Foreword

My colleagues and I at Ashford Borough Council have been faced with some very tough choices following the coalition government’s announcement that council tax benefit is being abolished at the end of March 2013.

Moreover, the government is reducing the amount of money it is giving us in its grant to set up a new local system.

Not everyone will receive the same level of support as they do now and some very difficult decisions have had to be reached about who gets financial support, and how much they will get, in the future.

This document tells you why the government is making those changes, what we are required to do as a local authority, and what our thought processes have been in trying to come up with a system that is as fair as possible. And now it is over to you.

“**We want your views on the proposals we are putting forward**”

We believe we have created a system that is in line with the needs of the community and that echoes the aims of the coalition government. Now we want your views on the proposals we are putting forward.

From this consultation, which runs between 6th August and 1st October 2012, we want to know how you think this will work in our borough. 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.

We realise that finances are tight but hope that you will appreciate that we have to make these changes in light of the new government policy and the reduction in the grant that is being made available to us.

Your views are very important to us so please give us your views so we can ensure we set up a fair local system that works for those in Ashford who need the support most.

Cllr Robert Taylor
Portfolio holder for core services
Introduction

Council tax benefit is currently a national system and is paid to households whose combined income, savings and investments are below a certain level.

The coalition government is planning to abolish the current system of council tax benefit on 31st March 2013 and requires all local councils, including Ashford Borough Council, to set up a new, local system that will replace it from 1st April 2013.

The government believes that changing the council tax benefit system will encourage people who are of working age to return to work and show that work pays. The new system will also ask those people of working age who currently claim council tax benefit to contribute something towards the shortfall while protecting vulnerable groups. The council has adopted these principles within its preferred option.

“Not everyone will receive the same level of support as they do now”

Furthermore, the government's intention is to address the level of national debt, and to reduce this deficit in the current parliamentary term. Therefore, the amount of money it is going to provide to pay for the new local council tax benefit system (known as the grant) is being reduced by 10 per cent, so not everyone will receive the same level of support as they do now.

Therefore, we have been working hard with other local councils across Kent to develop a constructive way forward to:
• comply with these changes being planned by central government
• suggest a sensible and considered approach; and
• offer those who will be affected directly and indirectly an opportunity to share their views and influence some clearly explained elements of the system.

We want your views as we need to know what you think if;
• you currently receive council tax benefit, have a second home, or a property that is empty either for short or long periods of time
• you are from an organisation or charity that may have a practical interest in the decisions we reach (known as stakeholders); or
• you do not receive council tax benefit but have an opinion.

“We need to know what you think”

Only by asking for your views can we then use your responses to consider the impact of the proposals we are putting forward. Once we have taken these on board our councillors (at public meetings that you may attend) will then determine a new localised system that will be formally agreed by 31st January 2013 and will put in place by 1st April 2013.
What has been determined so far?

The government has said that pensioners must receive similar support to that which they currently receive so that they are not affected by the change.

We want to end up with a new local system for council tax support that minimises the impact of the reduction in government funding on our tenants, residents and the stakeholders in our borough. Indeed, we have been working hard to arrive at a new local system that is as fair as possible.

We feel it is reasonable for us to approach the consultation with some well-informed considerations already taken into account. This is because:

• we have to bear in mind what the government has told us we can and cannot do
• we have to bear in mind what the government’s aims are in getting working-age recipients back to work; and
• we have to bear in mind the current situation with public finances.

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

“We have to bear in mind the current situation with public finances”

We have, therefore, already provisionally agreed some elements of the new, local system. The following points, therefore, are not being considered as part of the consultation and so cannot be influenced by comments we receive during the consultation process:

• The reduction in the government grant for the proposed new local council tax support system will largely be met by reducing the amount of council tax support that working-age recipients receive
• We will not be increasing council tax to meet the reduction in the grant we receive from central government
• No other council services will be reduced in order to fund the reduction in the grant we receive, as we must preserve those council services that residents have told us they want us to provide
• Fees and charges for other services, for example parking, licenses or burials, will not be increased to fund the reduction in the grant we receive.

After carefully considering all the issues involved and a number of options we feel that this is the best way forward and that it is reasonable for us to set the criteria for the consultation. So, a proposed option will be put to those people who are going to be directly and indirectly affected.
While the council is putting forward a preferred option, all of the people who currently receive council tax benefit will be asked for their views as part of an eight-week period of consultation.

The council will also be asking the views of other public-serving organisations and charities who will have an interest in the proposed changes.

“We must preserve those council services that residents have told us they want us to provide”

The council’s preferred option

These are the main points about the council’s preferred option for a new local council tax support system:

• The government has said that pensioners will not be affected by the changes and will continue to receive similar support
• If the government determines that you are eligible to receive disability allowances from 1st April 2013 when the local council tax support system begins, you would receive 95% of the support you do now
• The new local scheme will still aim to protect vulnerable groups and will encourage people to return to work
• Neither the council nor parish councils will directly fund the new council tax support scheme, in order to preserve other council services that residents have told us they want us to provide.

In order to reduce the impact on those people of working age who currently receive council tax benefit it is proposed:

• To remove the 10% discount for second homes
• To reduce the council-tax exemption period from six months to six weeks for short-term empty properties
• To apply a 150% council tax premium for long-term empty properties (properties that are empty for more than two years).

Taking these measures into account it is anticipated that those people of working age who currently receive council tax benefit will see a reduction in their support by 17.5% under the new system.
Examples

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

Example 1 – Mr L
Mr L is claiming council tax benefit with his partner and three children. Mr L works part time (24 hours per week) and receives child tax credit, working tax credit and child benefit. Mr L’s total household income used in calculating the amount of council tax per week is £413.81.

Current council tax benefit system
Mr L’s annual council tax bill is £1,239.77, or a weekly amount of £23.78. Under the council tax benefit rules Mr L is entitled to £6.17 per week towards his council tax. This means that Mr L is required to pay £17.61 per week towards his council tax or £918.23 per year.

Proposed new council tax support system
Under council tax support, instead of receiving £6.17 per week towards his council tax this would be reduced by 17.5%, which means that he would receive £5.09 per week towards his council tax – a reduction in support of £1.08 per week.

Mr L would pay £18.69 per week towards his council tax, which equates to £974.55 per year, which is £56.32 a year more, or £1.08 extra a week.

Example 2 – Miss R
Miss R is a single working-age person claiming council tax benefit. Miss R is in receipt of jobseekers’ allowance.

Current council tax benefit system
Miss R’s annual council tax bill is £1,085.06. She also gets single person discount as she lives on her own. This reduces her bill by a further 25% to £813.80 or a weekly amount of £15.61. As Miss R is in receipt of jobseekers allowance her income, savings and investments are not taken into account.

Under the council tax benefit rules Miss R is entitled to full benefit and is not required to make a contribution towards her council tax.

Proposed new council tax support scheme
Under council tax support, Miss R would still receive single person discount and, being in receipt of jobseekers allowance still means that her income, savings and investments would not be taken into account. However, instead of receiving £15.61 per week
towards her council tax this would be reduced by 17.5%, which means that she would receive £12.88 per week towards her council tax – a reduction in help of £2.73 per week. Miss R is now required to pay £2.73 per week towards her council tax and this equates to £142.35 per year.

Example 3 – Mr F
Mr F is claiming with his partner and two children. Mr F is in receipt of income support, which includes an amount in respect of a disability (Disability Living Allowance).

Current council tax benefit scheme
Mr F’s annual council tax bill is £1,239.77 or a weekly amount of £23.78. As Mr F is in receipt of income support the ‘means test’ does not apply. Mr F’s weekly liability for council tax is £23.78 per week. This means that Mr F receives full council tax benefit and is not required to make a contribution towards his council tax.

Proposed new council tax support scheme
Subject to Mr F continuing to receive disability allowances, under council tax support instead of receiving £23.78 per week towards his council tax this will be reduced by 5%, which means that he will receive £22.59 per week towards his council tax – a reduction in support of £1.19 per week.

Mr F is now required to pay £62.05 per year towards his council tax and this equates to £1.19 per week.

What can still be influenced by those consulted?
There are elements of our proposed new localised system that have not yet been determined. We are open to being influenced by your responses and will carefully consider your opinions on the following issues:

• Rather than reduce council tax support by 17.5% should working-age claimants face a lower reduction in council tax support and should there be no protection for disabled people (crucially bearing in mind that central government has stated that pensioners who receive council tax support must not have their entitlement reduced)?
• Should some vulnerable groups (for example, disabled people who will either not be able to return to work, or who will face considerable challenges in order to do so) receive some additional protection, with other groups making up the shortfall?
• Should there be a greater reduction in council tax support without the exemptions to second homes and empty properties being applied?
How to get involved

Between 6th August and 1st October 2012 we are asking you for your views on our proposed system. To take part in the consultation you need to complete our council tax support questionnaire.

To view more details of the preferred option and consultation, to see links to sites that contain further information, and to complete the questionnaire, please visit www.ashford.gov.uk/counciltaxsupport

We will then use your views, along with those received from representatives of other public-serving organisations and charities to finalise our new local system.

If you have any further questions please:
• Email counciltaxsupport@ashford.gov.uk
• Phone 01233 331111; or
• Visit Ashford Gateway Plus in Church Road, Ashford.

Following the consultation

After 1st October 2012 we will evaluate all of the responses we receive and consider them as long as they comment on the elements of the proposed system that have not yet been determined.

We will publish the results of the consultation and anticipate that a report will be reviewed by our cabinet members by November. This will be referred to all of our council members for consideration at our council meeting in December 2012. These reports 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 system decided on will be explained to residents in the report that goes to the cabinet meeting, in our residents’ publication Ashford 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.

Telephone: 01233 331111 Email: customer.care@ashford.gov.uk