

**have
your say**
**council tax
benefit
is changing**



Council Tax Benefit is changing: have your say



I, as the portfolio holder for finance, am committed to providing support to our most vulnerable residents and to involve all of the Harrow community in decision making.

The Government is planning to hand over the running of Council Tax Benefit to local councils and has cut the money we will receive for it. This means we will need to save £3.5 million in the first year alone. In the future it is very likely that everyone on Council Tax Benefit will have to pay something towards their Council Tax bill, apart from pensioners as there will be no change to the amount they currently receive.

I would like to stress that existing Council Tax discounts and exemptions such as the 25% single person's discount and those who are severely mentally impaired and live on their own have not changed, and therefore are not part of the consultation.

When setting the rules for Harrow, I'm committed to ensuring we lessen the impact on the most vulnerable residents and I need your help to do this. Please have a good read of this booklet, it will provide you with all the information you need about the current situation and our proposed ideas as well as details of how you can get involved.

During this consultation we will be talking to residents and working with the voluntary sector to identify the most vulnerable people and understand the impact these changes will have.

No decisions have been made about the new scheme and your views and ideas will be a major part of any we make. This is a real opportunity for you to shape the decisions made by the council. I urge you to complete the accompanying questionnaire, tell us your views and send it back to us via Freepost.

If you've got any questions or queries or would like an easy read version of this document visit www.harrow.gov.uk/ctbconsultation, call 020 8416 8266 or email ctbconsultation@harrow.gov.uk.

Cllr Sachin Shah
Portfolio Holder for Finance

Why are we consulting?

The Government is planning to abolish Council Tax Benefit and has asked councils across the country to develop their own schemes to replace it.

However, when the Government hands over the funding for the scheme, it will be reduced, meaning we will have to save approximately £3.5 million to be able to fund the new scheme next year and approximately £4.8 million for the following year. Further savings will be required over the next few years to fund the scheme.

These are already challenging times for local government finance. Despite this we are committed to ensuring all our residents have the opportunity to have their say on changes to services. Therefore, we will consult with you from Monday, 11 June to Friday, 21 September 2012 to get your views on what the new Council Tax Support scheme should look like.

What is Council Tax?

Council Tax is a local tax set by the Council based on the valuation band of your property. Your home is placed in one of eight valuation bands based on its value at 1st April 1991. The Council is responsible for collecting Council Tax and this money funds about 20% of local public services, including refuse collection, social services, environmental health and education. Some of the money collected is passed to the Greater London Authority to help fund police, fire and public transport services.

Existing Council Tax discounts and exemptions, such as the 25% single person's discount and the exemption for people who are severely mentally impaired and live on their own have not changed and are not part of this consultation. A full list of Council Tax Discounts and Exemptions is available on the website at www.harrow.gov.uk/ctbconsultation or by telephoning 020 8416 8266.



What is Council Tax Benefit?

Some people receive Council Tax Benefit; it helps those people on a low or no income to pay their Council Tax. At present the Government gives the Council all of the money we need to fund Council Tax Benefit.

The Government sets the rules regarding who can claim Council Tax Benefit. If somebody meets the criteria they will receive a contribution towards their Council Tax bill. This contribution is paid directly into their Council Tax account – no money is paid directly to the resident.

In Harrow last year (2011-2012) £19.82 million was spent on Council Tax Benefit. Over the past five years, Council Tax Benefits have risen each year because more people are claiming.

What are the changes to Council Tax Benefit?

Under planned welfare reform, from next April, Council Tax Benefit will be abolished and instead all Councils must develop a Council Tax Support scheme. The Government will be giving us less money to provide this new scheme. The requirements for the scheme are set out in the Local Government Finance Bill, which is currently going through the Parliamentary process. If this planned legislation is passed, the Council will be expected to have a scheme in place by 31st January 2013.

The Government has outlined the changes the new scheme should include:

- **There will be no change to the amount of help pensioners currently receive.** People who have reached the age for state pension credit will be assessed under a national scheme which will be decided by the Government. The national scheme is likely to be very similar to the current one.
- The impact on the most vulnerable should be considered when councils design their new schemes.
- The new scheme should encourage people to work and in particular should not act as a disincentive to working.

The new scheme will be designed to meet the needs of the local area and Local Authorities are allowed to decide the rules for their own Council Tax Support scheme. As a result there could be a risk that boroughs have very different schemes in place and so people could have varying experiences depending on where they live. We are working closely with our neighbouring councils to try and ensure, where possible, we have similar rules.

