

CABINET

17th December 2013

LOCAL COUNCIL TAX SUPPORT DISCRETIONARY FUND

Director of Resources

STRATEGIC AIM:	All		
KEY DECISION	No	DATE ITEM FIRST APPEARED ON FORWARD PLAN	November 2013

1. PURPOSE OF THE REPORT

- 1.1 To provide Cabinet with an update on the Local Council Tax Support Discretionary Fund.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the content of the report and recommends to COUNCIL that the current scheme continues for 2014/15.

3. BACKGROUND

- 3.1 The Council approved the Local Council Tax Support Discretionary Fund on 7th January 2013 for 2013/14 (Report 2/2013). It is designed to provide additional financial support to claimants in greatest need, by remitting some or all of the Council Tax due. The Council made a commitment of £100,000 to the fund for 2013/14.
- 3.2 The Local Council Tax Support Discretionary Fund is established under Section 13A of the Local Government Finance Act 1992, as amended.
- 3.3 The policy approved by the Council states that the Discretionary Fund will be reviewed by 31st January each year.

4. DISCRETIONARY FUND OVERVIEW

- 4.1 The purpose of the fund is to provide additional support to households experiencing financial hardship. Some categories of households were defined in the criteria of the policy, with an overall severe financial hardship category to provide for undefined circumstances.
- 4.2 The policy for the Discretionary Fund details the categories of households that may apply along with the application process and periods of award.
- 4.3 The following table details the number and amount of awards made so far.

	April	May	June	July	Aug	Sept	Oct	TOTAL
Number of	38	12	18	18	5	19	20	130

applications								
Number awarded	20	7	13	10	3	11	4	80
Number refused	18	5	5	8	2	8	16	50
Value of awards	£4,076	£1,189	£845	£1,272	£451	£1,855	£2,687	£12,375

The average award is £154.68.

4.4 The following table details a breakdown of the categories of award.

Category	Total
Care leaver up to the age of 22	5
Carer who is unable to work	1
Income support claimant with a child under 5	2
Disability Living Allowance at higher rate in payment	5
Fleeing domestic violence	1
Drug/alcohol dependent in rehab	2
Employment Support Allowance higher rate claimant	4
Foster carer between placements	0
Hostel leaver receiving support	0
Non-resident children where parent retains parental responsibility	2
Claimant living in supported accommodation	2
Other vulnerable groups	25
Severe financial hardship	31
Total	80

4.5 Applications have been refused for the following reasons:

- a) Financial evidence suggests that finances were available or could be reorganised.
- b) Some claimants could reduce their outgoings i.e. other debts or high utility bills and are referred to Citizens Advice Bureau for debt advice or internally to the Council's Climate Change Co-ordinator to explore cheaper fuel options.
- c) Some claimants were offered 12 instalments instead of 10 to reduce the amount due each month making it more affordable. Overall 751 taxpayers have chosen to pay over 12 instalments.

4.6 Applications have been successful for the following reasons:

- a) Some claimants were unable to work due to a severe long term illness with no likelihood of recovery and incurred a higher cost of living i.e. fuel bills, transport costs.
- b) Some claimants were experiencing severe financial hardship due to a life change event i.e. birth of a child, death of a partner/relative which brought about increased financial pressure for a short period of time.
- c) Some claimants were experiencing severe financial pressure due to benefit sanctions imposed by the Department for Work and Pensions (DWP) or a migration from one DWP benefit to another and have also applied for a crisis payment; in taking a holistic view of their

circumstances, an award has been made for the Council Tax Support Discretionary Fund also.

- d) Some claimants were identified as vulnerable but did not fit into a specific category; their vulnerability has arisen due to other factors such as their mental health condition and medical treatment.

4.7 The Discretionary Fund has been well advertised. All taxpayers received information with their Council Tax Demand Notice explaining its availability. Citizens Advice Bureau and Spire Homes Ltd etc. are aware of how it operates. Since billing the Council Tax in March 2013, steps have been taken to promote awareness of the scheme and to encourage applications from individuals identified as likely to be supported.

The following steps have been taken:

- a) The Discretionary fund is detailed on our website and application forms can be downloaded.
- b) Service users with mental health and learning difficulties have been identified and referred to adult social care for support in completing an application form.
- c) Postcards detailing the fund have been included with Council Tax Reminder Notices and Summonses.
- d) Officers actively promote the scheme when talking to individuals with Council Tax arrears.

4.8 The budget allocated to the fund for 2013/14 is £100,000. To date the Council has awarded £12,375. Further awards are expected in the later part of the financial year due to the following:

- a) Pressure on taxpayer households in the winter months with increased fuel bills.
- b) Increased recovery activity will identify further vulnerable taxpayers who will be invited to make an application.
- c) The DWP are introducing the 'claimant commitment' from 14th October which puts further emphasis on finding work and evidencing this for those claiming out of work benefits; more sanctions are expected as a result of this. Sanctions will reduce the level of income the claimant receives.
- d) The DWP are changing their appeal process, delays in receiving benefits are anticipated as a result of this change.

However, it is unlikely that the spending levels will increase significantly in the remainder of the financial year and it is therefore likely that the budget will be underspent.

4.9 National data is available from the New Policy Institute; 326 Councils responded to their survey about Local Council Tax Support schemes and

34% of those have introduced a Discretionary Fund for people experiencing exceptional hardship.

