

# Cabinet Report



Report of Head of Finance

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## Council tax reduction scheme 2014/15

### Recommendations

- (a) That Council be recommended to adopt, for 2014/15 onwards, the 2013/14 adopted council tax reduction scheme but with the following amendments:
- entitlement for working age claimants will be capped at 91.5 per cent of their council tax liability, except for these protected groups - people with disabilities, war widows and war disabled pension recipients
  - removal of the second adult rebate scheme
  - entitlement for properties in bands F, G and H will be capped to band E council tax levels
  - the current four week "run on" entitlement will be extended for thirteen weeks when a claimant moves into work. Any rules concerning eligibility for the run on remain the same
  - personal allowances and non-dependent deductions for working age claimants will be uprated by one per cent each financial year commencing 1 April 2014
- (b) a hardship fund be established to assist claimants who may face difficulties meeting their council tax liability.
- (c) the Head of Finance is authorised to set the rules and eligibility criteria for the hardship fund in consultation with the Cabinet member for Finance

## Purpose of Report

1. The purpose of this report is to enable the council to adopt and implement a council tax reduction scheme for the financial years 2014/15 onwards.

## Corporate Objectives

2. The council is required by statute to adopt a scheme to help those on low incomes to meet their council tax liability. In accordance with the strategic objective “excellent delivery of key services”, by having a scheme, we should achieve the corporate priority of delivering a high quality value for money service which takes into account the views of residents, service users and other stakeholders.

## Background

3. Prior to April 2013 there was a national scheme of financial assistance called “council tax benefit” which was available to taxpayers on low incomes to help them meet their council tax liability. This scheme had been in operation since 1993.
4. Following changes introduced by the Local Government Finance Act 2012, this council adopted its own local “council tax reduction scheme” to take effect from 1 April 2013. This was against a backdrop of reduced Government funding of approximately ten per cent compared to the funding given for the previous council tax benefit scheme.
5. In common with the other district councils in Oxfordshire, the local scheme more or less mirrored the previous council tax benefit scheme which meant that no residents saw a reduction in their entitlement.
6. The ten per cent reduction in Government funding was counteracted by the council's implementation of technical reforms to the council tax system whereby more council tax was charged on empty properties and second homes.
7. The final scheme that was adopted was for one year only therefore the council is required to formally adopt a scheme for 2014/15. This formal adoption must be undertaken by full Council before 31 January 2014.

## Proposal for 2014/15 onwards

8. It is proposed that the scheme adopted for 2014/15 should require everyone (excluding those of Pension Age and certain protected groups - people with disabilities, war widows and war disabled pension recipients) to pay **at least 8.5 per cent** of their council tax (around £129.00 per year, based on a Band D property). This would mean that the maximum reduction that anyone could receive would be 91.5 per cent of their council tax liability.
9. As set out in the public consultation document, Cabinet believes that the reduction in Government funding mentioned in 6. above should be spread fairly across all council tax payers (apart from the protected groups mentioned above), not just those who aren't claiming a reduction. Cabinet's rationale being that the proposed reduction scheme should encourage unemployed people to seek work - which was a stated Government policy intention for localising council tax support.

10. It should be noted that for the 2013/14 schemes the Government offered additional “transitional funding” to councils who did not reduce council tax reduction entitlement by more than 8.5 per cent. This council was one of 20 per cent of authorities who made no changes to their scheme in 2013/14, but a further 60 per cent modified their schemes to take advantage of the grant. Although the grant is not being made available in 2014/15, Cabinet believes that a scheme proposing an 8.5 per cent reduction is clearly regarded as a fair compromise by the Government.

11. In addition to a flat 8.5 per cent reduction across the board, Cabinet is also proposing that some modifications should be made to entitlement in respect of some specific categories of claimant. This has the effect of further reducing entitlement for some claimants whilst increasing entitlement for those who find work. Presently, when an unemployed claimant takes up a new job, we continue to give a reduction for four weeks after the new job begins, at the same rate they were on before starting work. This is so that they are not faced with having to pay an increased council tax bill immediately. Under the new proposal we will continue to give the same level of reduction for **thirteen weeks** which will help people even more.

12. The effects of the new proposals (based on current data ) can be seen in the following table:

**Table 1**

<b>Group</b>	<b>Numbers affected</b>	<b>(Saving)/Cost to Vale</b>	<b>(Saving)/Cost to OCC</b>	<b>(Saving)/Cost to TVPCC</b>
Reducing maximum entitlement to 91.5 per cent ( <b>i.e. 8.5 per cent reduction</b> )	2,050	(£18,425)	(£187,085)	(£24,850)
People who receive a reduction because they live with another adult who is on a low income	27	(£525)	(£5,332)	(£708)
People who will have their entitlement capped to a band E rate	43	(£1,237)	(£12,559)	(£1,668)
People who move into work and continue to receive the same level of reduction	214	£2,427	£24,644	£3,274
	<b>NET SAVING</b>	<b>(£17,760)</b>	<b>(£180,332)</b>	<b>(£23,952)</b>

The **overall** net savings county-wide when taking into account the County Council and the Police and Crime Commissioner (Thames Valley) will be approximately **£222,000**.

The **overall** financial effect on **claimants** in **band C** (the band of property in which most affected claimants live) can be seen in the following table:

**Table 2**

<b>Group</b>	<b>Average annual (reduction)/ increased award</b>	<b>Highest annual (reduction)/ increased award</b>
Reducing maximum entitlement to 91.5 per cent ( <b>i.e. 8.5 per cent reduction</b> )	(£80.54)	(£118.76)
People who receive a reduction because they live with another adult who is on a low income	(£236.67)	(£346.81)
People who will have their entitlement capped to a band E rate	(£266.40)	(£346.84)
People who move into work and continue to receive the same level of reduction	£154.68	£236.07

13. Within the scheme for 2014/15 Cabinet is also proposing a clause for uprating. This will ensure personal allowances increase each year so that residents will see an increase in their entitlement and conversely it will also ensure that non-dependents (adult children for example) increase their household contributions. The recommendation is to **uprate by 1 per cent** each year, starting in 2014/15. This is in line with the uprating for national welfare benefits announced by the Chancellor of the Exchequer in his December 2012 autumn statement.

14. Finally, when council tax support fell under benefits legislation, the council could use the Discretionary Housing Payment (DHP) fund to temporarily increase entitlement where claimants were experiencing financial hardship. Now that the scheme falls under council tax legislation, the DHP fund cannot be utilised in this way. Therefore, Cabinet is proposing a discretionary fund to be set at **10 per cent** of the total expenditure reduction achieved, which will be **£22,000** based on the recommended modifications. This will be funded by the Vale and the major precepting authorities i.e. the Vale, County Council and the Police and Crime Commissioner (Thames Valley).

## **Consultation on the proposed scheme**

15. An eight week public consultation was undertaken between 27 August 2013 and 18 October 2013. It chose random samples of 500 current council tax reduction scheme recipients and 500 council tax payers not currently receiving a reduction. Additionally, all members of the council's Resident's Panel who have an email address (approximately 400 members) were invited to take part in the consultation. Local stakeholders (advice agencies and registered housing providers) and town and parish councils were also invited to take part in the consultation.

16. A total of 412 responses were received; 253 on line and 159 postal returns. 95 of the respondents were existing council tax reduction scheme recipients; 300 were non recipients; ten were stakeholder organisations; and seven were unclassified.

17. The consultation document asked questions, not only on the general proposal requiring everyone to pay at least 8.5 per cent of council liability (apart from pensioners and other protected groups) but also in respect of a number of other changes, The following table shows the response to the **initial six** proposals, split between council tax reduction scheme recipients and non recipients.

**Summary of agreement with the initial six proposed changes to the Council Tax Reduction Scheme for 2014/15**

		Reduction recipients	Full Council Tax Payers
<b>Proposal:</b>			
<b>To reduce the maximum entitlement to 91.5%</b>	<i>% agree</i>	<b>34%</b>	<b>67%</b>
	<i>% disagree</i>	43%	22%
<b>To reduce the upper capital limit to £6,000</b>	<i>% agree</i>	<b>49%</b>	<b>55%</b>
	<i>% disagree</i>	34%	32%
<b>To remove the second adult rebate</b>	<i>% agree</i>	<b>43%</b>	<b>63%</b>
	<i>% disagree</i>	44%	24%
<b>To treat child maintenance as income</b>	<i>% agree</i>	<b>35%</b>	<b>54%</b>
	<i>% disagree</i>	59%	38%
<b>To cap entitlement for properties in bands F, G and H</b>	<i>% agree</i>	<b>59%</b>	<b>76%</b>
	<i>% disagree</i>	18%	14%
<b>To extend entitlement to 13 weeks when a claimant moves into work</b>	<i>% agree</i>	<b>65%</b>	<b>60%</b>
	<i>% disagree</i>	23%	27%

As this table shows, the consultation found:

- General support for:
  - Capping entitlement for properties in bands F, G and H
  - Extending entitlement to 13 weeks when a claimant moves into work
- Recipients of council tax reduction are more likely to disagree than agree with three of the six proposals. The strongest disagreement is with the proposal to treat child maintenance as income. The most marginal proposal is to remove the second adult rebate

- Full council tax payers are more likely to agree than disagree with all proposals. The most marginal is the proposal to treat child maintenance as income where more than a third disagree.

