

BABERGH DISTRICT COUNCIL and MIDSUFFOLK DISTRICT COUNCIL

From: Head of Corporate Resources	Report Number: M117
To: Executive Committee Strategy Committee	Date of meeting: 19 November 2012 22 November 2012

LOCAL COUNCIL TAX SUPPORT SCHEME AND REDUCTIONS TO DISCOUNTS

1. Purpose of Report

- 1.1 The Welfare Reform Act abolishes Council Tax Benefit and all councils must adopt a Local Council Tax Support Scheme from April 2013. This report sets out the proposals and options for this scheme and also reductions in second/empty homes and other discounts.
- 1.2 The following decisions are requested:-
 - To agree and recommend to both Councils proposals for the Local Council Tax Scheme and also for the reductions in second/empty homes and other discounts as set out in the report
 - To agree a change to both Councils' Scheme of Delegation to Officers and the Joint Committee to enable the Shared Revenues Partnership to operate the new Local Council Tax Support Scheme.

2. Recommendations

- 2.1 That the Local Council Tax Support Scheme for 2013/14 is based on the proposals summarised in sections 8.23 to 8.25 of the report.
- 2.2 That, in order to minimise the impact on working age recipients of Council Tax support, discounts for second/empty homes and other discounts be reduced from the 1 April 2013 as also set out in section 8.23 of the report.
- 2.3 That the change to both Councils' Scheme of Delegation as set out in section 8.9 of the report be approved.

The Committee is asked to make a recommendation(s) to Full Council on the above matter(s).

3. Financial Implications

- 3.1 Council Tax Benefit is currently funded by the Department for Work and Pensions as a reimbursement of council tax benefit expenditure according to nationally set criteria.
- 3.2 From 1 April 2013 the Local Council Tax Scheme will be distributed by the Department for Communities and Local Government to local authorities through a cash limited grant. The exact amount is yet to be confirmed.

- 3.3 The headline amounts to be made available will be at least 10% and possibly up to 14% less than currently received. The distribution will be formula based.
- 3.4 The local funding gap could approach around £0.95m for Babergh and £0.85m for Mid Suffolk and this will be borne by the major precepting authorities in proportion to their current precept size. This means that Suffolk County Council and the Police Authority pick up around 90% of the impact.
- 3.5 Members are reminded that there are a number of potential financial risks involved with the change in funding arrangements. These include:
- Recovery of Council Tax - There is a significant risk of a lower collection rate, currently estimated between 0.5 to 1.5%. Many working age claimants will be asked to pay council tax for the first time
 - Recovery costs and resources - As the number of people paying council tax increases there will be an impact on staffing and associated costs. For example, the Shared Revenues Partnership is already anticipating an approximate increase of £65k in printing and postage as more reminders will be required. This will increase the pressure on staff resources and a view will have to be taken on the future level of resources needed to undertake the additional debt recovery compared to the income received (90% of which isn't kept by the District Councils)
 - Demand - Under the existing Council Tax Benefit Scheme there is no direct financial impact on the Council if the number of recipients increases. Under the Local Council Tax Scheme the government grant will be fixed and any subsequent increase in caseload and expenditure will need to be met by the major preceptors and each District Council.
- 3.6 The Local Council Tax Scheme is based on a Council Tax discount, and therefore a reduction in the amount of Council Tax due. The proposed methodology for reflecting the cost of this is therefore to show it as a reduction in the Council Tax base (the number of equivalent Band D properties.) This will mean that the amount of Council Tax collectable will be less by the amount of Council Tax support provided.
- 3.7 It is estimated that the proposals in the report will deliver the savings and additional income that would be required if Government grant towards council tax benefit/support is reduced by 14%. The working assumption is that this is a worst-case scenario but the final grant reductions won't be known until mid/late December.
- 3.8 In broad terms the savings, additional collectable income and the transitional one-off grant announced by the Government will meet the funding gap. Both councils will be entitled to the one-off grant providing council tax support is not reduced by more than 8.5%. Both councils can meet this criteria and achieve the required total savings.

