

Local Council Tax Support

Brentwood Borough Councils Local Council Tax Reduction Scheme
Final Scheme Design
Consultation Response



This Equality Impact Assessment (EIA) is based on the financial models adopted for consultation by Brentwood Borough Council. An impact assessment of the change to local support for Council Tax nationwide can be found at <https://www.gov.uk/government/consultations/localising-support-for-council-tax>

Proposed change

The Council proposes the following changes:

- 1) Introduction of award periods
- 2) End liability mismatches
- 3) Provision for Local Authority Errors
- 4) Hold partners jointly and severally liable for Council Tax Support

Reason for the service change

Brentwood Borough Council's replacement to Council Tax Benefit is now established and will be entering its third year of operation. It is now at steady state and the Council is seeking ways to reduce the risk of fraud entering the system.

Section 13 of the Local Government Finance Act 1992 was amended by the Welfare Reform Act which allows for the development of a new Localised Council Tax Support scheme to be implemented.

Every billing authority in England must design a scheme specifying the reductions which are to apply to amounts of council tax payable in respect of dwellings in its area.

Council Tax Support is funded through reductions in the Council Tax base. The costs of this are shared by the billing authority and the preceptors.

Essex County Council faces the largest share of the scheme cost. Agreement with Essex and the preceptors is that the scheme will cost the same or less than the grant allocated for 2013/14. This arrangement continues until 2015/16 and it amounts to the net level of Council Tax Benefit awarded in 2012/13, less 10%.

Information about the changes - locally

The Council is in a partnership with Essex County Council to control the costs of discounts and exemptions within the Council Tax collection Fund. This ensures that taxpayers are not unduly burdened by excessive reductions in the Council Tax Base. Part of that agreement is to ensure that the Cost of Council Tax Support is "cost neutral" when compared the 2013/14 funding allocation for Council Tax Support. Any additional costs are borne by Brentwood's taxpayers.

Locally Brentwood Borough Council has delivered a Council Tax Support scheme that has:-

- Been seen to be fair
- Not impacted upon the collection of Council Tax.
- Not needed significant redesign
- Stood up well to appeal and national scrutiny

Information about the changes - nationally

The Department for Communities and Local Government (DCLG) have completed an Impact Assessment for the implementation of local support for Council Tax nationwide;

<https://www.gov.uk/government/consultations/localising-support-for-council-tax>

Nature of the consultation

The Council consulted staff in the Housing and Revenues & Benefits services. The Council has worked with other authorities throughout Essex and Essex County Council to monitor the costs and success of the scheme.

In July a staff consultation took place to consider what changes to make to the scheme.

These ideas were put to a Task and Finish Group made up of three members of the Council, namely Cllr Vickie Davies, Cllr Mark Reed and Cllr Julie Morrissey.

The Task and Finish Group met on 28th August 2014 and considered whether to make any changes to the Council Tax Support scheme introduced in April.

These proposals have been discussed with Essex County Council and other preceptors throughout the year. The Preceptors are finalising a sharing agreement that will prioritise income recovery and therefore there is a requirement that the scheme promotes payment of Council Tax.

Options

1. Do nothing

The County have proposed an incentive scheme to minimise fraud and error across all Council Tax discounts and exemptions, including Council Tax Support. Without a re-write of some of the technical rules it would be difficult to comply with the County wide scheme.

2. Design a scheme that is compliant with the ECC partnership

The Council is already saving £1 million of public money now compared to Council Tax Benefit expenditure. The technical changes will allow the Council to review awards on a firm but fair basis to ensure that taxpayers are getting the support that they need, when they need it and get that support reduced or removed when they no longer need it.

3. Consider wider implications.

The scheme proposed by the Members Working Group complies with the Pan-Essex agreement to deliver schemes that are largely cost-neutral, with the savings impacting upon the claimants and not the preceptors and implicit in that is an acceptance of the Essex wide localised regulatory framework. It complies with the 4 principles of taxation:

1. **Efficient** – tax is primarily designed to raise revenue, it should not produce undue economic burdens..
2. **Understandable** – tax should not be unjust or unnecessary complex. The more complex tax is the more expensive it is to collect.
3. **Equitable** - Taxation should be governed by people's *ability to pay*
4. **Benefit Principle** - Those that use a publicly provided service should pay for it.

