

Folkestone & Hythe District Council

Council Tax Reduction Scheme 2019/20 Consultation Questionnaire

Background to the consultation

What is this consultation about?

Each year the Council has to decide whether to change the Council Tax Reduction scheme for working age applicants in its area. This year the Council has decided that changes should be made to significantly change the Council Tax Reduction scheme due to the introduction of Full Service Universal Credit within the Kent area. In effect the traditional link between Housing Benefit (which will no longer be available to new working age claimants) and Council Tax Reduction will no longer exist and it is essential that the scheme is changed to meet future requirements, to reduce administration costs and to ultimately prevent any additional costs being added to the Council Tax

What is Council Tax Reduction?

Council Tax Reduction is a discount for Council Tax. The level of discount is based on the income of the household. Currently the maximum discount is 75% of Council Tax for working age households and up to 100% for pensioners.

Why is a change to the Council Tax Reduction scheme being considered?

In April 2013 the Council Tax Benefit Scheme was replaced by a new Council Tax Reduction Scheme. Council Tax Benefit had been funded by the Department for Work and Pensions and supported people on low incomes by reducing the amount of Council Tax they have to pay.

The Council Tax Reduction scheme is determined locally by District Councils rather than the Department of Work and Pensions. Although the Government initially provided funding for the scheme, the funding has reduced each year in line with the reduction in Revenue Support Grant provided to councils. From 2019 no funding will be provided for the scheme.

People can claim Council Tax Reduction if they are on certain benefits. The current scheme requires all working age applicants to pay a minimum of 25% of their Council Tax (a maximum level of support of 75%). Applicants in receipt of income based Jobseekers Allowance, Income Support and Income Related Employment and Support Allowance receive the maximum level of support. Others receive a level of Council Tax Reduction based on their income and other factors.

A separate Central Government scheme is retained for people of pension age and Councils are **only** able to vary their schemes for people of working age.

Each Council is required to review their schemes each year and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation.

The District Council is proposing a number of changes to its existing scheme and, in line with legislation, we have a duty to consult you and provide you with the opportunity to tell us your views on the proposed changes to our Council Tax Reduction Scheme.

The Council is consulting on the following changes to its scheme for 2019/20:

- Introducing an income 'grid' scheme for all working age applicants replacing the current means tested approach which was based on the previous Council Tax Benefit scheme (Option 1);
- Limiting the number of dependent children used in the calculation of support to two for *all* working age applicants (Option 2);
- Removing Non-Dependant deductions (Option 3);
- Changing the claiming process for all applicants who receive Universal Credit (Option 4);
- Removing the current earnings disregards and replacing them with a standard £25 disregard irrespective of a person's circumstances (Option 5);
- A disability disregard will be given when a qualifying disability benefit is in payment of £40 per week (see Option 6);
- Disregarding Carer's Allowance which is currently taken into account as income (Option 7);
- Removing the conditions that prevent certain students from claiming Council Tax Reduction (Option 8);
- Removing the Extended Payment provision (Option 9);
- Making all changes in circumstances which change any entitlement to Council Tax Reduction on a daily basis rather than the current (benefit based) weekly basis (Option 10); and
- Simplifying the capital rules but leaving the capital limit in line with the current scheme (£16,000) (Option 11).

In the District, 8900 people currently receive Council Tax Reduction. The gross cost of the scheme is £13.3 million which is spread across the District Council (15%), the County Council (69%), Fire (4%), Police (9%) and Town & Parish Councils (3%) in accordance with the proportion of Council Tax which each organisation levies (which is shown in brackets).

Who will this affect?

Working age households in the District who currently receive or will apply for Council Tax Reduction.

Pension age households will **not** be affected as Central Government prescribe the scheme.

Are there any alternatives to changing the existing Council Tax Reduction scheme?

We have also thought about other ways to make the administration simpler. These have not been completely rejected (including maintaining the current scheme) and you are asked about them in the Questionnaire, but, at the moment we do not think we should implement them for the reasons given.

We have considered:

1 Continuing with the current scheme

This would mean higher administration costs and scheme costs generally. Not making these changes would significantly increase the administration of Council Tax Reduction. The current scheme will not work effectively with the Government's Universal Credit system. The multiple changes in Universal Credit inevitably lead to multiple changes in Council Tax Reduction. This would increase the costs for all council tax payers in the District paying towards the scheme. The decision to increase Council Tax may need to be made by voting in a local referendum.

2 Reduce funding to other Council services to pay for additional administration costs

Keeping the current Council Tax Reduction scheme will mean an increase in administration costs and less money available to deliver other Council services; or

3 Use the Council's reserves to keep the Council Tax Reduction scheme

Using reserves to fund the additional administration costs would be a short-term option. Once used they will no longer be available to support and invest in other Council services and additional cuts would have to be made in the following years.

Questionnaire

Have Your Say on the Council Tax Reduction Scheme.

Q1.

I have read the background information about the Council Tax Reduction Scheme:

Yes No

This question must be answered before you can continue.

Paying for the Scheme

Q2.

Should the Council keep the current Council Tax Reduction scheme? (Should it continue to administer the scheme as it does at the moment?)

No Yes Don't know

Q3.

Please use the space below to make any comments you have on protecting the Council Tax Reduction Scheme from these changes.

Options to change the current Local Council Tax Reduction scheme

As explained in the background information, the Council is primarily consulting on the following proposals to change the existing Council Tax Reduction Scheme from 1st April 2019, which will reduce the administrations cost of the scheme generally and importantly make the scheme simpler. **Please note that whilst the changes are intended to reduce the level and cost of administration, the Council is not looking to reduce the total overall level of support available.** Your responses are a part of this consultation. Set out below are the proposals being considered.

Option 1 – The introduction of an Income Grid scheme to replace the current scheme for all applicants of working age

The current scheme for Council Tax Reduction is largely based on the previous Council Tax Benefit scheme which was assessed alongside Housing Benefit. Housing Benefit for working age applicants is being phased out and for new claims are not be available for most claims after 30th May 2018. Whilst Housing Benefit was the main provider of housing support for working age persons, it was logical to maintain a Council Tax Reduction scheme that mirrored the approach. Now that Universal Credit is being rolled out, it gives the Council the opportunity to significantly simplify what is in effect a Council Tax Discount.

It is proposed that a simplified income 'grid' scheme will be introduced as follows:

Band		Single (Income level) per week	Couple (no Children) (Income level) per week	Lone Parent or Couple +1 Child (Income level) per week	Lone Parent or Couple +2 (or more) Children per week
1	75%	£0 - £110.00	£0 -£160.00	£0 -£190.00	£0 -£270.00
2	55%	£110.01 - £150.00	£160.01 - £190.00	£190.01 - £220.00	£270.01 - £340.00
3	35%	£150.01 - £190.00	£190.01 - £220.00	£220.01 - £270.00	£340.01 - £420.00
4	22%	£190.01 - £280.00	£220.01 - £310.00	£270.01 - £340.00	£420.01 - £495.00

The key principles of the scheme are as follows:

- a. The level of discount (shown in the grid) will be based on the total net income (determined by the Council) of the applicant and their partner;
- b. Income levels can vary in accordance with household size and still receive the same level of discount;
- c. Applicants who have total net income less than the levels in Band 1 will receive a discount of 75% against their liability for Council Tax. This will also apply to those applicants receiving income support, income related employment and support allowance and income based jobseekers allowance. Where applicants are not in receipt of those benefits and their income is above the levels specified in Band 1, Council Tax Reduction shall be awarded at the appropriate level (Bands 2, 3 & 4);
- d. Applicants who have total net income levels above the levels shown in the grid will receive no discount;
- e. The grid will be limited to a maximum of two dependants (see Option 2)
- f. No charges will be made for non-dependants who live with the applicant (see Option 3)
- g. Making claiming simpler for applicants who receive Universal Credit (see Option 4);
- h. Removing the current earnings disregards (which vary depending on the circumstances of the applicant, the number of hours worked and monies they pay for child care) and replacing them with a standard disregard of £25 per week for all applicant (see Option 5);
- i. Certain incomes will continue to be disregarded including Disability Living Allowance; Personal Independence Payments, Support Component of Employment and Support Allowance, Child Benefit and Child Maintenance.
- j. A disability disregard will be given when a qualifying disability benefit is in payment of £40 per week (see Option 6);
- k. Carer's Allowance received will be disregarded (see Option 7);
- l. Removing the restriction on claiming for certain vulnerable students (see Option 8);
- m. Removing the Extended Payments provisions (see Option 9);
- n. Any changes in circumstances which change Council Tax Reduction entitlement will be made from the date on which the change actually occurs, (rather than on a weekly basis as at present (see Option 10);
- o. Simplifying the capital rules but leaving the capital limit in line with the current scheme (£16,000) (Option 11).

