

Council Tax Support Consultation

August to October 2015

Council Tax Support is changing; **have your say**



Dear Resident,

From 1 April 2013 Council Tax Benefit was abolished and replaced with a local support scheme, called Council Tax Support.

Council Tax Support is paid to a wide range of people, including older people, long term unemployed, and those who 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 .

In 2012, we asked for your views and with your help designed a local Council Tax Support scheme to meet the needs of residents. Our current scheme is fair, encourages people to work and remain in work, and reduces the impact on the most vulnerable citizens where possible.

As the Government continues to give councils less money, we must prepare for some very tough financial decisions.

In the next three years, we will have to make at least another £35 million of ongoing savings on top of the £70 million already made since 2010.

This reduction in funding could affect a very wide range of people including those who need additional help with their Council Tax for a whole variety of reasons.

One of those very difficult decisions is how we fund Council Tax Support in the future.

The Government has said that pensioners must be protected and so they will not see changes to their entitlement.

We are asking for your views on a number of possible changes to our current scheme for working age people. We want you to help us to shape the decisions that we must make.

Please give us your views. Councillors need these to decide on the final changes to our Council Tax Support scheme for 2016/17.

Yours faithfully,

Councillor Kuldip Sahota
Leader of the Council

Introduction

Local councils are now responsible for how much Council Tax Support households receive. In 2013 the Council Tax Support scheme replaced Council Tax Benefit. We asked local people for their views when we introduced our Council Tax Support scheme and we managed to save the £3.1 million that we needed to find due to the reduction in Government funding for Council Tax Support.

Telford & Wrekin Council's grant from the Government continues to be cut, and we must find another £35 million savings over the next three years on top of the £70 million already made since 2010. As a result the Council must make further cuts.

It has been very difficult to make the cuts and savings that we have made so far and the £35 million of new cuts will be even harder to make.

The Council is very worried about the impact of the Government's plans to continue making deep cuts. Many of these cuts seem to be to welfare and will really affect Council services.

These changes will hit vulnerable members of the community who will then turn to organisations like the Council for help. We have already seen this happen when welfare reforms were introduced in the last parliament. More people will ask for Council help at a time when the Council has to make cuts to its services because it has less money.

In 2014 we asked you, in a public consultation, whether we should freeze the rate of Council Tax in the Borough or increase it. You told us that we should freeze it and therefore we committed to no rise in the Council Tax rates for 2015/16 and again for 2016/17.

This means we will not be able to bridge the £35 million funding gap by increasing Council Tax from April 2016.

To make the savings we need to make, the Council will have to make cuts to front line services.

Since 2013, as the economy has started to improve, less people have needed to claim Council Tax Support and the Council has saved money by not having to give financial support to as many people. At the moment the scheme costs just over £12 million a year.

In the July budget the Government announced that, from April 2016, the amount of money people receive from Tax Credits will start to reduce. Where people who are already receiving Council Tax Support see the amount of money they receive in Tax Credits reduce this will mean that the amount of Council Tax Support will increase. We anticipate that the costs of the Council Tax scheme will, therefore, increase from April 2016.

The Council now needs to decide if further changes are needed to the scheme to make more savings. Some plans for savings have been made and we are keen to give everyone, whether they claim Council Tax Support or not a chance to tell us what they think.

We would like to hear from Council Tax payers, people who claim benefits and other interested individuals and organisations. The information you provide will be treated confidentially and used solely by Telford & Wrekin Council.

We have thought about how we can make these changes fairly but inevitable some would mean people receiving less money in Council Tax Support.

The Council is asking for views on changes to the Council Tax Support scheme until **Friday 23 October 2015**.

In December 2015 and February 2016 the Government will announce how much money it will give to local Councils.

In March 2016, Full Council will set out the plans for the budget for 2016/17. Any changes to the Council Tax Support scheme will be included.

Who would be affected?

People receiving Council Tax Support of working age and not classed as "severely disabled" would be directly affected by the proposed changes. Anyone who may need to claim help in the future would also be affected so it's important to have your say. The changes would affect people both in and out of work.

The changes that we are proposing will not affect pensioners, working age people classed as "severely disabled" or people in receipt of a war pension.