Our scheme also allows the Council to affect behavioural change. More support is provided to those who are vulnerable and to those taxpayers who are in work. Incentives exist within the scheme to promote increased hours. It therefore follows that the Council should consider whether any wider policy objectives can be included.

To this end the Council is proposing to use the technical changes to Council Tax to encourage more homes to be placed on the general market, either for let or purchase. Where a home has been left empty for two years, it proposes to apply a 50% Council Tax surcharge (owners of homes left empty would be liable to pay 150% of the Council Tax for their band).

Consultation Considerations

Six taxpayers responded to the Council consultation

Reviews of Awards

100% wanted regular reviews of Council Tax Support awards

Long Term Empties

66.67% (4) wanted long term empties charged a 50% penalty

The following comments were made:

Many reasons for a property to be empty - not always liable person's fault. Circumstances should be taken into account e.g. where there are unavoidable delays waiting for probate, unavoidable delays repairing a damaged property or if a new owner has not owned the property for that amount of time
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I think it depends on the circumstances, where it is not the main home but for investment and letting it should be reduced to 1 year. If there are unusual circumstance, e.g. Marriage break up or going abroad for voluntary work or family reasons 2 years and one month.

Legislation will ensure that individual circumstances are taken in to account and that those who are actively trying to sell their property will not be subject to a penalty.

Council Tax mismatches

66.67% (4) agreed with this principle two comments were made

It is easier to prove something does exist than to prove something does not exist. If a person has claimed a Single Person Discount and council tax support but is unable to provide contact details for a person who has moved out it is sometimes necessary to accept what they have told you.
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However evidence that will be accepted should be clear and undisputed.
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LA Error

100% (6) agreed that the Council should have a provision for errors in assessment.

The Local Scheme should adopt the same procedures as the DWP for the recovery of overpayments caused by official error.

So in other words the council is responsible for it's own errors which should always have been the case.
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Partner – joint and several liability

100% support for this proposal with the following comments made

Yes, as long as the application form is to have joint signatures for both parties to sign so they are both aware
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Only if both parties are required to sign the application form.

But how could you prove both partners were aware of false information being given... Or you wouldn't bother about this. Could collective culpability stand up to appeal?
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Extension of vulnerable category to those with the Support Component of ESA.

100% of respondents agreed with this proposal.

Impact on Families

On 18 August 2014 the Prime Minister announced [the introduction of a 'family test'](#).

The objective of the test is to introduce a family perspective to the policy making process. It will ensure that policy makers recognise and make explicit the potential impacts on family relationships in the process of developing and agreeing new policy

The families test forms part of the decision making and falls within the Public Sector Equality Duty.

1) What kinds of impact might the policy have on family formation?

Couple relationships are the starting point for most families, and committed couple relationships bring significant benefits for the individuals themselves and children in those families. Council Tax Support awards additional; premiums for families and couples within those families. The extension of joint and several liability to Council Tax Support award claims utilises existing law. No change is proposed to Single Adult Rebate.

2) **What kind of impact will the policy have on families going through key transitions such as becoming parents, getting married, fostering or adopting, bereavement, redundancy, new caring responsibilities or the onset of a long-term health condition?**

Becoming parents – no change to existing policy although enhanced rates of support exist for families with children

Getting married – No change to policy but enhanced rates exist for claimants who have a partner.

Fostering or adopting. No change to existing policy

Bereavement – No change to existing policy

Redundancy – No change to existing policy

New caring responsibilities – Brentwood’s scheme includes enhanced levels of support for carers, when compared to equivalent levels offered by the Council Tax Benefit.

Long term health conditions – it is part of these proposals to extend support to those who qualify for the support component of Employment and Support Allowance.

These taxpayers have a limited capacity for work related activity.