Comments included:

- Reservations about how proposals might impact single parents
- That exceptions for carers should be considered
- That child maintenance is for the support of the child and not intended for use in payment of household bills

A full report on the consultation findings including charts showing the **responses** to the questions and general comments can be found at **Appendix 1**.

## Views from Scrutiny Committee

18. A report on the initial proposals was taken to the council's Scrutiny Committee on 28 November 2013. Scrutiny members feedback on the scheme and the consultation results generally.

## Recommended scheme

19. Based on the consultation results and feedback from Scrutiny, Cabinet decided **not to proceed** with the modifications in respect of **reducing the capital limit** and **treating child maintenance as income**. Therefore, in view of the foregoing, the scheme that is recommended to Council to adopt for 2014/15 onwards is the 2013/14 adopted scheme but with the following amendments:

- entitlement for working age claimants will be capped at 91.5 per cent of their council tax liability, except for these protected groups - people with disabilities, war widows and war disabled pension recipients
- removal of the second adult rebate scheme
- entitlement for properties in bands F, G and H will be capped to band E council tax levels
- the current four week "run on" entitlement will be extended for thirteen weeks when a claimant moves into work. Any rules concerning eligibility for the run on remain the same
- personal allowances and non-dependent deductions for working age claimants will be uprated by one per cent each financial year commencing 1 April 2014

## Alternative option(s)

20. When considering the principles of an amended scheme, it should be noted that most authorities that changed their scheme in 2013/14 opted for some level of blanket reduction (meaning that all working age claimants pay some council tax) and, as the criteria for council tax reduction schemes are at the council's discretion, various alternatives and options are open to the council.

21. Like some other councils in Oxfordshire, the council could opt for continuing with the current scheme, which replicates the old council tax benefit scheme. However, this

would not share the council tax burden or incentivise work, which is the rationale for the proposed change.

22. Alternatively, the council could contemplate a reduction of 20 per cent, which is the level opted by the majority of councils that changed their schemes in 2013/14 or, a variety of other reductions. However, the council would have to further consult if it was minded to further reduce entitlement. This would make the statutory deadline to adopt a scheme by 31 January very difficult to achieve.

## Financial Implications

23. The net savings for the council from implementing the recommended scheme are £17,760. However, this reduces to **£15,984** after providing for a 10 per cent hardship fund.
24. On a countywide basis, it is estimated that the savings to the County Council and the Police and Crime Commissioner (Thames Valley) are estimated to be at least **£180,332** and **£23,952** respectively. Again, after providing for a 10 per cent hardship fund, this reduces to **£162,298** and **£21,556** respectively
25. There may be additional costs of recovering council tax from those affected by reducing the entitlement in council tax reduction. There could be around **2,050** households having to pay council tax for the first time and feedback from other authorities indicates that more time and effort is having to be made with this new tranche of payers, to collect new liabilities and maintain collection rates.
26. The Government has however, awarded the council further “new burdens” grant for 2014/15, totalling **£68,392** to recognise the work required to implement a local council tax reduction scheme. In addition, the County Council and the Police and Crime Commissioner (Thames Valley) have agreed to contribute to any additional costs, as they will both be benefitting from changes to the scheme.

## Legal Implications

27. The current council tax reduction scheme was adopted for 2013/14 only. There is a statutory duty to adopt a 2014/15 scheme by 31 January 2014. If this deadline is not adhered to, the council's 2013/14 scheme will automatically be rolled over as a consequence.

## Risks

28. There is a risk that benefit caseload could increase significantly, resulting in expenditure exceeding current estimates. However, we have recently seen a stabilisation in the caseload and, in fact, a reduction has been seen in some months – which has not been seen since the start of the economic downturn in 2008.
29. The development of a council tax reduction scheme that reduces benefit expenditure, without being supported by robust principles and consultation, could be open to legal challenge on equalities grounds. However, to mitigate this, the council has ensured that it has complied with the necessary consultation and equality requirements.
30. Council tax collection rates could fall and, collection and recovery costs (including the cost of write-offs) could increase as a result of creating additional and, relatively small, council tax liabilities. However, the council does have new burdens funding at its

disposal and pledges of financial contributions from the County Council and the Police and Crime Commissioner (Thames Valley) to counteract these possible effects.

## **Equality implications**

31. The council has conducted an equalities impact assessment (EIA) in accordance with its statutory obligations. The EIA is attached at **Appendix 2**.
32. The proposed council tax reduction scheme intends to support residents on a low income with help towards paying their council tax, with the proviso that all working age claimants should pay some council tax (except for certain protected groups). As well as reducing entitlement by 8.5 per cent, it also proposes changes to elements of the scheme, further reducing entitlement to some groups, but also incentivising moving into work.
33. In respect of the initial proposals the biggest impact would have been felt by single parent families, particularly through treating child maintenance as income. However, as reported above, Cabinet decided not to proceed with this modification – so this particular issue has now disappeared. However, with the recommended proposals, single parents who may have another young adult on a low income living with them, could face a reduction in entitlement with the removal of the second adult rebate provisions.

## **Conclusion**

34. The council must adopt a local council tax reduction scheme for 2014/15 by 31 January 2014 and it is proposed that this be based on a scheme which intends to support residents on low incomes with help towards paying their council tax. The rationale of the scheme, as proposed by Cabinet is to introduce a scheme that is fair on all residents; protects the vulnerable; and, encourages residents back to work by the inclusion of work incentives.

## **Background Papers**

- Consultation papers
- EIA



Vale of White Horse District Council  
Council Tax Reduction Scheme 2014/2015  
Consultation

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Report

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## Contents

<b>Summary of agreement with proposed changes to the Council Tax Reduction Scheme for 2014/15</b>	<b>5</b>
<b>1. Background</b>	<b>4</b>
<b>2. Methodology</b>	<b>5</b>
2.1 POSTAL SURVEY	5
2.2 ONLINE CONSULTATION	5
2.3 RESPONSE RATES	5
2.4 ANALYSIS AND REPORTING	6
<b>3. Profile of respondents</b>	<b>7</b>
<b>4. Key findings</b>	<b>9</b>
4.1 PROPOSAL TO REDUCE THE MAXIMUM ENTITLEMENT TO A COUNCIL TAX REDUCTION FROM 100% TO 91.5%	9
4.2 PROPOSAL TO REDUCE THE UPPER CAPITAL LIMIT FROM £16,000 TO £6,000	11
4.3 PROPOSAL TO REMOVE THE SECOND ADULT REBATE	12
4.4 PROPOSAL TO TREAT CHILD MAINTENANCE AS INCOME RATHER THAN DISREGARDING IT	13
4.5 PROPOSAL TO CAP ENTITLEMENT FOR PROPERTIES IN BANDS F, G AND H	15
4.6 PROPOSAL TO EXTEND "RUN-ON" ENTITLEMENT WHEN A CLAIMANT MOVES INTO WORK FROM FOUR WEEKS TO THIRTEEN WEEKS	17
4.7 OTHER COMMENTS	18

## Summary of agreement with proposed changes to the Council Tax Reduction Scheme for 2014/15

		Reduction recipients	Full Council Tax Payers
<b>Proposal:</b>			
<b>To reduce the maximum entitlement to 91.5%</b>	<b>% agree</b>	<b>34%</b>	<b>67%</b>
	<b>% disagree</b>	<b>43%</b>	<b>22%</b>
<b>To reduce the upper capital limit to £6,000</b>	<b>% agree</b>	<b>49%</b>	<b>55%</b>
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	<b>% disagree</b>	<b>18%</b>	<b>14%</b>
<b>To extend entitlement to 13 weeks when a claimant moves into work</b>	<b>% agree</b>	<b>65%</b>	<b>60%</b>
	<b>% disagree</b>	<b>23%</b>	<b>27%</b>

### 1. Background

Vale of White Horse District Council is required by law to have a scheme to help people on low incomes pay their council tax. For people of pensionable age there is a prescribed scheme to follow but for people of working age, subject to a few prescribed requirements, the council is free to design such a scheme as they see fit.

This requirement replaced the national council tax benefit scheme that had been in operation since 1993. The costs of the council tax benefit scheme were more or less met in full by the Government. For the new local schemes, however, the Government had reduced the amount of funding available by approximately ten per cent. For Vale of White Horse this meant approximately £59,000.

For the 2013/14 financial year the council's scheme for working age people is largely based on the previous national council tax benefit scheme. This has meant that, providing their circumstances have not changed, no residents have seen a reduction in the level of support they receive. The council funded this scheme through Government grants (which accounted for approximately 90 per cent of the costs) and increased council tax charges for empty properties and second homes.

The council took this approach because of several factors including:

- due to the lateness of legislation there was very little time to design and prepare robust schemes
- all of the Oxfordshire councils were working towards a common scheme
- there was additional Government transitional funding for councils who made no, or very little, cuts to entitlement

The scheme did, however, mean that there were no additional incentives for out of work residents to seek work, and the cut in Government funding was shouldered by council tax payers who were not claiming support. In view of this, the council is proposing that their scheme for 2014/15 will increase the incentive for residents to seek work but will generally have reduced support available. However, it is proposed that working age disabled claimants will be protected from these changes.

In August 2013, Alpha Research Ltd was commissioned to undertake a consultation on the proposed Council Tax Reduction Scheme for 2013/14 amongst residents and other stakeholder groups in the Vale of White Horse.

## 2. Methodology

A postal and online survey was carried out between 27 August and 18 October 2013.

### 2.1 POSTAL SURVEY

A consultation questionnaire was sent to the following groups of residents:

1. A representative sample of 500 households selected at random from the Vale of White Horse District Council's database of council tax reduction claimants who may be affected by this change – i.e. excluding people of pensionable age and those with disabilities.
2. A representative sample 500 households selected from the council's database of those paying full council tax.

In each case the sample was selected at random from the database, following stratification by postcode to ensure geographic spread.

### 2.2 ONLINE CONSULTATION

An online version of the same questionnaire was made available via the council's website. The online consultation was promoted via the website, press releases and other local publicity.

An email inviting participation in the consultation was sent to a range of stakeholders and interested parties, including registered housing providers, local Citizens Advice Bureaux, other welfare organisations, care organisations and parish councils.

Members of the Vale of White Horse citizen's panel were also invited to take part in the online consultation.

### 2.3 RESPONSE RATES

In total 412 responses were received (159 postal returns and 253 online responses). The profile of response is detailed in section 3.

### 2.4 ANALYSIS AND REPORTING

This report highlights and comments on the key findings from the consultation. Full tabulations of the results have been provided under separate cover.

Throughout the report the results are reported separately for three key groups of respondents:

1. Those currently in receipt of any Council Tax Reduction (full or partial)
2. Full Council Tax Payers
3. Stakeholder groups / interested parties

### 3. Profile of respondents

The vast majority of respondents were individuals responding on their own behalf, or carers/ family members responding on behalf of an individual. [Table 3.1]

There were ten responses representing stakeholder organisations or other interested parties:

- Four Parish Councils
- Four Housing Associations
- Two voluntary organisations (South and Vale CAB, and Gingerbread the national charity working with and on behalf of single parents)

95 of the 412 consultation respondents (23%) claimed to be in receipt of a Council Tax Reduction. Of these 31 said they receive a full reduction and 61 claimed to receive a partial reduction. Around a quarter of reduction recipients responding were pensioners or people with disabilities, who are protected from the impact of the proposed scheme.

**Table 3.1: Sample profile – Type of respondent**

	<i>No. of respondents</i>	<i>% of respondents</i>
<b>All respondents</b>	412	100%
<b>Responding as (Q1/Q2):</b>		
On own behalf	395	96%
Housing Association	4	1%
Parish Council	4	1%
Carer	2	<0.5%
Voluntary organisation	2	<0.5%
Other	1	<0.5%
Not stated	3	1%
<b>Receipt of council tax reduction (Q4/Q4a):</b>		
Any reduction	95	23%
- 100% Full reduction	31	8%
- Partial reduction	61	15%
<b>Recipients in protected groups (Q4b):</b>		
Any protected group	28	7%
- Pensioner	21	5%
- Person with disabilities	9	2%
- Recipient of War Widows Pension	-	-
- Recipient of War Disablement Pension	-	-
Recipients not in protected groups	67	16%

The demographic profile of reduction recipients responding to the consultation was relatively young (61% aged under 55) and female biased (68%). Four in ten of those in receipt of a reduction were single person households (44%) while around a quarter were lone parents (27%). The profile of full council tax payers was significantly older (57% aged 55 and over), and predominantly married or co-habiting couples (77%). [Table 3.2]

**Table 3.2: Sample profile – Demographic**

	<i>Reduction recipients</i>		<i>Full Council Tax Payers</i>	
<b>TOTAL</b>	95	100%	299	100%
<b>Gender:</b>				
Male	29	31%	163	55%
Female	65	68%	130	43%
Not stated	1	1%	6	2%
<b>Age:</b>				
Under 18	-	-	-	-
18 to 24	3	3%	3	1%
25 to 34	11	12%	16	5%
35 to 44	17	18%	53	18%
45 to 54	27	28%	55	18%
55 to 59	5	5%	30	10%
60 to 64	6	6%	50	17%
65 to 74	13	14%	60	20%
75 or over	12	13%	31	10%
Not stated	1	-	2	1%
<b>Health problem or Disability:</b>				
Yes	30	32%	41	14%
No	64	67%	254	85%
Not stated	1	1%	4	1%
<b>Ethnic group:</b>				
White British	92	97%	265	89%
Other white background	3	2%	16	5%
Other	-	-	5	2%
Not stated	-	-	13	4%
<b>Household composition:</b>				
Single person	42	44%	41	14%
Lone parent	26	27%	16	5%
Couple with children	21	22%	132	44%
Couple with no children	4	4%	99	33%
Other	1	1%	3	1%
Not stated	1	1%	8	3%



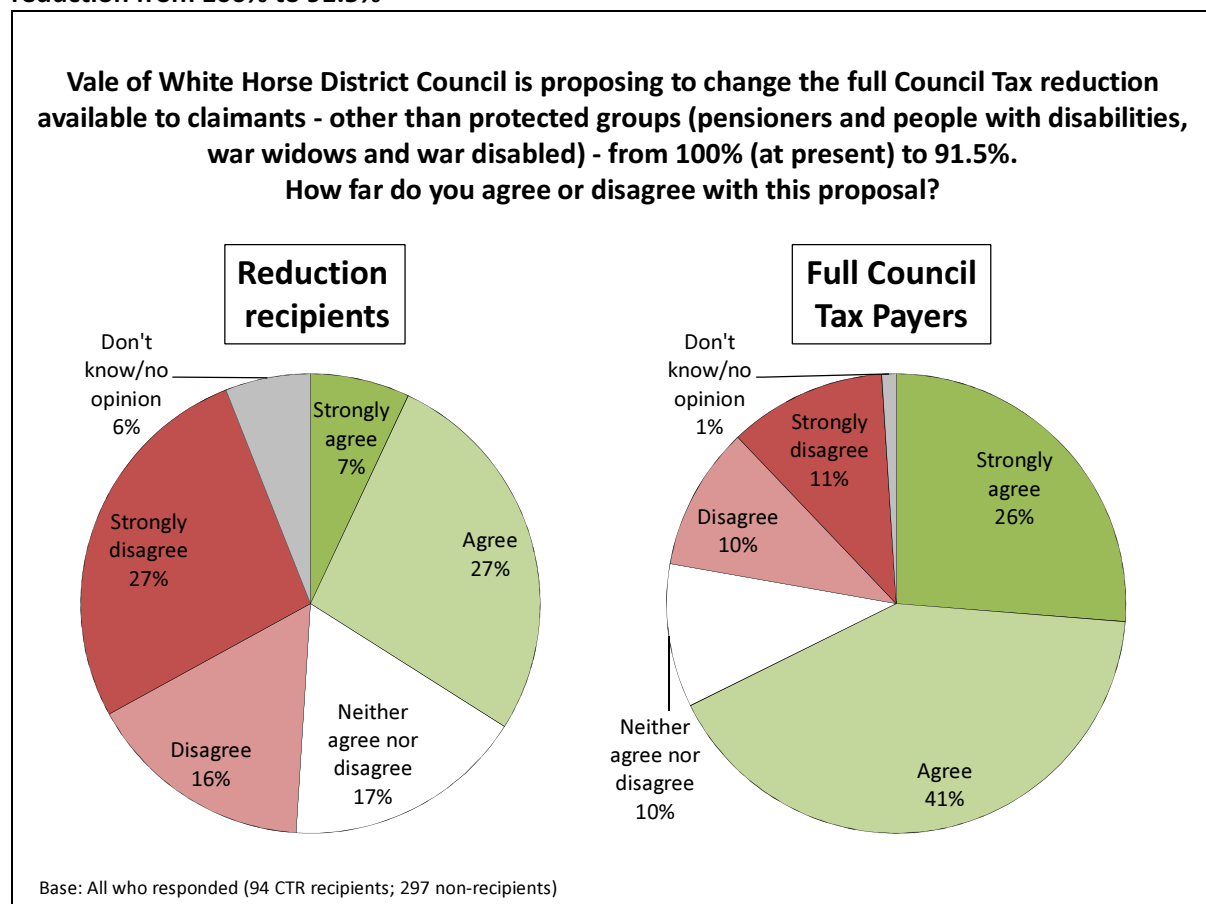
## 4. Key findings

### 4.1 PROPOSAL TO REDUCE THE MAXIMUM ENTITLEMENT TO A COUNCIL TAX REDUCTION FROM 100% TO 91.5%

Respondents were presented with details of the council’s proposals to reduce the maximum entitlement to a council tax reduction from 100% to 91.5%. They were given an explanation of the rationale for the proposals and two examples of how the changes might affect individual households. Respondents were then asked to what extent they agreed or disagreed with the proposal to reduce maximum entitlement to 91.5%. [Chart 4.1]

Agreement was significantly lower amongst those currently in receipt of a reduction than amongst full council tax payers. Two thirds of full council tax payers (67%) agreed with the proposal, with around a quarter (26%) agreeing strongly. However, only around a third of those currently receiving a reduction (34%) agreed with the proposal and slightly more (43%) disagreed, with a quarter of current recipients expressing strong disagreement (27%). One in five full council tax payers (22%) disagreed with the proposals, and around one in ten (11%) strongly disagreed.

**Chart 4.1: Agreement with proposal to reduce the maximum entitlement to a Council Tax reduction from 100% to 91.5%**



Respondents were given the opportunity to mention anything they thought the council should take into account when considering the proposed change. The issues most commonly raised for consideration were as follows:

- While there was some agreement with the principle that every resident should contribute something toward their council tax, a number of respondents expressed concern that the proposals appear to put an **additional burden on low income households** and could cause **undue financial hardship** for some households who are already struggling.
- Some felt the proposals gave insufficient consideration to the issue of **ability to pay** and felt that the scheme should take more account of the household's income (and in some cases outgoings), and/or make more allowance for individual circumstances.
- There was also some concern that those who would be expected to pay more under the proposed scheme may not be able to find the money to do so, resulting in **debt and defaults on payments**, which would in turn increase the administrative burden on the council in recovering arrears.
- It was felt important that the proposed scheme **should not penalise working people**, and there was concern about the **impact on single parent families**. Some respondents expressed sympathy with the single working mother described in Example B and worried that single mothers would struggle to afford the additional council tax payments which could in turn have a direct impact on their children. In particular, several were unhappy about the move to treat child maintenance payments as income (see also Section 4.4).
- There was somewhat more acceptance of the scenario described in Example A (a single man seeking work) since the increase in contributions was considered more affordable.
- However, not all respondents agreed that the proposals would be an **effective incentive to work**, several noting the difficulties of finding work in the current economic climate.

Of the ten stakeholder groups responding, two agreed with the proposal and three disagreed. The others either stated that they “neither agree nor disagree” or offered no opinion. Comments from stakeholder organisations included the following:

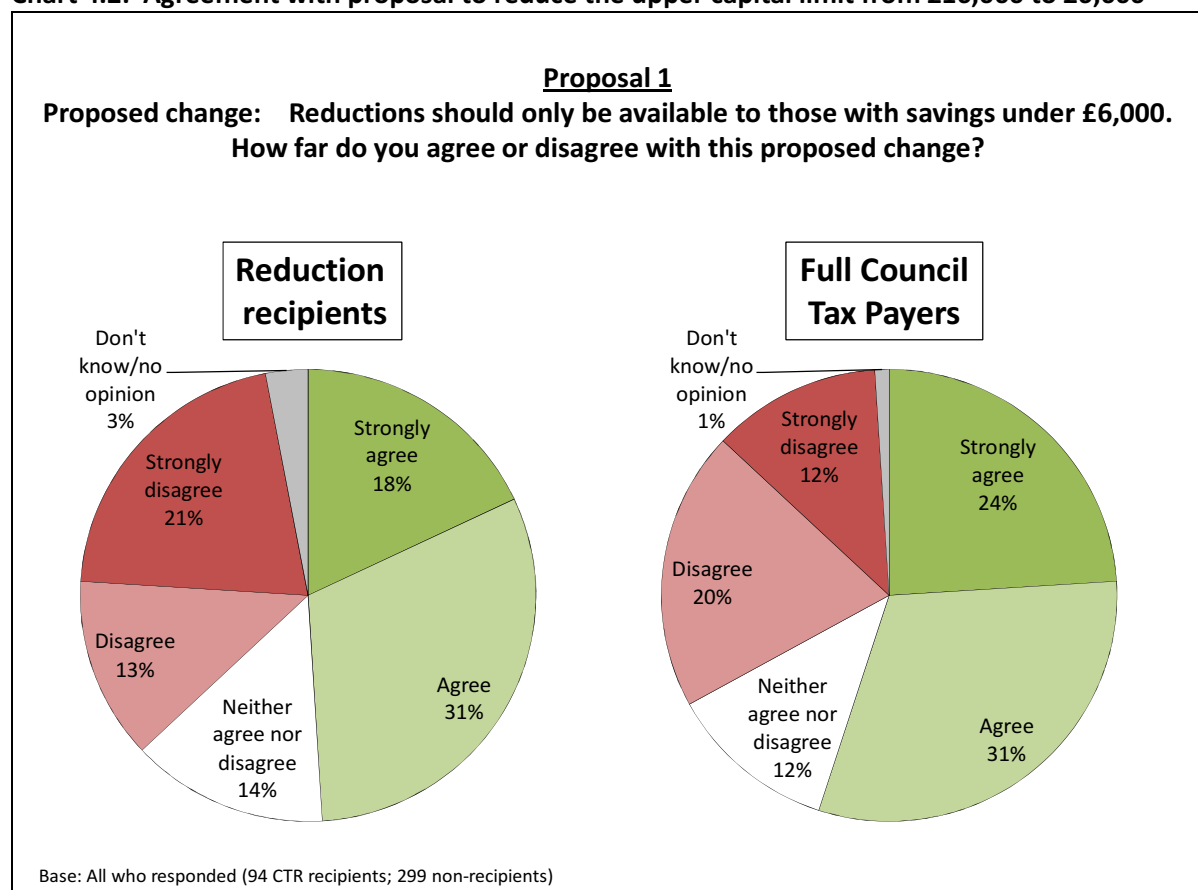
- Oxfordshire South and Vale Citizens Advice Bureau expressed a concern that the proposed change will add to the existing stress of households on a limited budget who are faced with a rising cost of living. The point was made that means tested benefits are intended only to be sufficient to cover basic needs. It was therefore felt unreasonable to expect people to pay a proportion of council tax from this income and may lead to increased arrears and consequent enforcement action.
- One parish council expressed the view that the proposal appears to hit hard those disadvantaged people who are trying to work out of their situation.
- Another parish council suggested that additional consideration should be given to individual circumstances and the benefits received by claimants.

## 4.2 PROPOSAL TO REDUCE THE UPPER CAPITAL LIMIT FROM £16,000 TO £6,000

Respondents were asked to give their views on the proposal to reduce the maximum amount of capital a person can have before being excluded from the council tax reduction scheme from £16,000 to £6,000. [Chart 4.2]

On this proposal agreement was at a similar level amongst full council tax payers and those in receipt of a reduction, with around half of each group agreeing with the reduction in the capital limit (55% of full council tax payers; 49% of reduction recipients). Similarly around a third of respondents in each group disagreed with the proposal (32% of full council tax payers; 34% of reduction recipients).

**Chart 4.2: Agreement with proposal to reduce the upper capital limit from £16,000 to £6,000**



97 respondents provided additional comments relating to this proposal:

- Some of those who agreed with the proposal felt that a person with savings of £6000 or more **should not be considered in need of support** to pay their council tax, and that to provide support in these circumstances could be deemed unfair on those paying full council tax who may have no savings.

- However several of those who opposed the proposed change suggested that it would **penalise those who had been prudent** and might **discourage people from saving** for their future
- A number of respondents (both those receiving a reduction and those paying full council tax) felt that **the reduction in the limit should be smaller**, £10,000 being commonly suggested.

Of the ten stakeholder groups responding, five supported the proposed reduction in the capital limit and two opposed it. No supporting comments on this proposal were provided by stakeholders.

