

Council Tax Support Consultation

September to November 2016

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



Dear Resident,

In 2013 the national Council Tax Benefit was abolished and replaced with local support schemes, which in Telford and Wrekin is called Council Tax Support.

At the same time, the Government significantly cut the amount of funding it gave to councils to run the Council Tax Support scheme.

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 our Council Tax Support scheme to meet the needs of residents.

Our current scheme is fair to all residents, encourages people to work and remain in work, and reduces the impact on the most vulnerable citizens where possible.

The Council now faces some very tough financial decisions as our funding from Government continues to be cut.

Since 2010, we have made £80 million of cuts. The Council must now deliver between another £45 and £50 million of cuts by 2020.

In January 2016, as part of the Council Budget consultation, we asked the public about their views on a range of proposals to make the cuts we must find. This included a proposal to cut £235,000 from the Council Tax Support scheme, which is around 2% of the overall costs. This proposal was agreed.

We must consider every possible option to avoid cuts to services we provide directly to the community. We are also campaigning hard for fairer funding for the borough. Using the Government's own spending power figures, the borough is underfunded by £12 million a year compared with other English councils.

One of the very difficult decisions we face as our funding is cut is how we fund Council Tax Support in the future. The Government has said that support for 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 your help to make the decisions that we must take.

Please give us your views to help decide on the changes to our Council Tax Support scheme for 2017/18.

Councillor Shaun Davies
Leader of the Council

Introduction

Local councils are now responsible for how much Council Tax Support households receive. In 2013 the local Council Tax Support scheme replaced the national Council Tax Benefit.

We asked local people for their views when we introduced our Council Tax Support scheme. Since 2013, we have saved 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 have already begun finding the £45- 50 million cuts we must make by 2020 on top of the £80 million already made since 2010.

It has been very difficult to make the cuts we have so far and any further cuts will be even harder to make. At the moment the local Council Tax Support scheme costs just under £12 million a year.

The Council now needs to decide if further changes are needed to the scheme to help 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 including people who claim Council Tax Support as well as other benefits, and other interested individuals and organisations. The information you provide will be treated confidentially and used solely by Telford & Wrekin Council.

The Council is asking for views on changes to the Council Tax Support scheme until **Tuesday 1st November 2016**.

In March 2017, Full Council will set out the plans for the budget for 2017/18.

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. This criterion is defined below;

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.

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 and consulted on these principles.

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:

The most 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.

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 2017, 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 the following pages.

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

To help you give your views about our plans, we have summarised the different options. You can read about these and how much they would cost on the following pages

How to give your views

Please read this whole document 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 01952 383840.

The key features of our current scheme are:

The structure and design of our scheme is very similar to the Government's 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.

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.

Savings and capital limit is £6,000:

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

Benefit claims are backdated 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.

There is 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.

There is no '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.

There is 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.

There is an upper limit (a cap) on income from state benefit:

People in receipt of benefits can not receive more in benefits than the average working family earns in wages.

There is a minimum weekly income for working age self employed people who had been trading for more than 12 months:

After 12 months of trading a minimum weekly income is used to calculate Council Tax Support when income declared from their self-employed business is less than 30 hours per week at the National Minimum wage (for people under 25) or the National Living Wage (for people aged 25 or over).

Removal of the Family Premium from the assessment:

The Government said that they were removing the Family Premium for new claims and new births within the assessment of Housing Benefit from April 2016, we made these amendments in our local Council Tax Support scheme too.

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.

We are keeping all of the above features as part of our Council Tax Support Scheme.

We are proposing to make the following changes to our scheme from 1 April 2017, this scheme will then remain in place until March 2020 unless government policy changes significantly.

Proposal 1. New claims will only take into account a maximum of 2 dependant children per family

The Government has said that they are going to limit benefit support by only taking into account a maximum of 2 dependant children per family; this will apply in Universal Credit, Tax Credits and Housing Benefit to families who make a new claim from April 2017.

We are proposing to do the same within the assessment of our local Council Tax Support scheme too.

This will not affect any current claims, only new claims from April 2017.

Q1 Please tell us to what extent 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. Introduce reduced temporary absence rules

In 2015, the Chancellor announced that changes would be made to the temporary absence rule in Housing Benefit and Pension Credit reducing the allowable period of temporary absence outside Great Britain from 13 weeks to 4 weeks.

This limit applies to new periods of absence only. There are exceptions where an absence is in relation to;

- the death of a partner, child or close relative
- receiving medical treatment
- a person who has fled their home due to fear of violence
- a member of Her Majesty's forces posted overseas

We are proposing to include the same amendment to our Council Tax Support scheme.

