



## Welfare Reform Sub Committee - 28 August 2012

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### Purpose of report

To present an analysis of all the options under consideration for a Local Council Tax Discount Scheme for East Northamptonshire.

### Attachment(s)

None

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### 1.0 Background

- 1.1 The Government has announced its intention to replace, from April 2013, the current Council Tax Benefit Scheme with a localised council tax support to be delivered by Local Authorities. The rationale behind this decision is to reduce the current £4.8 billion annual Council Tax Benefit bill across Great Britain. This will be achieved through a reduction in the overall expenditure attributed to Council Tax Benefit by 10% and shifting the financial pressure from the state to Local Authorities.
- 1.2 Local Authorities currently administer Council Tax Benefit (CTB) in their areas based on national rules set by the Department for Work and Pensions (DWP). The new arrangement changes the current system of awarding a means tested benefit to a means tested discount within Council Tax administration.
- 1.3 Funding from Central Government will be capped to 90% of the current expenditure. The expectation upon Local Authorities is to create a scheme that is suitable for its local community and promotes the Government's position on Welfare Reform, by protecting the vulnerable and encouraging working for those of the specified age. Pensioners are protected under the new legislation. Whilst considering how to design a scheme, further consideration will need to be given to the implications of collecting the outstanding sums.
- 1.4 DCLG has provided an estimate of the reduction in funding that each Local Authority will receive. For East Northamptonshire Council, this will be £523,000, based upon 2010-2011 subsidy expenditure and growth/distribution of caseload over the UK for 2012-2013; however the exact amount will be published in November 2012.
- 1.5 Central Government suggests that, following their reduced funding arrangements, Local Authorities could meet the deficit by implementing other changes to ensure that they maximise their opportunities to be financially efficient under the current budgetary pressures;
  - Reconfiguring funding for other services through, for example, efficiency savings or realising savings through shared services, etc.
  - Using reserves.
  - Using flexibility over Council Tax, for example, via proposals to give billing authorities greater discretion over the reliefs from council tax available in respect of second homes and some empty properties; and other potential reforms of the council tax system.
  - A combination of the above points
- 1.6 Local Authorities must by January 31<sup>st</sup> 2013 have a Council Tax Discount Scheme in place and approved by Full Council after a period of public consultation. Councillors have legal responsibility for the adoption of a localised support scheme, with the decision to introduce

and revise a scheme that is in place for one financial year. Council is therefore required to devise a local support scheme that best suits the needs of local council tax payers, whilst managing spending within lower limits and protecting the most vulnerable.

- 1.7 For East Northamptonshire the loss of funding is estimated at **£523K** for 2013/14. The impact of this breaks down to

	£
<b>East Northamptonshire</b>	47,070
<b>NCC</b>	376,560
<b>Police Authority</b>	73,220
<b>Parish Precepts</b>	26,150
<b>Total</b>	<b>523,000</b>

## 2.0 Council Tax Discounts and Exemptions

- 2.1 If East Northamptonshire Council were minded to "harvest" all the opportunities that are available as a result of changes to legislation on Council Tax discounts and exemptions it would be possible to raise an estimated extra £783,271. If we assume a prudent 70% collection rate then the Council could be in a positive financial position of about **£25,000**.

## 3.0 Options Analysis

- 3.1 At the first meeting of the Welfare Reform Sub Committee on 17 July 2012 a list of options were discussed with regard to redesigning a Local Council Tax Scheme for working age claimants. Officers were charged with developing an analysis of each of these options to bring back to the August meeting of the committee. The options were,

Option 1 – Across the board reduction for all working age customers as a set %.  
 Option 2 – Working age claims capped on a percentage of their Council tax Liability  
 Option 3 – Restriction for working age claimants to a maximum liability of Band B.  
 Option 4 – Remove support from those in Band D or above.  
 Option 5 – Include Child Benefit as income.  
 Option 6 – Include Child Maintenance as income.  
 Option 7 – Increase minimum entitlement to Council Tax Support to £5 per week.  
 Option 8 – Introduce a maximum award of £1,500 per annum.  
 Option 9 – Increase income taper rate from 20% to 30%.  
 Option 10 – Increase Non Dependant deductions.  
 Option 11 – Removal of Second Adult Rebate scheme for working age claimants  
 Option 12 – Reduced capital limit from £16K to 10K.