3) **What impacts will the policy have on all family members’ ability to play a full role in family life, including with respect to parenting and other caring responsibilities**

Council Tax Benefit and the pensioner Council Tax Support scheme include non dependent deductions. In the case of pensioners aged 65+ these are applied after 26 weeks. With Brentwood’s working age Council Tax Support scheme no deduction applies. By removing non dependant deductions, a financial disincentive to include grandparents and uncles has been mitigated.

4) **How does the policy impact families before, during and after couple separation?**

No change to existing policy. All appropriate disregards, exemptions and discounts are applied to a customers’ account when Council Tax Support is awarded.

5) **How does the policy impact those families most at risk of deterioration of relationship quality and breakdown?**

There is a very wide range of factors that can undermine the quality of family relationships and contribute to breakdown. Some of these are related to specific behaviours within the family such as alcohol dependency, domestic violence or problem gambling. Our Revenues and Benefits Service is working with the CAB and charitable organisations to minimise the impact of debt upon families. This is being done as part of our local support services framework. The long term goal is that this framework forms part of the wider local delivery of Universal Credit.

This scheme was originally designed so that those affected by reductions in support levels can mitigate that reduction by either finding employment or moving to a cheaper property. The proposed changes to the scheme continue that principle, so that increases in tax can be mitigated against by taking action that will overall benefit the taxpayer individually and as a whole. For example those subject to a premium for leaving a home empty for more than two years can take action to mitigate that by either selling the property or renting it to a tenant. This will bring into use a property otherwise unavailable to an individual or family.

This document details only the scheme changes, a detailed analysis of the scheme is available on request.

The changes being considered affect Working Age claimants only. The DCLG regulate the minimum requirements of the scheme for those of pension age.

Disability	Positive	Negative
	<p>Higher allowances will continue to be awarded in the calculation of support for those receiving disability benefits.</p> <p>The removal of non-dependant deductions will provide those with the disability premium the same protection afforded to those with the severe disability premium under the current Council Tax Benefit scheme. Our proposal allows for a non-dependant to stay and provide help where necessary without any deduction.</p> <p>The disabled and vulnerable are on average better off as a result of Council Tax Support.</p>	<p>Decisions concerning disability are not going to be made by the Council. The DWP is currently reviewing all disability benefits and as a result some groups may lose protection. It would not be feasible for the Council to perform medical assessments, nor is it the intention of the Council to make CTR a disability related support. Disability decisions are therefore best placed to remain with the DWP, whose decision will be followed by the Council.</p>

Household demographics	Positive	Negative
Single person Household.	<p>13 week protection would be available to those who could afford their property.</p> <p>Single people are able to move into work more easily than other demographic groups and then qualify for the lower taper.</p>	<p>Single people under 25 are less likely to be impacted by this change. This is because of Housing Benefit restrictions which limit single people, aged under 35 to the maximum rent for 1 bedroom in a shared house. This group is better able to be mobile in the labour and property market.</p> <p>Most claimants in shared accommodation are not required to pay Council Tax</p> <p>Older single claimants above the age of 35 are likely to be expected to pay more.</p>
Couple with no children	<p>13 week protection would be available to those who could afford their property.</p> <p>Couples will benefit from the £10 earned income disregard and the lower taper should they take up work totalling 24 hours.</p>	<p>Couples do not gain or lose more relative to any other group. Couples will be expected to pay more towards their Council Tax if they are long term unemployed.</p>
Lone Parent Families	<p>13 week protection would be available to those who could afford their property.</p> <p>Lone Parents will benefit from a £25 earned income disregard.</p> <p>The premiums that exist now, which reflect the additional costs of being a lone parent are continuing.</p> <p>Lone Parents, with older children will benefit from the removal of non-dependant reductions.</p>	<p>Lone parents who are long term unemployed will be expected to pay more.</p> <p>Some working age lone parents may lose out by the inclusion of child benefit and child maintenance in the assessment of support. Lone parents do have a higher needs allowance, which has been built in to the scheme. The greatest impact of the Child Benefit and Maintenance changes will be felt by those with relatively higher income</p>