- 4.10 Neighbouring authorities across Leicestershire have introduced a similar scheme. The funding for the scheme was determined as a % of their total expenditure for Council Tax Benefit in the preceding year. Statistical data provided for benchmarking purposes indicates that neighbouring authorities Discretionary Funds have low levels of award with spend to date ranging from £2k to £4.5k.

5. THE PROVISION FOR 2014/15

- 5.1 Consideration should be given to whether or not the Council should alter the Discretionary Fund criteria for 2014/15 and the amount of funding that should be allocated. The funding decision will be considered as part of budget setting.
- 5.2 In terms of the Scheme itself there are no compelling reasons to amend the criteria for the fund; this is based on the following factors:
- a) Members have decided not to amend the Local Council Tax Support scheme as there is insufficient data to inform any changes. As the Discretionary Fund sits alongside the main scheme, then it would be advisable to look at the two together next year.
 - b) The national changes to welfare reform led by the DWP are only just starting to commence, it is not known how local claimants will be affected.
 - c) There is no evidence yet to suggest that the fund is not targeting and reaching the right people. Moreover, the level of arrears is not increasing to the point where further action to support those in difficulty would be required.
 - d) There is sufficient flexibility within the existing criteria to support those in greatest need as evidence by the examples of those who the Scheme is supporting (paragraph 4.4).
- 5.3 Members have previously expressed the view that they may wish to consider making changes to the main scheme so that the scheme can be used to help those who are now supported by the Discretionary Fund.

Officers have discussed this principle with other local authorities and others are not minded to adopt this approach. One of potential barriers to doing this would be that the levers currently used in the main scheme (detailed in the table below) apply universally to all claimants and are means test related. These levers cannot be altered easily to target specific user groups or those in particular circumstances.

The following table details the current working age scheme:

Scheme variables	Current approved level
Restrict to Council Tax band:	D
Restrict maximum Council Tax Support to:	75%
Retain the taper at:	20p

Reduced the capital limit to:	£10,000
Change the capital tariff to:	£1 per every £200
Reduced the child benefit disregard to:	£0
Increase the full time earnings disregard	£20.00
Increase non-dependant reductions by:	10%
Abolish Second Adult Rebate:	Yes

This barrier is best demonstrated by some examples:

Case A: Mr B is 53 and lives with his son. He is in receipt of Disability Living Allowance suffering from major permanent injuries sustained in a road traffic accident. His son is his main carer. Mr B is unable to work due to the nature of his disabilities. Mr B has higher fuel bills than comparative households. A discretionary fund award has been made for the full financial year and as such Mr B does not have any council tax to pay. None of the variables detailed in the table below could be altered to meet the above need.

Case B; Ms M is 48 and lives alone. She is in receipt of Employment Support Allowance and has a long term mental health illness, because of this she has been placed in the support group and is not required to actively seek work. Miss M also has a restricted diet due to a medical condition; because of this her weekly food costs are high. A discretionary fund award has been made for the full financial year and as such Ms M does not have any council tax to pay. None of the variables detailed in the table below could be altered to meet the above need.

Effectively the Council would end up with three schemes:

- a) A scheme for those of pensionable age
- b) A scheme for working age claimants
- c) A variation of the working age claimant scheme

Should members wish to pursue this option for the third year of the scheme, an early indication should be given to allow Officers to undertake a wide range of activities including establishing the cost and viability of implementing the changes with our IT supplier along with other activities detailed at 7.2. Our current software supplier is developing a 'Local Council Tax Reduction alternative scheme' which is expected to be ready for 2017/18 onwards, this is available for a fixed price of £30,000 payable in 2013/14, however our supplier has also indicated that the cost of developing an alternative site specific scheme would be substantially more.

- 5.4 In terms of the level of funding, consideration should be given to reducing the amount of funding allocated to the Discretionary Fund. In the current financial year £100,000 was allocated to the Discretionary Fund, to date £12,375 has been spent. Neighbouring authorities who have adopted a similar scheme have allocated a relatively small amount to their funds in comparison to caseload of claimants as detailed at 4.10.

6. MEDIUM TERM FINANCIAL PLAN

- 6.1 The Council has been updating the Medium Term Financial Plan (MTFP) this includes an assumption that members will support the Discretionary Fund in future years.

- 6.2 It is envisaged that the budget of £100,000 will not be fully spent by the end of the financial year. It is therefore prudent to review the level of support requirement for the Discretionary Fund for the next financial year.

7. NEXT STEPS

- 7.1 If members agree that the existing fund should remain unchanged for 2014/15 no further action is required.
- 7.2 If members express a desire to adopt a new scheme or make significant changes to the current scheme then the Council would need to undertake a wide range of activities including; modelling and forecasting of proposals, consultation, seek legal advice, a full Equality Impact Assessment, staff training, revision of application forms and literature.

8. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	medium	If members choose to adopt the current criteria for 2014/15 the risk is low, the risk increases if changes are required to the existing policy and criteria
Viability	Medium	If members choose to adopt the current criteria for 2014/15 the risk is low, the risk increases if changes are required to the existing policy and criteria
Finance	Low	Our current scheme is affordable in the MTFP
Profile	Medium	The welfare reform agenda is attracting national media interest.
Equality and Diversity	Low	An Equality Impact Assessment was completed when the fund was originally approved and monitoring information is collated and analysed.

Report Author
Saverio Della Rocca

Tel No: (01572) 722577
e-mail: enquiries@rutland.gov.uk

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.