

Draft scheme proposals for Council Tax Support

This is the response of the Green Group of Councillors, based on our own views and informed by conversations with a number of Redhill East residents who will be affected by the proposed changes.

We understand that the abolition of the existing Council Tax Benefit has been imposed on the Council by central government, and that the government has, in addition, restricted the mitigation options available to the Council (thus undermining its proclaimed commitment to 'localism').

We have been pleased to note that the Council has taken steps within the boundaries of these restrictions to minimise the impact of the funding changes on the most vulnerable in our community. However, we believe that more could be done to assist the vulnerable and to ensure that the poorest are not disproportionately affected. The comments below have been made on this basis.

1. **Proposed Changes**

These are our comments on the specific changes proposed in the Council's Draft Scheme.

Current Criteria	Proposed Change
The average Council Tax Benefit award is £19 per week. Currently there is no lower limit to the award that is paid. A minimum award can be set to exclude awards below that amount from the Council Tax Support scheme.	To set a minimum award of £5 per week

We disagree with the reduction of benefit where it is less than £5 per week – as this could impact a household by up to £250 per year, representing a huge percentage increase in council tax in a year.

Current Criteria	Proposed Change
Currently Council Tax Benefit is based upon the actual Council Tax band a property is in, so it is payable no matter how large the property is. These range from Bands A to H.	To restrict the maximum liability to Band E

We accept this change – provided that there is a discretionary fund as proposed to help those people who are experiencing genuine hardship.

Current Criteria	Proposed Change
The maximum capital allowable under Council Tax Benefit is £16,000.	To reduce the maximum capital to £6,000

We propose that the maximum capital allowance is retained at £16,000, as, if a household loses employment in the short term, savings could enable them to avoid falling into poverty.

Current Criteria	Proposed Change
Second Adult Rebate - reduces Council Tax liability by up to 25% if other adults in the household are on a low income.	To remove Second Adult Rebate

We accept this change.

Current Criteria	Proposed Change
Claims can be backdated for up to six months where there are good reasons for the delay	To remove backdating

We propose that the system of backdating claims is maintained as, with the various changes happening to the benefits system over the next two years, more people rather than less might find themselves seeking to backdate claims. We envisage this being the case for pensioners and vulnerable groups seeking an exemption, as well as those who find their circumstances changed for other reasons.

Current Criteria	Proposed Change
Where a claimant is working for 16 hours or more each week, a prescribed amount of their earnings are disregarded in the calculation of income - this includes £5 per week for single claimants, £10 for couples and £25 for lone parents. These disregards can be increased as a work incentive, which would help support the aim that a person is better off in work than out of work.	To increase each earnings disregard by £15 per week

We welcome the proposed disregard, as we feel it important that incentives to work are provided within the tax system.

2. Vulnerability Criteria

We welcome the proposed exclusion of those most vulnerable in the community from being impacted.

We recognise that there may be other groups of people who are also vulnerable, and request that the Council be open to adding other categories, based on the advice of community and voluntary sector experts such as the CAB, ESDAS, CVS and others.

3. Additional Proposals

3.1 Additional measures for Empty Homes and Second Homes

We understand that the council is considering reducing the Council Tax discounts currently available to those owning empty homes, in line with changes nationally. We agree that the Council Tax level for empty homes should be increased from 90% to 150% (as we understand this is the maximum level), and the period after which this applies reduced from 6 months to 28 days. We hope that this will increase the market pressure for empty homes to be made available for accommodation once again.

We would also propose that the Council require second homes to not be subject to a Council Tax discount. We propose that this is set at normal Council rate of 100% - but that this is increased to the empty home rate if it is left empty for long periods (e.g. 6 months or more).

3.2 Additional measures to mitigate impacts on the most vulnerable

Even with the measures proposed by the Council (supplemented by changes following the consultation exercise), we are concerned that central government's 10% cut in Council Tax Support will still have a negative impact on many of the most vulnerable members of our community, reducing the total household income for some of our least financially well-off households. On some households this impact will be compounded by the changes to Housing Benefit proposed for April 2013, as well as further changes in the introduction of the Universal Credit.

We propose that the Council aims to limit this by providing a house-by-house service to advise residents on ways to reduce household expenditure, backed up by PR activities to promote take-up using all the Council's available communication channels as well as work with partner organisations. This could include, but not be limited to:

- doorstep surveys to ensure every household (or at least those receiving some level of Council Tax Benefits) has cavity wall and loft insulation and other energy efficiency measures, that are available free from energy companies until the end of 2012
- advice on switching to lower energy bills
- advice on reducing transport costs, including making the most cost-effective use of public transport, and a scheme to assist bike purchase (e.g. benefit discounts for second-hand bike purchases through the LSTF programmes)
- ensuring that claimants are not failing to claim other benefits they may be entitled to.

3.3 Funding surplus or shortfall

We understand that while Council Tax is one of the most well known taxes in the UK, the level of claims for Council Tax Benefit is low, compared with many other benefits. We welcome the change in name to Council Tax Support (although prefer the term 'Rebate' proposed in Lyons 2007) – recognising that this may reduce the stigma felt by some in claiming what is in effect a reduction to ensure that Council Tax is not a regressive tax. This may increase the claimant rates among those lacking income or savings, including pensioners (see our note on maximum capital allowable above).

Please confirm that:

- the estimation of the level of benefit changes is based on a realistic level of claimants, both of working age and pensionable age;
- if there is an unexpected increase in claimant rate then the level of payment for others receiving Council Tax Benefit will not be adversely affected; and

3.4 Expectation of low collection rates

As reported in The Guardian newspaper recently (<http://www.guardian.co.uk/money/2012/oct/15/local-authorities-residents-council-tax>), many local authorities are expecting that up to half of people on low incomes will refuse to pay Council Tax in the aftermath of the benefit changes. The sums involved are so small – averaging less than £5 per week – that the legal costs involved in enforcing payment will exceed the amount collected.

Please confirm that the above will be fully considered in the final proposals put forward by the Council.

Reference:

Lyons 2007 – The Lyons Inquiry into Local Government. <http://www.lyonsinquiry.org.uk/>

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October 2012**