Telford & Wrekin Council Proposal

When we designed the local Council Tax Support scheme in 2013 we based it on some key principles.

As our financial situation has changed we revised these principles, you can find them on page 4.

The Government says that local schemes should:

- 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

From 1 April 2016, we are recommending that our local scheme for working age people should mainly stay the same with some new features that are set out on pages 7, 8 and 9.

We think that our proposals will help us to continue with a fair scheme that saves the Council money and makes sure that local people can still afford to pay their Council Tax.

So that you can think clearly about our plans and your views on them, we have also given you some information on different schemes. You can read about these, how much they would cost and the possible advantages and disadvantages of each one on pages 10, 11 and 12.

How to give you views

Please read the whole booklet before answering the Council Tax Support scheme survey.

You can complete the Council Tax Support scheme survey in a number of ways:

- Online at www.telford.gov.uk/counciltaxsupport
- Or by completing the survey in this booklet and handing it in at First Point offices in Southwater One or Wellington Civic and Leisure Centre, or send to the FREEPOST address below.

You can also give your views by:

- emailing us at yourviewsmatter@telford.gov.uk
- write to FREEPOST RTKJ-KGJA-ASXU,
Co-operative Council Delivery Team
Telford & Wrekin Council
Darby House
Telford
TF3 4JA

If you would like any further information about the Council Tax Support consultation, please ring Erika Braithwaite on 01952 380529.

The principles of our proposed schemes are:

Principle 1:

If people are to receive less money in Council Tax Support the impact should be shared as equally as possible across all working age claimants.

Principle 2:

Vulnerable people should be protected from changes that would mean they receive less money in Council Tax Support. The Council recognises that severely disabled claimants often have less money and find it difficult to pay Council Tax. This could be because of higher disability related living costs and in some cases, a limited ability to work.

Principle 3:

The needs of people with children or caring responsibilities should be recognised in relation to Council Tax Support.

Principle 4:

The scheme should ensure that there are incentives to encourage people to start or remain in employment.

Principle 5:

We will not make changes that ask people to pay unrealistic and unaffordable levels of Council Tax.

Q1 Please tell us what extent do you agree or disagree with our principles? (Please select one box only)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

If you disagree with this proposal, please tell us why

The details of our current scheme are:

The structure and design of our scheme is very similar to the Governments suggested 'default' Council Tax Support scheme:

By keeping things the same we help people to understand the rules as they are similar to Housing Benefit and we reduce our administration and IT costs.

The cuts in government funding applies equally to all working age customers:

We introduced an equal cut to the amount of Council Tax Support paid to all working age customers (unless they are classed as vulnerable). In our current scheme, this cut is set at 21%.

We protect the severely disabled and those receiving specific types of income from the effect of the cuts:

People and their partners who are entitled to a severe disability premium or an enhanced disability premium are defined as 'vulnerable'. People with a dependant with an enhanced disability premium are protected from the impact of the changes.

People who receive the support component within their Employment and Support Allowance and those who get a War Disablement Pension or a War Widow's/Widower's Pension are also protected.

We reduced savings and capital limits to £6,000:

Currently, people with savings and capital of more than £6,000 are not entitled to Council Tax Support.

We limited claims for backdated benefit to one month:

People who have a good reason for not applying for benefit sooner can have their award backdated for up to one month and no longer.

We introduced a £2.50 minimum award level:

People who are entitled to less than £2.50 a week support will no longer receive Council Tax Support.

We removed the 'Second Adult' Rebate for working age customers:

There is no longer a reduction of up to 25% if you have another adult in your household who has a low income.

We introduced a discretionary scheme to deal with extreme financial hardship:

We created a discretionary fund to give additional Council Tax Support to individuals experiencing extreme financial hardship.

We are recommending that all of the above existing features remain part of our Council Tax Support Scheme.

Q2 Please tell us to what extent do you agree or disagree with keeping these features? (Please select one box only)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

If you disagree with keeping these features, please tell us why

The changes we are proposing to make to our scheme from 1st April 2016 are:

Because less people have been claiming Council Tax Support, the Council will save £295,013 in the scheme in 2016/17. However, from April 2016, people will start to receive less money from Tax Credits. When this happens we think that the Council Tax Support scheme will start to cost more as more people will need financial help from the scheme.

