

Briefing Note



Subject: **Draft Council Tax Support Scheme – Background Information**

Submitted to: **Resources Overview and Scrutiny Committee**

Date: **6th September 2012**

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Introduction

1. The Council is consulting on its draft Council Tax Support Scheme until 31st October 2012.
2. Members of the Resources Overview and Scrutiny Committee Attached are due to discuss the draft scheme at their meeting on 6th September 2012.
3. To help inform the discussion and raise awareness of the consultation please find attached the following supporting information:
 - (a) HBC webpage extract explaining the consultation
 - (b) Frequently Asked Questions
 - (c) Table of Non-Dependent Deductions
 - (d) Impact on Households – Stage 1 (Equality Impact Assessment)
 - (e) Survey 1 – Council Tax Support Scheme
 - (f) Survey 2 – Property Discounts and Exemptions Proposals

a) HBC WEBPAGE

Also available from the following link:

http://www.hastings.gov.uk/decisions_democracy/voting_petitioning_having_your_say/consultation/current_consultations/counciltax_consultation/

Introduction

This consultation is about:

- Our Draft Council Tax Support Scheme that will come into effect from April 2013
- Changes to Exemptions and Discounts for certain types of property

Summary

Homes in the UK receive a Council Tax bill each year. In some situations, you may be entitled to a discount, or even be exempt from paying the bill at all.

At the moment, Council Tax Benefit is a national system for helping low income households to pay their Council Tax bill. You may get Council Tax Benefit if your income and capital (savings and investments) are below a certain level.

From 01 April 2013, the national scheme will be abolished and each local Council will be responsible for putting in place its own scheme.

At the moment all of the money we give in Council Tax Benefit is refunded to us by the Government. From April 2013 this is to be reduced by 10% and so we will lose £1.1m of the money we get to help low income households in Hastings.

As we will have less money to support everyone that currently gets help, we have to decide who is going to have to pay more towards their Council Tax. We are not completely free to decide - the Government has told us we must protect pensioners, but this means the majority of working age people will have to pay something more towards their bill.

We have worked with the other Councils in East Sussex to look at the different options and how these might affect local people. We have now got a draft scheme that we all hope to sign up to as this will make it simpler for local people moving around our county.

Our approach is to try to save half of the £1.1m by changing the Council Tax Benefit Scheme and the rest by raising additional Council Tax from those with second homes or empty properties.

We have based our draft Council Tax Support scheme on the following principles:

1. To be a common scheme across all of East Sussex
2. To limit the impact on the most vulnerable households
3. To make sure that those who move into work are not penalised

4. To require all adults in a household to contribute to paying the bill
5. To not give a discount to those with relatively large savings

What do you think?

We are consulting on our draft proposals until 31 October 2012.

We'd like to know:

- If you agree with the principles of our new Council Tax Support Scheme?
- What you think about the details of the draft Council Tax Support Scheme (i.e. who should get help to pay)?
- What you think about the proposals to reduce property discounts and exemptions (currently given to those with second or empty homes)?

To give us your views please fill in one or both of the following surveys. You may wish to read the Frequently Asked Questions (see below) before responding.

- [Survey 1: Council Tax Support Scheme](#)
- [Survey 2: Property Discounts and Exemptions Proposals](#) (surveys are attached below)

What happens next?

Your comments will be reported to the Council's Cabinet on 03 December and to 19 December 2012 Council where all Councillors will vote on the final Hastings Scheme.

Once agreed, we will publicise details of the new scheme from January 2013.

In March 2013, the Council Tax bills for 2013/14 will be sent out giving details of what every household will need to pay, and people will be responsible for the new payments from 01 April 2013.

Feedback

We will be happy to e-mail you feedback on the consultation and the final decision if you provide contact details. We will also publish all comments (without personal details) and progress updates.

b) Frequently Asked Questions

- 1. What is Council Tax?**
- 2. Who has to pay Council Tax?**
- 3. What is changing?**
- 4. Who will NOT be affected by these changes?**
- 5. Who WILL be affected by these proposed changes?**
- 6. How will I know if I am affected?**
- 7. How much will I have to pay?**
- 8. Will I have to reapply for help with my Council Tax bill?**
- 9. Why are Hastings Council proposing their preferred scheme?**
- 10. Why can't the money be found elsewhere?**
- 11. Where can I get more help or advice?**

1. What is Council Tax?

Council Tax is a local tax on domestic properties which helps to pay for local services such as: education, highways, libraries, transport, parks, children and adult services, and refuse and recycling collections; as well as contributing towards police and fire services.

The amount you have to pay depends on the property band your home is in, which is based on the value of your property. Hastings Borough Council is responsible for collecting your Council Tax. The amount you pay is spread across East Sussex County Council (about 72%), Fire and Rescue Service (about 5%), Sussex Police (about 8%) and Hastings Borough Council about 15%.

