

**Report to:** Cabinet

**Date of Meeting:** 13<sup>th</sup> December 2012

**Subject:** Local Council Tax Reduction Scheme 2013-2014 and Changes to Council Tax Discounts and Exemptions for Unoccupied Properties.

**Report of:** Head of Corporate Finance and ICT **Wards Affected:** All

**Is this a Key Decision?** Yes

**Is it included in the Forward Plan?** Yes

**Exempt/Confidential** No

### **Purpose/Summary**

This report seeks to –

- A. Outline the results of the consultation relating to the Council Tax Reduction Scheme including the Equality Analysis Report.
- B. Report on the results of consultation relating to the removal of Council Tax discounts and exemptions for unoccupied properties, together with an update on Government changes to proposed legislation, including the Equality Analysis Report
- C. Recommend a Council Tax Reduction Scheme summarised in paragraph 14 and set out in Annex F of this report, and also a range of Council Tax discounts and exemption changes as set out in Annex B for Council approval on the 24<sup>th</sup> January 2013.
- D. Update Members on the latest Government announcement regarding transitional funding being made available to Local Authorities for the Council Tax Reduction scheme, together with the impact of the proposed grant on Sefton MBC.
- E. Identify ways in which the Council proposes to help those most financially affected by the change through a hardship fund in order to meet its objective of protecting the most vulnerable residents of Sefton.

### **The report contains a number of Annexes listed below for ease of reference:**

**Annex A:** Council Tax Reduction Scheme options – with financial implications

**Annex B:** Council Tax Technical changes with financial implications

**Annex C:** Consultation and Engagement relating to Council Tax Reduction Scheme and Council Tax Technical Changes

**Annex D:** Equality Analysis Report – Council Tax Reduction Scheme

**Annex E:** Equality Analysis Report – Council tax Technical changes relating to discount and exemptions for vacant unoccupied properties.

**Annex F:** Local Council Tax Reduction Scheme

## Recommendation(s)

1. The Cabinet recommends that Council approves and adopts the proposed Council Tax Reduction Scheme for 2013/14 summarised in paragraph 14 and set out in Annex F, to take effect from 1st April 2013.
2. The Cabinet recommends that Council approves the changes to discounts and exemptions for empty and unoccupied properties to take effect from 1<sup>st</sup> April 2013 in order to minimise the impact for non pensioner claimants, as summarised in paragraph 14, and set out in Annex B.
3. The Cabinet recommends that Council approves the introduction of an empty homes premium to take effect from 1<sup>st</sup> April 2013, as summarised in paragraph 14, and set out in Annex B.
4. That Cabinet delegates consideration of any minor changes in legislation/guidance in relation to the Council Tax Reduction Scheme and council tax technical changes to the Head of Corporate Finance & ICT in consultation with the Leader of the Council, and that any significant changes in such legislation/guidance and any further recommendations be reported to the Cabinet meeting on 17<sup>th</sup> January 2013.
5. That Cabinet delegates to Head of Corporate Finance & ICT consideration and implementation of any minor textual changes to the Council Tax Reduction Scheme.
6. That Cabinet recommends that the Council does not accept the Government transitional grant.

## How does the decision contribute to the Council's Corporate Objectives?

	Corporate Objective	Positive Impact	Neutral Impact	Negative Impact
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being			✓
5	Children and Young People			✓
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

## Reasons for the Recommendation:

The Government is abolishing the current national Council Tax Benefit scheme and requires the Council to formally have in place a Local Council Tax Reduction Scheme by the 31<sup>st</sup> January 2013, to take effect from 1<sup>st</sup> April 2013. The Government is giving Councils greater flexibility over discounts and exemptions to be applied locally from 1<sup>st</sup> April 2013, to help towards mitigating the impact on working age claimants.

## What will it cost and how will it be financed?

### (A) Revenue Costs

If the Council fails to approve a local council tax support scheme before 31 January 2013, the Government's default scheme will automatically apply. In this case there will be a shortfall of £3.8m on the Collection Fund in 2013/14, increasing to £4.4m in 2014/15.

A provision of £0.5m has been included in the Medium Term Financial Plan for doubtful debt.

The changes to the collection systems and the necessary changes to the arvato contract are currently being negotiated. A DCLG grant of £84k in 2012/13 will be used to fund the setting up costs and the necessary software changes. All other costs are expected to be met by reprioritising the arvato development plan.

**(B) Capital Costs**

No capital costs are planned for this change in system.

**Implications:**

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<b>Legal comments</b>	
Schedule 1A to The Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) sets out the matters that are to be included in Council Tax Reduction Scheme and also requires that "Before making a scheme, the 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".	
Human Resources	None
Equality – see paragraph 8 within the main body of the report and the attached Equality Analysis report at Annex E	
1. No Equality Implication at this time	<input type="checkbox"/>
2. Equality Implications identified and mitigated	<input checked="" type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

**What consultations have taken place on the proposals and when?**

There has been a twelve week public consultation on the draft proposals. Ongoing consultations have taken place with the Strategic Leadership Team, to include the wider issues and impact from the Welfare Reform. The Head of Corporate Finance and ICT (FD 1959) and Head of Corporate Legal Services (LD 1276) have been consulted and any comments have been incorporated into the report.

All Councils are legally required to consult on their proposals for the council tax reduction scheme. See paragraph 8 and Annex C for further details.

**Are there any other options available for consideration?**

The Default Scheme and the Government Transitional Grant are detailed within the report. See paragraph 2 and Annex A.

**See Annex A for details and cost implication for Options.**

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## **Background Papers:**

**The following are background papers available for inspection:**

1. Consultation – Changes to Council tax Benefit in Sefton
2. Consultation – Changes to Council tax Discounts and Exemptions in Sefton
3. Telephone Survey Full Report and Summary Report, Opinion Research Services, November 2012
4. Report on the Consultation and Engagement Process for Localising Council Tax Support, Sefton MBC, November 2012
5. Report on the Consultation and Engagement Process for Council Tax Technical Reforms – Discounts and Exemptions for Empty Properties and Second Homes, Sefton MBC, November 2012.

These documents can be accessed on the Councils website via this link:

<http://modgov.sefton.gov.uk/moderngov/ecCatDisplay.aspx?sch=doc&cat=13409&path=13158,13197>

**Below are the Government documents relating to this report:**

1. DCLG Localising Support for Council Tax - A Statement of Intent
2. DCLG Localising Support for Council Tax Vulnerable People – key local authority duties
3. DCLG Localising Support for Council Tax -Funding Arrangements consultation
4. DCLG Localising Support for Council Tax – Taking work incentives into account
5. DCLG Draft Default Scheme Regulations
6. DCLG Explanatory note on re-stated default scheme universal credit provisions
7. DCLG Technical Reforms to Council Tax - summary of responses
8. DCLG Technical Reforms to Council Tax – empty homes premium
9. Welfare Reform Act 2012
10. Local Government Finance Act 2012
11. The Council Tax Reduction Schemes [Prescribed Requirements][England] Regulations 2012 [SI 2012 No.2885] .

These Government documents can be accessed on the following websites:

<http://www.dwp.gov.uk/>

<https://www.gov.uk>

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>

## **Technical Reforms to Council Tax**

### **Definitions**

**Second Homes** – currently, the rules mean that the majority of second homes receive a 10% discount. A second home is a furnished property in which no one is considered resident for Council tax purposes. These properties include those left furnished in between a change of tenants/owners.

**Class A – Vacant dwellings requiring/undergoing repair** - the current exemption for up to 12 months for unoccupied properties where major repair works are required, undergoing or recently completed, is a Class A Exemption. After 12 months the exemption class ceases and a full charge is applicable.

**Class C – Vacant Dwellings** - currently, properties left empty and unfurnished for up to 6 months are exempt from Council tax under a Class C exemption, after which time a full charge is payable. This excludes certain other types of empty property such as where the owner is in a nursing home, or still in the hands of the estate of a deceased person.

**Empty Homes Premium** – currently the full Council tax charge is payable on a property left empty for over 2 years. However, an empty homes premium of 50% is to be introduced which means that the total payable for a property left empty for more than 2 years will be 150% of the full Council Tax charge.

The technical reforms to discount and exemptions on unoccupied properties will allow us to keep council tax lower for taxpayers whose liability is unaffected by these changes. However, the extra Council tax payable by owners of second homes and empty properties affected by the changes will not be means tested according to the income of the owner.

## **1. Introduction/Background and what's changed**

- 1.1 In the Government's Spending Review 2010 it was announced that the council tax benefit scheme would be abolished and a framework for localised support schemes for council tax would be introduced and operative from Financial Year 2013/14. It was also announced that Government support would be reduced by 10% of current year spend.
- 1.2 The Local Government Finance Bill (enacted in November 2012) and the Welfare Reform Act 2012 imposes a duty on Local Authorities to design their own schemes to administer council tax support, working within a framework set out in legislation. Failure to set its own Scheme would require a Local Authority to adopt the Government Default Scheme which requires the Council to fully fund to previous council tax benefit levels. The current council tax benefit scheme will no longer exist from April 2013.
- 1.3 A Statement of Intent published on the 18<sup>th</sup> May 2012 by Department of Communities and Local Government (DCLG) requires the following framework for the Local Council Tax Reduction Scheme:
- Future Council Tax Reduction to be offered in the form of a means tested discount.
  - Billing Authorities must have a Council Tax Reduction Scheme formally in place by the 31<sup>st</sup> January 2013 to begin on 1<sup>st</sup> April 2013.
  - Pensioners will be protected through a national framework of criteria and allowances (with no changes to current levels of award).
  - Guidance from the Secretary of State states that scheme should support work incentives and, in particular, avoid disincentives to move into work.
  - Scheme must set out the classes of person who are entitled to a reduction and the total amount of reductions that will apply.
  - Local Authority must consult before making a scheme and each year must consider whether to revise or replace the scheme.
  - Scheme must state the procedure by which a person may apply.
  - Scheme must state the procedure by which a person can make an appeal.
  - A transitional provision to allow existing Council Tax Benefit claimants to be treated as having made an application for Council Tax Reduction.
- 1.4 The Local Government Finance Act 2012 was given Royal Assent on 1<sup>st</sup> November 2012 and incorporated an amendment from the House of Lords that the Council Tax schemes will be reviewed after 3 years.
- 1.5 For each financial year, the Council must consider whether to revise its scheme or replace it with another scheme. Any revision to the scheme or any replacement scheme must be no later than the 31<sup>st</sup> January in the financial year.
- 1.6 It is important to note that secondary legislation has not been published and final funding and regulations are due to be announced December 2012. Cabinet will need to consider this report prior to legislation being released, and approve, as requested, in Recommendation 1 to delegate any minor adjustments to the scheme which may be required. It is anticipated any changes will be minor, however, if significant Cabinet will be presented with a revised proposal at its meeting on the 17<sup>th</sup> January 2013. This is not ideal as it would give insufficient time for wider consultation and briefing before the Council meeting on the 24<sup>th</sup> January 2013.

1.7 On 19<sup>th</sup> July 2012, Cabinet agreed a public consultation on the draft Council Tax Reduction Scheme and changes to Council Tax exemptions and discounts. See paragraph 8 on consultation and Annex C for summary of findings.

## 2. Government Transition Grant

2.1 On the 16<sup>th</sup> October 2012, the Department for Communities and Local Government made an unanticipated announcement regarding an additional £100m “transitional funding” being made available to Local Authorities “to help support them in developing well-designed council tax support schemes and maintain positive incentives to work”. This grant will be available to those Local Authorities “who do the right thing” in the design of their local scheme. Ministers have become concerned with the schemes being proposed by Local Authorities and the additional contribution to Council Tax that this means for many local residents.

2.2 This funding is for one year only and can be claimed where the local authority has agreed a local council tax support scheme which meets the ‘best practice criteria’ set out by the Government. This best practice contains three rules:-

1. 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 8.5% maximum contribution relates mainly (but not exclusively) to the level of eligible liability under a local scheme.
2. The taper rate (i.e. the rate at which support declines as people’s income increases) does not increase above 25%; and
3. 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 (which to be eligible for the grant, could not be less than 91.5%)

2.3 The DCLG anticipate that councils will make applications after 31 January 2013 but before 15th February 2013, and that funding will be paid in March 2013. They have stated the grant will be a simple one, easy to apply for and swiftly paid out.

2.4 Indicative grant payments are shown in the following table:

<u>Authority</u>	£
Sefton Council	544,164
Police Authority	64,189
Fire Service	29,142
<b>Total</b>	<b>637,495</b>

2.5 The Council has considered the transitional grant together with the set criteria from the Government and below is a table demonstrating a shortfall in funding:

Government funding shortfall	£4,400,000
Additional Council Tax to collect @ 8.5%	- £1,350,000
LESS reduced non-dependant deductions	+ £75,000
Government transitional grant	- £640,000
Council Tax technical changes	- £1,530,000
<b>Shortfall in funding</b>	<b>£955,000</b>

- 2.6 The consultation proposal at 20% council tax collection levels realises £3.1m income. The conditions of the grant reduces the collection down to £1.3m. The loss of income by meeting the grant conditions is £1.8m. Since the grant covers only one third of the cost of the grant conditions the grant option is not recommended.

### **3. Council Tax Technical update**

- 3.1 Following the government's proposals to give councils greater flexibility over discounts and exemptions to be applied locally, Sefton has consulted on 4 proposals:

- Reduce the discount from 10% to 0% for second homes and any other furnished properties not occupied as a main home.
- Introduce a 50% discount to replace the existing Class C exemption for the first 6 months a property is unoccupied and unfurnished.
- Introduce a 50% discount to replace the existing Class A exemption for up to 12 months when a property is in need of or undergoing major repair or structural alteration.
- Charge a premium of 50% on properties unoccupied longer than 2 years making a total charge of 150%.

### **4. Changes to July 2012 Cabinet proposals**

- 4.1 Since the July 2012 estimates were drawn up, a number of issues have arisen that may impact on those proposals: -

- Class C (Unoccupied empty homes)-The Government has changed its intention with regard to Class C and Councils may now allow variable periods of discount within the 6 month period. There is no such change to Class A properties (empty homes with major repairs).
- Through the stakeholder meetings, landlords have raised the issue of whether a short period of 100% discount should be allowed between changes in tenancies.
- Recent response by Government following further consultation on circumstances in which properties should not be liable to the empty homes premium (unoccupied & unfurnished properties for two years or more). Whilst the Government has decided not to prescribe any change to exclude properties which are genuinely on the market for sale or letting they will now prescribe secondary legislation for the following 2 circumstances where the property is substantially unfurnished:-
  - a) 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.
  - b) an annex deemed unoccupied because it is being treated by the occupier of the main dwelling, as part of that main dwelling.

Annex B – provides an update on financial implications and proposed change following consultation.

### **5. Context for Sefton**



5.1 The Council currently administers Council Tax and Housing Benefit on behalf of the Government and reclaims a cost of delivering this service (the Administration Grant) and the amount that has been paid out (the Subsidy).

5.2 Table below shows the caseload trend for Council Tax Benefit Claims

<b>YEAR</b>	<b>CLAIMANTS THAT ARE PENSIONERS</b>	<b>CLAIMANTS THAT ARE OF WORKING AGE</b>	<b>TOTAL COUNCIL TAX BENEFIT CLAIMANTS</b>
<b>2009/10</b>	15,814 (51.85%)	14,685 (48.15%)	30,499
<b>2010/11</b>	15,951 (49.98%)	15,964(50.02%)	31,915
<b>2011/12</b>	15,823 (47.74%)	17,321 (52.26%)	33,144
<b>2012/13 Estimate</b> (November 2012)	15,566 (46.71%)	17,757 (53.29%)	33,323

5.3 Table below shows number of Benefit claims in Council Tax bands prior to 2012 benefit caseload increase

<b>BAND</b>	<b>Council Tax Bill before discounts and benefits</b>	<b>Number of Properties</b>	<b>Number of Benefit Claimants</b>
<b>-A</b>	£ 742.33 - £ 786.76	84	35
<b>A</b>	£ 989.77 - £1,049.01	39,059	18632
<b>B</b>	£1,154.74 - £1,223.84	26,632	7713
<b>C</b>	£1,319.70 - £1,398.68	29,921	4714
<b>D</b>	£1,484.66 - £1,573.51	14,752	1340
<b>E</b>	£1,814.58 - £1,923.18	8,052	458
<b>F</b>	£2,144.51 - £2,272.85	3,831	121
<b>G</b>	£2,474.43 - £2,622.52	2,691	54
<b>H</b>	£2,969.32 - £3,147.02	220	1

**Observations:**

- There is a range of liability charges for each band as it takes into account the areas which attract the Parish precepts. Properties in Band –A are those that are Band A properties that have been adapted for use by a disabled person.
- The current number of claimants who receive Housing Benefit and Council Tax Benefit is over 33,000. Most claimants will receive both Council Tax and Housing Benefit.
- Pensioner claimant numbers appear to be reasonably stable across the last years.
- There is an increasing volume of working age claimants, due likely to the economic downturn.
- Most Sefton benefit claimants live in Band A and Band B properties (63% of benefit caseload).
- Council tax benefit is shown as a credit on the council tax account, with a bill being sent out for the balance if claimants are not entitled to maximum Council Tax benefit.

