	<p align="center">Policy and Resources Committee 13 January 2015</p>
<p>Title</p>	<p>Council Tax Support: Options for a revised scheme (post consultation)</p>
<p>Report of</p>	<p>Deputy Chief Operating Officer</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>Appendix 1 – Consultation report and results Appendix 2 – Equalities Impact Assessment Appendix 3 – Draft Barnet Council Tax Support Scheme 2015 Appendix 4 – Excerpts of minutes of Policy and Resources Committee of 21/7/2014</p>
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<p>Summary</p>
<p>When responsibility for Council Tax Support (CTS) was devolved to Local Authorities in 2013, Barnet Council consulted on and implemented a 2 year scheme covering the period 2013/14 and 2014/15. At the time, the Council agreed to consult again after the 2 year period.</p> <p>A report setting out the options for a revised CTS scheme, including a range of contribution rates for those eligible for support and the potential impacts on individuals and on Council revenues was considered by the Policy and Resources Committee on 21st July 2014. The committee considered the report and agreed to publicly consult on three options for a revised Council Tax scheme.</p> <p>Option 1: Continue the current CTS scheme, with the Council Tax contribution rate for those in receipt of CTS remaining at 8.5%</p> <p>Option 2: Increase the Council Tax contribution rate to 15%</p>

Option 3: Increase the Council Tax contribution rate to 20%

On 29 October 2014, the Supreme Court gave judgment on a case involving a neighbouring London borough's consultation process in relation to CTS. This judgment was announced after Barnet's consultation on these options for a revised CTS scheme had closed (27 October).

Having considered the judgment and reviewed its original consultation documentation, the Council decided it was appropriate to re-open consultation in order for it to:

- (i) provide further information to consultees to inform their response to the proposals;
- (ii) give consultees information about what alternatives have been considered and why the Council is not minded to adopt these; and
- (iii) give consultees the opportunity to suggest alternative schemes and how these could be funded.

This report presents the outcome of both consultations and asks the Committee to recommend one of the options for a revised scheme for 2015/16 onwards to full Council for a decision.

Recommendations

- 1. That the Committee make recommendation to Full Council for the adoption of the draft Barnet Council Tax Support scheme 2015 based on one of the options.**
- 2. That the committee agrees the uprating of the scheme in line with Department for Work and Pension changes for Housing Benefit and working age non-dependant deductions as set out in appendix 3**

1. WHY THIS REPORT IS NEEDED

- 1.1. In 2013/14 the Local Government Finance Act 1992 was amended to require local authorities to adopt a Council Tax Support scheme. This ceased the previous system of council tax benefit, which was funded by central Government, although administered by local authorities. Local authorities were passed funding for Council Tax Support (CTS), with a reduction of 10 per cent. Local authorities were given the freedom to adopt a scheme meeting local need, however prescribed national regulations meant that those of pension credit age were protected. This meant that if the scheme replicated the CTB rules, a local authority would have to find funding from elsewhere in its general fund budget. The funding for CTS was added to the overall Revenue Support Grant (RSG) and is not ring-fenced, therefore it is up to local authorities to determine the level of funding to make available for CTS.
- 1.2. When CTS schemes were devised, local authorities had the option of funding the shortfall from its general fund or adopting a scheme which led to the 10% funding cut being absorbed within the scheme. The Government made available a transitional grant for local authorities who limited the level of reduction of support to 8.5%. In dealing with the shortfall, many local

authorities required recipients of CTS to make a contribution to their overall Council Tax bill. Approaches by local authorities have varied greatly across London and the rest of the country. In London, a small number of authorities have absorbed the funding reduction without making those working age residents eligible for CTS pay a contribution to their Council Tax, whereas the majority of others have required residents in support of CTS to make a contribution, in some cases as high as 30% of their total Council Tax bill. In Barnet, the council implemented a 2 year scheme – for 2013/14 and 2014/15 – with a Council Tax contribution rate for those working age claimants in support of CTS at 8.5%. The Council also agreed to consult on a revised scheme after the 2 years.

- 1.3. Following agreement at Policy and Resources Committee on 21 July, a public consultation has been carried out on three options for a revised scheme. The decision on variation of the Council Tax Support scheme is reserved to Full Council and as such a recommendation needs to be made to Full Council by 31 January 2015 to comply with the requirements of the legislation. The 1992 Act requires local authorities to consult the precepting authorities, publish a draft CTS scheme and consult interested parties. A fourth option was put to the Policy and Resources Committee – to reduce the current contribution rate down to zero – but it was agreed not to consult on this option.
- 1.4. A second consultation was carried out following, the Supreme Court's judgment on a case involving a neighbouring London borough's consultation process in relation to CTS. This judgment was announced after Barnet's consultation on options for a revised CTS scheme had closed (27 October).

The potential wider implications of such legal judgments needed to be considered and following a review of the original consultation document, it was considered appropriate to re-open consultation in order to:

- (i) Provide further information to consultees to inform their response to the proposals;
- (ii) give consultees information about what alternatives have been considered and why the Council is not minded to adopt these; and
- (iii) give consultees the opportunity to suggest alternative schemes and how it should be funded.

1.5. **Broader context for the Council Tax Support Scheme**

- 1.5.1. Barnet Council, alongside other public bodies in England, face an unprecedented challenge as the country deals with the on-going impact of the financial crisis of 2008 alongside the challenges and opportunities that come from Barnet's growing and changing population.
- 1.5.2. At the same time the economy is expected to continue to grow with potential opportunities to Barnet residents from being part of London's economy. Unemployment levels for those on Job Seekers Allowance have fallen in the last year, and the number of young people Not in Education, Employment and Training in Barnet is, at 2.3% the fourth lowest in England.

1.5.3. Government guidance has confirmed that the CTS scheme should be framed so as not to disincentivise work. A key mitigation for the impact of any increased resident contributions is the support that is available to residents from JobCentre Plus to increase their income through employment and salary progression. The Council is increasingly working with partners such as JobCentre Plus to support those who may have barriers to starting work or face stigma in the workplace. This includes a Care Leaver hub, a bespoke multi agency service for Offenders and public health investment in employment support for people with mental health problems. The Council is also supporting significant regeneration schemes within the Borough, which will help improve employment opportunities.

1.6. Financial context

1.6.1. In 2013/14, when responsibility for CTS was passed to local authorities, funding for the scheme was included as a separate element in the RSG. For Barnet, the total set aside for CTS was £22.4m as part of overall RSG of £78.8m (28%).

1.6.2. From 2014/15, CTS funding was rolled into the overall RSG and not split out. The overall level of RSG was reduced by 17% in 2014/15, and is forecast to reduce by a further 26% in 2015/16 and 17% in 2016/17. As such, unless spending on CTS is also reduced, there will be proportionately less RSG to spend on other services – meaning that a broad range of services would face greater reductions, unless income can be generated from elsewhere

1.6.3. The tables below set out the overall impact. **Table 1** shows the reduction in spending on CTS required if it were to fall in line with the overall reduction to RSG over the next 3 years. This would effectively require a 50% reduction in CTS spend between 2013/14 and 2016/17.

1.6.4. **Table 2** shows that, if spending on CTS is not reduced (i.e. if it remains at the level set in 2013/14 of £22.4m) there will be significantly less RSG to spend on other services. This effectively means that a 17%/26%/17% overall RSG reduction over the next 3 years becomes a 24%/40%/32% reduction in the element of RSG not spent on CTS.

	RSG £m	CTS £m	Available to spend on other services £m	% cut on previous year
13/14	78.8	22.4	56.4	
14/15	65.2	18.5	46.7	17%
15/16	48.2	13.7	34.5	26%
16/17	40.0	11.4	28.6	17%

Table 1 - Impact on Council finances if spend on CTS not reduced in line with overall RSG reduction

	RSG £m	CTS £m	Available to spend on other services £m	% cut on previous year
13/14	78.8	22.4	56.4	
14/15	65.2	22.4	42.8	24%
15/16	48.2	22.4	25.8	40%
16/17	40.0	22.4	17.6	32%

Table 2 - Effect of reduction in RSG if CTS remains the same.

1.7. **Barnet's current CTS scheme**

1.7.1. During 2012, the Council developed, consulted on and implemented a 2 year CTS scheme for 2013/14 and 2014/15.

1.7.2. Barnet Council's approach was to do everything possible within statute before considering whether to pass on the impact of the funding reduction to residents by making those eligible for CTS pay a contribution to their Council Tax. This included other technical reforms of Council Tax such as removing the second home discount; exemptions for empty properties; and introducing a levy for properties which were empty for more than 2 years.

1.7.3. Having done this, the Council set a contribution rate of 8.5% for all working age claimants towards their Council Tax bill (i.e. working age claimants now

receive 91.5% of their maximum CTS compared to the previous level of Council Tax Benefit received).

- 1.7.4. Aside from pension age claimants, who are statutorily protected, the only group protected from making a minimum payment are war pensioners. Anyone with exceptional circumstances that affect their ability to pay their contribution can apply for a discretionary Council Tax Support (DCTS).
- 1.7.5. Discretionary Council Tax Support is available to all residents who demonstrate exceptional hardship to the council. Section 13A(1)(c) of the Local Government Finance Act 1992 provides that in certain circumstances the authority may reduce the amount payable as it thinks fit.
- 1.7.6. The war pensioners have been protected under the armed forces covenant and fall under a category of a 'Local Scheme' for the Housing Benefit regulations. The regulations state that the first £10 per week of income is disregarded under the covenant. However authorities have the discretion to extend this under local discretion. The scheme allows this discretion.

1.8. **Collection rates for those in receipt of CTS who are required to make a contribution to Council Tax**

- 1.8.1. At the time Barnet's scheme was developed, it was forecast that the Council Tax collection rate for those in receipt of CTS would be 70%. However, data for the 2013/14 Financial Year has shown the actual collection rate to be significantly higher, at 90%. This is only 6% lower than the overall CT collection rate.
- 1.8.2. Currently the 2014/15 overall collection rate and the CTS collection rate is on par with last year's.

1.9. **Number of residents affected**

- 1.9.1. Currently, 29,689 households claim CTS, including pension age claimants – some approx. 20% of the borough's total households, and approx. 8.7% of the total population. **Table 3** shows the breakdown by band

1.9.2. Of this, 20,338 are working age claimants who are eligible for CTS and, under Barnet's current scheme, are required to make an 8.5% contribution to their overall Council Tax bill (pension age claimants are exempt under statute). The number of working age CTS claimants that are in work are 9,355 opposed to 10,983 who are out of work. **Table 4** shows the breakdown by band.

Band	A	B	C	D	E	F	G	H	Total
Working Age	1272	3079	6253	5749	2761	933	280	11	20338
Pension Age	311	1325	2617	2433	1630	711	303	21	9351
Total	1583	4404	8870	8182	4391	1644	583	32	29689

Table 3 - Number of households claiming CTS

Band	A	B	C	D	E	F	G	H	Total
Working	913	2107	3483	2855	1168	349	103	5	10983
Not Working	359	972	2770	2894	1593	584	177	6	9355
Total	1272	3079	6253	5749	2761	933	280	11	20338

Table 4 - Number of working age households claiming CTS who are in or out of work.

Analysis of 2013/14 and the enforcement action taken shows that of 20,338 households receiving CTS:

- Approximately 14,000 working age claimants were not paying any Council Tax under the more generous and central Government funded CT benefit scheme.
- Approximately 3,700 summonses were issued against this 14,000.
- Of those, 856 still owe a balance, despite efforts by the Council to contact these individuals and discuss payment options. This amounts to 4.2% of total claimants.

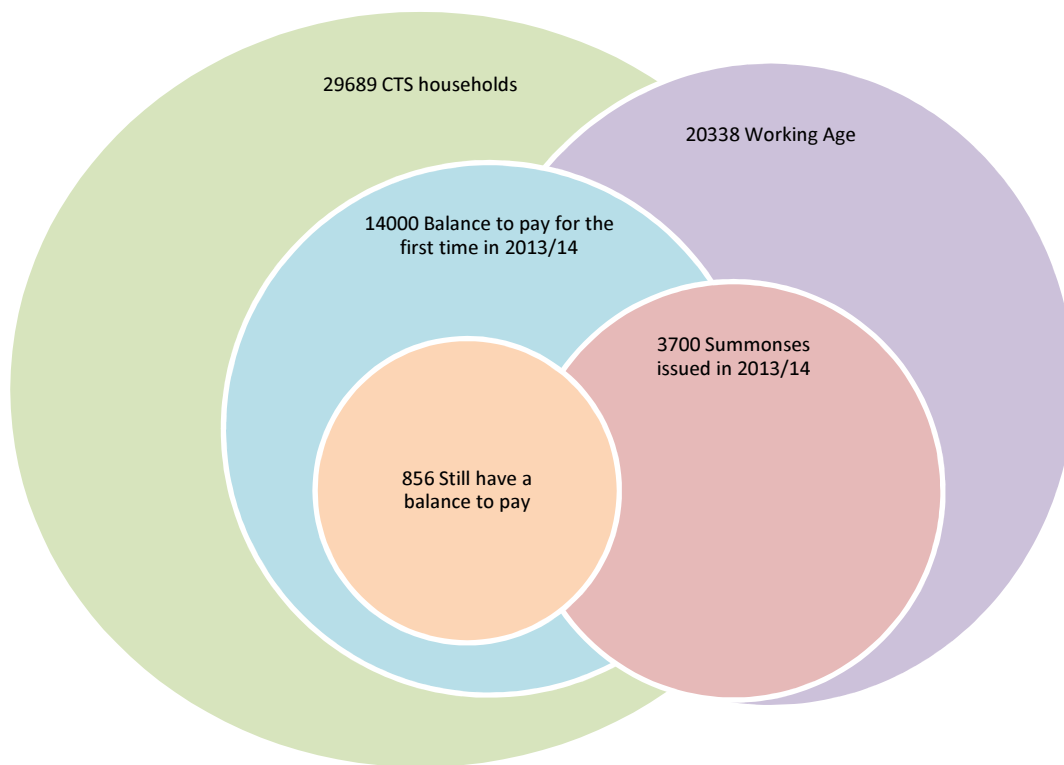


Chart 1 – Breakdown of CTS household and enforcement action taken

1.9.3. **Table 5** below shows that Barnet's current CTS contribution rate is one of the lowest in NW London. Neighbouring boroughs of Haringey, Harrow, Brent and Enfield have all set Council Tax contribution rates for working age CTS claimants at around 20% or higher.

1.9.4. In Barnet, and in other areas, collection rates for those eligible for CTS have been significantly higher than expected. In Barnet, the collection rate was nearly 90% against a forecast rate of 70%. Even in neighbouring boroughs with contribution rates of ~20%, collection rates have been around 83% - 84%. In 2014/15 Barnet collection rates are holding up well on par with last year.

1.9.5. This suggests that, although there is a correlation between contribution rates and collection rates, collection rates are still high even when contribution rates are set at 20%+ and the majority of claimants are managing to pay a contribution towards their council tax.

1.9.6. There have been different approaches to enforcing non-payment in different boroughs. Most authorities have avoided the use of bailiffs or enforcement agents to collect unpaid Council Tax. Many authorities, including Barnet, have used outbound calling to remind customers to pay their instalment - recognising that for some customers this is a new burden. Additionally being in contact with taxpayers to prompt or support the repayment process early, before arrears being to accrue has been beneficial – as once a debt builds it is often impossible to repay before the next year’s debt is then due.

Authority	CTS contribution rate	CTS collection rate 2013/14	Overall collection rate 2013/14
Barnet	8.5%	89.8%	96.4% (down 0.2%)
Haringey	19.8%	84.1%	95.2% (up 0.1%)
Harrow	22.5%	83.0%	97.5% (up 0.2%)
Brent	20%	82.9%	95.7% (down 0.8%)
Enfield	19.5%	80.12%	94.86% (down 1.0%)

Table 5 - neighbouring borough comparison

2. REASONS FOR RECOMMENDATIONS

2.1. Following the decision of the Policy and Resources Committee on 21 July, the Council has consulted on three options for a CTS scheme in Barnet, including the option of continuing with the current scheme. In a second consultation – conducted in light of the Supreme Court judgment relating to Haringey - the Council has sought alternative proposals to be put forward by respondents, as a fourth option. The three options and any proposed alternatives are considered further below, including the implications on the Council finances. The options consulted on are:

Option 1: Continue the current CTS scheme, with the Council Tax contribution rate for those in receipt of CTS remaining at 8.5%

Option 2: Increase the Council Tax contribution rate to 15%

Option 3: Increase the Council Tax contribution rate to 20%

2.2. Key considerations applicable to options 1 to 3

2.2.1. There is a clear link between the level of contribution rate set for the Council's CTS scheme and the level income received through Council Tax. Given that the Council faces a further £73 m of savings between 2015-20, on top of £72m of savings between 2010-15, there is a need for the Council to consider all options available in relation to delivering these savings. These options include the following:

2.2.1.1. Making savings from service budgets

The Council has given savings targets to each themed committee and Policy and Resources Committee will be considering the commissioning plans from each committee when agreeing the budget. The CTS options proposed go toward making these budgets available. Theme committees have to date identified options which could generate savings of approximately £50m out of a total £73m gap, so even with the CTS contribution rate remaining at 8.5% or increasing, it is likely that further savings will need to be found across a range of service budgets.

