

Ashford Borough Council

Changing our council tax support scheme

The details

Accompanying document to provide guidance to those responding to the council tax support scheme consultation for the financial year 2017-18.

Published June 2016.



Foreword

Council tax support is an essential safety net for thousands of individuals and families across the borough. For the people who receive it, council tax support is just that – support in paying their council tax, helping them with any financial shortfall until they are able to return to work. It is a localised system that reduces the amount of council tax charged for those whose combined income, savings and investments fall below a certain level.

The existing scheme has been in place, with some minor changes, for four years. Our existing scheme is as fair as possible, upholding the principles of the government's welfare reforms while offering greater support to those who will find that returning to work is more challenging (such as disabled claimants).

Now Ashford Borough Council and all other local authorities in Kent have been asked to undertake a comprehensive review of our schemes and ask existing claimants and other interested residents and organisations for their views on a revised version of the scheme.

With public-serving organisations facing shortfalls in funding from central government, we have been asked by the major preceptors (such as Kent County Council and Kent Police) to consider revising our scheme so that the money available to fund the services that are provided to you by them stretches further.

My colleagues and I at Ashford Borough Council have been faced with some difficult choices about what options to consult on. Not everyone will receive the same level of support as they do now and you will note that we have had to be pragmatic about who will receive our financial support, and how much they will get, in the forthcoming financial year.

This document gives you greater background to the proposed changes, tells you what our thought processes have been in trying to devise a system that is as fair as possible, while ensuring that services across the county – our own services, education, adult and social care and highways services provided by Kent County Council, and Kent's policing and fire and rescue services – can continue to be maintained.

We have clearly indicated what decisions we have already taken and what remains up for debate. Now it is over to you.

We believe we have revised the system fairly, and that it remains in line with the needs of our communities. In addition to supporting the most vulnerable, it still incentivises work, upholding the principal aims of the government.

Now we want your views on the proposals we are putting forward.

This consultation runs from 6 June – 29 August and we want to know what you think of the proposed revisions. We want to hear from as many people as possible – from those of you who are directly affected to those of you who have an interest in this topic because of the organisations you represent.

Your views are very important to us so please get involved so we can ensure we still have in place a fair local system that works for those in Ashford who need the support most.



Cllr Neil Shorter

Portfolio Holder for Finance & Budget,
Resource Management and Procurement

Introduction

Council tax support is a localised system that means households whose combined income, savings and investments are below a certain level qualify for a reduction in the amount of council tax they have to pay.

Ashford Borough Council was required to set up a new, local system on 1 April 2013. That scheme has run, with some minor changes, for four years. It upholds the principles behind the government's introduction of the scheme – i.e. to encourage people who are of working age to return to work and show that work pays.

