15 and onwards.

A decision was taken by Cabinet (July 26th 2012) to use discretionary powers to tax second and empty properties to help meet the costs of any new scheme, and is expected to raise £2.5m.

The significant issues in the report are:

- A scheme has to be agreed by Full Council by 31st January 2013 or a default scheme will be imposed. The full cost of a default scheme to Bristol and its preceptors is £6.3m.
- There is a significant funding shortfall between the current national scheme and funds being given for a new localised scheme.
- The options possible ranged from passing the cost of the shortfall onto current benefit recipients, sharing the shortfall between the Council and recipients, or Bristol City Council absorbing the shortfall completely.
- Some of the shortfall is being met by taxing empty and second properties with new discretionary powers.
- Government has imposed various restrictions on new schemes including not passing any costs on to low income pensioners. In order to be able to apply for transitional grant, further restrictions have been imposed.
- Passing on the shortfall to low income recipients who are already facing various other welfare reform benefit changes is a high risk strategy both socially and economically. The costs to the Council of administering and collecting tax from low income citizens are high and uncertain.
- Any scheme can be changed annually. A review will be carried out in 2013/14 with regard to 2014/15 onwards when the impact of welfare reform in Bristol, and experience of other Local Authorities' Council Tax Reduction schemes will be clearer.

1. Policy

1.1 The Welfare Reform Act 2012 is the most significant change to the Welfare system in decades and will transform the current benefits system across England and Wales. Its aims are to simplify the administration of welfare benefits, ensure that work pays better than benefits, and reduce the cost of the welfare budget. The Government expects Welfare Reform to reduce the overall benefits bill by £18 billion by 2014/15. On a pro rata basis, that suggests that Bristol residents will lose £125m overall, with a consequent impact on individual and household incomes as well as on the economy of the city. Bristol City Council is taking a holistic view of welfare reform, because of the cumulative impact on citizens, communities and the city economy.

1.2 The Welfare Reform Act 2012 includes the abolition of the current national Council Tax Benefit scheme (CTB) 1993, to be replaced by a local Council Tax Reduction (CTR) scheme, to be designed and implemented by each Local Authority. Expenditure will be reduced as part of the Government's plans to reduce the national welfare bill and contribute to the budget deficit reduction.

1.3 The Local Government Finance Bill 2012 received Royal Assent in November 2012 with provision for the establishment of local Council Tax Reduction schemes with effect from 1 April 2013. Schemes are to be seen as a Council Tax discount not a benefit. The Act also includes provisions for an independent national review of CTR schemes by 2015 to consider the impact on localism, and to make recommendations regarding whether schemes should be brought within Universal Credit.

1.4 In parallel with this legislation, the Local Government Finance Act 2012 gives authorities the discretionary power to charge owners of second properties and empty homes more Council Tax than currently. It was agreed at 26 July 2012 Cabinet meeting that Bristol City Council will increase Council tax on second and empty homes, and that the funds raised are to be used against the shortfall in CTR funding.

1.5 A scheme must be agreed by 31 January 2013 or the government will impose the “default scheme”, which is effectively the national scheme currently in place, but Bristol City Council would have to pay the benefit itself, rather than full government funding as now. The full cost of this to Bristol and its preceptors is approximately £6.3m, making it imperative that the Council has an agreed scheme by 31 January 2013 for implementation 1 April 2013.

1.6 The funding shortfall for the new scheme for Bristol City Council and its preceptors means that the decision is to either absorb the funding shortfall with the financial pressures that will create, or to pass on the shortfall to working age claimants who by their very nature are already on low incomes. If the shortfall is passed on, because of the expected level of bad debt, costs of administration and collection, loss of transitional grant etc, there will be at least a cost of £2.8m in 2013/14 for the Council. If the Council does not pass on the costs of the shortfall to claimants and fully funds the scheme, the maximum cost is £3.7m (assuming a Council Tax rise of 1.99%). The approach taken when considering options was to replicate existing Council Tax Benefit structures to minimise risk to recipients and the Council.

1.7 Government encouraged Councils in the short term, to consider the use of existing systems and processes in addition to currently available data in scheme design. All scheme options replicated existing Council Tax Benefit scheme structures and processes but had additional elements to consider funding options, treatment of vulnerable groups as well as new ‘features’ to promote work incentive and fairness. In developing a policy, there were a range of prescribed requirements built into the legislation, such as the protection of low income pensioners and supporting the principles of Welfare Reform so that schemes encourage and support work for benefit claimants.

1.8 The Government did not prescribe protection for or define vulnerable groups for the purposes of local schemes. Councils are required though to have regard to the following existing statutory duties:

- Child Poverty Act 2010
- Disabled Persons Act (Services, Consultation & Representation) Act 1986, and the Chronically Sick and Disabled Persons Act 1970
- The Housing Act 1996 and duty to prevent homelessness
- Equalities Act 2010
- Armed Forces Covenant 2011

1.9 It is recommended that the Council agrees to use discretionary powers under section 13A Local Government Finance Act 1992, to subsidise monies awarded under the Armed Forces Covenant over and above the statutory disregard of £10 per week for pensioners. This is contained within existing budget arrangements and will ensure equal treatment of war and war widows' payments/pensions for pensioners and people of working age. If not approved, this would disadvantage around 58 households within Bristol. The nationally prescribed Council Tax Reduction pension age scheme and default scheme regulations do not allow similar consideration or provision but will be provided for within Bristol's local Council Tax Reduction scheme for working age people.