2. Who has to pay Council Tax?

Council Tax is the responsibility of people living in the property. The full tax assumes that there are at least two adults living in the property. If you are the only person living in your home, you are eligible for a 25% discount. The tax is also paid by the property owner where the property is unoccupied.

3. What is changing?

From 1 April 2013, the Government is abolishing the national Council Tax Benefits system and asking councils to introduce a local council tax support scheme to replace it. The Government is also reducing funding for council tax benefit by 10%, which means a shortfall of around £1.1million to help low income households in Hastings.

4. Who will NOT be affected by these changes?

- If you are a **pensioner who receives Council Tax Benefit**, the Government has said that you must be protected. Therefore you will continue to have your discount calculated on the current benefit rules.

5. Who WILL be affected by these proposed changes?

A) Council Tax Benefit claimants - You will be affected by these proposed changes if:

i. If you are of **working age** and currently claim full Council Tax Benefit - you are likely to see your benefit change, for example:

- If you have savings or investments (capital) of £6,000 or more you will no longer be able to get help with paying your Council Tax
- The maximum level of support anyone will receive a week will be £20.00. For example, based on 2012 Council Tax charges, a couple living in a property rated as Band A, would have to pay at least £0.64 per week; (For Band B this would be £4.08pw week, and for Band C: £7.52pw).
- If you currently receive less than £5 a week in Council Tax Benefit, you will no longer get help with your bill – the proposed scheme sets a minimum level of support of £5 a week.

BUT – there will be **protection for certain groups** - When we assess your net income we will not take into account the following:

- The amount of **child benefit** you receive
- Certain **disability benefits** e.g. Disability Living Allowance
- The first £5 - £25 of your **wages** if you are working (the actual amount will vary depending on your circumstances e.g. if you are single or part of a couple)

ii. If you are of working age and currently claim up to the 25% discount off your bill because of the **Second Adult Rebate** (i.e. where your income is too high for you to qualify for Council Tax Benefit, but the other adult(s) in your household have a low income) – we propose to remove this discount and you will be responsible for the full bill.

iii. If you receive Council Tax benefit because you have a low income AND you have an '**non-dependent**' **adult(s)** living with you:

- Under the new Scheme they will have to pay more towards the Council Tax bill (depending on their individual circumstances* e.g. in work/unemployed etc):
 - § Those who are contributing now will see their current payments double (e.g. from £6.55 per week to £13.10 per week)
 - § Those who are paying nothing now will have to contribute £5 per week from April 2013.

* The table below that sets out more details on the non-dependent deductions.

B) Property Owners receiving Exemptions or Discounts on their second home or empty property

You will be affected by these changes:

i. If you are a property owner of an empty property that is **uninhabitable or under repair**, we propose to reduce the time you will be exempt from paying

Council Tax from 12 months to 6 months. (NB the Government will have to change the rules to allow us to do this)

- ii. If you are the owner of an **empty and unfurnished** property we propose to reduce the time you will be exempt from paying Council Tax from six months to 42 days. (NB other exemptions will apply where the owner has died, gone into hospital or a care home)
- iii. If you have a property that has been **empty for 2 years** or more, we propose to make you pay a premium of an additional 50% of your bill.
- iv. If you own a **second home** in Hastings we propose to remove your 10% discount and you will have to pay the full 100% of your Council Tax bill.

6. Will I have to reapply for Council Tax support?

If you currently receive Council Tax Benefit your eligibility for the proposed new scheme will be assessed without you having to reapply to the Council – *but you MUST tell us if your circumstances change.*

7. How much will I have to pay?

It is likely that most people who qualify for Council Tax Benefit will get some Council Tax Support but, as there is a 10% reduction in funding from the government, the majority of households of working age will need to pay something more towards their Council Tax.

We will publicise details of the new scheme from January 2013. In March 2013, the Council Tax bills for 2013/14 will be sent out giving details of what every household will need to pay, and people will be responsible for the new payments from 1st April 2013.

8. Why are Hastings Council proposing their preferred scheme?

Because of the 10% cut in Government Grant, we have to make very difficult and hard choices about who receives less/no support to help pay for their Council Tax.

In designing our scheme we have followed principles which we believe are the best compromise we can deliver: we aim to limit the impact on the most vulnerable households, we want to make sure that those who start work are not penalised; that all adults in a household contribute, and that benefit is not paid to those with relatively large savings. We are also proposing to protect the most vulnerable people by making those with second or empty homes pay more Council Tax than they do now.

9. Can the money be found elsewhere?

Like all other councils, we are facing difficult choices about how to balance our budget with the reductions in public spending. We will be consulting on our Budget for 2013/14 later this year.

10. Where can I get more help or advice?

The Council's Council Tax and Benefits staff can be contacted here:

counciltax@hastings.gov.uk benefits@hastings.gov.uk

c) Table of Non-Dependent Deductions

Non Dependant Deductions	Current Rate	Proposed Rate
• In receipt of State Pension Credit or in receipt of IS, JSA(IB) or ESA(IR)	Nil	5.00
• Aged 18 or over and in remunerative work		
- gross income greater than £394.00	9.90	19.80
- gross income not less than £316.00 but less than £394.00	8.25	16.50
- gross income not less than £183.00 but less than £316.00	6.55	13.10
- gross income less than £183.00	3.30	6.60
• Others aged 18 or over	3.30	6.60

As above current deductions are based on government allowances, figures will be subject to a potential increase from April 2013.

d) Impact on Households Assessment – Stage 1 (Equality Impact Assessment)

What do we know about the impact of these changes on local people?

Because we are required by the Government to protect pensioners (regardless of their income or savings), we recognise that the significant burden of these changes will fall heaviest on working-age low income households, many of whom are also facing other changes in welfare support as the Government's changes are introduced.

We have assessed the impact of our new scheme and identified those who will be most affected (see below). In developing our draft scheme we have sought to mitigate the impacts by:

- Means test support based on income and savings – those with higher levels of savings would no longer get support to pay their council tax
- Protecting the most vulnerable, by keeping the current system of premiums, which means people with disabilities get more support, and we won't take into account child benefit when assessing someone's income.
- Change the level of discounts and exemptions we give to those with second or empty homes – so the burden of cuts will fall here instead
- Proposing to work hard to raise awareness amongst those most affected. Once the scheme is agreed we will target people to give them information and offer support and advice so they are clear about what will happen.

Throughout the consultation period we will be examining further the impacts on people affected by these changes and seeking ideas about how we can best help them. If you have ideas about how we can do this, please submit them to consultation@hastings.gov.uk

A full Equalities Impact Assessment and proposed mitigations will be submitted to the Council's Cabinet with the final proposal.

Key information (as at July 2012)

Before we make decisions we assess the impact on different groups of people. What we know is:

- 12,726 people claim Council Tax Benefit in Hastings. Of these **7,982** (62.72%) are of working age and may be affected by the introduction of the local support scheme.
- The largest group of working age people who currently receive Council Tax Benefit is the 25 – 49 age group. The age profile for all working age claimants is as follows:

Age	Number	Percentage
18 to 24	756	9.5%
25 to 34	1,801	22.6%
35 to 49	3,267	40.9%
50 to 61	2,158	27.0%
Total	7,982	100%

- Information about **people with disabilities** is only available from the Council Tax Benefit caseload for those standard claims i.e. where Income Support, Jobseeker's Allowance Income based or Employment Support Allowance Income based is not included in payments. Of these cases, there are 539 cases where the claimant and/or their partner are recorded as disabled for the purposes of calculating their entitlement to Council Tax Benefit.
- The gender profile of Council Tax Benefit working age claimants is as follows:

	Number	Percentage
Female	4,643	59.42%
Male	3,339	40.58%
Total	7,982	100.00%

- The changes we propose are intended to protect **families with children**, as we have chosen not to take into account the amount of child benefit received when assessing someone's eligibility for Council Tax support. The profile of working age families is as follows:

	Numbers
With dependant children	3,697
Without dependant children	4,285
Total	7,982

- The changes will impact differently depending on the Council Tax banding of the property people live in. The majority of CTB claimants **(87%) live in Band A or B properties** The band profile of current Council Tax Benefit claimants is as follows:

	Numbers	Percentage
Band A	4,470	56.00%
Band B	2,487	31.15%
Band C	705	8.83%
Band D	245	3.07%
Band E	55	0.69%
Band F	18	0.22%
Band G	2	0.04%
Band H	0	0%
Total	7,982	100.00%

- We do not currently have sufficient data regarding claimant's race, religion, sexual orientation or their gender re-assignment status. We will seek to collect further information via and during the consultation period.

Questionnaire 1 Council Tax Support Scheme

- a. Please let us know your postcode
- b. Do you currently receive support to pay your Council Tax?
- c. Are you responding for yourself or on behalf of an organisation?
- d. If responding on behalf of an organisation please give its name:

1. Key Principles

Please state whether you agree/disagree with the Principles underlying the Scheme

The Council Tax Support Scheme should.....	Agree	Disagree	Don't know
a) Be a common Scheme across all of East Sussex;			
b) Limit the impact on the most vulnerable households;			
c) Make sure that those who move into work are not penalised;			
d) Require all adults in a household to contribute to paying the bill;			
e) Not give a discount to those with relatively large savings			

Do you have any other comments on the principles?

2. Savings and Investments (Capital limit)

Currently, people who have up to £16,000 in savings might be able to get help with paying their Council Tax. We propose to reduce this limit to £6,000.

