

# Taunton Deane Borough Council

**Executive - 13 November 2013**

## **Review of Council Tax Support scheme**

**Report of Head of Revenues and Benefits**

(This matter is the responsibility of the Executive Councillor Vivienne Stock-Williams)

### **Executive Summary**

On 1 April 2013 Council Tax Benefit (CTB) was abolished and replaced with a locally designed "Council Tax Support Scheme" (CTS). Each billing authority (district council in two-tier area) is responsible for designing and approving a CTS scheme for their area. Only 90% of funding previously granted for CTB was given for localised CTS. However, those of pensionable age were protected from any reduction in support, so cuts could only apply to people of working age.

On 11 December 2012, Full Council adopted the Local Council Tax Support scheme for 2013/14. Consideration must now be given to the scheme for the financial year 2014/15 that will need approval by Full Council by 31 January 2014.

The Government state they will keep localised CTS funding unchanged in cash terms from its 2014-15 total level. However funding for localised CTS is incorporated in the total Local Government Finance Settlement (LGFS) and is not separately identified. This is the grant we get from central Government as a contribution towards the cost of our services. We have indicative figures the LGFS will reduce not only in 2014/15 but in future years. Therefore, Members may wish to consider applying cuts to localised CTS spending.

A decision not to change the money paid out by CTS will leave a greater cut in the remaining LGFS. A decision to decrease the money paid out by CTS by the same proportion the LGFS is reduced could mean significant cuts in CTS available to working age recipients. For example, we have indicative figures the LGFS will be cut by 14.3% in 2015/16. If Members decide to decrease the money paid out by the localised CTS at the same level, this will reduce CTS for working age recipients by £876k.

Such a reduction should be considered against the cuts already applied to people of working age when we replaced CTB with CTS in 1 April 2013. In 2012/13, we paid CTB of £3.54m to working age recipients. From 1 April 2013, CTS for this group reduced to £2.71m - a cut of approximately 23%. Cutting CTS by £876k in 2015/16 will reduce help available to working age recipients to £1.83m. This equates to a cut of 48% in comparison to help previously available through CTB in 2012/13. Such a reduction in support will impact upon working age people already affected by significant cuts through Welfare Reform, for example the overall Benefit Cap and removal of the spare room subsidy ("bedroom tax").

If we are to amend localised CTS we must undertake public consultation on any proposed amendments before the scheme can be adopted. We do not need consultation if the Council decides to retain our existing CTS scheme for 2014/15.

The proposals and recommendations in this report were considered by Corporate Scrutiny on 19 September 2013. No changes were requested. The Committee unanimously supported the recommendations.

## **1. Background**

- 1.1. The Council Tax Benefit (CTB) scheme was abolished on 31st March 2013 and replaced by the Council Tax Support (CTS) Scheme. The Government provide all billing authorities (and major precepting authorities) with a grant and expect Councils to design a Council Tax Support scheme to help those on low incomes to meet their Council Tax liability. The scheme is referred to in the Local Government Finance Act as the "Council Tax Reduction Scheme". It is important to understand the Government grant will not rise each year to match demand and it is not ring-fenced.
- 1.2. Each of the major precepting authorities in Somerset receive the grant based on their current share of Council Tax receipts and therefore the County Council get the biggest share. If more residents than expected claim Council Tax Support, the major precepting authorities share the risk based on their share of council tax receipts.
- 1.3. We must agree any local scheme with the major precepting authorities i.e. Somerset County Council, Avon and Somerset Police and Devon and Somerset Fire and Rescue Authority by 31 January 2014. If we cannot agree, the Government will impose a default scheme that will be much more expensive than our localised CTS scheme for 2013/14.
- 1.4. Schemes can be changed and what we have in place for 2014/15 does not have to remain in place for subsequent years, but we cannot change schemes mid-year.
- 1.5. Councils are not allowed complete freedom on the design of their Council Tax Support schemes. The Government have stipulated that pensioners should be fully protected under the same criteria that previously applied to Council Tax Benefit. This principle means there is no local discretion in CTS awards for people over pension age, as there are nationally set entitlement rules for this group. Pensioners, make up 48% of our CTS caseload, but account for 55% of spending on CTS. This means any cut in the support paid under CTS is borne by the remaining 52% of working age claimants
- 1.6. The Government say we must also protect, as far as possible, CTS for vulnerable groups. There is no definition of which groups are counted as "vulnerable" as each authority has to make its own assessment. However, the Government have highlighted Local Authority statutory duties regarding:
  - Children and duties under the 2010 Child Poverty Act to reduce and mitigate the effects of child poverty
  - Disabled people and duties under the Equality Act 2010
  - Homelessness Prevention and duties under the 1996 Housing Act to prevent homelessness with special regard to vulnerable groups.

It is up to Billing Authorities to decide how they apply any such protection. Our scheme considers disabled people's needs and those responsible for children. It fully ignores income from a War Disablement or War Widows Pension. Also following the Government's direction, our CTS scheme strengthens work incentives and does not discourage people to move off benefits and into work or to stay in work.

## **2. Council Tax Support Scheme for 2013/14**

- 2.1. People of pension age were protected as required and a more generous system applied. If a person claims Pension Credit (guarantee element) there is no limit on the savings they can have and they will normally not pay Council Tax at all. Pensioners with higher incomes can also qualify, even if they do not get Pension Credit. Depending on their circumstances they can qualify for some help with their Council Tax with an income of £400 a week or more

2.2. For people of working age, we adopted a scheme with the following key elements:

- Maximum support is 80% of Council Tax - everyone of working age has to pay something;
- Non-dependant deductions are increased;
- Second adult rebate stopped;
- Child maintenance is counted as income;
- Earned income disregards were increased;
- Hardship fund set up for short-term help (this is a Collection Fund commitment and not fully funded by TDBC).

2.3. There were about 8,300 people of working age who moved from the Council Tax Benefit scheme to the localised CTS scheme. The average weekly CTS award for a Pension Age claim is £15.80, whilst for people of Working Age, it is £12.06. Other key facts on CTS caseload, spending and budgets are shown below:

Claimant type	% of total claims	Caseload at 30 September 2013	% of total spend	CTS Expenditure
Working Age	52%	4,245	45%	£2,661,815.32
Pension Age	48%	3,915	55%	£3,248,314.41
<b>Total</b>	<b>100%</b>	<b>8,160</b>	<b>100%</b>	<b>£5,910,129.73</b>

Table 2.3.1

Breakdown of working age group	% of claims	Number of claims
Working Age – IS/JSA/ ESA income based	26%	1,122
Working Age – disability (not on IS/JSA/ESA income based)	29%	1,233
Working Age - with children (not on IS/JSA/ESA income based)	30%	1,273
Working age in remunerative work (over 16 hours) (not on IS/JSA/ESA income based)	8%	311
All other working age customers (not on IS/JSA/ESA income based)	7%	306
<b>Total</b>	<b>100%</b>	<b>4,245</b>

Table 2.3.2

Authority	CTS Budget
Taunton Deane Borough Council (9.52%)	£583,214
Parishes and the Unparished Area (0.98%)	£60,224
Somerset County Council (72.35%)	£4,431,803
Avon and Somerset Police (11.84%)	£724,886
Devon and Somerset Fire and Rescue Authority (5.31%)	£325,235
<b>Total Budget</b>	<b>£6,125,362</b>

Table 2.3.3

2.4. Members will see from the totals shown in the tables 2.3.1. and 2.3.3. we are currently paying out £215k less in CTS than the budget. This “underspend” equates to 3%. While we award most CTS at annual billing, fluctuations in claimant need impact on Council Tax Support take-up and the consequent expenditure. To put this into context, if 210 more people claim CTS, then our budget would be overspent. In 2011/2012 our caseload increased by 196 claims.

