



Title: **Draft Council Tax Support Scheme**

Wards Affected: **All Wards**

To: **Overview and Scrutiny Board** On: **3 October 2012**

Contact Officer: **Linda Owen**

☎ Telephone: **01803 207572**

✉ E.mail: **linda.owen@torbay.gov.uk**

1. Key points and Summary

- 1.1 Council Tax Benefit is a means tested benefit designed to assist those on low incomes pay their Council Tax. The scheme is administered on behalf of the Government by local authorities and the benefit payments are reimbursed by the Department for Work and Pensions (DWP).
- 1.2 As part of the Spending Review 2010, the Government announced that it intended to abolish Council Tax Benefit and replace it with a localised support scheme from 1 April 2013. The new arrangements will have financial implications for both billing and major precepting authorities, as expenditure allocated to the localised scheme will be reduced by 10% and any increase in expenditure above what is forecast by the Department for Communities and Local Government (DCLG) must be funded by the Council.
- 1.3 The new scheme must be in place by 31 January 2013 or the Government default scheme, which is modelled on the current Council Tax Benefit scheme, will be imposed. The default scheme will not have any scope for making the required savings. This would be a cost to the Council of approximately £1.6 million, however this does not take into account increases in demand or Council Tax levels from April 2013.

2 Introduction

- 2.1 The Council has been working with other local authorities in Devon to establish a common framework for the new Council Tax Support scheme. A consultation plan has been jointly developed where all Devon authorities have agreed to go out to consultation with the public and key stakeholders from 6 August 2012, as part of a co-ordinated county wide approach.
- 2.2 We are proposing that the Council adopt the existing Council Tax Benefit scheme as its local scheme for working age people. The current scheme is already widely understood by residents, professional and voluntary organisations and other service users. However, to make up the losses from the reduction in grant subsidy means that we would have to make changes to some elements of the existing scheme.

2.3 Four options or proposals have been identified for making the savings required, which have been designed to meet the following key principles:

- Every working age adult should pay something - pensioners will be protected under the national framework defined by DCLG
- Protection for vulnerable working age groups will be in line with the current Council Tax Benefit system
- The scheme will incentivise work wherever possible
- The scheme will, as far as possible, allow for expected growth in demand
- A discretionary fund should be created to help protect the most vulnerable
- Changes to Council Tax discounts/exemptions relating to second homes and empty properties.

2.4 The proposals being consulted on are as follows:

1. Limit the maximum level of support to 75% of their Council Tax liability

We are currently able to assist people on the lowest incomes to pay up to 100% of their Council Tax. Under this proposal all working age people currently receiving Council Tax Benefit would have to pay an extra 25% of their Council Tax bill. This means that working people currently receiving full Council Tax Benefit would have to pay a minimum of 25% of their bill.

This proposal, based on current data will save approximately £2.2 million.

2. Restrict the maximum level of support to a band D charge

There is currently no restriction to Council Tax band charges. Under this proposal all working age people currently receiving Council Tax Benefit and occupying band E properties or above would be restricted to a maximum band D charge.

This proposal, based on current data will save approximately £73,000.

3. Withdrawal of Second Adult Rebate

The current scheme enables single people who are not entitled to Council Tax Benefit in their own right, because their income or savings are too high to claim a discount of up to 25% of their bill if they have another adult living with them on a low income. Under this proposal all working age people currently claiming Second Adult Rebate will not be entitled to Council Tax Support as a result of this change.

This proposal, based on current data will save approximately £15,000.

4. Reduce the upper Capital/Savings limit from £16,000 to £6,000

In the current scheme working age people who have savings of £16,000 or more are not entitled to Council Tax Benefit. Under this proposal this will be reduced to £6,000 and people that have above this amount will not be entitled to Council Tax Support.

This proposal, based on current data will save approximately £69,000.

- 2.5 These proposals complies with the Draft Council Tax Reduction Schemes (Prescribed Requirements) Regulations which are before Parliament with the intention that they become law in the late summer of 2012.

