



Haringey Council

Report for:	Full Council on 17/01/2013	Item Number:	
Title:	Final approval of Haringey Council Tax Reduction Scheme		
Report Authorised by:	Julie Parker Director of Corporate Resources <i>J. Parker</i> 16/1/13		
Lead Officer:	Paul Ellicott Head of Revenues, Benefits and Customer Services		
Ward(s) affected: All	Report for Key Decision		

1. Describe the issue under consideration
 - 1.1. This report is supplemental to the original report for the Full Council meeting on 17 January 2013, dated 9 January 2013, Agenda item 5. Where there is any difference this supplemental report supersedes the content of the original report.
 - 1.2. The purpose of the original report and this supplemental report is to set out recommendations for Haringey's Council Tax Reduction Scheme following appropriate consideration of the results of consultation and having had due regard to the Council's equality duties.
 - 1.3 The Council received a letter from Irwin Mitchell Solicitors on the afternoon of Friday 11 January 2013 on behalf of three clients. The letter is attached at Appendix A. The letter is warning of a potential judicial review of the Council's Council Tax Reduction Scheme.
 - 1.4 It is stated that their clients are extremely concerned that the Council have not carried out a lawful consultation in respect of the proposed scheme. It is alleged that the Council is irrationally proposing not to accept the Transitional Grant funding. It is further alleged that the Council have failed to have due regard to the



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public sector equality duty in relation to the impact of the scheme on disabled children and pregnant and nursing mothers. The letter goes on to advise that if the scheme as recommended is approved by Full Council, that judicial review proceedings may be issued with a view to having any proceedings heard before the 15 February 2013. The rationale put forward by the Solicitors for an expedited hearing before the 15 February would be in order to allow the Council the opportunity to apply for the Transitional Grant from the DCLG should the legal challenge be successful.

1.5 The Council has sought advice from leading Counsel. The Council's response is attached at Appendix B. Members should pay careful attention to the points made in both letters.

2. Cabinet Member introduction

2.1 See original report and attached appendices.

3. Recommendations

3.1 See original report and attached appendices.

4. Alternative options considered

Department for Communities and Local Government Transitional Grant Scheme

4.1 The Solicitors have requested that members consider adopting a scheme which accords with the Government's Transitional Grant Scheme and which protects, in addition to pensioners and disabled applicants, families with disabled children, and pregnant women and nursing mothers. In the context of nursing mothers the Solicitors invite the Council to protect all mothers with children under 1 year of age.

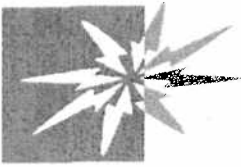
4.2 The scheme as recommended in the original report does not propose to take the Transitional Grant. Contrary to the understanding of the Solicitors, it does however offer protection to families with disabled children, provided that one parent is in receipt of one of the 6 disability premiums:

- Disability Premium
- Disabled Child Premium
- Enhanced Disability Premium
- Enhanced Disability Child Premium
- Carer Premium



•Severe Disability Premium

- 4.3 It was advised in the original report that the additional cost to the Council to adopt a scheme which accords with the Government's Transitional Grant Scheme and which protects pensioners and disabled families in receipt of qualifying benefits would be estimated at £1.489m. This would mean that pensioners and disabled families would continue to receive the same support as they are eligible for currently, and the remaining working-age claimants, including pregnant women and nursing mothers (that is, claimants with children under the age of 1 year), would receive an 8.5% reduction in support. This additional cost would need to be funded from outside the scheme and from elsewhere within the Council's budget, either by savings, increasing council tax or the use of reserves. Further detail is set out at section 10 of this report.
- 4.4 The Transitional Grant Scheme is only available for the first year. Thereafter, the Council would need a scheme in place which addresses the reduction in funding from Government. Otherwise the costs in year 2 would increase from £1.489m to £2.195m if no other changes to the scheme or assumptions made occurred. This would be an ongoing cost.
- 4.5 In order to adopt a scheme which accords with the Government's Transitional Grant Scheme and in addition, protects pregnant women and mothers with children under 1 year, there would be an additional estimated cost to the Council of £366k, totalling £1.855m. The exact number of persons within this category and who are currently in receipt of Council Tax Benefit is not available to the Council, however the Council is able to estimate based on the data it holds on claimants with children under 1 year of age. The Council's estimate is that pregnant women and claimants with children under 1 year of age represent 12% of current Council Tax Benefit claimants. As set out at paragraph 4.3 above, this additional cost would need to be funded from outside the scheme.
- 4.6 Members could choose to proceed with the scheme as recommended in the original report, that is, not to accept the Transitional Grant and to pass on the reduction in funding to all working age claimants whilst protecting pensioners and disabled families. As set out in the original report, this means a 19.8% reduction to all working age claimants not in receipt of the qualifying disability benefits.
- 4.7 Members may also choose to proceed with the scheme as recommended in the original report, but with additional protection for pregnant women and claimants with children under 1 year. This group represents 12% of current claimants, and as such the reduction passed on to the remaining claimants of working age would increase from 19.8% to an estimated 25.5%.