Option A

Option A is made up of 4 proposals as follows:

Proposal 1 - Introduction of an upper limit (a cap) on income from state benefits

In 2013 the Government introduced a limit on the total amount of benefit that most people aged 16 to 64 can get. This is called the benefit cap. The Government believes that it is unfair for people who are not in work to receive more in benefits than the average working family earns in wages. At the moment, each week people on benefits do not receive more than the following:

- £500 per week for couples (with or without children living with them). This is the same as £26,000 per year.
- £500 per week for single parents whose children live with them. This is the same as £26,000 per year.
- £350 per week for single people who have no children living with them. This is the same as £18,200 per year.

From April 2016, the Government have announced that the upper limit for benefits will be reduced to £20,000 per year for couples and single parents whose children live with them and £13,400 per year for single people. We propose to use this same upper limit for our local Council Tax Support.

Whenever the Government changes their upper limit we will match the upper limit for Council Tax Support.

Under our proposal Housing Benefit will not be counted as an income, when we calculate Council Tax Support.

The upper limit for Council Tax Support will not apply to claimants or anyone in their household (except grown up children or non-dependants), who receive one or more of the below benefits:

- Disability Living Allowance
- Attendance Allowance
- Personal Independence Payment
- Industrial Injuries Benefit (and equivalent payments as part of a war disablement pension or the Armed Forces Compensation Scheme)
- Employment and Support Allowance (if you get the support component)
- War widow or war widowers pension
- War pensions
- Armed Forces Compensation Scheme
- Armed Forces Independence Payment
- Working Tax Credit

Q3 Please tell us to what extent do you agree or disagree with Proposal 1? (Please select one box only)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

If you disagree with this proposal, please tell us why

Proposal 2 - Introduction of an estimated minimum weekly income for working age self employed people who have been trading more than 12 months

We know that growing a successful business can be really difficult, especially in the early stages, as it can take time to make a profit. However, year after year some self employed people, who receive Council Tax Support report a low income or no income at all despite claiming to be working a minimum of 16 hours a week in their business.

We propose to introduce an estimated minimum weekly income for working age self employed people once they have been self employed for more than 12 months. To help new businesses to grow we will allow a 12 month start up period where the minimum income limit will not apply. The amount of minimum weekly income will be the equivalent of 30 hours per week at the National Minimum wage (for people under 25 years of age) or the National Living Wage (for people aged 25 or over), less deductions for Tax and National Insurance.

This minimum weekly income will be used to calculate Council Tax Support when the claimant declares an income from their self-employed business that is less than this amount.

Q4 Please tell us to what extent do you agree or disagree with Proposal 2? (Please select one box only)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

If you disagree with this proposal, please tell us why

Proposal 3 - The removal of the 'Family Premium' from the assessment of Council Tax Support

When we work out the Council Tax Support for people where there is a dependant child in the household, we allow an extra £17.45 per week in the needs allowance that we use to assess entitlement. This is called the 'Family Premium'.

The Government has said that they are going to remove the Family Premium for new claims and new births within the assessment of Housing Benefit from April 2016. We are proposing to remove the Family Premium for new claims and new births within the assessment of our local Council Tax Support scheme too.

This will not affect any current families who will continue to receive the Family Premium in their needs allowance.

Q5 Please tell us to what extent do you agree or disagree with Proposal 3? (Please select one box only)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

If you disagree with this proposal, please tell us why

Proposal 4 - Our intention to only consult on our future Council Tax Support scheme once every four years.

Public consultations on plans and proposals can cost a lot of money, because of this we would like to only consult on our scheme once every four years after our Council elections, unless we intend to make any changes before then. If we intend to make changes to the scheme we will consult residents and taxpayers before any changes are made.

Q6 Please tell us to what extent do you agree or disagree with Proposal 4? (Please select one box only)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

If you disagree with this proposal, please tell us why

The impact of Option A is:

Of the 16,096 households, 562 would see a reduction in the amount of support they receive.