We want your views

Due to the tight timescales and the Council's commitment to a full and detailed consultation process, we are consulting before the legislation has been passed. We are seeking your views based on the current draft legislation, however there may be some changes, including a change to the start date of the scheme. If the legislation changes we will keep you informed and will still take account of your views on any future schemes.

Approximately £3.5 million savings need to be made for the year from April 2013 to March 2014 in order to run the new Council Tax Support scheme. Due to the level of savings we need to make it is likely that everybody under pension age who currently receives Council Tax Benefit will have to pay something towards their Council Tax bill.

Further savings will need to be made in the next few years and therefore we will be using your feedback to shape what the Council Tax Support scheme is going to look like for the next two years. This will mean that the scheme we put in place will have the flexibility to alter the amount of benefit awarded for the following year 1st April 2014 to 31st March 2015. This will ensure the gap in funding is managed for two years starting from 1st April, 2013.

If we wish to make changes in the third year of the scheme starting 1st April, 2015 we will carry out a consultation to ensure your feedback helps us to shape any changes to the scheme.

It is anticipated that everybody who receives Council Tax Benefit, except pensioners, will be affected by the changes because they will have to pay something towards their Council Tax. However, some may be affected more than others. The groups listed below have been identified by the Council as likely to be affected:

- Families with children
- Lone parents
- Carers
- Full-time and part-time workers
- People with a disability
- Single people and childless couples

We are committed to ensuring we provide support to our most vulnerable residents and want to ask your views on which groups you feel will be affected more than others, if everyone currently on benefit has to pay something towards their Council Tax. We will then take this information and use it to create a scheme which helps to reduce the effect on those groups who are identified as being most affected by the changes.

Helping you to understand what effect the changes might have

There are many different Council Tax Benefit rules that can effect the amount of support a person may receive and the majority of them affect different groups of people.

We have described below the main rules that could be changed, either on their own or in combination, to make the savings of approximately £3.5 million in the first year of the scheme and further savings in future years.

1. Introducing a maximum limit to the amount of Council Tax Benefit that can be paid

Currently we are able to give people on the lowest incomes help to pay all of their Council Tax. This could change so that people can only get help to pay part of their Council Tax, no matter what their circumstances are. This rule could be applied across all benefit claimants which would mean everybody would have to pay at least 10%-35% of their Council Tax bill. This rule could make the required savings of £3.5 million if used on its own in the first year and £4.8 million in the second year.

2. Changing the rate at which Council Tax Benefit is withdrawn where a person has more income than the law says they need to live on

At present someone can receive help to pay for all of their Council Tax. The

amount they get will depend on how much money they have coming in. If they have more money coming in than the minimum the law says they need to live on it would mean for every extra £1, they are expected to pay 20p per week towards their Council Tax.

This could change so people will pay more than 20p for every extra £1 they have in income. This rule could make savings of £260,000 and therefore would have to be used alongside other rules in a new scheme.

3. Removing extra benefit for people who work longer hours

Sometimes when a person is working and getting help to pay their Council Tax we are able to ignore some of their earnings and therefore give them more Council Tax Benefit if they meet certain criteria. This is usually for people who work full-time, or work part-time and have a disability or are a single parent.

We could stop giving this extra help to make some savings. This rule could make savings of £365,000 and therefore would have to be used alongside other rules in a new scheme.

4. Including Child Benefit as an income

Currently Child Benefit is payable for each child in a household regardless of the parents/carers income. In the present scheme Child Benefit is not taken into account as income.

This could change so that Child Benefit is included in the assessment of Council Tax Support. This rule could make savings of £800,000 and therefore would have to be used alongside other rules in a new scheme.

5. Increasing contributions from other adult members of the household

Council Tax Benefit is assessed on the needs of the claimant, partner and dependant children. Other adults within the household are expected to contribute towards the Council Tax Bill depending on their income. This could change so that these adults contribute more towards the Council Tax bill. This rule could make savings of £250,000 and therefore would have to be used alongside other rules in a new scheme.

6. Changing the amount of savings a person can have before benefits are given

In the current scheme, a person is not entitled to Council Tax Benefit when their savings are more than £16,000. Any savings their partner may have are also taken into account.

This might change so that the savings limit is less than £16,000. This rule could make savings of £165,000 and therefore would have to be used alongside other rules in a new scheme.