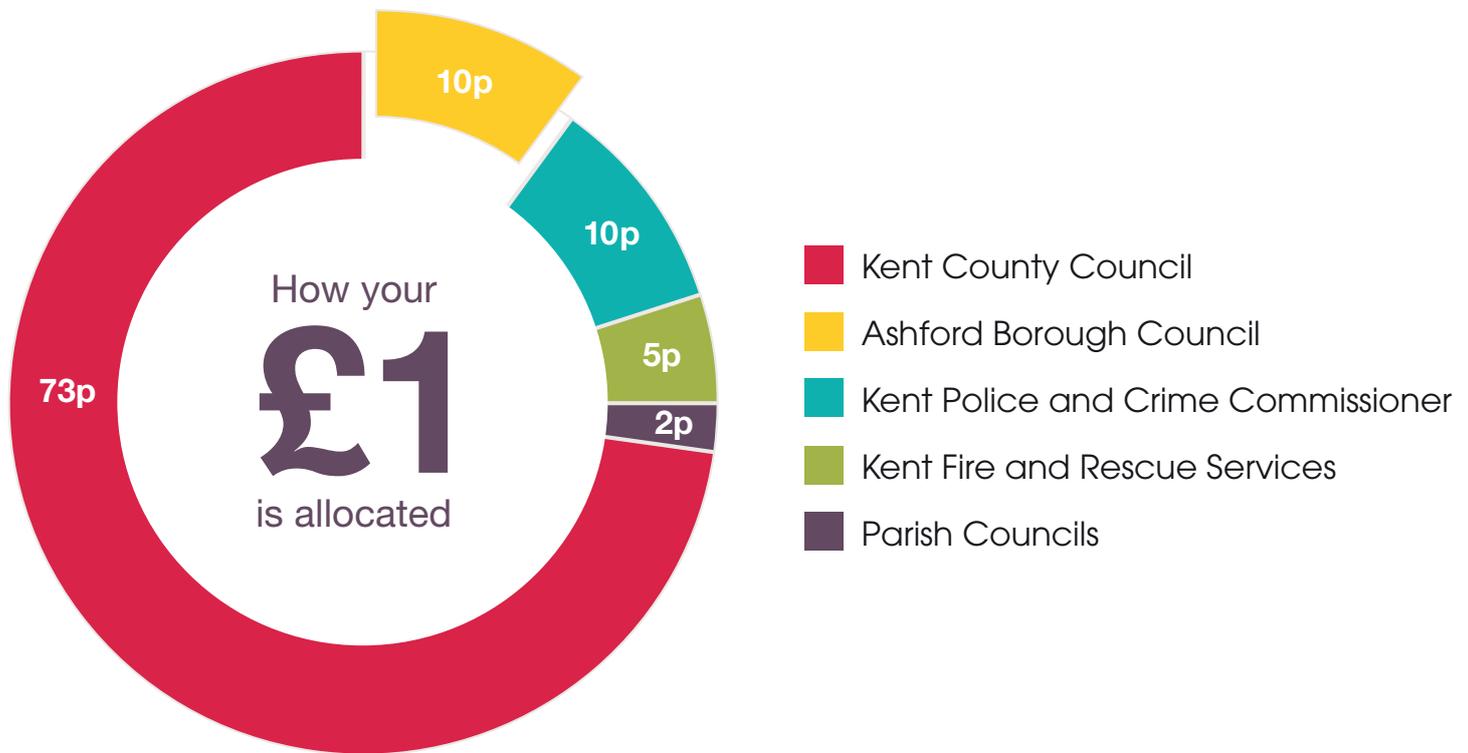
The scheme asks those people of working age who are eligible for council tax support to contribute something towards their council tax bill, while protecting vulnerable groups.

The council has adopted these principles within its localised scheme – indeed it is proud to have been the only borough in the county to offer disabled claimants additional support, as they will obviously find returning to work more difficult.

With the government continuing to address the level of national debt the amount of money it provides to all public-serving organisations is reducing – hence why Ashford Borough Council has been proactive in securing additional revenue streams, such as purchasing International House and setting out its intention to acquire the town centre cinema and leisure complex at Elwick Place.

The major precepting authorities (for example, Kent County Council and Kent Police) have asked us to consider revising our schemes as they too are facing reductions in funding from central government and are keen to ensure that they can maintain their services to you by increasing the money they receive through council tax payments.

Remember, that when you pay your council tax to Ashford Borough Council, we only keep 10p from every £1. We distribute the rest to Kent County Council (73p in every £1), Kent Police and Crime Commissioner (10p), Kent Fire and Rescue Services (5p) and if you live in a parished area, your town or parish council (2p).



We want your views

If you are in receipt of council tax support currently, if you are likely to be affected by the proposed changes, or if you are just interested in the welfare reform agenda (as an individual or as part of your involvement with a charity or other public-serving organisation) we want to know what you think.

Only by asking for your views can we then use your responses to consider the impact of the revised proposals we are setting out. Once we have taken your considered views on board our councillors (at public meetings that you can attend) will then determine the revised localised system that will be formally agreed by 31 January 2017 and will come into effect on 1 April 2017.

What has been determined so far?

From the outset, back in 2012, the government has said that pensioners must receive similar support to that which they currently receive so that they are not affected by the introduction of council tax support. Therefore, they will not be affected by any of the changes that we are proposing here.

We want to end up with a revised council tax support scheme that minimises the impact of the reduction in government funding on our tenants, residents and the other stakeholders in our borough. It is important that our revised scheme strikes the right balance and that those in receipt of council tax support, other taxpayers and other groups feel that our scheme is as fair as possible.

We feel it is reasonable for us to approach the consultation with some well-informed decisions already having been taken. This is because:

- We have to bear in mind what the scheme is and is not allowed to include
- We feel we should continue to uphold the government's underlying principles in encouraging claimants of working age to return to work
- We have to bear in mind the current situation with public finances and how this affects other organisations that provide services to residents of our borough.