2.2.1.2. Increasing efficiencies to reduce the cost of council services

The Council has already considered the use of alternative providers and innovative ways of delivering services to reduce the overall cost, without reducing the level of service. The level of savings being achieved in this area is limited, and therefore a revised CTS scheme must be considered.

2.2.1.3. Increasing the level of income received in fees and charges and use of trading powers

The Council is reviewing its fees and charges and its jointly owned company, Regional Enterprise, is able to make use of trading powers, providing an additional income to the Council. However, the level of revenue raised in this regard is not sufficient to offset the overall reduction in RSG. Increased fees and charges are already factored into the Council's future budget.

2.2.1.4. Increasing the level of Council Tax

Barnet Council agreed a 1% reduction in 2014/15 and proposes to freeze it for the next two years. Whilst the decision to freeze or increase Council Tax rests with Full Council and this will not be determined for 2015/16 until February 2015, the Council must balance the needs of those residents receiving services and support from the Council with the needs of taxpayers as a whole. The Council has a fiduciary duty towards council tax payers, which includes ensuring services are delivered in an efficient way and that Council Tax bills are manageable.

2.2.1.5. Use of reserves

The Council retains annual unallocated and un-ringfenced reserves of £15 million in order to help reduce the impact of unexpected financial pressures that may occur in-year. This represents 5% of the annual Council budget. The Council does have additional reserves, some of which is ringfenced by statute (e.g. school reserves). The remainder has been earmarked to be used for infrastructure and one off projects and, whilst not contractually obligated to spend these reserves in this way, the projects are deemed to be necessary in order to meet the Council's duties in the future. Overall, the use of reserves is not considered a viable permanent alternative to protecting recurrent spending on CTS.

2.2.2. Section 1.9.6 demonstrates that there is a case for increasing the contribution rate above the current 8.5% level. Although experiences in other boroughs has shown that collection rates reduce as contribution rates increase, they are still around 83% in areas with a contribution rate of 20%. This suggests that the ability of residents to pay Council Tax at a higher contribution rate is greater than originally envisaged.

2.2.3. Any increase to the contribution rate will impact those on lower incomes, which has the potential to increase their level of total indebtedness. Although the overall annual increase is relatively modest – increasing the contribution rate to 15% adds an additional £1.35 a week to the Council Tax bill of a couple – it is important to consider the impact of increasing the CT burden of those residents who are also likely to be impacted by wider reform of the benefit system. This is set out below.

2.2.4. None of the options set out are fully cost neutral to the Council, meaning that the Council will still need to absorb a proportion of the funding cut no matter which option is decided upon. The scale of the overall funding gap in the RSG and budget shown in section 1.6 above is too great to be wholly met by the CTS contribution.

2.2.5. The Council recognises that residents are also facing wider financial pressures, from high energy bills, increasing housing costs, and welfare reforms so the ability of many households to absorb the impact of reductions from public sector funding through increased financial contributions is constrained. A key mitigation for the impact of increased resident contributions is support that is available to residents from JobCentre Plus to increase their income through employment and salary progression. The Council is increasingly working with partners such as JobCentre Plus to support those who may have barriers to entering work or face stigma in the workplace. This includes a Care Leaver hub, a bespoke multi agency service for Offenders and public health investment in employment support for people with mental health problems.

2.2.6. There is also a possibility that the scheme may be perceived as being unfair. The council needs to strike the right balance between fairness towards the more frequent users of services and fairness to the wider taxpayer and making sure all residents from our diverse communities benefit from the opportunities of growth. In line with the Government's commitment to incentivise work, the recommended scheme requires a contribution from all residents excluding Pensioners (subject to income) and War Pensioners. Residents' views on whether options are fair have been tested during the consultation and are included in the appendices. The mitigations for those in crisis or struggling to make a contribution are listed below.

2.3. **Highlights of Consultation feedback**

Citizen's Panel: Initial consultation

- 40% respondents favoured retaining the current scheme at 8.5%
- 46% of respondents favoured an increase to either 15% or 20%
- 14% did not state preference

Citizens' Panel respondents (248 out of 528) favour retaining 8.5% contribution, 280 out of 528 opted to increase the contribution to either 15% or 20%. Only 10% of respondents said that they were currently in receipt of Council Tax Support. The Citizens' Panel is less representative of claimants, but are more likely to represent the whole of the borough.

Online Web Survey: Initial consultation

- 71% respondents favoured retaining the current scheme at 8.5%
- 14% respondents favoured an increase
- 15% did not state a preference
- Low level of response - 215 out of 21000 directly affected claimants

The Online web survey respondents favoured (147 out of 176) to retain the contribution at 8.5%. Most respondents (77%) said they were currently in receipt of Council Tax Support. The response is more representative of the group directly affected by the proposed changes.

The results from the Citizens' Panel represent the whole borough but the responses from the online web survey is more representative of current claimants, who are the group directly affected.

Secondary Online Web Survey – conducted from 25 Nov 2014 to 21 Dec 2014

- 54% respondents favoured retaining the current scheme at 8.5%
- 9% of respondents favoured an increase
- 34% of respondents favour an alternative scheme
- 4% did not state a preference

- 2.3.1. 2087 Citizen Panel members were sent either a postal or online survey.
- 2.3.2. The Greater London Authority (GLA) and Mayor of London were also sent a copy of the consultation for comment. A response was received acknowledging the consultation. Suggested considerations such as uprating of allowances have been included with this report.
- 2.3.3. 21049 working age recipients of Council Tax Support (CTS) were sent a letter explaining that a consultation was underway.
- 2.3.4. In total 868 surveys were completed, 653 were completed by the Citizens' Panel and 215 completed by the general public/organisations via the open online web survey. 77% of the Online Web Survey, and 10% of the Citizens' Panel are in receipt of CTS.
- 2.3.5. 20190 working age recipients of CTS were sent a further letter explaining that the consultation had been reopened.
- 2.3.6. In response to the re-opened consultation a total of 105 surveys were completed by the general public/organisations via an Online Web Survey.
- 2.3.7. Both consultations asked respondents how much they agreed or disagreed with the council's proposed Council Tax Support options in terms of balance making it fair not only on those residents who are eligible for support – but also those residents who depend on other Council services.
- 2.3.8. The first survey presented three options and asked for a rating of each and asked respondents to indicate a preferred option. Additionally the survey asked for reasons for the chosen options.

The options were

Option 1 – The council tax support contribution should remain at 8.5 per cent

Option 2 – The council tax support contribution should increase to 15 per cent

Option 3 – The council tax support contribution should increase to 20 per cent

2.3.9. A further option was offered in the second consultation

Option 4 – Have an alternative scheme

2.4. Charts 1 and 2 below show the details of the responses from each consultation.

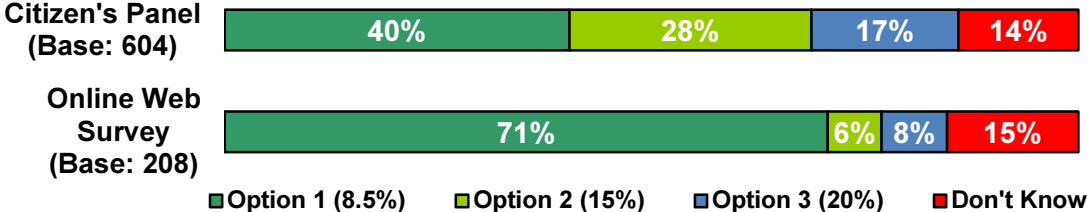


Chart 1 - Preferred option chosen – initial consultation

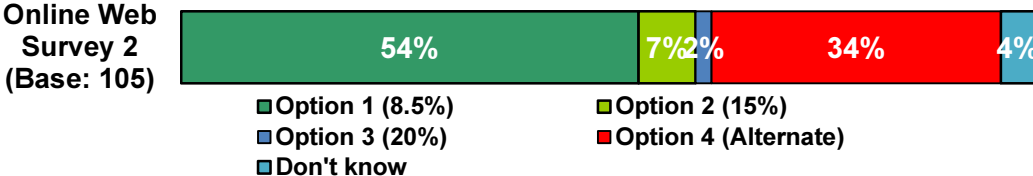


Chart 2 - Preferred option chosen – supplementary consultation

2.4.1. The five top most commonly mentioned reasons for their answers were:

- *'People are struggling now, they have no extra money/ Do not increase the bills of those on low income* (mentioned by 12 per cent of the Citizens' Panel and 46 per cent per cent of the online web sample)
- *"The increase seems right, it is required/achievable"* (mentioned by 8 per cent per cent of the Panel sample, but not mentioned by respondents to the open online web survey)
- *'Share financial burden'* (mentioned by 6 per cent of the Panel sample, and 1.9 per cent per cent of online web survey)
- *'Increase to 20 per cent is too much'* (mentioned by 6 per cent of the Panel sample and 3.3 per cent of the online web survey).
- *If people need help paying then they should get it'* (mentioned by 3 per cent of the Panel sample, and 10 per cent of the online web survey).

Most respondents to both the Citizens' Panel and the online web survey did not provide a comment for the reasons for their choice of preferred option.

It is not surprising that the majority of current claimants supported keeping the existing scheme, as this would have the least financial impact on them. Respondents were not specifically asked whether they favoured other options for meeting the Council's overall budget shortfall, however this is part of the consultation on the Council's budget from 2015-2020. The consultation documentation made clear that the Council had an option as to what scheme to adopt, albeit in a difficult financial climate.

2.4.2. Results of consultation – suggested alternative schemes.

The responses are collated in Appendix 1.

2.4.2.1. A number of respondents suggested that the council use the powers created in the Local Government Finance Act 2012 to remove the second home discount and charge extra for long term empty properties.

For example “in the council's documents there is not a word about a few simple existing tools, to fund a more generous Council Tax Support for those who need it by taxing those who can very well afford it: , in England, second homes may be charged 100% of their normal rate of council tax, i.e. income for the council from council tax can be generated from those who own more than one home. Additionally local authorities may set an ‘empty homes premium’ for long-term empty properties. Properties which have been unoccupied and substantially unfurnished for over two years may be charged up to 150% of the normal liability. So option 4 should be a 1% contribution rate funded by robust enforcement of the above”

“Other options apart from these three must be explored - in view of the fact that the removal of current council tax exemptions and discounts for empty properties and second homes could generate a huge amount of additional Council Tax income”

Response: The council is already using these powers to increase the revenue collected from Council Tax. The council consulted on this option in 2012 and agreed to use the monies raised to mitigate the reduction in Central Government Funding when adopting the original Council Tax Support scheme in January 2013.

2.4.2.2. Other suggestions were to protect the disabled or change the structure of Council Tax to charge more for affluent residents.

For example “Increase the council tax rate on properties worth over a million pounds to fund council tax on those who simply can't afford to pay it.”

“Allow the disabled, people with chronic long term illness & families with children exempt from any increase as the proposal to increase CT payments for these groups has a direct impact on their health and living standards which ultimately has an affect on the the NHS and Social Services. The above groups are unlikely to gain employment and therefore cannot work to improve their situation and enable them to pay this additional charge. I believe the entire community has a responsibility to support those in their community therefore the increase should be applied to ALL households in the borough.

Response: In 2012 the council consulted on who should receive protection from the minimum contribution. It was decided that to protect disabled residents and carers would cause an increased minimum contribution for all other unprotected groups.

Disabled people and carers are given additional council tax support by retaining the applicable amounts, increased earned income disregard from Council Tax Benefit

and not taking Disability Living Allowance in to account as an income when calculating entitlement.

Parents are given additional help by retaining the family premium, not taking child benefit into account when calculating income and disregarding child care costs up to £175.00 per week.

The council cannot directly impose a higher Council Tax rate on the more affluent residents of the borough. Council Tax is a property based tax not a capital or income tax and the bands and relationship between the bands is fixed by law.

2.4.2.3. Several suggestions included increasing Council Tax, or reducing services.

For example “increase council tax generally”, “If they are required by law to make a contribution it should be set at the minimum. Council Tax should not be frozen in 2015/16 or 2016/17 as is being proposed”, “for people on very high incomes (£100,000 per year), increase theirs a little, and reduce the amount poor people have to pay. Or to save money, do rubbish collections fortnightly and decrease the amount people have to pay on council tax.”

Response: Full Council can consider an increase to Council Tax, however, the Council is unable to increase Council Tax beyond 1.99% a year without holding a local referendum. A 1.99% increase would generate income of £2.9m, which will not be sufficient to match the overall funding gap, which is around £18.1m per annum from 2015/16 until 2019/20. The current proposal for council tax is to freeze it in 2015/16, as this is a way of the Council supporting taxpayers as a whole.

The Council is already considering a number of reductions in services to meet the overall funding gap. It is likely that further savings will need to be made from services to meet financial shortfalls in future years.

2.4.2.4. Some suggestions were made about the contribution rate or phasing in the increases.

For example *“Reduce contribution or allow non-working families to not contribute at all, in order to alleviate families living in poverty.”*

“Bring back 100% reductions for unemployed, disabled and low income households”

“I think option 1 is just about right, for now. The only other option I would endorse is not to pay anything at all.”

“10 % increase 2015/2016 increase to 15% in 2016/2017”

Response: The Council is committed to supporting families on low incomes. The most effective way to do this is to encourage opportunities for families to gain and retain employment. Paragraph 2.6 below details the council’s program of support to assist claimants affected by the benefit cap, return to employment.

The wider welfare reform changes are all designed to incentivise work, and providing 100% support does not encourage residents to seek employment.

The Council can consider whether to have transitional arrangements or a phasing of the scheme if appropriate.

2.5. Wider Welfare Reform Impact

2.5.1. The current programme of reform to the benefit system, which started in 2011, constitutes the biggest shake up of the welfare state in over 60 years. The reforms that have been rolled out are wide ranging and include changes to some out of work and disability related state benefits, uprating of a wide range of benefits and the locally administered Housing Benefit and CTS schemes.

2.5.2. As part of these changes, the Government expects reforms to reduce the overall benefits bill by £18 billion by 2014/15. In Barnet, the total reduction in benefits received by eligible residents is expected to be £81.4m per annum – the 10th highest reduction in the country. The average loss for each claimant household is £2,100¹. Therefore, when considering the impact on residents from increasing contribution rates for Council Tax, it is important to consider the impact when combined with the impact of wider welfare reform. So, for the average claimant household, any increase in their Council Tax contribution comes on top of an average overall reduction of £2,100.

In Barnet, high rents and high levels of benefit receipt have combined to mean that overall welfare reforms lead to very large financial losses. Research by the Centre for Economic & Social Inclusion commissioned by LGA, estimates that in 2015/16 (the year for which the new Council Tax scheme is intended) nearly 40,000 households in Barnet will be affected by at least one of the reforms, the 10th highest in England and the average loss per household will be the 7th highest after Westminster, Kensington & Chelsea, Brent, Wandsworth, Camden and Hackney.

2.5.3. There are around 20,000 people affected by any changes to the Council tax Scheme. Of these 14,000 would not have paid anything under the previous Council Tax Benefit scheme. These people are currently losing nearly £13 million annually from the present welfare reform changes and localised CTS scheme.

Reform	LHA	Removal of spare room subsidy	*Benefit cap	Current CTS scheme
No. affected	6,000	780	400	14,000
Average yearly financial loss per household	£2,700	£1,000	£3,100	£95

* Around 70 of this cohort are affected by both the cap and the LHA changes

Table 6 - impact of LA administered benefits

¹ LGA, August 2013

2.5.4. In Barnet 60% of the losses from welfare reforms affect working households and the biggest financial losses are from changes to working tax credits (£26.5 m) and Local Housing Allowance rates (£23.2m). Of the 20,000 affected by the changes to Council Tax support, there are around 3,500 working households claiming working tax Credits of whom around 1,200 have a gap of around £2,500 a year between their LHA rate and their rent.

2.5.5. Overall, Welfare Reform means that the 20,000 or so working age claimants of CTS that will be affected by any changes to Council Tax support are currently losing nearly £20m already as a result of the locally administered HB and current localised Council Tax Support scheme. In addition to these losses they will also be affected by one or more reductions to Central government administered benefits such as:

- Child Tax Credits
- Working Tax Credits
- Disability Living Allowance (DLA) replacement with Personal Independence Payments (PIP)
- 1% up rating (instead of using consumer price index) of all benefits
- Employment Support Allowance (ESA)

2.6. Supporting people into work and off the Benefit Cap

2.6.1. The Council is working with JobCentre Plus and the Barnet Group to understand the impact of welfare reform and support people to manage the change it will mean for them. A multi-agency Task Force has been set up since July 2013 and this has made contact with and offered support to 94% of the affected households. They offer advice and support to people to start working or move to more affordable accommodation. DWP released information in May that showed that 42% of these households are no longer capped. Barnet has the 9th highest off- cap rate of the 29 London boroughs who started capping households in August 2013. The team has worked with 540 people who have since started working (1/3 of the caseload) and become exempt from the cap.

2.6.2. In addition JobCentre Plus is rolling on in-work support for those who have started work but are looking to increase their income through salary progression.

2.7. Expected impact on Council finances

2.7.1. The Table 7 below shows the expected financial benefit to the Council if the contribution rate is increased to 15% and 20%. Assuming an 80% collection rate on the additional yield, the additional gross council tax received is expected to be just over £1m at 15% and £1.8m at 20%. Clearly, if the Council were to reduce the contribution rate to zero, this would lead to a funding reduction which we expect to be £1.1m.