7. Capping the Council Tax Support to a Band D or E property

In the current scheme, a person could get 100% Council Tax Benefit no matter how large their house is.

This could change so that a person's Council Tax Benefit is limited to the level that would be given for a smaller house. This rule could make savings of £665,000 and therefore would have to be used alongside other rules in a new scheme.

8. Removing Second Adult Rebate

At the moment if you can afford to pay your Council Tax but live with someone on a low income you may be able to receive help with your Council Tax.

This might change so that we no longer offer this discount. This rule could make savings of £28,000 and therefore would have to be used alongside other rules in a new scheme.

Based on the above rules, we have developed some model schemes to help you to understand the impact different combinations of the rules could have on different groups of people. All 4 models achieve the £3.5 million savings.

Model scheme 1: The following rule is used in this model:

- Introduce a maximum limit of 75% to the amount of Council Tax Support a person could get. (rule 1 above)

Model scheme 2: The following rules are used in this model:

- Introduce a maximum limit of 80% to the amount of Council Tax Support a person could get. (rule 1 above)
- Increasing the amount to 25p in every £1 at which Council Tax Benefit is withdrawn where a person has more income than the law says they need to live on (rule 2 above)
- Remove extra benefit for people who work longer hours. (rule 3 above)
- Change the savings limit to £6,000. This means that anyone with savings of more than £6,000 will not be eligible for Council Tax Support. (rule 6 above)

Model scheme 3: The following rules are used in this model:

- Introduce a maximum limit of 75% to the amount of Council Tax Support a person could get. (rule 1 above)
- Increase by 50% the contributions from other adult members of the household. (rule 5 above)
- Change the savings limit to £10,000. This means that anyone with savings of more than £10,000 will not be eligible for Council Tax Support. (rule 6 above)
- Allowing those who work to keep £10 a week more of what they earn.

Model scheme 4: The following rules are used in this model:

- Introduce a maximum limit of 80% to the amount of Council Tax Support a person could get. (rule 1 above)
- Include child benefit as an income (rule 4 above)

You will find more detailed information about the rules, models and the draft scheme on the website at www.harrow.gov.uk/ctbconsultation or by calling 020 8416 8266.

We have also developed a series of scenarios to help you understand what effect the changes might have on the different groups of people using these models. It is worth noting that when groups are highlighted as being more in need than others this in turn will have an effect on the remaining groups as they will have to pay more to cover the savings. We want your help to shape our scheme and therefore may change the models we have discussed in this booklet as a result of your feedback.

These scenarios are based on real life situations. Some of these people may be affected by other changes to welfare benefits. There is more information available on the web at www.harrow.gov.uk/ctbconsultation

SCENARIO 1

Mr and Mrs V do not have any children and Mr V is disabled.

They have an income of £276.86 per week including Disability Living Allowance. Mrs V works 21 hours per week.

Mr and Mrs V live in a council house and whilst Housing Benefit pays most of the rent they have to find £3 per week towards it.

Their weekly Council Tax charge is £25.46 and they currently receive £24.56 Council Tax Benefit which means they have to pay £0.90 per week which equals **£3.91 per month**.

What the changes could mean for Mr and Mrs V using Model 1

If Mr and Mrs V's circumstances remained the same they would receive £19.57 Council Tax Benefit every week meaning they have to pay

£28.34 per month

What the changes could mean for Mr and Mrs V using Model 2

If their circumstances remained the same Mr and Mrs V could receive £20.87 Council Tax Benefit every week meaning they have to pay

£22.68 per month

What the changes could mean for Mr and Mrs V using Model 3

If Mr and Mrs V's circumstances remained the same they would receive £19.57 Council Tax Benefit every week meaning they have to pay

£28.34 per month

What the changes could mean for Mr and Mrs V using Model 4

If Mr and Mrs V's circumstances remained the same they would receive £20.87 Council Tax Benefit every week meaning they have to pay

£22.68 per month



SCENARIO 2

Ms W is a lone parent with two children under 10.

Ms W is self-employed and receives Working Tax Credit and Child Tax Credit. Her weekly income is £307.61.

Ms W lives in a 2 bedroom flat and whilst Housing Benefit pays most of the rent she has to find £20 per week towards it.

The weekly Council Tax charge is £25.46 and she currently receives £20.54 Council Tax Benefit which means she has to pay £4.92 per week which equals **£21.38 per month.**

What the changes could mean for Ms W using Model 1

If Ms W's circumstances remained the same she would receive £16.27 Council Tax Benefit every week meaning she has to pay

£42.68 per month

What the changes could mean for Ms W using Model 2

If Ms W's circumstances remained the same she would receive £14.12 Council Tax Benefit every week meaning she has to pay

£52.04 per month

What the changes could mean for Ms W using Model 3

If Ms W's circumstances remained the same she would receive £14.62 Council Tax Benefit every week meaning she has to pay

£49.85 per month

What the changes could mean for Ms W using Model 4

If Ms W's circumstances remained the same she would receive £11.49 Council Tax Benefit every week meaning she has to pay

£63.46 per month



SCENARIO 3

Mr and Mrs S have four children aged under the age of 12.

Mr and Mrs S are both disabled and thus have not been able to work for many years. The family have been living on Income Support.

The couple rent a 3 bedroom house and whilst they receive Housing Benefit they have to pay £5.77 per week towards their rent.

Their weekly Council Tax charge is £35.00 and they currently receive £35.00 Council Tax Benefit which means they will not have to pay any Council Tax.

What the changes could mean for Mr and Mrs S using Model 1

If Mr and Mrs S's circumstances remained the same they would receive £26.91 Council Tax Benefit every week meaning they have to pay

£38.97 per month

What the changes could mean for Mr and Mrs S using Model 2

If Mr and Mrs S's circumstances remained the same they would receive £28.70 Council Tax Benefit every week meaning they have to pay

£31.18 per month

What the changes could mean for Mr and Mrs S using Model 3

If Mr and Mrs S's circumstances remained the same they would receive £26.91 Council Tax Benefit every week meaning they have to pay

£38.97 per month

What the changes could mean for Mr and Mrs S using Model 4

If Mr and Mrs S's circumstances remained the same they would receive £28.70 Council Tax Benefit every week meaning they have to pay

£31.18 per month



SCENARIO 4

Mr and Mrs N have two children under the age of 10.

Mr N works 35 hours a week. They have an income of £339.11 per week.

The couple rent a 3 bedroom house and whilst they receive Housing Benefit they have to pay £35.74 per week towards their rent.

Their weekly Council Tax charge is £28.64 and they currently receive £24.74 Council Tax Benefit per week which means they have to pay £3.90 per week which equals **£16.95 per month**.

What the changes could mean for Mr and Mrs N using Model 1

If Mr and Mrs N's circumstances remained the same they would receive £20.81 Council Tax Benefit every week meaning they have to pay

£37.12 per month

What the changes could mean for Mr and Mrs N using Model 2

If Mr and Mrs N's circumstances remained the same they would receive £17.70 Council Tax Benefit every week meaning they have to pay

£50.63 per month

What the changes could mean for Mr and Mrs N using Model 3

If Mr and Mrs N's circumstances remained the same they would receive £22.02 Council Tax Benefit every week meaning they have to pay

£31.89 per month

What the changes could mean for Mr and Mrs N using Model 4

If Mr and Mrs N's circumstances remained the same they would receive £15.54 Council Tax Benefit every week meaning they have to pay

£60.03 per month



SCENARIO 5

Mr A is a single man and recently lost his job.

Mr A receives Contribution-based Job Seekers Allowance and has savings of £9,500.

Mr A lives in a 1 bedroom flat and whilst he receives Housing Benefit he has to pay £9.10 per week towards his rent.

His weekly Council Tax charge is £16.71 and he currently receives £13.91 Council Tax Benefit every week which means he has to pay £2.80 per week which equals **£12.17 per month.**

What the changes could mean for Mr A using Model 1

If Mr A's circumstances remained the same he would receive £10.78 Council Tax Benefit every week meaning he has to pay

£27.56 per month

What the changes could mean for Mr A using Model 2

If Mr A's circumstances remained the same he would receive nil Council Tax Benefit meaning **he has to pay his council tax in full.**

What the changes could mean for Mr A using Model 3

If Mr A's circumstances remained the same he would receive £12.84 Council Tax Benefit every week meaning he has to pay

£18.60 per month

What the changes could mean for Mr A using Model 4

If Mr A's circumstances remained the same he would receive £11.64 Council Tax Benefit every week meaning he has to pay

£23.84 per month



We have also brought together a table that brings the four models together and shows how different groups would be impacted by the different schemes.

The amount of monthly Council Tax payment shown is an average across the categories. For example, under the current scheme column, the averages would include families currently paying no Council Tax.