It is inevitable that there may be both winners and losers; however the Council is keen to protect as many applicants as possible. The Council is not minded to reduce the overall total level of support available within the scheme but there will be a redistribution of support in some cases. Where an applicant experiences exceptional hardship, they will be able to apply for additional support from the Council under the Exceptional Hardship Payment Scheme which will continue as at present.

The benefits of changing the scheme:

- It provides a simpler scheme, easily understood by all applicants;
- It will save significant increases in administration costs due to the introduction of Universal Credit;
- It will prevent applicants receiving multiple Council Tax demands during the year and prevents multiple changes to monthly instalments;
- Applicants in receipt of 'passported benefits' such as income support, income related employment and support allowance and income based jobseekers allowance, will not be affected; and
- It will make claiming simpler for Universal Credit applicants ensuring that their entitlement to Council Tax Reduction is maximised.

The drawbacks of doing this are:

- Whilst the Council will look to protect applicants as far as possible, there may be winners and losers; and
- Some households with more than two children may receive less support.

Q4.

Do you agree with this change to the scheme?

Yes No Don't know

Q5.

If you disagree what alternative would you propose?

Option 2 - To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two for *all* applicants

Within the current scheme, applicants who have children are awarded a dependant's addition within the calculation of their needs (Applicable Amounts). From April 2017 the current scheme limited dependant's additions in line with Universal Credit, Housing Benefit and Tax Credits to a maximum of two. Some applicants were protected where they made a claim for reduction before that date and already had more than two dependants. The new scheme will be based on an income grid system which takes into account the number of dependants within the household; however, it will be limited to two, for *all* applicants.

The benefits to the Council of doing this are:

- Council Tax Reduction will be brought into line for all applicants; and
- It is simple and administratively easy to incorporate within the scheme

The drawbacks of doing this are:

- Applicants who have three or more dependants, and who claimed before 1st April 2017, may receive less Council Tax Reduction. However, if the applicants face exceptional hardship they may apply for additional support through the Council's Exceptional Hardship Payment scheme.

Q6.

Do you agree with this change to the scheme?

Yes No Don't know

Q7.

If you disagree what alternative would you propose?

Option 3 – To remove Non-Dependant Deductions from the scheme

Currently where an applicant (and their partner if they have one) has other adults living with them such as adult sons, daughters etc., their Council Tax Reduction may be reduced. Any charge made is called a Non-Dependant Deduction. The Council currently makes a standard deduction in all cases of £10 per week. In theory, the applicant should look to recoup this deduction from those adults.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- Applicants will not be penalised for having additional adults living with them (other than if they are living their commercially); and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There may be an overall cost to the scheme with no non-dependant charges being made.

Q8.

Do you agree with this change to the scheme?

Yes No Don't know

Q9.

If you disagree what alternative would you propose?

Option 4 – Changing the claiming process for all applicants who receive Universal Credit

Currently, where an applicant wants to claim Council Tax Reduction, they must make a formal application either on-line or in paper format. Where applicants claim Universal Credit from the Department for Work and Pensions (DWP) there is often either a delay in receiving a Council Tax Reduction claim or no claim is made at all leading to a potential loss in entitlement. The latter occurs largely through confusion, with all other benefits being claimed from DWP and claimants not realising they must make an additional claim to the Local Authority.

When a person claims Universal Credit, their award details are passed to the Council automatically. It would be a distinct advantage and simplification in administration if the Council were to take any Universal Credit data received from DWP as a claim for Council Tax Reduction automatically.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- Universal Credit claimants will receive any Council Tax Reduction automatically; and
- The change is simple and administratively easy to incorporate within the scheme

The drawbacks of doing this are:

- There are no drawbacks to this option.

Q10.

Do you agree with this change to the scheme?

Yes No Don't know

Q11.

If you disagree what alternative would you propose?

Option 5 – Removing the current earnings disregards and replacing them with a standard £25 disregard irrespective of a person’s circumstances

Where applicants (or their partner if they have one) have earnings and work over 16 hours per week, an earnings disregard is applied depending on their individual circumstances. The standard disregards (only one is awarded) are £5 per week for a single person, £10 per week for a couple, £20 per week if they meet certain conditions such as disablement or part time special employments or £25 for lone parents. If they work additional hours, in some circumstances they may receive an additional £17.10 disregard per week. Also, if child care is paid for above that received free from Central Government, then further disregards can be made against earnings for monies paid out.