4. Risk Management

- 4.1 Key risks identified by the SRP are set out below:

Risk Description	Consequence of risk	Risk Controls	Probability of risk occurring taking account of controls (scale A-F) A – very likely F – almost impossible	Impact of risk, if it occurred taking account of actions (scale 1 – catastrophic; 4 – negligible)	Actions to mitigate risk
Councils fails to adopt a local council tax scheme	A default scheme would be enforced – financial impact unknown	The timetable is challenging but is closely monitored and is still on target to meet the 31 January 2012	Low (D)	Critical (2)	External project has been appointed. Suffolk benefit managers are working collaboratively
SRP local authorities agree on different schemes	SRP would be administering 3 separate teams that will have a negative impact on It and staff	SRP Joint committee continues to work collaboratively	High (B)	Critical (2)	Due to different make up of caseloads there is likely to be differences but will keep to a minimum
Councils have a legal challenge lodged against their Council Tax Scheme	Financial Cost	Consultation exercise will take place together with an EQIA assessment	Significant (C)	Critical (2)	A Suffolk approach may help to lessen the financial cost to each authority
ICT supplier fails to deliver system changes to accommodate the Local Council Tax Scheme	Council unable to deliver a local council tax scheme	Regular meetings with ICT supplier	Low (D)	Catastrophic (1)	Regular meetings have been scheduled with ICT supplier
Decrease in collection rates	Financial impact	Bad debt provisions currently being examined	High (B)	Critical (2)	Early notification to affected claimants and advice on how to reduce arrears
Lack of capacity to deliver the local council tax scheme	Confusion and impact on customers	Working group formed to support the implementation	Significant (C)	Critical (2)	Joint working group formed to include customer service teams

5. Consultations

- 5.1 A comprehensive consultation exercise was launched on the 10th August 2012 and ran until 25th October 2012.
- 5.2 A range of initiatives were undertaken to promote the consultation across Babergh and Mid Suffolk. This included writing to all current Council Tax Benefit recipients.

- 5.3 Participants were encouraged to complete the survey online but paper copies of the survey were available from the Contact Centre and a dedicated phone number was set to enable potential participants to request a paper form.
- 5.4 The results of Babergh's consultation are shown in Appendix 1 and Mid Suffolk in Appendix 2.

6. Equality Analysis

- 6.1 Regulations require that people of pension age will not be affected financially when their existing claims move to the Local Council Tax Scheme i.e. they are fully protected.
- 6.2 The proposed scheme will however impact on all existing Benefit recipients of working age in Babergh and Mid Suffolk including those in protected groups. Headline figures show the following:-

	Working age vulnerable (in receipt of a disability benefit or premium)	Working age with children	Working age in remunerative work	Working Age - Other
Babergh	234	701	329	1537
Mid Suffolk	196	597	208	1220

- 6.3 The draft scheme has been based on the current means-tested arrangements in the national council tax benefit scheme. The current scheme has the advantage of containing some incentives for those in work and retains the advantages of addressing Government's desire to protect vulnerable groups. Adapting the existing scheme across Suffolk will also provide a consistency of approach.

7. Shared Service / Partnership Implications

- 7.1 Both councils need to adopt a local scheme and one of the aims has been to adopt similar schemes, subject to the different demographic and financial implications. Similar principles have also been adopted within the SRP and across Suffolk, although there will inevitably be some differences.
- 7.2 It is understood that all of the Suffolk councils are aiming to adopt the maximum 8.5% reduction to working age support and thus qualify for the one-off Government grant.

8. Key Information

Council Tax Benefit/Support

- 8.1 The Welfare Reform Act 2012 contained provisions for the abolition of Council Tax Benefit, paving the way for new localised schemes. The Local Government Finance Bill makes provision for the localisation of council tax support in England by imposing a duty on billing authorities to make a localised council tax reduction scheme by 31 January 2013 and to consult with major precepting authorities and such other persons as it considers likely to have an interest in the scheme.

