

## **Cabinet – 10 September 2014**

### **Localised Council Tax Reduction Scheme 2015/16**

**Portfolio:** Councillor D Coughlan, Social Care  
Councillor Chambers, Personnel and Business Support

**Service:** Money, Home, Job

**Wards:** All

**Key decision:** No

**Forward plan:** No

#### **1. Summary**

- 1.1 In April 2013 council tax benefit was replaced by the council tax reduction scheme (CTRS) a new relief to be determined and administered locally. Members decided to fully fund a localised CTRS that mirrored the old council tax benefit rules.
- 1.2 In 2013/14 Walsall's means tested CTRS helped 35,000 households on low income meet their council tax liability and awarded approximately £29.7 million of which £26.7 was a cost to Walsall Council (An average weekly award of approximately £16.16). The supported households were split between 15,271 pensioners and 19,676 working aged customers. Of the working aged households 4,516 were disabled and there were 4,793 with children less than 5 years old.
- 1.3 The Government's intention was for the funding of localised council tax schemes to be provided through the business rates retention scheme rather than a separate grant, for all authorities except local policing bodies. In **2013/14** the Government allocated **£23.9m** to our general funding, Revenue Support Grant (RSG), to assist with the costs of the localised scheme. However as there had been a circa 10% reduction in funding nationally it is estimated that this level of funding represented a reduction in income of approximately £2.1m for Walsall.
- 1.4 From 2014/15 this funding is no longer separately identifiable within the settlement figures published by Department for Communities and Local Government (DCLG) in the July 2013 Technical Consultation. DCLG have confirmed that the allocation for supporting the council tax reduction scheme in 2014/15 is the same as in 2013/14, however, the overall grant funding from

Government has significantly reduced and Government have not released details of how the funding is made up, the level of funding that is available to support a CTRS can only be estimated by reference to the overall funding reduction that was seen within the RSG.

This would lead to a further reduction in funding available to support the CTRS of approximately £2.4m, meaning that the total estimated level of funding available to support the scheme during 2014/15 would be circa £21.5m.

For 2015/16, again utilising the overall funding reduction seen within the RSG to estimate funding available to support the CTRS, we would expect to see a further reduction in funding of £3.7m, therefore the total estimated level of funding available to support the scheme during 2015/16 would be circa £17.8m.

- 1.5 The forecast cost to Walsall Council of the current scheme for 2014/15 is currently £25.5m, which would mean that the scheme currently costs £4m more than the estimated funding available to support it.

If the scheme continues to be fully funded for 2015/16, assuming current workloads continue and there is no increase / decrease in demand, the ongoing cost would be £25.5, however as set out in 1.4 above, it is estimated that the council would only receive circa £17.8m of funding to support the scheme, therefore the council would be providing £7.7m of its own funding to continue with the current scheme.

- 1.6 The Council's overall financial outlook is highly challenging. The latest projections are that there is a gap of over £85m for the council to address over the next 4 years. Any decision on the council tax reduction scheme will have an impact on other requirements for financial savings.

- 1.7 England is part way through a major program of benefit reform: the key changes, including the localisation of council tax support, are:-

|                         |  |
|-------------------------|--|
| <b>Housing Benefits</b> | <ul style="list-style-type: none"> <li>• Introduction of the under occupancy rule</li> <li>• Local Housing Allowance reduced to 30th percentile of rents in the local housing area</li> <li>• Cap on total local housing allowance payable and lower rates for tenants in the private rented sector</li> <li>• Increase in deductions to Housing Benefit and Council Tax Benefit for non-dependants</li> <li>• Increased discretionary housing payments</li> </ul> |
| <b>ESA / IB</b>         | <ul style="list-style-type: none"> <li>• Transition from Incapacity Benefit to Employment and Support Allowance with all existing claimants re-tested and new claimants facing a tougher medical test</li> <li>• Introduction of a requirement to engage in work related activity and time limited entitlement to non-means tested benefit if not</li> </ul>   |

|  |  |
|--|--|
|  | designated to receive unconditional support  |
| <b>Other changes to tax and benefits</b> | <ul style="list-style-type: none"> <li>• Increase in personal income tax allowance and increases to national insurance rates and thresholds</li> <li>• Cuts to tax credits and freeze in child benefit rates</li> <li>• Medical reassessment of Disability Living Allowance Claimants and implementation of Personal Independence Payments.</li> <li>• The implementation of Universal Credit, expected to be completed by the end of 2017- pilots from April 2013.</li> </ul> |
| <b>Overarching</b>                       | <ul style="list-style-type: none"> <li>• A 1% cap on annual working age benefit increases</li> <li>• Introduction of the benefit cap</li> <li>• Walsall crisis support scheme – previously social fund.</li> </ul>   |