- 3.2 In considering these options, the following criteria for the new scheme should be taken into account. It should:

- at least recover the 10% reduction in government funding
- act as an incentive for people to work rather than remain on benefit, or at least not act as a disincentive to work
- protect the vulnerable as far as possible
- be simple to administer, to avoid increased administration costs where possible

- 3.3 It became apparent very early in the analysis that the options split into two distinct groups.

- Options 1 to 4 - Financially significant changes to the scheme that could stand alone
- Options 5 to 12 - Would need to be combined with other options if significant savings were going to be realised.

- 3.4 **At the meeting of the Sub-Committee on 28 August, illustrations will be presented to Members of the impact on various groups of claimants, and comparisons of the options.**

#### 4.0 Option 1 – Across the board reduction for all working age customers as a set %.

4.1 **Background to option 1:** Currently, Council Tax Benefit is paid on the basis of entitlement in relation to 100% of the Council Tax charge followed by a ‘means test’ based on the customer’s circumstances. This proposal allows the scheme to make a % reduction to the customer’s ‘means tested’ entitlement.

4.2 The current working age Council Tax Benefit expenditure is £2,237,695, therefore to realise the required £523,000 saving a % reduction of **23.6%** would need to be applied to all working age customers in the year 2013/14.

4.3

Band	Number of customers affected		Average payable per week £	Average payable per annum £
<b>A</b>	1540	1237 (80%)	3.17	164.80
<b>B</b>	949	712 (75%)	3.62	188.44
<b>C</b>	236	149 (63%)	3.99	207.61
<b>D</b>	104	64 ((62%)	4.65	241.97
<b>E</b>	41	23 (56%)	5.52	287.27
<b>F</b>	15	7 (47%)	6.23	323.86
<b>G</b>	3	3 (100%)	9.79	509.09

#### 4.4 Advantages

- **Administration & Implementation** - This option is relatively straightforward to deliver from an administrative and IT perspective; it is based on utilising existing staff skills and knowledge, with minimal software changes required.
- **Delivery** - This option, given the time constraints around devising a scheme of Council Tax Support, maintains most of the existing features of the CTB scheme (albeit based on a reduced % of entitlement) such as income disregards for disability benefits, the disregard of Child Benefit as income, the award of disability and family premiums etc.
- **Vulnerability** - In using the existing HB rules and regulations we are utilising a scheme that is already designed to provide additional financial support to disabled people via additional disability premiums. The social security system, in general, also provides additional support to those with disabilities or children via additional payments like Disability Living Allowance and Child Benefit, both of which are disregarded as income within the existing CTB scheme and will continue to be under this option.
- **Training** - Minimal staff training required as based on existing benefits scheme and regulations.
- **Incentive to work** - The adoption of the existing HB regulations would allow a 4 week benefit run on for those claimants entering work. Other schemes to incentivise work could be considered using the savings identified by this option.
- **Appeals & Challenges** - In using the existing HB rules and regulations we are utilising a scheme where the detailed elements have been tried and tested through appeals and legal challenges. This clearly does not remove all the risk as we would still be applying a % reduction to that scheme.

#### 4.5 Disadvantages:

- **Vulnerability** - Under this option all vulnerable working age claimants used to receiving full support will now have to make a contribution to their council tax from a very limited income.
- **Impact on CTax Collection** - Reducing support for council tax could create an additional pressure on the council, as collecting an additional £523,000 from people on low incomes will undoubtedly be very challenging and would require extra resources allocated to collection and recovery. We estimate collection rates could drop to 70%.
- **Appeals & Challenges** - Quite possible that any scheme where **all** working age claimants are required to pay an amount of Council Tax may be challenged, but discussions with other councils suggest that this is an approach that many, perhaps most, are considering.

#### 5.0 Option 2 - Working age claims capped on a percentage of their liability

5.1 **Background to option 2:** Currently, Council Tax Benefit is paid on the basis of entitlement in relation to 100% of the Council Tax charge. This proposal allows the scheme to restrict discounts to the charge applied to a maximum level of liability.