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4.8 The protection of pregnant women and claimants with children under 1 year has been considered as part of on going equalities analysis. Further detail is set out in section 8 of this supplementary report. It is not recommended that members agree a scheme with additional protection for this group owing to the disproportionate impact it would have on the remaining working age claimants and/or the fact that the shortfall would have to be met from elsewhere. Furthermore, there are mitigating measures for this category as set out in section 8 below. As stated above, the Council estimates that pregnant women and claimants with children under 1 year represent 12% of all claimants in receipt of Council Tax Benefit, which would mean an increased reduction to remaining working age claimants from 19.8% to an estimated 25.5%. Moreover, to protect these two additional categories would require an administrative process to collate data on these groups and monitor changes. This would have the effect of running an additional assessment to that which is currently undertaken by the DWP and would add further costs to the administration of the proposed scheme.

5. Background information

5.1 See original report and appendices.

6. The Scheme – The Key Components

6.1 See original report and appendices.

7. Summary of Consultation Response

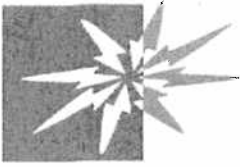
7.1 As set out in the original report, a comprehensive consultation was carried out between 29 August and 19 November 2012. Consultees views were sought on a proposed scheme to pass on the reduction in Government grant equally to all working age claimants. It was also open to consultees to make any other observations or comments about the proposed scheme as they deemed appropriate. It is noted that some consultees responded by suggesting that the Council could raise taxes or cut services rather than passing on some or all of the shortfall to working age claimants.

7.2 The GLA response to the consultation included reference to the Government's Transitional Grant Scheme, indeed it was open to all consultees to make comments on the Transitional Grant.

8. Equalities Impact Assessment Summary

Pregnant and Nursing Women

8.1 Members should note that the protected characteristics for the purposes of the Public Sector Equality Duty are 'pregnancy and maternity'. Whilst the exact number of persons within this category and who are currently in receipt of Council



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Tax Benefit is not available to the Council, the Council is able to estimate based on the data it holds on claimants with children under 1 year of age. The Council's estimate is that this group represents 12% of current Council Tax Benefit claimants.

- 8.2 Women who are pregnant or on maternity leave are unable to work for a limited time and may in that time be receiving statutory maternity pay. Their ability to supplement their income is therefore not affected in the same way or to the same extent as pensioners and disabled people. On this basis, it is not recommended to offer any specific protection on pregnancy and maternity.
- 8.3 However, there are a number of mitigation measures available to reduce any potential impact. In respect of nursing mothers and children aged 0-16 years of age, mitigation includes:
- Child Benefit and maintenance payments in respect of a child or qualifying young person are fully disregarded
 - Child care cost disregards will continue to apply where appropriate.
- 8.4 Haringey has 17 Children Centres located across the borough. These centres bring together a range of services for children under five and their families such as childcare, family support, health and education and information on local services.
- 8.5 In addition, pregnant women or those who have a child under four years old can get Healthy Start vouchers to help buy some basic foods. This important means-tested scheme provides vouchers to spend with local retailers. Pregnant women and children over one year and under four years old can get one £3.10 voucher per week. Children under one year old can get two £3.10 vouchers (£6.20) per week.

The vouchers can be spent on:

- milk
- fruit
- infant formula milk

This information is available on the Council's website:

http://www.haringey.gov.uk/index/social_care_and_health/health/publichealth/pregnancyandbirth.htm

9. Service Impact Assessment

9.1 See original report and appendices.

10. Comments of the Chief Finance Officer and financial implications



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10.1 The cost burdens on the Council of the different options can be summarised as follows (making no allowance for non collection of council tax). The following figures take into account the protection of pensioners and qualifying disabled claimants only.

- Council to absorb the cost (with default scheme): £3.846m
- If eligible for the transitional grant this would reduce to: £3.14m
- Passing on 8.5% (net of Transitional Grant): £1.489m
- Passing on 19.8%: £0

10.2 Protecting pregnant women and claimants with children under 1 year as set out in paragraph 4.5 would add £366k cost to the option of the 8.5% pass on and increase the resultant budget pressure, in addition to the additional administrative costs. These costs would be higher if there was no pass on of the 8.5% and the costs were absorbed by the Council.