- 2.5. From October 2013 the Government plans to begin merging payments of Income Support, income-based Jobseekers Allowance, income-related Employment and Support Allowance, Child Tax Credit, Working Tax Credit and Housing Benefit into a single payment called "Universal Credit". The exact details of how Universal Credit will work are still emerging but in working out CTS, we will treat Universal Credit as income but we will apply a disregard for any payment for housing costs.
- 2.6. We designed our CTS scheme considering ability to pay and the collectability of the resultant Council Tax liability. At the time of writing this report, we have data up to 30 September 2013. Early signs are that collection has decreased by 0.54% compared with last year (September 2012). The volume of recovery action (reminders and summons) has greatly increased. Recovery action is still in the early stages for 2013/14 and collection should improve as the year progresses and we take further action. When setting Council Tax for 2013/14, TDBC Finance Officers assumed a small reduction in collection and the shortfall so far is within that assumption
- 2.7. There have been relatively few complaints about the scheme and most people affected have accepted they need to pay something. Revenues Officers have set up special arrangements to help people struggling to pay. We routinely offered 12 monthly instalment arrangements (usually Council Tax is paid over 10 months) for customers affected by the reduced help through CTS and have been quite successful in agreeing new Direct Debit arrangements. However, it is too early to predict confidently the impact of our localised CTS scheme. Clearly those affected are residents on low incomes and are typically being asked to pay £150 - £300 Council Tax a year when previously they had nothing to pay.
- 2.8. We have updated our current scheme to include minor legislative changes and amended amounts due to up-rating and a draft copy of the scheme is attached at Appendix 1. Further updating to allow for annual "uprating" of applicable amounts will be required when these amounts are known later this year. Although members can decide to alter the scheme for 2014/15 **the recommendation is to leave our localised CTS scheme unchanged in 2014/15**. It is currently within budget and operating within the collection parameters used at tax setting. National funding and demand is expected to be similar in 2014/15 as now. Other Somerset billing authorities (Mendip, Sedgemoor and West Somerset) have given early indications they will leave their CTS schemes unchanged in 2014/15.
- 2.9. From 31 March 2014, when we have fully implemented recovery measures we can get a better picture of collection rates and the impact of reduced CTS on affected households. However, Members are well aware of the national economy and the uncertainty facing local government funding in the medium term. There can be no certainty the council can preserve the localised CTS scheme at its current level into the medium term.
- 2.10. Members can decide now - in advance of updated information - if they wish to consider changing the scheme from **2015-16**. Creating a revised scheme will involve complex decisions and judgements on which groups of claimants would face reduced support.

### 3. Options for the future CTS scheme

3.1. The main options available are:

- Option 1 - To leave the scheme unchanged as now but make efficiency savings/ cuts in services, and/or use reserves to meet the funding gap either in full or part;
- Option 2 - To pass on any further funding shortfall in full to all working age residents receiving localised CTS, reducing their financial help;
- Option 3 - To offset some of the effects of any further funding shortfall by increasing revenue, specifically using discretionary changes to Council Tax discounts and exemptions as in 2013/14; or
- Option 4 - A combination of the above

3.2. Options appraisal

Option	Advantages	Disadvantages
1 - cuts in services/ use of reserves	<ul style="list-style-type: none"> <li>• Vulnerable better protected</li> <li>• Lessens financial impact on claimants</li> </ul>	<ul style="list-style-type: none"> <li>• Costs borne by Council Taxpayers or cuts in other TDBC services</li> <li>• Not sustainable over multiple years</li> </ul>
2 - reduce financial support to claimants	<ul style="list-style-type: none"> <li>• Meets government objectives</li> <li>• Council Taxpayers protected</li> </ul>	<ul style="list-style-type: none"> <li>• Will not achieve full objectives due to level of cuts needed and collection difficulties</li> <li>• Impacts heavily on those with little or no means to pay</li> </ul>
3 - offset by increasing revenue by Council Tax exemption and discount changes	<ul style="list-style-type: none"> <li>• Vulnerable better protected</li> <li>• Lessens financial impact on claimants</li> <li>• Principles fit with bringing homes into use quicker and could benefit the council through the New Homes Bonus</li> </ul>	<ul style="list-style-type: none"> <li>• Will not achieve full objectives due to level of cuts needed</li> <li>• Costs borne by Council Taxpayers</li> <li>• Revenue generated may not be realised</li> </ul>
4 - combination	<ul style="list-style-type: none"> <li>• Shares out cost more evenly</li> <li>• Gives some cushion to the financially disadvantaged</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue generated may not be realised</li> <li>• Not sustainable over multiple years</li> </ul>

Table 3.2.1

### 4. Implications

- 4.1. It is likely some working age people will be disadvantaged financially unless a decision is taken to “bridge the gap” between the expected cut in the Government grant and the current localised CTS award levels. This would impact on all Council Taxpayers by increasing the Council Tax levied and/or cut other Council services. Any increase in basic Council Tax above 2% in 2014/15 or 2015/16 is expected to trigger the requirement for a Referendum with local taxpayers, which in itself will be costly.
- 4.2. Should there be any shift in proportions between working age and pension age or further economic downturn resulting in more people relying on some form of state financial support, there would be greater pressure on remaining Council Taxpayers to meet potentially higher outlay.
- 4.3. Council Tax Collection will be a much harder task as shown by the experiences of Local Authorities when they tried to collect relatively small amounts of (20%) Community Charge (Poll Tax) from people with minimal financial resources. This will result in more pressure on Revenues staff.
- 4.4. There are potentially significant Equalities issues depending on how we configure CTS locally for vulnerable groups.

- 4.5. Although the Council is not legally required to include transitional protection for claimants moving from one CTS scheme to a replacement scheme, the legislation does state that Members must consider if transitional arrangements may be needed and if protection should apply to all groups or just certain groups. Such protection could limit our ability to realise the full savings required

## **5. Highlighted risks**

- 5.1. The financial risks associated with localised CTS are notable and there are several major assumptions and estimated data used in calculations including:
- The CTS grant will continue to be at least that outlined in DCLG forecasts (however as it will be part of a bigger grant the exact amount received for this particular element will not be transparent);
  - The number of people claiming localised CTS will not increase significantly above estimated caseload profile;
  - The relative split of caseload between those of pension age and working age will not alter significantly from the present split;
  - People will still have the financial means to pay a proportion of Council Tax as well as meeting their other commitments and living needs;
  - Major preceptors may not contribute proportionately towards increased costs of Council Tax collection;
  - Overall Council Tax collection rates will not significantly decrease;
  - The element of administration grant received from the government for administering Council Tax support will not reduce significantly.

## **6. Consultation**

- 6.1. The recommendation for 2014/15 is to leave the scheme as it is, but consultation is necessary if the CTS scheme is to change from 2015/16.
- 6.2. Last year, consultation with the major precepting authorities gave a clear steer they wanted our scheme to be cost neutral (i.e. to keep localised CTS spending within the expected Government grant).
- 6.3. Consultation on changing our CTS scheme from 2015/16 will be:
- From 6 January 2014 we will start joint consultation with precepting authorities (Somerset County Council, Avon and Somerset Police, and Devon and Somerset Fire and Rescue Authority)
  - Public consultation is likely to start on 24 February 2014. By including consultation with Council Tax bills during annual billing for 2014/15 we will ensure every Council Taxpayer has the opportunity to comment on our proposals. This will also minimise consultation costs of as there will be no added postage charges. We will also carry out on-line consultation through the Council's website as well seeking separate views from local stakeholders - e.g. Citizens Advice Bureau, Age UK, JobCentre Plus and the Tenants Forum.
- 6.4. Results from the consultation exercise will be collated and reported to members of the Corporate Scrutiny Committee.
- 6.5. The consultation will be carried out broadly based on:
- (a) No change to the scheme;
  - (b) Views on the options for cuts detailed in 7.2.
- 6.6. Any costs of consultation on the localised CTS scheme for 2015/16 must be met from existing budgets.

