

2013 Council Tax Support Consultation Summary of Results

Purpose

This document presents a summary of the results from a six week consultation on the proposals to make changes to Redditch Borough Council's Local Council Tax Support Scheme.

The consultation ran from 23rd August 2013 to 4th October 2013.

Background

Council Tax Support is the system under which councils give discounts on Council Tax bills to help people who meet certain criteria, mainly based on low income. This used to be called Council Tax Benefit.

The benefits system, along with government funding for it, has changed over the last few years. This means that we now have to take steps to change the way we provide services, including how much we pay in Council Tax Support, as we have less money available.

We have identified a range of changes we could make to our existing Council Tax Support scheme in order to meet our savings targets. Only working age people who claim Council Tax Support will be affected. None of the proposed changes will affect pensioners, who come under a separate arrangement.

If we decide to make any changes, we will carry out a further consultation on our revised Council Tax Support scheme. Any changes we do make will come into effect from 1 April 2014.

Methodology

We designed a survey containing questions about the potential changes we could make to Council Tax Support. We created an online version of the survey and made printed copies available on request.

We promoted the consultation through media releases, a prominent feature on the home page of our website and social media. We invited members of the Social Landlord's Group and The Private Landlords Steering Group to give their views.

Results

Completed consultation questionnaires were received from a number of individuals and organisations; the summary of the responses is detailed in this section.

Written responses not taking the form of the consultation questionnaire were received from Worcestershire County Council and Mary Latham, West

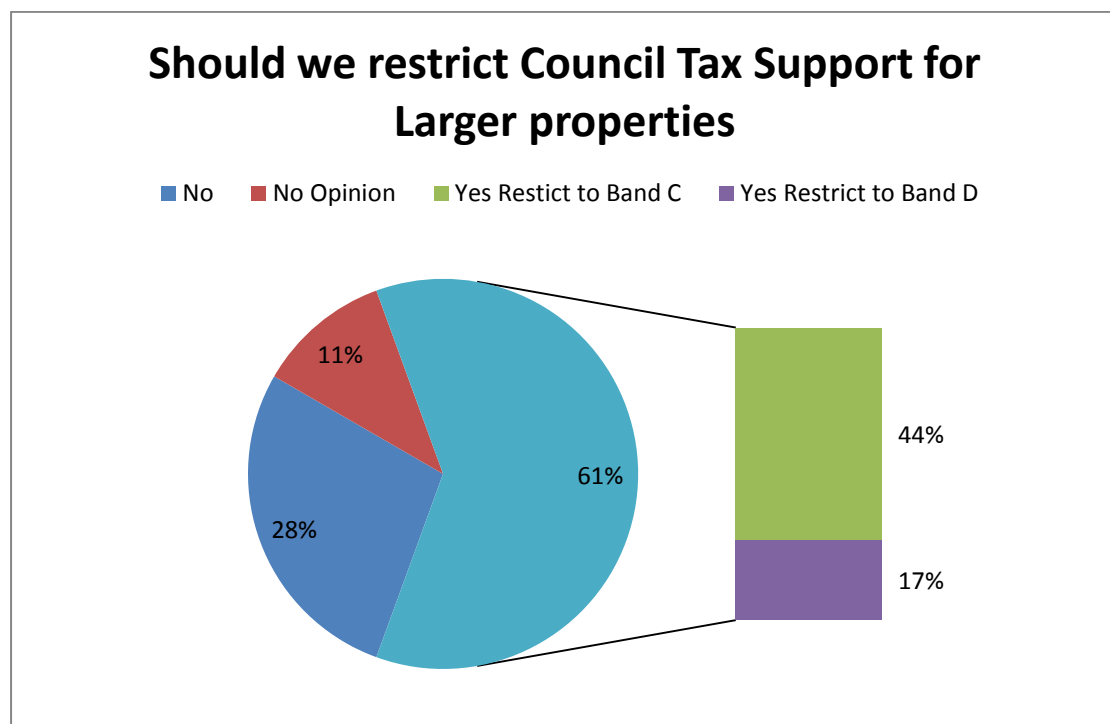
Midlands Representative of the National Landlord's Association. The written responses are appended to this report.