2.7.2. The council tax burden on those of working age in receipt of CTS is £5.907m. The collection rate achieved on this in year was 89.77%, with an overall expectation to reach close to 98.5%. Having regard for the additional burden being proposed this forecast collection rate has been reduced to 88% overall.

	8.5% contribution	15% contribution (80% collection)	20% contribution (80% collection)
Council tax income from CTS claimants, assuming 98.5% collection rate overall	£5,907,121		
Additional income from proposed options at 80% collection rate		£1,042,074	£1,838,834
Admin costs		-£2,200	-£4,400
Reduction in collection rate on existing income, assume 90% collection rate		-£509,751	-£509,751
Net benefit compared to current position		+£530,123	+£1,324,683

Table 7 - Expected financial benefit

2.7.3. Increasing the contribution rate is likely to lead to increased postage costs. For 2013/14, additional postage costs as a result of CTS totalled approximately £9,500. An increase to 15% will increase postage by £2,200 and to 20% by £4,400.

Impact on residents

2.8. It is unknown that if contributions increase, whether residents who have paid and been able to pay, will now be forced into greater indebtedness, and non-collection rates increase.

Increasing the burden to taxpayers can mean that the debt is never repaid in a timely manner. For those taxpayers in receipt of a passported benefit (Job Seekers Allowance, Income Support, or Employment Support Allowance) deductions can be made from their benefit at source. For the year 2013/14, we have issued 865 instructions to the DWP to make deductions from benefits at source. This is a 91.8% increase on the previous year. The value of debt awaiting deduction is £115,413, with a further £80,611 queued to be collected once a previous year's order has been paid.

The maximum the DWP can deduct is £3.75 per week. Therefore with an increasing debt burden, the council tax is never paid at a rate fast enough.

2.8.1. Option 1 - Remain at 8.5% contribution rate

At 8.5% the gross net collectable debit (NCD) raised is £1.47m, which at the rate of collection achieved in 2013/14 (89.8%) would yield £1.32m in revenue for the authority.

When taking account of admin costs, the revenue available to the council would be £1.1m. However, given that the overall RSG will continue to fall – by £17m in 2015/16 and a further £8.2m in 16/17 – keeping the contribution rate at current levels will not reduce spending on CTS and will mean there is significantly less RSG for spending on other services, which will face greater cuts or other options such as increasing council tax will have to be considered

2.8.2. Option 2 - Increase contribution rate to 15%

We have taken the current caseload and modelled a 15% contribution rate. Final outturn in March 2015 will be subject to changes in CTS caseload and Council Tax rates at that time.

However, indications using current data would increase the Council Tax burden for working age claimants by £1.32m. That is to say, the Council could potentially benefit from £1.32m in additional revenue, although if we were to assume an 80% collection rate, this would be more like £1.042m. When factoring administration costs and an overall reduction in collection on the existing burden, the net figure would be £0.53m – this would help to offset spending reductions to other services

However, increasing the Council Tax contribution rate for those eligible for CTS would increase the financial burden on those residents. The table below sets out the likely additional annual cost burden on specific cohorts:

Claimant Group/ Council Tax Band	Band							
	A	B	C	D	E	F	G	H
Lone parent	£38.08	£44.43	£50.77	£57.12	£69.81	£82.51	£95.20	£114.24
Single Claimant	£41.09	£47.94	£54.79	£61.64	£75.34	£89.04	£102.73	£123.28
Couple	£47.13	£54.98	£62.84	£70.69	£86.40	£102.11	£117.82	£141.38
Family	£46.33	£54.06	£61.78	£69.50	£84.94	£100.39	£115.83	£139.00

Table 8 - Additional Council Tax contribution per annum if contribution increased to 15%

2.8.3. Option 3 - Increase contribution rate to 20%

As above, we have taken the current caseload and modelled a 20% contribution rate. Final outturn in March 2015 will be subject to changes in CTS caseload and council tax rates at that time.

Indications using current data would increase the Council Tax burden for working age claimants by £2.298m. That is to say, the Council could potentially benefit from £2.298m in additional revenue, although, assuming an 80% collection rate, this would be more like £1.838m. The net figure, taking account of administration costs and an overall reduction in collection on the existing burden, would be £1.3m – this would help to offset spending reductions to other services.

The financial burden on those residents eligible for CTS would increase. The table below sets out the likely annual additional cost burden on specific cohorts:

Claimant Group/ Council Tax Band	Band							
	A	B	C	D	E	F	G	H
Lone parent	£67.54	£78.80	£90.05	101.31	£123.82	£146.34	£168.85	£202.62
Single Claimant	£72.18	£84.21	£96.24	108.27	£132.33	£156.39	£180.45	£216.54
Couple	£83.39	£97.28	£111.18	125.08	£152.88	£180.67	£208.47	£250.16
Family	£81.58	£95.18	£108.77	122.37	£149.56	£176.76	£203.95	£244.74

Table 9 - Additional Council Tax contribution per annum if contribution increased to 20%

2.8.4. Transitional Protection

When the council amends its Council Tax Support Scheme (CTS) that has the effect of reducing or removing a reduction the Council has an obligation to include a transition scheme that the council sees fit.

Of the options be being considered, option 2 and 3 would require consideration of a transition scheme. However this would be applied to each of the claimants and would have the effect of increasing the cost of the scheme considerably.

It is recommended that it be noted that a transition scheme has been considered as part of this report but is not a feature of the new scheme.

2.8.5. Annual Up-rating

In order to keep the scheme in alignment with the Department for Work and Pension's Housing Benefit regulations the Barnet Council Tax Support scheme must also be updated in line with those changes.

It is recommended that the committee approve the revised scheme which will be updated accordingly.

2.8.6. Non-Dependant Deductions

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No2) Regulations 2014 set out the changes to the working age Non-dependant (ND) deductions which may be applied to the scheme.

It is recommended that the Committee approve the amendments to the non-dependant deductions as follows:

Claimant or partner receiving Jobseeker's Allowance (income based, Income related Employment and Support Pension credit allowance, or Universal Credit where the award is calculated on the basis that the recipient does not have any earned income.	£0.00
Gross Income up to £189.00 per week regardless of source if ND not receiving above benefit.	£5.00
Gross Income £189.00 per week or over regardless of source if ND not receiving above benefit.	£11.36 per week

Table 10 – Non-Dependant Deductions

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1. The options available to the Council have been set out throughout this report.

4. POST DECISION IMPLEMENTATION

4.1. Following the Committee's recommendation on a preferred scheme, final approval will then be sought from Full Council, for preparation into the annual billing process commencing in January 2015

Milestone	By
Policy and Resources Committee agree new scheme	13 January 2015
Full Council agree new scheme	20 January 2015
Implementation and testing for annual billing	February 2015 – March 2015

Table 11 - Implementation Timetable

5. IMPLICATIONS OF DECISION

5.1. Corporate Priorities and Performance

The council's Corporate Plan for 2013 – 2016 sets the direction and priorities for the years ahead. It is based around six priorities:

- To maintain a well-designed, attractive and accessible place, with sustainable infrastructure across the borough.
- To maintain the right environment for a strong and diverse local economy.
- To create better life chances for children and young people across the borough.
- To sustain a strong partnership with the local NHS, so that families and individuals can maintain and improve their physical and mental health.
- To promote a healthy, active, independent and informed over 55 population in the borough to encourage and support our residents to age well.
- To promote family and community well-being and encourage engaged, cohesive and safe communities.

The localised Council Tax Support scheme has been designed to 'To maintain the right environment for a strong and diverse local economy', making the best use of resources to provide a scheme which best meets the needs of Barnet residents and ensures a stable Medium Term Financial Strategy.

The new scheme should support the priorities by considering the impacts of the scheme on different demographic groups and mitigating adverse impacts where possible.

5.2. Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

The Council has savings plans totalling £39m over 2014/15 and 2015/16 to enable a balanced budget to be set for these years. While the implementation of these savings is currently on track, some risks exist in the delivery of savings for 2015/16. If additional Council Tax income was received in 2015/16 arising from a change in the CTS scheme this would mitigate against non-delivery of savings and also ensure that the Council starts to address the projected budget gap of a further £73m by the end of the decade.

5.3. Legal and Constitutional References

Council Constitution, Responsibility for Functions, Annex A, sets out the terms of reference of the Policy and Resources Committee, including 'Housing Benefit, Council Tax Support and Welfare programmes'.

The Local Government Finance Act 1992 was amended in 2012 to require local authorities to agree local council tax reduction schemes within certain prescribed constraints.

Local authorities must consider whether to revise or replace their CTS schemes on an annual basis. Where the scheme is to be revised or replaced the procedural requirements in paragraph 3 of schedule 4 of the 1992 Act apply. Any revision/replacement must be determined by 31st of January in the preceding year to the year which the changes are to apply. The council must therefore consider whether the scheme requires revision or replacement and if so, consult with the GLA, publish a draft scheme and then consult with such persons as are likely to have an interest in the operation of that scheme prior to determining the scheme before 31st January. The Council has consulted on alternative options for the scheme and the results of the consultation are included in the report.

On 21 May 2012, the Department for Communities and Local Government published a guidance note setting out the key local authority duties affecting vulnerable people in relation to the decision to localise council tax support. This covered the public sector equality duty, which is set out elsewhere within this report, duty to mitigate the effects of child poverty, the armed forces covenant and the duty to prevent homelessness.

The Child Poverty Act 2010 requires local authorities and other public bodies to co-operate, understand needs and develop and deliver a strategy for their local area. The council carries out this duty through its annual review of its children and young people's plan,

The Armed Forces Covenant seeks to redress the disadvantages that the armed forces community face in comparison with other citizens. The existing council tax benefit regulations require local authorities to disregard the first £10 per week of war pension and armed forces compensation scheme payments, when calculating income. This requirement will continue. However, local authorities also have discretion to top up the disregard to the full amount. The Council previously made the decision to disregard the total payments from these schemes and the current proposals do not change this decision.

The Housing Act 1995 requires authorities to formulate homelessness strategies and to seek to prevent homelessness and secure sufficient accommodation and support in their areas. It is advisable to have good publicity to ensure that those in financial hardship are aware of the CTS they are entitled to and encouraged to apply for these, so as to prevent

homelessness due to non payment of rent. Barnet Homes provides advice and assistance to those threatened with homelessness on behalf of the Council.

When making policy decisions, the Council must take account of all relevant material, including financial resources, consultation responses and potential equality impacts in order to reach a decision. This report presents a number of options and sets out the financial implications of these and makes a recommendation. However, this does not preclude the Committee from recommending that another option is the most appropriate way forward.

There is a statutory duty to consult on the council tax support scheme. A summary of the details of the consultation responses are set out in the report and attached as an appendix. Case law has confirmed that when determining whether to change policy, the Council must be receptive to reasonable arguments against the proposals, however this does not simply involve a head count of those for and against the proposals. In the case of withdrawal of support, it will not be surprising if a number of respondents are against the proposal. The Council must take these views into account and must balance this with other relevant information to decide whether to recommend an option. When considering relevant information, the Council should consider other options to meet its budgetary shortfall. If the adverse impact of a proposal is so significant, the Committee should request that Full Council considers this when setting its budget.

5.4. Risk Management

The council must make a decision within a time limit, on whether or not to revise the scheme. In addition to this a number of other factors have been considered.

Fairness: There is also a risk that the scheme may be perceived as being unfair. Fairness for the council is about striking the right balance between fairness towards the more frequent users of services and fairness to the wider taxpayer and making sure all residents from our diverse communities benefit from the opportunities of growth. In line with the Government's commitment to incentivise work, the recommended scheme requires a contribution from all residents excluding Pensioners (subject to income) and War Pensioners. Residents' views on whether options are fair have been tested during the consultation and are included in the appendices. The mitigations for those in crisis or struggling to make a contribution are listed below.

Impact on households who cannot afford the increased expenditure: The scheme seeks to recover part of the funding shortfall from households at the lower end of the income scale. Together with other welfare reforms being implemented by government, the scheme may exacerbate already difficult financial circumstances for some individuals and families. There are a number of mitigations for those in crisis or struggling to make a contribution- these include promotion of the Council Tax statutory reductions and exemptions for

certain groups (including apprentices, those with live in carers or disability adapted properties), the availability of a Discretionary Council Tax Relief fund and support for those on welfare benefits to increase their income by moving into work. For those who do get into difficulty in making their payments the Council has put in place the following measures that can assist people and particularly those who have only been making contributions since 2013;

- Instalments can now be spread over 12 months as opposed to 10 months prior to the localised Council Tax scheme.
- Outbound calling where possible, to encourage these customers to make payment arrangements following the commencement of each recovery stage. Other payers are automatically moved through the escalating recovery stages.
- Customers who are taken to court are given an option of making a payment arrangement as usual, but if they are receiving Council Tax support and stick to an arrangement to complete payment within the financial year the court costs are waived.
- Customers on CTS are not currently being passed to bailiffs, but an attachment of earnings on their benefits is done instead.

Collection rate reducing: Since current claimants are currently only paying 8.5 per cent of their Council Tax bill, any increase in the contribution, may reduce the collection rate. Existing collection and recovery strategies may not be cost-effective, and small debts may be written off. This has been mitigated by implementing robust arrears management procedures during the operation of the previous scheme. It is proposed that these continue in the new scheme. The financial analysis has also made a prudent analysis of collection rates under a new scheme, based on evidence from other Boroughs.

Principal financial risks and mitigations

Risk	Mitigation
Lower Council Tax collection rate and bad debts	Robust arrears management procedures to maximise collection rate and prudent assumptions on collection rates
Higher administrative costs	The collection and enforcement policy ensures that the most vulnerable residents are supported from an early stage thus ensuring both customer and council the ability to keep costs to a minimum.
Any growth in demand would be become financially unsustainable	Realistic assumption on caseload growth based on trends in recent years
The proposed scheme is based on a number of assumptions, including collection rate and take-up rate. A downturn in the economy could lead to higher benefit take-up rates. As a	Review operation of scheme yearly and modify to reflect experience

result, the projected funding gap would increase.	
If Barnet's population increases, including an increase in the population segment that currently receives Council Tax Support, demand for Council Tax Support could increase against a fixed grant from the government. This would increase the funding gap.	Continued investment in regeneration and increasing employment opportunities to move households out of financial hardship.

5.5. Equalities and Diversity

At Policy and Resources on 10 June 2014, Members discussed the concept of fairness and advised that Theme Committees 'should be mindful of fairness and in particular, of disadvantaged communities when making their recommendations on savings proposals'. These proposals are about reducing the level of support provided to those on low incomes who are most likely to be affected by other Welfare reforms and may be members of the groups outlined as protected characteristics in the 2010 Equality Act. The Council has sought to mitigate some of these effects by keeping council tax as low as possible for all and freezing Council Tax since 2010. During this time, the cost of living has risen by around 18 per cent. The Council is committed to continue freezing Council Tax until 2017 to help mitigate against further rises in the cost of living which includes Council Tax.

The Council's strategic equality objective is expressed both in the Constitution and the Corporate Plan. It gives a commitment that citizens will be treated equally, with understanding and respect; have equal opportunity with other citizens; and receive quality services provided to Best Value principles. The proposals set out in this report support this commitment.

The options under consideration for the proposed scheme work within the prescribed regulations that support the Government's intention that pensioners should not be affected by this cut in spending.

Following consultation a full Equalities Impact Assessment has been carried out.

The proposals for the new scheme have been assessed to ensure that due regard has been given to the Public Sector Equality Duty as enshrined in the Equality Act 2010 using the process set out in the Corporate Plan 2013-16. Section 149 of the Act provides that a public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are:

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

The resulting Equalities Impact Assessment is presented in Appendix 2. The analysis of the proposals indicates that the increasing the contribution rate to 15-20% is likely to have a minimal negative impact on groups that have already been impacted by the initial 2013 Council Tax Support Scheme including large families, lone parents and people with disabilities. Lone parents are statistically more likely to be female. Whilst there is no data available locally, there is national evidence to suggest that larger families are more likely in certain ethnic groups.

The mitigating steps against the adverse impact, if the contribution rates are increased, are as follows:

- Continuation of discretionary council tax reduction scheme for households in severe financial hardship
- Continuation of current enforcement policies taking account of ability to pay before determining whether enforcement activity is appropriate
- Continuation of Local Welfare Provision (Crisis Fund) for emergency and essential payments to the borough's most vulnerable.
- Continuation of income disregard for disability benefits and child benefit.
- Continuation of work with the JobCentre Plus and The Barnet Group to assist low income households into employment.

The Council is also aware of the lack of monitoring data from current claimants, which impacts on its ability to effectively monitor whether the scheme impacts on certain protected groups more than others. The Council will consider whether it can collect monitoring data from claimants in the future to provide better data for future analysis.

6. BACKGROUND PAPERS

- 6.1. Policy and Resources Committee Report 21 July 2014
- 6.2. Report from Cabinet, Council Meeting 22 January 2013

Appendix 1

Council Tax Support Consultation

Consultation Findings

January 2015

SECTION 1

Executive Summary

1. EXECUTIVE SUMMARY

This report sets out the detailed findings from the Council Tax Support Consultation 2014/15.

1.1 Summary of approach to Council Tax Support Consultation

This report sets out findings, which consisted of

- A 12 week online web consultation; and
- A citizen's panel survey.
- A further 4 week online web consultation

A summary of the key findings are outlined on the following pages. The results will be used to inform the decision by the Policy and Resources Committee and the recommendation to the Council's Business Plan and Budget for 2014 - 2015. Detailed findings can be found under sections 2 and 3 of this report.