## **7. Approach to Revising Localised Council Tax Support**

- 7.1. To provide options to Members for 2015/16, public and preceptor consultation must be complete by the end of August 2014. This will provide enough time to evaluate the responses and gather more information on Council Tax collection rates. However, without a decision on the money available to pay out in Council Tax Support, any consultation must contain some options.
- 7.2. There are three basic options.
- i. **Pass on the full amount of the anticipated grant cut**
    - This would increase the amount working age recipients have to pay by £4 a week on average.
    - Such a large cut could cause significant defaults in Council Tax payments and mean we collect less Council Tax than we do currently as people decide they cannot afford to pay the amount sought and stop paying anything at all.
    - To put £4 a week into perspective, a single unemployed person aged over 25 receives £71.70 a week in Job Seeker's Allowance. They are already being asked to pay from £2.70 (Band A) to £8.11 (Band H) a week towards their Council Tax, so passing on the anticipated full grant cut would increase their weekly Council Tax payments to £5.41 (Band A) up to £16.22 (Band H).
  - ii. **Absorb the cost in full**
    - TDBC and the other preceptors would jointly fund the difference between CTS paid out and the grant we expect to receive in 2015/16.
    - For Somerset County Council, this could result in a loss of income of approximately £630K with the TDBC having to fund approximately £83k.
    - This has the potential for objections from preceptors and non-CTS recipients as these are the people who could be viewed as "subsidising" CTS recipients.
  - iii. **Pass on some of the cut**
    - The problem here is discovering the "tipping point" at which CTS recipients might decide the amount we are asking them to pay is simply unaffordable.
- 7.3. The first and third options will have to include potential ways of achieving each option in the public consultation to ensure the consultation is meaningful.
- 7.4. The more flexibility on consultation and options included, the greater likelihood consultation can be based on the best available information and therefore provide better information on which the Council can set its scheme for the following year
- 7.5. The final decision on scheme design will still rest with Full Council

## 8. Proposals for changing the CTS scheme from 2015/16

- 8.1. While it may be necessary to reduce spending for Council Tax Support we must consider the impact on “vulnerable” groups. As stated in paragraph 1.6. authorities must make their own assessment of which groups should be treated as “vulnerable”, although people with disabilities and those with responsibility for young children are likely to fall into this category. Our proposals therefore seek to mitigate the effect on these groups as well as align income considered for CTS purposes with DWP rules for other welfare benefits to ease any administration burden in future.
- 8.2. Although the Council is not legally required to include transitional protection for claimants moving from one CTS scheme to a replacement scheme, the legislation states Members have a duty to consider if transitional arrangements may be needed and if protection should apply to all groups or just certain groups.

### 8.3. Proposal 1 - Maximum CTS limit

- 8.3.1. We would propose to limit the maximum support a working age person can receive, from 80% to between 50% and 70% (final percentage dependant on expected Government grant. However, on the assumption of maximum support being 60%, this means everyone would have to pay at least the figures shown in the tables below:

Single Claimant					
Band	Annual Council Tax (after sole occupier discount)	Current minimum contribution 2013/14	Minimum proposed Annual Contribution	Current minimum weekly contribution 2013/14	Minimum proposed weekly Contribution
A	£702.96	£140.59	£281.18	£2.70	£5.41
B	£820.12	£164.02	£328.05	£3.15	£6.31
C	£937.28	£187.46	£374.91	£3.60	£7.21
D	£1,054.43	£210.89	£421.77	£4.06	£8.11
E	£1,288.75	£257.75	£515.50	£4.96	£9.91
F	£1,523.07	£304.61	£609.23	£5.86	£11.72
G	£1,757.39	£351.48	£702.96	£6.76	£13.52
H	£2,108.87	£421.77	£843.55	£8.11	£16.22

Table 8.3.1

Claimant Couple					
Band	Annual Council Tax	Current minimum contribution 2013/14	Minimum proposed Annual Contribution	Current minimum weekly contribution 2013/14	Minimum proposed weekly Contribution
A	£937.28	£187.46	£374.91	£3.60	£7.21
B	£1,093.49	£218.70	£437.40	£4.21	£8.41
C	£1,249.70	£249.94	£499.88	£4.81	£9.61
D	£1,405.91	£281.18	£562.36	£5.41	£10.81
E	£1,718.33	£343.67	£687.33	£6.61	£13.22
F	£2,030.76	£406.15	£812.30	£7.81	£15.62
G	£2,343.19	£468.64	£937.28	£9.01	£18.02
H	£2,811.82	£562.36	£1,124.73	£10.81	£21.63

Table 8.3.2.

Financial effect in implementing proposal 1 in isolation	
Current CTS spend based on 80% maximum support	£5,910,129.73
Revised spend on CTS based on 60% maximum support	£5,165,591.25
<b>Potential saving</b>	<b>£744,538.48</b>
<i>TDBC's share (9.52 %) of the saving</i>	<i>£70,880.06</i>



#### 8.4. **Proposal 2 - Disregard Child Maintenance as Income**

- 8.4.1. Maintenance received for a child, is disregarded (ignored) in the default and prescribed Council Tax Support schemes as well as in the DWP's calculations for many other state benefits. To align our CTS scheme more closely with DWP benefits and therefore provide for simple administration, we would ignore maintenance received for a child or children.

<b>Financial effect in implementing proposal 2 in isolation</b>	
Current CTS spend based on 80% maximum support	£5,910,129.73
Revised spend through disregarding child maintenance	£5,935,258.19
<b>Potential increase in cost</b>	<b>£25,128.46</b>
<i>TDBC's share (9.52 %) of the increased cost</i>	<i>£2,392.23</i>

#### 8.5. **Proposal 3 - Flat rate Non-Dependant Deductions**

- 8.5.1. If the person claiming CTS has any non-dependants who are in work living in their home, we will usually make a deduction from their CTS entitlement. A non-dependant is a person aged 18 or over who is at work and is living with the person claiming benefit but not dependent on them, and not living in their home as a joint tenant or sub tenant. Non-dependants include an adult son or daughter, a mother or father, or a friend.
- 8.5.2. These non-dependant adults are assumed to give the claimant some money towards their Council Tax, regardless of whether they do so. We would propose to introduce one flat rate non-dependant deduction of £5 for each non-dependant in the property. Currently the rate of deduction is based on the non-dependant's income. This will align treatment of non-dependants to the proposed method in Universal Credit and will reduce administrative burdens.
- 8.5.3. The current and proposed levels of weekly deductions are shown in the table below:

<b>Non-dependant deductions for CTS</b>	<b>April 2013 (weekly)</b>	<b>Proposed from April 2015</b>
Receiving IS, JSA (IB), ESA (IR) or Pension Credit.	£4.80	£5.00
<b>Aged 18 or over and in remunerative work</b>		
- gross income less than £183	£5.80	£5.00
- gross income £183 to £316	£10.55	£5.00
- gross income £316 to £394	£13.50	£5.00
- gross income more than £394	£16.40	£5.00
<b>Others aged 18 or over</b>	£5.80	£5.00

Table 8.7.3.

