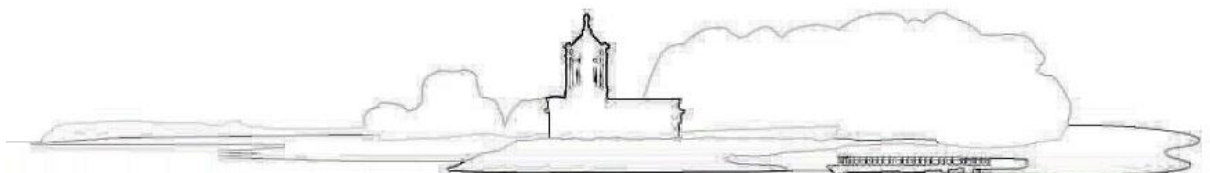


Rutland County Council

LOCAL COUNCIL TAX SUPPORT YEAR 1 REVIEW Appendix A

Version & Policy Number	DRAFT V 0.01
Guardian	Andrea Grinney Revenues & Benefits Manager 01572 758227
Date Produced	Aug 2014
Next Review Date	

Approved by Scrutiny	
Approved by Cabinet	
Approved by Full Council	



Summary of document

This document is appendix A to report 185/2014 and details the review of Local Council Tax Support and the Discretionary Fund for financial year 2013/14.

Contents

		<i>Page</i>
1.0	Background	4
2.0	Financial Position	4
3.0	Activity Data	6
4.0	Feedback	10
5.0	What's happening elsewhere	11
6.0	Alternative models	15
7.0	Funding	19
8.0	Other welfare reform matters	20
9.0	Conclusions	21

1.0 BACKGROUND

- 1.1 The Government abolished Council Tax Benefit from 1st April 2013. All billing authorities had to replace this with a local scheme by 31st January 2013. A significant amount of work was undertaken to model, forecast and consult on an affordable scheme for 2013/14. The Council approved a scheme in January 2013 (Report 2/2013) and adopted the same scheme for 2014/15 (Report 226/2013).
- 1.2 The Council put in place a scheme to meet certain principles. These are detailed in the table below:
- The scheme should reduce the overall cost of benefits through a local scheme;
 - Support should be directed to those most in need;
 - Incentives to work should be included;
 - The scheme should be broadly in line with those of other authorities in this area; and
 - The scheme should be affordable to the authority.
- 1.3 This report reviews whether these principles have been met using 2013/14 data plus other available information.

2.0 FINANCIAL POSITION

- 2.1 The scheme for 2013/14 and 2014/15 was expected to cost £1.56m based on forecasting data and actual known spending on Council Tax Benefit in preceding years. The following table shows the expected cost of the scheme, the funding allocation from central government and the funding required from the Council to meet the funding gap.

Expected cost of the main scheme	£1,561,000
Central Government grant funding	£1,403,000
Funding gap	£158,000
Funding from the Council main scheme	£150,000
Funding from the Council Discretionary Fund	£100,000

- 2.2 Actual spending on the main scheme for 2013/14 is detailed in the table below and shows an underspend of £95k. This underspend is consistent with the reducing caseload as shown in Section 3.

Month 2013/14	Total spend	Variance	Claimant numbers
Budget	£1,561,000		
April 2013	£1,558,414	-£2,586	1,797
May 2013	£1,563,251	£2,251	1,801
June 2013	£1,536,654	-£24,346	1,774
July 2013	£1,532,782	-£28,218	1,770
Aug 2013	£1,523,288	-£37,712	1,767
Sep 2013	£1,509,938	-£51,062	1,736
Oct 2013	£1,499,539	-£61,461	1,740
Nov 2013	£1,480,378	-£80,622	1,721
Dec 2013	£1,478,984	-£82,016	1,741
Jan 2014	£1,471,525	-£89,475	1,719
Feb 2014	£1,469,989	-£91,011	1,712
Mar 2014	£1,466,187	-£94,813	1,711

- 2.3 Members allocated £100k to the Discretionary Fund for 2013/14 and 2014/15, the actual spending for 2013/14 is detailed in the table below and shows an underspend of £85k.

Month 2013/14	Number of applications	Number awarded	Total value of award
Apr 2013	38	20	£4,034
May 2013	12	7	£1,230
Jun 2013	18	13	£639
Jul 2013	18	10	£1,194
Aug 2013	5	3	£202
Sep 2013	19	11	£892
Oct 2013	20	16	£2,153
Nov 2013	14	9	£433
Dec 2013	8	5	£234
Jan 2014	13	10	£949
Feb 2014	13	12	£1,480
Mar 2014	19	13	£1,335
TOTAL	197	129	£14,775

- 2.4 The Council Tax collection rate target for 2013/14 was reduced from 99% to 98.7% to take into account the impact of charging 356 new payers for the first time. From 2014/15 the collection rate target has reverted to 99%, based on monthly collection rates data. The Council Tax collection rates for the last 5 years are as follows:

Year	Collection rate
2009/10	98.9%
2010/11	98.9%
2011/12	98.9%
2012/13	98.9%
2013/14	98.8%

- 2.5 Of the 356 new payers, 77 are subject to recovery action with a combined total debt of £22,651 at 31.3.2014. This represents 7.4% of the total arrears outstanding at year end for 2013/14 (£303,684). On investigation, the majority of the claimants have some previous years arrears and have a cycle of coming 'on and off' of Benefits due to changes in their circumstances.
- 2.6 Some local authorities have a similar scheme or a scheme that required claimants to pay more than this Council's scheme- such as Surrey Heath. The impact on their collection rates is detailed in the table below:

Authority	2012/13 collection rate	2013/14 collection rate	% change
Rutland	98.9%	98.8%	-0.1%
Charnwood	97.9%	97.7%	-0.2%
Melton	97.9%	97.7%	-0.2%
Leicester City	95.9%	94.8%	-1.1%
Surrey Heath B.C	99.4%	98.7%	-0.7%

- 2.7 In summary the following observations can be made:
- the scheme has cost less than was originally planned for;
 - the Discretionary Fund has a significant underspend;
 - Council Tax collection rates are broadly being maintained; and
 - revising the scheme to make further savings may have an adverse impact on the Council Tax collection rate.

3.0 ACTIVITY DATA

- 3.1 The following data tables provide information regarding the caseload and how this has changed over the financial year, an analysis of claimant's income, details of the pension-age to working-age ratio and details of who has been granted further support from the Discretionary Fund.
- 3.2 The table below details how the working age caseload has reduced during 2013/14 thus, in turn, reducing the overall cost of the scheme:

Month 2013/14	Total LCTS working age caseload	Variance
April 2013	509	
May 2013	508	-1
June 2013	504	-5
July 2013	502	-7
Aug 2013	493	-16
Sep 2013	485	-24
Oct 2013	491	-18

Month 2013/14	Total LCTS working age caseload	Variance
Nov 2013	473	-36
Dec 2013	482	-27
Jan 2014	461	-48
Feb 2014	464	-45
Mar 2014	460	-49

- 3.3 The pension to working age ratio is important as pension age claimants are protected and retain their full Benefit entitlement. The following table details the pension to work-age ratio per month for 2013/14. There are no significant changes and the ratio remains stable.

Month 2013/14	Pension age	%	Working age	%
Apr 2013	£1,050,573	67.4%	£507,841	32.6%
May 2013	£1,050,110	67.1%	£513,141	32.9%
Jun 2013	£1,031,776	67.1%	£504,897	32.8%
Jul 2013	£1,024,768	66.8%	£508,014	33.2%
Aug 2013	£1,021,397	67.0%	£501,891	33.0%
Sep 2013	£1,019,797	67.5%	£490,141	32.5%
Oct 2013	£1,018,653	67.9%	£480,886	32.1%
Nov 2013	£1,016,111	68.6%	£464,267	31.4%
Dec 2013	£1,010,632	68.3%	£468,353	31.7%
Jan 2014	£1,010,768	68.6%	£461,757	31.4%
Feb 2014	£1,010,094	68.7%	£459,895	31.3%
Mar 2014	£1,008,969	68.8%	£457,218	31.2%

- 3.4 The table below details the sources of income for working age claimants. This tells us that there has been a reduction in the number of people claiming out of work benefits i.e. Income Support and Job Seekers Allowance which indicates that people are finding work or increasing their hours in work.