### 4.3 PROPOSAL TO REMOVE THE SECOND ADULT REBATE

Respondents were asked to give their views on the proposal to remove the second adult rebate which allows a single person who lives with another adult who is on a low income to receive up to 25% reduction on their council tax, regardless of their own income. [Chart 4.3]

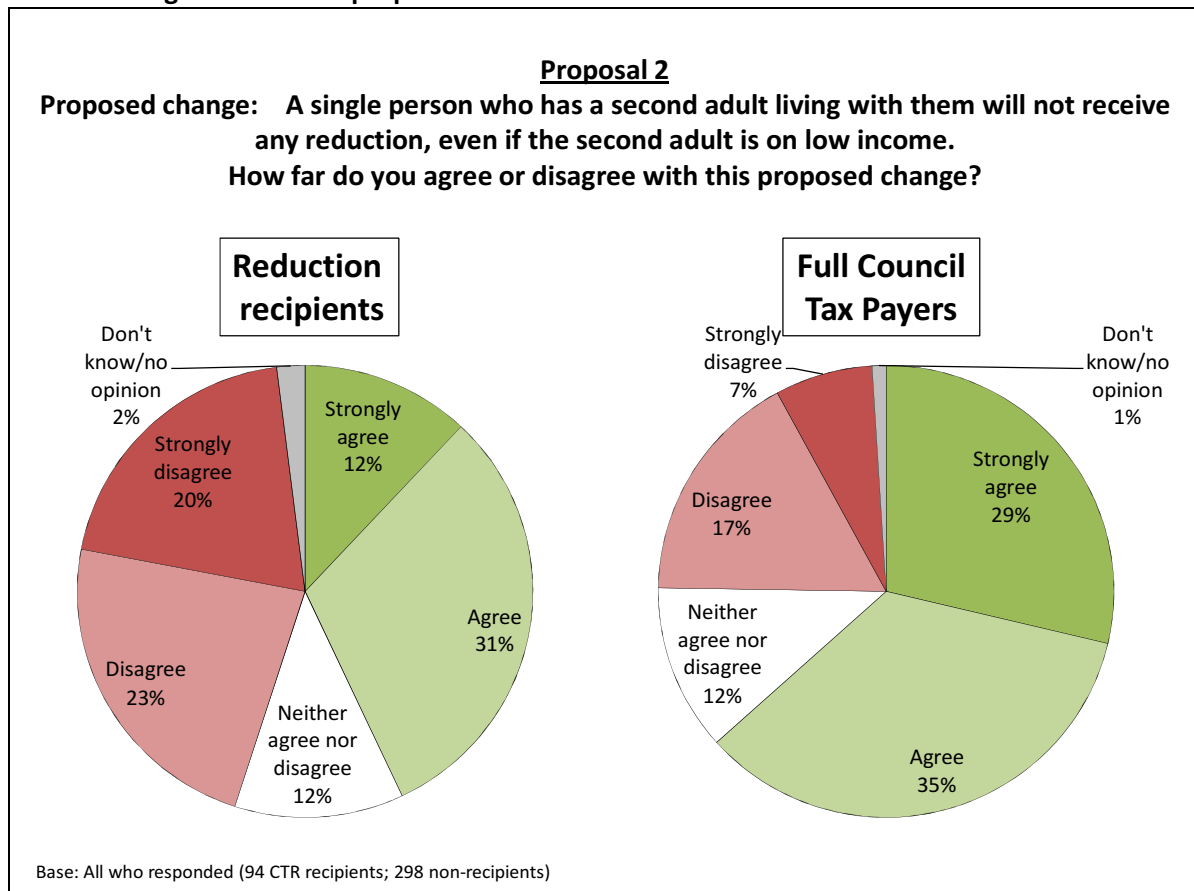
Agreement with this proposal was significantly higher amongst full council tax payers than amongst those in receipt of a reduction. Almost two thirds (63%) of full council tax payers agreed with the proposed removal of the second adult rebate, while around a quarter (24%) disagreed. Those in receipt of a council tax reduction were more split in their opinions. Around four in ten recipients (43%) agreed with the proposal, while a similar proportion (44%) disagreed.

Those recipients who are not protected from the changes displayed particular opposition to the proposal (51% disagreed) and two thirds (65%) of lone parents receiving a reduction said they opposed this change.

84 respondents provided additional comments relating to this proposal:

- Many of the comments suggested that **the income of the single person and/or the total household income should be taken into account**.
- While some respondents felt that where there were two incomes in the household, no support should be offered, others expressed the view that if both people in the household were on a low income then **some support may still be needed**.
- A number of respondents expressed reservations about how this proposal may **impact on a single parent living with an adult son or daughter** who may be on a very low income and find it difficult to contribute to household bills.
- There was some confusion at this question, with a number of respondents feeling that this **proposal needed further clarification**.

Chart 4.3: Agreement with proposal to remove the second adult rebate



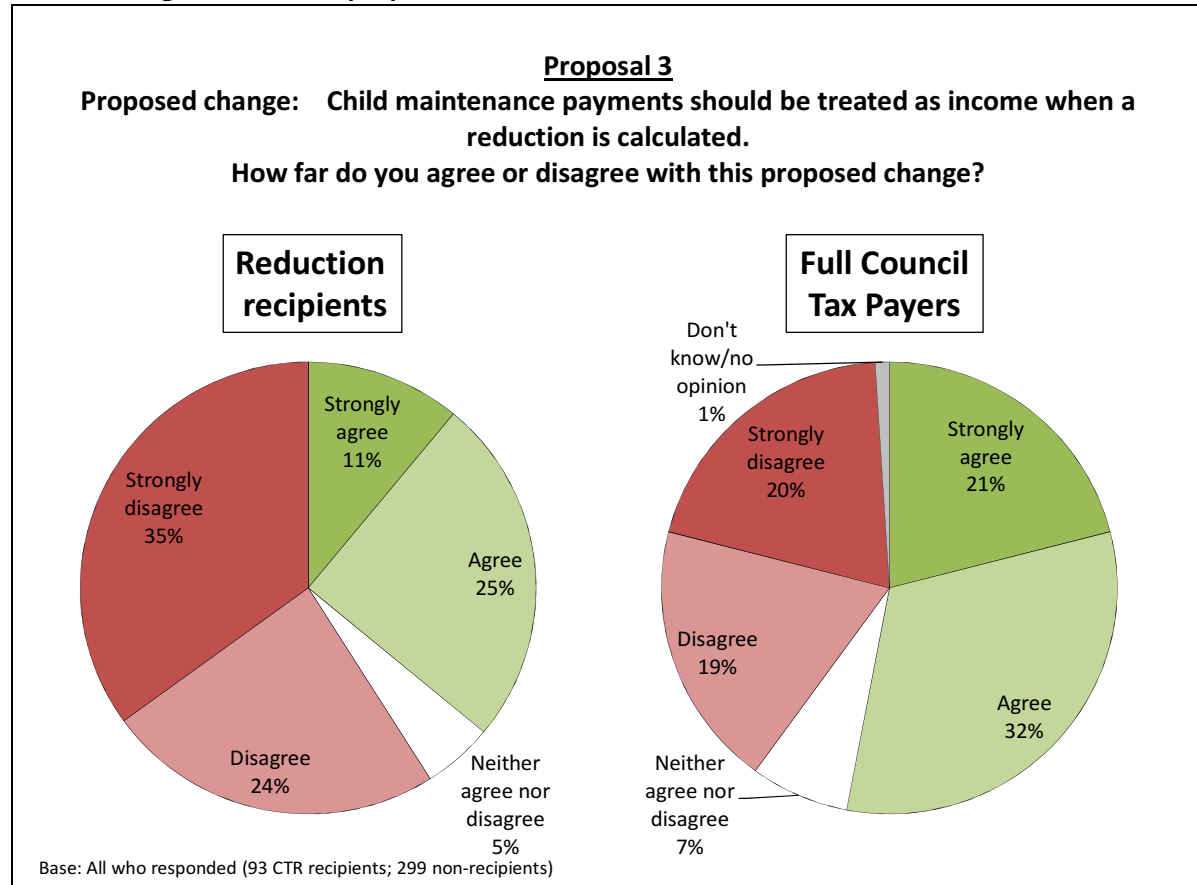
Of the ten stakeholder groups responding, four agreed with the proposal and two disagreed. The others either stated that they “neither agree nor disagree” or offered no opinion. There were two comments made by stakeholders:

1. One parish council felt that exceptions for carers should be considered.
2. Another parish council felt that the removal of the rebate should be dependent on income.

#### **4.4 PROPOSAL TO TREAT CHILD MAINTENANCE AS INCOME RATHER THAN DISREGARDING IT**

Opinions were divided regarding the proposal to class child maintenance payments as income when a reduction in council tax is calculated, with full council tax payers more likely to support the proposal and those currently in receipt of a reduction more likely to oppose it. [Chart 4.4]

Chart 4.4: Agreement with proposal to treat child maintenance as income



While around a third (35%) of council tax reduction recipients agreed with the proposal, almost six in ten (59%) disagreed, a third (35%) expressing strong disagreement. Agreement was significantly higher amongst full council tax payers, of whom more than half (54%) agreed. However, even amongst full council tax payers, more than a third (38%) of respondents opposed the proposed change in the calculation of council tax reductions.

Lone parents were particularly opposed to the idea of classifying child maintenance payments as income for the purposes of calculating a council tax reduction. Eight in ten lone parents in receipt of a reduction opposed the proposal (81%), as did six in ten lone parents not currently receiving a reduction (63%).