## 6. Budget Implications

- 6.1 In May 2012, the Government published indicative council tax support grant allocations of approximately £23.557m to fund the new local council tax reduction scheme from 2013/14. This includes amounts that will be paid directly to the Police Authority (£2.374m) and Fire Service (£1.061m). These funding allocations are expected to change as more up to date data is made available. The final allocations will be based on revised forecasts of subsidised council tax benefit expenditure, which will determine the total amount available to distribute, and 2011/12 outturn data on subsidised expenditure. The final allocation will be known late December 2012.
- 6.2 In October 2012, the Government announced that further funding in the form of a Transitional Grant will be made available (for 2013/14 only) to those authorities that limit the impact of their council tax reduction schemes. Transitional grant of £0.544m could be claimed by Sefton, with a further £0.064m paid to the Police Authority and £0.029m to the Fire Service, if the Council's scheme meets prescribed criteria.
- 6.3 Council tax benefit expenditure totalled £27.3m in 2011/12. The latest forecast of council tax benefit expenditure for 2012/13 is £27.6m. The value of claims is expected to increase in 2013/14 and whilst the level of increase is not known an additional £0.4m has been assumed for planning purposes based on the increase experienced in the current financial year. Previous years have seen much larger increases as a result of the economic downturn, however, growth in the value of claims has slowed in the current financial year. In addition annual uprating of the Government personal allowances used for calculating the reduction in council tax will increase expenditure. It is estimated that 2013/14 will occur an increase of £30k expenditure when all claims have been uprated, this mainly relates to claimants on low earnings.
- 6.4 If the Council fails to approve a local council tax support scheme before 31 January 2013, the Government's default scheme will automatically apply. In this case there will be a shortfall of £3.8m on the Collection Fund in 2013/14 (net of transition grant), increasing to £4.4m in 2014/15.
- 6.5 The shortfall would affect the council tax base so it will be split between the Council and the Police and Fire Authorities pro-rata to their band D council tax. The following table illustrates the potential impact on each authority's budget:

	Sefton Council	Police Authority	Fire Service	Total
Band D Tax 2012/13 (£)	£1,266.68	£150.62	£67.36	£1,484.66
Reduction in Tax Base	-18,830.6	-18,830.6	-18,830.6	-18,830.6
Reduction in Council Tax Income	£23.852m	£2.836m	£1.269m	£27.957m
Council Tax Support Grant	-£20.122m	-£2.374m	-£1.061m	-£23.557m
<b>Budget Shortfall 2013/14 (before Transition Grant)</b>	<b>£3.730m</b>	<b>£0.462m</b>	<b>£0.208m</b>	<b>£4.400m</b>

- 6.6 Following approval on the 19<sup>th</sup> July 2012 a number of potential scheme options were consulted on using 80% liability as their starting point. This means that the

first 20% of the bills will not be eligible for reduction and that all residents will pay at least 20% of the council tax for their home.

- 6.7 After consideration of the consultation responses, a preferred scheme has been developed with the aim of meeting the budget short-fall. The detailed elements of the preferred scheme are set out in Annex A and Annex B of this report. A further alternative option based on meeting the requirements of the transition grant has also been presented in Annex A along with the Government's default scheme.
- 6.8 A summary of the financial implications of the preferred scheme is set out in the table below, along with a comparison with the original consultation proposals, the Government's default scheme and the transition option:

Financial Implications	Consultation (Option B)	Preferred Option	Default Scheme	Transition Option
	£m	£m	£m	£m
Initial Budget Shortfall	4.100	<b>4.400</b>	4.400	4.400
Transition Grant	n/a	<b>n/a</b>	-0.640	-0.640
Council Tax Reduction Scheme	-3.100	<b>-3.125</b>	n/a	-1.275
Council Tax Technical Reforms	-1.200	<b>-1.530</b>	n/a	-1.530
Net Surplus (-) / Shortfall (+)	-0.200	<b>-0.255</b>	3.760	0.955

Option B agreed for consultation in July provided a surplus of approximately £0.2m that could be used to fund non-payment or growth in claims. The preferred option developed following consultation takes account of growth in 2012/13 and provides a similar level of headroom in 2013/14. The Government's default scheme would leave the Council with a shortfall on the scheme of approximately £3.8m in 2013/14, rising to £4.4m in 2014/15. Taking up the Government's transition grant would leave the Council with shortfall on the scheme of £0.95m in 2013/14, increasing to £1.6m in 2014/15.

- 6.9 Each of the options presented requires a charge to be made to low income households, many of whom are not required to pay any council tax under the current council tax benefit arrangements. There is a risk that the incidence of non-payment will be much higher than for other groups of tax payer because this group is likely to find it most difficult to pay. This risk needs to be mitigated by increasing the bad debt provision assumed in the tax base calculation. This issue was considered by Cabinet in June 2012 as part of a report on the Medium Term Financial Plan (MTFP). An estimate of £0.5m has been built into the savings requirement forecast in the MTFP. This assumes a non-payment rate of 16.7%. This may prove to be inadequate and non-payment represents a significant risk to the Council's finances.

## 7. Impact on Households - Welfare Reform changes

- 7.1 In addition to the changes in the localisation of council tax benefit, the Welfare Reform Act 2012, which will be implemented on a phased basis from April 2013, is also introducing the most significant changes to the welfare system since the Beveridge Report of 1942. The reforms include the following changes, which will be introduced from April 2013:

- Working-age tenants in receipt of housing benefit will experience a reduction in their benefit entitlement if they live in housing that is deemed to be too large for their needs. Affected tenants will face a reduction in their Housing Benefit entitlement of 14% for one additional (spare) bedroom and 25% where there are two or more additional (spare) bedrooms.

- A 'benefit cap' on the total amount of benefit that working-age people and households can receive. Benefit levels will be capped at the level of the average working family income after tax, which it is currently forecasted to be £500 a week for families and £350 a week for single people.
- From October 2013, the Government will introduce the 'Universal Credit' which will replace income based working age benefits such as Income Support, Housing Benefit and Tax Credits. The full impact of these changes on the health and wellbeing of the population of Sefton cannot yet be fully assessed.
- Claimants on Incapacity Benefit (IB) will be required to undergo a Work Capability Assessment to encourage more people to move into work related activity or seek employment on Job Seekers Allowance. In Sefton, some 58% of IB claimants are being found immediately fit for work.

7.2 Members should note that the Council does not have resources to financially address the impact of the Welfare Reforms. The transfer of the Social Fund to Local Authorities will help to support the most vulnerable and could be used to mitigate some of the impact these changes will have on the most vulnerable resident of Sefton.

## **8. Consultation and Engagement**

8.1 Members will note that the Council undertook a wide ranging consultation and engagement process on both the 'Local Council Tax Reduction Scheme' and the 'Council Tax Technical Reforms – Discounts and Exemptions for Empty Properties and Second Homes'. A consultation and engagement plan for both changes was agreed by the Council's Public Engagement and Consultation Panel with the consultation commencing on the 6<sup>th</sup> August 2012 and closing on the 29<sup>th</sup> October 2012. The responses and comments have contributed to the proposed local Council Tax Reduction scheme and the changes to discounts and exemptions for unoccupied properties.

8.2 The consultation and engagement process was undertaken in accordance with the *Localising Support for Council Tax - A Statement of Intent* published by the Department for Communities and Local Government in May 2012. This statement of intent outlined the processes for producing a local scheme and the requirements for consulting with all interested parties, including precepting authorities, on the scheme. The consultation and engagement processes included a range of methods including a letter to all current benefit claimants, a questionnaire (both on-line and hard copy in Town Halls, One Stop Shops and Libraries), a telephone help line for benefit claimants, (the council received over 1,000 calls), an impartial telephone survey of non-claimants, meetings and events with groups, stakeholders, landlords, the precepting authorities (Merseyside Fire Service and Merseyside Police) and the voluntary, community and faith sector. The process was also supported by media releases and posters in One Stop Shops, Libraries and Town Halls.

- Annex C is a summary of the consultation findings relating to Council Tax Reduction Scheme and findings relating to council tax technical changes.
- Background papers are available on the full feedback reports on the consultation and engagement process.

## **9. Equality Act 2010 and Equality Analysis Report**

- 9.1 As the Council agrees actions to set a sustainable budget plan for financial years 2013/14 and 2014/15 there is a requirement to open and transparent processes being adopted, and impact assessments in identifying potential change options/savings and major risks, as well as mitigating these as far as possible.
- 9.2 Work on the Equality Analysis Report for the proposed Council Tax Reduction Scheme commenced in April 2012 and finished November 2012, and is attached at Appendix D. Analysis of the scheme indicates that the scheme retains strong features around 'disregards' and 'premiums' and as such offers to mitigate any impact on working families, working age people and those in work who are in receipt of Disability benefits.
- 9.3 The report however, identifies some risks in relation to the implementation of the local council tax support scheme. The analysis identified a small number of people who are likely to be disproportionately impacted either because they are legally exempt from 'work tests' or extremely unlikely to be able to work due to having severe disabilities. To mitigate this impact a hardship fund will be made available – paragraph 13 provides details of the exceptional hardship fund. Members are asked to note the Equality Analysis Report and the mitigation to be put in place prior to April 2013. It must be noted that the Council will not have a level of resources that could mitigate the financial impact on the residents of Sefton of the Governments Welfare Reform.
- Equality Analysis Report relating to local Council Tax Reduction Scheme – see Annex D
  - Equality Analysis Report relating to Council Tax Technical changes – see Annex E

## **10. Proposed local Council Tax Reduction Scheme**

- 10.1 The draft scheme which went out to consultation on the 6<sup>th</sup> August 2012, delivers a Local Council Tax Reduction scheme, for non-pensioners. The scheme supports the requirement to protect vulnerable people and minimise the impact on incentives to work. The scheme addresses the reduction in funding available and has been formulated to minimise the detrimental effect on the most vulnerable.
- 10.2 For all non pensioner claimants, the Council could consider the option of continuing the existing national council tax benefit scheme rules and the impact of funding this by finding at least £3.8m additional savings elsewhere within its budget, principally by making cuts to other services, after taking the additional proposed savings from the council tax technical changes. However, with the budget pressures that the Council are already facing for the next financial year, the proposal is to meet the deficit in Government funding through reductions within the local Council Tax Reduction scheme.
- 10.3 The proposed scheme is based on the current council tax benefit scheme (to be replaced by the Government prescribed Default scheme from April 2013) for non pensioner claimants with a number of variations – see table below 10.6. Also summarised in paragraph 14. Local Council Tax Reduction Scheme is set out in Annex F.
- 10.4 It is important to note that the scheme will be reviewed and amended if required on an annual basis. Any review of the scheme for year two and later years will need to

take into account under or over achievement of the associated financial impact, changes to the claimant caseload, the management and numbers of council tax accounts. The Council will need to consider the impact of the scheme on its total income and expenditure annually in setting the budget for the coming year.

10.5 Following consultation, amendments to the draft council tax reduction scheme have been made. The table below sets out the amendments to the published draft scheme:

**Table 10.6**

<b>Ref</b>	<b>Draft Council Tax Reduction Scheme – consulted on 06.08.2012- 29.10.2012</b>	<b>Amended proposal</b>	<b>Difference</b>	<b>Notes</b>
1	<u>Pensioners</u> There will be no change to the amount of help pensioners currently receive (national scheme). Therefore none of the proposals below will affect them.	<u>Pensioners</u> There will be no change – The Government will make any changes to the scheme.	There is no change	This is required in order to comply with the law.
2	Reduce maximum eligible council tax reduction to 80% of the Council Tax chargeable for non pensioner claimants	Hardship fund will be made available to most vulnerable.	No change to scheme for eligible starting point when calculating the reduction.	All non pensioner claimants would have to pay 20% of their Council Tax bill.
3	Do not grant a Council Tax Reduction to a non pensioner claimant who has capital/ savings above £6,000.	No change to proposed draft scheme	There is no change	Capital can be used to pay council tax liability.
4	Remove entitlement to non pensioner claimants to council tax second adult rebate	No change to proposed draft scheme	There is no change	This simplifies the scheme and aligns to rules for Universal Credit. Claimants can apply for the Council Tax Reduction scheme
5	Withdraw facility to backdate award for non pensioner claimants.	This will not happen for the 1 <sup>st</sup> year of the scheme. This will be reviewed before the 31 <sup>st</sup> January 2014	Allows non pensioner claimants to request backdating where they can prove 'good cause'	Minimises the impact on vulnerable claimants.
<b>6</b>	<b>Remove or reduce deduction for non-dependants – for working age claimants. Draft scheme went out with 2 options:</b>			
6a	Remove deduction for non-dependants for non pensioner claimants	This feature has been removed and changed to 6b	There will be a reduced non dependant deduction compared to the current council tax benefit	Non dependant deductions will be simplified and the household contribution will be at a reduced rate.

			scheme.	
<b>6b</b>	<p>Introduce flat rate deductions for non-dependants for working age claimants:-</p> <ul style="list-style-type: none"> <li>£2.00 per week for non-working non dependants</li> <li>£5.00 per week to apply to all working age working no dependants.</li> </ul> <p>(there are no deductions if the non dependant is in receipt of Income Support, Income - based Job Seekers Allowance, Income Related Employment and Support Allowance, or Pension Credit</p>	No change to draft proposal	There is no change	<p>Current deductions range from £0.00 to £9.90 per week depending on the income of the non-dependant.</p> <p><b>Note: There are no non-dependant deductions for Council Tax Benefit if the claimant or partner -</b></p> <p><i>Is blind or has recently regained their sight or, Receives the care component of disability living allowance payable at any rate or receives attendance allowance payable at any rate.</i></p>

## 11. Comparison of optional schemes including financial implications

11.1 A comparison of the optional schemes for non pensioner claimants and financial implications for the Council are shown in Annex A. It is important to note 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. Analysis has provided only a partial 'snap-shot' offering some understanding of the impact planned changes and the cost or savings any proposal will generate. The proposals will continue to be evaluated and monitored to assess financial implications, together with pending Government announcements on funding the scheme.

## 12. Risk Management

12.1 The Council continues to regularly review strategic and operational risks and put in place measures to manage those risks. Some risks, e.g. increasing claimant number cannot be stopped, these risks will be closely monitored and managed.

12.2 The scheme proposals have been risk assessed with mitigating actions identified where possible.

12.3 Cabinet is asked to note the risks and mitigating actions outlined in Annex A for Council Tax Reduction Scheme and Annex B for council technical changes in making its recommendation to Council (recommendation summary- paragraph 14).

12.4 Officers will continue to monitor risks and issues, escalating significant risks and issues to Cabinet as appropriate.

12.5 Mitigating actions include:

- Provision of an Exceptional Hardship Fund – see paragraph 13.
- Maintenance of core aspects of the current means tested scheme that provides additional assistance where there are dependants, disability and caring responsibilities.
- Close monitoring of the scheme to ensure unanticipated implications and effects are reviewed and addressed.
- Council tax collection – 12 monthly instalment payments will be offered to council tax payers.
- Enforcement action - process is currently being reviewed to mitigate impact on the claimants. For example, encouraging early contact for vulnerable claimants. Also sign posting for debt advice, and review notifications for recovery stage. In addition discussions are taking place with Bailiff companies.

12.6 **Key timescales are detailed below**

- 24<sup>th</sup> January 2013 - Report for approval to Council – Local Council Tax Reduction Scheme 2013-14 to be agreed and changes to discounts and exemptions from 1<sup>st</sup> April 2013 agreed.
- 31<sup>st</sup> January 2013 – Local Council Tax Reduction Scheme 2013-14 adopted and published.
- 1<sup>st</sup> April 2013 – Implementation of the Local Council Tax Reduction Scheme 2013-14 and changes to Council Tax discounts and exemptions

### **13. Exceptional Hardship Fund**

#### **13.1 Criteria**

Part of the proposals to mitigate against potential issues at the introduction of Council Tax Scheme is the development of an Exceptional Hardship Fund. Any person claiming against the fund will be required to go through a process that will not only establish their eligibility for any payment but would allow them to more adequately manage their finances in the future.

13.2 It is proposed that before making any payments, the Authority will require the claimant to undertake the following;

- a. Make a separate application for assistance;
- b. Provide full details of their income and expenditure;
- c. Accept assistance from either the Council or third parties such as the CAB or similar organisations to enable them to manage their finances more effectively including the termination of non essential expenditure;



- d. Identify potential changes in payment methods and arrangements to assist the taxpayer;
- e. Assist the council to minimise liability by ensuring that all discounts, exemptions and reductions are properly granted.

**13.3 Targeted assistance**

Given that pension age claimants are protected under the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012, which broadly replicate the existing council tax benefit scheme, it is proposed that the exceptional hardship fund only be available to non pensioner claimants. By limiting applications to the non pensioner age group, the Council will be able to target additional assistance to those most in need.

**13.4 Long term / short term**

The approach to be taken with the fund is not just to pay additional levels of support to taxpayers (thereby enhancing the proposed local Council Tax Reduction Scheme) but to aid and assist the most impoverished families/claimant(s). A key element of the fund will therefore be that support will only be given to taxpayers who qualify, for a short period of time. It is not intended that the fund will be long-term solution to the overall reduction in council tax support. Where taxpayers are unable to meet their liabilities in the longer term, they will be encouraged to take actions; this may include taking debt advice or reducing their council tax liabilities such as by moving to smaller or less expensive premises.

13.5 Priority will be given to those cases, which are identified as particularly vulnerable.

**13.6 Funding**

The Council has set aside £143,000 for the exceptional hardship fund, which will be monitored to ensure there is no over spend.

