



Council Tax Support



Council Tax Benefit is changing; have your say



Dear Resident,

The Government is abolishing the Council Tax Benefit scheme from 1 April 2013 and is asking every council to replace it with a local support scheme, called Council Tax Support.

Under the Government's proposals, Telford & Wrekin will receive at least 10% less than currently spent on Council Tax Benefit as the Government is making no allowance for inflation and assumes the economy is improving so that the number of claimants will reduce. There is no evidence locally to support this.

The impact of all this is estimated to be the same as a £3.1 million cut for Telford & Wrekin in the first year. This potentially affects the funding for the Fire and Police services as well as the Council. The shortfall in funding could increase in future if for example, the number of people requiring support continues to rise.

Council Tax Benefit is paid to a wide range of people, including the elderly, long term unemployed, and those that are unable to work because of disability or ill health. It's also paid to working families in low paid employment, or people who find themselves unemployed for short periods because of redundancy.

The Government has specified that pensioners must be protected and so will see no changes to their entitlement.

If you're of working age, then any Council Tax Benefit you now receive may reduce by as much as a quarter. If you own a second home or a home that is empty, you may lose the Council Tax discounts you currently receive. Where these changes apply, you will have to pay the difference.

This leaves the Council with some very hard choices about how the Council Tax Support scheme that we have to introduce by April 2013 will address the £3.1 million funding gap.

I am committed to providing a Council Tax Support scheme which is fair, encourages people to work and remain in work, and reduces the impact on the most vulnerable citizens where possible. To achieve this, we are consulting on a number of possible changes to the current scheme based on a set of key principals.

I encourage you to take part in this important consultation and give me your views. These will be key in helping Councillors to decide on the final scheme.

Yours faithfully,

Councillor Kuldip Sahota
Leader of the Council

Introduction

From **April 2013** Council Tax Benefit, which helps people on low incomes pay their Council Tax, will be abolished and the Government has asked each council to replace it with their own local scheme called Council Tax Support.

Under the current Council Tax Benefit scheme, the Council receives funding from the Government to meet the cost of paying Council Tax Benefit. However from next April, the Council will receive a fixed grant of at least 10% less than the Council will pay in Council Tax Benefit this year. This is estimated to be equal to a £3.1 million cut for Telford & Wrekin.

If we continue to pay Council Tax Benefit at the same rate as we do now, the Council would need to find an additional £3.1 million savings on top of the £13 million it expects to have to save next year. This would mean cuts to other services.

Instead, the Council is proposing to apply the funding cut to awards of Council Tax Support in a way that is fairest to the widest range of claimants. We are keen to give everyone, whether they claim Council Tax Benefit or not, the opportunity to have their say on our proposals before the new scheme is finalised.

The Council is consulting on the proposed Council Tax Support scheme until **Friday 26 October 2012**.

Who will be affected?

Everyone of working age who currently claims Council Tax Benefit will be directly affected by these proposed changes, as well as anyone who may need to claim in the future, so it's important to have your say. The changes will affect people both in and out of work.

The Government has said that pensioners must be protected from the impact of the cuts.



Telford & Wrekin Council proposal

For all working age claimants, Telford & Wrekin Council has considered the option of continuing the existing national Council Tax Benefit scheme rules and the impact of funding this by finding savings elsewhere within its budget, principally by making cuts to other services. However, we are proposing to meet the shortage in government funding through reductions within the Council Tax Support scheme.

In designing the scheme, the Council has been guided by a number of key principles which are detailed on page 5. Our proposed scheme is broadly based on the current Council Tax Benefit scheme for working age claimants with a number of variations to meet the reduction in funding. These are set out as new features which are detailed on page 6. We would like to know your views on both the key principles and new features to help us decide on the final scheme.

The Government says that the new local scheme should achieve the following objectives:

- Support more people into work by ensuring that work always pays;
- Protect the most vulnerable people; and
- Deliver fairness to those claiming benefit and the taxpayer.

