

REPORT TO EXECUTIVE



DATE	2nd April 2013
PORTFOLIO	Resources and Performance Management
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Discretionary Policies – Council Tax Support and Housing Benefit

PURPOSE

1. To inform members of the proposed policy to help those Council Tax Support claimants who are facing Exceptional Hardship in paying their Council Tax.

To present to members an updated policy for Discretionary Housing Payments.

RECOMMENDATION

2. That Members adopt the new Exceptional Hardship Payments policy and the updated Discretionary Housing Payments policy

REASONS FOR RECOMMENDATION

3. To ensure that local policies are in place to support those claimants suffering severe hardship as a result of national welfare reform changes.

SUMMARY OF KEY POINTS

4. **Background – Council Tax Support**

A new locally determined Council Tax Support scheme was approved by the Executive of 10th December, 2012 and full Council on 20th December, 2012. Council Tax Support replaces the national scheme of Council Tax Benefit from April 2013. Government funding to support the new scheme has been cut by 10% in comparison with Council Tax Benefit funding levels.

Pensioners are protected from any cut in benefits and their claims will be calculated and paid in accordance with national regulations, The Council Tax Reduction Schemes (Prescribed Regulations) (England) 2012. These regulations essentially replicate the Council Tax Benefit scheme.

Burnley Council agreed a Council Tax Support scheme that would :-

- Calculate support in the same means tested way as Council Tax Benefit so that the particular needs of households e.g. the disabled, carers and families with children will continue to be taken into account through the existing system of premiums, allowances and income disregards. This ensures that such claimants can have higher levels of weekly income to support their particular family needs and still be entitled to Council Tax Support.
- Cut the final benefit award by 8.5% for all groups of working age
- Support vulnerable groups by reducing the overall cut in benefit from an initially proposed 20% to 8.5%, following consultation with the community
- Incorporate a discretionary hardship provision and policy to be brought back to a later executive
- Incentivise work

5. **Why a Hardship Scheme is needed**

The Local Government Finance Act 2012 includes provision within section 13A 1(c) for the billing authority to have a discretionary power to reduce Council Tax Liability as it sees fit.

6. Discretionary Housing Payments (see paragraph 12 onwards) have covered those in receipt of Council Tax Benefit up to the end of March 2013 but cannot be paid to Council Tax Support claimants. A replacement scheme for those suffering hardship in paying Council Tax Support from April 2013 would be appropriate.
7. During the Council's consultation process, 79% of respondents agreed that the Council should help claimants suffering exceptional hardship as a result of the changes. The hardship policy could also act as an additional mechanism to support vulnerable groups highlighted as in most need of help following the consultation and could also help those people making the transition into work.

8. **Funding**

Initial funding of £20K will be made available to support the provision of additional, temporary, financial help in paying their Council Tax to those suffering exceptional hardship. This fund has been jointly financed by the Council and Lancashire County Council. Payments made will be allocated directly to Council Tax accounts to temporarily reduce Council Tax liability. No payments of cash will be made.

Regular reports on financial management and quality control will ensure that funds are used effectively and in line with the agreed policy.

9. **Policy and Publicity**

The Exceptional Hardship Scheme policy appendix 1 covers the detail of how Burnley Council intend to operate the scheme. The policy applies to both Pensioners and those of Working Age who are already in receipt of Council Tax Support from April 2013. Publicity about the scheme and application forms will be made available in Contact Burnley and on the Council's website

10. **Background – Discretionary Housing Payments**

Discretionary Housing Payments (DHPs) provide customers with further financial

assistance on top of Housing Benefit and Council Tax Benefit to help with housing costs. These payments are largely funded by the Department for Work and Pensions (DWP) although there is an option, once the government contribution on spending is reached, for the billing authority to put additional financial resources into the scheme subject to an overall expenditure limit. The overall spending limit is two and a half times the government set contribution.

11. From April 2013, Council Tax Benefit will be abolished and Discretionary Housing Payments will not be available to help Council Tax Support claimants pay their Council Tax in times of hardship. The government has also increased funding to local authorities over recent months to help manage the changes imposed by the Welfare Reform agenda including
- The introduction of size criteria in the social rented sector (the ‘bedroom tax’)
 - The introduction of the benefit cap
 - The reductions in Local Housing Allowance
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The funding available to Burnley Council to deal with DHP applications is detailed below.

2011/12	£28,995
2012/13	£65,113
2013/14	£202,307

Regular reports on financial management and quality control will ensure that funds are used effectively and in line with the agreed policy. The DWP will also require regular audit reports confirming expenditure and areas where assistance has been provided in relation to DHPs

12. DHP’s are available to help with housing costs and this largely means a claimant’s rental liability. This can be interpreted more widely to mean help with rent in advance, deposits and other lump sum costs associated with a housing need such as removal costs. The revised policy reflects this change and also the changes associated with the abolition of Council Tax Benefit and the future introduction of Universal Credit.

Policy and Publicity

13. The Discretionary Housing Payments policy appendix 2 covers the detail of how Burnley Council intend to operate the scheme. The policy applies to both Pensioners and those of Working Age who are already in receipt of Housing Benefit from April 2013. Publicity about the scheme and application forms will be made available in Contact Burnley and on the Council’s website

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

14. As detailed in the report

POLICY IMPLICATIONS

15. None.

DETAILS OF CONSULTATION

16. Helen Seechurn – Director of Resources
Cllr Mark Townsend – Exec member for Resources
Phil Moore – Head of Finance
David Wilcock – Head of People, Law and Regulation

BACKGROUND PAPERS

17. None.

FURTHER INFORMATION

PLEASE CONTACT:

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ALSO: