OPTION: **REVENUES AND BENEFITS**

BUDGET SAVING: **£VARIABLE DEPENDENT ON OPTION**

DESCRIPTION OF OPTION

The Revenues & Benefits Service encompasses Council tax, National Non Domestic Rates, Accounts Receivable, Council Tax & Housing Benefits, Education Welfare Benefits and Personal Finance Unit. The following areas have proposed changes: revenues and benefits staff savings, increases in court costs, reductions and changes to Council Tax discounts and exemptions, Council Tax pensioner discount, localised Council Tax support scheme, National non-domestic rates discretionary rate relief support.

RATIONALE FOR SAVINGS

Revenues and Benefits staffing savings
Budget saving: £550k.
These are the savings that will begin to occur with the overall impact of Welfare Reform and Universal Credit and are part of the changes to the division as a whole. This will see posts rationalised and the number of permanent staff affected will be minimised.

IMPACT

As Welfare Reform cuts are felt by recipients they will turn for support and advice to partners and the voluntary sector as well as from the expertise of the Council. Council services wider than this division will be adversely affected by the overall cuts such as adult and children's services and housing services.

Over the first twelve months workload in Revenues and Benefits will increase before any reduction is seen in back office processing requirements. That is predicated on the government remaining to their current timetable of Universal Credit introduction and any slippage will see that reduction delayed.

Any further staff reductions will lead to service degradation and impact on the low income households (over 43,000) who depend on the service. 2013-14 will also see the delivery of Single Fraud Investigation Service and planning for Universal Credit will be ongoing which requires significant expertise from within the service.

MITIGATION

Further savings are expected to be generated as staffing levels reduce to reflect new arrangements although this will be largely offset by reduction in DWP Administration grant which will start in 2013/14 and go through to Universal Credit full implementation in 2017.

Revenues court cost increases
Budget saving: £1.197m
This proposals is an increase the net income from increasing court costs (summons and liability orders) from the current amount of £65 to £75 in respect of Council Tax & NNDR. This is still below actual costs which are calculated as £87. The local Magistrates Court must ratify the costs we can be awarded. Current Fees are Summons £43, Liability Order £23, total £66. Last Year 14,479 summonses and 10,202 Liability Orders were awarded. Given the changes anticipated to Council tax charges there could be 10,000 additional Summonses and 7,000 additional Liability Orders. Budget can be total charged or total estimated to be collected

Members can consider increasing the charges to £85 which changes bad debt / uncollectable levels and gives a maximum income of £2.4m.

The sum is based on the increase in clients and caseloads and it is acknowledged that the section will face increased contact volumes and within the proposal is the necessary staffing increase of three full time employees which would be proposed to be temporary to align this with the later impact of welfare reform. The staff would handle the consequential increase in changes, payment, and recovery action, write off and contacts via various access channels.

IMPACT

Increasing charges even for court costs for non payers will be unpopular and coupled with the changes to Council Tax Benefit the number of summons issued for £100 or less are likely to substantially increase. Current legislation dictates that a Liability Order (and costs) must be issued prior to Benefit Deduction which is a likely recovery method for low income debts. The cost for a summons / liability order is the same despite the size of the debt.

MITIGATION

The Council would have to consider how it mitigates being potentially seen to be adding to problems of the new debtors by nearly doubling indebtedness, adding to the spiral of debt but this would be offset by the increases offering encouragement to contact before a court debt accrues. There will also be a consequential increase in Write Offs as many debts may become uneconomic to pursue and an estimate of this is included in calculating the net figure.

The equality implications will be mainly focused on being low income who will all feel an adverse impact and is a measure following a change to central government policy.

Reductions and changes to Council Tax Discounts and Exemptions levels

There are a range changes to the levels of discounts and exemptions that would allow the authority to raise more income from Council Tax. These would be applicable in the year and below is set out each potential amendment the number of people or properties it would impact and the income likely to be raised. Second Homes currently receive a 25% discount and this could be altered to a percentage below that or removed altogether. There are 1081 properties currently in this category. A reduction to 10% would raise £122k, a 10% discount £122k whilst a nil discount would raise £201k

Class L is mortgagors in possession that currently receive full exemption and this could be changed to another discount level including none. There are 147 properties currently in this category. Moving to 50% discount would raise net £35k, 25% £51.5k while no discount would raise £68k.

IMPACT

Class A – is properties undergoing major repair. Currently they receive a maximum exemption of 100% for 12 months. A Local discount may now be awarded to any level including no discount – full charge. Members previously indicated they would like to retain this discount in its current form. There are 326 properties currently in this category Figures shown are at 50% and no discounts and are net figures including likely levels of bad debt. This would be £81.3k at 50%, at 25% £122k and £161.8k with no discount.

Class C – are Long Term Empty exemptions which currently grants a 6 month exempt period on empty properties. There are 3616 properties currently in this category including 700 which could be subject to a premium charge having been empty for more than two years. The proposal is to abolish the exemption and allow the Council to define a discount, if any for the period. This would raise £1.8m per year.

This will be an additional charge on Social and Private Landlords and could positively help by encouraging them wherever possible to reduce occupancy turnaround time to limit the charge. Overall though the increased charge would be unpopular and more difficult to collect hence a larger than normal Bad Debt provision would be required and overall this would have a negative impact on collection performance.

IMPACT

Members were previously concerned that this could be seen as discouraging property renovation and against the council's aim of bringing empty properties back into use and stopping them becoming a blight on the area. This has to be balanced against the potential income raised and what they may be used to protect.