**Many of the changes implemented to date have significantly reduced money available to Walsall households.**

#### **1.8 Other authorities experience of CTRS 2014/15 - National picture**

86% (of 326 LA's) reduced entitlement, 14% made no change

Of the 326 LA's that introduced changes:

- 15% introduced a minimum payment
- 24% opted for 10% cut
- 36% opted for 11% to 20% cut.
- Remainder are at 20% +
- 34% introduced a discretionary fund

#### **1.9 Feedback on the impact of changes**

Most authorities have seen a reduction in council tax collection prompting costly increased debt recovery activities.

Most increased capacity to proactively work with people negatively affected by changes.

Councils are gearing up for further reductions in 2015/16 in line with the significant reduction in finances due to the Comprehensive Spending Review (CSR). All are worried about a reduction in administration funding due to the part transfer to DCLG so are reviewing their administration processes.

**1.10 West Midlands - Birmingham, Coventry, Wolverhampton, Dudley, Sandwell and Solihull.**

- 2 adopted the old council tax benefit scheme.
- 1 adopted 20% cut.
- 1 adopted 12% cut.
- 1 adopted 8.5 % cut.
- 1 adopted a more complex scheme.

**1.11 Feedback on the impact of changes**

Feedback from the neighbouring authorities mirrors the national picture. All are reviewing their schemes in line with their decision making process.

**2. Recommendations**

- 2.1 To consider the options in this report for a localised council tax reduction scheme for the future, commencing in 2015/16.
- 2.2 To approve a public consultation exercise on the options set out below to establish a local council tax reduction scheme to commence on the 1 April 2015 and to continue for future years until the council considers that a change is necessary.

**3. Report detail**

- 3.1 From 2013/14 each of the 326 local authorities in England had to design their own local CTRS for working aged low-income households within the following guidelines:
- Government funding was reduced by 10% nationally. The change to the funding mechanism was to a fixed grant. Expenditure fluctuated higher or lower than the grant income due to local demand needs and the proportion of pensioners in the caseload.
  - Pensioners had to be protected and a pensioner CTR scheme was prescribed in regulations. Additionally councils were required to observe their duty to protect certain other vulnerable groups although these were not described in regulations. Schemes had to be designed with support incentives to work and avoid disincentives to move into work.
  - Schemes could be revised from one year to the next but not within year.
  - Consultation was required; including precepting authorities, who were affected by any new scheme that reduces their council tax income
- 3.2 The council has fully funded the scheme since its commencement, April 2013.

- 3.3 If Walsall Council wishes to redesign its localised CTRS for 2015/16 it must consult on the proposed scheme with all interested parties and with its precepting authorities, (fire and police). The new scheme will need to be adopted at the council meeting on the 12th January 2015 for the decision to be incorporated in the council tax base which needs to be set and precepting authorities notified by 31<sup>st</sup> January 2015.

## **Options for a proposed localised council tax reduction scheme.**

### **Assumptions**

- No change to current prescribed legislation.
- No change to current methods of data transfer / data sharing with the DWP.
- No unexpected increase in projected pensioner population.
- No increase in council tax.
- No change to working aged population eligible for benefits
- The base council tax reduction scheme is the adopted scheme for 2014/15.

Entitlement figures will need to be adjusted where future increases in council tax are applied

### **Option 1 – recover part of the reduction in grant by reducing the CTRS available to the working aged customers by 25%.**

Working age customers will receive a maximum discount of 75%.  
This option will recover £2,390,328 of council tax income, net of collection and other costs. This option impacts on all the working age customers. There is a significant number who do not currently pay any council tax.

### **Option 2 – recover part of the reduction in grant by reducing the CTRS available to the working aged customers by 20%.**

Working age customers will receive a maximum discount of 80%.  
This option will recover £1,924,459 of council tax income, net of collection and other costs. This option impacts on all the working age customers. There is a significant number who do not currently pay any council tax.

### **Option 3 – Recover part of the reduction in grant by reducing the CTRS available to working aged customers by 15%.**

Working age customers will receive a maximum discount of 85%.  
This option will recover £1,582,347 Of council tax income, net of collection and other costs. This option impacts on all the working age customers. There is a significant number who do not currently pay any council tax.

#### **Option 4 – recover part of the reduction in grant by reducing the CTRS available to working aged customers by 10%.**

Working age customers will receive a maximum discount of 90%. This option will recover £1,046,406 of council tax income, net of collection and other costs. This option impacts on all the working age customers. There is a significant number who do not currently pay any council tax.

#### **Option 5 – Fully fund the reduction in grant from other council efficiencies.**

Working age customers will receive a maximum discount of 100%

#### **Option 6 – Recover part of the reduction in grant by removing CTRS from working age customers.**

This option will recover £6,722,437 of council tax income, net of collection and other costs. This option will impact on all the working age customers. There is a significant number who do not currently pay any council tax.

### **The unintended consequences of passing on the reduction in funding**

#### **Child Poverty**

The cost consequence to the council of not protecting vulnerable families with children is considerable. Children's Services have modelled the relationship between deprivation and number of Looked after Children (LAC) for the West Midlands region and for Walsall. The model can predict LAC numbers using deprivation data (JSA claimants) with a high degree of accuracy. A similar Child Poverty (IDACI) model shows that reduction in income which increases the number of children living in poverty (nearly 1:3 in 2010) will result in more LAC – around 16 more LAC per 1,000 increases in Child Poverty. The Council Tax Benefit reduction will affect 10,000 families with children, but is only **one** of a number of Coalition Government policy changes as part of the Welfare Reform Programme. It is the combined effect of all the changes that will result in increased Child Poverty.

The Institute of Fiscal Studies have projected the increase in child poverty at a national level - increasing by 400,000 from 2011 to 2014 and by 800,000 by 2020. For Walsall the proportionate increase are 3,200 and 6,400 – to 26,400 - nearly half of all children. Our modelling shows that if they convert to LAC, there will be an additional 38 and 90 (from April 2012 budget number) costing an extra £1.6 million by 2014 and £3.74 million by 2020 based on placement costs and social work costs. While preventative work in Children's Services can mitigate this, the scale of the challenge and unlikely improvement in conditions means that the costs will be even greater without prevention.

#### **Homelessness**

Various experts have provided a body of evidence showing that preventing homelessness is much more cost effective when compared to the cost incurred when fulfilling statutory duties once someone has become homeless. Research proves that preventing homelessness can achieve direct cashable savings and can deliver significant benefits to the households who are enabled to remain in their home. The prevention of homelessness also will deliver additional savings associated with the pull on other service areas, which sit outside housing. Further socio-economic and health related benefits can be achieved by avoiding substantial social disruption and re settlement costs.

The department for communities and local government has identified that the cost providing temporary accommodation and re-housing is in the region of £5,300 per case. However Crisis and New Policy Institute have suggested that costs can be significantly higher when services such as health and police are included.

### **Increased cost of recovery if working age clients are asked to fund the shortfall**

Under options 1, 2, 3, 4 and 6 the council will be asking residents to pay an amount each year in council tax, where previously some had nothing to pay, this combined with their limited income and the wider welfare reform means that the likelihood of securing full payment is reduced.

Currently our overall collection rate is around 96%, however, as explained above, it is envisaged that it will not be possible to achieve the same collection rate for these new amounts. Anecdotal evidence has shown that the amount of payment required in these cases has a dramatic effect on the collectability of the debt. The lower the collection rate will therefore mean the higher provision required for bad debts.

There will also be an increase in the number of recovery documents (reminders, 2nd reminders, final notices and summonses) that will be issued. The type of recovery work that would be required to collect the council tax appropriately is time consuming and has associated costs for the Council including costs for mailing, staff, phones, payment fees, courts. The higher the amount of charge to be recovered will increase the associated costs.