5.2 The following table illustrates the reduced level of qualifying liability as a reduction of the amount of discount that will be spent to realise the £523, 000 from 2,926 accounts.

Reduced amount of eligible discount	£ Total saving based on 100% collection	£ Total saving based on 70% collection
95% of bill	124,552.91	87,187.04
90% of bill	248,473.01	173,931.11
85% of bill	370,782.28	259,547.60
80% of bill	492,350.55	344,645.39
78.5% of bill	528,636.62	370,045.63
75% of bill	613,962.05	429,773.44
70% of bill	733,287.03	513,300.92

5.3 In order to reduce Council Tax Benefit expenditure by 10% it would require that working age claimants' assistance is based on 78.5% of their liability (assuming 100% collection). This would enable the scheme to be self-funding and move the collectable debt across all accounts, irrespective of the band a claimant's home is placed in.

5.4 The table below details the amount that a household would have to pay a week towards the shortfall between their liabilities to the amount of discount. This assumes that, after means testing the discount, the entitlement would not be reduced further.

	95% Discount £	90% Discount £	85% Discount £	80% Discount £	78.5% Discount £	75% Discount £	70% Discount £
<b>A</b>	0.73	1.46	2.18	2.90	3.11	3.61	4.32
<b>B</b>	0.88	1.73	2.59	3.43	3.68	4.27	5.09
<b>C</b>	0.99	1.98	2.97	3.95	4.24	4.92	5.88
<b>D</b>	1.14	2.27	3.38	4.47	4.80	5.56	6.62
<b>E</b>	1.43	2.89	4.30	5.67	6.07	7.00	8.27
<b>F</b>	1.67	3.29	4.93	6.54	7.03	8.16	9.78
<b>G</b>	2.07	4.15	6.22	8.30	8.92	10.37	12.44

5.5

Band	Number of customers affected	Number of customers who previously received full CTAX support
A	1540	1237
B	949	712
C	236	149
D	104	64
E	41	23
F	15	7
G	3	3

5.6 On a county basis this option could allow districts to vary the level of liability reduction based upon local discussions both internally and with precepting bodies.

5.7 **Advantages**

- **Administration & Implementation** - This option is relatively straightforward to deliver from an administrative and IT perspective; it is based on utilising existing staff skills and knowledge, with minimal software changes required.
- **Delivery** - This option, given the time constraints around devising a scheme of Council Tax Support, maintains most of the existing features of the CTB scheme (albeit based on a reduced % of entitlement) such as income disregards for disability benefits, the disregard of Child Benefit as income, the award of disability and family premiums etc.
- **Vulnerability** - In using the existing HB rules and regulations we are utilising a scheme that is already designed to provide additional financial support to disabled people via additional disability premiums. The social security system, in general, also provides additional support to those with disabilities or children via additional payments like Disability Living Allowance and Child Benefit, both of which are disregarded as income within the existing CTB scheme and will continue to be under this option.
- **Training** - Minimal staff training required as based on existing benefits scheme and regulations.
- **Customer** - This scheme would be very simple to explain to customers.

5.8 **Disadvantages:**

- **Vulnerability** - Under this option all vulnerable working age claimants used to receiving full support will now have to make a contribution to their council tax from a very limited income.
- **Impact on CTax Collection** - Reducing support for council tax could create an additional pressure on the council, as collecting an additional £523,000 from people on minimum income will undoubtedly be very challenging and would require extra resources allocated to collection and recovery. We estimate collection rates could drop to 70%.
- **Appeals & Challenges** - Quite possible that any scheme where **all** working age

- claimants are required to pay an amount of Council Tax may be challenged.

**6.0 Option 3 - Restriction for working age claimants to a maximum liability of Band B.**

6.1 **Background to option:** Council Tax would be based upon a Band B equivalent charge and a percentage increase/decrease would be applied to the charge for larger/smaller properties between the bands from Class A up to Class H.