- 8.2 The Bill also gives powers to the Government to prescribe certain classes or groups who must receive reductions including classes of eligible pensioners, based on the same factors that have determined pensioner eligibility and award under the current council tax benefit system.
- 8.3 Further powers in the Bill allow the government to prescribe a default scheme which will take effect if a billing authority has not made a scheme by 31 January 2013, so that they can still administer council tax reductions.
- 8.4 Local authorities are therefore required to formally adopt a local scheme by 31st January of the financial year proceeding the financial year to which it applies. The timetable is aligned to the requirement to set a council tax base as the adoption of a local scheme will have a direct impact upon the council tax base.
- 8.5 This paper documents the proposed scheme as agreed by the Strategy and Executive Committees in August 2012. It must be recognised that this has been completed using available intelligence and there are still important variables that influence the final scheme.
- The regulations used to review the scheme are draft regulations
 - The Autumn budget announcement is not until 5th December 2012 and the actual figures for the reduction in grant will not be known until a couple of weeks later
 - The Government's announcement of a £100 million transition grant to encourage best practice when designing a local scheme. This amounts to a one-off grant of £128k for Babergh and £113k for Mid Suffolk.
- 8.6 Final regulations will set out the requirement for the Council (as a billing authority) to design and implement its own scheme, based on an extended provision to Section 13A of the Local Government Act 1992.
- 8.7 At the August Committee meetings it was agreed that a draft council tax scheme should go out for consultation, in order to meet the statutory timetable to approve the final scheme before the end of January and to model affordability. Appendices 1 2 and 3 provide details of the responses to the consultation.
- 8.8 The latest snapshot of both councils' council tax benefit recipients are set out in Appendix 4.
- 8.9 The Council's Constitution sets out its delegated power to the Shared Revenues Partnership (SRP) and the Joint Committee to operate and administer Council Tax Benefit under the Shared Revenues Partnership Agreement. Members are asked to agree this to be amended to include the Local Council Tax Support Scheme.
- 8.10 The House of Lords recently agreed to add the following clause into the Local Government Finance Bill in relation to Council tax reduction schemes.
- (1) The Secretary of State shall make provision for an independent review of all council tax reduction schemes made under the provisions of this Act, to consider their effectiveness, efficiency, fairness and transparency and their impact on the localism agenda; and to make recommendations as to whether such schemes should be brought within universal credit.
 - (2) A review under subsection (1) shall take place within three years after this Act comes into effect."

Council Tax Discounts - Changes

- 8.11 Local Authorities can take advantage of new powers within the Finance Bill to reduce the levels of discounts currently granted in respect of second homes and some classes of empty properties. It must be noted that the number of the council's second homes and empty properties change on a daily basis.

Proposals - Council Tax Support Scheme and changes to discounts

- 8.12 The Government has set broad parameters in which local schemes are to be designed, namely a framework for support for eligible pensioners and ensuring there is an incentive to work. In addition expenditure to be reduced by around 10% and possibly up to 14%, although the actual reduction won't be known until mid/late December. For Babergh this will equate to up to £950k including a hardship fund and for Mid Suffolk, up to £850k. It is however worth noting that the scheme can (and probably will need to be) be changed after the first year.

- 8.13 In August, Members considered a number of options:

- Option 1 – continue with current council tax benefit scheme and find the 10% savings within the council's own budgets. These savings would need to be met on a continuous basis to meet the annual shortfall.
- Option 2 – devise a cost neutral scheme by passing on the estimated grant reductions and required savings to the working age recipients. To achieve this, however, all working age claimants would only receive 80% of their current council tax reduction/support (instead of the current 100%) i.e. a reduction on benefit/support of 20%. On a Band D property in Babergh this would have meant that each working age claimant would have to pay at least £287.43 per year more than they do now and Mid Suffolk £288.90
- Option 3 – adopt a local council tax scheme that passes on a proportion of the savings to the working age benefit recipients and make up the shortfall by taking advantage of new powers within the Finance Bill to reduce the levels of discounts currently granted in respect of second homes and some classes of empty properties.

- 8.14 Following the council's meetings in August 2012 Option 3 was endorsed and this formed the basis of the consultation. However, since August's Committee meetings, more information has been received around exemptions and discounts. It is now known that for class C exemptions (empty and unfurnished – currently exempt from council tax for up to 6 months) the exemption from April 2013 can be for a period of up to 6 months or a % reduction or a combination of both.