Month 2013/14	Income Support	JSA*	ESA*	Working	Other*
Apr 2013	24.2%	14.5%	19.9%	29.9%	11.5%
May 2013	23.1%	14.0%	19.8%	28.9%	14.0%
Jun 2013	22.4%	13.7%	18.4%	24.0%	21.5%
Jul 2013	22.4%	13.6%	19.2%	26.0%	18.8%
Aug 2013	21.8%	13.8%	18.9%	26.8%	18.7%
Sep 2013	20.8%	13.0%	19.0%	26.0%	21.2%
Oct	20.4%	12.8%	19.2%	25.9%	21.7%

Month 2013/14	Income Support	JSA*	ESA*	Working	Other*
2013					
Nov 2013	19.4%	12.5%	18.6%	26.5%	23.0%
Dec 2013	19.3%	11.3%	20.6%	31.0%	17.8%
Jan 2014	18.8%	11.4%	20.7%	31.3%	17.8%
Feb 2014	17.8%	11.8%	20.4%	28.8%	21.2%
Mar 2014	18.2%	11.6%	20.3%	28.5%	20.5%

*other category can include claimants in receipt of other benefits such as Incapacity Benefit, Carers Allowance, Severely Disabled Allowance, Statutory sick pay, maintenance and tax credits.

- 3.5 The table below details a breakdown of working-age claimants by marital status and whether or not they have children in their household. There has been little change throughout the year across the categories.

Month 2013/14	Single	Couples without children	Lone Parents	Couples with children	Disabled*
Apr 2013	8.3%	36.7%	5.1%	49.8%	6.9%
May 2013	8.3%	36.1%	5.3%	50.3%	6.5%
Jun 2013	7.8%	36.5%	5.5%	50.2%	6.3%
Jul 2013	7.8%	36.9%	5.4%	49.9%	5.3%
Aug 2013	7.6%	37.2%	4.7%	50.5%	4.6%
Sep 2013	7.3%	40.7%	4.8%	47.2%	3.9%
Oct 2013	7.5%	37.5%	4.2%	50.8%	4.4%
Nov 2013	7.3%	37.5%	4.1%	51.1%	4.5%
Dec 2013	8.2%	37.3%	4.6%	49.9%	4.6%
Jan 2014	7.6%	37.0%	4.5%	50.9%	4.5%
Feb 2014	7.8%	37.2%	4.4%	50.6%	4.6%
Mar 2014	7.7%	36.6%	4.1%	51.6%	4.1%

* Disabled claimants also fall into one of the other categories.

- 3.6 Further analysis of the 'couples without children' category detailed above finds that 10 are claiming disability related benefits:

Claimant	Partner	No. of households
Employed	Disabled	7
Employed	Employed & Disabled	1
Employed & Disabled	Disabled	1
Disabled	Disabled	1

It could be argued that the 'single' and 'couples without children' categories have the most potential and opportunity to find work or increase their hours in work.

- 3.7 The Discretionary Fund established certain groups of vulnerable people that may qualify for an award, along with wider categories to allow for other situations. The table below details the numbers awarded against each group for 2013/14.

Category	2013/14 awards
Carer Leaver	7
Carer	1
Income Support and child under 5	3
In Receipt of DLA	7
Fleeing domestic violence	1
Leaving dependency rehabilitation	2
In receipt of ESA support component	4
Foster Carer	0
Foster Care Leaver	0
Hostel Leaver	0
Responsibility for a non- resident child	2
Supported Accommodation	2
Other vulnerable group	45
Severe Financial Hardship	42
TOTAL	129

- 3.8 On analysing the above data, it is clear that there are no clear specific groups or set of circumstances that should, or could be, included in the main scheme. This supports the principle that each application is assessed on its own merits having regard to the household income and expenditure.

- 3.9 In 2013/14, 68 applications were refused a Discretionary Award; this was due to a number of reasons:

- Excess income was available to meet the liability, or alternative funds were available; such as savings;

- Criteria set out in the policy were not met; and
- Insufficient evidence was provided to support the application.