You can read more about the Government's proposals by visiting our website www.telford.gov.uk/counciltaxsupport

Before completing the survey

- Please read the consultation document in full before answering the survey
- You can complete the survey online at www.telford.gov.uk/counciltaxsupport
- If you are filling in a hard copy survey, please hand this in at our First Point offices in Civic Offices or Wellington Civic & Leisure Centre, or send to the FREEPOST address below.

You can also give your views by:

- attending our public information event on 26 September at Civic Offices at 6pm. Please call **01952 384957** to reserve a place.
- email us at yourviewsmatter@telford.gov.uk for further information.
- writing to **Delivery & Planning, Telford & Wrekin Council, FREEPOST SY1154, Telford, Shropshire, TF3 4ZZ**

We recommend that you read Appendix A, B and C at the end of this consultation document before completing the survey.

The principles of the proposed draft scheme are:

Principle 1:

The cut in funding should not mean cuts to other Council services

If the Council kept the current Council Tax Benefit scheme it would need to fund the extra cost itself by cutting other Council services. The new working age local Council Tax Support scheme should address the full funding cut.

Principle 2:

The impact of the cut should be shared equally across all working age claimants

The Council will seek to spread the impact of this cut as fairly as possible.

Current Council Tax Benefit rules mean that working age claimants who are in receipt of Income Support, Jobseekers Allowance (income based), Employment Support Allowance (income related) and other claimants with an income below the required level for their basic living needs generally receive 100% Council Tax Benefit and therefore do not pay any Council Tax.

Under these new proposals, all working age claimants including those in receipt of the benefits listed above (unless they are defined as vulnerable) will be required to pay a contribution towards their Council Tax.

Principle 3:

Vulnerable claimants should be protected from changes

We propose to define severely disabled claimants as vulnerable and protect their payments. The Council recognises that severely disabled claimants often face additional challenges that affect their income and capacity to pay Council Tax through higher disability related living costs and in some cases, a limited ability to work.

Principle 4:

The needs of those with children or caring responsibilities should be recognised

The Council has recognised the needs of claimants with children and caring responsibilities and will continue to include all of the specific features of the Council Tax Benefit scheme that are aimed at benefiting families or claimants with childcare and caring responsibilities. However the cut will still apply to those claimants not classified as vulnerable.

Principle 5:

The new scheme should not discourage claimants from retaining or starting low paid employment

All of the current features of the scheme that are intended to give specific incentives to those Council Tax Benefit claimants that are in employment, or are considering taking on employment, will be retained. This is to ensure that our scheme supports the concept that 'work pays'.

The key features of our proposed draft scheme are:



Applying the cut in government funding equally to all working age customers:

We propose to apply an equal percentage cut to the amount of Council Tax Support paid to all working age customers (unless they are classed as vulnerable). In our draft scheme, this is set at between 21% and 25%.

Protecting the severely disabled and those receiving specific types of income from the impact of the cuts:

Taxpayers and their partners who are currently entitled to a severe disability premium or an enhanced disability premium and those who have a dependant with an enhanced disability premium will be defined as 'vulnerable' and protected from the impact of the changes. In addition, those who receive a support component within their benefit award of Employment and Support Allowance and those in receipt of War Disablement Pension or a War Widow's/ Widower's Pension will also be protected

Removing the current Council Tax exemptions and discounts for empty properties and second homes:

We propose to end the Council Tax reductions for properties that are unoccupied and unfurnished for up to 6 months (Class C), properties needing or undergoing major structural repairs for up to 12 months (Class A) and second homes which are given a discount of 10%. These exemptions and discounts are currently awarded regardless of the financial status of the taxpayer. Ending these will allow us to collect up to a further £1.2 million in Council Tax

Introducing an empty homes premium on properties left empty for longer than two years:

Empty properties can become targets for crime, squatters and general anti-social behaviour. We are proposing to charge a 50% council tax premium, making the total liability 150% on properties which are left empty for more than two years. The aim is to persuade owners to take steps to get these properties back into use

Reducing savings and capital limits to £6,000:

Currently, claimants with savings and capital of more than £16,000 are not entitled to Council Tax Benefit. We are proposing to reduce this level to a maximum of £6,000





Limiting claims for backdated benefit to one month:

Under the current Council Tax Benefit rules, claimants who have good reason for failing to apply for benefit sooner can have their award backdated for up to six months. We are proposing to limit the period of a backdated award to a maximum of one month

Introducing a £2.50 minimum award level:

Some customers currently receive a very low level of support under the Council Tax Benefit rules. We propose to end entitlement for anyone receiving less than a minimum level of £2.50 per week for Council Tax Support

Removing the Second Adult Rebate for working age customers:

At the moment, if you are the only person in your household liable to pay Council Tax, but you have another adult in your household who has a low income, you may be able to receive Council Tax Benefit of up to 25%. However, the taxpayer often has sufficient income to pay their Council Tax in full so we are proposing to stop this particular rebate

Introducing a limited discretionary scheme to deal with extreme financial hardship:

We are proposing to set aside a limited discretionary fund to award additional Council Tax Support to individual customers who are experiencing extreme financial hardship



Surveys must be returned by Friday 26 October 2012

Please complete our survey at www.telford.gov.uk/counciltaxsupport

Alternatively you can hand your completed survey to a member of staff at our First Point offices in Civic Offices or Wellington Civic & Leisure Centre, or send to the FREEPOST address on the survey.

We are holding a public information event on 26 September at 6pm at Civic Offices where you can give your views or find out more about our proposals. To reserve a place please call **01952 384957** or email yourviewsmatter@telford.gov.uk

How will the information be used?

The information from this consultation will be used by the Council to assist in making its decision on the final Council Tax Support scheme. The results from the consultation will be published on our website later this year. The decision on the final Council Tax Support scheme will be made no later than 31 January 2013.

Appendix A - Frequently asked questions

What is Council Tax?

Council Tax is a local tax set by the Council, based on the valuation band of your property. Your home is placed in one of eight valuation bands based on its value as at 1 April 1991. The Council is responsible for collecting Council Tax and this money funds about 20% of local public services, including refuse collection, adult and children's services, environmental health and education. Some of the money is used to help fund police, fire and public transport services.

What is Council Tax Benefit?

Council Tax Benefit helps people on low incomes to pay their Council Tax. The Government currently gives the Council all of the money we need to fund Council Tax Benefit and sets the rules regarding who can claim Council Tax Benefit. If someone meets the criteria they will receive help towards their Council Tax bill. In Telford and Wrekin last year (2011-12) £14.7 million was spent on Council Tax Benefit. Over the past five years, the amount of Council Tax Benefit paid has risen each year because more people are claiming.

Who will be affected by the changes to Council Tax Benefit?

Under the Government's proposals, pensioners will not be affected by this cut in spending and people who have reached the age for state pension credit will be assessed under a national scheme which will be similar to the current Council Tax Benefit scheme. Everyone of working age who currently claims Council Tax Benefit, and anyone who may need to claim in the future, will be directly affected by the changes. Due to the level of savings we need to make we are proposing that everyone under pension age (unless they are in classed as vulnerable) will have to pay something towards their council tax bill. We will consider ways of protecting the most vulnerable and those in the most difficult circumstances when designing our final local scheme. We will also be looking at how the features of the scheme support people into work.

Who will be able to get the new Council Tax Support?

Anyone who currently receives Council Tax Benefit will be automatically assessed for the new Council Tax Support. It is likely that most people who qualify for Council Tax Benefit will get some Council Tax Support. Anyone liable to pay Council Tax can apply for Council Tax Support and they will be assessed in the same way as current claimants are for Council Tax Benefit.

How much will I have to pay?

Depending on how the final scheme is designed, it is likely that most working age people who qualify for Council Tax Support will have to pay more than they do now or they would have done under Council Tax Benefit. Under our proposed scheme working age claimants who are not classed as vulnerable will have to pay a minimum contribution of between **21% and 25%** towards their Council Tax bill but the outcome of this consultation will help to determine exactly how much more people in different groups will have to pay. **Pensioners will not have to pay more than they do under the existing Council Tax Benefit scheme.**




Will I have to re-apply for Council Tax Support?

