

WYPCC – Decision

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Timing:	Pressing: Consultation response requested by Kirklees Council by 5 January 2013.
Purpose:	Decision
Cleared by:	Fraser Sampson

SUBJECT OF ADVICE Consultation response to Kirklees Council in respect of their proposed Council Tax Support Scheme.

Summary: Kirklees Council has requested views on the option of accepting the Government's Transitional Grant for Council Tax Support in 2013/14 as opposed to the proposals presented following consultation with major precepting authorities and the public. The response expresses a preference for the consulted scheme, as this passes on the full cost of the cut in Government support to working age claimants.

Recommendation: That the attached response is agreed.

Consideration: Billing authorities are required to adopt local Council Tax Support Schemes by 31 January 2013, which will replace the current national Council Tax Benefit scheme. The Government is reducing the funding it provides by 10%, and has stipulated that claimants of pensionable age must be protected on their existing entitlements. Councils have the option of passing the shortfall on to working age claimants or absorbing some of the cost through reduction in other services. In the latter case a proportion of the shortfall would need to be met by the major precepting authorities.

Consultation was already underway in accordance with the required timescales on the proposed scheme when the Government announced the availability of Transitional Grant in 2013/14, subject to meeting various criteria in the scheme design. Kirklees Council is considering whether to adopt the consulted scheme or an alternative scheme which meets the Transitional Grant criteria, and has asked for views from the major preceptors. The report presented to Kirklees Cabinet is attached.

Handling: While the Commissioner's view has been requested based upon the potential impact on policing the decision itself is one for Kirklees Council, faced with the Government's reduction in funding of 10%.

Affordability: The Government is reducing the amount of funding it provides for Council Tax Benefit by 10%. In Kirklees this currently amounts to £3,150,265. The consulted scheme passes on this reduction to working age claimants not falling into vulnerable protected classes and equates to an estimated 29% cut in the amount awarded.

The scheme compliant with the Government's Transitional Grant would mean that approximately £159,408 would fall back on the Commissioner's budget, after Transitional Grant of £71,582.

Risks/Legal Opinion: The risk to the Commissioner is that if the Council agrees to accept the Transitional Grant, £159k will be lost in funding for 2013/14, increasing the significant savings already required under the Government's Spending Review. Failure to agree a scheme by the Council would mean the national scheme is adopted by default and the loss of funding would be £373k.

Supporting and dissenting Views: Consultation with the public was undertaken by Kirklees Council which has responsibility for implementation of the local scheme for Council Tax Support. The consultation evaluation is publicly available.

APPENDICES: Public Report to Kirklees Cabinet

Draft Consultation Response

Name of meeting: Cabinet 4th December 2012
 Council 5th December 2012

Title of report: Localised Council Tax Support

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes – Reduced grant from government
Is it in the <u>Council's Forward Plan</u> ?	Yes
Is it eligible for "call in" by <u>Scrutiny</u> ?	Yes
Date signed off by <u>Director</u> & name	David Smith – Director of Resources 2/11/2012
Is it signed off by the Director of Resources?	Yes
Is it signed off by the Acting Assistant Director - Legal & Governance?	Yes If yes give date 31 st October 2012
Cabinet member <u>portfolio</u>	Cllr David Sheard Cllr Shabir Pandor

Electoral wards affected: All
 Ward councillors consulted:

Public or private: Public

1. Purpose of report

- 1.1 The Council is required to adopt a local Council Tax Support Scheme by 31st January 2013. The report sets out a proposal for a local Council Tax Support Scheme to start from 1st April 2013 (pending the implementation of government legislation).
- 1.2 In developing scheme recommendations, a comprehensive consultation with Major Preceptors (Fire and Police authorities) and the public has taken place, the results of which are identified at appendix 1 of this report.
- 1.3 This report has also been revised to include a separate option introduced by the government on the 19th October 2012. This new option involves claiming a 1 year government grant; however, due to the lateness of the government announcement no consultation has yet taken place on this option.

1.4 Cabinet/Council are asked to determine whether or not to adopt the proposed Council Tax Support scheme that has been subject to consultation with Kirklees residents, or to consider the option of claiming the one off Government grant which would require the development of an alternative scheme and would be subject to a further process of consultation prior to making a decision before the Governments deadline of 31st January 2013.

2. Key points

2.1 Council Tax Benefit is to be replaced in April 2013 by the following:

- a national Council Tax Support Scheme for pensioners and
- a local means tested Council Tax Support Scheme for working age customers.

2.2 Government funding for both the national pensioner scheme and the local working age scheme will be reduced by 10% nationally (£470million) compared to current Government funding for the Council Tax Benefit schemes. The national pensioner scheme will continue to support pensioners in the same way that the current Council Tax Benefit scheme, meaning that the overall 10% reduction in funding will fall entirely on the working age scheme. The shortfall that affects Kirklees is approximately £3.2 Million.

2.3 The Council is required to adopt a local working age scheme by the 31st January 2013 and is required to have undertaken consultation with both major precepting authorities (Fire and Police) and the public ahead of adopting a scheme.

2.4 It is a requirement of the scheme that the council identify the classes of persons entitled to a discount under the Council Tax Support Scheme and how the amount of the reduction applicable to those classes is to be established.

2.5 In October 2012 the Government announced a Transitional Grant Scheme and made available £100Million nationally to help manage the reduction to Council Tax Funding. The funding is available by applying for the grant in March 2013, following the Council making a decision on their Local Council Tax Support Scheme by the 31st January 2013. The councils local scheme must meet three main criteria in order to qualify for the grant, these are:-

- Those entitled would pay between zero and 8.5% of the shortfall
- The taper rate at which benefit is withdrawn does not increase above 25%
- There is no sharp reduction in support for those entering work.

2.6 Background Information

The current scheme of Council Tax Benefits is to be replaced from 1st April 2013 with local schemes of Council Tax Support. The requirement for councils to adopt local schemes of Council Tax is contained within the Local Government Finance Bill that is currently progressing through Parliament. The key features of the local Council Tax Support Scheme proposals are:

- Government funding for local schemes will be reduced by 10% (in Kirklees £3,150,265 less than is currently funded).
- There will be a nationally prescribed scheme for pensioners that will maintain support in line with the current Council Tax Benefit scheme for current and future pensioners;
- Councils will be free to design their own schemes and Government will not prescribe any protected groups other than pensioners; Councils may choose to supplement the scheme using funding from their own budgets.
- The Bill does not introduce any changes to the discount schemes for occupied properties - meaning that those currently receiving Single Person Discount will continue to do so.

2.7 Councils need to adopt a scheme by 31 January 2013 and failure to do so will result in a national default scheme being imposed on councils. The default scheme will be equivalent to the current Council Tax Benefit scheme which would see the council having to put in additional funding of 3.2mil to meet the full costs of the default scheme.

2.8 In determining how to develop the scheme the council originally went out for consultation on three options:-

1. To pass on the effect of the reduction in funding, to recipients of the scheme, meaning that those currently receiving Council Tax Benefit will receive less support in the future.
2. Increase available revenue by increasing Council Tax in order to continue to fund a scheme as it exists now and in order to avoid a reduction in the resources available for other services
3. Reduce council services by the full amount, including grants to outside bodies, increasing charges or introducing charges for services we currently provide free of charge.

The benefits and drawbacks of each option are explored in appendix 3.

However the introduction of the Transitional Grant has identified a fourth option and the benefits and drawbacks are identified in appendix 3.

3.0 Implications for the Council

3.1 Appendix 2 shows the likely funding gap of £3,150,265 between the current spend on Council Tax Benefit and the potential Government funding for a local Council Tax Scheme in 2013/14.

The figures are (estimates) based on the current Council Tax Benefit (CTB) spend for 12/13 and projections from 6th Oct 2012 to the year end, making an assumption that Government funding equivalent to 90% of current CTB spend.

It should be noted that these figures are also the likely costs to the council and precepting authorities if the Council fails to adopt a scheme by 31st January 2013. It is also assumed that this reduced level of funding from the

government will be fixed at this level for future years, so any future increase in Council Tax levels will widen the gap in funding.

Appendix 2 also identifies that currently we have approx 42,737 customers in receipt of Council Tax Benefit (CTB) and of that number

- 17,754 are pension age and,
- 24,983 are working age.

3.2 Government expectations are that local authorities will establish schemes that minimise the impact on vulnerable groups. Authorities do have statutory duties to vulnerable groups under the following legislation. (This is not an exhaustive list.)

- Child Poverty Act 2010,
- Disabled Persons (Services, Consultation and Representation) Act 1986,
- Chronically Sick and Disabled Persons Act 1970 and
- Housing Act 1996
- Equality Act 2010

3.3 There is no national definition of which groups should be counted as vulnerable and councils must make their own assessment of which kind of groups to protect, whilst considering the risk of legal challenge and having due regard to the duties set out in 3.2 above, and in particular the public sector equality duty under the Equality Act 2010. Low income pensioners are already protected under the Governments de-fault pensioner scheme, and second adult rebate for pensioners is also retained.

The proposed scheme that has undergone Consultation

3.4 This report includes a proposal to protect some vulnerable groups under the new Council Tax Support Scheme(s), so the proposed scheme returns the same level of award as would have been achieved under the main Council Tax Benefit Regulations 2006.(as amended). Further detail about that scheme is shown in Appendix 3.