1.2 GENERAL CONSULTATION ON THE COUNCIL'S PROPOSED COUNCIL TAX SUPPORT SCHEME FOR 2014 -15 ONWARDS

The general consultation consisted of an online survey published on <http://engage.barnet.gov.uk/>. A letter was sent to all 21049 current working age Council Tax Support recipients as at 1 September 2014. A further letter was sent to 20190 claimants as at 24 November to advise them of the re-opened consultation. Paper copies and easy read versions were made available on request. In order to boost the response to the survey and ensure the council heard the views of a representative sample, the first consultation survey was also sent to the Citizens' Panel².

In total 868 surveys were completed, 653 were completed by the Citizens' Panel and 215 completed by the general public via the open online web survey.

The Citizens' Panel response was also weighted to ensure that the achieved sample was representative of the borough's population. As the web survey has only received a total response of 215, the **online web survey findings should be treated with caution** due to the small sample size. The findings have therefore been reported on separately, so that comparisons can be made with the larger representative sample of the Citizens' Panel and the open online web survey. In 2012, there were 2910 responses.

2. GENERAL CONSULTATION SUMMARY OF KEY FINDINGS

• Options proposed

Respondents were asked how much they agreed or disagreed with the council's proposed Council Tax Support options in terms of balance making it fair not only on those residents who are eligible for support – but also those residents who depend on other Council services.

The survey presented three options and asked for a rating of each and asked respondents to indicate a preferred option. Additionally the survey asked for reasons for the chosen options.

The options were

Option 1 – The council tax support contribution should remain at 8.5 per cent

² The **core** panel is made up of 2087 Barnet residents, selected to be representative of the adult population of the borough in terms of ward, age, gender, ethnicity, housing tenure, faith and disability

Option 2 – The council tax support contribution should increase to 15 per cent

Option 3 – The council tax support contribution should increase to 20 per cent

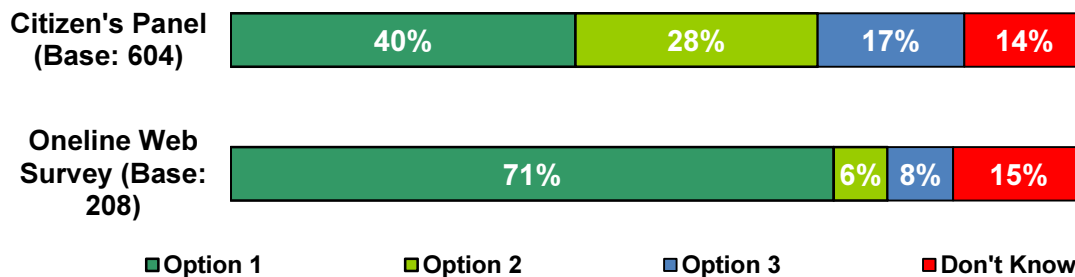
A fourth, Option 4 – Have an alternative scheme was offered in the subsequent consultation.

Citizens' Panel members responded 247 out of 528 in favour of retaining the council tax support contribution at 8.5 per cent. The online web survey responded 70.7 per cent (147 out of 176) in favour of retaining the 8.5 per cent contribution.

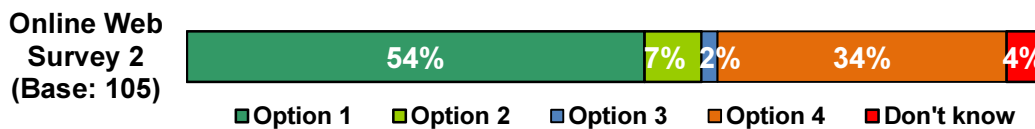
However some Citizens' Panel members preferred an option to increase the contribution - 28.4 per cent (174 out of 528) opted in favour of an increase to 15 per cent contribution and 17.2 per cent (106 out of 528) opted in favour of an increase of 20 per cent contribution. This is a total of 45.6 per cent in favour of an increase above the current 8.5 per cent contribution.

Whilst the Citizens' Panel is more representative of the borough, the number of respondents who claim Council Tax Support is lower in this group. The number of respondents to the open survey was weighted in favour of recipients to Council Tax Support so it was not surprising to find that this group were in favour of retaining the same level of contribution.

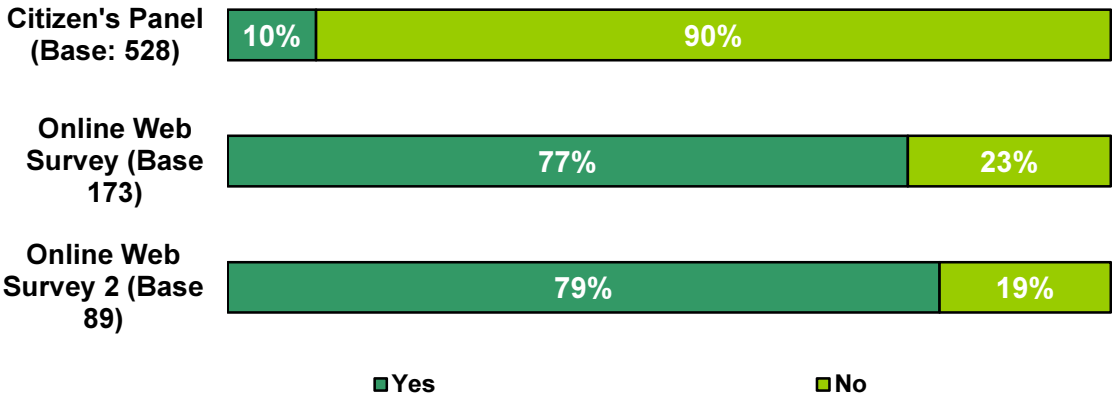
Respondents were asked, overall which is your preferred option?



When presented with a fourth option, the response was as follows.



Those responding to the online web survey were much less likely to agree with the Citizens' Panel as council tax support recipients were individually invited to respond to the survey, see below.



The results from the Citizens' Panel represent the whole borough but the responses from the online web survey should be given more weight because they are more representative of the group directly affected.

The five top most commonly mentioned reasons for their answers were:

- *'People are struggling now, they have no extra money/ Do not increase the bills of those on low income* (mentioned by 12 per cent of the Citizens' Panel and 46 per cent per cent of the online web sample)
- *"The increase seems right, it is required/achievable'* (mentioned by 8 per cent per cent of the Panel sample, but not mentioned by respondents to the open online web survey)
- *'Share financial burden'* (mentioned by 6 per cent of the Panel sample, and 1.9 per cent per cent of online web survey)
- *'Increase to 20 per cent is too much'* (mentioned by 6 per cent of the Panel sample and 3.3 per cent of the online web survey).
- *If people need help paying then they should get it'* (mentioned by 3 per cent of the Panel sample, and 10 per cent of the online web survey).

● **The survey also asked what respondents thought residents who are in financial hardship would need from the Council**

Respondents were asked what help residents who were in financial hardship would need from the Council.

The five top most commonly mentioned areas of help were:

- *'Reduce Council Tax, increase support'* (mentioned by 6.3 per cent of the Citizens' Panel and 35 per cent per cent of the online web sample)
- *'Increase Housing Benefit'* (mentioned by 7 per cent per cent of the Panel sample, and 7 per cent of respondents to the open online web survey)
- *'Financial Counselling'* (mentioned by 12 per cent of the Panel sample, and 5 per cent per cent of online web survey)

- *'Promote employment, offer training for work opportunities'* (mentioned by 10 per cent of the Panel sample, and 4 per cent of the online web survey).
- *'Food Banks'* (mentioned by 6 per cent of the Panel sample, but only 1 per cent of the online web survey).

- **Results of consultation – suggested alternative schemes**

The responses are collated in Appendix 1.

A number of respondents suggested that the council use the powers created in the Local Government Finance Act 2012 to remove the second home discount and charge extra for long term empty properties.

For example "in the council's documents there is not a word about a few simple existing tools, to fund a more generous Council Tax Support for those who need it by taxing those who can very well afford it.; in England, second homes may be charged 100% of their normal rate of council tax, i.e. income for the council from council tax can be generated from those who own more than one home. Additionally local authorities may set an 'empty homes premium' for long-term empty properties. Properties which have been unoccupied and substantially unfurnished for over two years may be charged up to 150% of the normal liability. So option 4 should be a 1% contribution rate funded by robust enforcement of the above"

"Other options apart from these three must be explored - in view of the fact that the removal of current council tax exemptions and discounts for empty properties and second homes could generate a huge amount of additional Council Tax income"

For example "Increase the council tax rate on properties worth over a million pounds to fund council tax on those who simply can't afford to pay it."

"Allow the disabled, people with chronic long term illness & families with children exempt from any increase as the proposal to increase CT payments for these groups has a direct impact on their health and living standards which ultimately has an affect on the the NHS and Social Services. The above groups are unlikely to gain employment and therefore cannot work to improve their situation and enable them to pay this additional charge. I believe the entire community has a responsibility to support those in their community therefore the increase should be applied to ALL households in the borough.

Some suggestions were made about the contribution rate or phasing in the increases.

For example "Reduce contribution or allow non-working families to not contribute at all, in order to alleviate families living in poverty."

"Bring back 100% reductions for unemployed, disabled and low income households"

“I think option 1 is just about right, for now. The only other option I would endorse is not to pay anything at all.”

“10 % increase 2015/2016 increase to 15% in 2016/2017”

SECTION 2

Council Tax Support Scheme Consultation

Detailed Findings

3. GENERAL CONSULTATION ON THE COUNCIL'S PROPOSED COUNCIL TAX SUPPORT SCHEME FOR 2014 -15 ONWARDS

The general consultation consisted of an open online survey published on the web and a closed survey sent out to Barnet's Citizens' Panel³.

3.1. Technical details and method

In summary, the survey was administered as follows:

The Council Tax Support Scheme consultation was open for 12 weeks, from the 4 August 2014 to 27 October 2014 and from 25 November 2014 to 21 December 2014.

- The consultations were published on the council's engage space <http://engage.barnet.gov.uk/> which gave detailed background information about the Council Tax Support scheme currently in place, the manner in which the government have reduced funding for Council Tax Benefit centrally and how the Revenue Support Grant continues to be reduced year on year.
- Collection of respondents' views were fed back via an open online self-completion survey.
- Hard copies and easy read were also available on request
- In order to boost the response to the survey, and to ensure the views of a profiled representative sample was heard, the survey was also sent to the Citizens' Panel⁴.

The survey was widely promoted through: a direct mailing to all 21049 working age support recipients. Potential respondents could telephone a support line for advice and guidance, followed by a further mailing to 20190 working age support recipients, the September 2014 edition of Barnet First; a press release; social media; exhibited at the Communities Together Network space; and various service user groups and partner mailing lists.

3.2. Questionnaire design

The survey was developed to ascertain residents' views on the Council's Council Tax Support scheme 2015/16 onwards, particularly in terms of:

- the Revenue Support Grant pressures;
- the need to strike a balance between supporting the most vulnerable and other service users;
- drawing parallels with other neighbouring boroughs;
- the Council Tax collection rate for 2013/14.

In order to enable further understanding and analysis on the results the following types of questions were also included on the survey:

- Open ended questions, where respondents were asked if they agreed or disagreed with any option to say why, and to state an overall preference. Additionally, residents were requested to provide details of help that those experiencing financial hardship may need from the council.
- Key demographic questions

⁴ The Citizens' Panel is made up of 2087 Barnet residents, selected to be representative of the adult population of the borough in terms of ward, age, gender, ethnicity, housing tenure, faith and disability

3.3. Response to the survey

In total 868 surveys were completed, 653 were completed by the Citizens' Panel and 215 were received from the general public via the online web survey.

The Citizens' Panel response was weighted to ensure the achieved sample was representative of the borough's population. Due to the small sample size of the web survey, 215, the **online web findings should be treated with caution**. For this reason the findings have been reported on separately, so that comparisons can be made with the much larger representative sample from the Citizens' Panel.

3.4. Citizens' Panel Response

A combined postal and online survey method⁵ was mailed out to 2087 members of Barnet's Citizens' Panel and a total of 653 surveys were completed (278 postal and 375 online) giving a response rate of 31 per cent.

3.5. Online Survey Web response and profile

The table below shows the online profile of those who responded to the web survey. Of the 215 responses received, those who replied were mainly residents (86 per cent, 184 out of 215).

7 per cent of the sample (14 out of 215 respondents) chose not to answer this question.

Table 1

Type	Number	%
Resident	184	86%
Barnet resident and business	5	2%
Landlord	1	0%
Housing Association	2	1%
Voluntary/community organisation	2	1%
Representing a public sector organisation	2	1%
Other	5	2%
Not answered	14	7%
Total	215	100%

3.6. Citizens' Panel sample profile

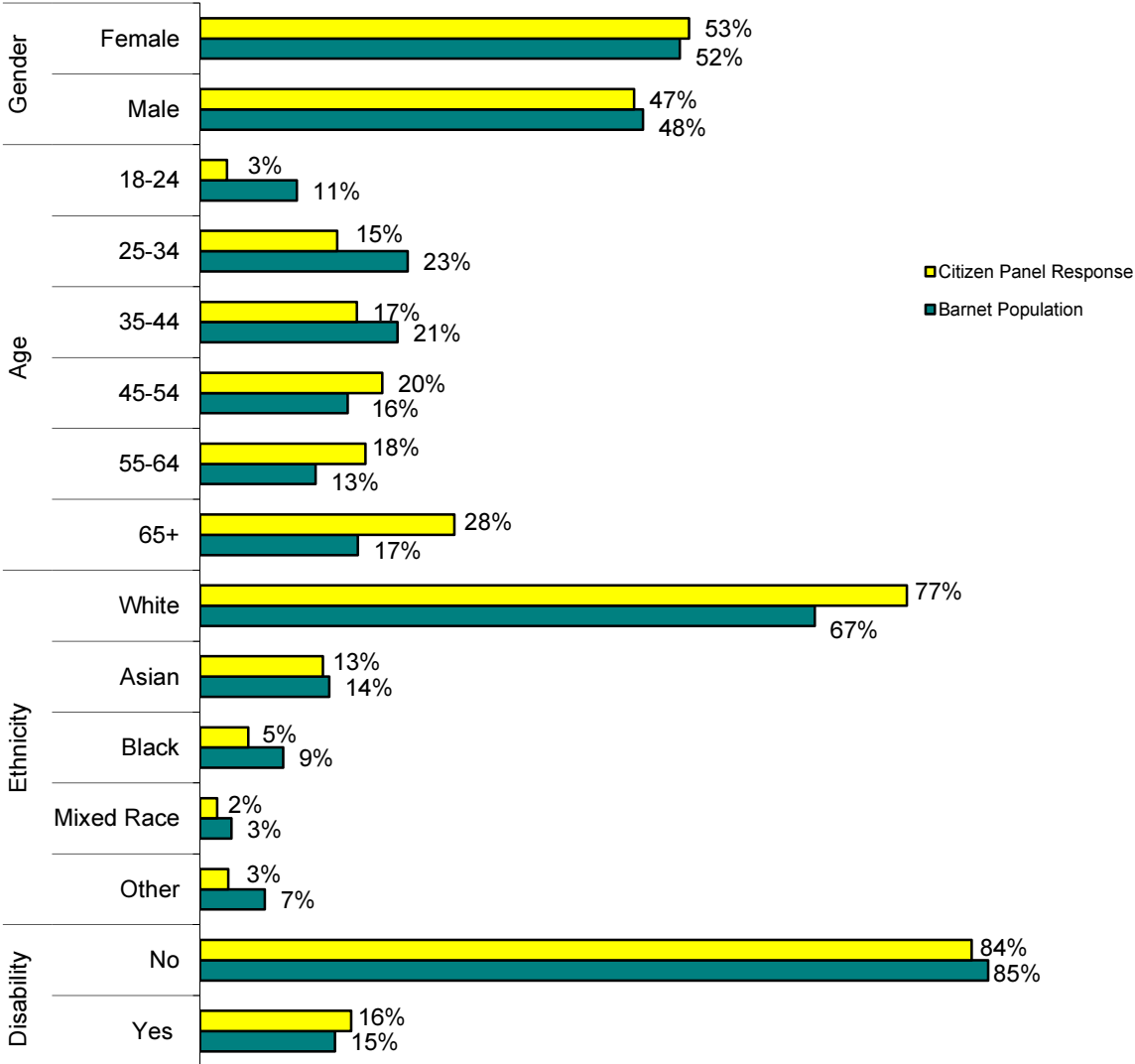
The chart below shows the demographic profile of those who responded to the panel survey compared to the population of Barnet.

The sample that responded closely matches Barnet's population profile in terms of gender and ethnicity. However, in terms of age, younger panel members are underrepresented and older panel members are over represented. There is also a slight over representation of

⁵ When panel members are recruited they are given the choice of which method they prefer receive their surveys; either online sent to their e mail address, or hard copy sent to their postal address.

white respondents and under representation of black and mixed race respondents. Weighting has been applied to tackle the issue of under and over representation in the sample, and it is the weighted data that is reported on in this report.

Chart 1: Citizens' Panel Sample profile – key demographics



3.7. Calculating and reporting on results

The results are based on “valid responses” only, i.e. all those providing an answer (this may or may not be the same as the total sample) unless otherwise specified. The base size may therefore vary from question to question depending on the extent of non –response.