1.10 Councils were required to;

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

Bristol City Council has consulted the precepting authorities, published a draft scheme and consulted widely.

2. Consultation

2.1 A thorough and robust approach to consultation was adopted in order to take account of public opinion regarding the council's choices in addressing the shortfall in government funding for the new scheme. Considerations have also been made to marginalise the potential challenges regarding equalities, transparency and legal issues. The approach and design of consultation was determined in accordance with the Local Government Finance Act 2012, Government 'Best Practice' guidelines, Bristol City Council policy and advice from the Corporate Communications and Consultation team.

2.2 A consultation meeting was held with precepting authorities (Avon & Somerset Police and Crime Commissioner and Avon Fire Authority) as legally required, as well as with voluntary organisations, charities and Housing Associations.

2.3 Public consultation lasted initially from August to October 2012, and consisted of surveys to a sample of benefit recipients, the citizen's panel and an open survey. Open sessions were held at community halls, and workshops were held at the Council House. Full information was on the Council's web site. Surveys were both on line and via paper. Adverts and information were placed in libraries, GPs surgeries and via radio. Further consultation was held in November following the government's announcement of a transitional grant available subject to particular rules, which had not at that point been consulted on.

2.4 Equalities monitoring questions were asked in each of the surveys to ensure that we heard the views of all of Bristol's communities. The surveys achieved a good response from Bristol's equalities communities.

2.5 Internal Consultation was held with colleagues in connected departments (Strategic Housing, Landlord Services, Finance) as well as with the Welfare Reform Board, the Communications & Consultation team and internal business partners.

2.6 Resources Scrutiny reviewed the draft Cabinet report on 14th December 2012, that was subsequently approved on 20th December 2012. Their view was that option 6 (a

fully funded scheme that qualifies for the transitional grant and the recommended scheme now proposed) was the best option for 2013/14.

2.7 Please see appendix two (Equalities Monitoring Statement) which gives further details of the consultation held and results.

3. Context

3.1 Bristol City Council currently pays around £40m each year in CTB to around 45,000 claimants, supporting 1 in 4 Bristol households. Approximately 28,000 (63%) of recipients are of working age representing around 53% of expenditure. Approximately 17,000 (37%) are of pensionable age representing 47% of expenditure.

3.2 The Council is currently reimbursed in full by the Department for Works and Pensions for any CTB correctly awarded. CTB is currently demand led expenditure, with no financial implications for Bristol and its preceptors.

3.3 The new CTR scheme will be funded by a fixed grant that is lower than the current value of existing CTB payments. In late December 2012 the Department of Communities and Local Government provided final figures of grant funding to be made available to Local Authorities. This grant is higher than was originally indicated, primarily due to the larger share of total available grant received by Bristol in 2011/12 when compared to 2010/11 being taken into consideration in the 2013/14 settlement. The total grant distribution to Bristol City Council and its preceptors for 2013/14 is estimated to be £35.5m, with £30.2m going to Bristol. This forecast does not include any allowance for growth in CTB claims but actually reflects an expectation of reduction. This means in real terms, the funding reduction for the new scheme is 15% less than the actual cost of continuing with the existing CTB scheme. Any funding shortfall for growth in claims will have to be met by the Council and its preceptors. A 2% future allowance for the expected growth was included in calculating the cost of scheme design options.

3.4 In order to inform the cost of a local scheme and assist scheme design options, the following assessment was made of the cost to continue the current CTB scheme. The updated equivalent cost calculation for CTB in 2013/14 allowing for a 2% growth in future claims and potential Council Tax rise of 1.99% would be £41.8m. This means a new CTR scheme would need to cost £6.3m less to balance back to the expected grant of £35.5m. The £6.3m cost will be offset by new income from changes to some discounts and exemptions for empty properties from April 2013, estimated at £2.5m. This means the net difference in funding a local CTR scheme and the grant available would be £3.8m. (Scheme design options were originally developed to reflect a £5m shortfall in funding based on a calculation as at July 2012 and an assumed 2.5% Council Tax increase and approved for public consultation at 26 July 2012 Cabinet meeting).

3.5 The Government announced on 16 Oct 2012, that a one off transitional grant for 2013/14 only would be available to Local Authorities who demonstrate their new local scheme complies with newly announced 'good practice' criteria. Local Authorities can only apply for this grant after the 31 Jan 2013. If Bristol adopts the recommended compliant scheme it is expected to receive a one off grant of £0.8m in year 1.

3.6 The qualifying criteria for the grant includes (a) ensuring that those who would be entitled to 100% support under current CTB arrangements pay between zero and no

more than 8.5% of their net Council Tax liability, (b) non 100% current recipients do not face a sharp reduction when entering in to work or increasing their hours and (c) other conditions also apply such as not making large increases in non dependant deduction levels.

3.7 The 3 original design options approved for public consultation in July 2012 did not meet the qualifying criteria for the transitional grant as all options contained either a higher percentage increase or proposed new features that would not be compliant. The options were remodelled to reflect compliance with the grant criteria and are shown as options 4, 5 and 6.

3.8 Table 1 below shows the estimated overall, year 1 costs for all six options that impact on working age claimants based on a 1.99% increase in Council Tax. The additional costs associated with operational administration are included where appropriate as well as the transitional grant where appropriate. This shows the cost to Bristol City Council will be between £2.8m & £3.7m. Appendix 1 shows the detailed breakdown of the estimated funding position. Regardless of whether the funding shortfall is passed on to claimants, Bristol City Council will face a funding shortfall of at least £2.8mm.