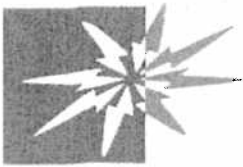
10.3 The levels of budget pressure indicated above would be significant to the Council, given its other pressures in its budget. There are considerable uncertainties regarding the localisation of business rates, demographic pressures, grants being rolled into formula funding, changes to funding due to schools becoming academies, implementation of the benefit cap etc. These are set out in the Financial planning report considered by Cabinet on 18th December . Overall the Council is planning over £13m of budget reductions for 2013/14 and 2014/15, yet still has a gap of around £20m to bridge in 2014/15.

10.4 The Transitional Grant is for 1 year – so the option of absorbing would increase to £3.846m if the scheme was not changed in 2014/15, while that for passing on the 8.5% would rise to £2.195m if no changes were made.

10.5 If the Council was to increase council tax, unless it was to trigger a referendum the maximum increase it could make is up to 2%. However if it froze council tax the Council would be eligible for the council tax freeze grant . The net benefit of increasing council tax by 2% would therefore only be £0.5m

10.6 If the Council increased its council tax by 2% and other councils with similar levels of council tax did not it would have the 3rd highest council tax in London.

10.7 The letter from Irwin Michell solicitors refers to reserves and £108m of useable reserves at 31/3/12. This includes all the Council's reserves of which £31.6m relate to HRA, schools and capital and are not available to apply to general fund revenue. The Council holds a general reserve of £15m as at 31/3/12. Other reserves are held for earmarked purposes and to cover unexpected liabilities and risks. As set out above going into 2013/14 there are considerable risks in the Council's funding, many of which are outside the Council's control and often occur at short notice in a way that cannot be planned. Reserves can only be used once. Reserves are reviewed annually are part of the budget setting process.



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10.8 The Council will be aiming to collect all of the council tax that is due. The Council currently collects over 95% of its council tax. It is acknowledged that the Council will not collect all the council tax that is due and it will be harder to collect from residents that have not previously paid before. Non collection is relevant to the 8.5% option and that of 19.8%.

10.9 It is hard to predict collection levels and assess if there is a differential between an 8.5% option and one of 19.8%. Generally, collecting smaller sums (as would be the case for the 8.5% option) tends to be more difficult, given the costs of collection.

10.10 If collection levels were at 80% (with non-collection of 20%) there would be a net cost to the Council as follows:

- Passing on 8.5% (scheme with Transitional Grant): £1.8m
- Passing on 19.8%: £0.8m

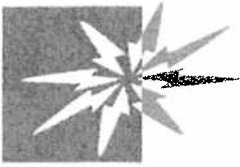
10.11 The technical changes to council tax sit outside of the scheme and are not included in the figures above. These changes are estimated to generate up to £726k (£573k for the Council and £153k for the GLA). However this figure may be lower if individuals “move” to claiming the exemption or discount which is most beneficial to them and gives them the lowest cost to bear.

11. Head of Legal Services and legal implications

11.1 I consider that the consultation process is likely to be regarded as fair and lawful. It was extensive, and adequate information was provided to consultees. There was no obligation to inform consultees specifically about the Government’s Transitional Grant programme: this information was publicly available, one consultee specifically addressed it, and there was no decision (or minded to decision) to adopt this approach which may have necessitated further consultation.

11.2 I consider that the decision is unlikely to be regarded as irrational, so long as members give due consideration to the alternative options to the recommended scheme as set out in both the original and Addendum report. These include alternative financing options such as cuts in services, raising council tax and using reserves.

11.3 I consider that the Council has not failed to have ‘due regard’ to the public sector equality duties. The Solicitors contend that the Council has failed to adequately consider the effect of the proposed scheme on disabled children and pregnant and nursing mothers. The Solicitors are mistaken with respect to ‘disabled children’. The recommended scheme does provide protection for parents of disabled children in the same way as for pensioners and disabled adults. These groups will continue to be eligible for the same level of support



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under the recommended scheme as under the current benefit system, provided that they are in receipt of one of the qualifying disability related benefits. As for 'pregnancy and maternity', this was addressed in the Equality Impact Assessment, and has now been supplemented in the Addendum report. Provided that members take all of this information into account, in the context of the public sector equality duty, when making their decision, this will be sufficient to satisfy the Council's equalities obligations.

12. Head of Procurement Comments

12.1 Not applicable.

13. Policy Implication

13.1 See original report and appendices.

14. Local Government (Access to Information) Act 1985

14.1 Not applicable.

15. Use of Appendices

Appendix A – Letter from Irwin Mitchell Solicitors dated 11 January 2013

Appendix B – Council's letter of response dated 16 January 2013