It should be noted that not all Council Tax Benefit recipients receive 100% relief. CTB is a means tested benefit, the value of the award is determined by reference to the Income and capital of the applicant and this system will continue to apply.

Those protected under the new scheme will only be protected to the level of the award under the old scheme.

Those not protected under the new scheme will have their entitlement reduced by a specified percentage.

Second Adult Rebate will not be a feature of the Council Tax Support Scheme for any working age customers regardless of any protection otherwise afforded by the scheme.

The 3 classes protected under the proposed local Council Tax Support (Working Age) Scheme are:-

- Class 1- Lone parents with a child under the age of 5 are not expected to be available for work because of their caring responsibilities and are therefore classed as a vulnerable group.
- Class 2- Householders qualifying for a severe disability premium or enhanced disability premium as set out in the current Council Tax Benefit scheme will be classed as vulnerable and customers in receipt of these premiums will not be expected to be available for work.
- Class 3- Customers in receipt of a War Pension or War Widows Pension. These customers are protected in recognition of the sacrifice they or their partners have made and supports the Armed Forces Covenant. These customers are currently supported through a local disregard of all of their War Pension; this scheme reiterates the commitment the council has already made to these customers.

- 3.5 All customers not falling into the vulnerable protected classes, i.e. Not Protected under the Council Tax Support (Working Age) Scheme, will be required to meet the shortfall that the Governments 10% cut in funding creates.
- 3.6 The reality of passing on the government reduction will equate to an estimated 29% cut in the amount awarded under the Council Tax Support (Working Age) Scheme. This is because the proposed scheme does not pass on any of the impact of reductions to the vulnerable protected Classes.
- 3.7 Appendix 2 - This shows the financial impact of the proposed new Council Tax Support Scheme if we pass on the full 10% reduction in Government Grant when it is applied only to those working age customers who are not deemed vulnerable using the proposed locally defined set of classes and criteria.
- 3.8 The challenges in designing a local Council Tax Support Scheme for adoption by 31st January 2013 strongly support a move to retain most of the existing legal framework from the old scheme. The Council will be required each year to consider whether any changes to the scheme are required for the subsequent year, however, once a scheme is made it will apply for the whole of the financial year in question.
- 3.9 The above proposals and approach has a number of key benefits.
- It absorbs some of the financial impact on the most vulnerable customers, many of whom may also be subject to changes from April 2013 to other benefits as a result of the Government's Welfare Reform Programme.
 - It reduces the risk of failing to deliver a Council Tax Support Scheme. This is because the year 1 scheme will be able to continue to use existing computer systems and solutions with only relatively minor

changes expected. Introducing more complex schemes would require significant systems changes at a time when suppliers are faced with developing systems for other major welfare reforms;

- The requirement to consider any changes required of the scheme each year commits the Council to reviewing the scheme for year 2 and adopting a scheme that takes account of scheme funding and budget implications for 2014/15. Thereafter, scheme funding is expected to fall in line with the Government's Comprehensive Spending Review (CSR) programme and be fixed in line with CSR 2014.

3.10 New one off Transitional Grant

The Department for Communities and Local Government is making available an additional £100 million for one year to support local authorities in developing well-designed council tax support schemes and maintain positive incentives to work.

However, it is important to note that Government funding for both the national pensioner scheme and the local working age scheme will be reduced by 10% nationally (£470million) compared to current Government funding for the Council Tax Benefit scheme.

Councils have to set their council tax reduction schemes by 31st Jan 2013, however, councils will not be able to apply for the grant until March 2013. Authorities that wish to adopt the transitional grant must comply with criteria set by Government to ensure that low income households do not face an extensive increase in their council tax liability in 2013-14.

Criteria: To apply for a grant, billing authorities must adopt schemes which ensure that:

- Those who would be entitled to 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their net council tax liability;
- The taper rate does not increase above 25%;
- There is no sharp reduction in support for those entering work.

NB: The taper should continue to operate at 20% as under current council tax benefit regulations - that is to be applied to excess income and in relation to the claimant's maximum eligible council tax reduction. The taper improves the work incentive.

The potential available grant for Kirklees is estimated at £770,695 (apportioned £670,365 Kirklees £71,582 Police £28,748 Fire by way of direct grant).

If the Council were to consider applying for the Transitional Grant it would need to consider if the vulnerable groups identified in 3.4 above would continue to apply in relation to the transitional grant scheme.

Financial Impact of the transitional grant for the council and the preceptors (Fire and police)

The cost of applying the criteria within the Transitional grant scheme has been identified in Appendix 2, the cost to the Council of restricting the cut that can be passed on to 8.5% is calculated at **£1,370,911** In addition the major precepting authorities would be required to make their contribution in meeting the shortfall which would equate to **£159,408** for the Police authority and **£63,764** for the Fire authority.