6.2 The total number of Working Age CTB claimants currently residing in Band C-H is 399. The table below shows the number of cases that would be affected by the band restriction, and the financial implication.

Band	No. Claims	£ Total Saving
C	236	30,678.80
D	104	27,042.63
E	41	21,019.45
F	15	11337.32
G	3	3,451.49
<b>Total</b>	<b>399</b>	<b>93,529.69</b>

6.3 The table below identifies the increased amount that each account on average would have to pay in Council Tax. Please note that an average is used as parish charges and other discounts within the Council Tax legislation could be in place on an individual account.

Band	£ Weekly Liability	£ Annual Liability
C	2.50	130.00
D	5.00	260.00
E	9.86	512.72
F	14.53	755.56
G	22.12	1150.24

**6.4 Advantages:**

- Administration & Implementation** - This option is relatively straightforward to deliver from an administrative and IT perspective; it is based on utilising existing skills and knowledge, with minimal software changes required.
- Banding** - This option enables those working age claimants residing in Band A and B properties and who are on minimum income to continue to receive full assistance with their council tax liability. Therefore only 399 claimants will be affected.

**6.5 Disadvantages:**

- Vulnerability** - Under this option all working age claimants residing in Band C-H properties used to receiving full support would have to make a contribution to their council tax from their very limited income. This could largely impact on members of the community who traditionally live in large family groups.
- Banding** - This is based upon a property value in 1992 and assumes that occupants in larger higher banded properties have more income than those in smaller lower banded properties.
- Collection Rates** - Collection efforts will undoubtedly be focused on larger families and those who may be “asset rich” but on very low incomes.
- Work Incentives** - This option does not support work incentives.

## 7.0 Option 4 – Remove support from those in Band D or above.

7.1 **Background to option 4:** Council Tax is based upon a Band D equivalent charge and a percentage increase is applied to the charge for larger properties up to Class H.

7.2 The total number of Working Age CTB claimants currently residing in bands D-G is 167. There are no claimants in band H properties. The table below shows the number of cases that would be affected by this band restriction, and the financial implications.

Band	No of customers affected	£ Total Annual Saving
D	106	108,005.04
E	43	55,146.52
F	15	19,344.00
G	3	6,471.92
<b>Total</b>	<b>167</b>	<b>188,967.48</b>

Band	£ Weekly Liability	£ Annual Liability
D	26.75	1391.11
E	32.70	1700.25
F	38.64	2009.39
G	44.59	2318.52

### 7.3 Advantages:

- **Administration & Implementation** - This option is relatively straightforward to deliver from an administrative and IT perspective; it is based on utilising existing skills and knowledge, with minimal software changes required.
- **Banding** - This option enables those working age claimants residing in Band A, B and C properties and who are on minimum income standards to continue to receive full assistance with their council tax liability. Therefore only 167 claimants will be affected.

### 7.4 Disadvantages:

- **Banding** - Under this option all working age claimants residing in Band D-H properties used to receiving full support would have to pay all their council tax from their very limited income. This could largely impact on members of the community who traditionally live in large family groups.
- **Collection** - Collection of the £189k will be very difficult as this scheme will undoubtedly be focused on reducing benefit for larger families and/or those who are "asset rich" but on low incomes.
- **Work Incentives** - This option does not support work incentives
- **Customers** - This scheme would be very difficult to explain and justify to customers.

## 8.0 Option 5 - Include Child Benefit as income.

8.1 **Background to option 5:** In the 2008 Pre-Budget Report (Chapter 4 *Fairness and Opportunity for All*), the then Chancellor announced that Child Benefit would be disregarded in the calculation of Housing Benefit (HB) and Council Tax Benefit (CTB). The intention was to boost the incomes of many of the lowest paid families, including those who are the parents of children in poverty. The introduction of a full disregard of Child Benefit in Housing Benefit



(HB) and Council Tax Benefit (CTB) was effective from 2 November 2009.

8.2 The table below details the number of customers affected and the total annual saving if child benefit was included as income.

