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Dear Moira and Karen

## CONSULTATION ON LOCALISING SUPPORT FOR COUNCIL TAX

Thank-you for your letter of 12 September giving details of the options you are considering in relation to the above and for the opportunity to comment on them. There are a number of issues that we would particularly like to raise with you and these are set out in the following paragraphs. We hope that the points made will be taken in the spirit of partnership in which they are intended.

### General

We welcome that your local scheme proposal incorporates a number of the elements of the Surrey Framework Scheme. We have concerns, however, in relation to some of the additional scheme criteria you are proposing or considering which fall outside of the Surrey Framework Scheme.

You will be aware from parallel work being undertaken by Surrey Treasurers' Association (STA), that the estimate of the gross funding gap for your council is currently £650k.

### The county council's priorities and approach

Our key priorities in approaching this matter have been fourfold:

- to preserve the current high council tax collection fund rate;
- to avoid indirect cost consequences on county and district council services of any changes to local schemes;
- to ensure a joined up partnership actions on this, business rates pooling and Surrey's economic growth strategy; and
- to avoid detrimental impacts on front line policing.

As you will be aware, Surrey authorities' council tax collection rates are amongst the highest in the country, at an average 98.8%. If these are adversely affected by the localisation of council tax support, the impact could be significant - each 0.5% loss in the collection rate would reduce funding to the county by some £3m.

There is a risk that eligibility changes introduced by local schemes may have unintended consequences on the demand for some services delivered by both district councils and the county council, for example – domestic violence, mental health, disability services, child protection. Time is needed for the county to work with districts and boroughs to understand the services potentially impacted and to quantify these impacts.

Given these priorities, the county council's preference is for Surrey districts and boroughs to agree a single scheme, rather than 11 different local schemes. The Surrey Framework Scheme was discussed on this basis, comprising the following measures:

- removing the second adult rebate;
- reducing the capital threshold;
- restricting minimum benefit awards to £5 per week;
- limiting support to the level of a Band D property;
- ceasing back-dated awards; and
- removing discounts and exemptions for second homes and empty properties.

We are acutely aware of the potential equality implications arising as a result of changes to schemes and on that basis, for 2013/14, are encouraging districts and boroughs to minimise variations from the current national scheme, so avoiding harsh financial impacts on vulnerable people. We are keen to ensure that these minimal changes are common across all districts and boroughs.

We have also supported and encouraged districts and boroughs to make use of the new flexibilities in the council tax discounts and exemptions rules to enable an increased council tax yield from second homes and empty properties in our area. This will help to bridge the funding gap left by the Government's council tax benefit funding reductions.

Developing a local scheme for implementation in 2014/15 will ensure robust and comprehensive equality impact assessments (EIA) can be undertaken as the schemes are developed, including consequential social impacts. We believe that at that time it will be necessary to pass on some of the funding lost through reduced eligibility, since there is a risk that if authorities achieve the savings too readily, there may be further reductions imposed on local authorities in future years.

Provided that the desired level of consistent, joint action is taken by district and borough councils across the county, the county council has undertaken to consider meeting the funding gap across the county for the first year of the scheme, pending a more considered, longer term solution in 2014/15. As previously stated, we feel that this will minimise both EIA and collection rate risks so will benefit us all.

### Surrey Framework Scheme

The scheme identified as the "Surrey scheme" in your consultation letter is different from that collectively agreed by the Surrey local authorities, to the extent that those elements listed under c) in your letter do not form part of it. Their inclusion gives rise to the concerns expressed below.

It is pleasing to note that the parameters stated under your proposed scheme include all of the savings that form part of the Surrey Framework Scheme. It is our understanding (based on the most recent STA figures) that if you were to adopt only those elements of the Surrey Framework Scheme that you are currently considering, the funding gap for your authority would be approximately £200k.

#### Additional local scheme criteria

We note that you are also considering additional options that go beyond the minimal scheme changes discussed and agreed by Surrey Chief Executives and Surrey Treasurers for 2013/14 (the Surrey Framework Scheme), in particular:

- treating child benefit and child maintenance as income;
- applying a blanket percentage reduction to support provided to all working age claimants.

These criteria potentially imply considerable equalities implications which, as you know, will need to have been explored thoroughly before the scheme is finalised. As you will be aware from discussions on the issue, we consider the EIA to be an area of considerable risk and therefore do not support adoption of these criteria at this time and urge you to reconsider their inclusion in your 2013/14 scheme, for the reasons already mentioned.

#### Other specific concerns

To address the specific issues on which you have requested our comments:

**The extent to which optimising council tax flexibilities should be part of the 'package'?** – We fully support the inclusion of additional council tax yield from changes to existing discounts and exemptions within actions taken to introduce local support schemes. These will lessen the impact on the vulnerable groups affected.

**Should the full government funding cuts be reflected in local schemes?** – As you will be aware, we championed and so fully support the adoption of the Surrey Framework Scheme for 2013/14. This requires relatively small changes to scheme criteria and the elimination of some council tax discounts or exemptions to help to mitigate the funding gap. We do not support making cuts in support to the extent required fully to meet the funding gap.