**14. Summary of proposed recommendations**

14.1 Cabinet is asked to recommend that Council approves and adopts the proposed Local Council Tax Reduction Scheme for 2013/14(Set out in full @ Annex F) and the council tax technical changes, which are summarised in the table below:

	<b>Recommended Scheme Proposals</b>	<b>Forecast Financial Implications £</b>

	<b>Initial Budget Shortfall (Paragraph 6.6)</b>	<b>4,400,000</b>
	<b>Council Tax Reduction Scheme</b>	
A1	Restrict Council Tax eligible liability: All non pensioner claimants will have to pay 20% of their council tax bill.	-3,100,000
A2	Do not grant a council tax reduction to non pensioner claimants who have capital savings above £6K	-50,000
A3	Remove entitlement to non pensioner claimants to council tax second adult rebate	-50,000
A5	Introduce flat rate non- dependant deductions for non- pensioner claimants as follows: 1. Nil deduction for non dependant in receipt of a qualifying benefit (e.g. Income Support, Pension Credit) 2. £2.00 per week for non- dependants not in remunerative work. 3. £2.00 per week to apply to all non- dependants in remunerative work with gross income of less than £183 per week 4. £5.00 per week to apply to all non- dependants in remunerative work with gross income of £183 or over per week	75,000
	<b>Forecast Increase in Council Tax Income</b>	<b>-3,125,000</b>
	<b>Council Tax Technical Reforms</b>	
B1	Reducing the discount from 10% to 0% for second homes and any other furnished properties not occupied as a main home.	-70,000
B2	Removing the existing six month Class C exemption for vacant properties (unoccupied and substantially unfurnished). Introducing a 100% discount for one month and reducing the discount to 50% for the following five months.	-780,000
B3	Introducing an Empty Homes Premium. Charging a premium of 50% on properties unoccupied longer than 2 years making a total charge of 150%.	-450,000
B4	Removing the existing twelve month Class A exemption for properties undergoing major structural repair or structural alteration. Introducing a 50% discount for up to 12 months when a property is in need of or undergoing major repair or structural alteration.	-230,000
	<b>Forecast Increase in Council Tax Income</b>	<b>-1,530,000</b>
	<b>Forecast Surplus available to mitigate the risk of non-collection</b>	<b>-255,000</b>

**Annex A**  
**Additional Council Tax Income to collect to meet the shortfall in funding**

	<b>Facts to consider for Sefton Council's Local Council Tax Reduction Scheme</b>	<b><u>Option A</u> Draft Council Tax Reduction Scheme (Which went out to Consultation)</b>	<b><u>Option B</u> Government Default Scheme</b>	<b><u>Option C</u> Government Transition Grant</b>
		<b>Scheme based on national rules except for the following proposals:</b>	<b>Scheme based on current council tax benefit rules</b>	<b>Scheme based on national rules except for the following proposals:</b>
<b>1.</b>	<b>Restrict Council Tax eligible liability</b>	<p>All non pensioner claimants will have to pay 20% of their council tax bill.</p> <ul style="list-style-type: none"> <li>• Band A property – claimant will pay on average £198 per year</li> <li>• Band B property – claimant will pay on average £231 per year</li> </ul>	<p>Claimants will retain current benefit entitlement as assessed under the current rules with no restriction to council tax eligible liability.</p> <ul style="list-style-type: none"> <li>• 12,000 claimants will continue to receive maximum council tax reduction against bill.</li> </ul>	<p>All non pensioner claimants will have to pay 8.5% of their council tax bill.</p> <ul style="list-style-type: none"> <li>• Band A property – claimant will pay on average £85.00 per year</li> <li>• Band B property – claimant will pay on average £98.00 per year</li> </ul>
	<b>Additional Council Tax to collect</b>	<b>£3,100,000</b>	<b>NIL</b>	<b>£1,300,000</b>
<b>2.</b>	<b>Do not grant a council tax reduction to non pensioner claimants who have capital savings above £6K</b>	<p>All non pensioner claimants who exceed the capital / savings limit will no longer be entitled to council tax reduction. Currently xxx number of claimants</p>	<p>Claimants will continue to qualify within the current council tax benefit rules.</p>	<p>Claimants will continue to qualify within the current council tax benefit rules.</p>
	<b>Additional Council Tax to collect</b>	<b>£50,000</b>	<b>NIL</b>	<b>NIL</b>

3.	<b>Remove entitlement to non pensioner claimants to council tax second adult rebate</b>	Second adult rebate will no longer be a feature of the local scheme. Claimant can claim council tax reduction. (removing the current better by option) Current number of claimants xx	Claimants will continue to qualify within the current council tax benefit rules.	Second adult rebate will no longer be a feature of the local scheme. Claimant can claim council tax reduction. (removing the current better by option)	
	<b>Additional Council Tax to collect</b>	<b>£50,000</b>	<b>NIL</b>	<b>£50,000</b>	
4.	<b>Withdraw facility to backdate award for non pensioner claimants- this feature will not happen for the first year 2013/14.</b>	This is not available.	Claimants will continue to qualify within the current council tax benefit rules.	Claimants will continue to qualify within the current council tax benefit rules.	
	<b>No additional council tax to collect.</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
5	<b>Remove or reduce deduction for non-dependants – for non pensioner age claimants. Draft scheme 2 options:</b>	<b><u>This is a cost to the Council to help mitigate against the financial impact on Claimants and wider issues such as homelessness.</u></b>			
	<b>Option (a) Remove deduction for non-dependants for non pensioner claimants</b>	<b>6a option £178,000 to fund -</b>	<b>6b option £75,000 to fund</b>	<b>n/a</b>	<b>n/a</b>
	<b>Option (b) Introduce flat rate deductions for non-dependants for non-pensioner claimants</b>				
	<b>1. Nil deduction for non dependant in receipt of a qualifying benefit (e.g. Income Support, Pension Credit)</b>				
	<b>2. £2.00 per week for non-dependants</b>				

		<p>not in remunerative work.</p> <p>3. £2.00 per week to apply to all non-dependants in remunerative work with gross income of less than £183 per week</p> <p>4. £5.00 per week to apply to all non-dependants in remunerative work with gross income of £183 or over per week</p>				
<b>Total</b>	<b>Option 6b is the proposal for scheme</b>		<b>£75,000 cost</b>		<b>Nil</b>	<b>£75,000 cost</b>

<b>Risks</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
	Caseload increase – economic activity worsens, more people claiming benefit and expenditure will increase. Also increase in Pensioner caseload due to awareness of scheme and not seen as a benefit therefore, removal of stigma to claim.	Caseload Increase – as in option A	Caseload Increase – as in Option A
	Increased administration – cost of collection and for small amounts of council tax. Over 12,000 claimants never asked to pay council tax previously as on maximum benefit.	Shortfall will have to be met in full from Council Budget.	Increased administration – as in Option A

		No transition funding from Government	No guarantee that Local CTR Scheme will meet requirements for Government transitional Grant
	Difficulty in identifying vulnerable claimants – claimants transferred from DWP to Council and claim maximum council tax benefit. Over 12,000 claimants they we cannot accurately find out their status.		Difficulty in identifying vulnerable claimants – as in Option A
	Collection rates likely to be low for 12,000 households who previously did not have to pay anything		Collection rates likely to be low for 12,000 households who previously did not have to pay anything
	Increased demand for front line services – fluctuations in income will result in more queries about eligibility / award levels, together with other Welfare Reform changes.		Increased demand for front line services – as in Option A
	Financial Assessments – reduction in benefit award may lead to reduction in charge for care. Reassessments will be required.		As in Option A
			Small Council Tax balances to collect in region of £85 - £98 per year for average Band A and Band B properties.
	Welfare Reform changes from April 2013 onwards – reduction in other benefits may affect claimant's ability to pay council tax.		As option A

**Annex B**  
**Council Tax Technical changes – exemptions and discounts for unoccupied vacant properties**

	<b>COUNCIL TAX TECHNICAL REFORMS</b>	<b><u>Consulted on</u></b>	<b><u>Proposed change</u></b>	<b><u>Financial implications</u></b>
1.	<b>Removing Council Tax discount for furnished properties not occupied as a main home</b>	Reducing the discount from 10% to 0% for second homes and any other furnished properties not occupied as a main home.  <b>£72,000</b>	No change to proposal	Estimated additional £70,000 council tax revenue to collect
2.	<b>Removing the Council Tax six month exemption for vacant properties (unoccupied and substantially unfurnished)</b>	Introducing a 50% discount to replace the existing Class C exemption for the first 6 months a property is unoccupied and unfurnished.  <b>£456,000</b>	Introducing a 100% discount for one month then reduce discount to 50% for months two to six	Estimated additional £780,000 council tax revenue to collect
3.	<b>Charging an empty homes premium of 50% on properties left empty for more than 2 years.</b>	Charging a premium of 50% on properties unoccupied longer than 2 years making a total charge of 150%.  <b>£523,000</b>	No change to proposal	Estimated additional £450,000 council tax revenue to collect
4.	<b>Removing the Council Tax exemption on properties undergoing major structural repair or structural alteration.</b>	Introducing a 50% discount to replace the existing Class A exemption for up to 12 months when a property is in need of or undergoing major repair or structural alteration.  <b>£237,000</b>	No change to proposal	Estimated additional £230,000 council tax revenue to collect
<b>Total</b>				<b>£1,530,000</b>

### Council Tax Technical Changes

Risks	Mitigation
Property base decrease	Property base monitoring in place
Increased administration and transition costs	Maximising use of internet for enquiries, on- line delivery, electronic notifications, text messaging,
Avoidance tactics increase	Robust property inspections and use of analysis tools. Use of financial Penalties for incorrect information being supplied.
Forecasting savings difficult	Robust monitoring of database in place.
Collection of higher level of charges may be difficult.	All enforcement options will be pursued.
Some people may consider it unfair e.g. second home owners who will pay more council tax than a property occupied by single adult; those who get a 50% job related dwelling discount and owners of properties that are unfit to live in.	
Local economy, adverse effect on housing market and job mobility. Property developers and renovators find themselves liable for Council Tax.	Landlords encouraged to complete refurbishment in shorter timescale to bring properties back into use more quickly.
Increased bad debt provision/write offs	Active monitoring of bad debt provision



## Annex C

### **Consultation Summary**

#### **Local Council Tax Reduction Scheme – Summary of Findings**

The summary of findings from the consultation and engagement on the Local Council Tax Reduction Scheme are as follows:

#### **Summary of Findings from the Consultation with the precepting Authorities – Merseyside Police and Merseyside Fire and Rescue Services**

The precepting authorities were consulted both in writing and through the meetings of the Merseyside Practitioners Group, Finance Officers & precepting Authorities. The Council has received written feedback from Merseyside Fire and Rescue Service who recognise the difficulty the Council faces in terms of the savings to be made, they support the proposed scheme as one that minimises the likelihood of additional savings for Merseyside Fire & Rescue Authority and wish to engage in a process of joint monitoring with the Council.

Merseyside Police Officer representatives have supported the development of Sefton proposal throughout the process. Formal consideration by the Merseyside Police Commissioner has yet to occur.

#### **Summary of Findings on the Principles of the Scheme from the Questionnaire**

Respondents to the questionnaire ranked the Principles in the following order :

1. Principle 2 - The Council will continue to recognise the additional needs of our most vulnerable residents
2. Principle 3 - The Council will continue to recognise the additional needs of families with children
3. Principle 1 - The Council will continue to support work incentives
4. Principle 4 - The Council supports households staying together to make better use of housing in Sefton and reduce homelessness
5. Principle 5 - The Council will have due regard to the Armed Forces Covenant

Members will note from the above feedback that the majority of people ranked Principle Two 'The Council will continue to recognise the additional needs of our most vulnerable residents' as the most important to them followed by Principle 3 - The Council will continue to recognise the additional needs of families with children.

#### **Summary of Findings on the Features of the Scheme from the Questionnaire**

A total number of 305 questionnaires were completed. Of these respondents 204 responded that they paid Council Tax in Sefton, 209 were currently in receipt of Council Tax Benefit and a further 49 responded that they currently were not in receipt of Council Tax Benefit but had received it in the past. ]

- 40% of people preferred Option A – that no non dependant deduction should be made and 47% of people preferred Option B – that existing non dependant deductions should be replaced by two flat rate amounts of either £2 or £5 and 13 % did not reply
- 31% of people agreed / strongly agreed that all persons claiming under the new Scheme and who are not pensioners should pay at least 20% of their Council Tax bill, 58% disagreed / strongly disagreed, 9% neither agreed nor disagreed and 2 % did not reply

- 37% of people agreed / strongly agreed that the proposed savings or capital limit per claim under the new scheme should be £6,000, 29% disagreed / strongly disagreed and 29% neither agreed nor disagreed and 5% did not reply
- 29% of people agreed / strongly agreed that for non pensioner claims, the second adult rebate scheme should be removed, 42% disagreed / strongly disagreed, 25% neither agreed nor disagree and 4% did not reply
- 28% or people agreed / strongly agreed that For Non Pensioner Claims, the facility to backdate an award should be withdrawn, 52% disagreed / strongly disagreed, 16% neither agreed nor disagreed and 4% did not reply

Members will note from the above feedback that people preferred Option B – that existing non dependant deductions should be replaced by two flat rate amounts of either £2 or £5 and agreed that the proposed savings or capital limit per claim under the new scheme should be £6,000. People did not agree with the new scheme removing the back dating facility, the second adult rebate and that everyone should pay at least 20%. Members will note that two thirds of the respondents to this survey were currently in receipt of Council Tax Benefit and therefore it may be unlikely that they would agree with measures that may reduce the amount of benefit they would receive in the future.

### **Summary of Findings from the Telephone Survey**

In order to ensure impartiality in the consultation and engagement process the Council commissioned an independent research company, Opinion Research Services (ORS), to undertake a consultation on the localisation of council tax support using a telephone methodology. The Council had already consulted with affected claimants of council tax benefit, by writing to them inviting them to take part in the survey. This consultation therefore comprised of a telephone survey of households in Sefton that would be unaffected by the proposed changes to council tax benefit. Unaffected households include those households that are either:

- Not in receipt of council tax benefit, or
- In receipt of council tax benefit, but where the council tax bill payer or their partner/spouse is of state pension age.

301 telephone interviews were conducted with random digit dialled residents.

### **Summary of Findings on the Principles of the Scheme from the Telephone Survey**

Respondents to the telephone survey ranked the Principles in the following order :

1. Principle 2 - The Council will continue to recognise the additional needs of our most vulnerable residents
2. Principle 3 - The Council will continue to recognise the additional needs of families with children
3. Principle 5 - The Council will have due regard to the Armed Forces Covenant
4. Principle 1 - The Council will continue to support work incentives
5. Principle 4 - The Council supports households staying together to make better use of housing in Sefton and reduce homelessness

Members will note from the above feedback that the majority of people interviewed ranked Principle Two 'The Council will continue to recognise the additional needs of our most vulnerable residents' as the most important to them followed by Principle 3 - The Council will continue to recognise the additional needs of families with children . This is consistent with the feedback outlined above from the responses to the questionnaire which indicates that these are important principles to both benefit and non benefit recipients. There are differences in

the rankings of the three remaining Principles between the two surveys. Respondents to the Questionnaire ranked Principle 5 : The Council will have due regard to the Armed Forces Covenant as the least important whilst respondents to the Telephone Survey ranked Principle 4 - The Council supports households staying together to make better use of housing in Sefton and reduce homelessness as the least important.

### **Summary of Findings on the Features of the Scheme from the Telephone Survey**

- 32% of people preferred Option A – that no non dependant deduction should be made and 68% of people preferred Option B – that existing non dependant deductions should be replaced by two flat rate amounts of either £2 or £5
- 61% of people agreed / strongly agreed that all persons claiming under the new Scheme and who are not pensioners should pay at least 20% of their Council Tax bill, 28% disagreed / strongly disagreed and 12% neither agreed nor disagreed.
- 46% of people agreed / strongly agreed that the proposed savings or capital limit per claim under the new scheme should be £6,000, 51% disagreed / strongly disagreed and 3% neither agreed nor disagreed
- 40% of people agreed / strongly agreed that for non pensioner claims, the second adult rebate scheme should be removed, 49% disagreed / strongly disagreed and 11% neither agreed nor disagreed.
- 32% of people agreed / strongly agreed that For Non Pensioner Claims, the facility to backdate an award should be withdrawn, 65% disagreed / strongly disagreed and 3% neither agreed nor disagreed.

Members will note from the above feedback that people preferred Option B – that existing non dependant deductions should be replaced by two flat rate amounts of either £2 or £5 and agreed that all persons claiming under the new Scheme and who are not pensioners should pay at least 20% of their Council Tax bill. With regard to the proposed savings or capital limit per claim under the new scheme should be £6,000 whilst the majority agreed there was only a 5% response difference. People did not agree with the new scheme removing the back dating facility and the second adult rebate.

Members will note that respondents to both consultations preferred Option B that existing non dependant deductions should be replaced by two flat rate amounts of either £2 or £5. Respondents to both surveys disagreed with the proposals to remove the backdating facility and the second adult rebate. With regard to the proposal that all persons claiming under the new Scheme and who are not pensioners should pay at least 20% of their Council Tax bill there was a strong positive response to this, with 61% agreeing or strongly agreeing. This is a marked difference between the two consultation processes with 58% of Council Tax Benefit recipients disagreeing with the proposal and 61% of non recipients of Council Tax Benefit agreeing.

### **Summary Feedback from Events and meetings with the Voluntary Sector**

In addition to these surveys a range of events with community groups, landlord forums and the voluntary sector took place which is detailed within the report. The key themes from these events were as follows:

- Concerns about impact on people with disabilities, carers and those they care for, families with children and lone parents
- Concerns about the impact on young people and the potential for homelessness to increase

- Concerns about the cumulative impact these changes would have in the context of welfare reform
- Concerns about collection of payments if people have not had to pay previously

### **Council Tax Technical Reforms – Discounts and Exemptions for Empty Properties and Second Homes**

Consultation on the Council Tax Technical Reforms included events, letter to and meetings with landlords, an on-line questionnaire and press releases to encourage participation. The consultation was based around new powers to charge an additional amount of Council Tax on properties that have been continuously empty for more than two years, which it is likely will be enforced by legislation to start from April 1, 2013.

The changes would allow the Council greater flexibility over certain details of the discounts and exemptions that they may apply for unoccupied properties in their local area.

Respondents to the questionnaire ranked the Proposals in the following order:

1. Proposal 1 - The Council to abolish the second home discount
2. Proposal 3 - The Council should introduce a premium of 50% for properties empty longer than 2 years
3. Proposal 2 - the Council should introduce a discount of 50% for unoccupied properties for a period of 6 months
4. Proposal 4 - The Council should introduce a discount of 50% for unoccupied properties undergoing structural repair for a period of 12 months

The feedback from the questionnaire is as follows:

- A total number of 29 questionnaires were completed
- 21% agreed / strongly agreed with Proposal 1 : the Council to abolish the second home discount, 62% disagreed / strongly disagreed, 10% neither agreed nor disagreed and 7% did not reply
- 35% strongly agreed or agreed with Proposal 2 - the Council should introduce a discount of 50% for unoccupied properties for a period of 6 months – 21% disagreed/ strongly disagreed, 24% neither agreed nor disagreed and 17% did not reply
- 31% agreed / strongly agreed with Proposal 3 - The Council should introduce a premium of 50% for properties empty longer than 2 years –31% disagreed/ strongly disagreed, 17% neither agreed nor disagreed, and 17% did not reply
- 31% agreed / strongly agreed with Proposal 4 - The Council should introduce a discount of 50% for unoccupied properties undergoing structural repair for a period of 12 months, 19% disagreed / strongly disagreed, 27% neither agreed nor disagreed, and 17% did reply.

Members will note that the feedback indicates agreement for Proposal 2 to introduce a discount of 50% for unoccupied properties for a period of 6 months and Proposal 4 to introduce a discount of 50% for unoccupied properties undergoing structural repair for a period of 12 months With regard to Proposal 3 to introduce a premium of 50% for properties empty longer than 2 years 31% agreed and disagreed. 62% disagreed with Proposal 1: for the Council to abolish the second home discount.