In order to protect Ashford Borough Council against the economic pressures all councils continue to face we have policies in place that have been pre-agreed through long-term and medium-term financial strategic planning. Financial reports are presented to our senior councillors (known as cabinet members) at monthly cabinet meetings open to the public.

Some elements of the revised localised scheme have already been provisionally agreed. The following points, therefore, are not being considered as part of the consultation and so cannot be influenced by any comments we receive during the consultation process:

Our strategic thinking:

- We agree that we must ask working-age council tax support claimants to contribute an additional sum towards their council tax to make all public services delivered in our borough sustainable
- We are not minded to significantly increase our element of council tax to fund this as we are committed to delivering the lowest council tax in Kent
- We are not minded to reduce other council services, as we must preserve those council services that residents have told us they value and want us to provide
- We are not minded to increase fees and charges for other services to fund this shortfall, nor are we keen to use reserves

Specific decisions already taken:

- We are going to continue to exclude pensioners from the scheme
- We will proudly continue to offer disabled claimants additional support, so if the government determines that you are eligible to receive disability allowances you will only be asked to pay a 5% contribution towards your council tax bill
- We did consider not having a scheme in place at all but have discounted this
- We have also considered completely different schemes based on an applicant's or household's total income, a simplified means-tested assessment of all applicants, and our approach towards those claimants on what are referred to as 'passport benefits' (through existing entitlement to other benefits or tax credits) but believe the best and most reasonable way forward is to adopt a scheme similar in format to that which has been in place since 2013 (the other options considered are discussed in the report that went before cabinet members on 12th May 2016)
- When calculating entitlement to council tax support we have already said we will use the rules of the housing benefit scheme that apply to it
- We have considered but agreed to not proceed with taking into account incomes such as child benefit and child maintenance. Across the country, 22 authorities do include these two incomes within an overall income assessment but we will continue to disregard them, not taking them into account when assessing income

The council's proposed revisions:

These are the proposals the council is considering revising as part of its council tax support scheme from the financial year 2017-18, and that form the basis of this council tax support consultation. (The figures below in italics within brackets represent the number of claimants who will be affected and the estimated total amount that each proposal will save. Please note that only 10% of each saving figure will go to Ashford Borough Council).

- Currently, the minimum level that anyone in receipt of council tax support was asked to pay towards their council tax was 10% – under the revised scheme they will be asked to contribute a minimum of between 10% and 20% (2,800 claimants, saving of £220,000)
- Those claimants who live in a property classified for council

tax as being in Band E, F, G or H will be treated as if they are living in (and will receive the level of support that they would be entitled to) a Band D property (225 claimants, saving of £45,000)

- Those claimants who state they are self-employed will be presumed to be earning the statutory national living wage (NLW) – so their minimum income will be deemed to be the NLW x 35 hours (for full-time self-employed claimants) and the NLW x 16 hours (for part-time self-employed claimants). New self-employed businesses, set -up from 1st April 2017, will be exempt from this condition for their first year of trading (250 claimants, saving of £100,000-£150,000)
- Previously, claimants with savings up to £16,000 were eligible for council tax support – the revised scheme states that the maximum amount of savings claimants can have is £6,000 (50 claimants, saving of £40,000)
- Those claimants with non-dependant adults (such as an adult son/daughter) living at home will receive a deduction of £10 per week per non-dependant (750 claimants, saving of £75,000-£100,000)
- The revised scheme intends to remove eligibility to what is known as the second adult rebate (40 claimants, saving of £8,000)
- A hardship fund could form part of the revised scheme in order to provide additional support to those who are facing severe financial hardship. Each case will be considered on its own specific circumstances

What can still be influenced by those consulted?

The proposed revisions to the council tax support scheme (listed above) are elements of the revised system that have not yet been determined. We are open to being influenced by your responses and will carefully consider your opinions. The consultation questionnaire does ask those who respond to suggest alternative solutions and to express why they disagree with the proposals, so that we can clearly see the thoughts and threads that are put forward. When we consulted in 2012 about the original council tax support scheme, we did amend the preferred option we consulted on in the light of some of the many considered and constructive comments made by our residents.

Examples to show the potential impact of the proposals

To help you understand how the council's proposed local system for council tax support would work we have made up the following examples.