<b>Financial effect in implementing proposal 3 in isolation</b>	
Current CTS spend based on 80% maximum support	£5,910,129.73
Revised spend through implementing flat rate non-dependant deductions	£5,923,529.28
<b>Potential increase in cost</b>	<b>£13,399.55</b>
<i>TDBC's share (9.52 %) of the increased cost</i>	<i>£1,275.64</i>

**8.6. Proposal 4 - Maximum CTS limit increased where the claimant or their partner gets Disability Living Allowance for care at the higher or middle rate**

8.6.1. We would propose to increase the maximum support if a working age person or their partner gets Disability Living Allowance for care at the higher or the middle rate. Our current scheme limits the maximum help available to 80% of the Council Tax liability. The proposal is that from 2015/16 the maximum help will be increased from 80% to 85%.

<b>Financial effect in implementing proposal 4 in isolation</b>	
Current CTS spend based on 80% maximum support	£5,910,129.73
Revised spend through increasing maximum to 85% for those getting DLA care at higher or middle rate	£5,935,770.22
<b>Potential increase in cost</b>	<b>£25,640.49</b>
<i>TDBC's share (9.52 %) of the increased cost</i>	<i>£2,440.97</i>

**8.7. Proposal 5 - Maximum CTS limit increased where the claimant is a single parent and is responsible for a child (children) under 5 years old**

8.7.1. We would propose to increase the maximum support if a working age person who is a single parent has responsibility for a child or children under 5 years old. Our current scheme limits the maximum help available to 80% of the Council Tax liability. The proposal is that from 2015/16 the maximum help will be increased from 80% to 85%.

<b>Financial effect in implementing proposal 5 in isolation</b>	
Current CTS spend based on 80% maximum support	£5,910,129.73
Revised spend through increasing maximum to 85% for single parents with children under 5 years old	£5,940,519.73
<b>Potential increase in cost</b>	<b>£30,390.00</b>
<i>TDBC's share (9.52 %) of the increased cost</i>	<i>£2,893.13</i>

**8.8. Illustrative financial effect of proposals for reduced Council Tax Support (CTS) for people of working age (based on data @ 31/8/2013)**

<b>Description of proposal</b>	<b>Revised CTS expenditure</b>
<b>Proposal 1.</b> Maximum CTS limit reduced to 60%	£5,165,591.25
<b>Proposal 2.</b> Disregard Child Maintenance as income <u>and</u> implement <u>Proposal 1</u>	£5,190,719.71
<b>Proposal 3.</b> Flat rate Non-Dependant Deductions <u>and</u> implement <u>Proposals 1 and 2</u>	£5,204,119.26
<b>Proposal 4.</b> Maximum CTS limit increased to 85% where the claimant or their partner gets DLA for care at the higher or middle rate <u>and</u> implement <u>Proposals 1, 2 and 3</u>	£5,229,759.75
<b>Proposal 5.</b> Maximum CTS limit increased if claimant is a single parent and is responsible for children under 5 years old <u>and</u> implement <u>Proposals 1, 2, 3 and 4</u>	£5,260,149.75
<b>Potential saving in 2015/16 by implementing all proposals</b> <i>(£5,910,129.73 less £5,260,149.75)</i>	<b>£649,979.98</b>

Table 8.8.1.

8.9. **Estimated budgetary savings for each preceptor based on implementing all proposals for reduced Council Tax Support (CTS) for people of working age.**

Authority	% CTS budget	Current Scheme Budget	Revised CTS budget	Budget saving
TDBC	9.52%	£583,214	£500,766	£82,448
Parishes / Unparished	0.98%	£60,224	£51,549	£8,675
Somerset County Council	72.35%	£4,431,803	£3,805,719	£626,084
Avon and Somerset Police	11.84%	£724,886	£622,802	£102,084
Devon and Somerset Fire and Rescue	5.31%	£325,235	£279,314	£45,921
<b>Total</b>	<b>100%</b>	<b>£6,125,362</b>	<b>£5,260,150</b>	<b>£865,212</b>

Table 8.9.1.

8.10. Carrying out any or all of these proposals for April 2015 will involve some changes to the Civica OpenRevenues system. There may also be a need to review the processes for assessing claims, and for managing the Discretionary Council Tax Reduction Scheme.

**9. Final Decision Making Process**

9.1. Following consideration by Corporate Scrutiny on 19 September 2013, this report recommending the Council Tax Support (CTS) scheme for 2014/15 is before the Executive on 13 November 2013, with a further report going to Full Council on 10 December 2013.

9.2. We cannot afford to wait until the deadline of 31 January to approve our local CTS scheme. Realistically, we need the scheme approved in December at the latest. The new scheme impacts on the Council Tax Base. By law, we must have the tax base approved by 31 January if we are to safely set tax next year. We can't risk this not being in place.

9.3. The other major preceptors are reliant on us providing tax base information in December for their own financial planning and budget setting. How we operate CTS will play a fundamental part in that.

**10. Finance Comments**

10.1. By running the scheme as a “discount” we share the risk of financing the costs with the other precepting authorities through the Tax base calculation. The first financial impact is on the Collection Fund that is used to manage all Council Tax income, before that funding is shared between the various local precepting bodies. Given TDBC’s share of the Collection Fund (shown in the chart below) is only 9.52%, the major element of the risk falls on the other precepting local authorities.

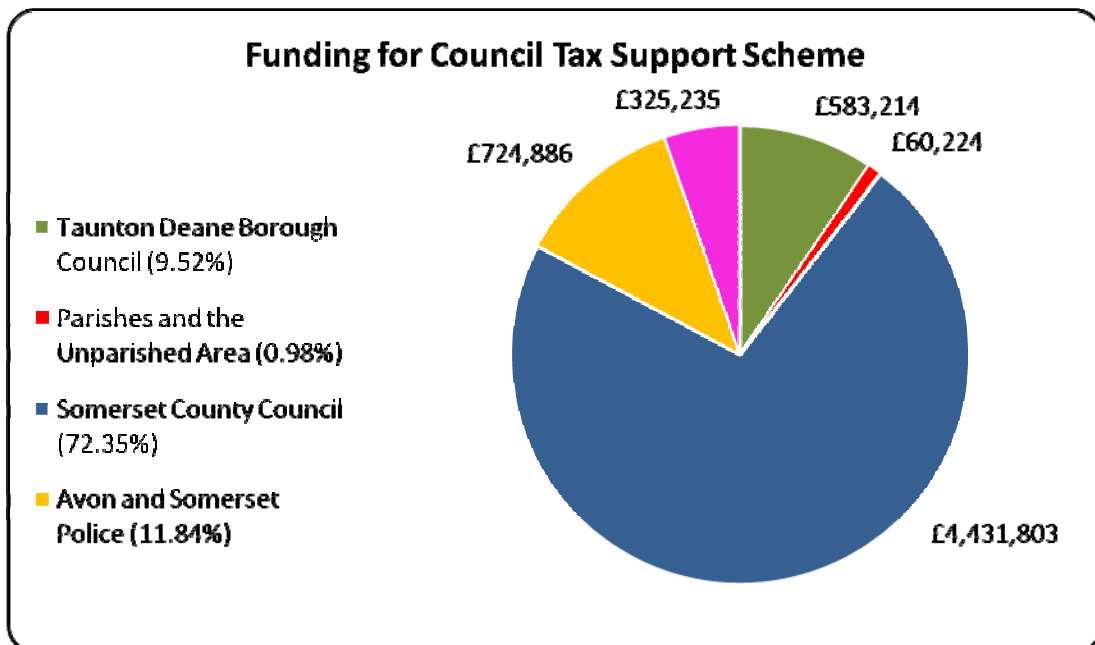


Chart 10.1.1.