The proposed change to the scheme would introduce a standard, single disregard of £25 for the applicant (or their partner if they have one). All other disregards will be removed.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- It will be more generous to some applicants on low incomes and encourage work – this is particularly relevant to single persons and couples with no children. (It should be noted that applicants with dependants will be allowed a higher level of income within the ‘grid scheme’ proposed; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There may be applicants with larger families and who have high child care costs (not met by Government schemes) who may see a reduction in support. (It should be noted that all applicants that face exceptional hardship may apply for additional support under the Council’s Exceptional Hardship Payments Scheme.

Q12.

Do you agree with this change to the scheme?

Yes No Don't know

Q13.

If you disagree what alternative would you propose?

Option 6 – Disregarding a further £40 per week where the applicant, partner or dependant receives Disability Living Allowance (DLA) or Personal Independence Payment (PIP)

Where applicants (their partner or any dependant if they have one) receives DLA or PIP, the current scheme not only disregards that income but also awards an additional premium (disability premium, enhanced disability premium, severe disability premium or disabled child premium). Moving to an income based scheme with no premiums may disadvantage certain applicants who receive these benefits. To alleviate this, it is proposed that a disregard will be made from their income up to a maximum of £40 per week. This is in addition to the current disregard of DLA and PIP.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- It will assist applicants who receive Disability Living Allowance or Personal Independence Payments; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There may be a small increase in scheme costs although this is thought to be negligible.

Q14.

Do you agree with this change to the scheme?

Yes No Don't know

Q15.

If you disagree what alternative would you propose?

Option 7 – Disregarding Carer’s Allowance which is currently taken into account as income

Where applicants (or their partner if they have one) receive Carer’s Allowance for looking after a person who is ill or disabled, the Carer’s Allowance payment they receive is considered as income for Council Tax Reduction. This is partially offset by an award of Carer’s Premium within the current scheme. With the move to an income based ‘grid’ scheme, the use of premiums etc. will end. The Council feels that it is fair, in these cases, to fully disregard any payment of Carer’s Allowance received.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- It may be more generous to applicants who receive Carer’s Allowance; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There may be a small increase in scheme costs although this is thought to be negligible.

Q16.

Do you agree with this change to the scheme?

Yes No Don't know

Q17.

If you disagree what alternative would you propose?

Option 8 – Removing the conditions that prevent certain students from claiming Council Tax Reduction

Most students are not liable to pay Council Tax. Where they are, the criteria for claiming Council Tax Reduction are complex unless they receive a 'passported benefit' such as Income Support. This option proposes the removal of the complex eligibility criteria for those small number of students who are liable for Council Tax and are considered vulnerable. Where a student can claim, their student related income such as grants, bursaries and loans will still be taken into account as per the current scheme.

The benefit of this option is:

- It will make the administration of the scheme simpler; and
- The change is simple and administratively easy to incorporate within the scheme

The drawbacks of doing this are:

- There may be a very small increase in the number of students being eligible to claim.

Q18.

Do you agree with this change to the scheme?

Yes No Don't know

Q19.

If you disagree what alternative would you propose?

Option 9 – Removing the Extended Payment provision

In certain cases, where applicants have been in receipt of prescribed benefits (such as Income Support, Jobseekers Allowance or Employment and Support Allowance) and move into work which ends their entitlement, Council Tax Reduction can be paid for an additional 4 weeks after commencing work or increasing their hours. **Similar provisions do not exist for Universal Credit claimants.** As Universal Credit is to replace those existing (legacy) benefits, the Council feels that these provisions are no longer appropriate.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- It will treat all applicants in receipt of DWP benefits equally; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- Applicants who are still in receipt of legacy benefits and who move into work before being transferred to Universal Credit may lose any potential extended payment.

Q20.

Do you agree with this change to the scheme?

Yes No Don't know

Q21.

If you disagree what alternative would you propose?

Option 10 – Any change in circumstances which changes Council Tax Reduction entitlement will be made from the date on which the change occurs, (rather than on a weekly basis as at present)

Changes in circumstances that affect entitlement to Council Tax Reduction under the current scheme are largely effected on a weekly basis. This is a 'throwback' to previous benefit schemes that were weekly based. As Council Tax is a daily charge, the Council believes it makes more sense to change entitlement to Council Tax Reduction on a daily basis. It should be noted that, the proposed new scheme is designed to reduce the number of changes that will affect entitlement in any event.