(Note: Unoccupied Housing Association properties will now fall into class B and will be automatically entitled to an exemption for up to 6 months. Of the current class A (empty and substantially unfurnished and undergoing major repair or structural alterations to render the property habitable - up to 12 months) and C properties there are 15 (3.4%) housing association properties receiving an exemption in Babergh and 19 (4%) in Mid Suffolk).

- 8.15 There is also a consultation document regarding long term empty properties (over 2 years) where there is the potential to levy a 50% premium. The consultation is regarding deferral of implementing the premium for example when the owner can demonstrate that he is proactively trying to rent or sell the property.
- 8.16 To assist the transition process the Department for Communities and Local Government announced on the 16th October 2012 that they would be making available an additional £100m (for one year only) to support local authorities in developing council tax support schemes to maintain positive incentives to work.
- 8.17 The grant will be available to councils who choose to design their scheme so that:
- Those who would be on 100% support under the current council tax benefit arrangements pay between zero and no more than 8.5% of their current council tax liability
 - The taper rate does not increase above 25% (taper applies where a household has income above their applicable amount. Currently 20% (20p for each £1) of any excess income over and above the applicable amount is deducted from the maximum council tax benefit)
 - There is no sharp reduction in support for those entering work.
- 8.18 If the Councils adopt a scheme that meets the grant criteria the grant allocation will be as follows:

	Babergh £	Mid Suffolk £
District Council	17,913	15,532
Suffolk County	95,879	84,612
Suffolk Police	14,194	12,526
Total	127,986	112,670

- 8.19 An updated financial assessment, using current caseload data, has been undertaken to illustrate the financial effect of the proposed range of changes to the benefit and current discount exemption schemes. Details are set out in Appendix 5 and the proposals contained therein will result in collectable income to meet the maximum predicted 14% shortfall of grant and also provide a modest hardship fund for each council. It must be stressed that this is still a snap shot of the council's current data and the amounts shown represent the maximum potential additional income; the challenge will be to collect this sum.
- 8.21 Finding the savings across working age claims or spreading these across working age claims and empty properties will always create a challenge to maintain the high current council tax collection rate. Requests to defer or protract payments will increase; there will be more defaulters and there will be increasing effort and cost for administration as more people go through the legal process of recovery.
- 8.22 Court costs will need to be reviewed and reduced to reflect what will be some small amounts that we will inevitably be trying to recover.

Summary of proposals

- 8.23 The proposals are summarised below:

(a) Reduce discounts and exemptions as follows to spread the burden and achieve an acceptable reduction in working age Council Tax Support:

- Second Homes - remove current 10% discount
- Empty Homes - Class C – property empty and unfurnished (current 100% exemption up to 6 months): Proposal - 100% exemption for 4 weeks then no reduction. Class A – property empty and substantially unfurnished and undergoing major repair or structural alterations to render the property habitable (current 100% exemption up to 12 months): Proposal - 30% exemption day 1
- Property unoccupied and in the possession of the mortgagee - Class L – no exemption in future.

(b) Council Tax Support:

- Reduce entitlement by 8.5% (and increase taper from 20% to 25% in Babergh)
- Complete withdrawal of second adult rebate.

8.24 On the empty home premium (properties empty for more than 2 years) indicative potential income could be around £100,000 a year (of which the major preceptors will receive 90%) and which will vary year to year. Treat as a ‘windfall’ and firm up proposals once Government consultation and final regulations received.

8.25 For Babergh the position in August suggested a 10% reduction for working age recipients of support and for Mid Suffolk, it was hoped that the reduction could be 5%. So, the latest proposals reflect a slight improvement for Babergh but a slightly worse position for Mid Suffolk. It would be possible, however, to stay with a 5% reduction for Mid Suffolk without significantly affecting the financial impact.

9. Appendices

Title	Location
1 Babergh Consultation results	Attached
2 Mid Suffolk Consultation results	Attached
3 Feedback from Workshops	Attached
4 Council Tax Benefit - current details	Attached
5 Savings and potential additional income	Attached

10. Background Documents

None.