No of customers affected	£ Total Annual Saving
511	134,948.90

8.3 **Disadvantages:**

- **Vulnerability** - The social security system, in general, provides additional support to those with children via additional payments like Child Benefit, which is disregarded as income within the existing CTB scheme. This would not be the case with this option. This does not ensure support for vulnerable groups.
- **Legal Challenge** - *The Child Poverty Act* received Royal Assent on 25 March 2010. Part Two sets out the local duties of the Act, requiring local authorities to co-operate with named partners to reduce and mitigate the effects of child poverty in their local area. Under the duty to co-operate to reduce and mitigate the effects of child poverty, authorities will be required to take into account their local child poverty needs assessment in designing and developing localised schemes. Local authorities should be able to design localised council tax reduction schemes in a way that best suits local circumstances, tailored to what child poverty looks like in the local area. Therefore this would be a "High Risk" option in terms of a legal challenge.
- **Incentive to Work** - This option will only affect 'non passported' benefit customers therefore does not support work incentives in any significant way and will certainly impact on those families with children.

9.0 **Option 6 - Include Child Maintenance as income.**

9.1 **Background to Option 6:** In July 2006, Sir David Henshaw's report *Recovering child support: routes to responsibility* recommended redesign of the Child Support Agency. The resulting White Paper, *A New System of Child Maintenance*, proposed to redesign child maintenance arrangements. Following the 2007 Pre Budget Report the child maintenance disregard in Council Tax Benefit was increased from £15 per week to a full disregard.

9.2 The table below details the number of customers that would be affected and the total annual saving.

No of customers affected	£ Total Annual Saving
112	41,681.99

9.3 **Disadvantages:**

- **Legal Challenge** - *The Child Poverty Act* received Royal Assent on 25 March 2010. Part Two sets out the local duties of the Act, requiring local authorities to co-operate with named partners to reduce and mitigate the effects of child poverty in their local area. Under the duty to co-operate to reduce and mitigate the effects of child poverty, authorities will be required to take into account their local child poverty needs assessment in designing and developing localised schemes. Local authorities should be able to design localised council tax reduction schemes in a way that best suits local circumstances, tailored to what child poverty looks like in the local area. Therefore this would be a "High Risk" option in terms of a legal challenge.
- **Administration** - It would be very difficult to administer this option as to obtain information and "proof" of child maintenance payments from claimants would be very time consuming and "unverifiable" as these are often undocumented agreements



- between parents.

**10.0 Option 7 - Increase minimum entitlement to Council Tax Support to £5 per week.**

10.1 **Background to Option 7:** Currently, legislation states the minimum entitlement to Council Tax Benefit, must be one penny per week. This could be increased to £5 per week.

10.2 If this is increased to £5.00 per week the following impact is,

	No. of Accounts Affected	£ Total Annual Saving
<b>Min CTS entitlement £5.00</b>	119	16,743.57

**10.3 Disadvantages:**

**Customer** - Difficult to justify to a customer that a benefit entitlement of £4.99 pw or £259 per annum will not be applied to their account and reduce their Council tax liability.

**Work Incentive** - this could encourage working claimants to reduce their hours/income slightly to increase entitlement. Thus it could act as a disincentive to work.

10.4 Members could consider a smaller minimum benefit amount of say £2.00 per week. However there would be a very small amount of accounts affected and a very small total annual saving.

**11.0 Option 8 - Introduce a maximum award of £1,500 per annum.**

11.1 **Background to Option 8:** This option caps the total amount of benefit at £1,500 per annum.

11.2 The table below details the number of customers affected by this option and the total annual saving.

No of customers affected	£ Total Annual Saving
24	6,440.39

11.3 As this would make such a small change it has not been analysed further.

**12.0 Option 9 - Increase income taper rate from 20% to 30%.**

12.1 **Background to Option 9** - This scheme proposes to continue to reduce entitlement to help with Council Tax as income/earnings increase. However, it is proposed that the calculation of this is adjusted so that the rate at which Council Tax Support reduces where weekly income exceeds basic living needs is 30p in every pound rather than the 20p currently applied. This is referred to as "the taper" and it is often expressed in proportionate terms. It is currently 20% per week for the existing Council Tax Benefit scheme and would become 30% per week under Option 9 of the proposed Council Tax Support scheme.