Reducing Support for higher banded properties

In the current scheme a person can get 100% Council Tax Benefit no matter how large their home.

We asked for a view on whether we should limit Council Tax Support for people occupying larger houses to the level that would be given to a smaller house.

61% of those who responded to the consultation agreed that we should limit support for larger homes to the level that would be provided to smaller properties – of the respondents in favour of limiting support for higher banded properties 72% (44% of all respondents) favoured a cap at Band C level.



The majority of respondents were in favour of reducing support for people living in larger homes with some providing their opinion as to how this would provide a fairer scheme.

"I am restricted to the property band that I can afford therefore I feel that anyone receiving benefits should also have restrictions imposed on them. Treat everyone fairly and don't favour some at the expense of tax payers"

"Yes because many people receive these benefits whilst living in large properties, which seems totally unfair. Equity release and downsizing are options to these people. Often also they are just playing the system."

Those people who advised us that they were against a cap drew attention to the need for a safety net for people who may have a sudden change in income and to the facts that factors other than size will affect a property's valuation band.

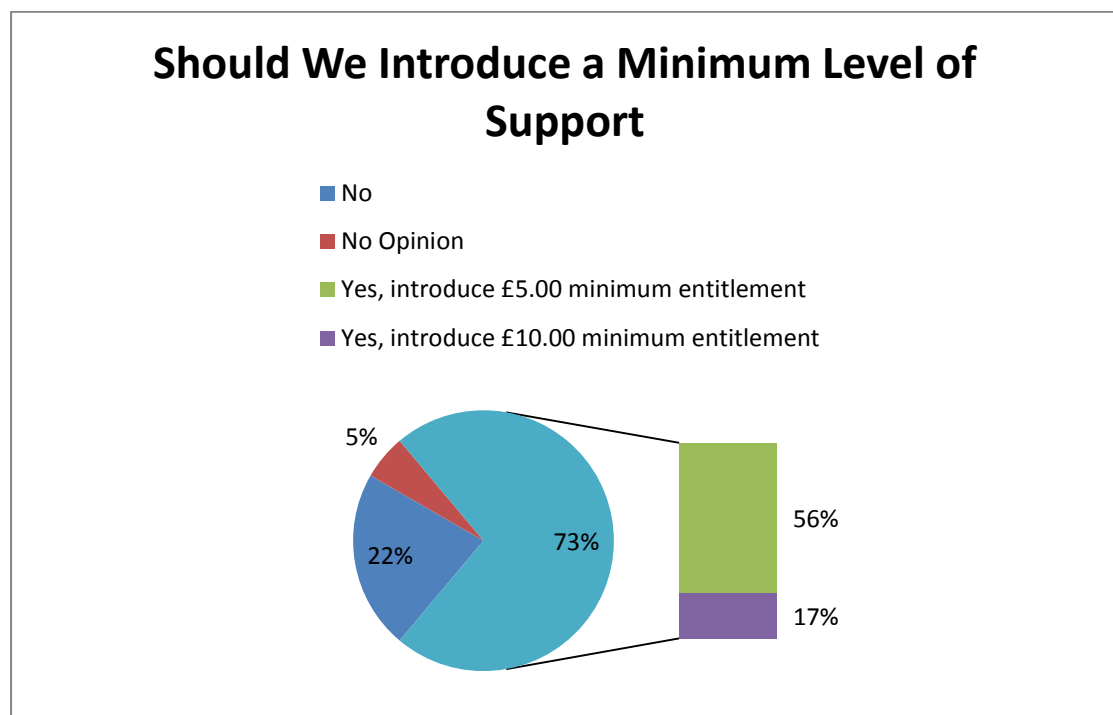
“The restriction would take no account of the fact that an individual who has been living in a large property for a number of years may have had a change in circumstances which has meant that they are now required to claim benefits. When the individual was not in receipt of benefits they would have been contributing at a higher rate – based on their larger home – and it would be unfair to penalise them when they have need to call on the welfare system. Especially when, as evidenced during the recent recession, the prevailing housing market may be preventing them from selling their home and downsizing.”