Authorship:

Name: Evelyn Crossland
Job Title: Head of SRP

Tel. 01473 433782
Email: Evelyn.crossland@ipswich.gov.uk

Name: Barry Hunter
Job Title: Corporate Manager - Finance

Tel. 01473 825919
Email: barry.hunter@babergh.gov.uk

Council Tax Reform - Babergh



1. How strongly to you agree or disagree with these statements?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Response Count
Making work pay, by reducing the amount of benefits available to those of working age. On average all those in receipt of benefits will have to pay a minimum of 10% of their council tax (see example two in the consultation document).	13.4% (11)	28.0% (23)	9.8% (8)	18.3% (15)	30.5% (25)	82
Making sure owners of second homes make a fair contribution to the local area. This would ensure that owners of second homes, who currently only pay 90% make an equal contribution (see example six in the consultation document).	78.6% (66)	13.1% (11)	3.6% (3)	1.2% (1)	3.6% (3)	84
Removing the discount available to owners of empty homes. This would help bring empty properties back into use so that they can be used to house local families (see example seven and eight in the consultation document).	79.8% (67)	9.5% (8)	4.8% (4)	0.0% (0)	6.0% (5)	84
Abolish the "second adult rebate" for working age claimants. This would stop those who are not entitled to council tax benefit getting support because they share a house with someone who has a low income (see example five in the consultation document).	40.2% (33)	23.2% (19)	11.0% (9)	9.8% (8)	15.9% (13)	82
				answered question		84
				skipped question		2

Council Tax Reform - Mid Suffolk



1. How strongly to you agree or disagree with these statements?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Response Count
Making work pay, by reducing the amount of benefits available to those of working age. On average all those in receipt of benefits will have to pay a minimum of 5% of their council tax (see scenario two on main web page).	24.1% (19)	13.9% (11)	11.4% (9)	20.3% (16)	30.4% (24)	79
Making sure owners of second homes make a fair contribution to the local area. This would ensure that owners of second homes, who currently only pay 90% make an equal contribution (see scenario six on main web page).	83.8% (67)	11.3% (9)	2.5% (2)	1.3% (1)	1.3% (1)	80
Removing the discount available to owners of empty homes. This would help bring empty properties back into use so that they can be used to house local families (see scenario seven and eight on main web page).	78.2% (61)	11.5% (9)	6.4% (5)	2.6% (2)	1.3% (1)	78
Abolish the "second adult rebate" for working age claimants. This would stop those who are not entitled to council tax benefit getting support because they share a house with someone who has a low income (see scenario five on main web page).	43.0% (34)	21.5% (17)	15.2% (12)	15.2% (12)	5.1% (4)	79
				answered question		80
				skipped question		0

Workshops

Suffolk Private Landlords meeting

Dove Meeting Room, Mid Suffolk District Council

4th September 2012

Attendance list

Hawes Property Investment – Keith Hawes	Kirkwood Investments
Temples – Louise Gallagher	
Private – Mike Collins	Ask – Tony Kearney
Upstix – Sarah Pulford	
MTC Lettings – Moya Kruse	Private – P Nicholls
ISCU - Sally Chicken	
Elizabeth Holdings PLC – Chris Trindall	

Issues discussed:

- Concern raised over availability of Council Tax exemption for landlords between lets. A prediction was made that if their was not a suitable exemption available landlords will not sufficiently refresh and redecorate their property in void periods and property conditions will worsen. It was agreed as a group that 6 weeks would be a reasonable amount of time to allow a landlord to prepare their property for their next tenant. It was emphasised that it is reasonable to shorten the period that is currently available however, to not less than 6 weeks.
- The group asked if Single Discounts could be reviewed to deliver savings. It was explained that this is not possible. However, the group expressed they feel this would be a more affective way of delivering the required savings.
- A concern was raised over emphasising a tenant is responsible for Council Tax during their tenancy even if they have absconded. The Local Authority rep's explained that if the property is empty it is the landlords responsibility. The group discussed the hardship this will cause the landlord if the exemption period if reduced to six weeks as they may not be aware of the property being empty straight away.
- A suggestion was made to reduce exemptions for churches and Farm buildings. The Local Authority reps explained they do not have powers to review these exemptions.
- A question was also raised regarding Suffolk County Council owned properties and whether they will still have to pay.
- A comment was raised addressing the "work incentives" associated with the Local Council Tax Support and asked how would changing the exemptions increase work incentives. The Landlord made the point that reducing the maximum Council Tax Support available to working age would be the only way to increase work incentives and minimise the affect on landlords.
- A suggestion was made that while a property is intended to be let, could an exemption apply?