Note: a Council Tax Band C charge is assumed (as many of our claimants fall within this band. The full charge for a band C unparished property in 2016-17 is £1,340.17.

Please note, that all the figures below are illustrative only. Each change is considered in isolation only. For more specific detail regarding your situation, contact us using the details at the end of this document.

ONE Non-working claimant in receipt of a 'passported' benefit (for example, Jobseekers Allowance, Income Support) and therefore currently receiving 90% council tax support:

Current council tax support entitlement = £23.13 per week

If minimum contribution increased to 15% (from 10%)

New council tax support entitlement = £21.85 per week

Reduction in support = £1.28 per week (£66.74 per year)

If minimum contribution increased to 20% (from 10%)

New council tax support entitlement = £20.56 per week

Reduction in support = £2.57 per week (£134.01 per year)

TWO Working claimant on a low income, currently receiving 50% council tax support

Current council tax support entitlement = £12.85 per week

If minimum contribution increased to 15% (from 10%)

New council tax support entitlement = £12.02 per week

Reduction in benefit = £0.83 per week (£43.28 per year)

If minimum contribution increased to 20% (from 10%)

New council tax support entitlement = £11.30 per week

Reduction in support = £1.55 per week (£80.82 per year)

THREE Disabled claimant in receipt of disability living allowance and receiving 95% council tax support

Current council tax support entitlement = £24.42 per week

New council tax support entitlement = £24.42 per week

No reduction in support

FOUR Self-employed working claimant declaring a business income of £100 per week.

Current council tax support entitlement = £10 per week

By using National Living Wage of £252 per week instead of declared business income, this would remove entitlement to council tax support for this claimant.

Reduction in support = £10 per week (£520 per year)

FIVE Working claimant on a low income, with savings of £8,000 currently receiving 50% council tax support.

Current council tax support entitlement = £12.85 per week

With new proposed capital limit cut-off of £6,000:

New council tax support entitlement = nil

Reduction in support = £12.85 per week (£670.04 per year)

SIX Working claimant on a low income, with a non-working non-dependant (adult son/daughter) living in household, currently receiving 50% council tax support (after non-dependant deduction of £3.77 per week).

Current council tax support entitlement = £12.85 per week

With new proposed £10 non-dependant deduction:

New council tax support entitlement = £7.12 per week

Reduction in support = £5.73 per week (£298.78 per year)

SEVEN Working claimant on a low income, living in a band E property, currently receiving 90% council tax support

Current council tax support entitlement = £31.81 per week

With new proposed band D cap:

New council tax support entitlement = £26.02 per week

Reduction in support = £5.79 per week (£301.91 per year)

EIGHT Second adult rebate claim (in respect of non-working non-dependant living in household)

Current council tax support entitlement = £5.78 per week

With new proposed abolition of second adult rebate this would remove entitlement to support:

Reduction in support = £5.78 per week (£301.39 per year)

How to get involved

Between 6 June – 29 August 2016, Ashford Borough Council is asking residents, public-serving organisations and charities who will have an interest in the proposed changes what they think of the council's revised scheme.

To take part in the consultation you need to complete our council tax support questionnaire. This, and the more detailed document, is available at: www.ashford.gov.uk/counciltaxsupport

If you have any further questions please:

- Email counciltaxsupport@ashford.gov.uk
- Phone 01233 331111
- Visit the Civic Centre, Tannery Lane Ashford

Following the consultation

Once the consultation has closed we will evaluate all of the responses we receive and consider them, providing they comment on the elements of the proposed system that have not yet been determined.

We will publish the results of the consultation on our website (via a link on the council tax support web page mentioned above) and anticipate that a report will be reviewed by our cabinet members in November 2016.

Their recommendations will be referred to all of our council members for consideration at our full council meeting in December 2016. The report considered by our elected members will set out clearly what has been taken into account following the consultation and will detail what has changed as a result of your responses.

The final revised system will be explained to residents in the report that is presented to the cabinet meeting, in our residents' e-publication Ashford Voice (www.ashford.gov.uk/voice), in our council tenants' magazine Housing News, on our website and social media pages, and through the local media.

We believe that we are being open and accountable about the process involved and what the outcomes are.

Difficulty in understanding this leaflet?
Need it in braille, large print or on audio tape?
For translations or interpretations please contact us
and we will do our best to help.

Email customer.care@ashford.gov.uk

Phone 01233 331111