The transitional grant is available for 1 year only after which the council will need to determine what the scheme will be for 2014/15.

3.11 Consultation on the localisation of Council Tax Reduction Scheme (outlined section 3.4 above)

Precepting authority consultation

Both the Fire and Police authorities (preceptors) consultation has confirmed that they would prefer the full cost of the cut to be passed onto the working age group i.e the full £3.2million or adjusted figure. This is because every £30,000 cut that the preceptors have to make will equate to one less fire fighter or police officer.

Customer Consultation

A public consultation on the council's proposed Council Tax Support scheme took place between 13th August and 8th October 2012. In total, just less than 1,000 local people or organisations had their say about the proposals through completing a questionnaire, attending a focus group, taking part in a depth interview or writing or e-mailing the council. The consultation involved a blend of paper, online and face-to-face activity to ensure that diverse communities had opportunities to have their say about the proposals. People most likely to be impacted by the proposals such as those claiming out of work benefits were engaged through face-to-face focus groups and depth interviews, as were local businesses employing people in low-paid work.

A core element of the consultation was a postal survey sent to a random sample of local Council Tax payers drawn from the Council Tax database. Stratified random sampling was used to ensure that the sample was representative of local Council Tax payers by geography, gender and council tax benefit claimant status. Statistical techniques were applied to the final dataset to remove sample imbalances, meaning that the final data was representative of the views of council tax payers in Kirklees.

Consultation - high level findings

The random sample of council tax payers strongly agreed with the council's proposed scheme: (for further detailed analysis see- appendix 1)

- Three-quarters (75%) of respondents agreed that the council should protect vulnerable groups as much as it can, but reduce the amount of council tax support available to other working age residents. One-third (35%) of respondents agreed that the council should make up for the

shortfall in funding by cutting other local services or charging more for services

- Over four-fifths (84%) of respondents agreed that the new scheme should make work attractive for those that are available for work. There were however, concerns expressed by both current claimants of Council Tax benefit and local businesses about whether this would be achieved.

Current claimants identified a host of factors that affected their potential to find employment or take on extra work such as caring responsibilities, the cost of childcare, barriers associated with a physical disability and a lack of extra hours available through their employer.

Local businesses employing people in low-paid work reported a lack of extra hours being available, existing staff cut backs and high vacancy application rates for any new jobs advertised.

- Respondents were asked whether they agreed or disagreed with how the scheme would impact or protect various groups of residents. There were strong levels of agreement for the proposed Council Tax Reduction Scheme as follows:-

For protected groups

- with a severe or enhanced disability premium (88% agreement),
- protection for people receiving a war pension or war widows pension (70% agreement)
- Two-thirds of respondents (66%) agreed that lone parents of children under 5 should remain protected from cuts in support

Non protected groups

- Cuts to be passed on to non protected working age customers i.e. less support for benefit claimants and people in employment (68% in agreement)..
- removal of second adult rebate from the working age scheme (75% agreement),

The full consultation report includes feedback from residents most likely to be impacted by the proposals on how the changes may influence their household budgets and employment activity, as well as feedback from local businesses

Among participants interviewed, in depth interviews and focus groups such as lone parents, people in low-paid work, people claiming out-of-work benefits and disabled people:

- Consistent concern was expressed about the potential impacts of a rise in Council Tax liability on personal finances and household budgets, and about the series of upcoming changes to other benefits.
- Participants either expected to have to find savings from household expenditure (with fuel, food, mobile phones and days out with children being identified as potential savings) or potentially having to get into more debt.

- However, no respondent reported that they would not pay their extra Council Tax should it increase in the future.

Please see appendix 1 for the full results of the customer consultation.

3.12 Equality and Diversity

Equality implications (of the proposed working age scheme) have been taken into account when designing the draft scheme that has been consulted on and this has led to the proposals to:-

- Protect classes 1 to 3 from reductions,
- Remove second adult rebate from the working age scheme
- Pass on the cut to the not vulnerable classes (4 to 6).

3.13 Council Priorities

The implementation of a local Council Tax Support Scheme is a key priority for the Council.

An appropriate local scheme that considers the ability of individuals to pay their Council Tax is consistent with to the council's Tackling Poverty strategy.

3.14 Resources and Value for Money

The Consulted scheme

If adopted, the consulted scheme costs will be met from the following:-

- Government funding (less 10% cut)
- The "non vulnerable" working age customers making an increased contribution of approx 29% to council tax.