“Rating of properties is not necessarily just to do with size of the property but also the location. The same sized property can be a band B in one district but a band D in another”

Minimum Level of Support

Under the current scheme there is no minimum level of Council Tax support. Some people who are eligible for Council Tax Support get less than £5 a week. We asked for views on whether to introduce a minimum level of Council Tax Support of either £5 or £10 a week.

The majority of respondents, 73%, were in favour of a minimum level of support and of those in favour most felt that relief should be removed for anyone receiving £5.00 or less per week.



Those who were against the introduction of a minimum level of support commented on how the change would impact on people with the smallest incomes.

“£5 a week is a lot for a less well off person or family to lose. This benefit is after all given to those who are on low incomes and are assessed to need this.”

“There should be NO change to the minimum level of council tax because this will penalise the least well off once again.”

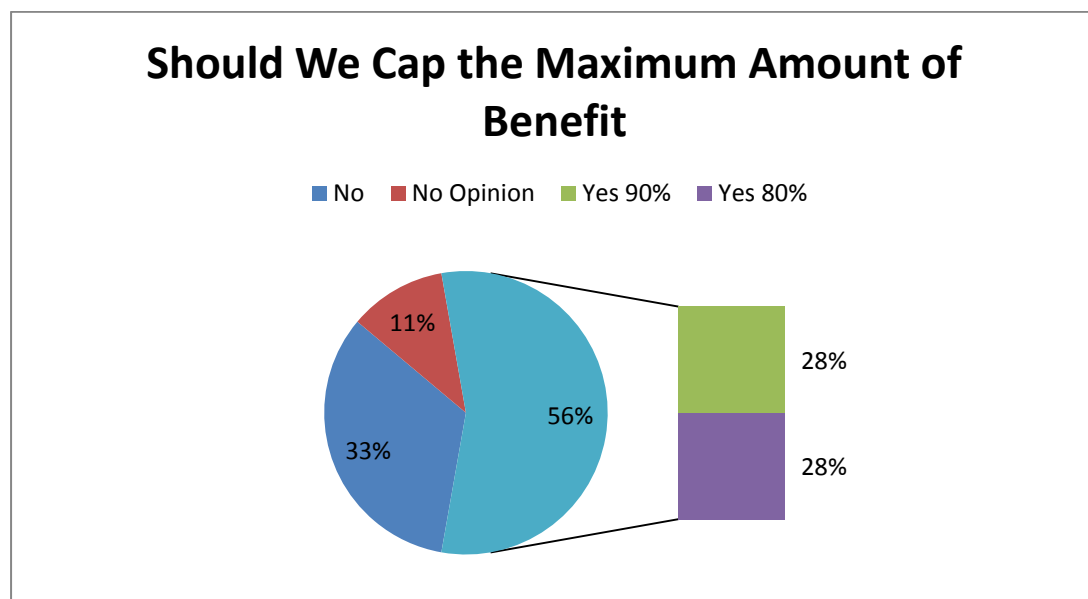
“When put in monthly rather than weekly terms £16 a month for someone currently getting £4 a week is a lot to lose.”

Everyone pays something

Under the current scheme people of working age can qualify for Council Tax support of up to 100% of their Council Tax bill. We asked whether we should change our scheme so that everyone of working age pays something towards their Council Tax bill.

This would mean no one eligible for Council Tax Support would receive a 100% discount on their Council Tax bill and we would assess their entitlement to Council Tax support based on a maximum percentage of between 80% and 90% of their Council Tax Liability, with the difference due to be paid.

33% of respondents were against the introduction of a maximum level of entitlement. Those in favour (56%) were split equally between a cap at 80% and 90%.



Comments received focused on how the requirement to make some contribution to Council Tax may incentivise work and also drew attention to the difficulties long term recipients of Council Tax support may have in the transition from full entitlement to capped entitlement.