- A suggestion was also made that if the landlord is improving a property, especially in terms of improving the EPC, could the property be exempt from Council Tax. The point was made that the landlord is investing in improving a property and this should not be discouraged.
- A suggestion was made that perhaps there could be two levels of exemption available dependant on the level of improvement works that are being undertaken.
- A question was raised over the power of the Authority in investigating empty properties. All agreed that the Local Authority has little power to ensure empty properties are brought back into use, and the only options are incentives for owners to do so.
- A concern was raised over how urgent the recovery of non payment will be. All agreed it will be the same treatment as now.

Suffolk Social Landlords meeting

Dove Meeting Room, Mid Suffolk District Council

5th September 2012

Attendance list

Ipswich Borough Council - Martin Ashpole	Haverbury Housing – Jez Robbins
Richmond Fellowship – Michelle Bessell	
Richmond Fellowship- Janet Webb	Flagship Housing – Fiona Corbett
Flagship Housing - Gary Allen	
Flagship Housing – Daniel Crisp	Habinteg Housing – Katie Foreman
Flagship Housing – Samantha Shimmon	
Flagship Housing – Vicki Tischler	Flagship Housing – Tim Allen
Flagship Housing - Helen	
Broadland Housing Group – Sally Farrer	Flagship Housing - Ross Banos
Mid Suffolk District Council – David	
Sanctuary Housing – Sheila Robertson	Waveney District Council – Dave Howson
Waveney District Council – Andrea Dennis	

Issues discussed:

- Concern was raised over the misfortune of some tenants and the likelihood they will be affected by a number of the welfare reforms, such as Council Tax Support and SRS Size Criteria deductions.
- A question was asked regarding the timescales for recovery of unpaid Council Tax for those that are receiving Council Tax Support, and whether there will be a change to consider the new scheme.
- There was concern over official demand letters being sent to customers who may have never had to pay Council Tax before.
- It was asked at what stage we may consider referring someone to a support groups such as SNAP? It was advised that generally information on the SNAP project would be provided at a DHP request, and similarly could be considered when an application is made for “exceptional hardship” for Council Tax.
- Concern was raised over literacy issues of our customers and perhaps not understanding that they will be expected to pay a portion of their council tax bill. Fiona from Flagship advised they are currently visiting tenants that will be affected by the SRS Size Restrictions and have identified some tenants that have literacy issues. It was asked if details could be shared with the Local Authority.
- It was asked if a customer is on the waiting list for Support through SNAP or a similar organisation, could enforcement action be delayed. It was advised that this would not be possible.
- The group discussed the issues that we face with recovery of Council Tax whilst some of these customers will also be being chased for rent arrears.