3. Consultation

- 3.1 Torbay Council must consult on its local Council Tax Scheme with local residents, those who will be affected by the proposals, local preceptors and local interest groups who represent those who will be affected.
- 3.2 Local consultation has been developed alongside all Devon authorities to ensure there is a consistent approach across the county.
- 3.3 The consultation for residents opened on Monday 6 August and will close on 1 October.
- 3.4 A draft Equality Impact Assessment (EIA) has been developed and will be reviewed and updated when the consultation closes.
- 3.5 Feedback from the consultation will be considered in developing the final scheme which will go to a meeting of the Council in December. The report presented to Council will include feedback from the consultation and the EIA.

4. Consultation Activity and Impact Assessment

- 4.1 The Council is expected to consult with residents, especially those who will be affected by the proposal, as well as local preceptors and interest groups.
- 4.2 Consultation with residents on the draft scheme has taken the form of a survey. Respondents are asked for their views on each of the four proposals as well asking them to state whether the proposals will have an effect on their household. The survey was developed in conjunction with all Devon authorities to ensure consistency in message, but also to aid the communications and promotion of this consultation as all Devon authorities are running the consultation at the same time.
- 4.3 The consultation will be open for 8 weeks between 6th August 2012 and 1st October 2012 and has been available in the following forms:
- All working age customers (9,707 people) who will be affected by the proposals have been sent a letter advising them of the forthcoming changes and the consultation. In that letter they were directed to the online survey and made aware that paper surveys are available from Council venues. These letters have also been sent out to people who

have started claiming council tax benefit while the consultation has been open.

- 1,068 surveys have been sent out to a random sample of both council tax benefit claimants and council tax payers. 660 went to people not in receipt of council tax benefit, while the remaining 408 were sent to households in receipt of council tax benefit and who had already received letters.
- An additional 500 letters were hand delivered to claimants with visiting officers.
- The questionnaire is available via the council's website.
- Paper surveys are available via the libraries and connections offices.
- Customer service advisors have access to information about the changes and have been directing customers to the questionnaire. When customers come in for benefits appointments they are being given a questionnaire to complete.
- Torbay Council's Viewpoint panel has been contacted to make them aware of the consultation and inviting them to take part.
- Information has also gone out through the Member's Bulletin and Members have been able to collect copies of the survey to take out to their constituents.
- Leaflets and posters have been sent out to a variety of agencies such as Westcountry Housing, Sanctuary Housing and Citizen's Advice Bureau.

4.4 To date (at 19 September 2012) 300 surveys have been returned.

4.5 Meetings will be taking place with local interest groups to outline what the proposals are and what the impact could be on their services. Through the Devon Benefit Officer's group interest groups who cover the county will be contacted through this group.

4.6 An impact assessment has been drafted and will be reviewed and updated following the consultation feedback. The impact assessment will outline any potential impacts, both positive and negative on our communities and where there are any potential negative impacts what will be put in place to mitigate any potential negative impacts. This impact assessment will be used to inform the report which final recommendations and report which will go to Council in December. This impact assessment will be available as an appendix to the report.

5. Communications

- 5.1 The changes to Council Tax Benefit will be supported by a series of communications to advise our customers of the forthcoming changes to their benefits. Communication activity to date has also promoted the consultation and will continue beyond the closing date of the consultation to ensure we continue to raise awareness of the forthcoming changes.
- 5.2 As with the consultation a Devon wide approach to the communications has been developed. Posters and leaflets have been designed by one authority which have as been branded with Torbay logos for us to use.
- 5.3 Communications to raise awareness of the consultation and the forthcoming changes include:
- Press releases
 - Information on the website
 - Social media (Facebook / Twitter etc)
 - Leaflets
 - Posters available in public venues.
 - Letters and direct mail shots to those people who are directly affected by the proposals.

Paul Looby
Executive Head of Finance

Appendices

Appendix 1 - Draft Council Tax Support Scheme

Appendix 2 - Devon Billing Authorities Draft Schemes

Documents available in members' rooms

Background Papers:

DCLG publications on Local Council Tax Support

Devon Benefits Officers Group documentation minutes

Appendices

Appendix 1 – Draft Council Tax Support Scheme

Executive Summary

It was announced in the spending review of 2010 that support for council tax would be localised from April 2013 and expenditure reduced by ten per cent. This means that local authorities would determine their own schemes based on finance from and guidance by the Department for Communities and Local Government (DCLG) rather than the DWP. This announcement was followed in February 2011 by the Welfare Reform Bill, which contained provisions to abolish Council Tax Benefit.