- 10.2. Funding for localised CTS in 2015/16 is incorporated into the Local Government Finance Settlement (LGFS). Any decrease in the LGFS is not yet confirmed but we have indicative figures to show a reduction of 14.3%. On existing information, the net effect in decreasing CTS funding by the same proportion means reducing TDBC's contribution to the CTS budget by over £83k. Similar decreases in preceptors' contributions would see the overall cut in the CTS budget rising to £876k.

**Cut in CTS budget assuming preceptors reduce budget by 14.3% in 2015/16  
(Estimated cut in total CTS budget of £876k)**

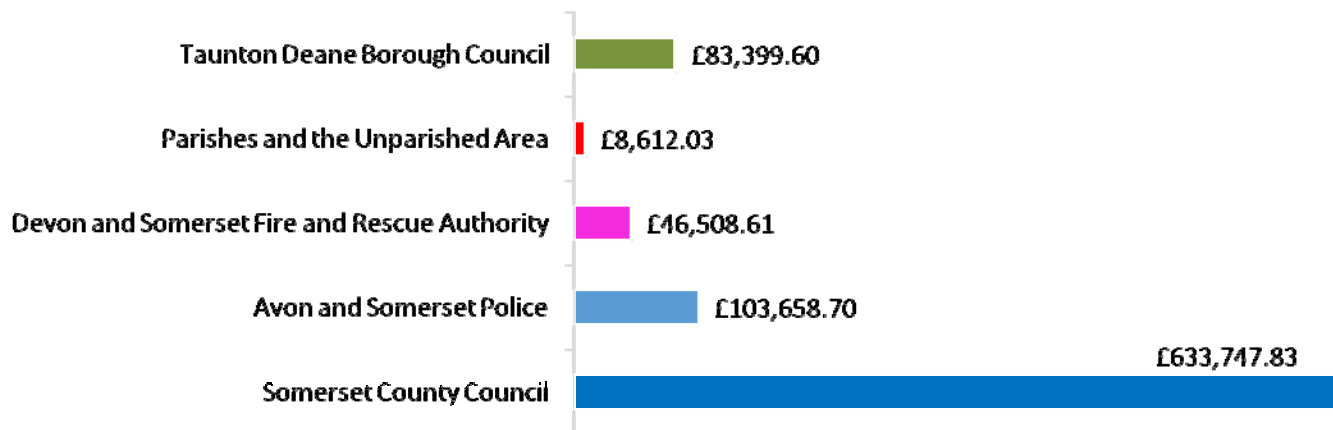


Chart 10.2.1.

- 10.3. CTS claimants of working age are adversely affected in reduced support available through CTS as the Government prescribe the CTS scheme for those of pensionable age and we have no discretion in the CTS paid to that group. In Taunton Deane, 48% of our claimants are pensioners and 52% are working-age. Therefore a cut in funding is shared across only our working-age claimants. If we exempt certain working age groups from cuts in support, for example people with disabilities, the cut in CTS for the remaining working age claimants will be even greater.
- 10.4. The Council and the major preceptors are expected to consider and fund any increases in demand for Council Tax Support. The trend in recent years has been an increase in caseload due to the economic downturn.
- 10.5. The Council has been required to make significant financial savings in recent years, and faces further major cuts in funding and increasing financial risks over the coming years. It is becoming increasingly difficult to preserve core services to local residents.
- 10.6. Against this background, further cuts in income from Council Tax are not considered to be a recommended way forward. The situation faced by TDBC is mirrored by the other authorities that precept on the Collection Fund (County Council, Police, Fire and Parish Councils). Reducing Council Tax income will increase the Council's budget gap (and increase budget pressures for major preceptors) and in turn place further pressure on service budgets.
- 10.7. **CTS Grant Funding to Parishes**
- 10.7.1. Within the 2013/14 Funding Settlement for TDBC, the Government included funding for Council Tax Support that included a proportion related to Parishes and Special Expenses. The Council decided to pass on a proportion of this funding to parishes to reflect their reduction in funding as a result of Council Tax Support, although there is no legal requirement to do so and no prescribed method by the Government. For 2013/14, a grant was given by TDBC to parishes based on the tax base reduction attributable to Council Tax Support in each parish multiplied by their 2012/13 Band D Charge.

- 10.7.2. The Funding Settlement for 2014/15 and beyond will not separately identify the proportion of funding for CTS for any preceptors - including TDBC and parishes. TDBC therefore needs to determine the policy for providing any CTS Grant funding to parishes for 2014/15, and it is recommended this is approved at this stage to give the Council and Parishes some certainty for financial planning and budget setting purposes.
- 10.7.3. For 2014/15 there are two proposed options, based on available information:
- Option 1:** Use the same formula that was used for 2013/14, so each parishes grant for CTS would be calculated as:
- CTS Tax Base Adjustment x 2012/13 Parish Band D Tax rate
- Option 2:** Use the same formula that was used for 2013/14, but apply the same reduction to parish grant funding as that experienced by TDBC in the Funding Settlement. Provisional figures indicate a 13.6% cut in funding for 2014/15, so each parishes grant for CTS would be calculated as:
- CTS Tax Base Adjustment x 2012/13 Parish Band D Tax rate x [1-0.136]
- 10.7.4. The Council is recommended to approve Option 1 as it will provide protection for parish budget. However, this does mean that TDBC will need to find savings from its own service budgets to subsidise CTS costs for parishes.
- 10.7.5. A third option would be for the Council not to provide a grant to parishes, and require them to budget and precept for CTS costs according to their local requirements. This would impact on the parishes to varying degrees depending on the Tax Base Adjustment and Band D charge for each parish. However, this is not a recommended option.
- 10.7.6. It is proposed the same funding principle agreed for parishes is applied to the Council budget for the Unparished Area Fund.

## **11. Legal Comments**

- 11.1. So far, the only legal challenges to localised CTS schemes have been on the basis that consultation was not carried out correctly. Although none of the challenges were successful, it highlights the importance of carrying out consultation and any amendments to the Local Council Tax Support scheme will need consultation to be undertaken.

## **12. Links to Corporate Aims**

- 12.1. Council Tax and Council Tax Support are most closely linked with the “Transformed Council” section that details three further objectives that underpin the Council’s ability to achieve the Corporate Aims. The three objectives are:
- Achieving financial sustainability;
  - Transforming services; and
  - Transforming the way we work

## **13. Environmental and Community Safety Implications**

- 13.1. There are no environmental and community safety implications associated with this report and there are unlikely to be any associated with the final design of the Local Council Tax Support Scheme.

## **14. Equalities**

- 14.1. The Council undertook a detailed Equality Impact Assessment (EIA) in preparation for the Council Tax Support Scheme in 2013/14. If Members approve this scheme to carry on for 2014/15 no further EIA will be necessary.
- 14.2. However, in considering amendments to the scheme for 2015/16 another EIA will be needed. That assessment will consider in detail what impact the changed policy could have on the protected characteristics: age, disability, gender reassignment, pregnancy, maternity, race, religion or belief, sex and sexual orientation. Although a full EIA will be presented to Members deciding on the final scheme for 2015/16, key impacts initially identified are:

### **Age**

- Working age customers are significantly impacted
- People who are just below pensionable age can be negatively affected. For example people close to retirement could have taken early retirement or redundancy and so on a lower income with less likelihood of finding on-going work.
- Families with children of pre-school age could be negatively affected as they have caring responsibilities so have more difficulties in finding work. They are protected to an extent by the maximum entitlement being limited to 90%

### **Disability**

- Carers have responsibility for caring and so have less opportunity to increase income through work.
- Disabled children – customers with a responsibility for a disabled child have less opportunity to increase income through work although they are protected to an extent by the maximum entitlement being limited to 90%
- Disabled customers are potentially unable to work or to increase hours of work to increase income, although they are protected to an extent by maximum entitlement being limited to 90%

### **Gender**

- Carers of pre-school children who are often female have caring responsibilities and so work is less likely to be an option.