75% of the working age customers are in a band A property and the table below shows the minimum annual and weekly council tax liability for each option. One possible collection method open to the council is apply to DWP for direct deductions from their benefit. The current deduction rate, set by legislation, is £3.65 per week.

The table below is calculated assuming no additional protection for each option.

| <b>Option</b>                   | <b>1</b>    | <b>2</b>    | <b>3</b>    | <b>4</b>    | <b>5</b>    | <b>6</b>    |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Maximum benefit for working age | 75%         | 80%         | 85%         | 90%         | 100%        | 0%          |
| Total amount of reduction       | £24,869,190 | £25,604,309 | £26,321,975 | £27,022,616 | £28,401,125 | £12,556,876 |

|   |                   |                   |                   |                   |             |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------|-------------------|
| awarded   |                   |                   |                   |                   |             |                   |
| Walsall portion of total award  | £22,358,806       | £23,019,720       | £23,664,942       | £24,294,858       | £25,534,216 | £11,289,341       |
| Increase in amount of council tax to be collected                                       | £3,531,936        | £2,796,817        | £2,079,151        | £1,378,509        | £0          | £15,844,248       |
| Walsall portion of increase   | £3,175,410        | £2,514,496        | £1,869,274        | £1,239,358        | £0          | £14,244,874       |
| Band A Charge   | £261.43           | £209.15           | £156.86           | £104.57           | £0          | £1,045.73         |
| Weekly amount   | £5.03             | £4.02             | £3.02             | £2.01             | £0          | £20.11            |
| Collection % of extra   | 80%               | 82.50%            | 90%               | 92.50%            | n/a         | 50%               |
| Increased in cost of collection   | £150,000          | £150,000          | £100,000          | £100,000          | £0          | £400,000          |
| Bad debt provision (Walsall portion)  | £635,082          | £440,037          | £186,927          | £92,952           | £0          | £7,122,437        |
| <b>Net Income (Increase in council tax less bad debt provision and increased costs)</b> | <b>£2,390,328</b> | <b>£1,924,459</b> | <b>£1,582,347</b> | <b>£1,046,406</b> | <b>£0</b>   | <b>£6,722,437</b> |
| Total cost to authority of reduction scheme   | £23,143,888       | £23,609,756       | £23,951,869       | £24,487,810       | £25,534,216 | £18,811,779       |

**As a very rough calculation, allowing for cost of collection and relevant bad debt provision, each 1% reduction in support will generate an extra £100,000 for the council.**

**Other possible considerations.**

| <b>Option</b>                                   | <b>Income to Authority</b> |
|---|----------------------------|
| Reduce capital limit to £6,000                  | £88,000                    |
| Remove second adult rebate                      | £67,500                    |
| Limit maximum award to Band B council tax level | £197,000                   |



## Protection for vulnerable groups.

The council can give protection to certain vulnerable groups. The table below illustrates the amount recovered and costs associated with providing such protection.

| Option | Maximum discount awarded |                                   | No protection for working age | Children (under 5) | Disabled    | Child (under 5) & Disabled | Families    |
|--------|--------------------------|-----------------------------------|-------------------------------|--------------------|-------------|----------------------------|-------------|
| 1      | 75%                      | Increased net income to authority | £2,390,328                    | £1,749,948         | £1,662,329  | £1,085,490                 | £1,067,148  |
|        |                          | Total cost of scheme              | £23,143,888                   | £23,784,268        | £23,871,887 | £24,448,726                | £24,467,068 |
| 2      | 80%                      | Increased net income to authority | £1,924,459                    | £1,399,877         | £1,327,121  | £854,639                   | £844,393    |
|        |                          | Total cost of scheme              | £23,609,756                   | £24,134,339        | £24,207,095 | £24,679,577                | £24,689,823 |
| 3      | 85%                      | Increased net income to authority | £1,582,347                    | £1,155,803         | £1,096,287  | £712,113                   | £706,779    |
|        |                          | Total cost of scheme              | £23,951,869                   | £24,378,413        | £24,437,929 | £24,822,103                | £24,827,437 |
| 4      | 90%                      | Increased net income to authority | £1,046,406                    | £755,689           | £714,593    | £452,745                   | £450,058    |
|        |                          | Total cost of scheme              | £24,487,810                   | £24,778,527        | £24,819,623 | £25,081,470                | £25,084,157 |
| 5      | 100%                     | Increased net income to authority | £0                            | £0                 | £0          | £0                         | £0          |
|        |                          | Total cost of scheme              | £25,534,216                   | £25,534,216        | £25,534,216 | £25,534,216                | £25,534,216 |
| 6      | 0%                       | Increased net income to authority | £6,722,437                    | £4,938,628         | £4,806,818  | £3,193,988                 | £2,903,876  |
|        |                          | Total cost of scheme              | £18,811,779                   | £20,595,588        | £20,727,398 | £22,340,228                | £22,630,340 |

## Impact on customers

The welfare reform changes are already having a significant impact on the money available to the residents of Walsall who are in receipt of benefits. A reduction in the maximum amount of council tax support awarded would add another layer to the impact.

## Examples of the layering effect that the reforms are having on residents.

**Example 1.** Single person in receipt of job seekers allowance - £72.40 per week - lives in a 2 bedroom housing association property – the social sector size criteria has reduced the residents housing benefit by £12.59 per week.

Job seekers allowance will increase by 1% capped from April 2014 but should there be any rent or council tax increases the cost to this resident will increase.

| <b>Example 1</b>                               | <b>Single Person on JSA</b> |               |               |               |               |               |
|--|-----------------------------|---------------|---------------|---------------|---------------|---------------|
|  | Option 1                    | Option 2      | Option 3      | Option 4      | Option 5      | Option 6      |
| Claimants Weekly Income                        | £72.40                      | £72.40        | £72.40        | £72.40        | £72.40        | £72.40        |
| Extra Rent Payable due to social size criteria | £12.59                      | £12.59        | £12.59        | £12.59        | £12.59        | £12.59        |
| Weekly Council tax                             | £5.03                       | £4.02         | £3.02         | £2.01         | £0.00         | £20.11        |
| <b>Reduction in weekly income</b>              | <b>£17.62</b>               | <b>£16.61</b> | <b>£15.61</b> | <b>£14.60</b> | <b>£12.59</b> | <b>£32.70</b> |
| Revised weekly income                          | £54.78                      | £55.79        | £56.79        | £57.80        | £59.81        | £39.70        |
| Combined % reduction in income                 | 24.3%                       | 22.9%         | 21.6%         | 20.2%         | 17.4%         | 45.2%         |

Resident can apply for discretionary housing payment(DHP) to help with paying the rent but fund is cash limited and the allowable spend over the grant received may put further pressure on council budgets.

**Example 2.** Single parent; 5 dependent children and lives in a housing association property. Income is Employment support allowance and child benefit. She is subject to the benefit cap, limiting total benefits (including housing benefit) to £500 per week.

| <b>Example 2</b>                      | <b>Single Parent on ESA with 5 children</b> |               |               |               |               |               |
|---------------------------------------|---|---------------|---------------|---------------|---------------|---------------|
|                                       | Option 1                                    | Option 2      | Option 3      | Option 4      | Option 5      | Option 6      |
| Claimants Weekly Income               | £446.52                                     | £446.52       | £446.52       | £446.52       | £446.52       | £446.52       |
| Extra Rent Payable due to benefit CAP | £44.50                                      | £44.50        | £44.50        | £44.50        | £44.50        | £44.50        |
| Weekly Council tax                    | £5.03                                       | £4.02         | £3.02         | £2.01         | £0.00         | £20.11        |
| <b>Reduction in weekly income</b>     | <b>£49.53</b>                               | <b>£48.52</b> | <b>£47.52</b> | <b>£46.51</b> | <b>£44.50</b> | <b>£64.61</b> |
| Revised weekly income                 | £396.99                                     | £398.00       | £399.00       | £400.01       | £402.02       | £381.91       |
| Combined % reduction in income        | 11.1%                                       | 10.9%         | 10.6%         | 10.4%         | 10.0%         | 14.5%         |

Again the resident could apply for discretionary housing payment (DHP) but as stated in example 1 this fund is cash limited.