1. The Torbay scheme has been prepared within the framework of a Devon wide scheme that seeks to achieve cost neutrality i.e. the cut in Government funding is to be offset by making reductions in the amount of support certain households receive.
2. Members have been consulted in order to draw up proposals for the draft Torbay scheme.

In summary:

- Pensioners are protected (as required by Government)
 - Working age households will see a reduction in the support they receive and therefore will be required to pay more Council Tax
 - The reduction will mostly be achieved by basing calculations on 75% of the Council Tax bill rather than the full amount as at present
 - Second Adult Rebate for working age households will be removed
 - Other minor adjustments are to be made where the savings limit will be reduced from £16,000 to £6,000 and a banding restriction to a band D charge.
3. The draft scheme will be the subject of formal consultation with the major precepting authorities (Devon and Cornwall Police Authority, Devon and Somerset Fire Authority) and the parish preceptor Brixham Town Council. In addition, there will be consultation with the public and voluntary bodies.
 4. A proposed final scheme, taking into account consultation responses, will be brought to Full Council in December. The scheme will be implemented for the 2013/14 Council Tax bills to be issued in early March 2013.

Officer Recommendations

- Torbay's draft Local Council Tax Support Scheme, as set out in paragraphs 20 to 22
- The communication & consultation plan and timetable as set out in this report.
- Authorise the Executive Head of Finance, in consultation with the Finance & Administration Portfolio Holder, to initiate the consultation process.
- Note other benefit reforms and Equalities Impact Assessment.

Financial Implications

5. Implementation costs: The Government has provided an initial grant of £84,000 and has indicated that additional funding will be made available. It is anticipated that the implementation costs will be met from this Government funding.
6. Abolition of Council Tax Benefit: Around £1.6m of expenditure and £1.6m of subsidy income will be deleted from the Council's budget from 2013/14. A contingency will need to be retained in case of subsidy being clawed back by DWP, for example, if the external audit process identifies errors in the final claim for 2012/13.
7. Impact of new scheme: The scheme is being designed to achieve "cost neutrality" – defined as being that there will be reductions in the amount of financial support given to local people sufficient to cover the cut in Government funding. Put another way, the estimated cost of the scheme should be in line with the Government funding being made available. The provisional figures have been announced and amount to an 11.5% cut compared with current spending levels. It is higher than 10% because the Government has based its calculations on a notional future measure of expenditure that includes inflation. The final figures will be confirmed in late Autumn.
8. Costs: The costs of the new scheme and the Government funding for the scheme will be borne by the major precepting authorities in proportion to their precept size: currently Torbay 84.41%. Police 10.66%, Fire 4.93%, (this varies slightly each year).
9. Demand risk: The Government grant will be a fixed sum. There is a possibility that demand and eligibility for financial support under the new scheme may be greater than current levels, particularly if economic conditions worsen. The cost of additional discounts would be borne in proportion by the major precepting authorities (Torbay, Police and Fire). Conversely if demand falls (e.g. if economic conditions improve), the additional saving would be realised by the same authorities. Thus the local authority has direct financial incentives to support their local economy.
10. Inflation risk: Council Tax freezes have operated in the last two years (apart from Police and Fire) however there are no indications yet about whether freezes will continue. There is a risk therefore that if Council Tax is increased by Torbay, Police and Fire, then the cost of the new scheme will increase.
11. Recovery costs: as a result of people on low incomes having to pay more Council Tax (in many cases, such people currently pay no Council Tax), the Council may need additional staffing resources in its Corporate Debt team.
12. Recovery risk: Notwithstanding the additional recovery resources, it is anticipated that a proportion of newly collectible Council Tax will prove to be more difficult to recover because of the inability to pay and in some cases will be irrecoverable.

13. Exceptional circumstances fund: It is inevitable that there will be a small number of households with unforeseeable exceptional circumstances and that the Council may wish to retain discretion to provide additional support to such people, similar to Discretionary Housing Payments. Details of how such a fund would operate need further work but the principle that an exceptional circumstances fund should exist is something that it would be useful to gain support for at this stage.