The average amounts also range across the different Council Tax Band properties.

		Current scheme	Model Scheme 1	Model Scheme 2	Model Scheme 3	Model Scheme 4
Category	Number of households affected	Current average monthly Council Tax payment	Proposed average monthly Council Tax payment	Proposed average monthly Council Tax payment	Proposed average monthly Council Tax payment	Proposed average monthly Council Tax payment
Smaller Families (1-2 children)	4817	£14.62	£39.91	£41.29	£39.11	£41.18
Larger Families (3+ children)	2292	£6.91	£36.40	£34.16	£36.15	£38.55
Lone Parents	3591	£8.83	£33.40	£32.14	£33.12	£32.84
Carers	141	£19.84	£47.27	£49.49	£47.38	£52.37
Full time and part time workers	4334	£23.36	£48.29	£52.92	£45.98	£54.33
People with a disability	1510	£4.11	£29.91	£26.49	£30.76	£25.25
Single people and couples without children	3584	£10.77	£34.29	£32.05	£35.12	£29.58

If you would like more information about the draft scheme and what the financial impact might be on the above groups of people please visit www.harrow.gov.uk/ctbconsultation, call 020 8416 8266 or email ctbconsultation@harrow.gov.uk.

You can also come and see us in person at one of our roadshows. See page 15 for details of where we are going to be.

How you can give your views?

We will be talking to you from Monday, 11 June through to Friday, 21 September, 2012.

There are lots of ways you can give us your views.

Questionnaires - You can start by filling in the questionnaire which came with this booklet.

Roadshows and 'Go to' Days - Please come along and talk to us, we'll be around the borough at the following times –

- Thursday 5th July, 10.00am - 4.00pm - Town Centre, outside the St George's Centre, St Ann's Road
- Saturday 14th July, 11.00am - 5.00pm - Roxeth Show, Roxeth Recreation Ground, Pitcairn's Path, Eastcote Road, South Harrow, HA2 8LG
- Thursday 19th July 10.00am – midday - Chandos Children's Centre, 74- 78 Chandos Crescent, Edgware, HA8 6HL
- Saturday 28th July, 12 noon - 4.00pm - Town Centre, outside the St George's Centre, St Ann's Road
- Tuesday 7th August, 12 noon - 3.00pm - Wealdstone Library/Red Brick Café, The Wealdstone Centre, 38/40 High Street, Wealdstone, HA3 7AE
- Saturday 11th August, 12 noon - 4.00pm - Town Centre, outside the St George's Centre, St Ann's Road
- Saturday 18th August, 12 noon - 4.00pm - Rayners Lane, outside Rayners Lane Station
- Friday 7th September, 10.00am - 1.00pm - Access Harrow, Civic Centre, Station Road, HA1 2XY

Discussion Groups - We will be talking to people most affected by the changes.

Workshops/Meetings - We will be working with Voluntary Groups in the area to ensure users and carers of their services are given the opportunity to have their say.

Online - Visit www.harrow.gov.uk/ctbconsultation where you'll find all the information about the consultation, you can also complete the questionnaire online as well.

Telephone Survey - We will be talking to a sample of Council Tax payers, Council Tax Benefit claimants and residents over the telephone to find out their views.

Postal Survey - We will be carrying out a postal survey with our Residents Panel.

Contact Details

You can contact us with your views on the options for the new Council Tax Support Scheme in the following way:

Web: www.harrow.gov.uk/ctbconsultation

Telephone: 020 8416 8266 - Please note there will be an answer phone on this telephone. Please leave your contact number and we will call you back.

Freepost: London Borough of Harrow,
Freepost,
P.O Box 730,
Civic Centre,
Harrow, Middlesex HA1 2DU.

Email: CTBconsultation@harrow.gov.uk

Facebook: <http://www.facebook.com/lbharrow>

Twitter: www.twitter.com/harrow_council

How the decisions will be made

Once the consultation is complete the feedback will be collated, anonymised and presented to our partners who are working with us to ensure the consultation is transparent and inclusive. They will then help us to ensure your feedback shapes the recommendations for the new scheme.

A report will then be developed which will be presented at the Council's Cabinet meeting in November where the final decision on what the scheme is going to look like will be made.

We will write a report about the views we have collected and how they have shaped the changes, which will be available for you to read should you wish to. We will also let you know how your views have shaped the new scheme and will write to you personally if you are going to be affected.