If you currently receive Council Tax Benefit you will not have to re-apply under the new scheme. You will automatically be re-assessed using the new rules. Your award may be reviewed once you have moved across to the new benefit. New customers will have to apply in the same way as customers currently do for Council Tax Benefit

Appendix B - Proposed changes to Council Tax discounts and exemptions from 1 April 2013

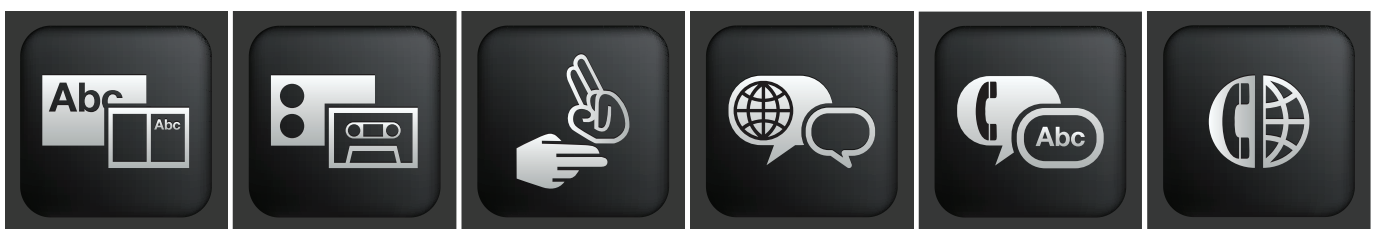
Proposals	Current regulation	Government proposal	Council proposal
Remove the Council Tax discount for properties not occupied as a main home (Second Home Discount)	Between 10% and 50% discount (Telford & Wrekin currently award 10% discount)	Allow councils to reduce the discount to 0%	To reduce the discount to 0%
Remove the Council Tax six month exemption for unoccupied and unfurnished properties	Up to 6 months exemption Class C exemption	Abolish this exemption and allow councils to give a discount between 0% and 100%	To reduce the discount to 0% for the 6 month period
Remove the Council Tax exemption on empty properties undergoing repair or major structural alteration	Up to 12 months exemption Class A exemption	Abolish the exemption and allow councils to grant a discount between 0% and 100%	To reduce the discount to 0% for the 12 month period
Charging an empty homes premium on properties left empty for long periods	New power	Allow councils to levy an empty homes premium of up to 50% on properties left empty for longer than two years	To charge a premium of 50% after two years, making the total liability 150%

Appendix C - Illustrative impact of Telford & Wrekin Council's proposed Council Tax Support Scheme

Example 1	Example 2	Example 3
		
<ul style="list-style-type: none"> ■ Single person ■ Income-based Jobseekers Allowance ■ Lives in Band A property 	<ul style="list-style-type: none"> ■ Couple with two children. One adult working taking home £276 per week ■ Additional income per week £86 tax credit ■ Savings £4,500 ■ Lives in Band C property 	<ul style="list-style-type: none"> ■ Single parent with one child. Taking home £167 per week ■ Additional income per week £120 Tax Credit ■ Lives in Band B property
<p>Full 2012 Council Tax Bill £955.90 (£716.92 after single person discount)</p>	<p>Full 2012 Council Tax Bill £1273.32</p>	<p>Full 2012 Council Tax Bill £1106 (£829.50 after single person discount)</p>
<p>Current amount of Council Tax Benefit £716.92</p>	<p>Current amount of Council Tax Benefit £886.95</p>	<p>Current amount of Council Tax Benefit £86.61</p>
<p>Potential amount of Council Tax Support* paid from April next year: £537.69</p>	<p>Potential amount of Council Tax Support* paid from April next year: £665.22</p>	<p>Potential amount of Council Tax Support* paid from April next year: £0</p>
<p>The extra you would have to pay: £17.92 per month over 10 months</p>	<p>The extra you would have to pay: £22.17 per month over 10 months</p>	<p>The extra you would have to pay: £8.66 per month over 10 months</p>

*Figures for next year based on reduction in Council Tax Support being set at 25%





Large print

Audio and Braille

British sign language

Interpretation and translation

Text relay

Telephone interpretation