Suffolk Charitable and Voluntary Groups meeting

Dove Meeting Room, Mid Suffolk District Council

4th September 2012

Attendance list

SNAP - Stella Morris	SNAP - Sue Shirley
FIAS Suffolk County Council - Claire Tolliday	
FIAS Suffolk County Council – Paul Brooks	IHAG - Hayley Kendall
IHAG – Halford Hewitt	
Alzheimer’s Society - Sue Vincent	Action for Blind People - Anita
MorleyGuide Dogs – Pat Nightingale	
Ipswich Blind Society – Les Nightingale	Suffolk DAAT – Simon Alders
Genesis – Rodney Black	
Genesis – David Robson	Sanctuary Housing – Janice
Fraser Leiston CAB – Mary Anne Woolf	
Felixstowe CAB – David Davies	Disability Advice Service (East Suffolk) – Jen Morloy
Refugee Council – Tom Daly	Catch 22 16+ Team – Nic Hammond
St Johns Housing Trust – Adrian Palmer	
Suffolk Housing Society - Ian Dodds	Age UK – Jayne Day
YMCA Suffolk – Barbie Adams	
YMCA Suffolk – Sharon Stokoe	Rope Trust – Liz Combes
Rope Trust – Gaye Wightman	
DWP – Phil Yull	DWP – Tracey Moore
Wherry Housing – Ashley Rumball	
Lighthouse WA - Nicky Parris	Flagship Support – Andrew Johnson
Anglia Care Trust – Nicola Clarke	
SSAFA – James Kelly	

Issues discussed:

- FIAS asked if it will be possible to get DHP to pay Council Tax shortfall

Local Authority Rep’s advised this would not be possible and an “exceptional hardship” fund is being looked into. Emphasised the Hardship fund is a local decision and not a national duty.

- Disability Advice Service asked for full clarification on the Pro’s and Cons of reducing discounts on second homes etc.

The two exemption class’s that are being reviewed were discussed. Sharon explained the moral questions involved in deciding how these exemptions are reviewed and explained we want to keep incentives for landlords to redecorate and renovate properties whilst making the savings that are required.

- IHAG raised a question over HMO’s and Council Tax support

John explained if you are living in an HMO then the Council Tax charge is part of the eligible services and will still be fully considered as part of the Housing Benefit calculation.

- Ipswich Blind Society raised concerns over disabled people and how they will be affected, specifically those with disabled children.

It was explained that the disregards that are currently in place that consider disabled household members will still stand and are not being reviewed as part of this exercise. However, no group other than those of pension age will be exempt from paying at least a small portion of their Council Tax bill. It was explained that having a disregard in place as well as claiming Council Tax Support will mean the amount left to pay will be less. The “exceptional hardship” fund was discussed as an option to help with the shortfall.

- Disability Advice Service raised concerns over their clients being reliant on DHP’s and the hardship fund to pay their rent and council tax shortfall

The general view of DHP’s was discussed and explained that although DHP is an option it is still time limited. Local Authority Rep’s explained that where a DHP is paid advice is given, to seek cheaper accommodation etc. It was explained that although this can be considered in terms of rent shortfall, it is important to remember regardless of where you live, working age people will still have to pay a small portion of their Council Tax bill.

- Ipswich Blind Society asked what is meant by “Discretionary”

John explained that there are no DHP’s policy due to be discretionary, the Local Authorities are unable to produce “rules”.

- IHAG Money Advice raised concerns over recovery issues and asked if there is potential to work more closely with the Money advice team on this.
- IHAG asked if Student disregards and Single Discounts could be reviewed to deliver savings

The Local Authority representatives advised this is not possible and we are not able to change the discounts as they currently stand.

- Genesis asked is there was a way of linking to other benefits should a claimant not pay their Council Tax. Genesis also pointed out that it is unfair that people that are not living in HMO’s but similar situation will be expected to pay some of their Council Tax Bill, whereas those in HMO’s will still have full portion of Council Tax considered as part of Housing Benefit claim.

Discussed attachment to benefits. Would still need to go to court for a Liability Order.

- Action for Blind advised it is difficult to absorb what the changes are at this stage, and the affect they will have.
- The Leaving Care Team advised raised their concerns over their clients who will be expected to pay Council Tax for the first time, while trying to manage n a very low income.

- Disability Advice Service raised their concerns over the groups that have already been negatively hit by ESA changes and them having no extra income to pay Council Tax shortfall. They also asked if advice groups can help with application process.

All discussed the importance of keeping good contact with the Local Authority with regard to the hardship fund that will be available. All discussed that the application process will be as now and will be open to all, and all would be grateful for the help the advice groups can provide with regard to the application.

- The Refugee Council highlighted the importance of monitoring the affects of all the changes and to report to Government on them and discuss with other Local Authorities. They also raised a point that introducing work incentives for those that do not work does not aid the most deprived as those that can often be in poverty are low earners as apposed to unemployed.