### **Race**

- Large families are characteristics of some ethnic groups so there is potential that these groups could be negatively impacted by the flat-rate non-dependant deduction.

## **15. Risk Management**

- 15.1. A Risk Matrix has been prepared and is attached at [Appendix 2](#).
- 15.2. Working collaboratively with the other Districts in designing a local scheme mitigates certain specific risks such as reducing the likelihood of legal challenge and sharing costs if a challenge is made.
- 15.3. The risk of increased levels take-up for Support is a significant issue. Local Councils are exposed to both national and local trends in employment levels that impact on the number of working age people claiming benefits. If more people become eligible to claim CTS e.g. because of economic downturn, then the cost of the scheme will increase.
- 15.4. Variations in take up and changes in employment levels are largely outside local authority control there is relatively little that can be done to mitigate these risks.

- 15.5. Collection Risk - the impact of the scheme is that low incomes working age households are now paying more Council Tax. Collection has decreased by 0.54% in comparison with the same point last year (September 2012). Recovery action is still in the early stages for 2013/14 and collection should improve as the year progresses and further action is taken. However, there will be a point if people are asked to pay more Council Tax where the liability is too high for them and they will not pay anything.
- 15.6. While the DCLG state the Government will keep localised council tax support funding unchanged in 2014/15, this will not be assured until the outcome of the Local Government Finance Settlement in December 2013. If funding does reduce, this will lead to either making changes to the LCTS scheme to reduce spending or to make savings elsewhere from Council budgets.
- 15.7. CTS costs will increase if any of the precepting Authorities increase their Council Tax.

## **16. Partnership Implications**

- 16.1. Development of a Council Tax Support scheme will need collaborative working between the TDBC and the major precepting authorities

## **17. Recommendation**

- 17.1. That the Executive recommends to Full Council at its meeting on 10 December 2013 that:
- (a) The Council continues the current CTS scheme, as outlined in Appendix 1, from 1 April 2014/15.
  - (b) As detailed in paragraph 10.7.3. Option 1 is the preferred route in providing and calculating CTS Grant funding for Parish Councils in 2014/15.
  - (c) The Council continues to provide discretionary help through the Discretionary Council Tax Assistance (DCTA) policy ([Appendix 3](#)) to give extra short-term help towards Council Tax costs for those in hardship.  
  
(Funding of DCTA will be from Council Tax receipts and shared between the various local precepting bodies. The exact amount of the DCTA fund for 2014/15 has not yet been agreed but is expected to be in the range of £30k-£35k)
- 17.2. That the Executive agrees to the proposals as outlined in Section 8 of this report, as a basis for formal consultation for changing the CTS scheme from 2015/16. A further report on the outcome of consultation to develop the Council Tax Support scheme for 2015/16 is to be presented to the Corporate Scrutiny Committee in September 2014.

Heather Tiso  
Head of Revenues & Benefits  
DDI: 01823 356541 (Internal Ext: 2245)  
[h.tiso@tauntondeane.gov.uk](mailto:h.tiso@tauntondeane.gov.uk)

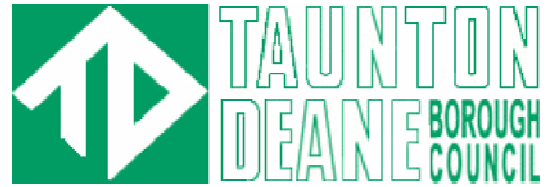




Risk	Consequence of risk	Assessment of risk			Mitigation
		Likelihood	Impact	Score (L x I)	
Failure/difficulties in Council Tax collection from financially disadvantaged	<ul style="list-style-type: none"> <li>Collection losses will be shared between all preceptors and will require future savings or cuts to mitigate.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Reduced impact by agreeing a more generous LSCT scheme (if adopted)</li> </ul>
Caseload increases (e.g. major employer loss) and/or total value of awards exceeds estimates	<ul style="list-style-type: none"> <li>Financial shortfall</li> <li>Additional workload</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>Profiling and extensive modelling of various scheme options, regular on-going review</li> </ul>
Changes to future Government grant	<ul style="list-style-type: none"> <li>Financial shortfall</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>None</li> </ul>
Wider welfare reforms (HB reductions, Universal Credit) cause additional hardship and/or migration of people claiming to TDBC from more expensive areas and impact on Council Tax Collection	<ul style="list-style-type: none"> <li>Financial shortfall</li> <li>Additional workload</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li>Ensure adherence to robust recovery timetable</li> <li>Maximise take-up of all available discounts/exemptions/ hardship relief</li> <li>Strict adherence to monthly monitoring of performance against targets</li> <li>Maximise DD take-up to free more resource in pursuing recovery</li> </ul>
New scheme leads to increased take-up particularly from pension age	<ul style="list-style-type: none"> <li>Financial shortfall</li> <li>Additional workload</li> </ul>	3	2	6	<ul style="list-style-type: none"> <li>None</li> </ul>
Council Tax Support Scheme is challenged on equality grounds	<ul style="list-style-type: none"> <li>Additional cost through changes to scheme and inability to achieve required savings</li> </ul>	2	4	8	<ul style="list-style-type: none"> <li>Consultation with preceptors and general public</li> <li>Full Equalities Impact Assessment</li> </ul>

RISK RATING MATRIX							Likelihood	Severity of Impact	Risk
LIKELIHOOD (A)	Very likely 5	5	10	15	20	25			
	Likely 4	4	8	12	16	20	1. Very unlikely – hasn't occurred before	1. Insignificant (has no effect)	Likelihood x impact
	Feasible 3	3	6	9	12	15	2. Slight (rarely occurs)	2. Minor (little effect)	
	Slight 2	2	4	6	8	10	3. Feasible (possible, but not common)	3. Significant (may pose a problem)	
	Very unlikely 1	1	2	3	4	5	4. Likely (has before, will again)	4. Major (will pose a problem)	
		Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5	5. Very likely (occurs frequently)	5. Critical (Immediate action required)	
	IMPACT (B)								





## **HOUSING BENEFIT & COUNCIL TAX SUPPORT**

# Discretionary Housing Payment and Discretionary Council Tax Assistance Policy

# Discretionary Housing Payment & Discretionary Council Tax Assistance Policy

© Taunton Deane Borough Council 2012  
The Deane House • Belvedere Road • Taunton • Somerset TA1 1HE  
Telephone (01823) 356356 • Fax (01823) 356386

## Revision history

Version number	Date	Summary of changes	Author
V1.0	26/02/2002	Initial creation of document	Heather Tiso
V1.1	22/09/2005	Refresh of policy	Heather Tiso
V1.2	03/02/2009	Refresh & updating policy	Heather Tiso
V1.3	16/06/2011	Updating policy	Heather Tiso
V1.4	11/09/2012	Inclusion of Council Tax Support provisions	Paul Harding
V1.5	12/09/2012	Further refinement and updating of policy	Heather Tiso

## Approvals

This document has been approved by the following people.