Background Papers

14. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

DCLG publications on LCTS

Devon Benefits Officers Group documentation minutes

Options Appraisal Document

Impact

Communication/Consultation	Proposals for the draft scheme have been drawn up in consultation with other Devon authorities and Torbay Members. The draft scheme will be subject to formal consultation as set out in this report.
Community Safety	No specific implications.
Equalities	A draft Equalities Impact Assessment will be available shortly. The draft scheme spreads the changes as widely as possible among the affected working age group, reducing inequalities.
Health and Safety	No specific implications.
Human Rights/Legal Implications	Adoption of the new scheme is a statutory requirement. Failure to do so will lead to a default scheme being imposed by the Government.
Sustainability	The scheme needs to be designed to ensure, as far as possible, stability and sustainability in the Council's finances.
Ward Specific Impacts	No specific implications except to the extent that the number and proportion of households in receipt of CTB vary in Torquay, Paignton and Brixham.
Workforce	This is a major challenge requiring significant levels of staff time to ensure smooth implementation and effective handling of customer enquiries. There will be ongoing additional demands on the Revenues & Benefits service e.g. additional recovery work.

Devon Wide Scheme

15. All local authorities in Devon are intending to adopt schemes that meet the following common principles:
 - That all billing authorities will adopt a support scheme based largely on the existing Council Tax Benefit Regulations 2006. This will essentially be means tested
 - As defined by Central Government, all pensioners will be protected under the national framework defined by DCLG
 - Protection for vulnerable working age groups will be in line with the existing Council Tax Benefit system
 - Each of the authorities' schemes will incentivise work wherever possible
 - The schemes will be cost neutral, with the level of support being directly in line with the level of grant proposed by Central Government
 - The schemes will, as far as possible, allow for expected growth in demand
 - As far as possible, the new support scheme will be easy to claim and administer.
16. Devon Local Authority benefit managers have been meeting on a regular basis since January 2012 to design a Devon wide framework for the new scheme, reducing duplication of effort, sharing expertise, with mutual support for possible challenge and helping with strategic engagement with suppliers.
17. The overarching principle is a Devon scheme that is cost neutral, so the impact of the reduced funding from Central Government is passed onto the claimant. But due to the different demographics of individual billing authorities, it is unlikely that there will be a scheme that is uniform across Devon, however it is intended to have a common framework with local variations.
18. All Devon billing authorities expect to adopt the following items in their schemes:
 - Design a cost neutral scheme that passes the cut in funding to working age claimants
 - All pensioners will be protected from the changes
 - The Local Support scheme will be "means tested" for 2013/14, using almost all of the principles of the current Council Tax Benefit scheme
 - The current Second Adult Rebate for working age claimants will be withdrawn
 - Limit support to a maximum percentage of liability with variations in different Devon authorities.
 - The billing authority to make available a small sum to cover "exceptional hardship cases".
 - The capital (cut off) limit will be reduced from £16,000.
 - Restriction of support to a specific council tax banding with variations in different Devon authorities.

19. Devon County Council, Fire and Police have participated in this process and fully support the work that's been done. They have also indicated that provided schemes are cost neutral, they are unlikely to object to the scheme details.

Torbay Scheme

20. A detailed analysis of over 35 methods of reducing support has been carried out, based upon the principles of fairness, ease of understanding and ease of administration, taking into account the demographic profile of current Council Tax Benefit claimants.
21. The Devon-wide principles (paragraph 15) and aspects (paragraph 18) will feature in the Torbay scheme. The most significant aspect is that a 75% cap is proposed, where the calculation will be based on 75% of the Council tax bill, rather than the current 100%.

The capital (cut off) limit will be £6,000 and a banding restriction, where the maximum amount of support will be restricted to the Band D charge.

22. Pensioners will be protected - protection means that the amount of council tax support under the new scheme will be no less than the amount of Council Tax Benefit currently paid. This does not necessarily mean that they will not have to pay more Council Tax, for example if the precepts are increased.
23. At Appendix A there are some examples to demonstrate the impact of the changes.

Summary of Impacts

24. The following table summarises the estimated effects: it shows that pensioners are protected, as intended, but working age households will have their support reduced by an average of £4.49 per week or 29%.

Category	Number of Households	Total CTB Expenditure per annum	Average Weekly CT Benefit	Average weekly CT Support
Pensioners that received CTB in 2011	9,469	£8.032m	£16.28	£16.28
Working age that received CTB in 2011	12,457	£7.820m	£15.67	£11.18
Total	21,926	£15.954m		

25. The figures are based on a forecasting utility provided by the Council's benefits software supplier. As the software is regularly updated it is possible that the above figures may vary slightly prior to scheme finalisation.