		levels.
Families with children	<p>13 week protection would be available to those who could afford their property.</p> <p>The premiums that exist now, which reflect the additional costs of bringing up a family are continuing.</p> <p>Families with older children will benefit from the removal of non-dependant reductions.</p>	<p>Families who are long term unemployed will be expected to pay more.</p> <p>Some working age parents may lose out by the inclusion of child benefit and child maintenance in the assessment of support. Parents do have a higher needs allowance, which has been built in to the scheme. The greatest impact of the Child Benefit and Maintenance changes will be felt by those with relatively higher income levels.</p>
Households with carer(s)	<p>Enhanced levels of support were added for carers into the Brentwood scheme for 2014/15. There is no proposal to remove this.</p>	<p>In cases where the claimant is the cared for person, the household will be better off.</p> <p>Brentwood's scheme offers enhanced levels of support for carers compared to Council Tax Benefit and is more generous than other schemes across Essex.</p>

Race / Ethnicity	Positive	Negative
No data held	<p>The scheme will not treat people in these groups any differently.</p> <p>Facilities are available for those for whom spoken or written English is either not available or a second language.</p>	Black and ethnic minority communities often face higher rates of unemployment than other groups. These changes are designed to minimise the impact of the reduction in funding on those who have no ability to increase their earning potential through employment.

Armed Services	Positive	Negative
Less than 20 taxpayers impacted	<p>Brentwood Borough Council offers enhanced levels of support to those who have been widowed or disabled as a result of service to the Country.</p> <p>The national schemes offer a disregard of only £10 off War Widows and War disablement pensions (and their replacements). Brentwood fully disregards these incomes in full, In addition we enhance their awards above levels that they would have been entitled to under Council Tax Benefit, this significantly reduces the level of tax that these residents are liable for.</p> <p>Where a long term empty premium is to be applied, the Council will exempt from the surcharge 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</p>	None. Brentwood fully meets our commitment to the Armed Services Covenant.

Gender	Positive	Negative
Neutrality	<p>This scheme does not treat men or women differently. The premiums and levels of support are the same regardless of gender.</p>	<p>Child Benefit and Child Maintenance were included in Housing and Council Tax Benefit until 2008. The decision of the government to disregard these benefitted those with higher levels of income as it brought them back into benefit entitlement.</p> <p>Particular groups may feel this is unfair due to large families being a cultural factor. This can be related to religious beliefs and would affect the family's disposable income.</p> <p>The greatest impact may be on lone parents.</p> <p>http://www.gingerbread.org.uk/content.aspx?CategoryID=365</p> <p>Some working age lone parents may lose out by the inclusion of child benefit and child maintenance in the assessment of support. Lone parents do have a higher needs allowance and the greatest impact will be felt by those with more money. Male and Female lone parents are treated the same under this Council Tax support scheme.</p> <p>By applying a £15 disregard, the impact of this change is felt at higher income levels. £15 is above the median for child maintenance awards.</p>

Females	Unemployment among women in Brentwood is low (352).	
Males		Male unemployment is much higher in Brentwood than female unemployment. However the unemployment rate is relatively low and the Borough is prosperous.

Issues and Recommendations

Council Tax Support is now nearing steady state. 2015/16 will be its third year of operation. Brentwood Borough Council has designed a scheme, which we believe targets the reductions towards those most able to improve their circumstances.

To protect vulnerable people who may be unable to improve their circumstances, there will be an allowance for hardship cases within the scheme. This is proposed at 2% of overall expenditure. This would allow for individual circumstances to be taken into account when appropriate.

In addition to this, for cases that fall outside of the hardship scheme Essex County Council are funding an exceptional hardship scheme.

Operation of the Hardship Fund

The Borough is aware that a complex relief scheme may exclude people who are unable to improve their circumstances, at least in the short term.

While views on the design of a hardship fund were welcomed from the wider public, we actively sought the views of welfare specialists and benefits advice organisations. Our scheme will become part of the framework we have with external partners including the CAB.

A full review of the operation of the hardship fund will be carried out once proposals for local delivery of Universal Credit become firmer.

Comments on this document should be sent to

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