**Where should the reductions in council tax support fall?** – As already stated, the only reductions in support that we support are those reflected in the 'savings' element of the Surrey Framework Scheme.

**What is your response to proposals that major precepting authorities contribute to additional collection costs of billing authorities?** – As you will be aware on a voluntary basis, we have previously discussed this possibility with districts and boroughs. Whilst we must stress that this does not form part of our current offer to districts and boroughs for 2013/14, we have not ruled out the possibility for future years.

#### Equality impact assessment

In our consultation response we have been mindful of our responsibilities under the Public Sector Equality Duty. Therefore in reviewing your proposals for localising council tax support, we have considered both general equalities issues and issues which relate to each of the protected characteristics identified in the Equality Act. The findings of these deliberations are set out in detail in Appendix 1. We believe it would be prudent to consider these issues when developing the Equality Impact Assessment for your local scheme.

Conclusion

As discussed and agreed in principle with all Surrey's districts and boroughs on 7<sup>th</sup> August, we will be giving serious consideration to how we might offer financial support to facilitate the adoption of 'minimal change' schemes across Surrey. We must emphasise that this is made in the spirit of partnership and the understanding that the Surrey Framework Scheme is adopted across the county and that the district and borough councils will show the same partnership ethos in their approaches to business rates pooling.

We trust these comments are helpful and sincerely hope that they will inform your final scheme design. We look forward to your early confirmation of the financial implications of your final scheme once it is agreed. We remain committed to working in partnership with yourselves and the other districts and boroughs through the Surrey Leaders' and Chief Executives' Groups, to agree joint solutions to the issues faced by our vulnerable residents and to protect council services in Surrey.

Yours sincerely



David Hodge  
Leader, Surrey County Council



David McNulty  
Chief Executive, Surrey County Council

Copies:

Kelvin Menon, Chief Finance Officer, Surrey Heath BC  
Ian Perkin, Chief Finance Officer, Surrey Police

## Appendix 1: Equalities Issues

1. As part of our consultation response to Surrey Heath Borough Council's proposals for a localised Council Tax support scheme, we have identified a number of equalities issues that may need to be mitigated as the proposals are developed.
2. In identifying these issues, we have been mindful of our responsibilities under the Public Sector Equality Duty, which also apply to Surrey Heath Borough Council. This requires local authorities to demonstrate due regard for the aims of the Equality Act in decision making. We have considered both general equalities issues and issues which relate to each of the protected characteristics identified in the Equality Act.

### General equalities issues

3. The consultation letter acknowledged the need to undertake an Equalities Impact Assessment before finalising the localised Council Tax support scheme. Where possible the findings of this assessment should be considered as early as possible; analysis of the implications should inform the development of the scheme rather than being assessed once firm ideas are in place.
4. It would also be helpful if equalities implications were included in the public consultation, to ensure that residents are aware of the implications of each of the proposals.
5. We recognise that in some instances it may be difficult to identify the impact of these proposals on different protected characteristics. We convene an External Equalities Advisory Group which has representation from a range of organisations that support and/or represent people with protected characteristics. Surrey Heath Borough Council could potentially use this body to gather feedback on its proposals to localise Council Tax support.
6. Surrey Heath Borough Council could also consider using resident data to strengthen its understanding of the impact its proposals could have. A wide range of information is available on Surreyj the local information system for Surrey.

### Specific equalities issues

7. In addition to these general comments, the proposals contained within Surrey Heath Borough Council's consultation letter raised a number of specific issues that may need further equalities analysis.

#### Empty properties

8. A variety of discounts are available for empty dwellings undergoing repair, vacant dwellings and long-term empty dwellings. Surrey Heath Borough Council is considering introducing a premium on long term empty properties between 25% and 50%.
9. People with a **disability** and those with a long-term illness may move out of their home to receive care but keep their home, leaving it vacant. Surrey Heath Borough Council should consider whether in these circumstances disabled people would be disadvantaged by this change.

10. **Older people** may also require adaptations to their homes that constitute major repairs and may leave their property vacant while this is underway. It is also possible they will enter residential care and leave their home vacant. Surrey Heath Borough Council should consider whether in these circumstances older people would be disadvantaged by this change.