12.2 The table below details the number of customers affected and the total annual saving.

	No. of Accounts Affected	£ Total Annual Saving
<b>Increase income taper to 30%</b>	606	92,826.65

### 12.3 Advantages :

- **Administration & Implementation** - This option is relatively straightforward to deliver from an administrative and IT perspective; it is based on utilising existing skills and knowledge, with minimal software changes required

### 12.4 Disadvantages:

- **Work Incentives** - This option will only affect 'non passported' benefit customers therefore does not support work incentives in any significant way.

### 12.0 Option 10 - Increase Non Dependant deductions.

13..0 **Background to Option 10** - A deduction is applied to a claimant's entitlement in respect of other adults aged 18 or over living in the claimant's home. These are referred to as non-dependants. A non-dependant is a person who is living with the claimant but who is not dependent upon them and not living in their home on a commercial basis.

13.1 These people are assumed to be giving the claimant some money towards their council tax regardless of whether or not they are actually doing so. This assumed contribution is based upon the non dependant's circumstances. This option proposes increasing the percentage applied by either 25% or 50% of the current rates.

13.2 The table below details how the value of the non-dependant's income affects the level of charge applied to the entitlement in a weekly value.

<b>Non Dep. Deductions Aged 18 or over and in remunerative work</b>	<b>Current Deduction Rate £</b>	<b>25% Increase £</b>	<b>50% Increase £</b>
<b>Gross income greater than £394.00</b>	9.90	12.38	14.85
<b>Gross income not less than £316.00 but less than £394.00</b>	8.25	10.31	12.38
<b>Gross income not less than £183.00 but less than £316.00</b>	6.55	8.19	9.83
<b>Gross income less than £183.00</b>	3.30	4.13	4.95

Total saving based on £25% increase £5,880.16.

Total saving based on 50% increase £12,264.69.

13.3 In the June 2010 Budget, the Chancellor announced that the rates of non-dependant deductions would be increased over the next three years to match the level they would have been had they not been frozen since April 2001. Restoring the level is intended to mean a fairer deal for taxpayers and provide an expectation that adults make a reasonable contribution towards their housing costs. This means non dependant deductions will already be increasing from April 2013.

### 13.4 Disadvantages:

- **Work Incentives** - This option does not support work incentives for non dependants.
- **Other benefits** - If non dependant deductions are increased too much, the non dependant may decide to move out of the property, which may have an effect on the customer's bedroom requirement when calculating Housing Benefit.

### 14.0 Option 11 - Removal of Second Adult Rebate scheme for working age claimants

14.1 **Background to Option 11:** The Alternative Maximum Benefit scheme, known as second adult rebate (2AR) is applied to claims, up to a maximum of 25% reduction, on the basis of the income of another adult in the property. A typical example of this is where a lone parent who is working applies for a 25% reduction, as their non dependant is unemployed.

14.2 The table below details the number of customers affected and the total annual saving.

	No. of Accounts Affected	£ Total Saving
Removal of 2AR	42	9,675.64

14.3 In cases where 2AR is applied, a better-by calculation is determined in the first instance to see if mainstream CTB can be awarded and give the larger benefit entitlement.

14.4 **Advantages:**

**Administration & Implementation** - 2nd Adult rebate is already difficult to administer and resource intensive for the small amount of current claimants that qualify. Removal of 2AR is relatively straightforward to deliver from an administrative and IT perspective; it is based on utilising existing skills and knowledge, with minimal software changes required.

**Collection** - On the basis that 2AR is granted, it is correct to assume that the customers income exceeds entitlement and therefore has means to pay their Council Tax liability. In the instance of this proposal, it is assumed that collection of this additional debt will be easier than other options.

15.0 **Option 12 – Reduced capital limit from £16K to 10K.**

15.1 **Background to Option 12:** At present, working age claimants with savings and investments above £16,000 are generally not entitled to council tax benefit. This proposal is that working age claimants with capital such as savings and investments amounting to over £10,000 shall not be entitled to council tax support.

15.2 Procedures may need to be considered in terms of assessing classes where people are depriving themselves of capital in order to qualify for Council Tax Reduction Scheme.