Additional comments were also received which are summarised as follows, full details can be found in background papers:

- The proposed changes are a good idea, if it encourages property owners to renovate houses so that they are fit for people to rent at a reasonable price
- Concerns about potential impact on small businesses
- Concerns about first time buyers and developers holding onto empty houses without improving them
- Concerns about empty houses on the market awaiting sale
- Agreement that all people should contribute so the Council can maximise its income

### **Correspondence**

During the consultation period, Sefton MBC received 8 letters from individuals in response to receiving a letter as in receipt of Benefit, 1 email response, an email report of a telephone conversation, 1 report by Citizen's Advice Bureau outlining its thinking on the proposed changes and a letter from Royal British Legion (London).

The main points from the individual letters are corrections to details held on Benefit payments and requests of simpler explanation of the changes. The email response was from a staff member, who answered the questionnaire (and whose answers have been included in the final consultation report). The telephone conversation was noted and its response used to inform the consultation process. The Citizen's Advice Bureau report was formally noted, as was the letter from the Royal British Legion (London), and both received formal letters of reply.

Copies of this correspondence are available as background papers.

## **Annex D**

### **Equality Analysis Report**

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### **Sefton's Local Council Tax Reduction Scheme**

## **Background**

The Spending Review 2010 announced that support for Council Tax would be localised from April 2013 and funding reduced by 10 per cent from the same date. The Government subsequently consulted on proposals for the localisation of Council Tax support in England and the outcome of that consultation process was published in December 2011. The provisions that require local authorities to put in place their own localised Council Tax Reduction Scheme from 1 April 2013 are contained in the Local Government Finance Act 2012.

Localisation of Council Tax support is part of a wider set of government reforms to the welfare system that are aimed at improving the incentives to work and ensuring resources are used more effectively, with a view to reducing worklessness and ending a culture of benefit dependency.

The Government legislated that Councils should ensure that pensioners are not worse off under any local scheme. The Government also stated<sup>1</sup> that, in developing local Council Tax Reduction Schemes, Councils should consider protecting other vulnerable groups. The Government confirmed that it did not intend to prescribe the protection that local authorities should provide for such groups, but legislation that Councils have to be cognisant of includes:

- the public sector Equality Duty (*The Equality Act 2010*);
- the duty to mitigate effects of child poverty (*The Child Poverty Act 2010*); and
- the duty to prevent homelessness (*The Housing Act 1996*)

## **Section 1**

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<sup>1</sup> 'Localising Support for Council Tax, Vulnerable people – key local authority duties' paragraph 1.3 May 2012 Communities and Local Government

## **What's changing?**

The current system:

People who are out of work and in financial need may be on one of three working age benefits – income-based Job Seeker's Allowance, income-related Employment and Support Allowance and Income Support. These benefits are described as being 'passported'.

Under current Council Tax Benefit arrangements, if a claimant is receiving a passported benefit all their income and capital up to £16,000 is completely disregarded. This results in them receiving up to 100 per cent Council Tax Benefit and avoids the need for further means-testing.

For those who are means-tested for Council Tax Benefit, i.e. those with low levels of income but in financial need, there are thresholds and disregards for earned and unearned income which determine how much Council Tax Benefit is awarded.

## **The proposed Council Tax Reduction Scheme:**

Sefton Council, in accordance with government guidelines, has designed a draft 'Local Council Tax Reduction Scheme' which was consulted upon between 6<sup>th</sup> August 2012 and 29<sup>th</sup> October 2012

The main features of the Draft Scheme for non pensioners are:

- 1. All persons claiming under the new Scheme should pay at least 20% of their Council Tax bill*
- 2. £6,000 is the proposed savings or capital limit per claim and above this limit there will be no entitlement under the new scheme*
- 3. the second Adult Rebate Scheme will be removed*
- 4. the facility to backdate an award will be removed*
- 5. Non dependant deductions will either be removed or replaced by two flat rate deductions*

## **Means Test**



Currently, Council Tax Benefit recognises the additional financial burden of disability through a system of allowances and premiums within the means test. The Council's proposed scheme continues to include these features and disregards certain benefits such as Disability Living Allowance/ Personal Independence Payments. This in effect is a positive move as such benefits are paid to a person to cover additional expenses as a consequence of having a disability in a world designed for able bodied people and the consequent accompanying barriers. As such it is correct not to treat it as a 'disposable income'.

In addition , some people with disabilities who are in receipt of Employment and Support Allowance are eligible for earnings disregards of £20 per week or £97.50 per week if the work they do would help to improve their health or stop their health deteriorating.

People with disabilities are also eligible for a higher earnings disregard (so a higher proportion of their earned income will be disregarded from the calculation of the amount of Council Tax Reduction payable than for people without a disability). This, again, is a positive move for people with a disability who are in paid work. However people with a disability who do not have an earned income cannot benefit from this.

The Council Tax Benefit means test also recognises the additional financial burden faced by families, through a system of allowances and premiums for children, couples and lone parents. Child Benefit and some childcare costs are also disregarded.

The Council's proposed Council Tax Reduction Scheme continues to include these features and as such the scheme positively recognises the need to support those with children.

The current national scheme takes account of the income of a family unit (household) and the Council's proposed scheme will continue to operate on the same basis because of the relationship between Council Tax and the property the household occupies.

## **Section 2**

### **Impact Assessment**

The above features only apply to means tested claimants. However, people receiving a passported benefit will be expected, under the Council's draft Council Tax Reduction Scheme, to contribute 20% to their Council Tax bill. The assumption being that all on benefits will be incentivised to work, even though some people are either exempt from looking for work or it is simply beyond expectation.

- Adults in receipt of **severe disability premium** or **enhanced disability premium** may simply be beyond employment and this would be an unrealistic expectation.

### **Severe Disability Premium**

One qualifies for severe disability premium if the applicant is in receipt of a "qualifying benefit" of:-

- Attendance Allowance
- Middle or Higher Rate of the Care Component of Disability Living Allowance
- Constant Attendance Allowance
- Exceptional Severe Disablement Allowance.

And

The person lives alone or only with other people who also receive one of the benefits listed above

And

No one receives Carers Allowance for looking after them

### **Enhanced Disability Premium**

- Enhanced Disability Premium is paid to people who receive the highest rate of the care component of Disability Living Allowance.
- Enhanced Disability premium is also paid to adults assessed as needing 'Employment and Support Allowance - Support Component'. The Support Component is awarded if you are assessed as having "limited capability for work related activity" - basically recipients would find it very difficult to work. Claimants who are terminally ill, have a specific disease or severe disablement or are pregnant are examples.

There are also people who are not required to be actively seeking work:

- Lone parents with children under 5 are exempt from looking for work as they have particular difficulties in both finding and maintaining employment because of their caring responsibilities

It is evident that not everyone claiming welfare benefits and Council Tax Benefit is capable of work and many are exempt from work tests.

Other working age benefit claimants may need consideration due to social sensitivities such as war pensioners, in recognition of the sacrifice they or their partners have made. However, Sefton Council will continue to have due regard to the Armed Forces Covenant and, for all claimants, will continue to ignore War Disablement and War Widow's pensions in calculating council tax reductions, including any Armed Forces Compensation payments, in accordance with the Covenant.

Appendix A lists impact assessments through a range of case studies and calculation.

## **Section 3**

### **Data Analysis**

#### **Current data:**

At the time of writing there are 33,372 households in Sefton in receipt of Council Tax Benefit. Of these there are 3,390 claims from people already in work. Of which 2,546 are female and 844 are male, showing that female workers are more likely to claim Council Tax Benefit.

There are 29,671 claimants not in work and on benefits (12,362 Male, 17,309 female). There are 311 Second Adult rebate claimants.

Of the 29,671 claimants there are 15,507 claims from Pension Age claimants who will not be affected by the Council Tax Reduction Scheme. This leaves a total of 17,863 claimants categorised as 'working age'

In this cohort of 17,863 there are 5,555 claimants classed as 'lone parents'. Lone parents can be subdivided in to two groups: those with children under 5 years of age (and as such exempt from the Department for Work and Pensions looking for working tests) and parents with children over 5 years of age

Lone parents with a child or children under 5 years old total 2,075 in number, of which 2,027 are female and 48 are male.

Lone parents with a child or children over 5 years of age total 3,480 in number, of which 3,186 are female and 294 are male.

This clearly demonstrates that lone parents are overwhelmingly female.

### **Limitations of the Data**

Information on claimants comes to the Council via two routes:

- (1) Individual applications to the Council for Council Tax Benefit; and,
- (2) Confirmation of passported benefit from the Department for Work and Pensions.

### **Passported benefits:**

The Department for Work and Pensions when accepting a claim simply informs the Council that the claimant is now eligible for a passported benefit. However the Department for Work and Pensions does not pass on any information as to which other benefits the claimant is now in receipt of – it could range from Child Tax Credits to Attendance

Allowance. **Sefton Council has repeatedly asked for a detailed breakdown of the types of benefits claimants are on under the Passport scheme from the Department for Work and Pensions who have consistently refused to share such information.**<sup>2</sup>

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This means that we cannot calculate the numbers of people who receive a passported benefit and a disability related benefit. Therefore we cannot make any accurate prediction of how many will be affected by the Council Tax Reduction Scheme, only that there is a high probability that there will be such claimants.

We know this because when data is examined on standard claims to the Council (not passported by the Department for Work and Pensions) we can see the following:

- **Carer Premium**

At present Sefton is awarding a Carer Premium to 188 cases. (If the Council was to exempt this group from paying any contribution toward their Council Tax then the additional cost would be £32,654.26. This would ensure these claimants do not suffer any loss of benefit next year.)

- **Employment and Support Allowance**

At present Employment and Support Allowance is recorded in 95 cases (if the Council was to exempt this group the additional cost would be £15,400.91 in additional Council Tax Reduction Scheme payments).

- **Severe Disability Premium**

At present Severe Disability Premium is awarded in 166 cases (If the Council was to exempt this group then the additional cost would be £25,607.72 in additional Council Tax Reduction Scheme payments)

**Claimants in receipt of more than one of the above**

At face value, the total cost of ensuring that the above claimants do not have to make a payment toward their Council Tax would be £73,662.89. However, some claimants are in receipt of more than one of the above.

- 2 claimants are entitled to all 3 premiums
- 2 claimants get Care Premium and Severe Disability Premium
- 5 claimants get Care Premium and ESA

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<sup>2</sup>The Government is working towards a data sharing solution where local authorities are informed of Universal Credit claimants' circumstances, provided the information was relevant to the Universal Credit award. This means that local authorities will be able to see which individual elements of Universal Credit make up the maximum amount for each claimant, and this can inform their choices around scheme design (.para 4.15) 'Localising support for Council tax – taking work incentives into account' May 2012 Communities and Local Government

- 20 claimants get ESA and Severe Disability Premium  
(This means the cost of awarding additional Council Tax Reduction to all 3 categories would reduce to around **£65,000**)

## **Section 4**

### **Equality Act 2010**

In order to meet equality legislation the Council has to consider (section 149):

*A public authority must, in the exercise of its functions, have due regard to the need to –*

*(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*

*(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

*(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

Whilst there is a general acceptance of ‘austerity measures’ and ‘we are all in it together’ the Government in proposing the scheme says the following<sup>3</sup>

***‘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.’***

***And that:***

***‘...in developing local council tax reduction schemes, vulnerable groups should be protected. Government did not intend to prescribe the protection that local authorities should provide for other vulnerable groups.’***

The Government has exempted people of pensionable age from local schemes (i.e. those who have reached the age when they can qualify for pension credit). It has also introduced a rule to help local authorities work out whom else can be identified as vulnerable for the purposes of their Council Tax Reduction Scheme; namely those, in a strong sense, that cannot be expected to seek paid employment

In analysing the data available, the following has been determined:

- Lone parents of children under 5 (predominantly female) who are benefit dependent will be disproportionately affected by the draft Council Tax Reduction scheme, which will impact on child poverty.
- People claiming disability benefits, in particular those in receipt of Severe Disablement Allowance, Carer’s Allowance, and Employment Support Allowance will be disproportionately affected by the draft Council Tax Reduction Scheme

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<sup>3</sup> Communities and Local Government, ‘Localising Council Tax Equality Impact Assessment January 2012’ section 1 ISBN: 978-1-4098-3304-8

The scheme will have no disproportionate impacts on issues related to:

- Religion
- Sexuality
- Transgender
- Race
- Marital status

The Equality and Human Rights Commission's, 'Using the equality duties to make fair financial decisions. A guide for decision-makers' recommends that there are four possible outcomes of an equality impact assessment. More than one may apply to a single proposal:

- **Outcome 1: No major change required** when the Equality Impact Assessment has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.
- **Outcome 2: Adjustments to remove barriers identified by the Equality Impact Assessment or to better promote equality.** Are you satisfied that the proposed adjustments will remove the barriers identified?
- **Outcome 3: Continue despite having identified some potential for adverse impact or missed opportunities to promote equality.** In this case, the justification should be included in the Equality Impact Assessment and should be in line with the duty to have 'due regard'. For the most important relevant policies, compelling reasons will be needed. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact.
- **Outcome 4: Stop and rethink** when an Equality Impact Assessment shows actual or potential unlawful discrimination

In relation to this Equality Impact Assessment, the outcomes of which link to 2 & 3 above, the Council needs to mitigate with regard to gender and disability. The Council also needs to monitor the implementation of the Scheme, should it be adopted, with a view to developing a better understanding of the impact on people to inform the preparation of future schemes.

**Mitigation:**



It's clear that the current draft Council Tax Reduction Scheme will have an impact on all claimants (as their income reduces whilst seeking work in a slow economy) and a disproportionate impact on some (income being reduced but with little or no option of employment).

As such the Council, should the Scheme be adopted, will have to put in place mitigating actions. This could be achieved by working in partnership with the voluntary, community and faith sector on the provision of Food banks & Clothing Banks for example.

In order to ensure compliance with the Equality Duty and to mitigate any potential disproportionate impacts, should the Scheme be adopted, the Council will put the following in place:

- A Discretionary Hardship fund for Council Tax Reduction Scheme claimants with fair and transparent criteria for awards
- A review of the procedures for the collection of non payment of Council Tax to ensure no disproportionate impact on the most vulnerable households.
- A monitoring and review process to assess impact
- Work with voluntary sector in developing food banks

The Government has belatedly recognised the difficulty the scheme places on communities and has proposed a 'transitional fund'. Council should examine whether or not it would be beneficial to apply to this fund

## **Section 5**

### **Consultation**

A series of consultation events and methods took place and a full report is available. However a number of concerns have arisen from the data around equality issues such as 'disability benefits' and 'lone parents'

Summary of issues related to Postcode:

The following is a summary of main headings for comments, broken down by postcode area. (The quotes are a summary of a number of

comments provided, however suggestions, where listed, are given verbatim).

Postcode	Comment
L10	Concerns for carers and older people. Not able to afford Council Tax
L20	Lone parents will lose income, and low income families and unemployed expected to pay more. Suggestion – address shortfall by taking monies out of households earning £50k+
L21	Unemployed and young parents will be driven towards debt. Vulnerable adults will be overly affected
L22	Risk of increasing homeless figures as 18 year olds may need to leave home due to changes. Suggestion – Council should better pursue non payment of arrears
L23	Concern about changes of Welfare Reform, in conjunction with Council Tax Scheme, on all household budgets, including people with disabilities.
L29	Very important that each individual case is assessed fairly and consistently
L30	Rising utility bills and changes to Welfare Reform mean disabled and vulnerable people will be disproportionately affected
L31	Disabled and low income families will suffer most
L37	Concerns for single parents, families with children and carers. Suggestion – ensure all people on housing lists are found accommodation so they too can contribute.
L38	Those with disabilities and low income families will be affected most
PR4	Concerns on effects on disabled, low income families and single unemployed people. Suggestion – Need for improvement of collection of Council Tax arrears
PR8	Single parents, people with disabilities and unemployed will be hit most. Self employed are being asked to pay too much, and need to be left to create jobs, pay business rates, etc
PR9	Carers and families with children will be affected most. Suggestion – need to means test all recipients of benefit, including pensioners
Unassigned	Single parents and families will lose money with this scheme. Formal disagreement that pensioners should be exempt.

#### Breakdown of respondents by Equality Data

Respondents were asked to indicate answers against Equality data questions, the breakdown of which is:

*Disability*

**199** respondents answered affirmatively when considering Learning Difficulties – 39.19% (**78** in total) indicating a Long Term Illness Affecting Daily Activity, followed by 23.11% indicating Mental Health/Distress and a further 20.1% indicating a Physical impairment. **97** respondents answered affirmatively when considering themselves to be disabled, which may include cancer, diabetes or HIV.

Disability (Do you have any of the following?)	Yes	Age Range			
		Oldest		Youngest	
Learning Difficulty	<b>9</b>	Oldest	<b>51</b>	Youngest	<b>30</b>
Mental Health/Distress	<b>46</b>	Oldest	<b>58</b>	Youngest	<b>23</b>
Physical Impairment	<b>40</b>	Oldest	<b>84</b>	Youngest	<b>25</b>
Visual Impairment	<b>10</b>	Oldest	<b>91</b>	Youngest	<b>45</b>
Hearing Impairment/Deaf	<b>16</b>	Oldest	<b>91</b>	Youngest	<b>36</b>
Long term illness affecting daily activity	<b>78</b>	Oldest	<b>82</b>	Youngest	<b>30</b>

*Ethnicity/ Religion or Belief*

**264** of our of 280 respondents who answered indicated they were “White British” or “White English” in terms of ethnicity, with fewer numbers for the other classifications.

Ethnicity - do you identify as...	Total
White British	<b>145</b>
White English	<b>119</b>
White Irish	<b>5</b>
White Scottish	<b>4</b>
White Welsh	<b>3</b>
Black African	<b>1</b>
Black Caribbean	<b>1</b>
Mixed Ethnic Background Black Caribbean & White	<b>1</b>
Other White background	<b>1</b>

*Religion / Belief*

**159** (92.4%) out of 172 who answered indicated they were Christian, 2.91% Buddhist, and 0.58% each for Jewish and Muslim.