Over 100 respondents provided additional comments relating to this proposal:

- Most commonly residents commented that child maintenance payments are **intended for the support of the child**, and not intended for use in the payment of household bills.
- Many took the view that by classing these payments as income, some portion of the maintenance payment would need to be redirected to cover the payment of additional council tax, and there were concerns that **children would be directly affected** as a result.

- Concerns were also expressed that maintenance payments may be an **unreliable source of income**, as payments are not always received regularly and on time.

Of the ten stakeholder groups responding, four agreed with the proposal and four disagreed. Two of these organisations raised issues concerning the practical considerations of this change in policy:

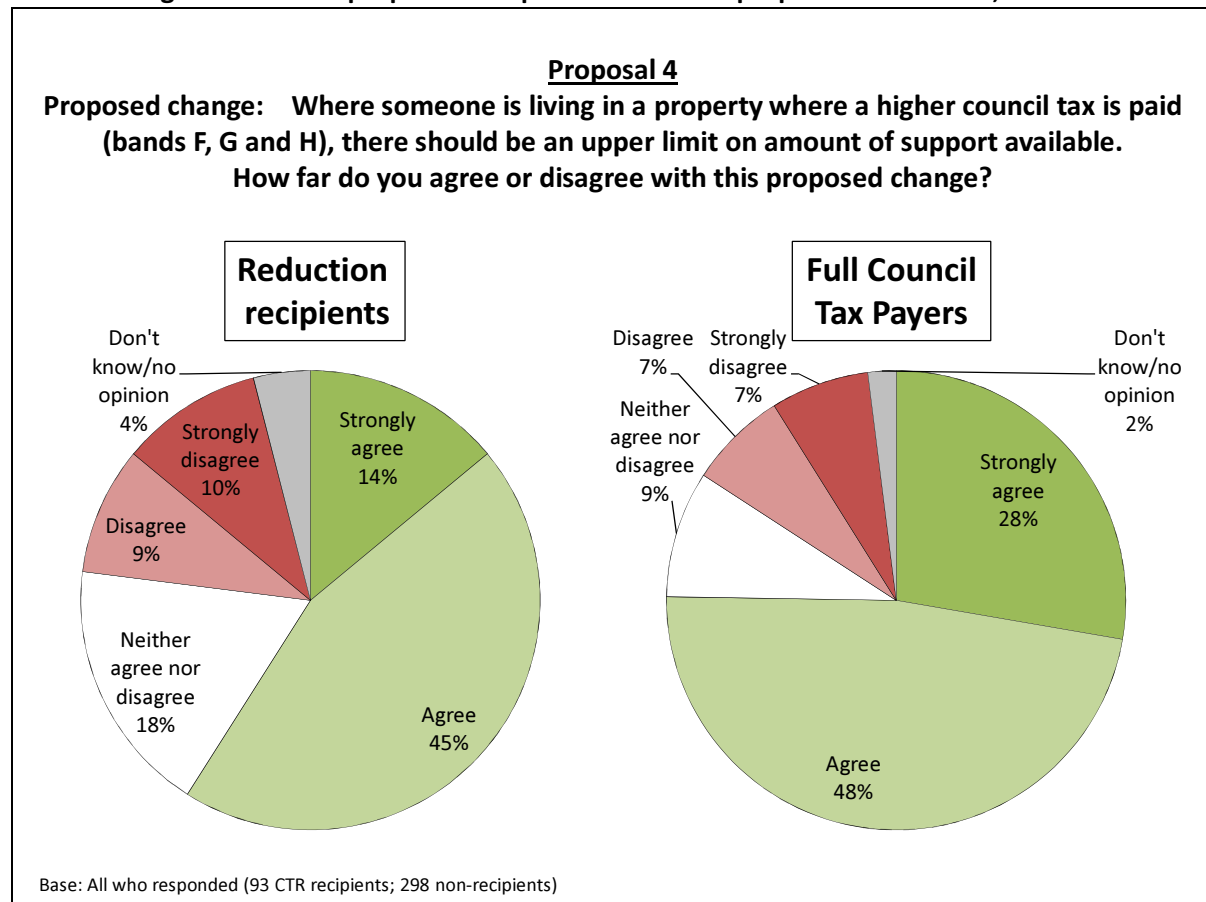
1. Gingerbread (the national charity working with and on behalf of single parents) expressed strong disagreement with the proposal and made the following comment:  
*“Child maintenance is the parental contribution from one separated parent to the other for the financial support of a child. The council's proposal will mean that children in single parent families in the Vale of White Horse District will lose a fifth of this money intended for their upkeep. Gingerbread believes there are strong practical, as well as policy-related, reasons why child maintenance should be left out of the calculation of council tax support.”*
2. Oxfordshire South and Vale Citizens Advice Bureau commented:  
*“Whilst we understand the principle of this, we do not see how it will be organised in practice, as maintenance payments are made in a variety of different ways, both formal and informal. Maintenance payments are ignored for other benefits purposes which means that there is no established method for verifying them.”*

### **4.5 PROPOSAL TO CAP ENTITLEMENT FOR PROPERTIES IN BANDS F, G AND H**

Respondents were asked to give their views on the proposal to put an upper limit on the amount of support available to residents living in properties in a higher council tax band (bands F, G and H). The entitlement would be capped to band E level. [Chart 4.5]

This proposed change received considerable support. Three quarters of full council tax payers (76%) and six in ten of those currently in receipt of a reduction (59%) agreed with the proposal to cap entitlement for properties in higher bands. Full council tax payers were particularly likely to agree strongly with the proposal (28%). The level of disagreement was similar across the two groups; 14% of full council tax payers and 18% of reduction recipients disagreed with the proposed cap.

Chart 4.5: Agreement with proposal to cap entitlement for properties in bands F, G and H



There were a number of comments made relating to this proposal:

- Some of those who agreed with the proposal felt that residents living in these bands were **unlikely to need the same level of support** as those in lower banded properties, or **should consider moving** to a lower banded property if they could not afford their council tax payments.
- However, several respondents felt that **individual circumstances** should be taken into account, and that more consideration should be given to **ability to pay** and the **reasons for occupying a higher banded property** (e.g. concerns for those who have “fallen on hard times” and may need temporary support).
- A number of respondents felt that properties in **all bands should be treated equally** as regards tax reductions.

Of the ten stakeholder groups responding, four supported the proposed cap for properties in bands F, G and H, and one (Grove Parish Council) opposed it. No supporting comments on this proposal were provided by stakeholders.

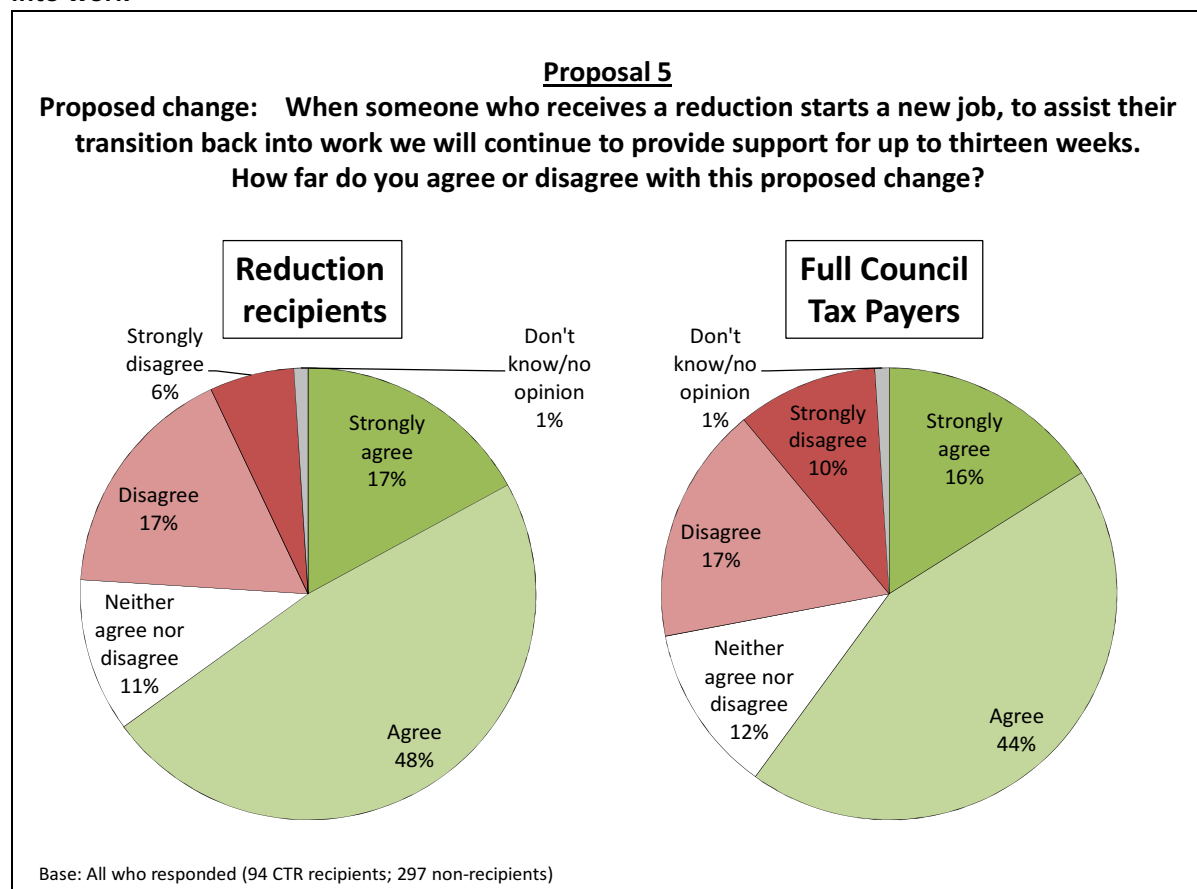


#### 4.6 PROPOSAL TO EXTEND “RUN-ON” ENTITLEMENT WHEN A CLAIMANT MOVES INTO WORK FROM FOUR WEEKS TO THIRTEEN WEEKS

Views were sought on the proposal to continue to provide support for up to 13 weeks (extended from the current four weeks) when someone in receipt of a reduction starts work. [Chart 4.5]