Transitional Grant

However, if the decision is to apply for the Transitional Grant:-

- The scheme would be funded by Government Funding (less 10% cut).
- The "non vulnerable" working age customers making an increased contribution upto 8.5% maximum.
- The Council approx funding **£1,370,911**
- The Fire Authority approx funding (4%) = **£63,764**
- The Police Authority approx funding (10%) **£159,408**

Failure to agree a scheme - Default scheme estimated costs 3.7mil

- Government funding (less 10% cut)
- The Council approx funding **£3,207,724**
- The Fire Authority approx funding (4%) **£149,197**
- The Police Authority approx funding (10%) **£372,991**

3.15 Legal Implications

Councils are required to adopt local schemes by 31st January 2013 and in order to do so need to undertake meaningful consultation with major

precepting authorities, the public and groups with an interest in the scheme design.

This applies equally to both the consulted and transitional grant schemes

3.16 Risk Management

The Consulted scheme

The proposal to adopt a scheme for 2013/14 that utilises much of the current systems and solutions for Council Tax Benefit helps to minimise the risk that a scheme will not be delivered in time.

Equally a comprehensive consultation process has taken place on the original council scheme which mitigates the risk of legal challenge

There is a risk that Council tax arrears will increase as the households concerned by definition are the least able to pay. There will be additional costs associated with 21,000 extra council taxpayers – cost of collecting payments and recovery costs. Customer enquiries are likely to see an initial increase.

Transitional Grant

There has been no consultation with Kirklees resident so far in relation to the transitional grant. Timescales for conducting meaningful consultation are tight given the council has already completed the original consultation and has to agree a council tax reduction scheme at full council prior to the 31st Jan 2013.

There is a risk of legal challenge if consultation takes place

There is also a risk of legal challenge if no consultation takes place.

There is a risk that Council tax arrears will increase as the households concerned by definition are the least able to pay. There will be additional costs associated with 21,000 extra council taxpayers – cost of collecting payments and recovery costs. Customer enquiries are likely to see an initial increase.

3.17 Conclusions

The Consulted scheme

The proposed scheme looks to protect a number of the most vulnerable groups from reductions in support and the consultation with the precepting authorities and the public supports the scheme.

Protecting the most vulnerable customers in 2013/14 will help some customers in dealing with other changes to their benefits that also come into effect from April 2013.

Passing on the government cut by removing Second Adult Rebate in the working age scheme and increasing the contribution made by the "Not vulnerable" working age classes", should maintain the work incentive but

will also mean the Council and the Fire and Police authorities will not need to fund the shortfall in the scheme.

Transitional Grant – see appendix 3 option 4

If the decision is to apply for the Transitional Grant the scheme would not be fully funded.

A consultation exercise would need to be undertaken if sufficient time exists to undertake a meaningful process,

The “non vulnerable” working age customers would be making an increased contribution upto 8.5% maximum, and it should maintain the work incentive but will also mean the Council and the Fire and Police authorities will need to fund the shortfall in the scheme.

- The Council approx funding required **£1,370,911**
- The Fire Authority approx funding (4%) = **£63,764**
- The Police Authority approx funding (10%) **£159,408**

Under this option second adult rebate would not be removed entirely from the working age scheme (as per the consultation) but would be subject to an 8.5% reduction.

The risk of a legal challenge is greater under the transitional option than the consulted scheme, due to the restricted timescales to undertake the consultation.

Passing on the cut in government funding to working age customers under both of these options will increase the risk that Council tax arrears will increase as the households concerned by definition are the least able to pay. There will be additional costs associated with 21,000 extra council taxpayers – cost of collecting payments and recovery costs. Customer enquiries are likely to see an initial increase.

This will need to be considered as part of the 2013/14 budget process.

4 Consultees and their opinions

- 4.1** A comprehensive consultation has been undertaken on the original scheme and the findings identified see appendix 1

5 Next steps

Depending upon the decision of council; either;

- Adopt the scheme that has been consulted on, with the protected groups, removal of second adult rebate and to pass on all of the government cut in funding.
- Restrict the cut to 8.5% in accordance with the one off transitional grant but retain the same scheme as consulted on i.e. same protected groups but with re-instated second adult rebate. Or

- Undertake a shortened consultation on the Transitional grant scheme with a view to returning to council for a final decision on the 16th January 2013. The consultation process would have to be short approx 3 weeks and does add additional risk.