Name	Role
Councillor Terry Hall	Executive Portfolio Holder - Corporate Resources
Councillor Francesca Smith	Executive Portfolio Holder - Corporate Resources
Councillor Terry Hall	Executive Portfolio Holder - Corporate Resources
Councillor Vivienne Stock-Williams	Executive Portfolio Holder - Corporate Resources

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## Section

# 1

## Policy

### Background

From 2 July 2001, exceptional circumstances and hardship payments were abolished and replaced by the Discretionary Housing Payment (DHP) scheme. This gave Local Authorities new powers to top up Housing and Council Tax Benefit. The legislation governing DHPs can be found in the Discretionary Financial Assistance Regulations 2001 (SI 2001 / 1167).

The DHP scheme provides discretionary support where the claimant has a shortfall between their:

- Housing Benefit and the rent they must pay; and/or
- Council Tax Benefit and their liability to pay Council Tax.

Every claimant who was entitled to the minimum amount of Housing and/or Council Tax Benefit and who has such a shortfall was entitled to make a claim for help.

The overall spending on DHPs is cash-limited by the Secretary of State under a Permitted Totals Order.

The main features of the DHP scheme are:

- the scheme is discretionary - a claimant does not have a statutory right to a payment;
- The Revenues & Benefits Service decides how the scheme is administered; the overall outlay on DHPs is cash-limited by the Secretary of State,
- DHPs are not a payment of Housing or Council Tax Benefit. However, the claimant must be entitled to Housing or Council Tax Benefit in the benefit week for which it awards a DHP.

The Department for Work and Pensions provides us with a specified Discretionary Housing Payments allocation that can vary each year as it is partly based upon our previous Discretionary Housing Payments spending. We must return any unspent funding to the Department for Work and Pensions. During the year in question, we can only award Discretionary Housing Payments up to a cash limit of two and a half times this annual allocation. Any spending we make above the allocation and up to the legal limit has to be funded by us from our budget (and so in turn from our Council Tax payers).

Discretionary Housing Payments are not payments of benefit, and we have discretion in how we manage this funding. We can only award Discretionary Housing Payments to people receiving Housing Benefit and / or Council Tax Benefit where it does not meet the full amount of their eligible rent and / or Council Tax.

From 1 April 2013 the Government state that DHP's can no longer be used to provide additional help for Council Tax. This coincides with the abolition of the Council Tax Benefit Scheme and the introduction of a local Council Tax Support (CTS) scheme.

Therefore on 1 April 2013 the Council introduced a Discretionary Council Tax Assistance (DCTA) scheme to replace DHP's for Council Tax. The provision of DCTA will be reviewed annually. Nothing in this policy affects a customer's right to apply for a Council Tax reduction under section 13A (1) (c) of the Local Government Finance Act 1992 (as amended).

Funding for DCTA will be entirely from Council budgets and will be limited to a maximum of £35,000 in 2014/2015. When the fund is exhausted, there can be no further payments of DCTA. Recipients of DCTA will receive credits on their Council Tax accounts.

## Purpose

The purpose of this policy is to specify how the Revenues & Benefits Service will manage both the DHP and DCTA schemes and to suggest some of the factors we will consider when deciding to award additional help.

We will treat each case strictly on its merits and all eligible customers will receive equal and fair treatment. The Revenues & Benefits Service is committed to working with the local voluntary sector, social landlords and other interested parties in the Borough to maximise claims for all available state benefits and will reflect this in running the DHP & DCTA schemes.

The Revenues & Benefits Service is committed to the equitable operation of the DHP & DCTA schemes. Where the evidence provided shows the customer is not claiming another state benefit they may be entitled to, we will advise them to make such a claim and provide details of other agencies in the Borough who may be able to help. Similarly, if a customer is not claiming a Council Tax Discount to which they may be entitled we will advise them to firstly make such a claim.

## Statement of Objectives

The Revenues & Benefits Service will consider awarding a DHP and / or DCTA to all customers who meet the qualifying criteria set out in this policy. We will treat all applications on their individual merits, and will seek through this policy to:

- allow a short period of time for someone to adjust to unforeseen short-term circumstances and by providing a DHP and / or DCTA to enable them to “bridge the gap” during this time;
- help people who live near their jobs because they work unsocial hours/split shifts or where there is inadequate public transport;
- help people who as a consequence of a move have extra travel to work costs;
- sustain tenancies to prevent homelessness support vulnerable young people in the transition to adult life;
- encourage Taunton Deane residents to get and keep employment;
- safeguard Taunton Deane residents in their homes;
- help those who are trying to help themselves; keep families together;
- assist those with medical or health problems where they need access to medical services or support that would not be available elsewhere
- act as a tool in supporting vulnerable people in the local community;
- help customers through personal crises and difficult events.

This list is not exhaustive and we will consider any other relevant factors or special circumstances that may apply.



The DHP and DCTA schemes should be seen as short-term emergency funds. They are not and should not be considered as a way around any current or future restrictions in Housing Benefit, localised Council Tax Support provisions or Council Tax legislation.

A DHP can help meet shortfalls in areas such as:

- Restrictions in Housing Benefit entitlement because the rent payable is more than the Local Reference Rent (LRR), Shared Room Rate (SRR), size criteria or Local Housing Allowance (LHA).
- Reductions in HB entitlement following changes to LHA rates from April 2011
- Non dependant deduction
- Income tapers
- Increases in essential work related expenditure such as increased fares to work if a customer has had to move because they could not afford to live in proximity to their work following a reduction in their LHA rates.

The DHP scheme allows for payments to be made for rent deposits and rent in advance if the claimant receives Housing Benefit for their present home. However, Taunton Deane Borough Council has a Deposit Guarantee Bond Scheme administered by the Housing Options Team.

We would seek to utilise this facility in the first instance, with the DHP Scheme complimenting this as an alternative option. Any reasons or factors applied by the Housing Options Team in deciding assistance under the Deposit Guarantee Bond Scheme will be taken into consideration in any subsequent DHP request.

A DHP cannot help with the following:

(a) Certain elements of the rent:

- ineligible service charges (as specified in Schedule 1 of the Housing Benefit Regulations); water, sewerage and environmental services (as defined and calculated under Housing Benefit provisions);
- increases in rent due to outstanding rent arrears.

(b) Suspensions

- where a person's HB or any other benefit has been suspended, it is not appropriate to pay a DHP. The aim of the suspension provision is to act as a lever to ensure the customer provides necessary information or evidence – paying a DHP could reduce the effectiveness of this lever.

(c) Sanctions

- where a reduction has been applied to Income Support or income-based Jobseeker's Allowance due to a Reduced Benefit Direction for failing to comply with the Child Support Agency, the claim for a DHP should assume such a sanction has not been applied;
- where a reduction has been applied because of absence at a work-focussed interview, the claim for a DHP should assume such a sanction has not been applied.

DCTA can only assist working age Council Tax Support claimants to help meet shortfalls in areas such as:

- Non dependant deductions
- Income tapers
- Shortfalls between maximum Council Tax Support entitlement and Council Tax liability

DCTA cannot help with the following:

- (a) Rent or other similar housing costs
- (b) Suspensions where a person's CTS or any other benefit has been suspended, it is not appropriate to pay an DCTA.
- (c) Sanctions
  - where a reduction has been applied to Income Support or income-based Jobseeker's Allowance due to a Reduced Benefit Direction for failing to comply with the Child Support Agency, the claim for an DCTA should assume such a sanction has not been applied;
  - where a reduction has been applied because of absence at a work-focussed interview, the claim for a DCTA should assume such a sanction has not been applied.