"It helps to make work more attractive if everyone has to pay something and shows that you can't expect the local authority to pay your CT bill as a right"

"Again it does depend on the circumstances, if people are working on a low wage I believe they should have all the help possible. My concern is these people who do not work and appear relatively well off. I work with staff who say they were better off not working! Which I feel is a disgrace."

"As a personal preference I would suggest 85%"

"There are many people of working age who having been unemployed for a long time will find it difficult to get work."

"People on benefits who have previously qualified for 100% assistance, will now need to find the extra monies to pay their contribution, when money is already short."

"There are people as well as the elderly population who need protecting such as people who are long term sick or disabled and unable to work and not through choice have to live on benefits. With the rising costs of inflation and benefits not reflecting this they are already struggling to make ends meet. There is a minimum the government determines we need to live on which is why council tax is provided. How will this work if council tax is being demanded! Why should the vulnerable yet again be targeted for the mistakes of the previous governments inability to run the country's finances. Having local councils decide who is to pay what will create a post code lottery as to what amount of council tax one has to pay in Britain depending on where they live just like with NHS services. The government seem to find enough money available to send aboard for foreign aid and fighting in wars perhaps they should start looking after the people in Britain first instead of cutting our benefits and closing down our hospitals."

"Not having council tax support for anyone not working would reduce the amount that person has for other essentials such as heating and food."

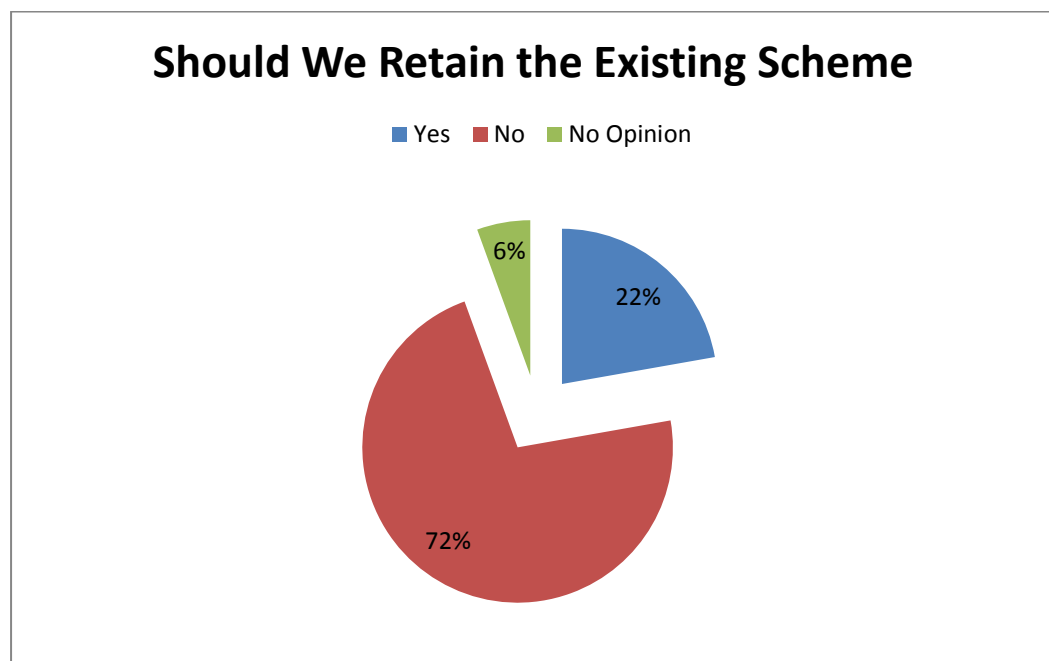
"If working age claimants are on a basic income of Income support then to make payments of 10% of the CT charge puts a huge strain on their finances and can put them into poverty."

No Change

If no changes are made to the scheme then the funding gap for Redditch Borough Council will be £46,000 – the total funding gap for all precepting authorities will be £390,000.

We asked people whether, after considering all of the options, they thought that we should retain the existing scheme and meet the shortfall by cuts elsewhere.

72% of respondents felt that changes should be made to the Council Tax Support scheme to meet the funding gap, with just 22% opting for no change.