26. The following options have been considered at Torbay:

- Limitation to maximum liability in all cases to 90%, 80%, 75% and 70%
- Limitation to maximum liability on income related cases to 90% and 80%
- Limitation to maximum liability on non income related cases to 90% and 80%
- Withdrawal of Second Adult Rebate for working age cases
- Setting minimum levels of £0.50, £1.00, £2.00, £3.00, £4.00 & £5.00 per week
- Increases in non-dependent deductions, £5 and £10
- Changes to the taper, 21%, 22%, 25%, 30%, 35%, 45%
- Changes to disregards; categories of earned income, unearned income
- Changes to treatment of child benefit and child maintenance
- Changes to limits on capital/savings levels
- Freeze personal allowance and premiums at 2012 level
- Other minor adjustments.

Each proposal has been evaluated for the Torbay caseload and set aside either because of potential inequality issues or the level of savings generated or both.

Situation in other Devon authorities

27. Draft schemes developed by Devon authorities will be approved during July 2012, before the consultation process begins in August 2012.

28. At the time of preparing this report officer representatives from all 10 billing authorities in Devon have affirmed their authority's intention to adopt the county wide principles i.e. a cost neutral scheme.

Consultation and Communication Plan

29. Before final approval of local schemes, councils are required to consult:

- major precepting authorities (County, Police & Fire)
- the public
- relevant stakeholder groups e.g. CAB, representative groups.

30. The consultation process will commence on 6 August 2012. An eight week response period will be adopted to ensure responses can be considered before the final recommendations are presented to Full Council in December 2012.

31. The Council will write to all current working age CTB claimants, giving them an outline of the draft scheme. It is intended to send a letter in August to coincide with the consultation process and again in December, by which time final scheme proposals will enable a more accurate indication of the effect on each household. This will give fair notice to the households affected that from 2013 they will be required to pay more Council Tax and should budget accordingly
32. Meetings with Brixham parish council representatives will be held in order to explain the effect of Council Tax Support on the precept setting process.

Consultation Outline Timetable

25 July 2012	Members to review the draft scheme in readiness for consultation
August to September 2012	Consultation process Letters to working age CTB claimants
6 December 2012	Full Council to approve final scheme Letters to existing CTB claimants
February to March 2013	2013/14 budgets and Council Tax set Council Tax bills issued

Other considerations

The direct financial incentive of the new Council Tax Support scheme gives local authorities the opportunity to improve their local economies as part of a multi faceted reform of local government finance. New Homes Bonus and Localisation of Business Rates are the other key aspects.

Introducing this scheme is a key change but there are many other welfare reforms on the horizon, which will make it an extremely challenging couple of years for the Council and its residents.

There are a variety of technical changes to Council Tax which are currently being considered and which are likely to come into effect from April 2013. The key changes include giving billing authorities discretion on level of discounts given to second homes and empty homes.

Risk Analysis

Risks	Likelihood	Impact	Mitigating actions
Failure to adopt a local scheme in time, which would lead to the Government imposing a default scheme	1 (active project management in place)	4 (an imposed default scheme would not be cost neutral and failure would be damage the Council's reputation)	Continue with active project management Proactive resource planning Ensure Member awareness of key issues and decisions required
The Torbay scheme is not supported by Police and Fire	2 (Positive engagement with County and Fire has taken place and they are supportive of the work done to date). (No significant engagement with Police yet).	3 (Torbay is the decision making body but if the scheme is not supported then there could be consequences e.g. challenge, lack of support and budget cuts affecting Torbay)	Design a cost neutral scheme Consultation and engagement
Challenge on equality grounds	2 (the proposals adversely affect certain groups)	3 (defending a challenge could be costly and jeopardise timely adoption of the scheme)	Equalities Impact Assessment Stakeholder engagement
Local Council Tax Support costs increase because of additional demand or increases in Council Tax precepts	3 (publicity could increase demand; economic difficulties could increase demand; precepts likely to increase in the future)	2 (adverse financial implications for Torbay, Police & Fire)	Close monitoring Annual review of the scheme
Loss of revenue due to irrecovability of debt from low income households	4 (bad debts are inevitable)	2 (adverse financial implications for Torbay, Police & Fire)	Proactive communications with affected households Invest in recovery resources; review procedures Seek funding contributions from Police & Fire

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Case Studies

Pensioner - Couple

Claimant aged 75 and partner 77.

They are owner occupiers and live in Torquay.

The property is a Band F property (£2,159).

The couple have state pensions, a private pension and savings of £9,000.

Council Tax Benefit is paid at £37.00 per week.

July 2012:

Household Weekly Income		Household Weekly Outgoings	
State pensions	£240	Council Tax (£2,159)	£42
Private Pension	£25		
Council Tax Benefit	£37		
Total Weekly Income	£302	Total Weekly Outgoings	£42
		Residual Income	£260

April 2013:

Household Weekly Income		Household Weekly Outgoings	
State pensions	£240	Council Tax (£2,159) (Less CT Support £1,924)	£5
Private Pension	£25		
Council Tax Benefit	£0		
Total Weekly Income	£265	Total Weekly Outgoings	£5
		Residual Income	£260

No change to income as pensioners are protected

Case Studies

Working Age – Working Single Person

Claimant aged 37 and lives alone.

The property is a one bedroom flat in Paignton which is rented at £105.00 per week.

The Council Tax Banding is A with a single person discount (£747).

Currently employed and earns £400.00 per month. There are no savings.

Housing Benefit is paid at £70.00 per week.

Council Tax Benefit is paid at £11.00 per week.

July 2012:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£92	Council Tax (£996 less 25% £249)	£14
Housing Benefit	£70	Rent	£105
Council Tax Benefit	£11		
Total Weekly Income	£173	Total Weekly Outgoings	£119
		Residual Income	£54

April 2013:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£92	Council Tax (£996 less 25% £249) (Less CT Support £394)	£7
Housing Benefit	£70	Rent	£105
Council Tax Benefit	£0		
Total Weekly Income	£162	Total Weekly Outgoings	£112
		Residual Income	£50

£4 per week worse off (7%)

Case Studies

Working Age – Couple

Claimant and partner, both are aged 20 and have no children.

The property is a one bedroom flat in Torquay which is rented at £600.00 per calendar month.

The Council Tax Banding is C (£1,329).

The claimant currently works 16 hours a week at £10 per hour (£160 per week).

Housing Benefit is paid at £70.00 per week.

Council Tax Benefit is paid at £18.00 per week.

July 2012:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£160	Council Tax (£1,329)	£26
Housing Benefit	£70	Rent	£138
Council Tax Benefit	£18		
Total Weekly Income	£248	Total Weekly Outgoings	£164
		Residual Income	£84

April 2013:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£160	Council Tax (£1,329) (Less CT Support £588)	£14
Housing Benefit	£70	Rent	£138
Council Tax Benefit	£0		
Total Weekly Income	£230	Total Weekly Outgoings	£152
		Residual Income	£78

£6 per week worse off (7%)

Case Studies

Working Age – Unemployed Single Person

Claimant aged 56 and lives alone.

The property is in Torquay and owned by the claimant.

The Council Tax Banding is B with a single person discount (£872).

Currently unemployed and receives Job Seekers at £71.00 per week.

Council Tax Benefit is paid at £17.00 per week.

July 2012:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£71	Council Tax (£1,163 less 25% £291)	£17
Council Tax Benefit	£17		
Total Weekly Income	£88	Total Weekly Outgoings	£17
		Residual Income	£71

April 2013:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£71	Council Tax (£1,163 less 25% £291) (Less CT Support £654)	£4
Council Tax Benefit	£0		
Total Weekly Income	£71	Total Weekly Outgoings	£4
		Residual Income	£67

£4 per week worse off (6%)

Case Studies

Working Age – Lone Parent

Claimant aged 39, no partner with a 15 year old son.

The property is a two bedroom semi-detached house in Torquay which is rented at £625.00 per calendar month.

The Council Tax Banding is C with a single person discount (£996).

Currently works 16 hours a week at £7 per hour (£112 per week).

Also receives Child Benefit at £20.30 and Tax Credits at £160.00 per week. Has £1,500 in savings.

Housing Benefit is paid at £82.00 per week.

Council Tax Benefit is paid at £4.00 per week.