3.8. Results in detail:

Respondents were asked how much they agreed or disagreed with the council’s proposed options of retaining 8.5 per cent contribution, increasing contributions to 15 per cent or increasing contributions to 20 per cent. And subsequently which option was preferred.

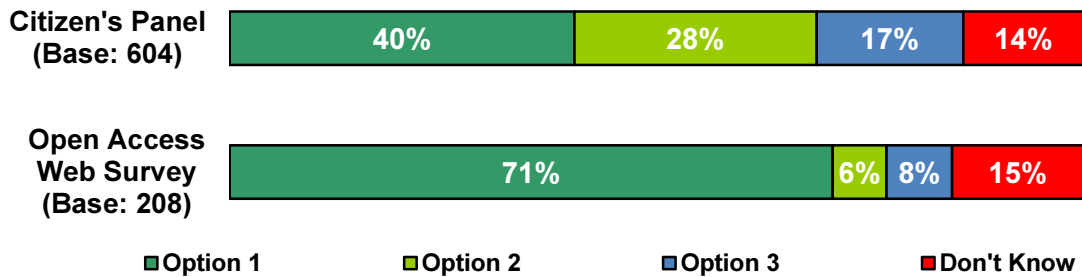
The Citizens’ Panel were much more likely to give a representative view compared to the Online web survey as all recipients of Council Tax Support were sent a letter agree with the council’s approach to its business plan compared to those respondents responding to the open online survey on the web.

3.9. Preferred option

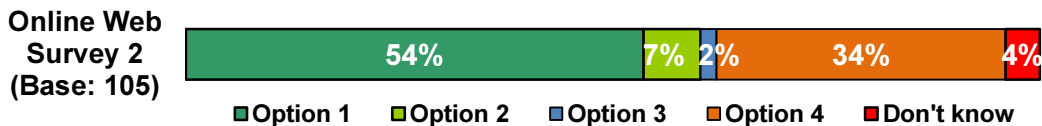
Respondents to the surveys were asked which of the three options they preferred and to give a reason for their answer.

The Citizens' Panel responded with over 40 per cent (248) selecting option 1. Twenty eight per cent chose option 2, and 17 per cent chose option 3. However 14 per cent (86) did not know.

Most respondents (77 per cent, 133 out of 173) to the online web survey said they receiving council tax support. It is anticipated that this group of respondents would be more likely to choose option 1, of retaining the same level of contribution.

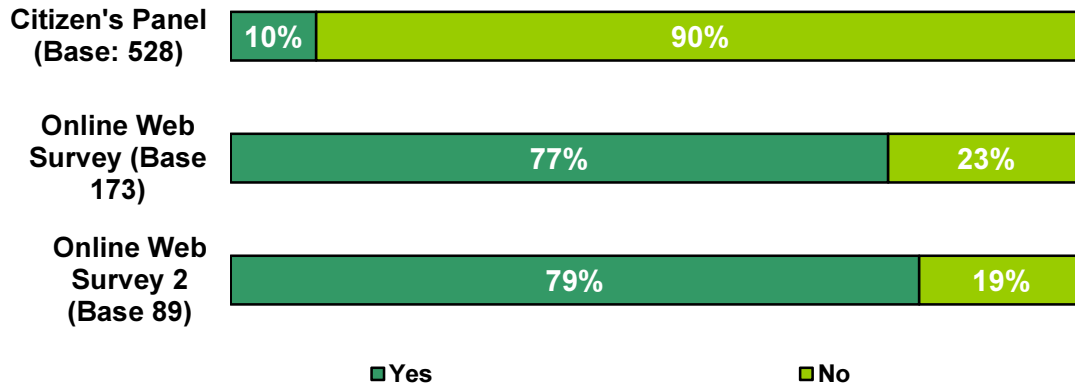


When presented with a fourth option, 34% of respondents provided an alternative scheme suggestion.

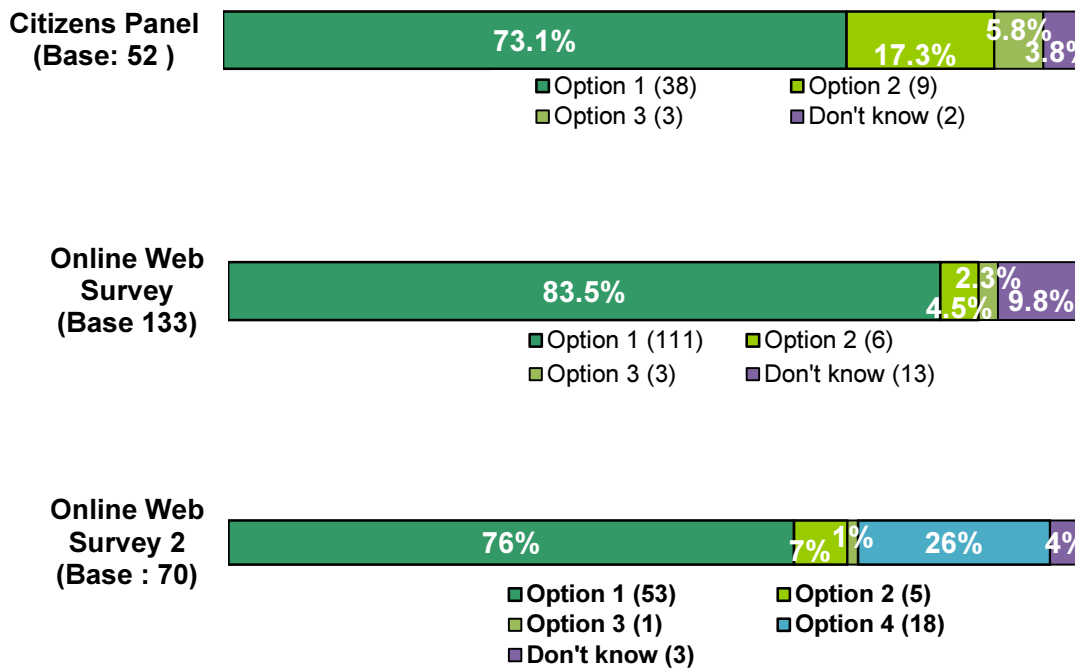


Those responding to the open online web survey were much less likely to agree with the Citizens' Panel as a direct letter was sent to all council tax support recipients.

Respondents were asked, does your household receive Council Tax Support from Barnet?



The regulations require the council to consult such persons as it considers are likely to have an interest in the operation of the CTS scheme. Taking the responses from the current CTS recipients only we can show the responses as follows:



In each of the surveys respondents were asked for the reason why they preferred an option. These have been grouped by option 1, 2 and 3. Some respondents chose not to comment at all. The graphics below show the responses for each survey. The supplementary survey is shown separately.

Chart 2 – Reasons given for choosing Option 1 as preferred option.

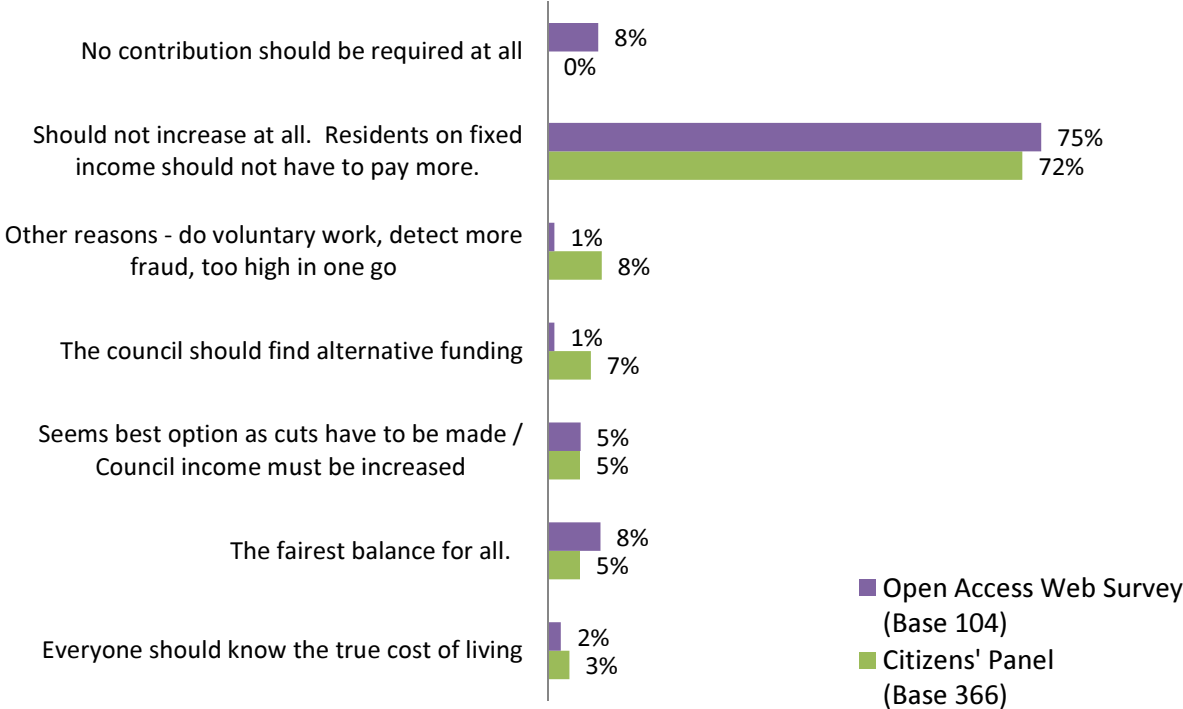


Chart 3 – Reasons given for choosing Option 1 as preferred option. Supplementary Consultation

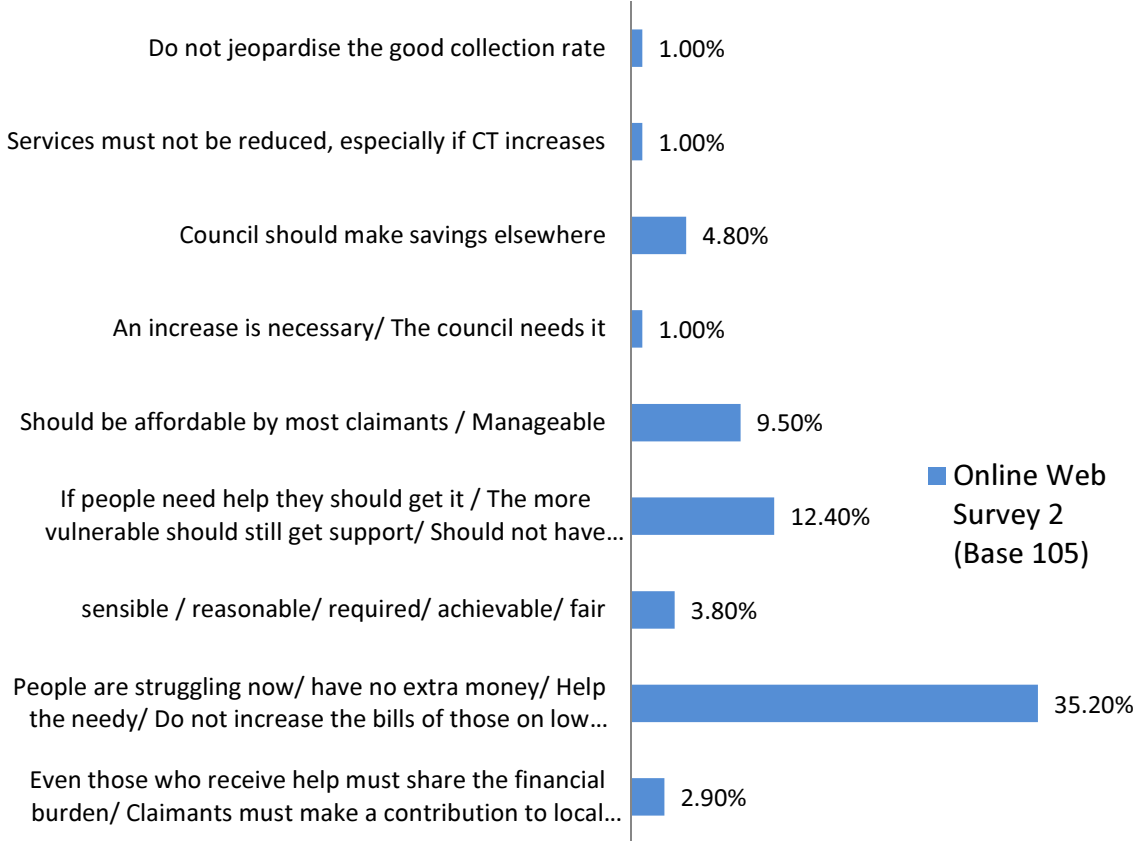


Chart 4 – Reasons given for choosing Option 2 as preferred option

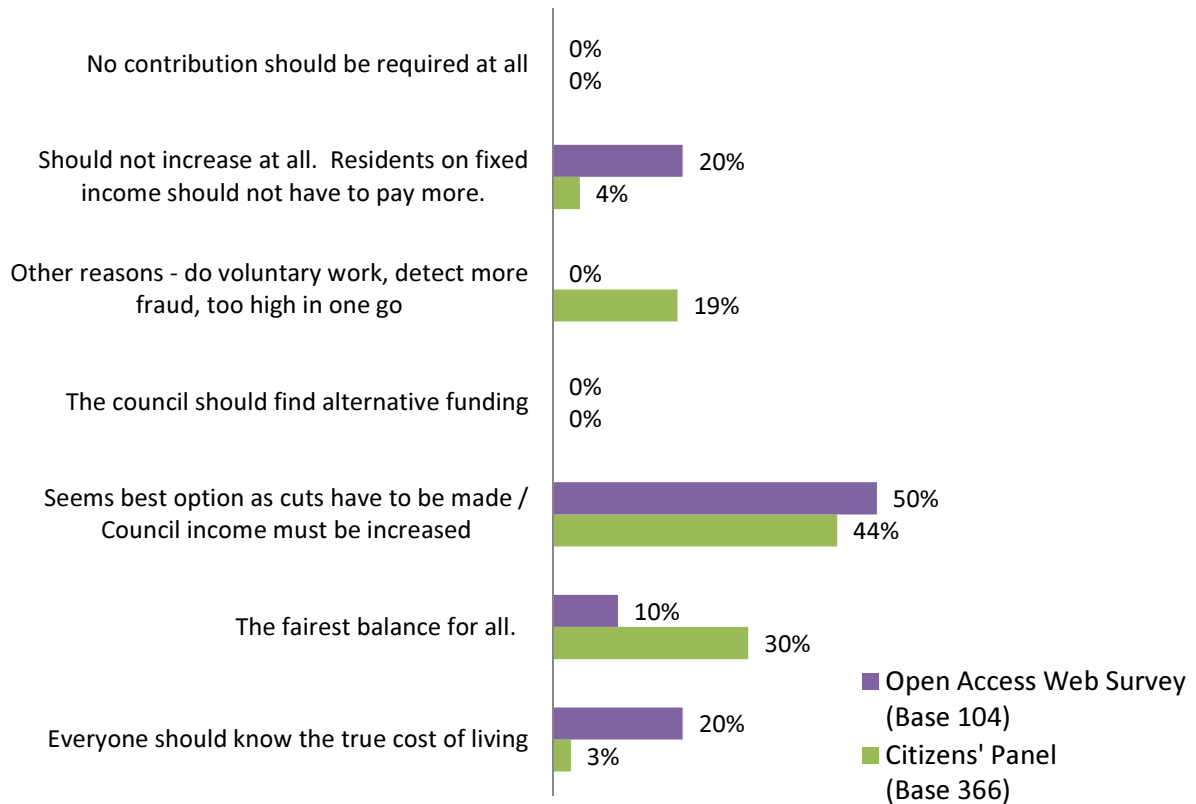


Chart 5 – Reasons given for choosing Option 2 as preferred option. Supplementary Consultation

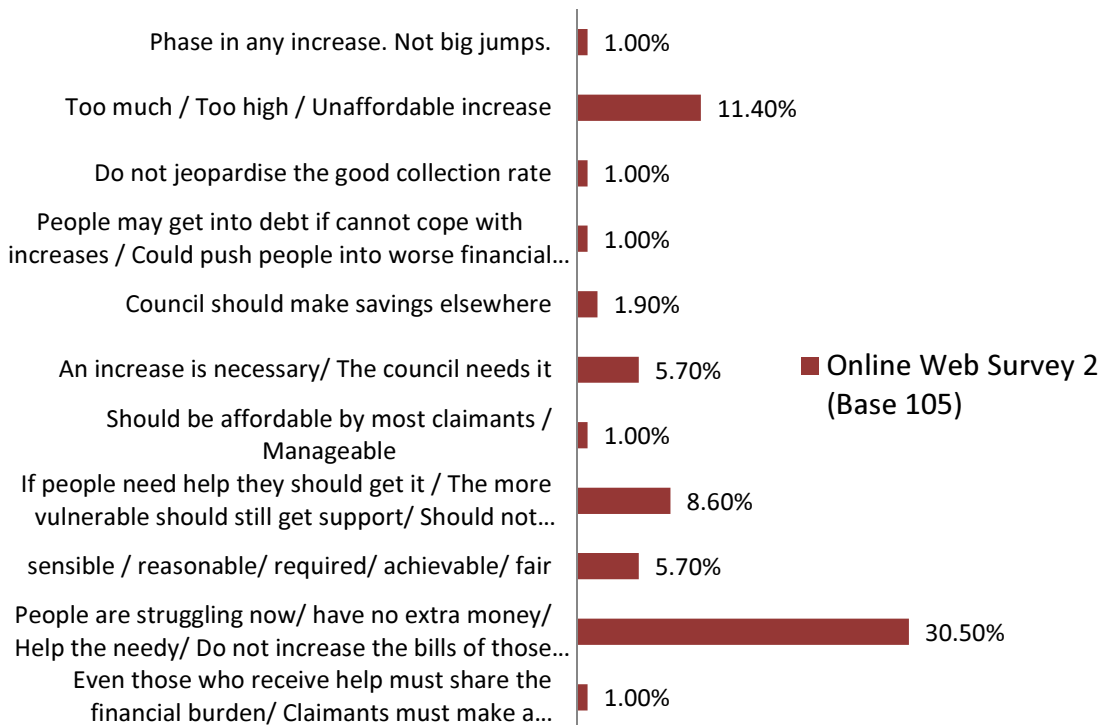


Chart 6 – Reasons given for choosing Option 3 as preferred option

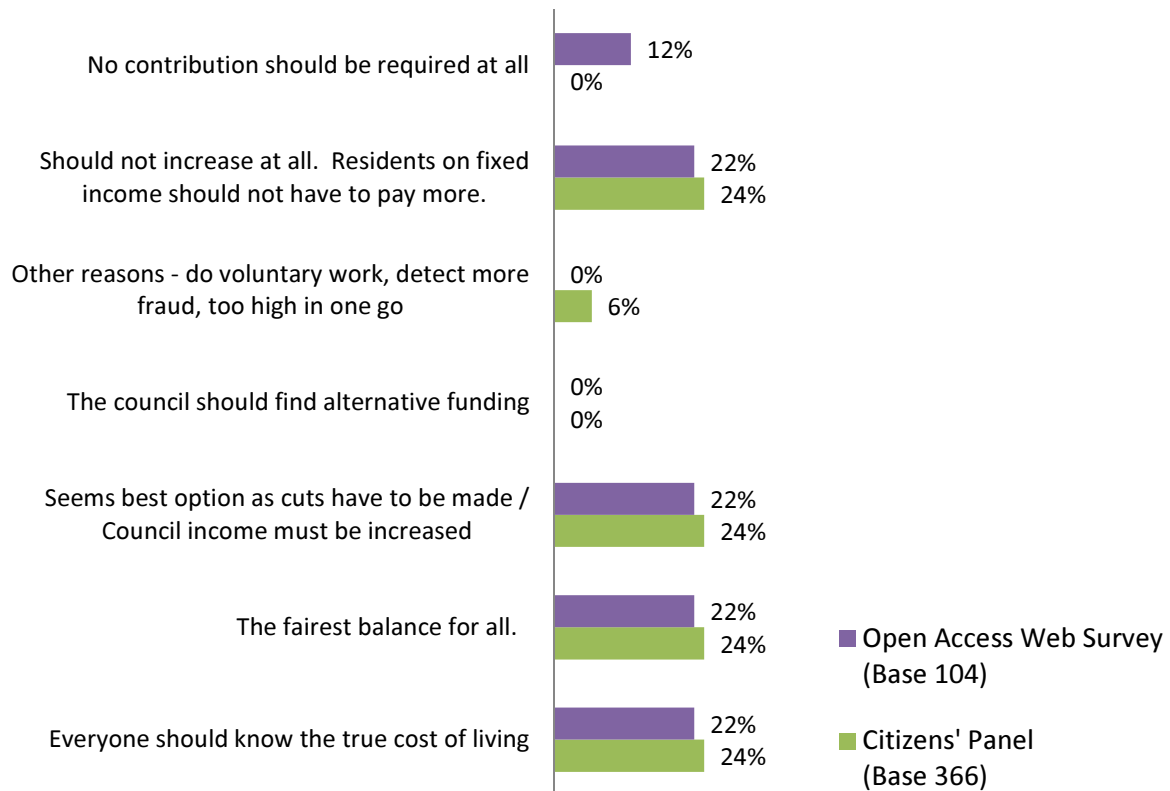
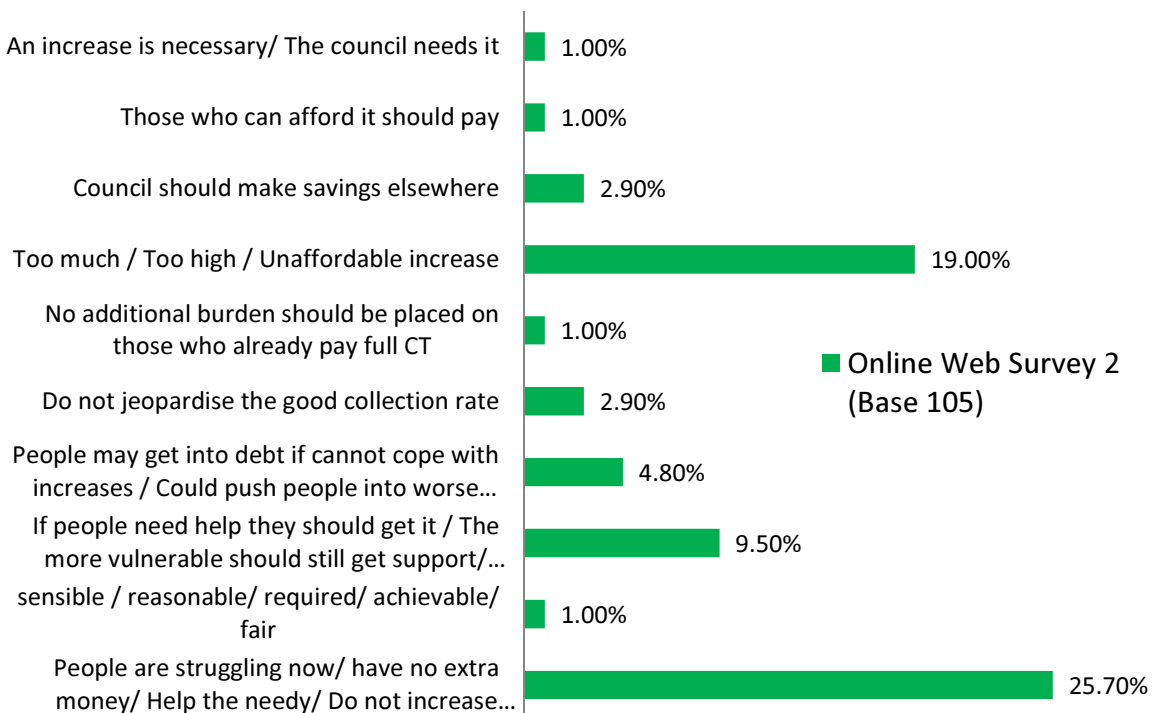


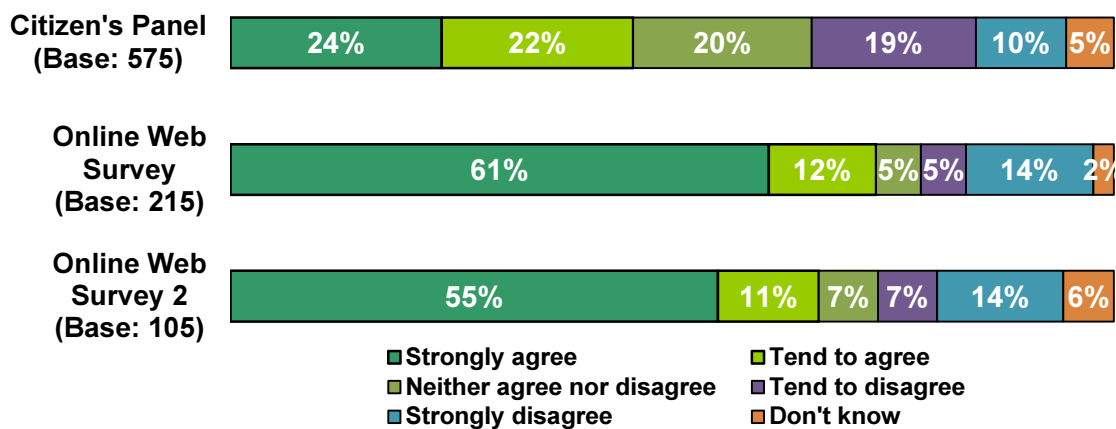
Chart 7 – Reasons given for choosing Option 3 as preferred option. Supplementary Consultation



3.10. Option 1 – continue the current scheme, with a contribution rate of 8.5 per cent (claimants receive 91.5 per cent of their maximum entitlement to CTS)

- Nearly half of the Citizens' Panel (46 per cent) agreed or strongly agreed with option 1. Twenty nine per cent of Citizens' Panel members disagreed or strongly disagreed. The remainder were neutral (20 per cent) or said they did not know (5 per cent).
- The majority of online web survey respondents agreed or strongly agreed with option 1. Three quarters of the online survey web respondents (73 per cent) agreed or strongly agreed. A fifth (19 per cent) of online web survey respondents disagreed or strongly disagreed. The remainder were neutral (5 per cent) or said they did not know (2 per cent).
- In the supplementary consultation, the majority of online web survey respondents agreed or strongly agreed with this option. 66 per cent of respondents agreed or strongly agreed, compared to 21 per cent that disagreed or strongly disagreed.

Chart 8 : Option 1 - continue the current scheme, with a contribution rate of 8.5 per cent



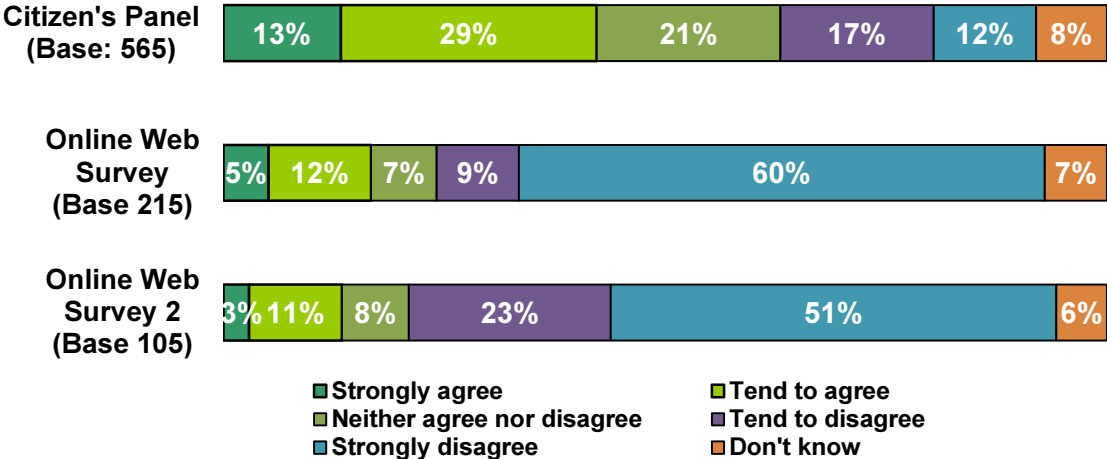
3.11. Option 2 – increase the contribution rate to 15 per cent (claimants receive 85 per cent of their maximum entitlement to CTS)

- Nearly half of the Citizens' Panel (44 per cent) agreed or strongly agreed with this option. Twenty nine per cent of Citizens' Panel members disagreed or strongly disagreed. The remainder were neutral (21 per cent) or said they did not know (8 per cent).
- The majority of online web survey respondents disagreed with this option. Over two thirds of the online web respondents (69 per cent) disagreed or strongly disagreed with this option. A fifth (19 per cent) of online web survey respondents agreed or

strongly agreed. The remainder were neutral (9 per cent) or said they did not know (7 per cent).

- In the supplementary consultation, the majority of online web survey respondents disagreed or strongly disagreed with this option. Only 14 per cent of respondents agreed or strongly agreed, compared to 74 per cent that disagreed or strongly disagreed.

Chart 9 : Option 2 - increase the contribution rate to 15 per cent



3.12. Option 3 – increase the contribution rate to 20 per cent. (Claimants receive 80 per cent of their maximum entitlement to CTS)

- A third of the Citizens' Panel (34 per cent) agreed or strongly agreed with this option. One third, (38 per cent) of Citizens' Panel members disagreed or strongly disagreed. The remainder were neutral (20 per cent) or said they did not know (8 per cent).
- The majority of online web survey respondents agreed or strongly agreed with this option. Three quarters of the online web respondents (73 per cent) agreed or strongly agreed. A fifth (19 per cent) of online web survey respondents disagreed or strongly disagreed. The remainder were neutral (5 per cent) or said they did not know (2 per cent).
- In the supplementary consultation, the majority of online web survey respondents disagreed or strongly disagreed with this option. Only 12 per cent of respondents agreed or strongly agreed, compared to 78 per cent that disagreed or strongly disagreed.

Chart 10 : Option 3 – increase the contribution rate to 20 per cent

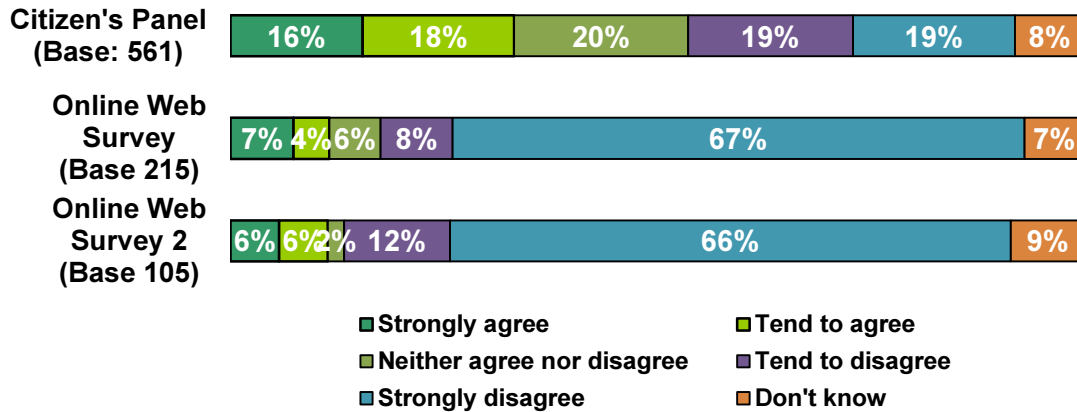


Chart 11 : An alternative scheme

In the supplementary consultation, the survey did not seek an agree/disagree grade.

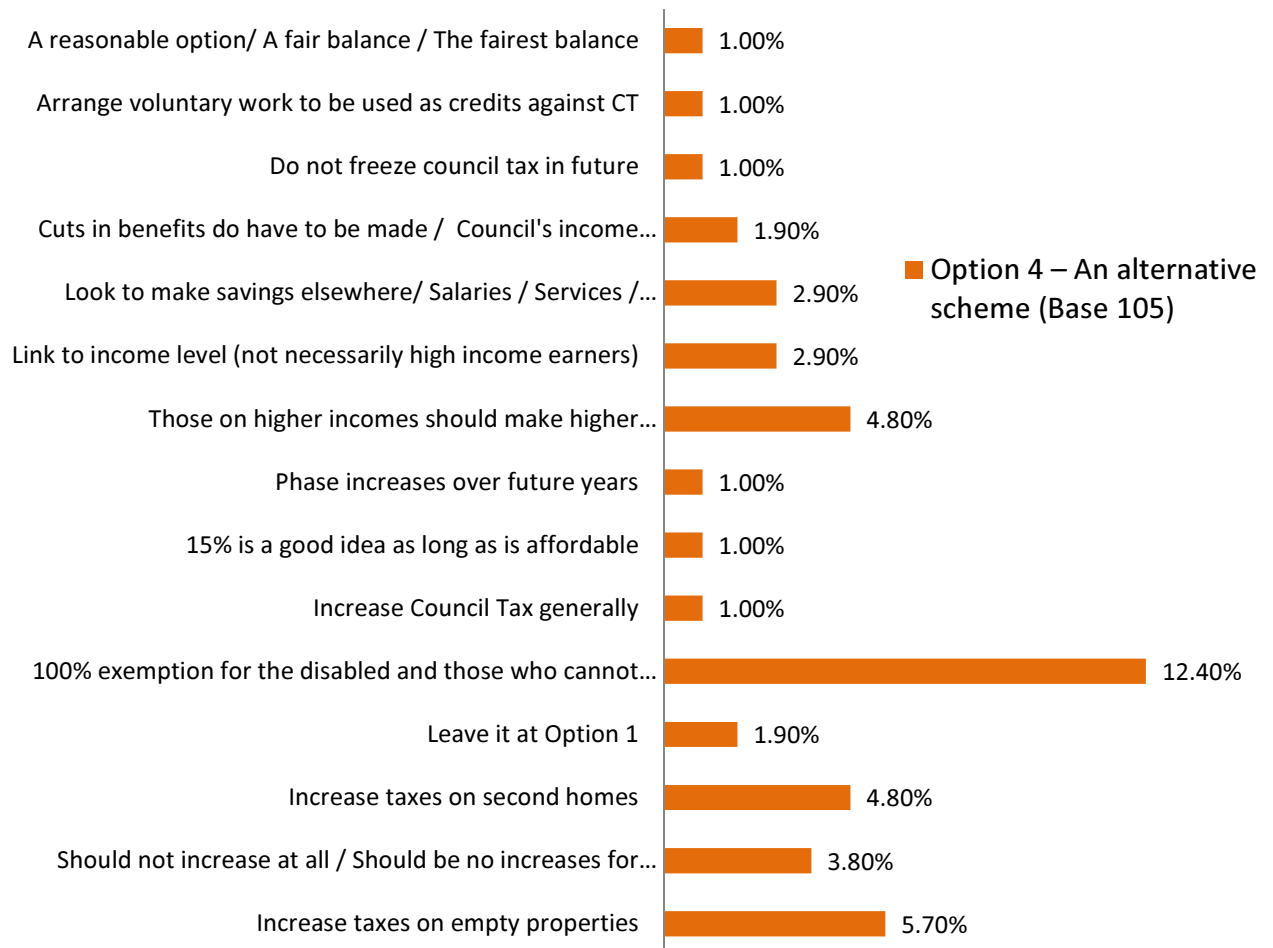
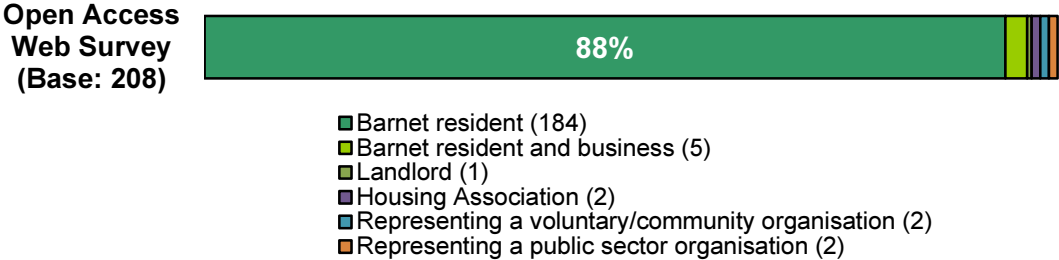
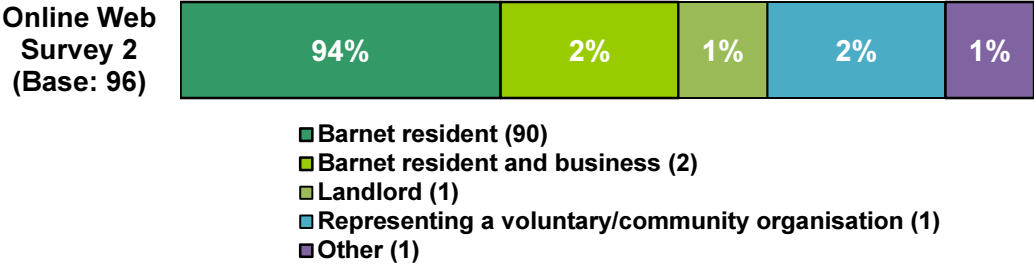