6. Officer recommendations and reasons

6.1 Approve the proposed draft Council Tax Support Scheme as consulted and set out in this report, that:-

- 1) Includes the protection of certain vulnerable Classes (approx 17,754 pensioner households under the pensioner de-fault scheme and approx 3,517 working age households deemed vulnerable in Classes 1- 3 under the Council Tax Support (Working Age) scheme.
- 2) Passes on the 10% - (approx 21,466 households and approx £3,150,265) cut in Government funding to the Working Age classes not protected (i.e. Classes 4 to 6 under the Council Tax Support (Working Age) scheme.)
- 3) Removes second adult rebate from the working age scheme (approx 252 households and approx £61,000).

or

- ### **6.2 Alternatively determines that further consultation be undertaken to establish local views on applying for the transitional grant and the financial implications for the council and the precepting authorities. With a view to deciding on an appropriate scheme at Full Council on 16th January 2013.**
- ### **6.3 That cabinet receive a report on 4th December 2012 with a recommendation for the local Council Tax Support scheme for 2013/14 that has considered responses from the consultation exercise, and to submit that report for consideration by Full Council on the 5th December 2012, along with the alternative transitional grant scheme for consideration. Final decisions on the scheme will then need to be taken in the light of the announcement of the amount of central government support which is due after the Chancellors Statement on the 5th December 2012 and will be reported via Cabinet on 15th January 2013 to full Council on 16th January 2013.**

7. Cabinet portfolio holder recommendation

Recommends that the Council Tax Reduction scheme that has been consulted on, be adopted as described in this report.

8. Contact officer and relevant papers

Steve Bird, Divisional Manager, Customer & Exchequer Services
Julian Hobson, Senior Manager, Revenues & Benefits Service Statement:

Baroness Hanham 16th Oct 2012 – Localisation of Council Tax Support.
<https://www.gov.uk/government/speeches/localising-council-tax-support>

9. Assistant director responsible

Jane Brady, Assistant Director for Customer & Exchequer Services

8.5% reduction to CTR award – including protected groups

Figures based on data extract 6/10/12	Default					Alternative scheme 8.5%				
	Number of claimants	5% Increase in working age claimants	5 % decrease in working age claimants	12/13: current scheme spend	13/14: CTR costs, no increase in Council Tax	8.5% reduction in CTR award of working age other	13/14: CTR costs 1.84% increase in Ctax	13/14 CTR costs 1.84% increase in Ctax plus 5% increase in working age caseload	13/14: CTR costs 1.84% increase in Ctax less 5% decrease in working age caseload	
Total caseload	42737						43986	41488		
Working age caseload							26232	23734		
<i>Lone parent with child under 5</i>	3029	3180	2878	£2,225,963	£2,225,963	£2,225,963	£2,380,267	£2,153,575		
<i>Relevant disability premium</i>	472	496	448	£346,865	£346,865	£346,865	£370,910	£335,585		
<i>War Pension</i>	16	17	15	£11,758	£11,758	£11,758	£12,573	£11,376		
<i>Working age other*</i>	21466	22539	20393	£15,770,237	£15,770,237	£14,429,767	£15,430,038	£13,960,511		
Total working age	24983	26232	23734	£18,354,823	£18,354,823	£17,014,353	£18,193,788	£16,461,046		
Pension age caseload	17754			£13,147,822	£13,147,822	£13,147,822	£13,389,742	£13,389,742		
Cost of Scheme				£31,502,645	£31,502,645	£30,162,175	£31,583,530	£29,850,788		
Government funding				£31,502,645	£28,352,381	£28,352,381	£28,352,381	£28,352,381		
Shortfall				£0	£3,150,265	£1,809,794	£3,231,149	£1,498,408		
Transitional grant					£0	£770,695	£770,695	£770,695		
Shortfall				£0	£3,150,265	£1,039,099	£2,460,454	£727,713		

*Total 'working age other' 21466 will include some disability cases which we are currently unable to identify because they are in receipt Income Support or ESA (IR)

8.5% reduction to CTR award - no protected groups

Figures based on data extract 6/10/12	Number of claimants	5% Increase in working age claimants	5% decrease in working age claimants	12/13: current scheme spend	Alternative scheme 8.5% - no protected groups				
					Default 13/14: CTR costs, no increase in Council Tax	8.5% reduction in CTR award of working age other	13/14: CTR costs 1.84% increase in Ctax	13/14 CTR costs 1.84% increase in Ctax plus 5% increase in working age caseload	13/14: CTR costs 1.84% increase in Ctax less 5% decrease in working age caseload
Total caseload	42737							43986	41488
Working age caseload								26232	23734
<i>Lone parent with child under 5</i>	3029	3180	2878	£2,225,963	£2,036,756	£2,074,232	£2,177,944	£1,970,521	
<i>Relevant disability premium</i>	472	496	448	£346,865	£317,381	£323,221	£339,382	£307,060	
<i>War Pension</i>	16	17	15	£11,758	£10,759	£10,957	£11,504	£10,409	
<i>Working age other*</i>	21466	22539	20393	£15,770,237	£14,429,767	£14,695,275	£15,430,038	£13,960,511	
Total working age	24983	26232	23734	£18,354,823	£16,794,663	£17,103,685	£17,958,869	£16,248,501	
Pension age caseload	17754			£13,147,822	£13,147,822	£13,389,742	£13,389,742	£13,389,742	
Cost of Scheme									
Government funding				£31,502,645	£29,942,485	£30,493,427	£31,348,611	£29,638,243	
Shortfall				£31,502,645	£28,352,381	£28,352,381	£28,352,381	£28,352,381	
				£0	£1,590,105	£2,141,046	£2,996,231	£1,285,862	
Transitional grant									
Shortfall				£0	£770,695	£770,695	£770,695	£770,695	
				£0	£819,410	£1,370,351	£2,225,536	£515,167	