Christian	<b>159</b>
Buddhist	<b>5</b>
Pagan	<b>2</b>

Roman Catholic	<b>2</b>
Muslim	<b>1</b>
Jewish	<b>1</b>
Church of England	<b>1</b>
Wiccan	<b>1</b>

### *Sexual Orientation*

On Sexual Orientation, **251** (94.36%) out of 266 respondents who answered indicated they were Heterosexual, 3.0% were Gay, 2.25% Bisexual, and 0.37% Lesbian

Heterosexual	<b>251</b>
Gay	<b>8</b>
Lesbian	<b>1</b>
Bisexual	<b>6</b>

### *Gender at birth*

100% of the **271** respondents who answered the question indicated that they currently live in the gender given to them at birth.

Telephone survey:

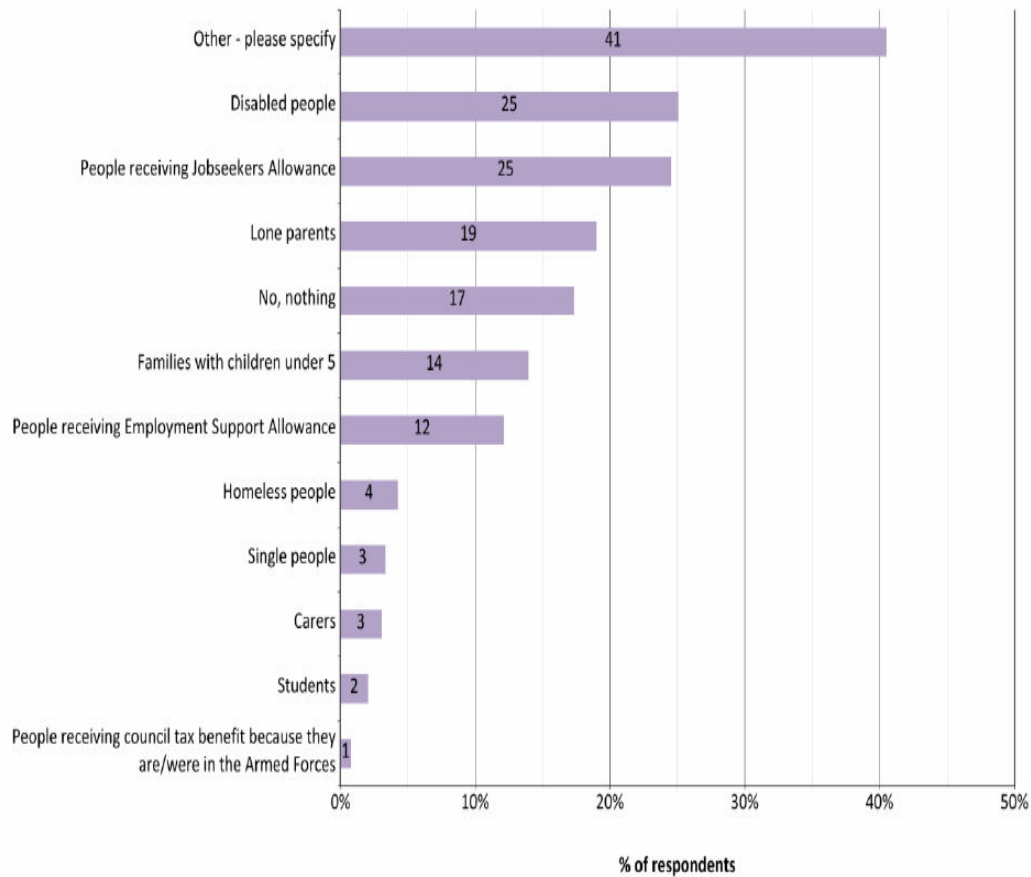
As part of a 'control group' to ensure non benefit claimants were included in the consultation a telephone survey was conducted, as well as the questions in relation to the detail of the scheme they were also asked:

“Do you think there are any groups of people in Sefton who may be more affected than others if everyone receiving support for their Council Tax (except pensioners) has to pay something towards their Council Tax bill?”  
Base: All Respondents (261)

The results are provided in the following graph where the most frequently mentioned 'Other' groups included:

- People and families on a low income
- unemployed young people
- 'Vulnerable' people generally
- People experiencing health and/or mental health issues

base: All respondents (2017)



Both the telephone survey and e-consult shows that the community has shared worries about disability and young families within the Council Tax Reduction Scheme.

## Section 6

### Conclusion and Recommendations

The draft Local Council Tax Reduction Scheme closely follows the Government's guidelines and has retained some strong features around 'disregards' and as such softens any impact on working families and people who are working but also in receipt of disability benefits.

However, as it is the Government's intention to 'make work pay' and as such reduce the level of benefits available to people 'able and seeking work', there are a small number of people who will be affected adversely. In the main, these are likely to be people who are either legally exempt from work tests or extremely unlikely to be able to work due to a severe disability. As such, the draft Council Tax Reduction Scheme impacts on these groups in a way that they cannot avoid, such that it becomes a disproportionate impact.

In order to meet the public sector equality duty under the Equality Act 2010 mitigation has to take place. Preference being a discretionary hardship fund established before the roll out of the scheme in April 2013.

The monitoring of the implementation of the Scheme will need to take place as outlined above to understand its interaction with the Work Programme and other Welfare Reform changes and new areas of responsibility such as localisation of community care grants and crisis loans. Those areas are all changing too and whilst every effort is being made to understand how they can interact positively, it is impossible at this stage to know their combined behavioural effect.

As there are a large number of variables still in play, it is imperative that this programme is fully monitored and this is also linked to the understanding of:

- Homelessness and Housing benefit changes.
- Crèche and childcare for under 5s
- Rate of employment in Sefton
- Non payment of Council Tax and the costs of recouping such
  - One of the features of universal credit is that benefits will be paid in one lump sum to most households, monthly in arrears and will include money to cover housing costs. For some people, making their own rent payments and having to manage over a longer period of time could be very challenging.
  - In addition, benefit capping and the size criteria reduction (in Housing Benefit) will mean more tenants will have to top up their rent from money previously available for personal and household expenses. Many people living on limited incomes are already expert money managers, but for some, particularly

those who are vulnerable, new tenants, tenants transferring to a new home or people experiencing a sudden drop in income due to job loss or relationship breakdown will find it particularly difficult to make ends meet and pay priority taxes.

### **Case studies:**

The following examples are for illustrative purposes only. They are designed to show the possible effects of Sefton's proposed Council Tax Reduction Scheme for different non-pensioner households and income categories. Also identified are the outcomes of existing Council Tax Benefit and central government's preferred option of using 91.5 per cent of liability to calculate a Council Tax Reduction.

#### **Example 1 – Emma**

##### **Household attributes**

Emma is a working single parent with an 8 year old daughter. She works 16 hours per week and pays child care costs for her daughter to attend after school club.

### **Property attributes – 3 bedroom One Vision property (Registered Social Landlord)**

- ✓ She has lived at the property since she was a child
- ✓ She succeeded the tenancy from her mother who passed away 3 years ago
- ✓ Weekly rent £87.50
- ✓ Weekly Housing Benefit £65.15

### **Council Tax Attributes**

- ✓ Property is in band A
- ✓ Emma receives a 25% Council Tax discount as she is the only adult resident
- ✓ Council Tax bill is £742.33 per year before Council Tax Benefit

### **The existing Council Tax Benefit calculation – the main factors**

- Total weekly income of £268.18
- Weekly Council Tax Benefit of £7.36
- Yearly Council Tax bill £358.56

### **Examples of what the Council Tax Reduction Scheme would pay If the scheme was based on 91.5% of liability**

- Weekly Council Tax Reduction £6.15
- Yearly Council Tax bill £421.65
- Council Tax bill increased by £63.09 from £358.56 to £421.65 (17.6% increase)

### **If the scheme was based on 80% of liability**

- Weekly Council Tax Reduction £4.51
- Yearly Council Tax bill £507.17
- Council Tax bill increased by £148.61 from £358.56 to £507.17 (41.4% increase)

### **Impact of other Welfare Reform or Localism changes in 2013**

Emma's Housing Benefit will be cut by £12.25 per week from April 2013 because she rents from a Registered Social Landlord and will be classed as under-occupying her 3 bedroom house (She only needs 2 bedrooms)

### **Example 2 – Jim and Jane**

#### **Household attributes**

Jim and Jane are a couple with 3 children aged 12, 10 and 8. Jane works 21 hours per week. Jim has recently become unemployed.

#### **Property attributes**

They own their home, but the house is up for sale as they are struggling to pay the mortgage since Jim lost his job.



Redundancy monies have been used to pay off outstanding loans and credit card debts.

As they work less than 24 hours per week between them they cannot claim Working Tax Credit. Additionally, Jim's Jobseeker's Allowance will run out in the next 6 weeks as he is only entitled to it for a maximum of 26 weeks.

### **Council Tax attributes**

- ✓ Property is in Council Tax band D
- ✓ Annual Council Tax Bill is £1484.66 before Council Tax Benefit

### **The existing Council Tax Benefit calculation – the main factors**

- Total weekly income of £478.70
- Weekly Council Tax Benefit of £12.86
- Yearly Council Tax bill £814.10

### **Examples of what the Council Tax Reduction Scheme would pay if the scheme was based on 91.5% of liability**

- Weekly Council Tax Reduction £10.44
  - Yearly Council Tax bill £940.19
- Council Tax bill increased by £126.09 from £814.10 to £940.19 (15.5% increase)

### **If the scheme was based on 80% of liability**

- Weekly Council Tax Reduction £7.17
- Yearly Council Tax bill £1,110.80
- Council Tax bill increased by £296.70 from £814.10 to £1,110.80 (36.4% increase)

### **Impact of other Welfare Reform or Localism changes in 2013**

As they work less than 24 hours per week between them they can no longer claim Working Tax Credit.

### **Example 3 – Deirdre**

#### **Household attributes**

Deirdre is a 53 year old single claimant and has a 20 year old son living with her. Her son works 16 hours per week and earns less than £183 per week, whilst studying part time at college.

#### **Property attributes – 2 bedroom privately rented property**

- ✓ Rent is £115.38 per week
- ✓ Housing Benefit is £58.43 per week

#### **Council Tax attributes**

- ✓ Property is in band B for Council Tax
- ✓ Council Tax bill is £1154.74 before Council Tax Benefit

#### **The existing Council Tax Benefit calculation – the main factors**

- Total weekly income of £146.00
- Non dependant deduction of £3.30
- Weekly Council Tax Benefit of £4.85
- Yearly Council Tax bill £901.85

#### **Examples of what the Council Tax Reduction Scheme would pay**

### **If the scheme was based on 91.5% of liability**

- Weekly Council Tax Reduction £1.96
- Yearly Council Tax bill £1,052.54
- Council Tax bill increased by £150.69 from £901.85 to £1,052.54 (16.7% increase)

### **If the scheme was based on 80% of liability**

- Weekly Council Tax Reduction £0.42
- Yearly Council Tax bill £1,132.84
- Council Tax bill increased by £231.80 from £901.85 to £1,133.65 (25.7% increase)

### **Non Dependant Deductions**

Depending on which of the proposals are adopted, the weekly Council Tax Reduction figure cited above will be increased by either £3.30 or £1.30.

### **Impact of other Welfare Reform or Localism changes in 2013**

Deirdre's Housing Benefit will be reduced by £5.77 per week as a result of the changes to Local Housing Allowance which were introduced from April 2011.

### **Example 4 – Rod and Jane**

#### **Household attributes**

Rod and Jane are a couple with 2 children, who are both under 5. Rod was made redundant 14 months ago. They are on Income-based Jobseeker's Allowance.

#### **Property attributes**

- ✓ Owner occupier – mortgaged

#### **Council Tax Attributes**

- ✓ Property is Council Tax band C
- ✓ Council Tax bill is £1319.70 before Council Tax Benefit

#### **The existing Council Tax Benefit calculation – the main factors**

- Total weekly income of £269.65 is disregarded
- Weekly Council Tax Benefit of £25.38
- Yearly Council Tax bill £0.00 (full entitlement)

#### **Examples of what the Council Tax Reduction Scheme would pay**

##### **If the scheme was based on 91.5% of liability**

- Weekly Council Tax Reduction £23.22
- Yearly Council Tax bill £112.26
- Council Tax bill increased from £0.00 to £112.26 (8.5% increase)

##### **If the scheme was based on 80% of liability**

- Weekly Council Tax Reduction £20.30
- Yearly Council Tax bill £264.10
- Council Tax bill increased from £0.00 to £264.10 (20% increase)

#### **Impact of other Welfare Reform or Localism changes in 2013**

None

### **Example 5 – Geoffrey**

### **Household attributes**

Geoffrey is a 32 year old single man who is unemployed and receiving Income-based Jobseeker's Allowance of £71.00 per week. He was made redundant 2 months ago.

### **Property attributes - 1 bedroom privately rented property**

- ✓ Rent is £92.31 per week
- ✓ Housing Benefit is £66.00 per week

### **Council Tax attributes**

- ✓ Property is in Band A for Council Tax
- ✓ He receives a single occupier discount
- ✓ Council Tax bill is £742.33 before Council Tax Benefit

### **The existing Council Tax Benefit calculation – the main factors**

- Total weekly income of £71.00
- Weekly Council Tax Benefit of £14.24
- Yearly Council Tax bill £nil

### **Examples of what the Council Tax Reduction Scheme would pay if the scheme was based on 91.5% of liability**

- Weekly Council Tax Reduction £13.03
- Yearly Council Tax bill £62.91
- Council Tax bill increased from £nil to £62.91 (8.5% increase)

### **If the scheme was based on 80% of liability**

- Weekly Council Tax Reduction £11.39
- Yearly Council Tax bill £148.42
- Council Tax bill increased from £nil to £148.42 (20% increase)

### **Impact of other Welfare Reform or Localism changes in 2013**

Due to changes in Local Housing Allowance for single claimants who are under 35 and live alone in privately rented property, Geoffrey has seen his Housing Benefit reduce from £87.69 to £66.00 per week.

### **Example 6 - Stuart**

#### **Household attributes**

Stuart is a 35 year old disabled single man. He lives on his occupational pension and disability living allowance. He has £9,000 savings.

#### **Property attributes**

- ✓ Owner Occupier

#### **Council Tax attributes**

- ✓ Property is in band C for Council Tax and he receives a sole occupancy Discount.
- ✓ Council Tax bill is £989.77 before Council Tax Benefit

### **The existing Council Tax Benefit calculation – the main factors**

- Total weekly income of £304.82
- Weekly Council Tax Benefit of £3.97
- Yearly Council Tax bill £782.76

**Examples of what the Council Tax Reduction Scheme would pay  
Because the proposed scheme disallows working age customers with capital  
over £6,000**

- Stuart would not qualify for a Council Tax Reduction
- Yearly Council Tax bill £989.77
- Council Tax bill increased by £207.01 from £782.76 to £989.77 (26.4% increase)

**Impact of other Welfare Reform or Localism changes in 2013**

None

**Annex E**

**Equality Analysis Report**

Committee paper code: **Annex E**

Reference: Technical Changes to Council Tax

**Details of proposal:**

Council Tax: Changes to discounts and exemptions on unoccupied properties.

The Government has set out a range of changes affecting certain current Council Tax exemptions and discounts to empty or second homes. The Local Government Act 2012 has given power to Council's to determine further discounts for certain dwellings and to set higher amounts for long term empty dwellings, with effect from 1st April 2013.

These include:-

- Giving Council's power to levy up to full Council Tax on second homes
- Abolishing the current exemption for properties left vacant for less than 6 months (Class C) and allow Council's to give a discount of between 0% and 100%. The discount levels can vary within the 6 month period.
- Empowering Councils to adopt an empty homes premium of up to 50% payable on top of the normal Council Tax chargeable in respect of properties left empty for two years or more.
- Abolishing the current exemption for up to 12 months for vacant properties that require, or are undergoing, major structural renovation (Class A) and allow Council's to give a discount of between 0% and 100% for up to 12 months. The discount level cannot be varied within the 12 month period.

The proposed local changes from 1st April 2013 are:

- Proposal 1 - The Council will abolish the second home discount (this includes properties left furnished and unoccupied i.e. in between lets).
- Proposal 2 - The Council will introduce a discount of 100% for one month and reduce the discount to 50% for the following five months for vacant properties.
- Proposal 3 - The Council will introduce a premium of 50% for properties empty longer than 2 years.
- Proposal 4 - The Council will introduce a 50% discount for up to twelve months for vacant properties requiring, or undergoing, major structural repair.

The Key Aims of using these new freedoms in Sefton are:-

- To help keep down the overall level of Council Tax for our residents by increasing the Tax base that is available.
- To make best use of housing stock by encouraging owners to bring empty properties into use more quickly. This will interact with the Council's initiatives to reduce homelessness.
- To give property owners and landlords a reasonable time (i.e. a "grace period") within which to bring their properties into occupation.
- To encourage owners to make improvements to their properties.
- To raise additional income to help maintain services and mitigate the financial impact for vulnerable working age residents in the Borough.

Formal approval for the changes to discounts and exemptions to take effect from 1st April 2013 will be sought from full Council in January 2013.

The following table shows further unoccupied property related exemptions which we do not have the discretion to alter.

Council Tax Unoccupied Property Exemptions list (for information only)

Class B	Belongs to a charity; up to 6 months exemption
Class D	Was previously the sole or main residence of someone in prison or detention
Class E	Was previously the sole or main residence of someone in a hospital, nursing or residential care home, or certain hostels
Class F	A property where the Council Tax payer has died and probate has not

been granted. Exemption continues for up to 6 months following grant of probate, whether the property remains furnished or not.

Class G Occupation is prohibited by law

Class H A property being kept for the occupation of a minister of religion

Class I Was previously the sole or main residence of someone who is receiving care in a place other than a hospital or care home

Class J A property owned by, and was previously the sole or main residence of someone who is residing elsewhere providing personal care

Class K A property that was previously the sole or main residence of a student who is resident elsewhere or a person who will become a student within 6 weeks of vacating

Class L A property where the mortgagee is in possession.

Class Q A property left empty by a bankrupt

Class T An unoccupied annexe to an occupied property.

### **Ramifications of Proposal:**

Give details:

Is there a consequence to 'Threshold': Yes

Is there a consequence to 'Capacity': No

If 'Yes' give details.