3.9 Table 1 - Overall cost of working age CTR options (year 1)

	Council Tax 1.99% increase	
	Cost to BCC £000	Collection rate sensitivity (+ - 10%) £000
Option 1 Fully funded -with features	3,730	0
Option 2 Charge 50% of lost funding to all 'non' vulnerable households – with features. (i.e. claimants pay minimum of 10%)	3,672	162
Option 3 Charge 100% of lost funding to all 'non' vulnerable households – with features. (i.e. claimants pay minimum of 20%)	2,784	323
Option 4 All 'non' vulnerable households pay minimum of 8.5% - some features	3,211	102
Option 5 Fully funded – some features	3,112	0
Option 6 Fully funded – no features	2,942	0

3.10 "Features" included a reduction in capital held to qualify for benefit, changes to non-dependency rules and a work incentive (an additional earnings disregard). Some of these features would not enable the Council to qualify for the transitional grant announced in October 2012 after the proposals were formulated.

3.11 The two lowest year 1 cost options are option 3 at £2.8m and option 6 at £2.9m. Option 6 will increase in year 2 onwards by £0.8m, as transitional grant is a one off

payment. It is recommended that the Council implement option 6 for year 1, reviews the scheme once in operation, and if necessary consider a different scheme option from year 2 onwards.

3.12 Table 1 includes a sensitivity assessment of the potential impact on scheme costs depending on levels of Council Tax collection against an estimated bad debt provision allowance of 45%. This shows that if non-collection from CTR recipients is higher by 10%, the lowest cost option moves from option 3 to option 6 (£0.165m lower).

3.13 It is clear that regardless of which final scheme is chosen, there will be significant cost to the Council and its preceptors. The financial cost to fully fund a new scheme maintaining current levels of benefit entitlement in year 1 must be considered against the financial cost and socio economic impacts of a scheme that reduces the current level of benefit entitlement for around 20,400 households.

3.14 A new scheme which demanded new or higher Council Tax payments from 20,400 more households, would result in significant increases in telephone and face to face enquiries from customers receiving new or increased bills for the first time. For example a scheme requiring a minimum payment of 20% (option 3) would mean an annual Council Tax liability of £245.84 based on a Band B property in Bristol for 2012/13 or £103.77 for a minimum payment of 8.5% (option 4). This would necessitate extra staff in Customer Services to deal with the added calls and visits. In addition there will be systems and operational costs associated with billing and increased collection activity.

3.15 It is also anticipated that the collection of relatively small sums of money from households on low income, who will also be experiencing the cumulative impacts of other reductions in welfare benefits and public sector cuts, could result in significant non-payment as well as public protest, leading to debt being written off. The estimated additional administrative cost to implement a CTR scheme is £0.8m. This assessment allows a degree of contingency to create flexibility to address the additional demands as CTR is introduced and customer response and payment levels are known.

3.16 Seventy one percent of benefit recipients would receive either a new bill for the first time or an increase in their Council Tax bill in 2013/14 if an option was recommended to pass on the cut in funding to benefit recipients indicating high risk for collection levels.

3.17 Analysis of collection for households receiving partial CTB entitlement in 2011/12 shows that out of the 27,737 accounts, 6,421 (23%) received a court summons for non-payment.

3.18 The risk in terms of cost effectiveness (both primary and secondary), practical viability and the social impact of the options which require new or higher Council Tax bills for 20,400 households were considered against the cost incurred if the Council were to decide to adopt a scheme that requires no additional contribution from existing CTB claimants and therefore no additional administration.

3.19 For information purposes, 12 out of 13 other core city and neighbouring councils have consulted on proposals that will not qualify for transitional grant. Seven of those councils say they are considering changes to proposals in order to qualify. Six councils say they will not or are likely not to make changes in order to qualify for the grant.

4. Proposal

4.1 The Bristol Council Tax Reduction scheme does not pass the cost of the shortfall onto claimants, and fulfils the criteria necessary for the government's transitional grant for 2013/14. This recommended option is "option 6" at table 1 above and appendix one. The Bristol Council Tax Reduction scheme is put in place for 2013/14 and reviewed in 2013 so that a different scheme can be in place for 2014/15 based on the impact of wider welfare reform on claimants, the Council's finances, and possible further grants from government.

4.2 Option 6 is the second lowest costed scheme, but the lowest risk scheme for both the Council and claimants providing certainty of costs for both.

4.3 A decision has already been taken to tax second and empty properties using discretionary powers (Cabinet 26th July 2012) to mitigate the cost of the Council Tax Reduction scheme. It is recommended that further discretionary powers under section 13A Local Government Finance Act 1992, to subsidise monies awarded under the Armed Forces Covenant for pensioner Council Tax Reduction recipients as currently exists.

4.4 The recommended scheme will be published in full on Bristol City Council's website and available on paper by request from the Local Tax Department.

5. Other options considered.

5.1 Six options were considered which are shown above at table one and in greater detail at appendix one.

5.2 Other options were considered during the early scheme discussions, for example a Council Tax band restriction, but were soon excluded either due to disproportionate equalities impact or financial viability. Discussions were held with neighbouring authorities, Core Cities and London Boroughs to share best practice, consider risks and implications and develop options.