*Total 'working age other' 21466 will include some disability cases which we are currently unable to identify because they are in receipt Income Support or ESA (IR)

Appendix 3

Consulted options for the Council (options 1 to 3)

Option 1 - To pass on the effect of the reduction in funding to recipients of the scheme. This option passes on the government's 10% (£3,150,265) cut in funding to the recipients of Council Tax Support that are not protected (working age recipients that are not in the proposed protected groups).

Some recipients will already have sums of council tax to pay because they don't receive full support under the current scheme, for them this decision will increase the amount of council tax they currently pay reducing their current rebate by 29%.

Many recipients currently receive 100% support through Council Tax Benefit. This decision means that they will lose 29% of that support meaning that they will pay 29% of their council tax liability.

Second Adult Rebate (SAR) is also removed under this option, – saving approximately £61,000. SAR is a reduction of up to 25% in cases where the Council Tax payer's income is too high to qualify for Council Tax Benefit but the income of their non dependant second adult is low. SAR restores some or all, of the single person discount that might have applied if the "second adult" was not resident.

SAR adds an extra level of complexity to means testing as it is not based on the income of the Council Tax payer.

The table below illustrates a 29% reduction to council tax support and the effect of a Council Tax Rise of 1.84% for 2013/14 and 2014/15 and assumes no increase in caseloads.

	12/13: current scheme spend	13/14: CTR 29% reduction in CTR costs no increase in Council Tax	1.84% rise in Council Tax in 2013/14 Year 1	1.84% rise in Council Tax in 2014/15 Year 2
Estimated Cost of Council Tax Support Scheme	£31,502,645	£26,929,277	£27,424,775	£27,929,390
Government funding Cut (-10%)	£31,502,645	£28,352,381	£28,352,381	£28,352,381
Shortfall/Gap in Government funding	£0	-£1,423,104	-£927,606	-£422,991

Option 2 - Increase revenue by raising Council Tax to fund a Council Tax Support Scheme at the same level as it exists now and minimise the reduction in the resources available for other services the Council provide.

This option would spread the governments 10% (£3,150,265) cut in funding across the Council Tax payers in Kirklees. It is also worth noting that an estimated 1 in 4 households receive council tax support.

The authority has estimated that the maximum Council Tax rise in 2013/14 would be 1.84%, without triggering a referendum. The shortfall in funding is approximately £3.15m; however, this would increase to £3.7mil with the Council Tax rise. This is because government funding is expected to be fixed.

The table below illustrates the effect of a Council Tax Rise of 1.84% for 2013/14 and 2014/15.

	12/13: current scheme spend	13/14: CTR costs no increase in Council Tax	1.84% rise in Council Tax in 2013/14 Year 1	1.84% rise in Council Tax In 2014/15 Year 2
Estimated Cost of Council Tax Support Scheme	£31,502,645	£31,502,645	£32,082,293	£32,672,607
Illustrates Government funding Cut	£31,502,645	£28,352,381	£28,352,381	£28,352,381
10% Shortfall/Gap in Government funding	£0	£3,150,264	£3,729,912	£4,320,226

Option 3 - Fully fund the scheme from current resources, which will have an impact upon other Council Services and the Fire and Police Authorities.

The shortfall in funding is approximately £3.15m, however, this would increase to £3.7.mil with the Council Tax rise, this is because government funding is expected to be fixed.

The table below illustrates the effect of a Council Tax Rise of 1.84% for 2013/14 and 2014/15.

	12/13: current scheme spend	13/14: CTR costs no increase in Council Tax	1.84% rise in Council Tax in 2013/14 Year 1	1.84% rise in Council Tax in 2014/15 Year 2
Estimated Cost of Council Tax Support Scheme	£31,502,645	£31,502,645	£32,082,293	£32,273,207
Illustrates Government funding Cut	£31,502,645	£28,352,381	£28,352,381	£28,352,381
10% Shortfall/Gap in Government funding	£0	£3,150,264	£3,729,912	£4,320,226

The funding cut assuming a 1.84% rise in Council Tax for services would be split between the Council and the Fire and Police Authority:-

- Council 86% cut in funding - Approx £3,207,724 less for services
- Precepting Authorities (Fire and Police) 14%. Approx £522,188 less for services.