The new proposals are changing the thresholds in order to recoup more Council Tax and give less discount and exemptions. As such changing both the amount of discount (from 100% to 50%) and the length of time the discount applies.

### **Are there any protected characteristics that will be disproportionately affected in comparison to others?**

No :

The thrust of the changes affect landlords and home owners, as such there is no discernible protected characteristic at play or affected.

There may be individual circumstances, such as a vulnerable person inheriting a property after probate and then will be liable for the second property's Council Tax. However these are instances of chance (rather than trend) and are not inherent design aspects of the policy.

There may be instances of women affected by domestic violence leaving a property empty and having to meet a charge earlier than before. (see mitigation)

The policy will be applied and managed in accordance with the Equality Act 2012

### **Consultation**

A full report on Consultation is available.

Results of 'e-consult' are:

-----  
*Proposal 1 - The Council will abolish the second home discount – 29 responses.* Of these responses, **62% strongly disagreed or disagreed**, 21% strongly agreed or agreed, 10% neither agreed nor disagreed, 7% not completed returns. **13** respondents ranked this most important to them  
-----

-----  
*Proposal 2 - The Council will introduce a discount of 50% for unoccupied properties for a period of 6 months – 29 responses.* Of these responses, **35% strongly agreed or agreed**, 21% strongly disagreed or disagreed, 24% neither agree nor disagree, 17% not completed returns. **4** respondents ranked this most important to them  
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-----  
*Proposal 3 - The Council will introduce a premium of 50% for properties empty longer than 2 years – 29 responses.* Of these responses, **31% strongly disagreed or disagreed**, **31% strongly agreed or agreed**, 17% neither agreed nor disagreed, 17% not completed returns. **10** respondents ranked this most important to them.  
-----

-----  
*Proposal 4 - The Council will introduce a discount of 50% for unoccupied properties undergoing structural repair for a period of 12 months – 29 responses.* Of these responses, **31% strongly agreed or agreed**, 27% neither agreed nor disagreed, 19% strongly disagreed or disagreed, 17% not completed returns. **2** respondents ranked this most important to them  
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In terms of the 29 respondents to the eConsult Questionnaire, 22 completed this question and the following age ranges were submitted, cross matched against gender.

Age Ranges			
	Female	Male	Total
18-25	<b>0</b>	<b>0</b>	<b>0</b>
26-40	<b>1</b>	<b>2</b>	<b>3</b>
41-55	<b>0</b>	<b>6</b>	<b>6</b>
55+	<b>5</b>	<b>8</b>	<b>13</b>
Youngest	<b>38</b>	<b>29</b>	
Oldest	<b>73</b>	<b>67</b>	

**N.B.** Whilst a number of comments were made, none reflected any concerns in relation to discrimination or unfairness within protected characteristics.

As part of the consultation process the Council engaged with key stakeholders so that they could have a say on what the changes would mean for them. A newsletter about the proposed changes was sent to private and registered social landlords who receive payment of Housing Benefit. In excess of 30 private and registered social landlords attended events during this process and feedback has been included in the Consultation report.

**Is there evidence that the Public Sector Equality Duties will continue to be**

met?

Yes:

The policy is not designed to directly or indirectly discriminate against any particular protected characteristic. However, we note that the victims of domestic violence may be affected. As such, we will mitigate against this by ensuring that persons within this category will be dealt with sympathetically and not incur undue financial penalties due to the policy.

**What actions will follow if proposal accepted by cabinet & Council?**

1. We will inform owners and landlords of change – for example by mailshot, notifications on bills etc.
2. We will make public the new rules – for example by press releases, website etc.
3. We will develop mitigation process for victims of domestic violence.
4. We will monitor progress.

Administration Only:

When was this Analysis started:

When was it finished:

Who was responsible for its completion and sign off:

**Annex F**



**LOCAL COUNCIL TAX REDUCTION SCHEME 2013-2014**



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## **Glossary of Terms**

### **Applicable Amount**

Means the combination of allowances and premiums used to determine a claimant's basic living needs and against which their income is compared for the purposes of the means test performed.

### **Couple**

Means

(a) a man and a woman who are married to each other and are members of the same household;

(b) a man and a woman who are not married to each other but are living together as husband and wife;

(c) two people of the same sex who are civil partners of each other and are members of the same household; or

(d) two people of the same sex who are not civil partners of each other but are living together as if they were civil partners,

and for the purposes of paragraph (d), two people of the same sex are to be regarded as living together as if they were civil partners if, but only if, they would be regarded as living together as husband and wife were they instead two people of the opposite sex

### **CTB**

Means Council Tax Benefit, (i.e. the existing national scheme)

### **CTR**

Means Council Tax Reduction, (i.e. the Council's proposed local scheme)

### **Excess Income**

Means the amount by which a claimant's weekly income exceeds their applicable amount.

### **Non-Dependant**

A non-dependant is a person who is living with the claimant but who is not dependent upon them, and not living in their home on a commercial basis, (i.e. as a joint tenant or sub tenant). Non-dependants generally include an adult son or daughter, a mother or father, friend, etc of the claimant.

### **Pensioner**

A pensioner is a person who has attained the qualifying age for State Pension Credit

### **Regulations**

The original statutory instruments, schedules and regulations referred to in this document are:

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, Statutory Instrument 2012 No.2885 (This is referred to throughout this document as Statutory Instrument 2012 / 2885 and can be accessed at:

<http://www.legislation.gov.uk/ukSI/2012/2885/contents/made><http://www.legislation.gov.uk/ukSI/2006/215/contents/made>)

The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012, Statutory Instrument 2012 No.2886 (This is referred to throughout this document as Statutory Instrument 2012 / 2886 and can be accessed at:

<http://www.legislation.gov.uk/ukSI/2012/2886/contents/made>)

## **1.0 Introduction**

In April 2013, Council Tax Benefit, the current means of helping people on low incomes meet their Council Tax obligations, will be replaced by Sefton Council's Local Council Tax Reduction Scheme 2013-2014 (hereafter referred to as the Local Scheme 2013-2014).

Statutory Instrument 2012 / 2885 prescribes that a person who has attained the qualifying age for state pension credit is excluded from the effects of the Local Scheme 2013-2014, as they are subject to a national framework of rules and eligibility. Persons who have not attained the qualifying age for state pension credit are not, however, covered by this national framework and are therefore subject to the provisions of the Local Scheme 2013-2014.

This document sets out the provisions of the Local Scheme 2013-2014 and should be read in conjunction with Statutory Instrument 2012 / 2885 and Statutory Instrument 2012 / 2886.

The Local Scheme 2013 - 2014 takes into account the results of the Council's consultation exercise conducted between 6 August and 29 October 2012 and must be approved by the Council no later than 31 January 2013. After that date, the Local Scheme 2013 - 2014 applies for the whole of the following financial year and can only be changed in response to statutory provisions that have precedence over it.

The Council is required to publish details of the Local Scheme 2013 - 2014 and some of the contents of this document are unavoidably technical in detail. A Glossary of Terms has therefore been included on page three and examples of how the proposals may affect entitlement in comparison to the existing Council Tax Benefit scheme are provided on our web site: [www.sefton.gov.uk/counciltax](http://www.sefton.gov.uk/counciltax).

## **2.0 Prescribed Requirements Regulations**

Statutory Instrument 2012 / 2885 outline the matters that the Local Scheme 2013 -14 must include. There are two elements to these requirements: those that will affect all claimants; and, those that apply only to pensioners.

In the main, the provisions that apply exclusively to pensioners fall under Regulation 14(2) and are set out in Schedules 1 to 6. Provisions for all applicants fall under Regulation 15(1) and are set out in Schedules 7 and 8.<sup>4</sup> Where these matters appear in the main body of this document they are mandatory elements.

### **2.1 Persons from Abroad**

Regulations 12 and 13 prescribe those persons to be treated as not being in Great Britain and therefore excluded from receiving a Local Council Tax Reduction as:

- Foreign nationals with limited immigration status
- Individuals subject to immigration control as defined by Section 115 of the Immigration and Asylum Act 1999
- Non economically active European Economic Area (EEA) individuals who are not exercising EU treaty rights
- EEA nationals, who fall into the categories, set out in Regulation 12(4).

### **2.2 Refugees**

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<sup>4</sup> The exception to this rule is paragraph 6 in Schedule 8 which applies to pensioners alone.

As long as their status has not been revoked, the following persons will be exempt from the habitual residence test and therefore entitled to apply for a Council Tax Reduction because they have been granted:

- recognised refugee status
- humanitarian protection
- discretionary or exceptional leave to remain in the country outside of the immigration rules

## **Pension Age Claimants**

### **3.0 Classes of persons who are entitled to a reduction under the scheme**

Statutory Instrument 2012/ 2885, Schedule 1, paragraphs 2 to 4 describe the three main classes of pensioners entitled to a reduction under the Local Scheme 2013 - 2014. In all classes, individuals must not be prescribed as excluded from the Local Scheme 2013 - 2014 within Regulations 12 and 13, such as those persons outlined in the “prescribed requirements” section above. The following are the classes identified in Schedule 1:

#### **Class A**

The individual **must**:

- . have attained the qualifying age for state pension credit,
- . be liable to pay Council Tax in respect of a dwelling in which they are resident
- . be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated
- . be a person in respect of whom a day in which s/he is liable to pay Council Tax falls within a week in respect of which the person’s income does not exceed their applicable amount (as defined in Statutory Instrument 2012 / 2885 Schedule 1, paragraph 6 and Schedule 2),
- . have applied for the scheme.

The individual **must not** be someone with a partner of working age in receipt of Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance.

The individual or couple **must not** have capital or savings above £16,000.

#### **Class B**

The individual **must**:

- . have attained the qualifying age for state pension credit,
- . be liable to pay Council Tax in respect of a dwelling in which they are resident
- . be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated,
- . be a person in respect of whom a day in which s/he is liable to pay Council Tax falls within a week in respect of which the person’s income is greater than their applicable amount (as defined in Statutory Instrument 2012 / 2885 Schedule 1, paragraph 6 and Schedule 2),
- . have applied for the scheme,
- . be a person for whom amount X exceeds amount Y, where amount X is the appropriate maximum Council Tax liability in their case and amount Y is a prescribed percentage (20%) of the difference between their income in respect of the week in which the day falls and the appropriate applicable amount (Living needs) in their case.

The individual **must not** be someone with a partner of working age in receipt of Income Support, income-based Jobseeker’s Allowance or income-related Employment and Support Allowance.

The individual or couple **must not** have capital or savings above £16,000.

#### **Class C**

The individual **must**:

- . have attained the qualifying age for state pension credit,
- . be liable to pay Council Tax in respect of a dwelling in which they are resident
- . be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated,

- . have applied for a scheme,
- . be somebody who has at least one second adult living with them who is not their partner, not somebody who pays rent, and who is on a prescribed low wage and / or prescribed benefit, as set out in Statutory Instrument 2012/ 2885, Schedule 3.

The individual must not be someone with a partner of working age in receipt of Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance.

#### **4.0 The reduction to which persons in each class are to be entitled**

##### **4.1 Class A Reduction**

If an individual matches the criteria in Class A, including that income is less than their applicable amount (Living needs) in their case, that person qualifies for 100% reduction on their Council Tax liability, less any non-dependant deductions (see paragraph 4.4 below).

Statutory Instrument 2012/ 2885 Schedule 1, paragraph 13 requires that an individual in receipt of state pension credit guarantee credit will have their income and capital disregarded. This means that the individual's income will automatically be less than their applicable amount (Living needs) and they will qualify for a 100% Council Tax Reduction, less any non-dependant deductions.

Where a person has been awarded only the savings credit element of state pension credit, Statutory Instrument 2012/ 2885 Schedule 1, paragraph 14 define the way in which this is to be treated for the purposes of the Local Scheme 2013 - 2014.

##### **4.2 Class B Reduction**

If an individual matches the criteria in Class B, it will mean that their income is greater than their applicable amount (Living needs). They will receive a 100% Council Tax Reduction on their Council Tax liability less any non-dependant deductions and a deduction of 20% of the difference between their weekly income and applicable amount.

##### **4.3 Class C Reduction**

The Class C reduction is known as the alternative maximum Council Tax reduction or second adult rebate. This may be awarded in respect of a second adult sharing the household who would normally be expected to contribute towards the Council Tax bill but who cannot afford to do so, based on their low income as indicated by prescribed low wages bands or prescribed working-age benefit indicators.

This reduction will be awarded at 25%, 15%, 7.5% or 100% of the Council Tax liability, depending upon individual circumstances as identified in Statutory Instrument 2012/ 2885 Schedule 3.

##### **4.4 Non-Dependant Deductions**

A reduction amount is arrived at after a downward adjustment has been made to take into account non-dependant adults that normally reside in the dwelling and who would be expected to make a contribution toward Council Tax liability. Deductions for such non-dependant adults will be calculated and applied in accordance with Statutory Instrument 2012/ 2885 Schedule 1, paragraph 8.

##### **4.5 Determination of Class and Award**

Determination of the class an individual is put into and the reduction they will receive will be determined in two ways:

1. In respect of Class A and Class B, through means testing according to the rules and criteria prescribed by Statutory Instrument 2012/ 2885, Regulation 14(2).
2. Through application of the rules for the calculation of Class C under Statutory Instrument 2012/ 2885, Schedule 3.

#### 4.6 Means Test for Class A and Class B

The means test is defined within Statutory Instrument 2012/ 2885 and is based on a comparison of income and a living allowance (applicable amount). The way in which these elements are defined and evaluated for the pension credit age scheme is set out below.

#### 4.7 Living Allowance (Applicable Amount)

The individual's living allowance or applicable amount will be made up of four elements. These will be:

1. A personal allowance in respect of the applicant,
2. An amount in respect of any child or young person who is part of their family,
3. A family premium element (where the applicant is part of a family of which at least one member is a child or young person), and
4. Any premium amount (set out in regulations) that is applicable to the individual.

The elements and method of calculation for the applicable amount (Living needs) are set out in Statutory Instrument 2012/ 2885 Schedule 1, paragraph 6 and Schedule 2.

#### 4.8 Calculation of Income and Capital

Income and capital will be calculated for a person who has reached the qualifying age for state pension credit in line with the provisions of Statutory Instrument 2012/ 2885, Schedule 1, paragraphs 11 to 37. The income and capital of a claimant's partner or partners in the case of a polygamous marriage will be treated as income of the claimant.

Income or capital of any child or young person will not be treated as income or capital of the claimant. The regulations allow the Council to treat the income or capital of a non-dependant as if it were the income or capital of the applicant in a case where it appears to the Council that the two have entered into arrangements to take advantage of the scheme; with the exception of those on Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance.

#### 4.9 Income and capital for those on state pension credit

There is special treatment of income and capital for those in receipt of state pension credit.

For those in receipt of the guarantee credit element of state pension credit, the whole of their income and capital will be disregarded meaning that they will automatically qualify under Class A for a 100% Council Tax Reduction on their Council Tax liability less any non-dependant deductions.

For those in receipt of the savings credit element of state pension credit, the Council will use the Secretary of State's assessment of the income and capital of the individual, and adjust this to take into account income from this benefit and any other relevant requirements (as set out in Statutory Instrument 2012/ 2885 Schedule 1, paragraph 14).

#### 4.10 Calculation of income where a person is not in receipt of state pension credit

For those who have reached the qualifying age for state pension credit, but are not in receipt of this benefit themselves, provisions relating to income, its calculation on a weekly basis, what is to be regarded as income and what is to be disregarded as income are prescribed by Statutory Instrument 2012/ 2885 Schedule 1, paragraphs 15 to 37. In particular, earnings of employed earners and earnings of self-employed earners will be taken into account as set out in these paragraphs.

Statutory Instrument 2012/ 2885 also list a number of elements and amounts which should not be taken into account in the calculation of earnings.

Amounts to be disregarded from the weekly earnings of a claimant who has attained the eligible age for state pension credit are set out in Statutory Instrument 2012/ 2885 Schedule 4.

Amounts to be disregarded in terms of income other than earnings for those who have reached the eligible age for state pension-credit are set out in Statutory Instrument 2012/ 2885 Schedule 5. Treatment of other income (in relation to which the applicant has a right) will be calculated according to the rules prescribed by Statutory Instrument 2012/ 2885 Schedule 1, paragraphs 22 and 23.

Statutory Instrument 2012/ 2885, Schedule 5, paragraph 1, allows for £10 to be disregarded from weekly war widow's pension, war widower's pension, war disablement pension and certain other guaranteed income payments including, for example, those made under the Armed Forces and Reserve Forces Compensation Scheme.

The Local Scheme 2013 - 2014 continues previous local arrangements whereby the remainder of any weekly war widow's pension, war widower's or war disablement pension are disregarded in full in the assessment of a claimant's income.

#### 4.11 Income and wider welfare changes

In relation to income, wider welfare changes mean that new benefits will be introduced in place of those received by persons who are not pensioners.

Despite these changes being mainly to benefits for non-pensioners, they may have relevance for individuals living with a person of pension credit age and consequently, it may be taken into consideration in the assessment of a Council Tax Reduction.

New applicants will be migrated onto these new benefits over time, so both benefits will co-exist for a number of years (for example, the Universal Credit migration will take place over four years). The Local Scheme 2013 - 2014 will therefore abide by the prescriptions outlined in Statutory Instrument 2012/ 2885 or other statutory provisions that take precedence.

### **5.0 Calculation of capital**

#### 5.1 Calculation of capital where a person is not in receipt of state pension credit

Provisions relating to capital – for example:



- the capital savings limit of £16,000 (after which individuals will not be eligible for Council Tax reductions);
- what is to be regarded as capital;
- what is to be disregarded as capital; and,
- other capital calculations.

will operate in accordance with Statutory Instrument 2012/ 2885, Schedule 1, paragraphs 31 to 37. Amounts to be disregarded as capital are set out under Statutory Instrument 2012/ 2885, Schedule 6.

## 5.2 Notional capital

Individuals may be treated as possessing capital of which they have deprived themselves for the purposes of securing Council Tax reductions. This notional capital (of which the individual is treated as being in possession) will be reduced over time to reflect payment of additional Council Tax liabilities incurred.