	Agree	Disagree	Don't know
Should the capital limit be reduced to £6,000 so that anyone who has above this limit gets no help with paying their Council Tax?			

If you disagree – what do you think the limit should be? Please give your reasons below

If you wish to make any comments on this proposal, please use the box below.

3. Second Adult Rebate

A small number of people whose income is too high for them to qualify for Council Tax Benefit, can currently get a 25% discount off their bill if they have a second adult living with them (not their partner) and that person has a low income. We propose to remove this rebate.

	Agree	Disagree	Don't know
Do you agree we should we stop paying the Second Adult Rebate?			

If you wish to make any comments on this proposal, please use the box below.

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4. Non- dependent adult contributions

Some people who receive Council Tax benefit have other 'non dependent' adults living with them (not their partner). We are proposing that the non-dependent adults pay more towards the Council Tax bill i.e.

- Those who are contributing now will see their current payments double (e.g. from £6.55 per week to £13.10 per week)
- Those who are paying nothing now will have to contribute £5 per week from April 2013.

	Agree	Disagree	Don't know
a) Do you agree that non-dependent adults should contribute more to paying the household Council Tax Bill?			
	Agree	Disagree	Don't know
b) Do you agree that the payments of those contributing should be doubled?			
	Agree	Disagree	Don't know
c) Do you agree that those who are not contributing now should have to pay £5 per week (from April 2013)?			
		Insert figure	Don't know
If you disagree with b) or c) what do you think the contributions should be?			

If you wish to make any comments on this proposal, please use the box below.

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5. Maximum support

There is currently no maximum amount of support a working age person can get to help them pay their Council tax. We are proposing a maximum level of support of £20.00 per week to help pay Council Tax.

This would affect people differently depending on their property value.

E.g. based on 2012 Council Tax charges, a couple living in a Council Tax Band A

property would have to pay at least £0.64 per week; (for a Band B property - £4.08pw week, and Band C - £7.52pw).

	Agree	Disagree	Don't know
Do you agree that there should be a £20 per week maximum support for help towards Council Tax			
	Insert figure		Don't know
If you do not agree with the £20 maximum – what do you think the limit should be?			

If you wish to make any comments on this proposal, please use the box below.

6. Minimum Support

There is currently no minimum amount of support that someone can get to help them pay their Council Tax.

We are proposing to introduce a minimum level of support of £5 per week. This means that unless someone is entitled to at least £5 per week, they will not get any help at all to pay their Council Tax.

	Agree	Disagree	Don't know
a) Do you agree that there should be a minimum level of support of £5 per week			
	Insert figure		Don't know
If you do not agree with the £5 minimum – what do you think the level should be?			

If you wish to make any comments on this proposal, please use the box below.

Survey then continues and asks questions re: contact details and standard HBC equalities monitoring questions.

Questionnaire 2 Property Discounts and Exemptions Proposals

- a. Your postcode
- b. Do you currently own a second home in Hastings?
- c. Do you currently own an empty property in Hastings that is uninhabitable or under repair?
- d. Do you currently own an empty and unfurnished property in Hastings?
- e. Hastings?
- f. Are you responding for yourself or on behalf of an organisation?
- g. If responding on behalf of an organisation please give its name:

1. Key Approach

Please state whether you agree/disagree with the following:

	Agree	Disagree	Don't know
Do you agree with the approach we've taken to reducing the exemptions and discounts given to owners of second or empty homes to help fund the loss of Government grant, thereby enabling us to protect the most vulnerable in our community?			

Do you have any other comments on the approach?

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2. Property exemptions and discounts

The Government is allowing Councils to set exemptions and discounts for certain classes of property at a level they feel is appropriate.

We are considering making the following changes, please state if you agree/disagree:

Question a)

	Agree	Disagree	Don't know
Do you agree we should reduce the length of time the owner of an empty property (that is uninhabitable or under repair) is exempt from paying Council Tax from 12 months to 6 months? (NB the Government will have to change the rules to allow us to do this)			

If you wish to make any comments on this proposal, please use the box below.

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Question b)

	Agree	Disagree	Don't know
Do you agree we should reduce the length of time the owner of an empty and unfurnished property is exempt from paying Council Tax from 6 months to 42 days? (NB other exemptions will apply where the owner has died, gone into hospital or a care home)			

If you wish to make any comments on this proposal, please use the box below.

Question c)

	Agree	Disagree	Don't know
Do you agree that the owner of a property that has been empty for 2 years or more should pay a premium of an additional 50% of their bill?			

If you wish to make any comments on this proposal, please use the box below.

Question d)

	Agree	Disagree	Don't know
Do you agree that the second homes discount of 10% is removed, so owners will have to pay their Council Tax in full?			

If you wish to make any comments on this proposal, please use the box below.

Contact Details and Equalities Monitoring Questions as in Survey 1