Q2 Please tell us to what extent 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

In order to make further savings we would like to gather resident views on the following 3 options. The Council has said that it must cut at least another £235,000 from its Council Tax Support budget if it is not to make even deeper cuts to other services

Option A

Currently all working age customers who receive Council Tax Support (unless they are a pensioner or classed as vulnerable) pay 21% of their Council Tax bill (after appropriate discount have been awarded). We are proposing this will now move to 25% of the bill

This change would affect 6,446 working age households in the Borough receiving Council Tax Support.

In our current scheme, a single person aged over 25 receives Job Seekers Allowance at £73.10 per week; an average Council Tax bill (with a Single Person Discount) is £14.83 per week, or £771.16 per year (after a Single Person Discount of £257.02 per year has been applied). This customer would currently pay a contribution of £3.11 per week or £161.72 per year.

If we were to implement Option A, and increase the amount of the bill that has to be paid from 21% to 25%, then this resident would have to pay £3.71 per week, which is an additional 60p a week. Over a year this resident would pay a total of £192.92, which is an additional £31.20.

The impact of Option A is:

Of the 15,398 households who currently receive Council Tax Support 6,446 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.

By increasing the amount people have to pay towards their Council Tax bill the Council would save approximately £270,000 per year.

In the current climate, and bearing in mind the cuts that we now have to make, we are **recommending** Option A as the fairest way to reduce the costs of the scheme whilst protecting vulnerable households.

This option would contribute towards the savings the Council must make and could mean that less cuts would need to be made to other Council services as a result of reducing Government funding.

We **recommend** Option A.

Option B

Continue with the current Council Tax Support scheme

We could decide to continue with the current Council Tax Support scheme and make no further changes to the proportion of Council Tax paid.

The impact of Option B is:

Each year the number of people claiming Council Tax Support has been reducing slightly.

We estimate that if we make no changes to the scheme we could save approximately £96,000. Compared with Option A this saving is lower and would mean that deeper cuts would be needed to other services as it does not meet the budget 2017/18 target of £235,000.

We are **not** recommending Option B.

Option C

Currently all working age customers (unless they are classed as vulnerable) pay 21% of their total Council Tax bill. This option proposes moving this to 30% of the bill

In 2013 we introduced a 21% cut to the amount of Council Tax Support paid to all working age people. Option A proposes that people would pay 25% of their bill, but we could move that to 30% of the bill.

Of the 15,398 households who currently receive Council Tax Support 6,446 would see a reduction in the amount of support they receive.

If we were to implement Option C, and increase the amount of the bill that have to pay from 21% to 30%, then this customer would have to pay £4.45 per week, which is an additional £1.34. Over a year this would be equivalent to £231.40, which is an additional £69.68 compared with what this person would currently pay.

By increasing the amount people have to pay towards their Council Tax bill the Council would save approximately £485,000 per year.

We are **not** recommending Option C.

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, through private agencies, for 4 children each year
- Internal fostering places for 9 children each year
- Filling 3,799 pot holes each year
- 109 winter maintenance gritting treatments for frost and ice or 28 full snow clearing and gritting
- Emptying 2,440 public litter bins across the borough for 19 months
- Weekly collection of 5,137 households residual and green waste each year

Q3 Please tell us which option you would like the Council to take? (Please select one box only)

Option A

Option B

Option C

If you do not agree with the Council's preferred option, 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?

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?

Yes

Prefer not to say

No

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

Yes

Prefer not to say

No

If yes, how many children under the age of 18 years?

1

4

2

5+

3

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

Yes

Prefer not to say

No

What is your ethnicity?

- 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 belong to any particular religion or hold particular beliefs?

- | | | |
|------------------------------------|--|--|
| <input type="checkbox"/> Christian | <input type="checkbox"/> Sikh | <input type="checkbox"/> Other (please state below |
| <input type="checkbox"/> Hindu | <input type="checkbox"/> No religion | |
| <input type="checkbox"/> Muslim | <input type="checkbox"/> 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 Prefer not to say
- No

Do you pay Council Tax to Telford & Wrekin Council?

Yes

Prefer not to say

No

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

Yes

Prefer not to say

No

If yes, do you think these proposals will directly affect you?

Yes

Don't know

No

How did you find out about this consultation?

If you are responding to this consultation in your capacity as a representative please identify which organisation

Voluntary organisation

Landlord from the Private Sector

Parish or Town Council

Prefer not to say

Local Welfare Advice agency

Other (please state below)

Landlord from the Social Rented Sector

Please provide details of your organisation

Name

Organisation

Address

Email address

Completed surveys must be returned to Telford & Wrekin Council by Tuesday 1st November 2016

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 2017.

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

Thank you for taking the time to complete the survey