Notional capital excludes the value of any holding in a company where the applicant is the sole owner or partner (or where they hold an analogous position), but will include an amount of capital equal to the value (or their share of the value) of the capital of such a company. This notional capital (which the individual is treated as possessing) will be reduced over time to reflect payment of additional Council Tax liabilities incurred.

## 5.3 Tariff income on capital

Once an amount of capital is calculated, net of any amounts to be disregarded, this will be treated as if it is an income of £1 for every £500 (or part of £500) in excess of £10,000 but not exceeding £16,000. This amount of tariff income will be added to the initial income calculation to give a total income amount.

## 5.4 Calculation of Reduction

Once the total income amount has been calculated, it will be compared with the living allowance / applicable amount, to determine whether the individual falls into Class A (income does not exceed applicable amount) or Class B (income greater than applicable amount).

Persons in Class A will receive 100% Council Tax Reduction against their Council Tax liability, net of any Council Tax discounts under the Local Government Finance Act 1992) and less non-dependant deductions under Statutory Instrument 2012/ 2885 Schedule 1, paragraph 8.

Persons in Class B will receive 100% Council Tax Reduction against their Council Tax liability, net of any Council Tax discounts, less non-dependant deductions and less 20% of the difference between their income and applicable amount.

Where a person of pension credit age is not jointly liable for Council Tax with a second adult (or adults), but lives with a second adult (or adults) who is not their partner and does not pay rent in respect of the dwelling, they may fall under Class C, if conditions set out in Statutory Instrument 2012/ 2885, Schedule 3 are met.

The following table sets out the reductions that, according to individual circumstances, may be applied to maximum daily Council Tax liability (after discounts). The alternative maximum Council Tax Reduction is calculated in relation to the income and circumstances of the second adult – the applicant’s income and capital is not taken into account.

	<b>Alternative maximum Council Tax</b>
--	--

Second adult	Reduction (net of discounts) due in respect of a day
a) The second adult (or all second adults) are in receipt of Income Support, income-related Employment and Support Allowance, state pension credit or income-based Jobseeker's Allowance.	25%
b) Where the gross income or aggregate gross income of any second adult(s) – disregarding benefits mentioned above - is: (i) less than £180.00 per week; (ii) not less than £180.00 but less than £235.00 per week.	(i) 15% (ii) 7.5%
c) If the dwelling is occupied by a full-time student(s) and a second adult/adults on state pension credit, income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Income Support.	100%

If it appears to the Council that the claimant is entitled to a Class C reduction at the same time as means tested Class A or Class B Council Tax Reduction, a comparison of the two reductions will be made. The claimant will then be awarded the greater reduction of the two.

## **6.0 Extended reductions**

Statutory Instrument 2012/ 2885, Schedule 1, paragraph 43 prescribes that an individual who is:

- (i) approaching pension credit eligible age, *and* who is
- (ii) in receipt of a local Council Tax Reduction and not in receipt of working age benefits (Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance), *or*
- (iii) whose partner has claimed state pension credit, will continue to receive an extended reduction of their localised Council Tax Reduction for a prescribed period of four weeks, whilst they or their partner apply for the state pension credit eligible age scheme.

From the point at which the person already in receipt of a Council Tax Reduction reaches the eligible age for pension credit they will, for the prescribed extended reduction period of four weeks, be entitled to whatever award is greater – the Local Scheme 2013 – 2014 reduction for working age claimants or the reduction under the national framework of rules and eligibility for those of state pension credit eligible age.

### **6.1 Extended reductions – qualifying contributory benefits – i.e. severe disablement allowance; incapacity benefit; or contributory employment and support allowance**

Statutory Instrument 2012/ 2885, Schedule 1, paragraphs 38 to 42 set out that a person in receipt of one of the above benefits, who ceases to receive that benefit because they have returned to work, increased their earnings or increased their hours (and where that improvement in their situation is expected to last five weeks or more), will continue to receive a Council Tax Reduction calculated as if they were still in receipt of these benefits

for four weeks (where the resulting reduction amount is greater than the reduction amount taking into account their loss of these benefits).

If a pension credit age person moves from Sefton to the area of a new Local Authority, in the period from the Monday following the move to the point where entitlement to the qualifying benefit ceases (when the extended reduction rule applies), Sefton will pay the second billing authority or the individual their reduction amount for the extended period.

If the person applies for a Council Tax Reduction in the second Local Authority, the second authority will net off the reduction amount received from Sefton. Any balance of reduction award will be paid to the claimant (and the full amount will be paid to the claimant if there is no Council Tax liability in the second local authority). After the extended reduction period ends, Sefton's liability in relation to extended reductions will cease and the new authority's reduction will apply.

## **7.0 Applications**

Statutory Instrument 2012/ 2885, Schedule 7, paragraphs 1 to 7 prescribe the procedure by which a person may apply for Council Tax Reduction:

A person may apply in writing using the Council's application form for that purpose and sending it to the address designated by the Council for that purpose. (See Contact Details on page 27)

A person may complete an application form for Council Tax Reduction online via the Council's website.

A person may complete an application form for Council Tax Reduction by telephone. An appointment to do this can be obtained by telephoning 0845 140 0845.

A person may apply for Council Tax Reduction by visiting a local One Stop Shop and completing an application online with a customer services advisor.

Any application form must be signed by the claimant and may also be signed by their partner if applicable and shall be supported by such information or evidence as is reasonably required to enable entitlement to be determined.

The Council shall not determine entitlement for an incomplete claim including one that is not signed until the relevant information, signature or both as appropriate is received. At all times, this should be provided within a period of one month from the date of the Council request or such longer period as may be reasonable in the circumstances.

A person who is in receipt of Council Tax Benefit immediately before 1 April 2013 is to be treated as having made an application for a reduction under the Local Scheme 2013 - 2014.

Where an individual has, prior to 1 April 2013, made an application for Council Tax Benefit which has not been determined by 1 April 2013, that individual is to be treated as having made an application for a reduction under the Local Scheme 2013 - 2014.

A claim for Council Tax Reduction may be amended or withdrawn in writing by the claimant at any time prior to the Council making a decision regarding entitlement.

The Council shall accept the withdrawal of an application where it has not yet made a decision concerning entitlement. This shall have effect on the same day that the notification was received by the Council.

## **8.0 Entitlement**

Statutory Instrument 2012/ 2885, Schedule 8, paragraph 6 prescribes that people of pension-credit eligible age will be able to backdate their applications by up to three months, provided they were entitled to pension-credit age reduction for all of the backdated period.

In all other cases, the start of entitlement to Council Tax Reduction for pensioners is covered by Statutory Instrument 2012/ 2885, Schedule 1 paragraph 45 and Statutory Instrument 2012/ 2885, Schedule 8, paragraph 5 governs the date on which a claim is to be treated as made.

If a claimant notifies the Council of an intention to claim Council Tax Reduction and submits their application form using one of the specified methods within one month of it being issued (or such longer period as may be reasonable in the circumstances), for example, the date of the claim shall be the date they notified their intention to claim. Any entitlement to Council Tax Reduction would then be awarded from the Monday following that date.

If a claimant applies for Council Tax Reduction within one month of the death or separation from their partner and the partner was in receipt of Council Tax Reduction at the time of their death or separation, the date of claim shall be the date of the death or separation in question and any entitlement to Council Tax Reduction shall be awarded from the Monday following the date of their claim.

A person treated as being in Great Britain can apply for Council Tax Reduction up to 13 weeks prior to an event that would entitle them to Council Tax Reduction.

A person treated as being in Great Britain can apply for Council Tax Reduction up to 8 weeks prior to becoming liable for Council Tax at their home.

Entitlement to a Council Tax Reduction may change or cease if there is a change of circumstances or be terminated if the claimant fails to respond to a request for information or evidence within one month or such longer period as may be considered reasonable in the circumstances.

## **9.0 Decisions**

Statutory Instrument 2012/ 2885, Schedule 8, paragraphs 11 and 12 require the Council to notify the applicant in writing of its decision within 14 days from the date that all relevant information and evidence relating to the application has been received, or as soon as reasonably practicable thereafter. The written notification will include information on how an appeal can be made by the applicant.

## **10.0 Changes of circumstance**

Statutory Instrument 2012/ 2885, Schedule 1, paragraph 46 sets out the dates from which various changes of circumstance are to take effect. In addition, paragraph 47 prescribes the dates from which changes of circumstance in relation to awards of state pension credit will be taken into account.

Statutory Instrument 2012/ 2885, Schedule 8, paragraph 9 prescribes that a relevant change of circumstances should be notified within a period of 21 days (including the day on which the change occurs).

## **11.0 Time and manner of granting relief and recoveries / over-payments**

Matters relating to the payment of a reduction are prescribed by Statutory Instrument 2012/2885, Schedule 8, Paragraph 14 and those relating to overpayments by the Council Tax (Administration and Enforcement) Regulations 1992 (Statutory Instrument 1992/ 613).

Matters relating to the time and manner of granting reduction and dealing with under-payments will be as provided for in the prescribed scheme.

This will include payments to next of kin where a person in receipt of a Council Tax Reduction dies, allowing the billing authority to make payment of the reduction amount to their personal representative or next of kin.

Where the Council Tax Payer is entitled to an increase or decrease in their reductions following a reported change of circumstance, the Council can issue an amended Council Tax bill taking into account the increase or decrease in liability.

## **12.0 Department for Work and Pensions changes to State Pension Credit Age**

The Department for Work and Pensions is intending to make changes to the way in which new applicants comprising couples of mixed age (i.e. where one member of the couple has attained state pension credit qualifying age and one has not) are treated for new applications. Currently, such couples would generally be treated under pension credit age regulations apart from a few exceptions.

It is anticipated that this new measure to be implemented by the Department for Work and Pensions at some point in the next two years will apply to *new* pension credit applications only. It is likely to mean that in future (from the point of change and for new applicants only) that it will not be possible for a couple to claim pension credit until both members have reached the qualifying age. It is anticipated that such couples will have access to Universal Credit, however, if they meet all the other eligibility criteria.

The Government proposes to align this change for new applicants to local Council Tax Reduction schemes on the same basis once it takes effect, so that Councils do not find themselves defining an individual in a mixed age couple differently from the way they are defined by the Department for Work and Pensions. It is the Government's intention that mixed age couples already applying for or receiving a pension-credit age Council Tax Reduction at the point of change (whether or not they are also receiving pension credit), will retain pension-credit age Council Tax Reduction whilst their entitlement continues.

## **13.0 Procedure by which a person can an appeal any decision of the authority which affects (a) the person's entitlement to a reduction under the Local Scheme 2013 - 2014 or (b), the amount of any reduction to which the person is entitled.**

A claimant or a person acting on their behalf may appeal against the Council's decision concerning entitlement to a reduction under the Local Scheme 2013 - 2014 or the amount of a reduction by writing to the Council at its designated office specifying the nature of the appeal and the grounds on which the appeal is made.

The Council will consider the appeal and notify the applicant in writing of the outcome of their appeal and the reasons for the decision.

Where the Council has considered the appeal and notified the applicant of the outcome in writing but they remain dissatisfied, or a response has not been given within a period of two months from the date of the written appeal, the applicant may further appeal to a Valuation Tribunal under section 16 of the 1992 Local Government Finance Act.

Where a response is not provided by the Council within two months of the appeal being made, any subsequent appeal to a Valuation Tribunal shall be made within four months of the date that the original appeal was sent to the Council.

The following specific matters shall not be the subject of an appeal under these provisions:

- The local CTR scheme provisions as set by the Council
- Any discretion applied to recover an overpayment of Council Tax Reduction
- Who to recover an overpayment of Council Tax Reduction from
- Suspending or restoring Council Tax Reduction
- Any decision to refuse the grant of a reduction under Section 13A(1)(c) of the Local Government Finance Act 1992

A claimant may also at any time in writing request the Council to review their entitlement to CTR or the amount of any reduction outside of the provisions for appeals detailed above.

#### **14.0 Procedure by which a person can apply to the authority for a reduction under section 13A (1) (c).**

A Council Tax Payer may apply for a reduction under Section 13A(1)(c)(a) of the Local Government Finance Act 1992. Such an application shall be made in writing to the Council at its designated office or by means of electronic communication and must give such details as are reasonable and necessary to enable the Council to properly consider the application. Such details should include but not be limited to the reason for the application, the circumstances and context in which the application is made and the period for which the application is made.

## **Local Council Tax Reduction Scheme for persons who are not pensioners**

### **15.0 Introduction**

The amount of support will be based upon individual circumstances and changes of circumstances will also be taken into account.

As well as the three classes of entitled persons that are covered by Statutory Instrument 2012 / 2885, there will be two classes for persons who are not pensioners and for each there will be a number of qualifying criteria.

In all cases, individuals must not be of a prescribed class exempted from support, such as a person from abroad with limited leave to remain as outlined previously in this document (paragraph 2.1, page 4).

In classes D and E below, the amount of a claimant's maximum Council Tax Reduction in respect of a day for which they are liable to pay Council Tax, shall be 80 per cent of the amount Q divided by R, less any deductions in respect of non-dependants, where:

- Q = the amount set by the Council as the Council Tax for the relevant financial year in respect of the dwelling in which they are a resident and for which they are liable, after any discount which may be appropriate to that dwelling under the Local Government Finance 1992 Act; and,
- R = the number of days in that financial year,

In calculating a person's maximum Council Tax Reduction any decrease in the amount that person is liable to pay as a consequence of any enactment made by or under the Local Government Finance Act 1992 such as Disabled Person's Relief, for example, shall also be taken into account.

Where a claimant is jointly and severally liable for Council Tax in respect of their home with one or more other persons but excepting any person residing with the claimant who is a student excluded from entitlement to local Council Tax Reduction, in determining the maximum Council Tax Reduction in their case, the amount Q shall be divided by the number of persons who are jointly and severally liable for that tax.

Where a claimant is jointly and severally liable for Council Tax in respect of a dwelling with only their partner, the paragraph immediately above shall not apply.

In any case where an extended reduction or an extended reduction (severe disablement allowance and incapacity benefit) has been allowed to a claimant, their entitlement shall be adjusted in such circumstances and by such an amount as defined within the Local Scheme 2013 - 2014.

Within the Local Scheme 2013 – 2014 set out below, a reference is made in Class E to a prescribed percentage of 20% where a claimant's weekly income exceeds their weekly applicable amount (Living needs).

Council Tax Reduction entitlement shall be calculated based upon a daily Council Tax liability. In line with Statutory Instrument 2012 / 2886, Paragraph 17, the prescribed percentage referred to within Sefton's scheme, particularly for Class E shall be 2 6/7 per cent (which equates to 20% in weekly terms and is referred to within our proposed scheme).

## 15.1 Classes of persons who are entitled to a reduction under the scheme

### Class D

The individual must:

- be a person who has not yet attained the qualifying age for state pension credit,
- be liable to pay Council Tax in respect of a dwelling in which they are resident,
- be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated;
- have applied for the scheme;
- be a person in respect of whom a day in which they are liable to pay Council Tax falls within a week in respect of which the person's income does not exceed their applicable amount (Living needs).

The individual or couple must not have capital or savings above £6,000.

### Class E

The individual must:

- be a person who has not yet attained the qualifying age for state pension credit,
- be liable to pay Council Tax in respect of a dwelling in which they are resident,
- be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated,
- have applied for the scheme;
- be a person in respect of whom a day in which s/he is liable to pay Council Tax falls within a week in respect of which the person's income is greater than their applicable amount (Living needs as defined in Statutory Instrument 2012 / 2886, paragraphs 26 to 28),
- be a person for whom Class D is not fulfilled, but amount X exceeds amount Y, where amount X equals the appropriate maximum Council Tax liability in their case and amount Y equals a prescribed percentage (20%) of the difference between their income in respect of the week in which the day falls and the appropriate applicable amount in their case.

The individual or couple must not have capital or savings above £6,000.

The Local Scheme 2013 – 2014 does not include an alternative maximum Council Tax Reduction for persons who are not pensioners (called Class C on page 7).

## **16.0 Reductions attracted by classes: awards for persons who are not pensioners**

### 16.1 Class D Reduction

If an individual matches the criteria in Class D, including that their income does not exceed their applicable amount (Living needs), that person qualifies for a maximum Council Tax Reduction entitlement equivalent to a maximum 80% of their weekly Council Tax liability (i.e. after discounts and any other relevant deductions) and after any relevant non-dependant deductions as described in 17.3 below.

An individual in receipt of Income Support, income-related Jobseeker's Allowance or income-related Employment and Support Allowance will have income and earnings counted as zero. The same shall apply to capital held that totals less than £6,000. This



means that the individual's income will automatically be less than their applicable amount (Living needs), and they will qualify for a maximum Council Tax Reduction entitlement equivalent to a maximum 80% of their weekly Council Tax liability (i.e. after discounts and any other relevant deductions) and after any relevant non-dependant deductions as described in 17.3 below.

With the introduction of Universal Credit, which will start to replace income-related benefits for new applicants over a period of years from October 2013, the income and capital of people who receive Universal Credit will be treated in accordance with Statutory Instrument 2012 / 2886 paragraph 37.

### 16.2 Class E Reduction

If an individual matches the criteria in Class E, it will mean that the individual's income is greater than their applicable amount (Living needs). The maximum Council Tax Reduction for that person will be equivalent to a maximum 80% of their weekly Council Tax liability (i.e. after discounts and any other relevant deductions) and after any relevant non-dependant deductions, less 20% of the difference between their weekly income and applicable amount.

The Local Scheme 2013 - 2014 does not include an alternative maximum Council Tax Reduction for persons who are not pensioners.

### 16.3 Non-dependant deductions

Once a reduction amount is calculated, it is subject to a downward adjustment to take into account non-dependant adults that normally reside in the dwelling and who would be expected to contribute toward Council Tax liability.

Subject to the exceptions stated under Statutory Instrument 2012/ 2886, Paragraph 30 the weekly amounts of deductions to be applied in the Local Scheme 2013 – 2014 are:

<b>Description of Deduction</b>	<b>Amount of Deduction</b>
Non-dependant in receipt of Income Support, Income-based Jobseeker's Allowance, income-related Employment and Support Allowance, or Pension Credit	Nil
Non-dependant not in remunerative work	£2.00
Non-dependant in remunerative work with a gross income of less than £183 per week	£2.00
Non-dependant in remunerative work with a gross income of £183 per week or over	£5.00

### 16.4 Determination of class and award

Determination of the class the individual is put into, and the reduction they will receive, shall be determined in respect of Classes D and E through means testing.