Staffing wise this would see change our work but the current 1.5 full time employees would still be required but their duties of what they inspect may alter. There will be a negative impact on executors managing estates as was evidenced by the removal of 50% long term empty discount in April 2011. This would also increase likelihood of attempted avoidance with properties being claimed as furnished and no ones main residence (Class B) claiming a 25% Discount or occupied with a 25% discount.

MITIGATION

Substantial savings and increases in income are related to this area with limited or no impact on either front line services or vulnerable people.

Council Tax Pensioner Discount for household over 70 years of age reduction or amendment of qualifying criteria

Wirral pensioner households over 70 years of age currently receive a discretionary non-means tested discount of 7.76% against heir Council tax liability unless they are eligible for full Council tax Benefits support. This is to maintain the Council Tax level at 2006-07 levels and protects them against council tax increases.

As an example with such discount at Band D discount of £164.58 is given on a full charge of £1,471.18. This is not payable to recipients of CTB.

IMPACT

Complete withdrawal would produce £1.3m savings, meanwhile other alternatives could include:

- Limiting awards by Council tax Band (A & B) £917k
- Limiting awards by Council tax Band (A to C) £594k
- Limiting awards by Council tax Band (A to D) £404k
- Increasing the qualifying age to 85 £395k
- Increasing the qualifying age to 80 £271k

MITIGATION

Wirral is one of only a handful of authorities in the country giving a significant sum from its own budget in localised support. The total cost is £1.3m which is awarded to 13,315 households and removal, reduction or amendment of criteria of this award would produce savings.

Localised Council Tax Support Scheme for those on low income reduction in level of support

With effect from 1 April 2013 the Government is replacing the current Council Tax Benefit Scheme with a Localised Council Tax Support Scheme, accompanying that change is a 10% reduction in the amount paid to the authority and its preceptors. For Wirral this is approximately £3.2m.

It should be noted that the ongoing increase in claimant numbers (about 1% per year) is not covered by additional grant and falls to the Council to fund. Wirral has proposed the following changes from the current Council tax Benefits scheme to its Localised Scheme in an attempt to show where the funding shortfall from Central Government will be met from its tax payers.

Detailed below are the options.

- If the new scheme has a maximum 80% payments limit.
- If the Second Adult Rebate is abolished.
- If the Capital limit is reduced from £16,000 to £6,000.
- If one Standard Non Dependant Deduction at £9.90 is introduced.
  If no backdating is awarded £58k

This gives a total of £3.465m however this needs to be offset by the contingency for increased claims next year, a small hardship fund to support exceptional cases. This would give a net increase of £3.03m.

IMPACT

There is a major implication on tax payers as well as partners and the voluntary sector which reflects the need for the service consultation that has taken place. The scheme will be charging Working Age low paid Council Tax, in many cases for the first time. Agencies offering welfare advice and debt services will see an increase in general advice and support requirements as will our own expert front of house access channels

Council Tax arrears are likely to increase as will levels of Write Offs with over 20,000 new small debts of less than £200 per year having to be collected and potentially taken through the courts. The key impact on service delivery will be billing and collection of new accounts. Benefits service delivery will be heavily impacted on delivering what is an alternative benefits system, monitoring its progress and planning for changes for 2014-15 which are anticipated to be required from an initial year scheme.

Other significant changes to Housing Benefits, as part of the Welfare Reform programme, are being introduced in 2013-14 as will the introduction of the Single Fraud Investigation Service and planning for Universal Credit will be ongoing reflecting the largest change to welfare in many years and the most significant impacts on the councils work in this field for over twenty years.

There are equality implications especially to those on low incomes. The service has just concluded its consultation on vulnerable group definition. Adverse financial impacts will be felt by all apart from pensionable age and those defined as vulnerable and this is likely to see implication for other council services that deal with those on low income and those with housing needs and support.

MITIGATION

With regard to staffing implications; despite these changes and the increased work load it will bring we do not anticipate a requirements for additional staff and that the current structure will be maintained until more effects of Welfare Reform are clear.

Each Council has to decide whether to fund this or introduce a scheme to pass the charge on to Council Tax payers who have previously benefited from full support under Council tax Benefit. This is subject to recent consultation and a report will be submitted to Cabinet later this year. Pensioners are protected and we are consulting on our definition of vulnerable groups to be used.

National Non Domestic Rates Discretionary Rate Relief Reduction

Wirral paid Discretionary Business Rate relief £1,008,661 to charities voluntary social, educational and sporting organisations. This is split in two elements: charities awarded fully funded mandatory relief can receive top up relief (the remaining 20%) which Wirral funds 25% of £871,233 awarded which is £217,808.

Those organisations only eligible for discretionary relief get 100% relief and Wirral funds 75% of the £137,428 awarded, costing £103,071. The total Wirral cost is currently £321,000. There are some 550 organisations which benefit from these awards.

IMPACT

Each authority can propose, after giving twelve months notice, to remove some or all of these awards. Any savings this would generate would not be applicable to 2013-14.

The maximum savings would be £321,000, albeit there could be a number of exceptions members may wish to decide on but each would reduce the overall savings available.

The implication is that some of the smaller clubs and associations may disband without this funding given the additional costs. The quality implication would be mainly around the loss of such clubs and organisations in the borough and their loss may proportionately fall on the members of the community who are within one of the equality strands

MITIGATION

Wirral has since the introduction of business rates been positive in its use of this relief to support these types of organisation and the majority of voluntary organisations are in receipt of this. There is no staffing impact in this change but there would be an increase in non payment given clubs have not previously paid would find it hard to meet their liabilities.