In cases of refusal, all received written notification detailing their right of appeal and were signposted to the Rutland Citizens Advice Bureau (CAB) for budgeting or debt advice. Only 8 appeals have been received and of these 5 were awarded.

3.10 In summary the following observations can be made;

- The number of working age claimants has reduced during 2013/14 with less people claiming out of work benefits;
- There are no real trends for Discretionary Fund awards that would merit inclusion in the main scheme; and
- The Discretionary Fund is supporting the most vulnerable and alleviating financial pressures of paying Council Tax for households.

4 FEEDBACK

4.1 Feedback has been provided, upon request, from CAB and is summarised as follows:

- The main scheme counts Child Benefit as income. CAB would like Child Benefit income to be disregarded in the calculation to assist with alleviating child poverty. (This option is modelled for 2015/16 at model B in section 6);
- All claimants in receipt of means-tested benefits i.e. Income Support, should be awarded full support. For many claimants paying any Council Tax is simply unaffordable. This would also reduce the funding and resources required to administer a discretionary fund;
- As an alternative to full support, the maximum amount could be set at 95%, with the option of a discretionary fund for those most in need;
- Overall CAB state that the discretionary fund works well. However, CAB state that it is unfair to include DLA as income as it is generally ignored for means tested benefits. In taking into account DLA as income, Officers also take into account the higher expenditure of the claimant; and
- CAB are also pleased that they have asked for some reviews of decisions and these have also resulted in favourable decisions for their clients.

4.2 An internal review of the operational aspect of the scheme provides the following observations;

- The main scheme is administered in the same way as previously for Council Tax Benefit. In many cases a joint application is made for Housing Benefit at the same time. The software system has been

updated to cater for the change. Operationally the change from CTB to main scheme LCTS has had little impact; and

- A number of activities were undertaken by Officers to communicate the changes to those customers who were affected. This included telephone calls to claimants and letters prior to April 2013. Few complaints have been received about the scheme.

4.3 The main impact on resources has been the introduction of the Discretionary Fund which has had a significant impact on workload as follows;

- Design of policy and statistical monitoring of the expenditure;
- Design and production of application form, leaflets and publicity;
- Staff training and awareness- including updating the website;
- Amendment of software to make awards and record data;
- Completion of extra FOI requests;
- Notification of decision and appeal process and signposting to other services;
- Some applications are complex and require multiple enquiries such as; enquiries to DWP to verify income, referral and follow up with their support worker; and
- Poor reaction upon refusal of application resulting in verbal abuse towards Officers.

4.4 It is estimated that each application for discretionary support takes on average 2 hours of officer time. Circa 10 weeks of officer time has been spent on administering claims of £14,775. The team have requested additional resource to cope with this demand.

4.5 Little feedback has been received directly from customers. Those who are unable to meet their Council Tax liability are invited to apply to the Discretionary Fund or are signposted to seek debt advice.

4.6 In summary, the following observations can be made:

- CAB have raised some concerns regarding the inclusion of Child Benefit as income and the treatment of disability related income;
- There have been very few complaints regarding the main scheme and few appeals to decisions for Discretionary Fund awards; and
- Operationally the introduction of the Discretionary Fund has created additional workload for the team and more resource has been requested.

5.0 WHAT'S HAPPENING ELSEWHERE

5.1 The following section provides data, which has been gathered from national sources, to enable consideration of other schemes and best practice since the scheme was introduced in 2013/14.

5.2 The New Policy Institute has collated data about all national Local Council Tax Support schemes for 2014/15. They have published this data, which can be used as a comparator to our own scheme:

- 45 councils have continued to provide the same level of support to residents as they did under the former Council Tax Benefit system;
- 192 councils changed their system in the first year that it was introduced and have not made any further changes for April 2014. (RCC are included this category);
- 13 councils continued with the former Council Tax Benefit system in April 2013, but started to cut support in April 2014;
- 76 councils changed their system in the first year it was introduced and have also made further changes for April 2014; and
- Of the 89 councils to change their CTS schemes in April 2014, 79 reduced the levels of support for recipients, 4 increased support and 6 councils made only small changes.

5.3 The table below details our own scheme, neighbouring authorities schemes and other schemes that require taxpayers to pay more.

Local Authority	Minimum council tax payment	Savings limit	Second Adult Rebate abolished?	Changes made to non-dependant deductions?	Council Tax Band restriction	Hardship fund
Rutland	25%	10k	Yes	Yes	D	Yes
Corby	8.5%	16k	Yes	No	n/a	No
Harborough	15%	16k	Yes	Yes	D	Yes
Leicester City	20%	16k	Yes	No	B	Yes
Melton	12%	16k	Yes	No	No	Yes
Peterborough City	30%	16k	No	No	No	No
South Kesteven	20%	16k	No	No	No	No
Surrey Heath	30%	10k	Yes	Yes	D	Yes
Castle Point	30%	6k	Yes	Yes	D	Yes

Information source: New Policy Institute

5.4 The above information indicates that there is scope to go further with our own scheme, given the number of authorities with a minimum Council Tax payment of over 25% (16 authorities).

5.5 The New Policy Institute has also collated some data relating to hardship funds:- according to their research 116 billing authorities have adopted a hardship fund.

5.6 Neighbouring Leicestershire authorities adopted a similar scheme to ourselves and have also underspent on their budget. Awards have been made to the same categories of claimants with a similar pattern of awards.

Authority	Annual Budget	Amount spent	% spent	Number of awards
Blaby	£46,304	£8,654	18.69%	95
Charnwood	£92,967	£12,912	13.89%	300
Harboro	£35,188	£8,558	24.32%	135
Hinckley & B	£58,316	£7,914	13.57%	208
Melton	£25,438	£8,207	32.26%	94
North West Leicester	£58,943	£6,623	11.24%	197
Oadby & Wigston	£30,958	£6,024	19.46%	75
TOTAL	£348,114	£58,893	16.92%	1104

Data- up to and incl. March 2013

5.7 The Department for Communities and Local Government (DCLG) have issued a number of guidance documents to assist Councils in developing their own schemes. The following documents have been produced:

- Localising Support for Council Tax – consultation outcome (2 August 2011)
- Localising Support for Council Tax: taking work incentives into account: guidance (18 December 2012)
- Localising support for Council Tax: vulnerable people- key local authority duties (3 February 2014)

5.8 Officers have considered the documents and note the following:

- A principle of the current scheme is to incentivise work. Various models were put forward and Members took steps to ensure that people in work retained more of their benefit entitlement. i.e. retain the earnings taper at 20p for every earned £1.00 and increase the full-time earnings disregard from £17.10 per week to £20.00 per week, continue with 4 week extended payments for those moving into work; and
- The Discretionary Fund is designed to provide both short term and long term support for the most vulnerable Tax payers.

5.9 The Local Government Ombudsman (LGO) has published decisions relating to 10 nationwide complaints regarding Local Council Tax Support Schemes:

- 7 were closed after initial enquiries as the complainant had other rights of appeal;
- 2 were upheld but, upon investigation, related to Housing Benefit and not Council Tax Support;
- 1 case was not upheld and related to Mr B who considered it was wrong that he was required to pay 23% of the Council Tax due,

having been in receipt of full CTB previously. The LGO considered his complaint. The Council had a hardship fund which Mr B was invited to make a claim. The LGO found no administration faults by the Council.

5.10 A number of authorities' schemes were subject to judicial review in 2013/14. Majority of the reviews were based on challenges from pressure groups claiming that the adopted scheme had not fully taken into account the impact upon certain groups with protected characteristics i.e. pregnancy. Most judicial reviews have failed as the authority has undertaken consultation and Equality Impact Assessments.

5.11 Child Poverty Action Group (CPAG) has recently brought about a legal challenge to Sandwell Borough Council's main scheme. Sandwell have denied Local Council Tax Support to three women who moved into the area as they failed their 2 year residency criteria. CPAG are challenging on the basis that:

- Sandwell did not consult on its 2 year residency rule; and
- Sandwell has failed to comply to its equality duties.

The case was heard at the High Court in Birmingham on 22nd July 2014. CPAG won their challenge and the following points were made by Justice Hickinbottom:

- The Council did not have the power to impose a residency requirement;
- The Council did not consult properly;
- The Council disproportionately affected people's right to freedom of movement;
- The Council has discriminated against non-British people and women; and
- The Council has not complied with the Public Sector equality duty.

Few Councils have introduced residency criteria, however the outcome of this case is useful to all authorities as it relates to the requirement to consult properly and consider our equality duties.

5.12 The Valuation Tribunal (VT) has considered an appeal from 2 separate applicants who were refused additional support from the Council's Discretionary Fund. The VT heard the appeals and ordered the Council to remit the Council Tax to nil in one case, the other was upheld. The following principles are established:

- Although a policy is not required in statute, it is difficult to see how such an open-ended discretion can be satisfactorily exercised in the absence of one;
- Any such policy should be scrutinised by the authority's lawyers.

- Failure to comply with the policy to the detriment of the applicant is likely to lead to the overturning of the decision, unless there are good reasons for having departed from it;
- An authority cannot fetter its discretion and must consider each application on its merits whatever the policy or scheme says; and
- The Tribunal cannot give any relevance to an overall budget created by the authority for the totality of discretionary applications in a given year.

5.13 This case does have implications for our own scheme as it sets a precedent for future VT's decisions. In his comments the Judge stated that:

- In most cases the starting point is likely to be the difference in income and expenses, however due regard must be given to all other relevant factors; and
- If there is clear evidence that the applicant has a shortfall in their income and expenses (including debts), and cannot meet the liability, then an award should be made for the full year and not limited to a lesser period.

5.14 In summary the following observations can be made;

- Our scheme is broadly in line with other schemes and those of neighbouring authorities;
- Some minor changes to our Discretionary Fund policy are required; such as removing the 'budget considerations section' and clarifying the reasons for award and refusal; and
- The judicial review has highlighted specific problems with introducing some limiting criteria- this does not affect our scheme.

6.0 ALTERNATIVE MODELS

6.1 In order to explore an alternative to the current scheme, three other options have been modelled using existing data. The table below details the models, the reason for considering this alternative scheme and the likely impact.

Model	Reason	Impact
A	Current scheme	No change
B	Per CAB request	Disregard Child Benefit as income. This gives an additional cost of £34k more to the Council.

Model	Reason	Impact
C	Increase work incentives endorsed by Central Government	Workers keep more of their earned income. The extra cost to the Council is £2.8k.
D	Reduce the overall cost of the scheme to reduce impact on MTFP	Adversely affects those of working age as pensioners are protected. Likely impact on Council Tax collection rates could result in RCC having the most punitive scheme. Savings would be about £50k per annum.

6.2 Model A The current scheme- based on current criteria and latest data sets, the forecast is as follows:

Criteria	Model A	Value £
Total cost of working-age main scheme		£650,671
Restrict to Council Tax band	D	-£158
Restrict maximum Council Tax level to-	75%	-£108,600
Increase the earnings taper from 20p to-	20p	-£0
Reduced the capital limit from £16,000 to -	£10,000	n/k
Change the capital tariff from £1 per £250.00 to-	£1 per £200	-£992
Remove the Child Benefit disregard	£0	-£70,325
Increase the full-time earnings disregard from £17.10	£20.00	-£2,464
Increase non-dependant reductions by-	10%	-£330
Abolish Second Adult Rebate	Yes	n/k
Total cost of working-age scheme		£467,802
Total cost of pension-age scheme (protected from any changes)		£977,429
Total		£1,445,231

- 6.3 Model B as per CAB request to disregard Child Benefit income completely (see 4.6). This would cost the Council an extra £34,000.

Criteria	Model B	Value £
Total cost of working-age main scheme		£650,671
Restrict to Council Tax band	D	-£209
Restrict maximum Council Tax level to-	75%	-£143,809
Increase the earning taper from 20p to-	20p	£0
Reduced the capital limit from £16,000 to -	£10,000	n/k
Change the capital tariff from £1 per £250.00 to-	£1 per £200	-£1,314
Disregard all Child Benefit in full	100%	£0
Increase the full-time earnings disregard from £17.10	£20.00	-£3,263
Increase non dependant reductions by-	10%	-£437
Abolish Second Adult Rebate	Yes	n/k
Total cost of working-age scheme		£501,639
Total cost of pension-age scheme (protected from any changes)		£977,429
Total		£1,479,068

- 6.4 Model C increases work incentives by increasing the earnings disregard from £20.00 to £22.50 per week, thus allowing claimants to keep more of their earned income (see 5.8). This would cost the Council an extra £2,800.

Criteria	Model C	Value £
Total cost of working-age main scheme		£650,671
Restrict to Council Tax band	D	-£154
Restrict maximum Council Tax level to-	75%	-£105,699
Increase the earning taper from 20p to-	20p	-£0
Reduced the capital limit from £16,000 to -	£10,000	n/k
Change the capital tariff from £1 per £250.00 to-	£1 per £200	-£965
Disregard all Child Benefit in full	100%	-£68,447
Increase the full-time earnings disregard from £17.10	£22.50	-£4,466

Criteria	Model C	Value £
Increase non-dependant reductions by-	10%	-£322
Abolish Second Adult Rebate	Yes	n/k
Total cost of working-age scheme		£470,618
Total cost of pension-age scheme (protected from any changes)		£977,429
Total		£1,448,047

- 6.5 Model D reduces the overall cost of the scheme by applying further restrictions to reflect the reduction in government funding and asks claimants to pay more Council Tax, whilst protecting pensioners from any change. This option would save £50,000.

Criteria	Model D	Value £
Total cost of working-age main scheme		£650,671
Restrict to Council Tax band	D	-£178
Restrict maximum Council Tax level to-	70%	-£146,719
Increase the earning taper from 20p to-	25p	-£3,812
Reduced the capital limit from £16,000 to -	£6,000	n/k
Change the capital tariff from £1 per £250.00 to-	£1 per £200	-£1,116
Remove the Child Benefit disregard	£0	-£79,175
Increase the full time earnings disregard from £17.10	£20.00	-£2,775
Increase non-dependant reductions by-	10%	-£372
Abolish Second Adult Rebate	Yes	n/k
Total cost of working-age scheme		£416,524
Total cost of pension-age scheme (protected from any changes)		£977,429
Total		£1,393,953

6.6 There was a large underspend on the Discretionary Fund in 2013/14 and this trend is likely to continue. Based on the awards made in 2013/14 the budget is underspent. The same level of funding has been allocated for 2014/15.

Funding from the Council for the Discretionary Fund	£100,000
Funding from the Central Government	£0
Actual spend for 2013/14	£14,775
Underspend for 2013/14	£85,225

6.7 In summary the following observations can be made:

- Models B and C would require the Council to invest further in the scheme, which may not be sustainable in the long term;
- Model D requires working age taxpayers to contribute more, but only delivers small savings which is due to the large number of protected pensioners;
- Making major changes to the current scheme requires a number of activities to be undertaken detailed at 9.2 below;
- Making major changes is costly in terms of the work involved and the resources required to undertake the work; and
- There is an opportunity to review the level of funding for the Discretionary Fund in the budget setting process.

7.0 FUNDING

7.1 The Government often merges specific grants into mainstream funding as soon as possible- usually one year after implementation- so that the funding trends for any individual grant is quickly lost.

7.2 For 2014/15 the government has, on several occasions indicated that it has made no moves to further reduce funding towards Local Council Tax Support, but this can neither be proved nor disproved from the information provided. There is also an element within the main stream funding that is specifically to reflect reductions in the parish tax base, this has been passported to the precepting parishes to mitigate there loss in 2013/14 and 2014/15, being the sum of £38,000.