6. Risk Assessment

The risks associated with developing and implementing a Local Council Tax Reduction scheme							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of mitigation)	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	A tight timescale particularly as the Mayor was not in post until November 16 th , and a full Council decision is needed by January 31 st 2013, and late announcement of transitional arrangements.	High	Med	Formal project approach Early identification of high level model options and preparation for each scenario. Joint working with internal ICT and IT suppliers Close working with key stakeholders including councillors, internal Welfare Reform Board and external agencies.	High	Low	Julia James
2	Affordability of new scheme for customers if the costs is passed on to them will be difficult and compounded by other welfare changes – which could leave to greater poverty and in the worst case public protests.	High	High	Design options fully consider vulnerable groups, and reference to wider welfare reform changes. Options tailored to budget available. Close working with Finance to ensure costs built into overall Council budget. Trend analysis to predict growth/changes in caseload Consideration of allocation of technical reforms to council tax to fund local scheme If fully funded, rebranded current CTB scheme will best support whole scheme caseload. Review scheme as welfare reform changes implemented.	High	Med	Julia James
3	Timetable for legislation & associated regulations extremely challenging to ensure that we can utilise the discretionary power around 2 nd and empty homes and raise further income thereby.	High	High	Monitor LGFA 2012 closely. Review and refine approach and options as legislation confirmed.	High	Med	Julia James
4	If the cost of the scheme is passed to tax payers,	High	High	Undertake customer profiling and risk assessment	High	High/	Julia James

	there will be increased Council Tax arrears meaning greater collection costs and poor cash flow.			Targeted communications strategy. Analysis of implications for collection and contingency planning including a corporate debt project. Close monitoring of collection levels and impact assessment. Determine and protect vulnerable groups from the potential reductions in support.		Med	
5	Scheme open to legal challenge particularly if an option chosen that was not publicly consulted upon.	High	Med	Undertake appropriate public consultation (including VCS organisations and equalities groups) Undertaken additional engagement with stakeholders regarding transitional grant announcement and associated new options. Equalities impact assessment to determine affected groups and mitigate if/where possible Advice from BCC consultation colleagues and Consultation Institute.	High	Med	Julia James

7. Public Sector Equality Duties

7.1 Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps

to take account of disabled persons' disabilities);

- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.

7.2 The equalities impact assessment reveals that if a banding restriction were imposed and Band A was protected (above other bands) this would particularly protect/advantage all people with no children and disabled claimants. It would particularly benefit people with no children. Carers, women and people with 3 or more children would not be protected or advantaged. The protection, however, of carers and lone parents with children under 5 should help to mitigate this.

7.3 The options that involve either fully funding or involve increasing contribution across all non-vulnerable claimants' payments would not disproportionately affect BME group or younger people. The cut would be imposed across all households and affect people equally. We do not know the proportion of women who are pregnant, people with or without a religion or belief or LGBT people within each banding but cannot anticipate any differential effect if the cut is imposed across all households.

7.4 It is difficult to anticipate accurately who would find it more difficult to pay as this is dependent upon individual circumstance rather than belonging to an equalities community. Women and disabled people are more likely to be Council Tax claimants, but a significant proportion of vulnerable disabled people and women will be excluded from additional payments as they will be included in the protected vulnerable groups. This applies to technical reforms, although it is recognised there could be some impact upon women fleeing domestic violence who may have an empty property for a period of time.

8. Equalities Impact Assessment

See appendix two.

9. Legal and Resource Implications

9.1 Finance

a. Financial (revenue) implications:

- The estimated additional income from empty properties allowed for in the Council Tax reform regulations does carry some risk but reasonable provisions for loss have been made based on existing knowledge
- The change from Council Tax Benefit to a Council Tax Reduction scheme will have significant revenue implications to the Council regardless of whether the reduction in overall funding is passed to existing CTB recipients or not. This report outlines anticipated costs based on the schemes that were consulted upon together with an initial assessment of how schemes could be adopted which

would take into consideration the recent Government direction which offers grant funding of £0.8m for compliant local schemes.

- There is a significant cost to the council regardless of the eventual scheme that is chosen the current estimates are that this will be in the range of £3.7m to £2.8m.

Advice given by: Lloyd Mead Management Accountant

Date: 2 January 2013

b. Financial (capital) implications:

Not applicable

9.2 Legal implications:

The Welfare Reform Act 2012 requires the Council to implement a Local Council Tax support scheme. The Local Government Finance Bill 2012 due to take effect in April 2013 also requires Technical Reforms of council tax and the opportunity to levy a charge on long term empty properties.

With regard to the human resources implications set out in the report, the Council is obliged to comply with its Managing Change Policy in relation to any potential job losses."

Advice given by: Husinara Jones / Senior Practitioner (Solicitor)

Date: 4 December 2012

9.3 Land / property implications:

There are no implications arising from this report.

Advice given by: Ian Smith Project Leader Corporate Property

Date: 7 December 2012

9.4 Human resources implications:

Currently the position remains that it is estimated that an additional 27 full time equivalent may be required to administer a Local Council Tax Reduction scheme. However, resource allocation is still to be determined in conjunction with other changes to Housing Benefits, which will result in the loss of Housing Benefits work to Universal Credit (administered by the Department of Work and Pensions), which will mean the potential loss of 133 jobs between 2013 to 2017.

Advice given by: Rachel Falla Employee Relations Manager

Date: 7 December 2012

10. Appendices.

Appendix 1 – Financial options appraisal.

Appendix 2 – Equalities Impact Assessment.

11. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers

- Welfare Reform Act 2012
- Local Government Finance Bill 2012
- Department for Communities and Local Government Localising Support for Council Tax in England – Consultation
- Department for Communities and Local Government Technical Reforms for Council Tax – Consultation
- Department for Communities and Local Government Statement of intent and other guidance
- The Fawcett Society; Impact of Public Sector Cuts on Women
- Welfare Rights and Money Advice Service presentation; “Welfare Reform” December 2011
- Department for Communities and Local Government web site
- Department for Work and Pensions web site
- Institute of Fiscal Studies January 2012 “Impact of austerity measures on households with children”
- Institute of Fiscal Studies May 2012 “Reforming Council Tax Benefit”
- Doctrine of New Burdens; Department for Communities and Local Government
- Council Tax Reduction scheme – Transitional grant arrangements. Department for Communities and Local Government
- Briefing Note 4 “Local Council Tax benefits – possible re-consultation. Consultation Institute
- Bristol City Council Resources Scrutiny Committee 14th December 2012, agenda item “Council Tax Reduction Scheme”.
- Bristol City Council Cabinet Meeting 26th July 2012 “Second Homes and Empty Properties” report
- Bristol City Council Cabinet Meeting 20th December 2012 “Council Tax Reduction Scheme”

Loss of £6.3 million Council Tax Benefit grant -- Assumes 1.99% increase in CTax and overall 2% growth in claims						
	Schemes that comply with transitional grant conditions					
	<u>Option 1 Fully Funded</u>	<u>Option 2 Charge 2.55m to Existing Benefit Recipients</u>	<u>Option 3 Charge £5.1m To existing Benefit Recipients</u>	<u>Option 4 Minimum 8.5% payment by existing Benefit Recipients</u>	<u>Option 5 Fully Funded some features</u>	<u>Option 6 Fully Funded no features</u>
	2013/14 £000	2013/14 £000	2013/14 £000	2013/14 £000	2013/14 £000	2013/14 £000
Loss of Benefit	6,300	6,300	6,300	6,300	6,300	6,300
Empty Homes Income	-2,500	-2,500	-2,500	-2,500	-2,500	-2,500
	3,800	3,800	3,800	3,800	3,800	3,800
Bill Benefit Recipients	0	-1,900	-3,800	-1,200	200	0
Bad Debt on this additional income at 45%	-	855	1,710	540	0	0
Reduction in Collection Fund	3,800	2,755	1,710	3,140	4,000	3,800
Reduction in call on Collection Fund for BCC 85%	3,230	2,342	1,454	2,669	3,400	3,230
Loss of Subsidy re CTB Overpayments	500	500	500	500	500	500
Cost of Implementing CTR*	-	830	830	830	0	0
One off Transitional Grant	0		-	-788	-788	-788
Cost to BCC	3,730	3,672	2,784	3,211	3,112	2,942
<i>Additional costs to BCC if collection 10% worse</i>	0	162	323	102	0	0
<i>Reduction in costs to BCC if collection 10% better</i>	0	-162	-323	-102	0	0
There will be a cost to BCC whichever option is chosen. Option 3, billing an additional £3.8m, would result in a cost of £2.784m, Implementing a scheme which complies with transitional grant conditions and avoids decreasing benefits would cost £0.158m more at £2.942m. in year one						
It should be noted that option 3 is the scheme that is most sensitive to collection performance in terms of impact on overall cost.						
In future years implementation costs would continue as ongoing costs but there would also be no transitional grant so the difference in funding options increases to £0.946m						
* These are the additional costs of enforcement of debt recovery and associated contact with customers if new bills (or larger bills) are sent to existing benefit recipients						

Appendix 2. Equalities Impact Assessment.

Localised Council Tax Reduction scheme

Directorate and Service: Corporate Services, Integrated Customer Services.

Lead officer; Jane Whiteman Assistant Local Taxation Manager

Additional people completing the form (including job title):

Andrea Dell (Strategic Support Officer), Anne James (Principal Equalities Officer),
Matthew Kendall (Senior Benefits Policy Officer)

Start date for EqIA: 28/05/2012 .

Step 1 – Use the following checklist to consider whether the proposal requires an EqIA			
<i>1. What is the purpose of the proposal?</i>			
To agree a localised Council Tax scheme to replace the national scheme as required by the Welfare Reform Act and Local Government Finance Act The new scheme will incorporate a 10% (15% with growth) cut in the grant and may include the introduction of technical reforms to the current scheme.			
2. Could this be relevant to our public sector equality duty to:	High	Medium	Low
a) Promote equality of opportunity		Medium	
b) Eliminate discrimination	High		
c) Promote good relations between different equalities communities?	High		
If you have answered 'low relevance' to question 2, please describe your reasons			
<i>3. Could the proposal have a positive effect on equalities communities?</i>			
The following groups are protected and therefore the impact upon these groups will be positive in that they will experience no/minimal changes.			
These 'protected' groups will be;			
<ul style="list-style-type: none"> • Pensioners (i.e. who have attained State Pension Credit age) - nationally defined. • Other 'vulnerable' working age groups (with reference to existing national legislation - locally defined). 			
These 'vulnerable' groups relate to equalities communities in the city (i.e. older people, lone parents who are 90% women, and disabled people), plus other protected groups including; homeless people, carers and people in the armed forces and their dependents which are both men and women, with a significant proportion of disabled people in all groups.			

4. Could the proposal have a negative effect on equalities communities?

If there is any shortfall in funding, any proposals will result in a proportion of 'non vulnerable' working age Council Tax Benefit claimants losing all/some of their benefit entitlement.

The impact for this group will increase in line with any funding gap, as well as those not dependant on benefit through any increases in Council Tax itself.

The introduction of the technical reforms regarding empty homes could have a differing impact upon equalities groups.