As outlined above any of the options that result in customers having to pay council tax when they previously have not had to, will result in greater demand being placed on the council services.

In relation to council tax, there will be increased contact, queries and explanations needed when the scheme is introduced and annual bills are issued. Also there will be an increase in reminders, final notices and court summonses being issued for non payment which will cause greater contact and the need for more payment arrangements to be made.

There will also be an increase in the amount of enforcement work required for those accounts where payment is not initially forthcoming. Evidence from other authorities says that enforcement of these debts are time consuming as the customers are not used to paying council tax and have been subject to a reduction in their 'spending power'.

The impact on the council will extend beyond just the increased demand in relation to just council tax. The effect of reducing the available income of some of the poorest customers in the borough will result in increased demand for the services of welfare rights, debt management, crisis team and potentially the homeless team. These being services which are already subject to high demand.

Any change in the reduction scheme will result in increased applications for Discretionary Housing Payment. This will not only be an increase in demand to deal with but also a greater call on the cash limited fund potentially putting greater pressure on the authority's budget.

Debt is known to be one of the major pressures on potentially troubled families therefore anything which increases the outgoings of such families may result in the greater risk of debt and therefore greater pressure on the troubled families team and social care.

| <b>Problem</b>                                    | <b>Impact on council</b>   | <b>Solution</b>  |
|---|--|--|
| Increase in rent arrears                          | Increase in demand on Money Home Job service - Welfare rights, debt management, homeless team, crisis team, council tax recovery and enforcement | Based on demand look to increase levels of resources as required             |
| Increase in child poverty                         |  |  |
| Increase in homelessness                          |  | Increase availability of Money home Job officers to react to the new demands |
| Disproportional effect on families in need        | Increase Discretionary Housing Payments demand   | Publicise the changes to pre-empt difficulties                               |
| Disproportional effect on troubled families       | Increased customer contact to deal with understanding and affects of the changes   | Collaborative working with partners – CAB, social landlords, tenant          |
| Disproportional effect on households with a fixed | Increased demand on CAB to   |  |

|   |   |               |
|---|---|---------------|
| income                                      | offer advice relating to the change   | forums, DWP.  |
| Increase in debt levels                     |   | Hardship fund |
| Extra costs though enforcing the collection | Increased demand on troubled families team<br>Increase demand on social care in dealing with consequences |               |

## **LGA report**

On average the Local Government Association estimate that the combined impact of the welfare reforms will reduce the income of households by £1,615 per year. The association also states: “that it unlikely that anything more than a small proportion of the impacts of the welfare reform will be mitigated through households finding work or moving home .... for the remainder, DHP can only cover a fraction of the impacts on local areas”

## **Timetable**

A scheme has to be agreed and adopted by full Council in time for the budget setting process or at the very latest by 31st January 2015 or the current scheme implemented in April 2014 will continue.

## **4. Council priorities**

The changes and decisions required may have a severe negative impact on the council's priorities as the reduction in grant income will take money out of the local economy. Dependant on the preferred option selected there may also be a potential for an adverse impact on the health and well being of our residents.

## **5. Risk management**

The IT system changes and the decisions required to support these changes pose a potential significant financial and reputation risk

## **6. Financial implications**

In 2013/14 the Government allocated **£23.9m** to the Council's general funding, Revenue Support Grant (RSG), to assist with the costs of a localised CTRS. This funding is no longer separately identifiable within the draft settlement figures published by Department for Communities and Local Government (DCLG) in July 2013 Technical Consultation, that pot of money is set to reduce by 30.4% in 2015/16.

From 2014/15 this funding is no longer separately identifiable within the settlement figures published by Department for Communities and Local Government (DCLG) in the July 2013 Technical Consultation. DCLG have confirmed that the allocation for supporting the council tax reduction scheme in 2014/15 is the same as in 2013/14, however, the overall grant funding from Government has clearly significantly reduced and Government have not released details of how the funding is made up, the level of funding that is available to support a CTRS can only be estimated by reference to the overall funding reduction that was seen within the RSG.

This would lead to a further reduction in funding available to support the CTRS of approximately £2.4m, meaning that the total estimated level of funding available to support the scheme during 2014/15 would be circa £21.5m.