Three in five (60%) of those paying full council tax agreed with the proposed extension, and a similar proportion (65%) of those receiving a reduction agreed. Around a quarter of each group opposed the proposed extension (27% of full council tax payers; 23% of reduction recipients).

**Chart 4.6: Agreement with proposal to extend entitlement to 13 weeks when a claimant moves into work**



93 respondents provided additional comments relating to this proposal:

- Some of those who agreed with the proposal felt that the extension would provide a **good incentive to return to work**, and would give the claimant **more time to adjust** to their new financial situation.
- Several of those who opposed the proposal could not understand the reasons for the extension or felt that it was **unnecessary**, given that in most cases the claimant would be paid within four weeks of starting work.

- A number of respondents suggested that the **increase was too great**, preferring an extension of around 8 weeks.

Of the ten stakeholder groups responding, four supported the proposed cap for properties in bands F, G and H, and one (Grove Parish Council) opposed it. Oxfordshire South and Vale Citizens Advice Bureau agreed with the proposal but felt that the results of the change should be monitored to establish the impact it has on helping people back to work.

### 4.7 OTHER COMMENTS

At the end of the consultation respondents were asked if they had any other comments about the proposed changes to the scheme. 73 respondents provided comments.

There were few common themes. However, a significant proportion of the comments expressed concern that the proposals place a disproportionate burden on the poor and those receiving benefits, who may not be able to afford any increase in their council tax payments. Some stated that they would prefer that the impact of the government cuts is spread more evenly across all income groups based on ability to pay (e.g. through some form of local income tax or other means tested scheme) or is funded by increasing council tax for higher income groups.

A number of issues were raised by the stakeholder groups consulted:

1. Gingerbread (the national charity working with and on behalf of single parents) raised concerns about the impact of the proposed scheme on single parents when viewed in conjunction with other tax and benefit changes:  
*“Children in single parent families are twice as likely to be living in poverty compared to children in couple families. Child maintenance from a separated parent is an important protective factor for children, at a time when central government tax and benefit changes have disproportionately hit those raising children alone. The council's proposals come at a time when central government is about to introduce a 4% charge on child maintenance collected through the new Child Maintenance Service. Thus separated parents in the Vale of White Horse who are trying to do the best for their children will find that both central and local government want a share of the money intended for their child.”*
2. One parish council expressed a concern that there is potential for the changes to hit domestic violence sufferers, single parents and carers, and suggested that these groups should be afforded the same protection rights as pensioners.
3. A local housing association also raised an issue regarding the protection of certain groups from the impact of the changes, suggesting that it is counter-intuitive to protect those with a disability premium (and therefore additional income) while placing proportionately greater impact on young people looking for work.

4. The Oxfordshire South and Vale Citizens Advice Bureau expressed an appreciation of the difficult decisions the council is having to make and vowed to monitor the impact of the changes on their clients.

# Equality impact assessment – funding proposals

## 1. What funding proposal you are reviewing?

Prior to 1 April 2013 council tax benefit was funded by the Department for Work and Pensions (DWP), to support people on low incomes by reducing the amount of council tax they had to pay.

People could claim full (100 per cent) council tax benefit if they were on certain benefits. These included income based jobseeker's allowance, income support, guarantee credit (which is part of state pension credit) and income related employment and support allowance. Other people received some council tax benefit based on their income and other factors.

From April 2013 the council tax benefit scheme was replaced by new local council tax reduction schemes. The rules for the new schemes are set out in legislation for pensioners but for people of working age the rules are determined by local councils. The Government still provides funding but, on average, the amount of funding available is ten per cent below that for the previous council tax benefit scheme.

The council tax reduction scheme legislation stipulates that pensioners should not be disadvantaged by the new schemes and so they must receive the same level of support as under the previous council tax benefit scheme, providing their circumstances do not change.

In 2013/14 Vale of White Horse District Council decided to cover the ten per cent reduction in Government funding rather than reduce the entitlement of any of the 5,900 people receiving support to pay their council tax. Vale of White Horse taxpayers (including the contributions to the County Council, Police and Town and Parish Councils) covered an additional £536,000 per year to maintain the current level of support. This is the equivalent of £11.00 per year on a Band D council tax and would represent an increase of 1 per cent on the current tax if financed in this way, rather than by cutting other budgets or using one-off reserves.

## 2. What is the main aim or purpose of the proposed change, and what are the intended outcomes?

To support residents on a low income with help towards paying their council tax. To introduce a scheme that is fair, protects the vulnerable and limits expenditure. The scheme needs to encourage residents back to work by the inclusion of work incentives.

To achieve this, the council is proposing the following changes to its existing council tax reduction scheme:

- the maximum entitlement to a reduction will be based on 91.5 per cent of the council tax liability e.g. a resident with a £1,000 bill who is currently receiving full support would only receive £915 in support
- the maximum amount of capital a person can have before being excluded from the scheme will reduce from £16,000 to £6,000 (**Update 29 November 2013 – following consultation feedback and Scrutiny committee this proposal will not be taken forward**)
- remove second adult rebate for working age claimants
  - second adult rebate is a reduction that is available to someone, regardless of their own income, who is living with another adult who is on low income (excluding lodgers)
- treat maintenance as income rather than disregarding it (**Update 29 November 2013 – following consultation feedback and Scrutiny committee this proposal will not be taken forward**)
- cap entitlement to band E levels
  - this will mean that people living in properties with a council tax band of F, G, H will only receive support up to the level of a band E property. For example, the average council tax for a band G property in 2013/14 is **£2,533** so this is the maximum support currently available. The average council tax for a band E property in 2013/14 is **£1,858** so this would be the maximum amount that support entitlement would be calculated upon under the proposed change
- increasing “run-on” entitlement where claimants move into work from one four weeks to thirteen weeks
  - at present, when an unemployed person moves into work, we continue to calculate their entitlement as if they were still unemployed for a four week period. This is to help the transition into work. Under this proposal we would extend the four week period to thirteen weeks to help even more with the move into work
- include protection from the liability reductions for the disabled (including disabled children), war widows and war disabled

### 3. Who are the main beneficiaries of the funding?

The main beneficiaries of the council tax reduction scheme are pensioners, the unemployed, the disabled and working age people on low incomes. However, the costs of the scheme affect all council tax payers in the district, and the Police and Crime Commissioner Thames Valley and Oxfordshire County Council.

4. What is the likely equality impact to changing the current funding arrangements? (*include information relating to sources of data that enable you to make this assessment and the equality groups who will be affected*)

Public Sector Equality Duty	Impact
<p>Advance equality of opportunity for the following protected characteristics and eliminated potential for discrimination:</p> <p>Gender, age, race, disability, religion or belief, race, gender reassignment, sexuality, pregnancy and maternity *marriage or civil partnership (discrimination only)</p>	<p>Potential negative impact:</p> <ul style="list-style-type: none"> <li>• Gender and pregnancy and maternity– people with caring responsibilities (either children or sick/elderly relatives who they do not live with) are likely to find it more difficult to balance work with their caring responsibilities. This tends to affect women more than men as they are more likely to be the main carer. Lone parent households with dependant children may also be affected as they are less likely to be able to work.</li> <li>• Women or men fleeing domestic violence if they have the intention to return to the property as currently a Council tax reduction would be given for up to one year. Under the proposed changes the council would still allow a reduction but it would be based on the maximum 91.5 per cent</li> <li>• Age – working age people 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 ongoing work. Families with children of pre-school age could be negatively affected as they have caring responsibilities so have more difficulties in balancing work with child care</li> <li>• Race – larger families are characteristics of some ethnic groups (however this could also apply to any large family in band E and above). This could mean they are living in larger properties likely to be above band E and so adversely affected by the band restriction</li> </ul>