## 16.5 Means-test for Classes D and E

The means test compares income and a living allowance (known as the applicable amount). The way in which these elements will be defined and evaluated is explained in greater detail below.

## 16.6 Living allowance – the applicable amount

The individual's living allowance or applicable amount will be made up of four elements. These will be:

1. A personal allowance in respect of the applicant,
2. An amount in respect of any child or young person who is part of their family,
3. A family premium element (where the applicant is part of a family of which at least one member is a child or young person), and
4. Any premium amount (set out in regulations) that is applicable to the individual.

The elements and calculation method for the applicable amount (Living needs) will be as set out in Statutory Instrument 2012 / 2886, paragraphs 26 to 28.

## **17.0 Calculation of Income and capital**

Income and capital will be calculated for a person who has not attained the qualifying age for state pension credit in line with existing provisions for Council Tax Benefit under Statutory Instrument 2012 / 2886 paragraphs 47 to 70 (excepting paragraph 68). The income and capital of a claimant's partner or partners in the case of a polygamous marriage will continue to be treated as that of the applicant.

Income or capital of any child or young person will not be treated as income or capital of the claimant.

The Council shall be permitted to treat the income or capital of a non-dependant as if it were the income or capital of the applicant in a case where it appears to the Council that the two have entered into arrangements to take advantage of the scheme.

Those on Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance are exempt from this rule.

There will be special treatment of income for those in receipt of Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance.

For those in receipt of these benefits, the whole of their income will be disregarded. Provided that capital held is less than £6,000, this shall also be disregarded. This will mean that they automatically qualify, under Class D, for a maximum 80% Council Tax Reduction on their Council Tax liability less any non-dependant deductions.

The income and capital of people who receive Universal Credit will be treated in accordance with Statutory Instrument 2012 / 2886 paragraph 37.

### 17.1 Calculation of income (including Earnings and Benefits)

#### **War Pensions**

Statutory Instrument 2012/ 2886, Schedule 8, paragraph 20, allows for £10 to be disregarded from weekly war widow's pension, war widower's pension, war disablement pension and

certain other guaranteed income payments including, for example, those made under the Armed Forces and Reserve Forces Compensation Scheme.

The Local Scheme 2013 - 2014 continues previous local arrangements whereby the remainder of any weekly war widow's pension, war widower's or war disablement pension are disregarded in full in the assessment of a claimant's income.

## **In General**

Other provisions relating to income, its calculation on a weekly basis, what is to be regarded as income and what is to be disregarded as income will operate in line with Statutory Instrument 2012 / 2886, paragraphs 47 to 62. In particular, earnings of employed earners and earnings of self-employed earners (both net of tax and National Insurance contributions) will be taken into account as set out in the aforementioned paragraphs.

Amounts to be disregarded from an applicant's weekly earnings are set out in Statutory Instrument 2012 / 2886 Schedule 7.

Amounts to be disregarded in terms of income other than earnings are set out in Statutory Instrument 2012 / 2886 Schedule 8.

Treatment of other income (in relation to which the applicant has deprived themselves of) will be calculated according to Statutory Instrument 2012/ 2886, Paragraph 56.

### **17.2 Students**

Statutory Instrument 2012 / 2886, paragraphs 73 to 86 describe the way in which students are to be treated under the Local Scheme 2013 - 2014. This will generally mean that full-time students and students who are not treated as being in Great Britain will be excluded from entitlement to Council Tax Reduction unless they meet one of the conditions specified within these paragraphs.

### **17.3 Calculation of capital where this is not disregarded**

Other than the revised £6,000 capital and savings limit above which people will not qualify for CTR, the provisions relating to capital – including for example, what is to be regarded as capital and what is to be disregarded - will generally operate in line with Statutory Instrument 2012 / 2886, paragraphs 63 to 70 (excluding paragraph 68).

Amounts to be disregarded as capital in the Local Scheme 2013 - 2014 are defined in Statutory Instrument 2012 / 2886 Schedule 10.

There is also provision for certain elements of income to be treated as capital (for example, in relation to certain lump sum payments or tax arrears).

### **17.4 Notional capital**

Individuals may be treated as possessing capital of which they have deprived themselves for the purposes of securing Council Tax reductions. This notional capital (of which the individual is treated as being in possession) will be reduced over time to reflect payment of additional Council Tax liabilities incurred.

Notional capital excludes the value of any holding in a company where the applicant is the sole owner or partner (or where they hold an analogous position), but will include an amount of capital equal to the value (or their share of the value of) the capital of such a

company. This notional capital (which the individual is treated as possessing) will be reduced over time to reflect payment of additional Council Tax liabilities incurred

### 17.5 Tariff income

Tariff income for capital held does not apply to working age claims under the Local Scheme 2013 - 2014.

## **18.0 Calculation of Reductions**

Once the total income amount has been calculated, it will be compared with the applicable amount (Living needs) to determine whether the individual falls into Class D (income does not exceed applicable amount) or Class E (income greater than applicable amount).

### 18.1 Calculation of Class D

Persons in Class D will receive a maximum 80% Council Tax Reduction for their Council Tax liability (net of any Council Tax discounts and reductions made by or under the Local Government Finance Act 1992) less any non-dependant deductions made as set out within the Local Scheme 2013 - 2014.

### 18.2 Calculation of Class E

Persons in Class E will receive a maximum 80% Council Tax Reduction entitlement for their Council Tax liability (net of any Council Tax discounts and reductions made by or under the Local Government Finance Act 1992) less any non-dependant deductions made as set out within the Local Scheme 2013 - 2014, less a deduction of 20% of the difference between their weekly income (net of any disregarded income) and applicable amount (Living needs).

## **19.0 Extended Reductions**

Provisions concerning extended reductions for working age claimants Classes D and E are set out within Statutory Instrument 2012 / 2886, paragraphs 95 to 104:

### 19.1 Income Related Benefits

An applicant (or their partner) in receipt of:

- Employment and Support Allowance (Income-Related),
- Job Seeker's Allowance (Income-Based),
- Job Seeker's Allowance (Contribution-Based); or,
- Income Support

continuously for at least 26 weeks and who ceases to receive any of these benefits (other than Job Seeker's Allowance (Contribution-Based) because they have returned to work, increased their earnings or increased their hours (and where that improvement in their situation is expected to last five weeks or more), will continue to receive a Council Tax Reduction.

### 19.2 Qualifying Contributory Benefits

An applicant (or their partner) in receipt of

- Employment and Support Allowance (Contribution-Based);
- Incapacity Benefit;
- Severe Disablement Allowance; or,
- any combination of these

continuously for at least 26 weeks, who ceases to receive that benefit because they have returned to work, increased their earnings or increased their hours (and where that improvement in their situation is expected to last five weeks or more), will continue to receive a Council Tax Reduction.

In both 20.1 and 20.2 above, the extended reduction will be calculated as if they were still in receipt of these benefits for four weeks where the resulting reduction amount is greater than the reduction amount would be if it were re-calculated to take into account their loss of these benefits.

In both 20.1 and 20.2 above, if a person moves from Sefton to the area of a new Local Authority in the period from the Monday following the move to the point where entitlement to the qualifying benefit ceases (when the extended reduction rule applies), Sefton will pay the second billing authority or the individual their reduction amount for the extended period.

If the person applies for a Council Tax Reduction in the second Local Authority, the second authority will net off the reduction amount received from Sefton. Any balance of reduction award will be paid to the claimant (and the full amount will be paid to the claimant if there is no Council Tax liability in the second local authority).

After the extended reduction period, Sefton Council shall have no liability in respect of the claimant and the new Council's Council Tax Reduction scheme shall apply as appropriate.

## **20.0 Entitlement**

Any entitlement to Council Tax Reduction for persons who are not pensioners shall normally be awarded from the Monday following the date of receipt of a claim. This follows Statutory Instrument 2012/ 2885, Schedule 8 paragraph 5 which governs the date on which a claim is to be treated as made.

If a claimant notifies the Council of an intention to claim Council Tax Reduction and submits their application form using one of the specified methods within one month of it being issued (or such longer period as may be reasonable in the circumstances), for example, the date of the claim shall be the date they notified their intention to claim. Any entitlement to Council Tax Reduction would then be awarded from the Monday following that date.

If a claimant applies for Council Tax Reduction within one month of the death or separation from their partner and the partner was in receipt of Council Tax Reduction at the time of their death or separation, the date of claim shall be the date of the death or separation in question and any entitlement to Council Tax Reduction shall be awarded from the Monday following the date of their claim.

A person treated as being in Great Britain can apply for Council Tax Reduction up to 13 weeks prior to an event that would entitle them to Council Tax Reduction.

A person treated as being in Great Britain can apply for Council Tax Reduction up to 8 weeks prior to becoming liable for Council Tax at their home.

Entitlement to a Council Tax Reduction may change or cease if there is a change of circumstances or be terminated if the claimant fails to respond to a request for information or evidence within one month or such longer period as may be considered reasonable in the circumstances.

## **21.0 Decisions**

Statutory Instrument 2012/ 2885, Schedule 8, paragraphs 11 and 12 require the Council to notify the applicant in writing of its decision within 14 days from the date that all relevant information and evidence relating to the application has been received, or as soon as reasonably practicable thereafter. The written notification will include information on how an appeal can be made by the applicant.

## **22.0 Changes of circumstance**

Statutory Instrument 2012/ 2886, paragraph 107 sets out how various changes of circumstance are to be dealt with.

Statutory Instrument 2012/ 2885, Schedule 8, paragraph 9 prescribes that a relevant change of circumstances should be notified within a period of 21 days (including the day on which the change occurs).

## **23.0 Time and manner of granting reduction and recoveries / over-payments**

Matters relating to the payment of a reduction are prescribed by Statutory Instrument 2012/ 2885, Schedule 8 Paragraph 14 and those relating to overpayments by the Council Tax (Administration and Enforcement) Regulations 1992 (Statutory Instrument 1992/ 613)..

Matters relating to the time and manner of granting reduction and dealing with under-payments will be as provided for in the prescribed scheme.

This will include payments to next of kin where a person in receipt of a Council Tax Reduction dies, allowing the billing authority to make payment of the reduction amount to their personal representative or next of kin.

Where the Council Tax Payer is entitled to an increase or decrease in their reductions following a reported change of circumstance, the Council can issue an amended Council Tax bill taking into account the increase or decrease in liability.

## **24.0 Wider welfare changes to benefits – Universal Credit and Personal Independence Payments**

The Government intends to reflect any relevant changes to the welfare and benefits system in regulations. In particular, it is intended that Universal Credit will be introduced for some new and existing claimants from October 2013 and migration will take place over four years.

A number of benefits and tax credits (Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, housing benefit, working tax credit and child tax credit and others mentioned in mentioned in Statutory Instrument 2012 / 2885 and 2886) are expected to be incorporated within Universal Credit.

The Local Scheme 2013-2014 will therefore calculate the income and capital of persons who are not pensioners and who receive Universal Credit in accordance with Statutory Instrument 2012 / 2886, Paragraph 37.

## **25.0 Annual Updates**

The Local Government Finance Act 2012 stipulates that a local authority must, each financial year, '*consider whether to revise its scheme or replace it with another scheme*'. Any updates to the scheme as it relates to persons who are not pensioners

may therefore be considered no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.

## **26.0 Other Requirements Reflected in the Scheme for Persons who are not Pensioners**

Unless stated otherwise in this document, it is intended that other aspects of administration that may impact on the Council Tax Reduction award (particularly for the scheme for persons who are not pensioners) will continue.

This includes provision for backdating for persons who are not pensioners in line with Statutory Instrument 2012 / 2886, Paragraph 112.

## **27.0 Department for Work and Pensions changes to State Pension Credit Age**

The Department for Work and Pensions is intending to make changes to the way in which new applicants comprising couples of mixed age (i.e. where one member of the couple has attained state pension credit qualifying age and one has not) are treated for new applications. Currently, such couples would generally be treated under pension credit age regulations, apart from a few exceptions.

It is anticipated that in future (from the point of change and for new pension credit applicants only) that it will not be possible for a couple to claim pension credit until both members have reached the qualifying age. It is anticipated that such couples will have access to Universal Credit, however, if they meet all the other eligibility criteria.

The Government proposes to align this change for new applicants to local Council Tax Reduction schemes on the same basis once it takes effect, so that Councils do not find themselves defining an individual in a mixed age couple differently from the way they are defined by the Department for Work and Pensions.

It is the Government's intention that mixed age couples already applying for or receiving a pension-credit age Council Tax Reduction at the point of change (whether or not they are also receiving pension credit), will retain pension credit age Council Tax Reduction whilst their entitlement continues.

## **28.0 Procedure by which a person may apply for a reduction under the Local Scheme 2013 - 2014**

Statutory Instrument 2012/ 2885, Schedule 7, paragraphs 1 to 7 prescribe the procedure by which a person may apply for Council Tax Reduction:

A person may apply in writing using the Council's application form for that purpose and sending it to the address designated by the Council for that purpose. (See Contact Details on page 27)

A person may complete an application form for Council Tax Reduction online via the Council's website.

A person may complete an application form for Council Tax Reduction by telephone. An appointment to do this can be obtained by telephoning 0845 140 0845.

A person may apply for Council Tax Reduction by visiting a local One Stop Shop and completing an application online with a customer services advisor.

Any application form must be signed by the claimant and may also be signed by their partner if applicable and shall be supported by such information or evidence as is reasonably required to enable entitlement to be determined.

The Council shall not determine entitlement for an incomplete claim including one that is not signed until the relevant information, signature or both as appropriate is received. At all times, this should be provided within a period of one month from the date of the Council request or such longer period as may be reasonable in the circumstances.

A person who is in receipt of Council Tax Benefit immediately before 1 April 2013 is to be treated as having made an application for a reduction under the Local Scheme 2013 - 2014.

Where an individual has, prior to 1 April 2013, made an application for Council Tax Benefit which has not been determined by 1 April 2013, that individual is to be treated as having made an application for a reduction under the Local Scheme 2013 - 2014.

A claim for Council Tax Reduction may be amended or withdrawn in writing by the claimant at any time prior to the Council making a decision regarding entitlement.

The Council shall accept the withdrawal of an application where it has not yet made a decision concerning entitlement. This shall have effect on the same day that the notification was received by the Council.

**29.0 Procedure by which a person can appeal any decision of the authority which affects (a) the person's entitlement to a reduction under the Local Scheme 2013 - 2014 or (b), the amount of any reduction to which the person is entitled.**

A claimant or a person acting on their behalf may appeal against the Council's decision concerning entitlement to a reduction under the Local Scheme 2013 - 2014 or the amount of a reduction by writing to the Council at its designated office specifying the nature of the appeal and the grounds on which the appeal is made.

The Council will consider the appeal and notify the applicant in writing of the outcome of their appeal and the reasons for the decision.

Where the Council has considered the appeal and notified the applicant of the outcome in writing but they remain dissatisfied, or a response has not been given within a period of two months from the date of the written appeal, the applicant may further appeal to a Valuation Tribunal under section 16 of the 1992 Local Government Finance Act. Where a response is not provided by the Council within two months of the appeal being made, any subsequent appeal to a Valuation Tribunal shall be made within four months of the date that the original appeal was sent to the Council.

The following specific matters shall not be the subject of an appeal under these provisions:

- The local CTR scheme provisions as set by the Council
- Any discretion applied to recover an overpayment of Council Tax Reduction
- Who to recover an overpayment of Council Tax Reduction from



- Suspending or restoring Council Tax Reduction
- Any decision to refuse the grant of a reduction under Section 13A(1)(c) of the Local Government Finance Act 1992

A claimant may also at any time in writing request the Council to review their entitlement to CTR or the amount of any reduction outside of the provisions for appeals detailed above.

**30.0 Procedure by which a person can apply to the authority for a reduction under section 13A (1) (c).**

A Council Tax Payer may apply for a reduction under Section 13A(1)(c)(a) of the Local Government Finance Act 1992. Such an application shall be made in writing to the Council at its designated office or by means of electronic communication and must give such details as are reasonable and necessary to enable the Council to properly consider the application. Such details should include but not be limited to the reason for the application, the circumstances and context in which the application is made and the period for which the application is made.

## How to Contact Sefton

You can write to us at: **Sefton MBC, Benefits Section, PO Box 21, Bootle, L20 3US.**

You can phone: **0845 140 0845.** Lines are open Monday to Friday 8am to 6pm.

You can visit:

our website at [www.sefton.gov.uk/counciltax](http://www.sefton.gov.uk/counciltax)

### Bootle one stop shop

324-342 Stanley Road  
Bootle  
Liverpool  
L20 3ET

### Southport one stop shop

Cambridge Arcade  
Southport  
PR9 1DA

Office Opening times are Monday to Friday, 9am to 5pm

### Sefton libraries

**Ainsdale Library**, Liverpool Avenue, Ainsdale, Southport, PR8 3NE **01704 577345**

**Aintree Library**, Altway, Aintree, L10 6LF **0151 526 8503**

**Birkdale Library**, 240-244 Liverpool Road, Birkdale, Southport, PR8 4PD **01704 567380**

**Bootle Library**, 220 Stanley Road, Bootle, L20 3EN **0151 934 5781**

**Churchtown Library**, Mill Lane, Churchtown, Southport PR9 7PL **01704 228678**

**College Road (Carnegie) Library**, College Road, Great Crosby, L23 3DP **0151 924 5287**

**Crosby Library**, Crosby Road North, Waterloo, Liverpool, L22 0LQ **0151 257 6400**

**Formby Library**, Duke Street, Formby, Liverpool, L37 4AN **01704 874177**

**Litherland Library**, Linacre Road, Litherland, L21 6NR **0151 928 1357**

**Meadows (Maghull) Library**, Hall Lane, Maghull, Liverpool, L31 7BB **0151 228 6727**

**Netherton Library**, Glovers Lane, Netherton, Liverpool, L30 3TL **0151 525 0607**

**Orrell Library**, Linacre Lane, Orrell, L20 6ES **0151 922 3843**

**Southport Library**, Lord Street, Southport, PR8 1DJ **0151 934 2118**

Each Library has different opening times. Please phone your preferred library for details.