15.3 The table below details the number of customers affected and the total annual saving

	No. of Accounts Affected	£ Total Saving
Capital Limit of £10,000	18	12,664.17

15.4 As this would make such a small change it has not been analysed further.

16.0 **Section 13**

16.1 Section 13A of the Local Government Finance Act 1992 was introduced by S76 of the Local Government Act 2003. It permits Billing Authorities to resolve to reduce the amount a person is liable to pay by way of Council Tax to such extent as it deems appropriate. This includes power to reduce an amount to nil. The power may be exercised in relation to individual Council tax payers or by determining a class of case in which liability is to be reduced to an extent provided for by the determination. Under normal circumstances, the cost of any such reduction is to be borne by the Billing Authority.

16.2 The Council could look at provision that could protect those vulnerable working age

claimants facing hardship through the use of Section 13A provision within the Local Government Finance Act.

- 16.3 A defined sum could be established to ensure that applications to this fund do not exceed the budget constraints.
- 16.4 Consideration on how best to target the limited hardship funding will be required. There is an opportunity that a scheme for hardship could be agreed at a county level to ensure a simplified system of administration and appeals. In principle this will allow each district to support each other at appeals stages.
- 16.5 The scheme would need to be simple and have a clear criteria as claimants will face a further administrative process in applying for a Section 13A award and many vulnerable customers may find the whole process quite daunting, stressful, time consuming and complicated. This is also important as the council could be overwhelmed with applications for Section 13A assistance, adding a further complex and costly tier of administration.
- 16.6 A policy and guidance on the criteria for Section 13A would need to be designed and demonstrate that they are fair and reasonable.

### **17.0 Equality & Diversity Implications ,**

- 17.1 There are significant equality and diversity implications for any implementation of a new Local Ctax support scheme.
- 17.2 Once Members have studied this options analysis and determined how they might wish to move forward with the consultation process, a full Equalities Impact Assessment will be presented for consideration and this will be published alongside the consultation documents.
- 17.3 Consideration of the EIA and feedback from the consultation will be extremely important in this decision making process not only to minimise the risk of any legal challenge but also to ensure that we approve the best and most appropriate scheme for this District.

### **18.0 Legal Implications**

- 18.1 At this stage of options analysis no specific legal implications have been identified. However, it is anticipated that, prior to consultation, in development of the Equality Impact Assessment and through the decision making process, legal advice will be sought to ensure that the scheme complies with the regulations as set out by Central Govt and to assess the risks of any challenge.

### **19.0 Financial Implications**

- 19.1 The overall financial implications of a new local Council Tax scheme for East Northamptonshire are outlined in paragraph 1.4 above.
- 19.2 The financial implications of each option have been analysed and presented against each option in the main body of this report.
- 19.3 In addition to the identified savings requirement as outlined in paragraph 1.4 above, Members should also consider creating a "buffer zone" in relation to the following financial implications:
- Increased debt collection and recovery costs
  - Increased resources for appeals process
  - An amount for Section 13A hardship assistance (para 15)
  - Impact on Council Tax support scheme budgets in future financial years

19.4 With regard to the New Burdens doctrine, Central Govt has allocated each authority an amount of £80,000 for 2012/13.

19.5 Within the last few days we have been informed by our software provider that software costs across two years for changes and amendments to systems will be a blanket charge of £59,000 with a 10% reduction if the invoice is paid by 30th November 2012. This will leave £26,900 for additional burdens such as publicity materials, Benefit forms and staff training.

## 20.0 Recommendations

20.1 Members are recommended to

- 1) identify the preferred options from the analysis provided above and
- 2) agree that the process for consultation with all stakeholders on the preferred options begins in September through to November 2012.

<b>Legal</b>	Power	Local Government Finance Act 1992			
	Other considerations:				
<b>Background Papers:</b>					
<b>Person Originating Report:</b>		Lisa Hyde, Head of Customer & Community Services ljhyde@east-northamptonshire.gov.uk Tel:01832 742162			
<b>Date: 16 August 2012</b>					
<b>CFO</b>		<b>MO</b>		<b>CX</b>	

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