We will contact each of these households and provide them with support to adjust to the change in Council Tax Support and where appropriate provide assistance from our discretionary hardship fund.

Option A would mean the scheme would cost £222,626 less.

This money will be used to help lessen the impact of cuts in areas such as Adult Social Care and Children's Services as a result of the reduction in Government funding.

The Government has said it will freeze working age benefits for 4 years from April 2016. This means people who receive these benefits will not have any increase in their weekly income. There are also plans for the Government to further cut the benefits paid to working age people which will mean that many of the same people who receive Council Tax Support will see their income reduce. We therefore do not feel the Council should cut the amount of support to them as it may mean that they do not have enough money to pay the extra Council Tax. This could have an impact on the amount of Council Tax the Council is able to collect from working age people.

We are recommending Option A and see the 4 proposals as the fairest way we can reduce the costs of the scheme whilst protecting the majority of households.

This option would contribute towards the £35 million savings the Council must make and could mean that less cuts would need to be made to other Council services.

Option B

We could decide to continue with the Council Tax Support scheme we already have and make no further changes. Although, year on year the number of people claiming Council Tax Support has been reducing slightly, we think that the costs of the scheme will increase from April 2016 because of the Government's planned changes to reduce Tax Credits.

To make no changes to the scheme means that the costs of the scheme will not reduce. This will not help towards the Council's £35 million challenge and will mean that deeper cuts will need to be made to services elsewhere.

We are **not** recommending Option B.

Option C

We could decide to go back to providing up to 100% Council Tax Support, as we used to do under the previous Council Tax Benefit scheme. To do this we would need to take money from other Council budgets as there would not be enough money in the current Council Tax Support budget.

The cost to the Council of doing this would be £870,991. This cost would have to be met by cuts to other Council services.

Final decisions about cuts and savings for 2016/17 will be made by Full Council in March 2016.

The Council has a limited amount of uncommitted reserves. These reserves are effectively the Council's 'rainy day' funds and are one-off, i.e. once the money is spent it is gone. They provide a working balance to cushion the impact of any unexpected events or emergencies which may arise. Putting any of this money into the Council Tax Support scheme would not be good financial management as cuts to other services may need to be made to replace the emergency fund.

We are **not** recommending Option C.

Option D

In 2013 we introduced a 21% cut to the amount of Council Tax Support paid to all working age people. We could cut Council Tax Support further from 21% to 25%.

This would affect 7,323 working age households in the Borough receiving Council Tax Support.

By increasing the cut the Council Tax Support in this way, together with the proposals that make up Option A, the scheme would cost £458,178 less.

However, this option could push many households into financial difficulties, with many expected to pay additional contributions towards their Council Tax at a rate that is unrealistic and could lead to increased Council Tax arrears and bad debt generally.

Although we would work hard to collect all outstanding Council Tax, this option could mean that many households would simply not have the means to pay so it is difficult to estimate what impact this change would have on the Council's budget.

Telford & Wrekin Council has frozen Council Tax every year since 2014 and has said that it will not increase it in 2016/17 either. This option would mean that the only residents in the Borough who would have to pay more Council Tax for 2016/17 would be those of working age that are the most financially vulnerable.

We are **not** recommending Option D.

Costs of Services

When thinking about making savings or increasing costs it can be useful to look at what else could be provided with this money.

With £200,000 the Council could provide one of the following:

- 14,000 hours of home care which could help 18 older people stay at home
- External fostering places for 4 children each year
- Filling 3,846 pot holes each year
- 111 winter maintenance gritting treatments for frost and ice or 29 full snow clearing and gritting treatments each year
- Emptying 2,470 public litter bins across the borough for 19 months
- Weekly collection of 5,200 households residual and green waste each year

Q7 Please tell us which option you would like the Council to take? (Please select one box only)

- Option A
- Option B
- Option C
- Option D

Please use the space below to make any comments you have on the options or tell us of any alternative options you would like us to consider and your reasons.

If you feel that our proposed changes would affect particular individuals or groups of people more than others please tell us how you think that we could overcome this

Thank you for sharing your views on the Council Tax Support scheme. To make sure we have the views of a cross-section of local people, we would like to ask you for some personal details. The Council will keep and use this information in line with the Data Protection Act (1998) for statistical analysis. Your details will be kept confidential. They will not be used for any other purpose than this exercise. You do not have to complete all of this section if you don't want to.