July 2012:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£292	Council Tax (£1,329 less 25% £332)	£19
Housing Benefit	£82	Rent	£144
Council Tax Benefit	£4		
Total Weekly Income	£378	Total Weekly Outgoings	£163
		Residual Income	£215

April 2013:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£292	Council Tax (£1,329 less 25% £332) (Not entitled to CT Support)	£19
Housing Benefit	£82	Rent	£144
Council Tax Benefit	£0		
Total Weekly Income	£374	Total Weekly Outgoings	£163
		Residual Income	£211

£4 per week worse off (2%)

Case Studies

Working Age – Disabled Couple

Claimant aged 46 and partner 47.

The property is a two bedroom flat in Torquay which is rented at £103.00 per week.

The Council Tax Banding is B (£1,162).

The claimant receives an occupational pension £511 per month.

Also receives Disability Living Allowance totaling £132 and Incapacity Benefit at £113 per week.

The partner receives a Carer's Allowance of £58 per week. There are no savings.

Housing Benefit is paid at £51.00 per week.

Council Tax Benefit is paid at £6.00 per week.

July 2012:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£421	Council Tax (£1,162)	£22
Housing Benefit	£51	Rent	£103
Council Tax Benefit	£6		
Total Weekly Income	£478	Total Weekly Outgoings	£125
		Residual Income	£353

April 2013:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£421	Council Tax (£1,162) (Less CT Support £52)	£21
Housing Benefit	£51	Rent	£103
Council Tax Benefit	£0		
Total Weekly Income	£472	Total Weekly Outgoings	£124
		Residual Income	£348

£5 per week worse off (1%)

Case Studies

Working Age Couple with Disabled Child

Claimant aged 41 and partner 39 with three children, one disabled, aged between 13 and 16.

The property is a three bedroom terraced house in Paignton which is rented at £606 per calendar month.

The Council Tax Banding is C (£1,329).

Claimant currently works 30 hours a week at £7 per hour (£210 per week). The partner has a part time job, working 5 hours a week at £7 per hour (£35 per week).

Receives Child Benefit at £47.10 and Tax Credits at £193.00 per week

Also receives a Carer's Allowance for their disabled child at £58.00 per week. Has £1,600 in savings.

Housing Benefit is paid at £110.00 per week.

Council Tax Benefit is paid at £16.00 per week.

July 2012:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£543	Council Tax (£1,329)	£26
Housing Benefit	£110	Rent	£140
Council Tax Benefit	£16		
Total Weekly Income	£669	Total Weekly Outgoings	£166
		Residual Income	£503

April 2013:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£543	Council Tax (£1,329) (Less CT Support £520)	£16
Housing Benefit	£110	Rent	£140
Council Tax Benefit	£0		
Total Weekly Income	£653	Total Weekly Outgoings	£156
		Residual Income	£497

£6 per week worse off (1%)

Case Studies

Working Age – Couple

Claimant aged 35 and partner aged 31, with no children.

They are owner occupiers and live in Brixham.

The Council Tax Banding is D (£1,524).

The claimant currently works 30 hours a week at £8 per hour (£240 per week).

Also receives Tax Credits totaling £30 per week.

The partner receives a Disability Living Allowance of £54 per week.

They have £7,045 in savings.

Council Tax Benefit is paid at £13.00 per week.

July 2012:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£324	Council Tax (£1,524)	£29
Council Tax Benefit	£13		
Total Weekly Income	£337	Total Weekly Outgoings	£29
		Residual Income	£279

April 2013:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£324	Council Tax (£1,524) (Not entitled to CT Support)	£29
Council Tax Benefit	£0		
Total Weekly Income	£324	Total Weekly Outgoings	£29
		Residual Income	£295

Capital/Savings exceed £6,000

£16 per week worse off (6%)

Case Studies

Working Age – Single Person

Claimant aged 48 and lives alone.

The property is in Torquay and owned by the claimant.

The Council Tax Banding is F with a single person discount (£1,619).

Currently unemployed and receives Job Seekers at £71.00 per week.

Council Tax Benefit is paid at £17.00 per week.