#### Removing the second adult rebate

11. A single person can claim a rebate if there is at least one other adult in the household (not a partner) who is on a low income. Surrey Heath Borough Council is considering removing this scheme.
12. On average, disabled people's income is less than half that earned by non-disabled people<sup>1</sup>. **Disabled people** may therefore be more likely to meet the 'low income' criteria applied to second adults and could be disproportionately affected by this change. Surrey Heath Borough Council should therefore consider whether there are disabled adults living in households that receive second adult rebates who will be affected by this change.
13. Second adult rebates are commonly paid where there is a single adult with a parent living with them. Some **older people** may therefore be living in household that benefits from a second adult rebate and could be disproportionately affected by this change. In this circumstance, even if the older person has reached pensionable age, they would not benefit from the Government's proposed universal protection for pensioners; as they are not the householder they would not be making the claim. Surrey Heath Borough Council should therefore consider whether there are older people living in households that receive second adult rebates who will be affected by this change.
14. In some communities it is more common for parents to live with their adult children or for adult children to remain living in their parents' home for longer periods (for example until they are married). These are common circumstances in which a second adult rebate is claimed. Surrey Heath Borough Council should consider whether residents of particular **religions** or **races** are more likely to be affected by this proposal.
15. **Women** are more likely to be single parents<sup>2</sup> so are more likely to have an adult child who has remained living with them or has returned to live with them. Single parents living with an adult child are common claimants of the second adult rebate so women could be disproportionately affected by this proposal. Surrey Heath Borough Council should therefore consider whether women are more likely to be affected by this change.

#### Reduce upper capital limit

16. Currently people with savings of up to £16,000 are able to claim Council Tax Benefit. Surrey Heath Borough Council is proposing to lower this threshold to £6,000.
17. People add to savings throughout their life. The older a person is, the more likely they are to have accumulated savings that exceed the threshold<sup>3</sup>. Therefore people in later middle age who are currently entitled to Council Tax Benefit may have this entitlement removed if the

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<sup>1</sup> Disability Rights Partnership: *Localising Support for Council Tax in England: Disability Rights Partnership Response*, 2011

<sup>2</sup> In the 2011 Census there were 4802 lone female parent households in Surrey, in comparison to 707 lone male parent households.

<sup>3</sup> HSBC research found that the average 'savings pot' by age group was £4,048 at 16-24, £8,103 at 25-34, £9,087 at 35-44, £17,305 at 45-54 and £30,356 for the over 55s. Taken from HSBC: *'Savings map of Britain: A snapshot of the state of the nation's savings'*, 2011

18. threshold is lowered. Surrey Heath Borough Council should consider this impact when determining an appropriate threshold. This will not affect older people once they reach pensionable age, as they will be protected by the Government's proposals for universal protection for pensioners.
19. **Men** are more likely to save than women<sup>4</sup>. Therefore they may be more likely to have accumulated savings that exceed the proposed savings threshold. Surrey Heath Borough Council should consider whether male claimants are therefore more likely to be affected by this change and consider this impact when determining an appropriate threshold.

Restriction of maximum award to Council Tax band D

20. Surrey Heath Borough Council is proposing to limit Council Tax liability to Council Tax band D. Claimants in properties above this band would only receive an award equivalent to the band at which liability is capped.
21. Families with a higher number of children may be more likely to live in larger homes to accommodate their family size. Larger homes, in turn, may be more likely to be in a higher Council Tax band. This means **young people** could live in households affected by this change and Surrey Heath Borough Council should consider the impact on this group.
22. People with a **disability** may live in larger homes to accommodate equipment or property adaptations required to manage their disability. Larger homes, in turn, may be more likely to be in a higher Council Tax band. This means some disabled people may be affected by this change and Surrey Heath Borough Council should consider the impact on this group.
23. In some communities it is more common for parents to live with their adult children or for adult children to remain living in their parents' home for longer periods. This may require these families to live in larger homes, which in turn may fall into higher Council Tax bands. Surrey Heath Borough Council should therefore consider whether residents of particular **religions** or **races** are more likely to be affected by this proposal.

No backdating where a claim is delayed

24. A claim can be backdated where a person is late in making a claim and can show that there were good reasons for the delay. Surrey Heath Borough Council is proposing to remove the ability to backdate a claim.
25. A person suffering a long-term illness or having had an accident that causes **disability** may be unable to make an immediate claim due to their personal circumstances. Currently they would be able to make a backdated claim at a later date; this proposal could remove or limit this opportunity. Surrey Heath Borough Council should consider the circumstances in which such claims have been made in recent years. This will allow it to identify whether the above circumstances have previously been reasons for claiming and therefore whether this change is likely to disadvantage disabled people.
26. A pregnant woman or new mother, particularly a lone parent, may be unable to make an immediate claim due to their personal circumstances. Currently she would be able to make a backdated claim at a later date; this proposal could remove or limit this opportunity. Surrey Heath Borough Council should consider the circumstances in which such claims have been made in recent years. This will allow it to identify whether the above circumstances have previously been reasons for claiming and therefore whether the change is likely to disadvantage mothers during **pregnancy or maternity**.

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<sup>4</sup> HSBC: 'Savings map of Britain: A snapshot of the state of the nation's savings', 2011

Taking account of 'income' for children

27. Surrey Heath Borough Council is considering taking account of money received for children: including treating child benefit as income and treating maintenance payments as income.
28. **Women** are more likely to be single parents and therefore claiming maintenance payments. Surrey Heath Borough Council should consider whether households headed by women are therefore more likely to be affected by these changes.
29. The Child Poverty Act 2010 requires local authorities to reduce, and mitigate the effects of, child poverty in their local area. This proposal would reduce household income for affected families with children. Surrey Heath Borough Council should consider the scale of this impact on **young people and consider whether it will increase child poverty within these families.**