	<ul style="list-style-type: none"> <li>• Sexuality, religion or belief, gender reassignment, marriage or civil partnership – no negative impact</li> <li>• People in hospital who do not qualify for an exemption may be affected by these proposals</li> <li>• Prisoners on remand who do not qualify for an exemption may be affected by these proposals</li> </ul>
Eliminate harassment	The proposed changes should not violate the service user's dignity; or create an intimidating, hostile, degrading, humiliating or offensive environment for the service user. However, there could be instances where an increase in council tax liability could lead to debt recovery procedures being instigated where there is an incidence of non payment. This may lead notices being issued, court action and, the use of bailiffs to recover debts. Such action could be perceived as harassment by affected council taxpayers
Promote good community relations	No significant impact expected – however, if the change disproportionately affects a particular group of people that could lead to negative community relations between that group and the council
Promote positive attitudes towards disabled people and their carers	<p>Disabled residents and people caring for their partners and dependent children (if they live with them) are protected under the scheme</p> <p>However the following related groups are likely to be affected by the proposals:</p> <ul style="list-style-type: none"> <li>a. Carers who do not live in the same property as the person they are caring for – carers have responsibility for caring and so have less opportunity to increase income through work</li> </ul>
Encourage participation of disabled people	As the proposals will not have a negative impact on people with disabilities or their carers we do not propose to consult them specifically, but they will be included

	naturally through the main consultation
Consider more favourable treatment of disabled people	<p>The proposals will protect people with disabilities who receive the following:</p> <ul style="list-style-type: none"> <li>• Disability premium</li> <li>• Enhanced disability premium</li> <li>• Severe disability premium</li> <li>• Disability premium for dependents</li> <li>• Enhanced disability for dependents</li> <li>• Disabled earnings disregard</li> <li>• CT disability reduction</li> <li>• Employment Support Allowance (any rate)</li> </ul>
Protect and promote human rights	No negative impact

The likely impact, in terms of numbers affected for certain groups, is as follows:

Group	Numbers affected	(Saving)/Cost to Vale
Reducing maximum entitlement to 91.5 per cent (i.e. <b>8.5 per cent reduction</b> )	2,050	(£18,425)
People who receive a reduction because they live with another adult who is on a low income	27	(£525)
People who will have their entitlement capped to a band E rate	43	(£1,237)
People who move into work and continue to receive the same level of reduction	214	£2,427
	<b>NET SAVING</b>	<b>(£17,760)</b>

All claimants will be affected by the 8.5 per cent reduction and some will be affected by one of the other changes (numbers given in table above). However, only person appears to be affected by the 8.5 per cent reduction and more than one of the other changes.

The **overall** financial effect on **claimants** in **band C** (the band of property in which most affected claimants live) can be seen in the following table:

Group	Average annual (reduction)/increased award	Highest annual (reduction)/increased award
Reducing maximum entitlement to 91.5 per cent (i.e. <b>8.5 per cent reduction</b> )	(£80.54)	(£118.76)
People who receive a reduction because they live with another adult who is on a low income	(£236.67)	(£346.81)



People who will have their entitlement capped to a band E rate	(£266.40)	(£346.84)
People who move into work and continue to receive the same level of reduction	£154.68	£236.07

**Appendix A** lists the financial impact of each of these changes, broken down by council tax band. **Appendix B** details the potential savings or additional costs from each of the changes.

The following is all of the groups that may be affected.

Group
Working age residents
People with a child under 5
Lone parents with a child under 5
People who receive a reduction because they live with another adult who is on a low income
People who will have their entitlement capped to a band E rate
People who move into work and continue to receive the same level of reduction
Women or men fleeing domestic violence
People in hospital
Prisoners on remand

5. Have you sought feedback from those likely to be affected by your decision, if you do not plan to consult, please state your rationale behind that decision? (Please note you are **required** to involve disabled people in decisions that impact on them)

We have undertaken an eight week consultation exercise to seek views from a sample of affected residents insofar as they currently receive a council tax reduction. We also selected a sample of residents who pay council tax but do not currently receive a council tax reduction. The consultation was also available on the council's website so that anyone with an interest could complete it. We informed local stakeholders (Citizens Advice Bureaux, Registered Housing Providers, etc) of the consultation to seek their views.

6. Are you/partners able to take any action to minimise or reduce and potential adverse equality impact?

The consultation exercise collected views of affected people to inform the development of the final scheme. We will develop a communication plan to communicate the potential impact to affected groups. We will also consider changes in communication methods, collecting data, revising programmes or involvement activities. However, if all vulnerable groups were protected this would mean the scheme costs more and so this would have a knock-on effect on other council tax payers.

7. How will you monitor the affect the proposed changes have had in order to review the actual impact of your proposal?

Ongoing monitoring of those people having difficulty paying. We will seek feedback from Citizens Advice Bureaux, advice agencies and Registered Housing Providers during regular liaison meetings. There will be an impact review after year one.

Date completed: 29/11/2013

Signed     *B.W.*     (Officer)

Signed \_\_\_\_\_ (Head of Service)

Signed     *[Signature]*     (Equalities officer)

Financial impact of each proposed change

8.5 per cent reduction in entitlement					
Band	Ave annual reduction	Ave weekly reduction	Highest annual reduction	Highest weekly reduction	Number of "new" payers"
A-	£0.00	£0.00	£0.00	£0.00	0
A	£64.40	£1.24	£89.06	£1.71	152
B	£73.44	£1.41	£103.91	£2.00	606
C	£80.54	£1.55	£118.76	£2.28	902
D	£85.67	£1.65	£133.61	£2.57	273
E	£107.81	£2.07	£162.12	£3.12	88
F	£125.82	£2.42	£191.60	£3.68	24
G	£129.33	£2.49	£195.01	£3.75	11
H	£255.96	£4.92	£255.96	£4.92	0
<b>Total</b>	<b>£79.75</b>	<b>£1.53</b>			<b>2,056</b>

Remove Second Adult Rebate						
Band	No. payers affected	Ave. reduction per affected payer	Ave. weekly reduction	Highest annual reduction	Highest weekly reduction	Number of "new" payers"
A-	0	£0.00	£0.00	£0.00	£0.00	0
A	1	£153.92	£2.96	£153.92	£2.96	0
B	0	£0.00	£0.00	£0.00	£0.00	0
C	21	£236.67	£4.55	£346.84	£6.67	0
D	4	£305.11	£5.87	£372.32	£7.16	0
E	1	£451.88	£8.69	£451.88	£8.69	0
F	0	£0.00	£0.00	£0.00	£0.00	0
G	0	£0.00	£0.00	£0.00	£0.00	0
H	0	£0.00	£0.00	£0.00	£0.00	0
<b>Total</b>	<b>27</b>	<b>£251.72</b>	<b>£4.84</b>			<b>0</b>

**Financial impact of each proposed change**

<b>Cap entitlement to a maximum liability equivalent to Band E</b>						
<b>Band</b>	<b>No. payers affected</b>	<b>Ave. reduction per affected payer</b>	<b>Ave. weekly reduction</b>	<b>Highest annual reduction</b>	<b>Highest weekly reduction</b>	<b>Number of "new" payers"</b>
A-	0	£0.00	£0.00	£0.00	£0.00	0
A	0	£0.00	£0.00	£0.00	£0.00	0
B	0	£0.00	£0.00	£0.00	£0.00	0
C	0	£0.00	£0.00	£0.00	£0.00	0
D	0	£0.00	£0.00	£0.00	£0.00	0
E	0	£0.00	£0.00	£0.00	£0.00	0
F	26	£266.40	£5.12	£346.84	£6.67	19
G	16	£498.75	£9.59	£673.40	£12.95	8
H	1	£1,171.04	£22.52	£1,171.04	£22.52	1
<b>Total</b>	<b>43</b>	<b>£373.89</b>	<b>£7.19</b>			<b>28</b>

<b>Increase extended reduction period from 4 weeks to 13</b>			
<b>Band</b>	<b>No. payers affected</b>	<b>Ave. additional award per affected payer</b>	<b>Highest additional award per affected payer</b>
A-	0	£0.00	£0.00
A	14	£122.05	£132.84
B	75	£130.14	£225.00
C	87	£154.68	£236.07
D	29	£164.32	£265.59
E	6	£164.25	£309.06
F	2	£284.31	£292.14
G	1	£422.46	£422.46
H	0	£0.00	£0.00
<b>Total</b>	<b>214</b>	<b>£147.98</b>	

<b>Proposed change</b>	<b>Numbers affected</b>	<b>(Saving)/Cost to Vale</b>
Reducing maximum entitlement to 91.5 per cent ( <b>i.e. 8.5 per cent reduction</b> )	2,050	(£18,425)
People who receive a reduction because they live with another adult who is on a low income	27	(£525)
People who will have their entitlement capped to a band E rate	43	(£1,237)
People who move into work and continue to receive the same level of reduction	214	£2,427
	<b>NET SAVING</b>	<b>(£17,760)</b>