Step 2	Describe the Proposal
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2.1 Briefly describe the proposal and its aims?

What are the main activities, whose needs is it designed to meet, etc.

Central Government has delegated responsibility to local authorities for providing financial support to Council Tax payers, with low incomes. This is to be funded by a non ring fenced grant from Central Government, which encompasses a 10% cut (16% if growth is considered).

Local Authorities must decide how to administer any new scheme to incorporate this cut. These reforms include the removal of discounts/exemptions for empty homes and second homes. Where all non-vulnerable households are affected, this does not have an equalities impact because BME people, women, disabled, etc, will be affected equally.

There are currently 6 main options with 2 other options being dismissed at council officer level, (options 7 – 8), which have been included for information.

Current 6 main options;

1. Implement the current Council Tax Benefit scheme 'as-is' with 4 features

This would require £6.3m funding shortfall. £2.5m will be financed using technical reforms monies. The net £3.8m deficit will be a cost to BCC/preceptors .

This has no immediate equalities impact upon benefit claimants.

2. All non vulnerable working age claimants receive 10% less with 4 features *

This would require £6.3mfunding shortfall. £2.5m will be financed using technical reforms monies. The net £3.8m deficit will be financed by a £1.9m cut in benefits and a £1.9m cost to BCC/preceptors.

All non-vulnerable households (20,351) would be affected equally with no impact on vulnerable working age households.

3. All non vulnerable working age claimants (20,351) receive 20% less with 4 features *

This would require a £6.3mfunding shortfall. £2.5m will be financed using technical reforms monies. The net £3.8m deficit will be financed by cuts in benefits.

All non-vulnerable households (20,351) would be affected equally with no impact on vulnerable working age households.

Since the initial proposals which lead to consultation on options 1 – 3, further remodelling and therefore 3 additional options have been proposed in order to access additional government funding of £788k for those council's that follow government 'best practice'.

These have been added below;

4. All non vulnerable working age claimants (20,351) receive 8.5% less with 2

features.

This would require £6.3m funding shortfall. £2.5m will be financed using technical reforms monies. The net £3.8m deficit will be financed by a £1.2m cut in benefits and a £2.6m cost to BCC/preceptors.

All non-vulnerable households (20,351) would be affected equally with no impact on vulnerable working age households.

5. Implement the current Council Tax Benefit scheme 'as-is' with 2 features

This would require £6.5m funding shortfall. £2.5m will be financed using technical reforms monies. The net £4m deficit will be a cost to BCC/preceptors.

The additional £200k shortfall is due to more generous features being included in benefit entitlement.

This has no immediate equalities impact upon benefit claimants.

6. Implement the current Council Tax Benefit scheme 'as-is' with no features

This would require £6.3m funding shortfall. £2.5m will be financed using technical reforms monies. The net £3.8m deficit will be a cost to BCC/preceptors. This has no immediate equalities impact upon benefit claimants.

*For options 1 - 3 all four of the features are included below.

For options 4 - 5, the first two features are included below.

For option 6 no features are included below

1. Abolition of the Second Adult Rebate for all working age claimants. Currently a rebate of up to 25% can be claimed by a bill payer who has a low-income second adult (not a partner) living with them (272 households)
2. Increase earnings disregards for earnings used in the assessment of CTR by either £10 per week or 50% (which ever is the lowest). (4665 households)
3. Increasing Non-Dependant deduction for all working age claimants by 50% – this will be based on income levels and is designed for households where relatives and friends are residing (1,580 households)
4. Ending entitlement for all working age households which have £6k+ capital (406 households).

7. All non vulnerable working age claimants receive 40% less.

All non-vulnerable households (20,351) would be affected equally with no impact on vulnerable working age households

8. Benefit restricted to Band A equivalent households for all non vulnerable working age claimants.

All non-vulnerable households in Band A would see no change; however Band B-

G would see a reduction as they would only be eligible for Band A levels.

This could see a disproportionate effect on certain equalities groups.

Options 7 and 8 have been dismissed at officer level but have been included for reference.

It is worth noting that any cost to BCC could have a knock on equalities impact depending on where the funds originate from.

Any scheme must protect pensioners (as dictated by the legislation) and consideration must be given to vulnerable individuals and families (as advised by the legislation). Therefore working age claimants will be the most affected. The following groups are defined as vulnerable and will be protected (e.g. will not see a change to their current Council Tax Benefit).

Group	Definition	Legislation
Children & Lone Parents	<ul style="list-style-type: none">Lone parents with children under 5Disability and Enhanced Disability premiums for dependants	Child Poverty Act 2010
*Disabled Persons	<ul style="list-style-type: none">*Any family member in receipt of Disability Living Allowance Care (low, middle or high) or PIP equivalentDisability and Enhanced Disability premiums for dependants	Disability Persons (services, consultation and representatives) Act 1996 Chronically Sick and Disabled Persons Act 1970
Homelessness	Part 7 homeless duty and prevention cases due to financial capability.	Housing Act 1996
Carers	Claimant or partner in receipt of carers allowance or carers premium	Equalities Act 2010
Armed Forces	Claimant or partner in receipt of any war pension or payment	Armed Forces Covenant (Local)

*Following consultation further consideration has been to extend the definition of vulnerable, especially around the disabled persons groups.

As a result it has been agreed to extend this definition to cover any family member in receipt of Disability Living Allowance Care any rate, i.e. low, middle or high rates, as opposed to the original proposal of Disability Living Allowance Care middle or high rates.

2.2 If there is more than one service* affected, please list these:

- Integrated Customer Services (ICS) – delivery of the service
- Fraud team
- WRAMAS / Strategic Housing / Landlord Service – will be additional affected by potential increases in demand for advice, corporate debt issues etc.
- Communications and Marketing - advise of the changes plus handle any media interest
- Health and Social Care
- Children and Young People's Services (note child poverty)
- Finance
- Any service that may be adversely affected if funding is found elsewhere.

2.3 Which staff or teams will carry out this proposal?

Revenues and Benefits team within ICS.

Step 3

Current position: What information and data by equalities community do you have on service uptake, service satisfaction, service outcomes, or your workforce (if relevant)?

- All Council Tax Benefit claimants in Bristol = 45,527
- Pension Age = 16,886
- Working age claimants = 28,661

Of which

- Non vulnerable working age = 20,124
- Vulnerable working age = 8,537

Further breakdown of working age vulnerable households

- Lone Parents = 3,795 (29.3%)
- Disability Living Allowance (low, middle and higher care component) = 5,570 (43.0%)
- Enhanced/Disabled Child Premium = 347 (2.7%)
- Carers = 2,761 (21.3%)
- War Pensioners/Payments = 69 (0.5%)
- Homeless duty = 404 (3.2%)
- Total = 12,995

NB This does equal 8,537 as some households will have multiple vulnerable attributes.

All of the details below relate to working age claimants by Council Tax Band.

All bands by household

- Females = 18,663
- White British = 15,430
- BME = 3697
- Disability Living Allowance (Care) = 5,670
- Carers = 385
- Income Support = 10,436
- No children = 17,644
- 3+ children = 3,294

Percentage of each equalities community in Band A only

- Females = 41.9%
- White British = 49.9%
- BME = 49.6%
- Disability Living Allowance (Care) = 52.5%
- Carers = 26.0%
- Income Support = 49.8%
- No children = 60.6%
- 3+ children = 10.4%

Percentage of each equalities community in other Bands

- Females = 58.1%
- White British = 50.1%
- BME = 50.4%
- Disability Living Allowance (Care) = 47.5%
- Carers = 74.0%
- Income Support = 50.2%
- No children = 29.4%
- 3+ children = 79.6%

From the above one can see that there is little difference in council tax bandings between those in Band A and all other bands, in the following areas; disability (DLA care and Income Support), and ethnicity. But there is large difference in terms of gender, families and carers. Therefore reductions in entitlement for these bands B+ would adversely affect communities with carers and people with children.

Sexual orientation, religion and belief data and maternity data are not currently recorded on council tax benefit claimants.

Technical Reforms

Empty homes = average of 1,700 vacant for six months (data from Empty Properties Team)

Equalities data for this group is not recorded.

Second homes = for 2011/12 discounts amounted to £0.2m, the equivalent of 155 band B properties. Equalities data for this group is not recorded.

No equalities impact - any hardship could be mitigated by renting/selling the second property and the council proactively assisting landlords to find tenants.

Step 4	Ensure adequate consultation is carried out on the proposal and that all relevant information is considered and included in the EqlA
4.1	<i>Describe any consultations that have taken place on the proposal. Please include information on when you consulted, how many people attended, and what each equalities community had to say (& provide</i> Consultation is described in detail in the Cabinet Report dated 20 th December 2012 and the Resources Scrutiny Report dated 14 th December

Step 4	Ensure adequate consultation is carried out on the proposal and that all relevant information is considered and included in the EqIA
	<p>2012.</p> <p>To date the following have been engaged in the shaping of the proposals:</p> <ul style="list-style-type: none"> • Equalities officers • Representatives from Homelessness team, Welfare Rights And Money Advice Service, Landlord Services, Benefit and Council tax policy officers, Finance officers • Engagement with informal cabinet and relevant executive briefings • Engagement with DWP and DCLG, Core Cities and a range of other local authorities. <p>Online webpage with link to survey</p> <ul style="list-style-type: none"> • 'Consultation finder' with link to questionnaire • Open meetings across the city • 5 drop in sessions including one with community groups • Paper questionnaires (including 'Citizen's Panel, current claimant, open and secure surveys) <p>Following consultation feedback further consideration has been given to extending vulnerability, especially regarding disabled person, under which the following groups were considered;</p> <ul style="list-style-type: none"> • Claimant/Partner in receipt Disability Living Allowance low rate care • Claimant/Partner in receipt support component of Employment and Support Allowance • Claimant lives in self contained 'supported accommodation'. • Claimant/Partner has received <u>any</u> kind of homelessness advice or re-housing. • Provision of an 'exceptional circumstances' vulnerability fund <p>After analysing the impact and viability of the above options it has been agreed to extend the definition of vulnerability to include where the claimant or partner in receipt Disability Living Allowance low rate care.</p> <p>This addition means that more disabled people will be protected (227 households), but will have minimal impact on the remaining non vulnerable working age recipients.</p> <p>Following the government announcement's on 16th October 2012 of an additional one off £788k transitional grant to local authorities to those authorities who design schemes that meet certain government criteria to limit Council Tax Reductions to 8.5%, further public and organisational engagement on additional options 4 - 6 that are grant complaint were held.</p> <p>This additional engagement ran from the 26th October - 14 December 2012 and will take the following forms;</p> <ul style="list-style-type: none"> • Advice Agency update sessions • Registered Social Landlord update session • Community Group update session • E-mail invite for additional comment to all known internal and external