The Cut in funding shortfall would arise year on year so is not sustainable.

Option 4 - No Consultation:- Transitional grant - To pass on part of the government reduction in funding to recipients of the scheme.

This option passes on some of the government's 10% (£3,150,265) cut in funding to the recipients of Council Tax Support that are not protected (working age recipients that are not in the protected groups).

It will also require some funding from current resources, which will have an impact upon other Council Services and the Fire and Police Authorities.

As option 1, but instead of 29% reduction to the CTR award, an 8.5% reduction would be applied. This would meet with the government's criteria and would allow the council to apply for its share of the £100m transitional fund.

The taper has remained at 20% as per the current Council tax benefit scheme.

For Kirklees, this would mean a transitional grant of approx £770,695. (Council £670,365, Police £71,582, Fire £28,748)

The table below illustrates an 8.5% reduction to council tax support and the effect of a Council Tax Rise of 1.84% for 2013/14 and 2014/15 It also assumes no increase in caseloads and retains our proposed protected groups.

	12/13: current scheme spend	13/14: CTR 8.5% reduction in CTR costs no increase in Council Tax	1.84% rise in Council Tax in 2013/14 Year 1	1.84% rise in Council Tax in 2014/15 Year 2
Estimated Cost of Council Tax Support Scheme	£31,502,645	£30,162,175	£30,717,159	£31,282,354
Government funding Cut (-10%)	£31,502,645	£28,352,381	£28,352,381	£28,352,381
Shortfall/Gap in Government funding	£0	£1,809,794	£2,364,778	£2,929,973
Transitional grant		£770,695	£770,695	£770,695
Shortfall		£1,039,099	£1,594,083	£2,159,278

The funding cut assuming a 1.84% rise in Council Tax for services would be split between the Council and the Fire and Police Authority:-

- Council 86% cut in funding - **Approx £1,370,911** less for services in Kirklees
- Precepting Authorities (Fire and Police) 14%. **Approx £223,172** less for services.

The Cut in funding shortfall would arise year on year so is not sustainable.

The table below illustrates an 8.5% reduction **without** the consulted protected groups.

	12/13: current scheme spend	13/14: CTR 8.5% reduction in CTR costs no increase in Council Tax	1.84% rise in Council Tax in 2013/14 Year 1	1.84% rise in Council Tax in 2014/15 Year 2
Estimated Cost of Council Tax Support Scheme	£31,502,645	£29,942,485	£30,493,427	£31,054,506
Government funding Cut (-10%)	£31,502,645	£28,352,381	£28,352,381	£28,352,381
Shortfall/Gap in Government funding	£0	£1,590,105	£2,141,046	£2,702,125
Transitional grant		£770,695	£770,695	£770,695
Shortfall		£819,410	£1,370,351	£1,931,430

The funding cut assuming a 1.84% rise in Council Tax for services would be split between the Council and the Fire and Police Authority:-

- Council 86% cut in funding - **Approx £1,178,502** less for services
- Precepting Authorities (Fire and Police) 14%. **Approx £191,849** less for services.
- **Additional risk as this option ignores the previous consultation results**



Mark Burns-Williamson OBE
Police and Crime Commissioner for West Yorkshire
Ploughland House
62 George Street
Wakefield WF1 1DL



Office of the
**Police & Crime
Commissioner**
West Yorkshire

My Reference: OPCC/MBW/JD

Your Reference:

7 January 2013

Mr David Smith
Director of Resources
PO Box B24
Civic Centre III
Market Street
Huddersfield
HD1 1WG

Dear David

Council Tax Support Scheme Consultation

Thank you for your letter requesting my view on the option of adopting a Council Tax Support Scheme which would allow the Council to apply for the Transitional Grant made available by Government.

My understanding is that this would mean an estimated sum of £159,408 falling on to the Commissioner's budget for policing in West Yorkshire to fund Council Tax Support to claimants of working age not falling within the vulnerable groups you have identified for protection.

Faced with very significant reductions in the policing budget as a result of the Government's Spending Review, I am of the view that while this option may provide some short term relief to those affected by the change in Government policy, my priority to the whole community must be to safeguard as far as possible frontline policing services. As a result I would ask that every effort is made to minimize the impact on resources available for policing in West Yorkshire and as such would support the scheme which has already been the subject of public consultation.

Tel No: 01924 294000

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Fax No: 01924 294008

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Thank you for the opportunity to comment.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Burns-Williamson', written in a cursive style.

Mark Burns-Williamson

Police and Crime Commissioner for West Yorkshire

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