The benefit of this option is:

- It will make the administration of the scheme simpler;
- It is in line with the way that Council Tax is charged and operated ; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There are no draw backs to this option.

Q22.

Do you agree with this change to the scheme?

Yes No Don't know

Q23.

If you disagree what alternative would you propose?

Option 11 – Simplifying the capital rules but leaving the capital limit in line with the current scheme (£16,000)

The current scheme has a capital limit of £16,000 and has complex rules in respect of the assessment of capital. It is proposed that the capital limit stays the same as at present but that the disregards applied to certain types of capital be removed. It is proposed that only a small number of capital items will be disregarded including:

- The home of the applicant used for their occupation;
- Possessions of the applicant and partner (if they have one);
- Bereavement Support Payments;
- Payments made under the We Love Manchester Emergency Fund or London Emergency Trust; or
- Payments made under the infected blood schemes

A full list of disregards is shown in the draft scheme.

The benefit of this option is:

- It will make the administration of the scheme simpler; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- Some applicants who may have had certain capital disregarded may receive less reduction.

Q24.

Do you agree with this change to the scheme?

Yes No Don't know

Q25.

If you disagree what alternative would you propose?

Alternatives to changing the Council Tax Reduction Scheme

If the Council keeps the current scheme, it will be administratively more complex and it will cost taxpayers more. If this happens we will need to find savings from other services to help meet the increase in costs. The proposals set out in this consultation will deliver administration savings. The alternatives are set out in the background information.

Q26.

**Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme?
Please select one answer for each source of funding.**

Q26.1.

Increase the level of Council Tax to cover the additional administration costs

Yes No Don't know

Q26.2.

Find the additional administration costs by cutting other Council Services

Yes No Don't know

Q26.3.

Use the Council's reserves

Yes No Don't know

Q27.

If the Council were to choose these other options to pay for additional administration costs, what would be your order of preference? Please rank in order of preference by writing a number from 1 – 3 in the boxes below, where 1 is the option that you would most prefer and 3 is the least.

Increase the level of Council Tax

Reduce funding available for other Council Services

Use Council reserves

Q28.

Please use this space to make any other comments on the scheme.

Q29.

Please use the space below if you would like the Council to consider any other options (please state).

Q30.

If you have any further comments or questions to make regarding the Council Tax Reduction scheme that you haven't had opportunity to raise elsewhere, please use the space below.

About You

We ask these questions:

1. To find out if different groups of people in the Council's population have been able to take part in the consultation and identify if any groups have been excluded. This means it is not about you as an individual but to find out if people with similar characteristics have had their say.
2. To find out if different groups of people feel differently about the options and proposals in comparison to each other and all respondents. This means it is not about you as an individual but to find out if people with similar characteristics have answered in the same way or not.

This information is completely confidential and anonymous. Your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

Q31.

Are you, or someone in your household, getting a Council Tax Reduction at this time?

Yes No Don't know/Not sure

Q32.

What is your sex?

Male Female Prefer not to say

Q33.

Age

18-24 25-34 35-44 45-54 55-64 65-74 75-84 85+ Prefer not to say

Q.34

Disability: Are your day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

Yes No Don't know/Not sure Prefer not to say

Q35.

Ethnic Origin: What is your ethnic group?

Prefer not to say

White

British Irish Gypsy or Irish Traveller Any other White background

Mixed/Multiple ethnic groups

White & Black African White & Black Caribbean White & Asian Any other multi mixed background

Asian or Asian British

Pakistani Indian Bangladeshi Chinese Any other Asian background

Black/African/Caribbean/Black British

African Caribbean Any other Black background

Other Ethnic Group

Arab Other – please specify below:

Next steps....

Thank you for completing the questionnaire.

Progress reports on the consultation will be added to our website.

You may submit further evidence, ideas or comments (marked CTR consultation) by email to revenues.benefits@folkestone-hythe.gov.uk

The consultation closes on 21 October 2018

We will listen carefully to what residents tell us and take the responses into consideration when making a final decision on the 2019/20 scheme.

Following the decision, the full results from the consultation will be available on the Council's website.

The new scheme will start on **1 April 2019**. The Council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.