For 2015/16, again utilising the overall funding reduction seen within the RSG to estimate funding available to support the CTRS, we would expect to see a further reduction in funding of £3.7m, therefore the total estimated level of funding available to support the scheme during 2015/16 would be circa £17.8m.

The forecast cost to Walsall Council of the current scheme for 2014/15 is currently £25.5m, which would mean that the scheme currently costs £4m more than the estimated funding available to support it.

If the scheme continues to be fully funded for 2015/16, assuming current workloads continue and there is no increase / decrease in demand, the ongoing cost would be £25.5, however as set out in 1.4 above, it is estimated that the council would only receive circa £17.8m of funding to support the scheme, therefore the council would be providing £7.7m of its own funding to continue with the current scheme.

The Council's overall financial outlook is of course highly challenging. The latest projections are that there is a gap of over £85m for the council to address over the next 4 years. Any decision on the council tax reduction scheme will have an impact on other requirements for financial savings.

## **7. Legal implications**

The Local Government Finance Act 2012 introduced local council tax reduction schemes to replace council tax benefit from April 2013.

The Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 (Statutory Instrument 2012 / 2885) contains the mandatory elements for any local scheme and details the scheme that must be adopted for pensioners.

Our current local scheme follows the CTB rules with the addition of extra income disregards for war and war widow pensions.

## **8 Property implications**

There are no property implications.

## **9. Health and wellbeing implications**

- 9.1 There are complex interconnections between living conditions, lifestyles, and health problems; high unemployment, low pay, and reductions in public support make it more likely that there will be an adverse effect on health and wellbeing for the residents of Walsall. Implications will vary depending on the size of the reductions in support.

## **10. Staffing implications**

- 10.1 There are no direct implications from this report, although staffing implications may arise as the preferred localised council tax scheme is designed and implemented.

## **11. Equality implications**

- 11.1 The Government has stated that local schemes should provide support for the most vulnerable. The Government has not prescribed the protection that local authorities should provide for vulnerable groups other than pensioners. All Pensioners must be protected from any reduction in entitlement and a prescribed scheme has been set by government.
- 11.2 In designing local schemes, Local Authorities are reminded of their responsibilities in relation to vulnerable groups and individuals and the Department for Communities and Local Government (DCLG) consultation response makes specific reference to the following Acts.
- 11.3 The Child Poverty Act 2010, which imposes a duty on local authorities and their partners, to reduce and mitigate the effects of child poverty in their local areas.
- 11.4 The Disabled Persons (Services, Consultation and Representation) Act 1986, and Chronically Sick and Disabled Persons Act 1970, which include a range of duties relating to the welfare needs of disabled people.
- 11.5 The Housing Act 1996, which gives local authorities a duty to prevent homelessness with special regard to vulnerable groups.

- 11.6 An equality impact assessment must be completed and consultation with appropriate groups with protected characteristics who may be affected by changes to entitlement. We will also use the equality impact assessments to identify any unintended consequences for vulnerable groups to ensure that our local scheme is fair and equitable.

## **12. Consultation**

- 12.1 The extent and the length of public consultation will depend on the preferred option selected.
- 12.2 The statement of intent issued by the department for Communities and Local Government specifies the consultation must take place in the following order:-
- a. Consult any major precepting authority
  - b. Publish a draft scheme in such a manner as it thinks fit, and
  - c. Consult other such persons as it considers are likely to have an interest in the operation of the scheme.
- 12.3 A minimum of 8 week consultation period will be required running from mid September 2013 – to mid November 2013.
- 12.4 A draft consultation plan has been prepared.

## **Background papers**

Local Government Finance Act 2012

The Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012

The Council Tax Reduction Scheme (Default Scheme) (England) Regulations 2012

The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012

LGA report – the local impacts of welfare reform



Rory Borealis  
Executive Director  
Resources  
**2nd September 2014**



Councillor D Coughlan  
Portfolio Holder  
Resources  
**2nd September 2014**

**Author: Mushtaq Hussain**

Project Lead.

Money, Home, Job

☎ 653949

✉ [hussainm@walsall.gov.uk](mailto:hussainm@walsall.gov.uk)