Respondents comments acknowledged the need to make changes and provided opinions on how savings could be made to the way services are provided.

“Unfortunately monies have to be found from somewhere; even if it is a small amount overall.”

“I believe that you can save a sizeable sum within local authorities and schools by moving from proprietary computer software - such a Microsoft Windows to Free Open Source Software. See Munich City Council as an example.”

“Other cuts may be possible in other areas in addition to some changes to Council Tax Support i.e. length of time street lighting is on, lights left on in public buildings, increasing hire rates of public buildings - and anything else where economy savings can be made rather than cutting services.”

Some comments raised concerns that the impact of changes and cuts to services would fall on the most vulnerable claimants and asked for the burden of cuts to be spread evenly amongst all residents.

“I accept that to cover the loss of funding from Central Government changes must be made but to recoup these from the most vulnerable claimants in the area will put them into more financial hardship”

“The council should consider whether the method of meeting the shortfall can be shared equally across people claiming benefit and those who are not claiming. The

benefit changes could be made in conjunction with a general increase in the level of Council Tax."

"Make changes but make sure the better off in larger properties who are working and even have more than one property pay a higher share of the burden, or those privately owned who can down size and not expect the tax payer to pay for them to live in a large owned property that will be theirs in the end and therefore gain greater benefit..."

A number of respondents emphasised that all residents should make a contribution to the services provided by the Council and that a financial contribution can heighten a person's perception of the value of the service.

"I think everyone should pay at least something as we don't want to keep cutting important services that we need. We all have to pay for our utility services so think council tax should be treated the same in some ways."

"if people have to pay for something they usually value it more ironically. Also if you are utilising services then one should contribute"

Short Term Empty Properties

The consultation sought views on further technical changes to Council Tax by asking whether the 50% discount for properties that have been empty for less than 6 months should have the discount removed.

50% of the respondents were in favour of the removal of discounts for short term empty properties.

The response from Mary Latham, West Midlands Regional Representative of the National Landlord's Association is appended to this report and provides a detailed response relating to discounts for empty homes.

From: Mary Latham [mailto:Mary.Latham@landlords.org.uk]
Sent: 11 September 2013 12:24
To: Jennifer Delorenzo
Cc: Regions Reports
Subject: RE: Council Tax Support Scheme Consultation ORG-1222

Hi Jenny, I have posted the link on Social media and Tweeted it to my followers. It has already been re-tweeted and has reached over 17,000 people so far.

I have a concern about what happens when a local authority withdraws the short term empty property relief and I would be grateful if you would pass my concerns onto the relevant person.

NLA support good landlords and we encourage landlords to invest in their properties to keep them up to a good standard, that means that there are often short periods of time where our properties are empty - landlords do not want empty properties and we keep this time to a minimum.

NLA also support good landlords who thoroughly check their prospective tenants to protect neighbourhoods from anti social behaviour and to protect themselves from damage to their properties and rent arrears - this can mean that there are short periods of time where a property is empty while the landlord carries out the necessary due diligence.

You will also be aware that some tenants cause damages to properties and it takes time for those repairs/replacements to be carried out, again landlords keep these to a minimum but they often cannot be done while there is a tenant in place which can cause short periods where the property is empty

We are fully aware of the need for local authorities to balance their books but my concern is that if the council tax relief for short void periods is withdrawn from landlords it may have an impact on the standards of rented properties in Redditch and also the quality of tenants. None of us want this.

I would like to propose that your authority consider offering Council Tax relief to landlords for a maximum of 21 days if those landlords are accredited. Apart from the fact that this will reduced the potential issues I have already mentioned it will send a clear message to good landlords, who have taken the time and trouble to become accredited through an education based scheme, that your authority supports them and wants to encourage them to invest in good quality homes in Redditch.

If this is coupled with the use of the HMO licensing structure which is being used in Birmingham you will find that more landlords will become accredited and both property and management standards will improve in Redditch - which is what we all want.

I would be more that happy to meet the appropriate people to explore this further if necessary.

I will be very interested in the response to these proposals.

Mary

Mary Latham | West Midlands Regional Representative
National Landlords Association

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