### **DCTA Priority Groups**

Wherever possible DCTA's will be prioritised for customers who are in our opinion, the most vulnerable. This will particularly include, although not be limited to:

- Claimants who have someone who is pregnant within their household
- Young adults who have recently left the care system
- Households containing adults or children with disabilities
- Households with children under 5 years of age
- Claimants who are carers
- People who are fleeing domestic violence
- People accepted as homeless under homelessness legislation of the Housing Act 1996 and placed in temporary accommodation by the Council as described in regulation A13(3), because they are homeless or to prevent homelessness

Being in one or more of the above groups does not guarantee a DCTA award.

For those applying for a DCTA on the grounds of exceptional hardship we would expect the customer to demonstrate they have taken steps to try to address their financial difficulties by seeking money / debt advice from the CAB, National Money Advice Helpline or similar organisations or are prepared to do so.

## **Fraud**

The Council is committed to the fight against fraud in all its forms. A claimant who tries to fraudulently claim a DHP or DCTA by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where we suspects such a fraud may have occurred, the matter will be investigated and this may lead to the instigation of criminal proceedings.

## **Publicity**

The Revenues & Benefits Service will publicise the DHP and DCTA schemes and will work with all interested parties to achieve this. A copy of this policy will be made available for inspection and will be posted on the Taunton Deane Borough Council web site. Information about the amount spent will not normally be made available except at the end of the financial year.

## **Monitoring of DHP and DCTA expenditure**

The Revenues & Benefits Service will extract reports from the DHP and DCTA software on a monthly basis to ensure expenditure is within budget and is correctly profiled to ensure no overspend at the end of the financial year.

## Section

# 2

## Claiming a DHP or DCTA

A claim for a DHP and / or DCTA must be in writing and signed by the customer. A letter or signed statement received by the Revenues & Benefits Service will be sufficient if the following conditions are met:

- On request the customer supplies any relevant supporting evidence.
- The Revenues & Benefits Service may ask for any (reasonable) evidence in support of an application for a DHP or DCTA. The Revenues & Benefits Service will make such requests in writing. The customer will provide the evidence within one month of our letter, although we will extend this in appropriate circumstances.
- If the customer is unable to or does not provide the evidence, we will still consider the application and take into account any other available evidence including that which we already hold.
- The Revenues & Benefits Service reserves the right to verify any information or evidence provided by the customer in appropriate circumstances.

### Period of Award

The Revenues & Benefits Service will decide the length of time to award a DHP or DCTA from the evidence supplied and the facts known.

The start date of an award will normally be:

- the Monday after we get the written claim for a DHP or DCTA; or
- the date HB/CTS starts (providing we get the application for the DHP within one month of the decision on the claim for HB/CTS) whichever is the earlier, or the most appropriate.

We cannot award a DHP or DCTA for any period outside an existing HB/CTS benefit period granted under the HB statutory scheme or local CT scheme. The minimum award of a DHP or DCTA is one week.

- We will not normally award a DHP or DCTA for a period over 12 months.
- We will consider any reasonable request for backdating an award of a DHP or DCTA but will usually limit such consideration to the current financial year

## Awarding a DHP or DCTA

In deciding whether to award a DHP or DCTA, the Revenues & Benefits Service will consider:

- the shortfall between Housing Benefit and Council Tax Support and the liability; any steps taken by the customer to reduce their rental or Council Tax liability;
- the financial and medical circumstances of the customer, their partner and any dependants and any other occupants of the customer's home;
- the income and expenses of the customer, their partner and any dependants or other occupants of the customer's home;
- any savings or capital that might be held by the customer or their family;
- the indebtedness of the customer and their family;
- the exceptional nature of the customer and their family's circumstances;
- the amount available in the DHP and / or DCTA budget at the time of the application;
- the possible impact on the Council of not making such an award, for example the pressure on priority homeless accommodation;
- any other special circumstances brought to the attention of the Revenues & Benefits Service.

The Revenues & Benefits Service will decide how much to award based on all the circumstances. This may be an amount below the difference between the liability and the Housing Benefit or Council Tax Support award. Granting a DHP and / or DCTA does not guarantee or imply a further award even if the customer's circumstances do not change.

## Changes of Circumstances

The Revenues & Benefits Service may need to revise an award of a DHP or DCTA where the customer's circumstances have materially changed. Any revision to the award will take effect from the Monday following the date of change in circumstances.

## Method of Payment

**DHP** - The Revenues & Benefits Service will decide the most suitable person to pay based on the circumstances of each case. This could include paying:

- the customer;
- their partner;
- an appointee;
- their landlord (or an agent of the landlord); or
- any third party to whom it might be most suitable to pay.

The Revenues & Benefits Service will pay a DHP by the most suitable means available in each case. This could include payment:

- By direct credit to a bank or building society account by crediting the customer's rent account;

Payment frequency will normally be in line with payments of Housing Benefit.

**DCTA** - awards of **DCTA** will always be made by crediting the customer's Council Tax account. Payment frequency will normally be in line with payments of Council Tax Support.

## Notification

The Revenues & Benefits Service will aim to write to the customer to tell them the outcome of their claim within 14 days of receipt. Where the claim is unsuccessful, we will set out the reasons and explain their appeal rights. Where the claim is successful, the Revenues & Benefits Service will advise:

- the weekly amount of DHP or DCTA;
- if it is paid in advance or in arrears;
- the period of the award;
- how, when and to whom (for DHP only) it will pay the award;
- the need to report a change in circumstances;

## Overpayments

The Revenues & Benefits Service will seek to recover any overpaid DHP or DCTA.

For DHP this will normally this will involve issuing an invoice to the customer or the person to whom the award was paid.

It is most unlikely the Revenues & Benefits Service will seek recovery of any overpayment caused by an “official error”. However, where it is reasonable to expect the claimant of a DHP to have realised an overpayment was occurring, we may seek recovery.

Under no circumstances will we make recovery from Housing Benefit (unless the customer seeks this specifically in writing). The overpayment decision letter will set out the right of review.

For DCTA overpayments, these will be recovered through adjusting the Council Tax account for the period to which the overpayment relates. The customer will be required to repay the overpayment as part of that year's Council Tax liability.

## Section

# 3

## Reviews of Decisions relating to DHPs and DCTAs

### The right to seek a review

DHPs are not payments of Housing Benefit and DCTAs are not payments of Council Tax Support. Therefore they are not subject to the statutory appeals mechanism. The Revenues & Benefits Service will use the following policy for dealing with appeals about a:

- refusal to award a DHP or DCTA; or
- decision to award a reduced amount of DHP or DCTA; or
- decision not to backdate a DHP or DCTA; or
- decision there has been an overpayment of a DHP or DCTA.

A customer (or their appointee or agent) who disagrees with a DHP or DCTA decision may dispute the decision. The Revenues & Benefits Service must receive a request for a review within one month of the issue of the written decision about the DHP or DCTA to the customer. Where this has not already been done, officers from the Revenues & Benefits Service will explain the DHP or DCTA decision to the customer by telephone, at interview or in writing and will seek to resolve the matter.

Where agreement cannot be reached, the Head of Revenues & Benefits will consider the case. The Head of Revenues & Benefits will review all the evidence held and will make a decision within 14 days of referral or as soon as practicable.

Where the Head of Revenues & Benefits decides not to revise the original decision, he/ she will tell the customer in writing, setting out the reasons for their decision.

The Head of Revenues & Benefits' decision is final and binding and may only be challenged through judicial review or by complaint to the Local Government Ombudsman.