July 2012:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£71	Council Tax (£2,159 less 25% £540)	£31
Council Tax Benefit	£31		
Total Weekly Income	£102	Total Weekly Outgoings	£31
		Residual Income	£71

April 2013:

Household Weekly Income		Household Weekly Outgoings	
Total Income	£71	Council Tax (£2,159 less 25% £540) (Based on Band D £1,495 less 25% £374) (Less CT Support £841)	£15
Council Tax Benefit	£0		
Total Weekly Income	£71	Total Weekly Outgoings	£15
		Residual Income	£56

Band D Restriction & Limitation to 75% of Charge

£15 per week worse off (21%)

Welfare Reforms – from April 13

Benefit Cap

The Welfare Reform Act contains the enabling legislation allowing the power to cap the total amount of benefit which a single person or couple is entitled to. Known as the Household Benefit Cap, the proposal is that a cap on the total amount of benefit will be introduced from April 2013. This cap will limit the total household benefit payments of working age out of work households to the average (median) net earnings for a working household, currently projected to be £500 per week (£26k per annum) for lone parents and couples with or without children, and £350 per week for single people without children. Any reduction in benefit will be taken from Housing Benefit.

http://www.housing.org.uk/policy/welfare_reform/overall_benefit_cap.aspx

This is likely to affect about 80 households in Torbay.

Housing Benefit - size criteria restriction for people renting in the Social Sector

Welfare reforms will cut by set percentages the amount of benefit that people can get if they are deemed to have a spare bedroom in their council or housing association home. This will be done by extending the size criteria rules, which currently apply to claims for Housing Benefit in the private rented sector, to the social rented sector. This will mean that, from April 2013, the maximum applicable rent used for Housing Benefit purposes, will be reduced depending on how many bedrooms the household is considered not to require. If the household has one extra bedroom, rent eligible for Housing Benefit will be reduced by 14%; if the claimant has an additional two bedrooms, benefit will be assessed on 25% of eligible rent.

http://www.housing.org.uk/policy/welfare_reform/„under-occupation“_penalty.aspx

Analysis is currently being undertaken.

Social Fund reform

The Welfare Reform Act contains provisions to amend the arrangements for providing cash lump sum payments and loans to those in need, currently covered by the cash limited Social Fund arrangements administered by DWP agencies

<http://www.dwp.gov.uk/local-authority-staff/social-fund-reform/>

Supported Housing Reform

DWP's proposals for reforming the payment of HB to people in supported and specialist housing

http://www.housing.org.uk/publications/find_a_publication/care_and_support/hb-__supported_housing.aspx

Single Fraud Investigation Service

New powers in the Welfare Reform Act will enable joint investigations between DWP, HMRC and local authorities - information supplied by HMRC and DWP may be used for other purposes relating to the administration of Council Tax by billing authorities, for example, to determine whether a person is entitled to an existing council tax discount. To support this a Single Fraud Investigation Service, comprising of resources from the three organisations, will be formed from April 2013

<http://www.dwp.gov.uk/docs/eia-single-fraud-investigation-service-wr2011.pdf>

Appendix 2 – Devon Billing Authorities Draft Scheme

All draft schemes are based on the current council tax benefit rules but with the changes identified below.

Name of Authority	Limit liability	Stopping Second Adult Rebate	Band restriction	Capital limit	Vulnerability / Hardship fund	Other options	Web link to consultation
East Devon District Council	70%	Yes	Band D	£3,000	Yes	-	www.eastdevon.gov.uk/ctsupport
Exeter City Council	70%	Yes	Band D	£6,000	Yes	-	www.exeter.gov.uk/ctsupport
Mid Devon District Council	75%	Yes	Band D	£6,000	Yes	-	www.middevon.gov.uk/counciltaxsupport
North Devon District Council	75%	Yes	Band D	£6,000	Yes	Increase disregards for single & couples	www.northdevon.gov.uk/benefits
South Hams District Council	70%	Yes	-	-	Yes	-	www.southhams.gov.uk/ctsupport
Teignbridge District Council	75%	Yes	Band D	£6,000	Yes	-	www.teignbridge.gov.uk/ctsupport
Torrige District Council	70%	Yes	Band D	£6,000	Yes	-	www.torrige.gov.uk/ctsupport
West Devon District Council	75%	Yes	-	-	Yes	-	www.westdevon.gov.uk/ctsupport
Unitary Authorities							
Torbay Council	75%	Yes	Band D	£6,000	Yes	-	www.torbay.gov.uk/consultation
Plymouth city Council	70%	Yes	Band D	£3,000	Yes	-	www.plymouth.gov.uk/ctsupport