Chart 11 : Source of respondents to the Online Web Survey

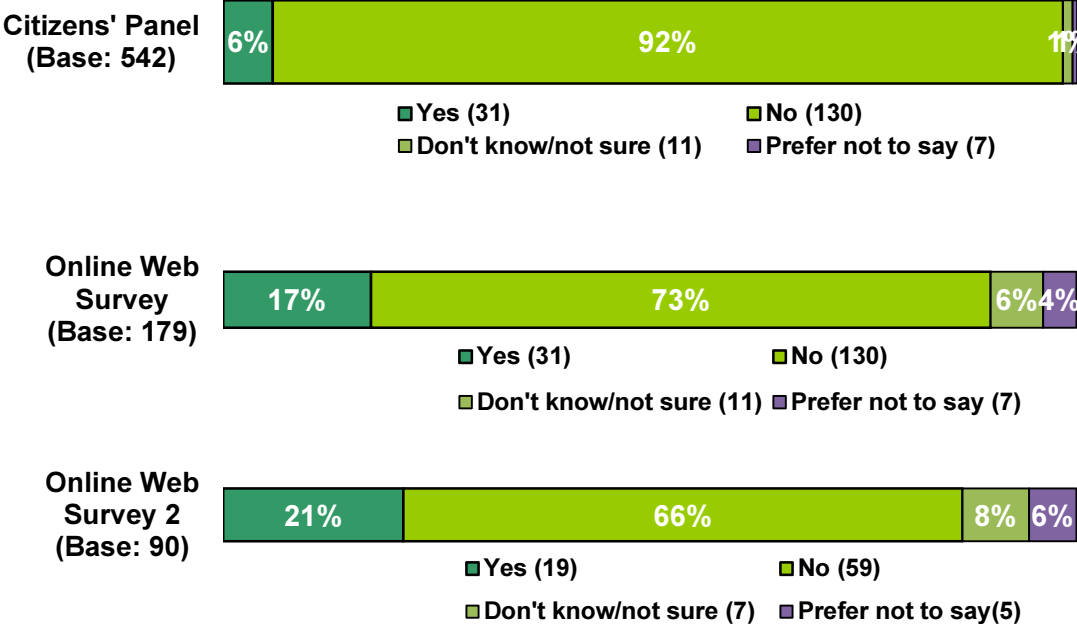


Of the first Online web survey, respondents that said they were Barnet Residents or resident and a business 142 out of 189 chose option 1, 9 chose option 2, and 13 chose option 3.



Of the second online web survey, respondents that said they were Barnet Residents or resident and a business 51 out of 92 chose option 1, 6 chose option 2, and 1 chose option 3. 30 respondents preferred an alternative option.

Chart 8: Have you been in arrears with your council tax during the last 12 months?



Most respondents, to Citizens' Panel and both online web surveys that said they had not been in arrears in the last 12 months.

3.13. Responses from protected groups

The respondents from both the Citizens' Panel and the online web surveys were equally from single households or couples without children, and families with one or more children.

From the first online web survey, 22% (30) responses came from households that include a disabled or severely mentally impaired person. This is a small sample, but the majority of this group (83 per cent) preferred option 1.

Although the number of respondents was very low a higher percentage of responses came from households with full or part-time workers in the Citizens' Panel (29 per cent) than in the online web survey (5 per cent). This would be as expected. Further an analysis of the online web survey results shows very low numbers stating a preference for option 1.

The majority of respondents with protected characteristics who would be affected by a revised scheme supported retaining the current scheme (option 1).

Appendix 2

Equality Impact Analysis (EqIA)

1. Details of function, policy, procedure or service:	
Title of what is being assessed: Revised Council Tax Support scheme	
Is it a new or revised function, policy, procedure or service? Revised policy	
Department and Section: Finance, Commissioning Group	
Date assessment completed: November 2014	
2. Names and roles of officers completing this assessment:	
Lead officer	Jonathan Wooldridge
Other groups	

3. How are the following equality strands affected? *Please detail the effects on each equality strand, and any mitigating action you have taken / required. Please include any relevant data. If you do not have relevant data please explain why / plans to capture data*

Equality Strand	Affected?	Explain how affected	What action has been taken / or is planned to mitigate impact?
1. Age	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	<p>Working age claimants will be affected by the change in policy. The Government have protected Pension Credit Age claimants from any change, so will still receive the full support as if Council Tax benefit had remained. Working Age claimants could see an increase in the amount of council tax they are required to pay.</p> <p>The largest number of people affected by this feature fall in the age range 31 to 50 and are therefore more likely than other age groups to have families and dependent children. The additional burden of this feature may have a particular impact on those who are already financially stretched, leading to the possibility of hardship that</p>	<p>Through all of the Government's welfare reforms, it is intended that citizens will be better off in work than in receipt of benefits. Accordingly anyone affected by the additional contribution they have to make will be encouraged to seek employment to maximise their income wherever possible. Support to do this is available through the Job Centre Plus, Job Coaches from which work closely with the Revenues and Benefits staff.</p>

		impacts on their children. This may have a consequential impact on Children's Services.	
2. Disability	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	<p>No wider impact than previously impacted, but people with particular disabilities that prevent them from taking advantage of support to find work are more likely to be impacted by a range of welfare reforms.</p> <p>The extent of the impact by amending the scheme to 15 or 20% from 8.5% will increase the burden.</p> <p>The exact number of disabled claimants is not known but out of 29689 households receiving CTS there are around 414 receiving some form of disability benefit or premium with their Council Tax Support. This does not include claimants who are on a passported benefit. The number of disabled people receiving a passported benefit is not known as in most cases this information is not currently collected under the present scheme.</p>	<p>In order to mitigate against the increased impact, resources will continue to be available to support the most vulnerable and this may be met through a discretionary council tax support scheme.</p> <p>Disability benefits are currently disregarded when calculating income. It is proposed that this continues under all of the options proposed.</p>
3. Gender reassignment	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	There is no data to suggest that this group is affected.	Residents from any group can apply to council's Discretionary Funds
4. Pregnancy and maternity	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	People who are in advanced stages of pregnancy or receiving maternity allowance are affected for a temporary period because they will have a finite income and will be unable to increase this	In order to mitigate against this, resources will continue to be available to support the most vulnerable and this may be met through a discretionary council tax support scheme.

		income by working.	
5. Race / Ethnicity	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	<p>There is no data to suggest that this group is affected as we do not ask people's ethnicity as part of the CTS claim process. We know that in Barnet people from some ethnicities are more likely than others to have a low income or fall into arrears on priority debts. This includes Black Africans, Pakistanis and Bangladeshis.</p> <p>In the consultation over half of non-white groups chose to keep CTS at 8.5% whilst only a third of white groups did the same (Citizens Panel weighted survey).</p> <p>Whilst no distinction has been made on the grounds of race on contributions from working age claimants, the nature of the contribution is such that the larger the Council Tax liability, the larger the contribution. Thus larger families, who may live in larger and therefore higher banded properties, will be expected to contribute a larger monetary sum (but the same percentage) towards their Council Tax liability. Based on national data ⁶, families of Indian, Pakistani and Bangladeshi origin are on average significantly larger than others (2.5 - 3.5 children compared with an average of 2.1 for all other races) and are therefore likely to be asked to contribute more</p>	In order to mitigate against this, resources will continue to be available to support the most vulnerable and this may be met through a discretionary council tax support scheme.

⁶ LFS household data sets October-December 2004 to April-June 2008, weighted proportions

6. Religion or belief	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	<p>There is no data to suggest that this group is affected as we do not ask people's religion as part of the CTS claim process.</p> <p>The Citizens Panel consultation did not ask people their religion or belief. Whilst no distinction has been made on the grounds of religion or belief on contributions from working age claimants, the nature of the contribution is such that the larger the Council Tax liability, the larger the contribution. Data from elsewhere⁷ shows that households of Muslim, Hindu and Sikh families are significantly larger than average (3.2-3.7 people compared with an average of 2.3) and these families may be amongst those asked to contribute more.</p>	<p>In order to mitigate against this, resources will continue to be available to support the most vulnerable and this may be met through a discretionary council tax support scheme.</p>
7. Gender / sex	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	<p>A reduction in the maximum support would be applied to everyone receiving Council Tax Support but around 60% of the total number of people affected would be women in line with the current Council Tax claimant population. Furthermore 1/3 of households claiming Council Tax Support are lone parents of which 95% are women.</p> <p>There were no significant differences in the responses from different genders.</p>	<p>In order to mitigate against this, resources will continue to be available to support the most vulnerable and this may be met through a discretionary council tax support scheme.</p> <p>In relation to lone parents, the current scheme disregards child benefit as income. It is proposed that this continues in all the proposed options.</p>
8. Sexual orientation	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	<p>There is no data to suggest that this group is affected.</p>	<p>Residents from any group can apply to council's Discretionary</p>

⁷ 2001 Census, Manchester area; Manchester City Council

		The Citizens Panel consultation did not ask people their sexual orientation	Funds
9. Marital Status	Yes <input type="checkbox"/> / No <input checked="" type="checkbox"/>	<p>Not affected. The maximum contribution of 91.5, 85, or 80 per cent would apply to households whether single, married, civil partnered, or co-habiting. The maximum support would be applied to the council tax support award to all claimants. It may be assumed in some cases that single residents maybe more likely to be affected because they would only have one income. However where a single person is the only resident they receive a statutory 25% discount in their Council Tax liability which lowers the amount they would have to pay. Marital status however doesn't preclude residents from living alone or vice versa.</p> <p>The Citizens Panel consultation did not ask people if they were married</p>	Where a single person is the sole liable person for Council Tax they receive a statutory 25% discount in their liability which lowers the amount they would have to pay.
10. Other key groups?	Yes <input checked="" type="checkbox"/> / No <input type="checkbox"/>	Changes to Council Tax Support impact on low and fixed income groups as this one of the eligibility criteria. There are a number of groups who may be more likely to have a low or fixed income and are not able to increase their income through work and salary progression. This includes those with caring responsibilities or those that are prevented from working as a result of their health or disability.	For the most vulnerable, other support from discretionary council tax support will be available.

4. What measures and methods could be designed to monitor the impact of the new policy or service, the achievement of intended outcomes and the identification of any unintended or adverse impact? Include how frequently monitoring could be conducted and who will be made aware of the analysis and outcomes

This EIA will be reviewed when a decision has been made about which option will be implemented.

Housing Benefit collect data gender, age, information about disability benefit of head of household and their partner. We know who is currently receiving Council Tax Support and their characteristics as above. Housing Benefit do not collect data on the other protected characteristics as this is not considered essential for the purposes of making a claim. It is proposed that the Council Tax claimant cohort is monitored annually to understand whether the make up of this group has changed and whether any particular group has disproportionately fallen into arrears.

Statistics regarding collection rates are considered by a partnership welfare reform steering board and as part of other government returns.

5. Overall impact			
Positive Impact <input type="checkbox"/>	Negative Impact Impact Not Known ⁸ <input checked="" type="checkbox"/>	or	No Impact <input type="checkbox"/>
6. Scale of Impact			
Positive impact: Minimal <input type="checkbox"/> Significant <input type="checkbox"/>	Negative Impact Impact Not Known Minimal <input checked="" type="checkbox"/> Significant <input type="checkbox"/>	or	

7. Outcome			
No change to decision <input checked="" type="checkbox"/>	Adjustment needed to decision <input type="checkbox"/>	Continue with decision <i>(despite adverse impact / missed opportunity)</i> <input type="checkbox"/>	If significant negative impact - Stop / rethink <input type="checkbox"/>

8. Please give a full explanation for how the initial assessment and outcome was decided

⁸ 'Impact Not Known' – tick this box if there is no up-to-date data or information to show the effects or outcomes of the function, policy, procedure or service on all of the equality strands.

The scale of the impact is recorded as minimal. It is proposed to monitor the impact of the change and to revise this assessment according to the data.

The number of residents affected by the change is approx. 22,000 households. These have already been burdened when the support was reduced to 91.5%. This is being proposed to be reduced to 85% or 80%, so whilst the change is not insignificant, the overall average impact could amount to £1 to £2 per week. The impact on affected residents will be the same group of residents, but the percentage of the level of maximum support may change. We know this group have a low income, are working age, 60% of them are women and 1/3 are single parents. We don't collect full information on all the protected characteristics as this is not required to process a claim. We also know that the current CTS claimants were more likely to say that they favoured keeping the level of Council Tax Support at 8.5% (according to the Online web survey).

Section 13a (1) (C) of the Local Government Finance Act 1992 allows councils to reduce the amount of council tax payable for a liable household. It can be used for individual cases or to determine specific classes for a local discount.

Other welfare reforms are hitting some groups such as large families, low income families, lone parents and disabled people— and together with increases in cost of living this is having a cumulative impact on people's income. Therefore even small changes in contributions could 'tip the balance' in people's ability to pay. Therefore all three options are considered to have a minimal negative impact of groups with the protected characteristics.

Barnet Council Tax Support Scheme

Effective 1 April 2015



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Glossary

Capital	Savings and capital
Change of Circumstance	Any change of circumstances affecting entitlement to CTS, including but not limited to changes to income, liability, household members or residence that would affect entitlement to CTS
Council Tax payer	Person liable to pay Council Tax on the property
Council Tax Support (CTS)	the London Borough of Barnet's (Barnet) scheme
Default scheme	The default scheme contained in the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 SI 2886/2012
Dispute	Where the CTS recipient disagrees with the amount of CTS awarded or the refusal to award CTS applicant
Disregards	Deductions allowed against the income
Excess Income	The amount by which the taxpayers weekly income exceeds their applicable amount
Extended Reduction	An amount awarded for a period after the applicant or their partner has started work or increased their hours of work and is therefore no longer entitled to a qualifying benefit or qualifying contributory benefit
Income	Income from all sources not limited to earnings. Some income will be wholly or partly disregarded
Interim award	Maximum liability from which non-dependent charges and the taper have been subtracted
Maximum award	For working age claimants , the maximum award will be [insert value as agreed by committee] % of the interim award unless the claimant or their partner falls within a protected group

Maximum liability	The maximum liability is the maximum band after any Council Tax discounts or band reductions awarded under the Local Government Finance Act 1992. For example Single person discounts or band reductions due to disability
Overpayment	Any amount of CTS credited to which the recipient is not entitled
Pensionable Age	The age at which a person is eligible to claim State Pension Credit Please note the age is changing to reflect the equalisation of pension ages between men and woman and the planned increase in retirement age
Premium	An additional element forming part of the applicable amount relating to the individual or couple
Prescribed Requirements regulations	Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 SI 2885 2012
Protected group	Groups listed in Appendix B to which the maximum award does not apply
Taper	The rate at which CTS is withdrawn if the income including tariff income is greater than the applicable amount or living allowance
Tariff income	Income presumed to be generated by savings and capital between the lower and upper capital limit
War Pensions	War Pensions, War Widows pensions War Widowers Pensions, War Disablement Pensions and continuing payments from the armed forces compensation scheme,
Work	Employed or self employed
Working Age	The age below which a person or couple is eligible to claim State Pension Credit
1992 Act	Local Government Finance Act 1992

1 Introduction

The London Borough of Barnet's Council Tax Reduction Scheme is based on the default scheme and prescribed requirements regulations, except where the contrary is set out within the scheme. Definitions and detail from the regulations are not replicated in this document and the detail can be found by following the links below.