For more information on how your information is used, how your information is held and your rights to gain access to the information we hold on you please see our corporate privacy policy at www.telford.gov.uk/dataprotection.

Please provide us with your postcode to establish which ward you live in

What is your age?

17 years and under

26 - 64 years

18 - 21 years

65 years plus

22 - 25 years

What is your gender

Male

Prefer not to say

Female

Do you have any long-standing illness or disability that limits your daily activities?

Yes

Prefer not to say

No

Which of these activities best describes what you are doing at the moment? (Please select one box only)

- Working full-time (30 hours or more a week)
- Working part-time (under 30 hours a week)
- On a government-supported training programme (for example, a Modern Apprenticeship)
- Looking after the home
- Retired
- Unemployed and available for work
- Permanently sick or disabled
- In full-time education at school, college or university
- Prefer not to say
- Doing something else (please state below)

Are you caring for someone who has a long-standing illness or disability that limits their daily activities? (Please select one box only)

- Yes
- No
- Prefer not to say

Are you the parent/carer of a child under the age of 18 years?

- Yes
- No
- Prefer not to say

If yes, does your child/children have a disability?

- Yes
- No
- Prefer not to say

Do you belong to any particular religion or hold particular beliefs? (Please select one box only)

- Christian
- Hindu
- Muslim
- Sikh
- No religion
- Prefer not to say
- Other (please state below)

What is your ethnicity? (Please select one box only)

- White:** English/Welsh/Scottish/Northern Irish/British
- White:** Irish
- White:** Gypsy or Traveller
- White:** Polish
- White:** Any other (please write in box below)
- Mixed/multiple ethnic group:** White and Black Caribbean
- Mixed/multiple ethnic group:** White and Black African
- Mixed/multiple ethnic group:** White and Asian
- Mixed/multiple ethnic group:** Any other (please write in box below)
- Asian/Asian British:** Indian
- Asian/Asian British:** Pakistani
- Asian/Asian British:** Bangladeshi
- Asian/Asian British:** Any other (please write in box below)
- Black/African/Caribbean/Black British:** African (please write country of origin in box below)
- Black/African/Caribbean/Black British:** Caribbean
- Black/African/Caribbean/Black British:** Any other (please write in box below)
- Other ethnic group:** Arab (please write country of origin in box below)
- Other ethnic group:** Chinese
- Other ethnic group:** Any other (please write in box below)
- Prefer not to say

Do you have an armed forces connection, e.g. currently serving, a reservist, veteran or dependent of a current or former member of Her Majesty's Armed Forces?

- Yes
- No
- Prefer not to say

Do you pay Council Tax to Telford & Wrekin Council? (Please select one box only)

- Yes
- No
- Prefer not to say

Are you current receiving Council Tax Support in Telford and Wrekin?

- Yes
- No
- Prefer not to say

If you are responding to this consultation in your capacity as a representative please identify which organisation (please select one box only)

- | | |
|---|---|
| <input type="checkbox"/> Voluntary organisation | <input type="checkbox"/> Landlord from the Private Sector |
| <input type="checkbox"/> Parish or Town Council | <input type="checkbox"/> Prefer not to say |
| <input type="checkbox"/> Local Welfare Advice agency | <input type="checkbox"/> Other (please state below) |
| <input type="checkbox"/> Landlord from the Social Rented Sector | |

Please provide details of your organisation

Name	<input type="text"/>
Organisation	<input type="text"/>
Address	<input type="text"/>
Email address	<input type="text"/>

Completed surveys must be returned by Friday 23 October 2015

How will the information be used?

The information from this consultation will be used by the Council to help it to make its decision on changes to the Council Tax Support scheme. The decision on changes to the Council Tax Support scheme must be made no later than 31 January 2016.

The results from the consultation will be published on our website later this year.

In December 2015 and February 2016 the Government will announce how much money it will give to local Councils.

In March 2016, following a period of consultation, Full Council will set out plans for the budget for 2016/17. Any changes to the Council Tax Support scheme will be included.