7.3 What is clear is that the Revenue Support grant element of the overall funding assessment (and including Local Council Tax Support grant) was reduced for Rutland by 14.3% in 2014/15 (as compared with 2013/14). The reduction in government funding in 2014/15 will be followed up by further reductions in future years (see table). If we assume there was £1.4m of LCTS support in 2013/14, then the amount included in future years is shown below:

Financial year	Reduction percentage	Amount of Local Council Tax Support grant
2014/15	13.5%	£1,213,595
2015/16	26%	£898,061
2016/17	25%	£673,546
2017/18	28%	£484,954

7.4 In summary the following observations can be made:

- It will not be possible in future years to identify specific funding for the local scheme.
- Pensioners are protected and cost £1m of the overall scheme, therefore any measures to reduce the overall cost will be borne by working age claimants.

8.0 OTHER WELFARE REFORM MATTERS

8.1 The full impact of the welfare reform agenda has not yet impacted upon all benefit claimants. The Department for Work and Pensions (DWP) changes are only just starting to be implemented nationally and can be summarised as follows:

- Nationwide implementation of Universal Credit;
- Nationwide migration of Disability Living Allowance claimants to Personal Independence Payments;
- Potential reduction of the benefit cap from £26,000 to a lower amount (only one claimant affected in Rutland);
- Implementation of Single Fraud Investigation Service; and
- Increased Job Seekers and Lone Parents conditionality to claiming out- of- work benefits.

8.2 The following table details the changes and the potential impact upon claimants:

Reform	Date	Impact
Housing Benefit reform – under- occupancy “the bedroom tax”	1 st April 2013	Some tenants will have more rent to pay, household budgets strained, possible eviction.
Social fund reform – local provision	1 st April 2013	Overall reduction in the number and value of awards made, adverse impact on households reliant on social fund awards as a way of life.

Reform	Date	Impact
Local Council Tax Support – replace Council Tax Benefit	1 st April 2013	All working age claimants expected to pay some Council Tax, household budgets strained.
Benefit Cap	15 th July 2013	Minor impact in Rutland due to low number affected, strain on household budgets.
Personal Independence Payments (PIP)(and Armed Forces Independent Payment)	8 th April 2013 – October 2015	Difficult migration process to apply for PIP, possible reduction or withdrawal of a source of income, strain on household budgets, delays in making awards causing anxiety to claimants.
Universal Credit (UC)	29 th April 2013 – ongoing	Programme delayed due to major setbacks in delivery, positive impact on those claimants currently in receipt of UC, overall unknown impact due to small numbers currently in payment not being representative.

9.0 CONCLUSIONS

- 9.1 Using the above information, a review of the current scheme (as shown below) demonstrates that the Council's objective and established principles are still being met.

Principle	Relevant and required?	Scheme delivering outcome?
The scheme should reduce the overall cost of Benefits through a local scheme	Yes	The scheme has an underspend in 2013/14 and is likely to underspend in 2014/15 if the current trend continues. (para 2.2).
Support should be directed to those most in need	Yes	There have been limited complaints and whilst there has been feedback from CAB regarding some its operation, further support is available via the Discretionary Fund, which is undersubscribed. (para 2.3).

Principle	Relevant and required?	Scheme delivering outcome?
Incentives to work should be included	Yes	There has been a continuous reduction in the number of claims from households claiming out of work benefits. (para 3.4).
The scheme should be broadly in line with those of other authorities in this area	Yes	The scheme is broadly similar to other neighbouring schemes. (para 5.3).
The scheme is affordable to the authority	Partly	The scheme has been affordable in 2013/14 and is set to be affordable in 2014/15. This is largely due to a reduction in the number of claimants. The Council predicts a reduction in funding over the next few years so the position will need to be kept under review. (section 7.0).

9.2 If the Council wants to make changes to the current scheme, a number of activities will be required, including:

- Public consultation on any proposed change;
- Obtaining legal advice;
- Undertaking a full Equality Impact Assessment;
- Assessing the impact on Council Tax collection rates;
- Assessing the risk of judicial review/ legal challenge;
- Assessing the increased workload and demand on resources;
- and
- Assessing the IT implications and limitations.

9.3 It is the view of Officers that there is no compelling reason to make changes to the scheme for 2015/16 onwards unless the situation changes.

A large print version of this document is available on request



Rutland
County Council

Rutland County Council
Catmose, Oakham, Rutland LE15 6HP

01572 722 577
enquiries@rutland.gov.uk
www.rutland.gov.uk