[Council Tax Reduction Schemes \(Prescribed Requirements\) \(England\) Regulations 2012 SI 2885/2012](#)

[Council Tax Reduction Schemes \(Default Scheme\) \(England\) Regulations 2012 SI 2886/2012](#)

[The Council Tax Reduction Schemes \(Prescribed Requirements and Default Scheme\) England\) \(Amendment\) Regulations 2012 SI 3085/2012](#)

[The Council Tax Reduction Scheme \(Prescribed Requirement\) \(England\) \(amendment\) Regulations 2013](#)

[The Council Tax Reduction Schemes \(Prescribed Requirements\) \(England\) \(Amendment\) Regulations 2014](#)

[The Council Tax Reduction Schemes \(Prescribed Requirements\) \(England\) \(Amendment\) \(No. 2\) Regulations 2014](#)

Barnet Councillors agreed to a clear set of principles offering incentives and protections to help deliver local priorities from which the draft scheme was constructed.

The principles are:

- A system based on fairness, with those with the ability to pay making a fair contribution
- The scheme should incentivise work
- Support for those in the most difficult circumstances
- The most vulnerable should benefit from a level of protection
- The scheme should be transparent and accessible.

The scheme for working age applicants has the following features

- It will incentivise work by retaining the system of earned income disregards and child care disregards set out in the default scheme
- Certain protected groups comprising those listed in Appendix B will not be affected by the maximum award restriction to 80%
- Disability Living Allowance, War Pensions and Child Benefit will continue to be disregarded in the calculation.
- Second Adult Rebate will be abolished and Nondependent deductions will be simplified to 3 levels.

For working age claims, the weekly liability will be reduced by the non – dependant deduction and then the income including any tariff income and after any disregards have been applied is compared to the applicable amount.

Where the income is less than or equal to the applicable amount no taper reduction is made. This is the interim award

Where the income is more than the applicable amount the eligible council tax is reduced by 20% of the difference between the income and applicable amount. This is the interim award

Once the interim award calculation has been made the maximum award is then adjusted to [insert value as agreed by committee]% of the interim award unless the claimant or partner is in a protected group. (Appendix B)

2 Classes of Persons

2.1 Classes of persons excluded from the scheme

Classes of persons to be excluded from the scheme are as set out in the prescribed requirements regulations, including persons treated as not in Great Britain and persons subject to immigration control.

2.2 Classes of person entitled to a reduction under this scheme

Pensioners

Classes A-C Pensioners who fall within any of classes A to C in the prescribed requirements regulations.

Working age persons

Class D -Persons who are not pensioners whose income is less than the applicable amount and not in a protected group. Persons who are not in a protected group and who fall within class D as set out in the default scheme,

Class E – Persons who are not pensioners whose income is greater than the applicable amount and not in a protected group. Persons who are not in a protected group and who fall within class E as set out in the default scheme.

Class F – Persons who are not pensioners whose income is less than the applicable amount and are in a protected group. Persons who are in a protected group and who fall within class D as set out in the default scheme.

Class G – Persons who are not pensioners whose income is greater than the applicable amount and are in a protected group. Persons who are in a protected group and who fall within class E as set out in the default scheme.

3 Applicable amount: persons who are not pensioners who have an award of universal credit.

Awards of Universal Credit will be treated as follows;

Out of work with an award of Universal Credit analogous to Income Support, Income Based Jobseekers Allowance, or Income Related Employment and Support Allowance. The income and capital will be treated as zero and the applicable amount calculated in accordance with the default scheme as though the person applying was not in receipt of universal credit. They will then fall into class D or F as appropriate.

In work and in receipt of Universal Credit analogous to a tax credit. The calculation of the applicable amount will be calculated in accordance with the default scheme as though the person applying was not in receipt of universal credit. The income and capital will be calculated in accordance with the Barnet scheme (See Income and capital where there is an award of Universal Credit). They will then fall into class D to G depending upon their total .

4 Maximum council tax reduction for the purposes of calculating eligibility for a reduction under this scheme and amount of reduction

4.1 Maximum council tax reduction under this scheme: pensioners and persons who are not pensioners (class A to C,)

For classes A to C, the maximum council tax reduction is as set out in regulation 29 of the default scheme.

4.2 Maximum council tax reduction under this scheme: persons who are not pensioners and not in a protected group (class D and class E)

For classes D and E, the maximum council tax reduction is as set out in regulation 29 of the default scheme, save that the non-dependant deductions will be as set out in this scheme. Appendix C., The actual amount of the award will be calculated in accordance with the paragraph Amount of reduction under the scheme.

4.3 Maximum council tax reduction under this scheme: persons who are not pensioners and not in a protected group (class F and class G)

For classes F and G, the maximum council tax reduction is as set out in regulation 29 of the default scheme, save that the non-dependant deductions will be as set out in this scheme. Appendix C

4.4 All Classes Applicable amounts, premiums and income disregards

For classes A, B C applicable amounts, premiums and income disregards will be the same as the prescribed scheme as amended except that Barnet will disregard all of a war pension or war widow(-er)'s pension or any continuing payments from the armed forces compensation scheme.

For classes D,E,F,G applicable amounts premiums and disregards will be the same as the default scheme except where they differ as set out in Appendix D,(Applicable Amounts) Appendix E (Premiums) and Appendix F (Disregards)

5 Non-dependant deductions: pensioners and persons who are not pensioners

The non-dependant deductions for pensioners (classes A –C) are as set out in the prescribed requirements regulations

The non-dependant deductions for working age (classes D-G) from 1st April 2015 are as set out in the default scheme save that the deductions in respect of a day referred to above are as follows:

(1) in respect of a non-dependant aged 18 or over with income greater than or equal to £189.00 p.w. unless they fall into category (3), £11.36 x 1/7;

(2) in respect of a non-dependant aged 18 or over to whom sub-paragraph (1) or (3) does not apply, £5.00 x 1/7

(3) zero if in receipt of Income related Jobseekers Allowance, Income Support or Income related Employment and Support Allowance or the Universal Credit where the award is calculated on the basis that the person does not have any earned income.

6 Amount of reduction under this scheme

6.1 Amount of reduction under this scheme: Classes A to G

An individual in receipt of income support, income-related jobseeker's allowance, income-related employment and support allowance or universal credit equivalent to one of the aforementioned benefits then they will have both income, earnings and capital counted as zero. This means that the individual's income will automatically be less than their applicable amount, and their Council Tax Support will be worked out as follows

6.2 Amount of reduction under this scheme:

The amount of reduction is as set out in the default scheme, save as follows:

6.3 Where a person is within class D, that amount is

- the actual liability for the Council Tax.
- Less any non-dependant deductions set out in appendix C
- The result is the interim award
- The actual award is [insert value as agreed by committee] % of the interim award

6.4 Where a person is within class E, that amount is

- the actual liability for the Council Tax
- Less any non-dependent deductions set out in appendix C
- Less the taper (currently Twenty per cent) of the difference between the income after disregards but including any tariff income and the applicable amount
- The result is the interim award
- The actual award is [insert value as agreed by committee] % of the interim award

7 Income and capital for the purposes of calculating eligibility for a reduction under this scheme and amount of reduction

7.1 Income and Capital where there is an award of Universal Credit

The income rules for calculating eligibility for a reduction are as set out in the default scheme, save as set out below.

7.2 Income and capital where there is an award of universal credit

Calculation of income and capital: persons who are not pensioners who have an award of universal credit.

7.3 Out of work with an award of Universal Credit analogous to Income Support, Income Based Jobseekers Allowance, or Income Related Employment and Support Allowance.

The income and capital will be treated as zero so they will fall into class D or F as appropriate.

7.4 In work and in receipt of Universal Credit analogous to Tax Credits

If they receive the maximum universal credit, their income will be their income from universal credit for their living expenses. The Housing Element and Disability element of the Universal credit will be disregarded. Any income and capital will be disregarded

Where the individual is in work and not receiving the maximum universal credit because their income is too high, and where the individual elements cannot be identified they will be treated as receiving the income for their living expenses reduced in proportion to the overall reduction in the universal credit from the maximum. For example if the universal credit is 75% of the maximum award of universal credit for their circumstances. The income used will be 75% of the maximum living expenses element. All other income and capital apart from war pensions, war widow(ers) pensions and continuing payments under the armed forces compensation scheme will be taken into account except any income and capital disregarded in Schedules 7, 8 and 10 of the default scheme.

8 Capital

The capital rules for calculating eligibility for a reduction are as set out in the default scheme, save that the diminishing notional capital rule is abolished for classes D -F

9 Calculation of tariff income from capital: persons who are not pensioners

Where the capital of an applicant and partner if any who is not a pensioner exceeds the lower capital limit but does not exceed the upper capital limit as set out in Appendix A, it must be treated as generating an equivalent tariff income set out in Appendix A which must be added to the applicant's actual and notional income.

Where the capital .of the applicant and partner if any exceeds the upper capital limit set out in Appendix A then the applicant will not be entitled to Council Tax Support. Capital includes any income treated as capital as defined in the default scheme

10 Extended reductions and qualifying conditions for an extended reduction

Extended reductions and qualifying conditions for extended reductions for those of pensionable age and those of working age will be as set out in the default scheme

11 Procedural Matters

11.1 Applications

Anyone entitled to Council Tax Benefit on 31 March 2013 or having made an application for CTB which is still to be decided on 31 March 2013 will be assumed to have also made an application for CTS with the circumstances that applied on 31 March 2013.

11.2 Applications after 1 April 2013

All others must apply for CTS. Applications must be made in writing and received by Barnet Revenues and Benefits Service, or received electronically via Barnet's website or in some other format as Barnet may decide. If a request for CTS is received by the Revenues and Benefits Service by any means including one that is not in the correct format Barnet will invite the applicant to complete an appropriate application. If the applicant does so and it is received within one month of being asked to do so then the application date will be the date the original request was received.

If a claim is made for Housing Benefit and the person claiming is also liable for Council Tax at the same dwelling then the Housing Benefit claim will be treated as a claim for Council Tax Support unless within fourteen days of receipt of confirmation of the award from the Council, the customer advises the Council in writing that they do not wish to claim. .

For those of working age, where an application is defective or incomplete and the applicant or the person acting for them has not supplied the information requested or properly completed an application form within one month (or such longer period as Barnet considers reasonable) of being asked to do so then the council will decide that the applicant no longer wishes to apply for a reduction.

Where following a change of circumstance the person receiving a reduction is asked to supply evidence or information in support of their claim and fails to do so within one month (or such longer period as Barnet considers reasonable) then the CTS award will be amended based upon an adverse inference of the information held from the date the change of circumstances occurred. This could lead to any award being ended.

Where an application is made for Universal Credit, Income Support, Jobseekers Allowance (Income Based) or Income Related Employment and Support Allowance and the Department of Work and Pensions or the CTS applicant makes the Council aware of this fact within 4 weeks of them becoming entitled to one of the above

benefits then the date of application will be treated as made on date they become entitled to one of the above benefits.

Applications for CTS can be made up to 13 weeks in advance prior to an event that would entitle them to CTS

12 Effective date of a change of circumstance

For those of Pensionable age the effective date of a change of circumstance is as set out in the default scheme.

For those of working age the effective date of a change of circumstances is as set out Regulation 107 of the Default regulations except as set out here. Where an applicant is required to notify a change of circumstances and the following apply, the new decision on a reduction will take effect on the date of notification:

- 1 The change of circumstances is a change that is required by regulations to be notified;
- 2 The change has been notified more than one month or such longer time as the Council considers reasonable after the change occurred and it was reasonably practicable for the change to be notified within this period;
- 3 The new decision on the reduction is advantageous to the applicant.

13 Appeals

The appeals process is as set out in the default scheme.

14 Discretionary Reduction see Part 3 of Schedule 1 of the default scheme

An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act must be made—

- (a) in writing,
- (b) by means of an electronic communication (see part 4 of Schedule 1)
- (c) via Barnet's website

The applicant must state why the request is being made and supply such evidence and information as the Council may require in support of the request.

If for any reason the request is not in a form that Barnet can accept then the applicant will be supplied with a suitable form.

15 Time and manner of granting relief and recoveries / over-payments

Where the council tax payer is entitled to an increase or decrease in their reductions following a reported change of circumstance, Barnet can issue a substitute demand

notice taking into account the increase or decrease in liability.

Barnet Council will

- a. recover over-entitlement of council tax support – this effectively becomes underpayment of council tax;
- b. take recovery action according to the circumstances of the applicant;
- c. credit the council tax account with any underpayment of CTS.

16 Updates of the scheme

Each year Barnet Council can choose to freeze or increase any applicable amounts, premiums, disregards, or non-dependant deductions. Applicable amounts, premiums and disregards will usually be increased in line with the prescribed scheme. In future years if the Government does not publish new working age applicable amounts premiums and disregards, as part of the prescribed scheme then the applicable amounts premiums and disregards used in the Housing Benefit Regulations (2006) as amended can be used. These changes to applicable amounts, premiums, disregards and non-dependant deductions will not constitute a change to the scheme requiring consultation.

Effective from 1 April 2015

Appendix A Working Age Upper and Lower Capital Limits, Tariff Income, Taper, Maximum Award, Minimum Award Maximum Band

	Class D or Class E	Class F or Class G
Upper Capital Limit	£16,000	£16000
Lower Capital Limit	£6000	£6000
Tariff Income	£1 for each £250 or part thereof above the lower capital limit of £6000	£1 for each £250 or part thereof above the lower capital limit of £6000
Taper percentage,	20%	20%
Maximum award,	[insert value as agreed by committee] %	100%
Minimum award	zero	zero

Appendix B Protected Groups

Protected group
Where claimant or partner receives a war pension, or a war widow (-ers) pension, or a war disablement pension or a regular payment under the armed forces compensation scheme

Appendix C Non-Dependant deductions -April 2015 rates.

Description	Deduction
Gross income greater than or equal to £189.00 p.w. from any source unless the non-dependant is receiving an income in category 3)	£11.36 p.w
Gross income less than or equal to £188.99 p.w. unless the non-dependant is receiving an income in category 3)	£5.00 p.w.
In receipt of Income Support, Income based Jobseekers Allowance, Income related Employment and Support Allowance, State Pension Credit or	Nil

Universal Credit where the award is calculated on the basis that the recipient has no earned income	
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Appendix D Applicable Amounts Working Age - April 2015 rates

Weekly Personal Allowances	
Single	
18 to 24	£57.90
25 or over	£73.10
Any age – entitled to main phase rate ESA	£73.10
Lone parent 18 or over	£73.10
Any age – entitled to main phase rate ESA	£73.10
Couple	
One or both over 18	£114.85
Any age – entitled to main phase rate ESA	£114.85
Polygamous Marriages	
If the claimant is a member of a polygamous marriage and no members of the marriage have attained the age of 60	
For the claimant and the other party to the marriage	£114.85
For each additional spouse who is a member of the same household as the claimant	£41.75
Dependent children	
From birth to September following 16th birthday	£66.90
From September following 16th birthday to day before 20th birthday	£66.90

Appendix E Premiums Working Age -April 2015 rates

Family Premiums	Per week
Family Premium	£17.45
Family Premium (lone parent rate)	£22.20
Disability Premium	
Single	£32.25
Couple	£45.95
Enhanced Disability Premium	
Single rate	£15.75
Disabled child rate	£24.43
Couple rate	£22.60
Severe Disability Premium	
Single	£61.85
Couple – one qualifies	£61.85
Couple – both qualify	£123.70
Disabled Child Premium	£60.06
Carer Premium	£34.60
Components ESA(IR) and ESA (Contribution based)	
Work-related activity component	£29.05
Support component	£36.20

Appendix F Disregards Working Age -April 2015 rates

UK War pensions or equivalent	100% disregarded
Permitted work disregard	£104.00 per week

All other disregards are those as set out in the Default scheme or Prescribed scheme for those of working age

Appendix 4 – Excerpts of minutes of P & R of 21/7/2014

7. OPTIONS FOR COUNCIL TAX SUPPORT 2015/16

The Committee considered the report.

RESOLVED –

1. That the Committee considered the options for a revised CTS scheme set out in this paper and agreed to consult publicly on options 1, 2 and 3 before implementation.

The public consultation will run for a period of 12 weeks, starting in July, with the revised scheme implemented at the start of the 2015/16 Financial Year.

2. That the Committee agree proposals for a new Council Tax enforcement policy set out in Appendix 1 of this report.

3. That the Committee agree that the CTS scheme would remain the scheme until revised, and that future changes will be made as part of the budget cycle.

The Committee requested that the next report to the Committee on this matter include information on the number of residents in each band