Step 4	Ensure adequate consultation is carried out on the proposal and that all relevant information is considered and included in the EqIA
	<p>stakeholders</p> <ul style="list-style-type: none"> • Re-opening on CTR helpline – updated with new information • Re-launch of CTR consultation webpage – updated with new information <p>The above was re-advertised in many ways including to our known consultation respondents and a variety of other methods.</p>

Step 5 – Giving due regard to the impact of your proposal on equalities communities

Equalities Group	Band Restriction	Increased contribution to shortfall	Fully funded	Technical Reforms
<p>Age</p> <ul style="list-style-type: none"> • Pensioners are fully protected • All vulnerable working age claimants are protected • Children under 18 are not eligible for council tax. 	<p>Disproportionately protects households with no children - 61% (10,691) Protects 39% (4260) of families with 1-2 children, 25% (790) 3-5 children and 29% (46) of 6-11 children</p>	<p>Younger people are not over represented as council tax claimants therefore all claimants, excluding pensioners and vulnerable working age claimants, will be affected equally.</p>	<p>Not applicable</p>	<p>Not applicable</p>
<p>Disability</p> <ul style="list-style-type: none"> • The following are protected - • Any family member in receipt of Disability Living Allowance Care (low, middle or high) or PIP equivalent – daily living component, enhanced rate Disability and Enhanced Disability premiums for dependants (also child poverty). • Children in receipt of any rate of Disability Living Allowance Care will be protected • The War disablement households will also receive protection • This should be positive for individuals with sensory and/or physical impairments. However people with learning difficulties and/or mental health issues are often on the lower rate and be disadvantaged compared to other disabled people. Other 	<p>50% of DLA care and mobility, IS, ESA (IB) recipients will be protected</p>	<p>Disabled people are over represented within the group of council tax claimants, but as a significant proportion of disabled people would be in the ‘protected’ category, we would anticipate remaining disabled people are not over represented. Therefore all claimants, excluding pensioners and vulnerable working age claimants, will be affected equally</p>	<p>Not applicable</p>	<p>Empty property - individuals who are having major adaptations to a property will be protected as vulnerable</p>

Services* is used as a shorthand for services, strategies, policies, procedures, contracts, reviews, programmes or projects

disabled groups however will receive no protection				
Ethnicity Young and BME males are over-represented for homeless duty and the protection of this group should contribute to their protection There is no specific protection applied on grounds of ethnicity	50% or more of White British (7693), 54% of White Other (547) and 49% BME (1832) recipients would be protected	BME communities are not over represented as council tax claimants therefore there is not a disproportionate impact as all claimants, excluding pensioners and vulnerable working age claimants, will be affected equally	Not applicable	Not applicable
Children/Families Children over 5 are affected differently depending on the scheme	Disproportionately protects households with no children - 61% (10,691) Protects 39% (4260) of families with 1-2 children, 25% (790) 3-5 children and 29% (46) of 6-11 children	All claimants, excluding pensioners and vulnerable working age claimants, will be affected equally	Not applicable	Not applicable
Gender <ul style="list-style-type: none"> Women are over represented for the city (59% female claimants as opposed to 40% male claimants 1% unknown) 90%+ of lone parents with children under 5 years are female and would be protected Women are over represented as carers and protected as below 	Disproportionately protects male households 42% of female (7819) claimants would be protected and 61% of males (7825)	Women would be more affected than men as most claimants are women. However women benefit more than men from the protections offered to vulnerable groups	Not applicable	Empty Property – individuals (women in the vast majority) fleeing domestic violence could be over represented in this group
Carers Anyone in receipt of Carers Allowance and Carers Premium are protected.	Not applicable			
Pregnancy and maternity	Data not collected therefore we cannot anticipate impact of a band restriction. We would anticipate these groups are not disproportionately claiming council tax benefits and therefore would be equally			
Religion and Belief				

Sexual Orientation	affected by a increased contribution to the shortfall. We anticipate fully funding the scheme and the technical reforms would not have a differential impact on these groups.
Transgender	

5.2 Giving due regard to the impact of your proposal on equalities communities

Next steps

Note the following from initial consultation responses;

- Older people (over 65's) were slightly more in favour of protecting current CTB claimants when compared to younger respondents
- Disabled people were more in favour on continuing with the current scheme without any cuts
- 5 - 6% of respondents classed themselves as from Black and minority ethnic backgrounds.
- There were similar views on the options regardless of gender
- People with a religion were more in favour of protecting current CTB claimants.

6.1

Describe how, in completing steps 1-5, you have given due regard to the three aims of the public sector equality duty.

The equalities impact assessment reveals that if a banding restriction were imposed and Band A was protected (above other bands) this would particularly protect/advantage all people with no children and disabled claimants. It would particularly benefit people with no children. Carers, women and people with 3+ children would not be protected/advantaged. The protection, however, of carers and lone parents with children under 5 should help to mitigate this.

The options that involve either fully funding or involve increasing contribution across all non-vulnerable claimants' payments would not disproportionately affect BME groups, younger people. The cut would be imposed across all households and affect people equally. We do not know the proportion of women who are pregnant, people with or without a religion or belief or LGBT people within each banding but cannot anticipate any differential effect if the cut is imposed across all households.

It is difficult to anticipate accurately who would find it more difficult to pay as this is dependent upon individual circumstance rather than belonging to an equalities community. Women and disabled people are more likely to be Council Tax claimants, but a significant proportion of vulnerable disabled people and women will be excluded from additional payments as they will be included in the protected vulnerable groups. This applies to technical reforms, although it is recognised there could be some impact upon women fleeing domestic violence who may have an empty property for a period of time.