It was explained that Local Authorities will be expected to monitor the reason a DHP is awarded and identify which Welfare Reform has caused the financial hardship.

- Action for Blind raised a point that there is too much reliance on the voluntary groups to support those that will be affected.
- Felixstowe CAB requested up to date information to be available on the Local Authority websites. Requesting information on the changes be provided to those affected as soon as possible.

Council Tax Benefit - current details

Babergh

- Babergh currently pays out £5.4m council tax benefit
- 6156 households are in receipt of council tax benefit of varying amounts. Of the 6156 households, 3355 (54%) are of pension age and 2801 working age.
- 1612 of the 2801 working age recipients in Babergh are in receipt of a “passport benefit” – a means tested Department of Work and Pensions (DWP) benefit such as Income Support, income based Job Seekers Allowance or income based Employment Support Allowance.
- This group’s average council tax benefit is currently £18.28 per week (£950.56 per annum). The average council tax benefit payment of the remaining 1189 working age council tax benefit recipients currently stands at £13.53 per week (£703.56 per annum) and the current increase in number of claims is circa 4%.

Mid Suffolk

- Mid Suffolk currently pays out £4.75m council tax benefit
- Council tax benefit current caseload stands at 5464. Of the 5464, 3243 (59%) are of pension age.
- 1332 of Mid Suffolk’s 2221 working age council tax benefit recipients are in receipt of a “passport benefit” and this group’s average council tax benefit payment is £18.55 per week (£964.60 per annum)
- The average council tax benefit payment of the remaining 889 benefit recipients is currently £15.86 per week (£824.72 per annum). The current caseload growth is 3%.

Savings and potential additional income**Babergh**

Note	Proposal	Number affected	Saving/Additional Income £
1	Reduce entitlement by 8.5% and increase taper from 20% to 25%	2801	243,680
2	Complete withdrawal of second adult rebate	43	21,376
	Potential income from working age claims		265,056
3	2 nd home remove 10% discount	766	99,345
4	Class C - 4 weeks 100% reduction then no reduction		364,705
5	Class A - 30% reduction day 1	259	80,794
6	Class L no exemption	76	32,670
	Potential income from exemptions / second homes		577,514
	Other potential income		
7	Empty home premium	259	118,540

Mid Suffolk

Note	Proposal	Number affected	Saving/Additional Income £
1	Reduce entitlement by 8.5%	2221	148,059
2	Complete withdrawal of second adult rebate	33	23,385
	Potential income from working age claims		171,444
3	2 nd home remove 10% discount	584	75,974
4	Class C 4 weeks 100% reduction then 0%		396,408
5	Class A 30% reduction day 1	240	94,799
6	Class L no exemption	61	25,190
	Potential income from exemptions / second homes		592,371
	Other potential income		
7	Empty home premium	289	132,473

Explanatory Notes:

1. Currently Council Tax Benefit is calculated on the claimant's full council tax liability (100%). Above has been modelled using 91.5% i.e. an 8.5% reduction.
2. Second Adult Rebate this is awarded in respect of a second adult sharing the household who would normally be expected to contribute towards the council tax bill but cannot afford to do so, based on their low income as indicated by prescribed low wages or prescribed working age benefit indicators.
3. 2nd homes – currently only pay 90% council tax. This covers 2 classes of dwelling:
 - a. a Class A dwelling is defined as a dwelling "which is not the sole or main residence of an individual, which is furnished, and the occupation of which is restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year"; and;
 - b. a Class B dwelling is defined as a dwelling "which is not the sole or main residence of an individual, which is furnished, and the occupation of which is not restricted by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year."
4. Class C – property empty and unfurnished (current exemption up to 6 months).
5. Class A – property empty and substantially unfurnished and undergoing major repair or structural alterations to render the property habitable (current exemption up to 12 months).
6. Class L – Property unoccupied and in the possession of the mortgagee.
7. Empty Home premium - indicative potential income, which will vary year to year. Treat as a 'windfall' and firm up once Government consultation and final regulations received.