

1.	Meeting:	Cabinet
2.	Date:	19th December 2012
3.	Title:	Council Tax Support / Council Tax Discount and Exemption - Consultation Findings
4.	Directorate:	Resources

5. Summary

This report provides key headlines of the outcomes from the recent public consultation on the proposals for Rotherham's new Council Tax Support (CTS) scheme and the related changes to Council Tax discounts and exemptions. The public consultation was intended to inform the Council's final decision on its proposed CTS scheme and Council Tax discount and exemption changes and was active from 24th September 2012 to 19th November 2012. A further report will be brought forward in January, when details of the planned 2013/14 Local Government Finance Settlement are known.

The report also provides details of the CTS Transitional Grant announced on 18th October.

6. Recommendations

Cabinet are asked to:

- **Note the headline messages arising from the analysis of the consultation.**
- **Consider how the consultation findings align with and can / should influence the decisions on the Council's new CTS scheme and proposed discount and exemption changes.**
- **Note the details of the CTS Transitional Grant.**
- **Agree that the contents of this report are shared with the South Yorkshire Joint Authorities**
- **Note that a further report will be brought forward early in the New Year when draft details of the Local Government Finance Settlement are known, including how this may influence the Scheme ultimately implemented.**

7. Proposals and Details

This paper discusses the findings from the consultation with the public about the Council's proposed new CTS scheme and the related changes to Council Tax discounts and exemptions. An analysis of the results is provided in order to inform the final decision of the Council.

Overall there were 177 responses to the consultation of which 42 were currently in receipt of Council Tax Benefit and 53 were currently in receipt of Council Tax discount or exemptions. Although the number of responses was low in comparison with the volume of communications that were issued, this appears to be in line with a national low response level experienced by the majority of Councils who have consulted.

Overall, the analysis shows that a majority of respondents supported each proposal, although the results varied reflecting the potentially differing effect of each of the proposals on individual's dependant upon their status as a respondent. (i.e. Those in currently in receipt of Council Tax Benefit or discounts and exemptions – and those not.). The following sections of the report provide a summary of the different methods of that were undertaken and the headline results.

Consultation programme

A wide variety of consultation methods were used during the exercise with the aim to ensure the approach was inclusive of all groups affected, including those currently in receipt of Council Tax Benefit or Council Tax discounts and exemptions. The consultation methods consisted of the following:

Press

- A public notice was placed in both the Rotherham Advertiser and Dinnington Guardian on 21/9/2012 advising of the consultation
- A press release appeared in the Rotherham Advertiser on 21st September 2012

Face to face consultation

- Advice with regards to the forthcoming changes was given from the Welfare Reform group's stall at the Rotherham show on 8th September 2012 prior to consultation going live
- Consultation meetings were held with Voluntary Action Rotherham both before the consultation commenced and on 8th November 2012 during the consultation period.
- Consultation presentations were made to Housing Associations, Representative groups such as Rotherfed and Area Assemblies for Wentworth and Rother valley
- Canvassing of the public was undertaken in Riverside Customer Services Centre (CSC) through the distribution of flyers to customers from 25th October 2012 by CSC staff and a separate proactive exercise in Riverside foyer on 7th November 2012

Promotion of the on-line consultation by post and electronic communication

Promotion of on-line consultation was undertaken by letter, SMS and email. Additionally, promotional flyers were issued with some benefit notifications and Council Tax bills

A total of 5,462 letters/flyers, 7,826 emails and 21,197 SMS were sent promoting the consultation process.

Summary of findings

The analysis shows that overall the majority of the 177 respondents supported all of the proposals. Within the overall support for the Council's proposed CTS scheme this it was possible to identify some specific trends:

- Although benefit claimants as a separate group opposed the principle of a benefit cut, a majority of them agreed with all the proposals within the CTS scheme which would bring about that cut, including a maximum benefit entitlement which has yet to be set.
- Similarly, although discount and exemption recipients opposed the principle of cuts that would affect them, a majority of this group agreed with all the proposals for the individual changes to reduce specific discounts and exemptions

The findings of the consultation are broken down to the three main areas of questioning below. Further analysis can be found in Appendix A.

It should be noted that for the purposes of the summary "strongly" and "tend to" responses have been combined for both those supporting and those opposing proposals. Percentages of respondents stating "no opinion" are not listed in the summary.

Making up the shortfall in funding

Overall the majority of respondents supported all three options:

- **Cuts to Council Tax Support to reduce expenditure**

Overall 60% of respondents supported this proposal while 28% opposed.

The results for this proposal varied greatly between current benefit claimants (29% supported and 55% opposed) and non-benefit claimants (70% supported and 19% opposed). This is understandable in light of the fact that benefit claimants are the people who will be adversely affected financially should this change be implemented.

- **Changes to Council Tax discounts and exemptions to increase income**

Overall 53% of respondents supported this proposal while 40% opposed.

The results for this proposal varied greatly between current recipients of discounts and exemptions (42% supported and 57% opposed) and non-recipients (57% supported and 33% opposed). Again this is understandable

in light of the fact that current recipients are the people who will be adversely affected financially should these changes be implemented..

- **Meeting some of the shortfall from Council funds**

Overall 57% of respondents supported this proposal while 34% opposed. Additionally 64% of benefit claimants and 55% of non claimants also supported this proposal.

Proposed Council Tax Support scheme

The overall majority of respondents supported all proposals for the new scheme – and this pattern held true both for the individual groups of benefit claimants and non-benefit claimants. The table below summarises respondent support levels in total and for both groups.

Scheme Proposal for	Benefit Claimants	Non- Benefit Claimants	Overall
Maximum % benefit entitlement	57%	81%	75%
Safeguarding vulnerable groups	76%	72%	73%
Promoting work incentives	83%	67%	71%
Armed forces covenant	71%	76%	75%
Abolishing second adult rebate	71%	76%	75%

Additionally, analysis of the proposed measures to safeguard vulnerable people saw 70% of carers and 69% of disabled responders agreeing with the proposals.

Proposed changes to Council Tax discounts and exemptions

Again all proposals for specific changes to Council Tax discounts and exemptions received agreement from the majority respondents overall, as well from current recipients and non-recipients groups. The table below shows the percentages in agreement for the respondents overall and the two groups.

Scheme Proposal for	Discount Recipients	Non- Discount Recipients	Overall
Remove second home discount	79%	78%	79%
Reduce vacant undergoing structural repair to 25% discount	51%	67%	62%
Reduce vacant first six months 25% discount	60%	68%	66%
Remove vacant over 6 months discount	68%	73%	72%
50% premium for properties empty over 2 years	77%	75%	76%

Council Tax Support Transitional Grant

In mid October, whilst the Council's consultation process was underway, the Government announced a one year Transitional Grant worth to £100m nationally to support the localisation of Council Tax Support. The transitional funding is intended to provide "support for all local authorities to develop schemes that protect the poorest".

To qualify for the CTS Transitional Grant the Council's Local Scheme must:

- Ensure those who would be entitled to 100% support under current council tax benefit scheme should pay no more than 8.5% of their net council tax liability
- Have a taper rate (i.e. the rate at which support is withdrawn as claimant's income rises) not greater than 25%;
- There must also be no sharp reduction in benefit support for those entering work- i.e. the taper should continue to operate as under the current Council Tax Benefit regulations;

And, although not one of the criteria, the Government would also not expect local authorities to impose large additional increases in non-dependent deductions.

We believe the Council's proposed Scheme could meet these criteria, if the maximum level of support was set at 91.5% (leaving the contribution from claimants at 8.5%), compared with the 80% maximum support and 20% contribution that had been modelled. The other provisions within the scheme are thought to be consistent with Government's requirements.

The Government has released details of the Transitional Grant allocations and the value of Transitional Grant for Rotherham is £0.468m. This figure will not change in the Local Government finance Settlement.

The offer of transitional funding will require a decision from elected Members on whether to amend the Council's proposed Council Tax Support scheme to potentially qualify for the grant. The deadline for applications for the funding is mid February and it is proposed that a decision is not taken regarding whether to apply for the grant until details of the local Government Finance Settlement are known which will provide details of other funding streams such as the Council Tax Support Grant. The provisional settlement is expected in mid to late December.

In deciding whether to apply for the Transitional Grant there are several factors and risks that will need to be taken into account:

- If the Council decides to apply for this grant we will not know until March whether our application has been successful.
- If this Council is successful in applying for the grant, the amount passed-through to be recovered from Claimants is estimated to be around £1m (at 8.5% limit). Although current Council Tax Collection Rates remain high (c97%) it is felt that there is a significantly greater risk with collecting this £1m pass-through as:
 - We will be collecting payments from claimants who have not previously been required to contribute to their Council Tax
 - The amounts to be collected are relatively small and collection powers are limited for many benefit claimants
- This is a Transitional Grant and will be non-recurrent. If the grant is accepted, a further decision will be required for 2014/15 about how this lost income is covered. This could be from further savings across the Council or from pass-

through to Claimants. To pass-through the costs to Claimants would require amendments to the Scheme and should this happen these additional charges to Claimants would come into effect at the same time the Universal Credit is fully implemented – April 2014.

If it is decided not to apply for the Grant, it is estimated that £2m would be passed through to Claimants. This represents a pass-through of 20%. The caveats around being able to collect the monies from Claimants remain.

Next Steps

It is planned that a further report detailing Rotherham's proposed Local Council Tax Support Scheme will be brought forward in January 2013 for approval by Full Council on January 30th (as required by regulation – the scheme must be approved by Full Council by 31st January). This report will include the recommendation on whether to apply for the Transitional Funding.

As part of the consultation process it is intended that this report will be shared with the Joint Secretariat during December. The South Yorkshire Police and Fire and Rescue Authorities, like the Council, will receive Council Tax Support Grant to replace Benefit and, should the Council apply for Transitional Grant they will also receive an allocation from the £100m national pot.

8. Finance

The total cost of the Council Tax Scheme consultation was funded by an additional £80k grant from DCLG.

9. Risks and Uncertainties

The main risk and uncertainty was that failure to consult correctly on the new Council Tax Support scheme would risk a judicial review which could have meant Rotherham having to adopt the default scheme, which is in effect to continue the current benefit scheme, this would be substantially more expensive than the current proposals.

The Council's proposals (whether or not it is decided to apply for Transitional Grant) include passing through some element of the Council Tax to claimants. These risks are included within Section 7 of this report.

10. Policy and Performance Agenda Implications

This consultation is intended to inform the Council's final decision on its Council Tax Support scheme and changes to Council tax discounts and exemptions. The full Council must adopt the final Council Tax Support scheme by 31st January 2013 otherwise the Council will have to adopt the Government's default scheme.

11. Background Papers and Consultation

Headline Consultation Results (Appendix 1)
Consultation Full Report
Equality Impact Assessment

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Appendix 1

Headline Consultation Results

Overall there were 177 responses to the consultation. Although the number of responses was low in comparison with the volume of communications that were issued this appears to be in line with a national low response level experienced by the majority of Councils who have consulted.

Further breakdown of the respondents completing equality questions shows:

- The vast majority of respondents 87% were of working age which would be expected as pensioners are protected from changes to Council Tax Benefit.
- There was slightly larger female response 56% to the consultation
- 24% of respondents were disabled.
- 14% of responders were carers
- 9% were BME.

Results from the General Public

The following results suggest that people broadly agreed with the Council proposals. This level of agreement understandably varied between groups with benefit claimants tending to oppose benefit cuts while discount and exemption recipients tended to oppose discount cuts. Further in depth detail of the breakdown of results can be found in the full consultation report.

Question 1

People were asked whether Rotherham should reduce expenditure through cuts to the new CTS scheme

Strongly Support	27.68%
Tend to Support	32.77%
Tend to Oppose	9.6%
Strongly Oppose	18.08%
No Opinion	11.87%

Question 2

People were asked whether Rotherham should increase Council Tax income through changes to discounts and exemptions

Strongly Support	22.6%
Tend to Support	29.94%
Tend to Oppose	14.12%
Strongly Oppose	25.99%
No Opinion	7.35%

Question 3

People were asked whether Rotherham should meet some of the shortfall from Council funds

Strongly Support	24.86%
Tend to Support	32.2%
Tend to Oppose	18.64%
Strongly Oppose	15.25%
No Opinion	9.05%

Question 4

People were asked whether they agreed that all claimants of a working age should pay a minimum percentage of their Council tax bill themselves

Strongly Support	50.85%
Tend to Support	24.29%
Tend to Oppose	7.91%
Strongly Oppose	14.69%
No Opinion	2.26%

Question 5

People were asked whether they agreed with the Councils proposal to retain the present scheme of allowances, premiums and income disregards as the best way of recognising the particular needs of families, carers and people with disabilities.

Strongly Support	34.46%
Tend to Support	38.42%
Tend to Oppose	11.3%
Strongly Oppose	9.04%
No Opinion	6.78%

Question 6

People were asked if they agreed with the Councils proposal to retain the 4 week run on period in order to incentivise work

Strongly Support	37.85%
Tend to Support	33.33%
Tend to Oppose	9.04%
Strongly Oppose	10.17%
No Opinion	9.61%

Question 7

People were asked if they agreed with the Councils proposals to continue to disregard all monies received in respect of war widows and war disablement pensions

Strongly Support	53.11%
Tend to Support	21.47%
Tend to Oppose	8.47%
Strongly Oppose	9.6%
No Opinion	7.35%

Question 8

People were asked if they agreed with the Council should not offer Second adult rebate

Strongly Support	42.94%
Tend to Support	31.64%
Tend to Oppose	9.04%
Strongly Oppose	11.3%
No Opinion	5.08%

Question 9

People were asked whether they agreed the Council should remove the 50% discount currently granted to second homes

Strongly Support	63.28%
Tend to Support	15.25%
Tend to Oppose	3.95%
Strongly Oppose	12.99%
No Opinion	4.53%

Question 10

People were asked whether they agreed the Council should reduce the 12 month 100% discount for homes undergoing structural repair to 25%

Strongly Support	36.16%
Tend to Support	25.99%
Tend to Oppose	19.77%
Strongly Oppose	13.56%
No Opinion	4.52%

Question 11

People were asked whether they agreed the Council should reduce the 6 month 100% discount for vacant and unfurnished homes to 25%

Strongly Support	40.11%
Tend to Support	25.42%
Tend to Oppose	12.43%
Strongly Oppose	19.21%
No Opinion	2.83%

Question 12

People were asked whether they agreed the Council should remove the current 50% discount for homes vacant and unfurnished after 6 months

Strongly Support	48.02%
Tend to Support	23.73%
Tend to Oppose	11.3%
Strongly Oppose	13.56%
No Opinion	3.39%

Question 13

People were asked whether they agreed the Council should charge a 50% premium on properties vacant and unfurnished for a period of over 2 years

Strongly Support	51.98%
Tend to Support	23.73%
Tend to Oppose	6.21%
Strongly Oppose	11.86%
No Opinion	6.22%