The meeting of the Localisation of Council Tax Support Task Group will be held at 2pm on Thursday 20 September 2012 in Committee Room 1 at the Town Hall, Rugby.

Andrew Gabbitas
Executive Director

AGENDA

PART 1 – PUBLIC BUSINESS

1. Minutes
   To confirm the minutes of the meeting held on 21 August 2012.

2. Apologies
   To receive apologies for absence from the meeting.

3. Declarations of Interest
   To receive declarations of:
   (a) non-pecuniary interests as defined by the Council’s Code of Conduct for Councillors;
   (b) pecuniary interests as defined by the Council’s Code of Conduct for Councillors; and
   (c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their non-pecuniary interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest, the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.
4. Discussion of the council’s proposed council tax support scheme with invited representatives of voluntary and community organisations (consultation document enclosed)

**NOTE:** After the discussion, the task group will adjourn and reconvene at 5.30pm (or earlier as agreed on the day) to discuss the evidence gathered.

**PART 2 – EXEMPT INFORMATION**

There is no business involving exempt information to be transacted.

**Membership of the Task Group:**

Councillors Helen Walton (Chairman), Gillias, Mahoney, Mistry, Pacey-Day, Ms Robbins, Roodhouse, Sandison and Mrs Watson

*If you have any general queries with regard to this agenda please contact Veronika Beckova, Democratic and Scrutiny Services Officer (01788 533522 or e-mail veronika.beckova@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.*

*If you wish to attend the meeting and have any special requirements for access please contact the Democratic and Scrutiny Services Officer named above.*
Council tax support consultation document

Why are we consulting?

The Government is abolishing council tax benefit and all councils have to replace it with their own scheme, which will be known as local council tax support. The new scheme needs to be agreed by 31 January 2013 and will start from April 2013.

From April 2013 we will be given a fixed budget by the Government for providing council tax support - this means that we cannot claim back all of the money that we currently spend on council tax benefit. The fixed budget will be at least ten per cent less than what we pay out now. Based on our current levels of spending and future forecasts, this means we have to save approximately £640,000 in 2013/14. The amount that we need to save is likely to go up in future years if council tax bills increase or if more people claim benefit.

We are consulting with you on what our council tax support scheme should look like for 2013/14. Our scheme should:-

- be as fair as possible with the budget we have available;
- protect vulnerable members of our community;
- encourage people to work and should not act as a barrier to people finding work.

What is council tax?

Council tax is a local tax used to fund council services. It is collected by Rugby Borough Council but is shared between us, Warwickshire County Council, Warwickshire Police Authority and parish councils, to provide a full range of services – from refuse collection to social services and schools.

Council tax is based on the valuation band that your property is in. There are eight valuation bands from A-H.

What is council tax benefit?

Currently households which have a low amount of income pay a reduced or in some cases no council tax through council tax benefit.

Council tax benefit is a means tested benefit that is worked out using national regulations. We claim 100 per cent of the money we pay out for council tax benefit from the government.

We paid out over £6 million in benefit last year to people living in the Rugby area.

Who will be affected?

The Government has stated that all pension age claimants will be protected from the changes and that no pensioners can be worse off as a result. The Government will be issuing national regulations which will tell us how we should calculate local council tax support for pensioners.

This means that only working age claimants will be affected by the changes. We have considered keeping the existing rules and regulations for council tax benefit and the implications this would have for other services as we, along with Warwickshire County Council and Warwickshire Police Authority would have to find the savings elsewhere to fund the shortfall.
We have also considered funding the shortfall by reviewing the current council tax discounts and exemptions awarded to vacant properties within the borough; this includes long term empty homes and second homes. Although this will raise approximately £200,000 it will not offset all the savings that will be required.

Our proposals will mean that all working age claimants who currently receive council tax benefit will be affected and will have to pay more towards their council tax from April 2013 even if they have never had to pay before.

How you can get involved

To help us design our final scheme we would like to hear your views on our proposals. Further details on our proposals can be found on pages 3-4. The consultation will run from 21 August 2012 to 15 October 2012. This timescale has been agreed* to allow us time to effectively evaluate the responses we receive and to meet the council’s budget setting timetable (*guidance published by the Department for Communities and Local Government on 17 May 2012).

We would like to hear from as many residents, organisations and voluntary groups as possible during the consultation period – we have included a questionnaire and return envelope for you to complete regarding our proposals. We may be able to provide this consultation document in another format, for example in large print, in audio, or in another language. Please contact the Communications team on 01788 533864, or email: communications@rugby.gov.uk.

Please return this survey to (no stamp required):

SDC, FREEPOST CV2468, Consultation Unit, Elizabeth House, Church Street, Stratford-upon-Avon, CV37 6BR

Stratford-on-Avon District Council is administering the survey on our behalf.

All information regarding the consultation, proposals, equality impact assessments and our draft policy can be found on our website www.rugby.gov.uk/haveyoursay.

There is also an on-line version of this questionnaire.

You can also email communications@rugby.gov.uk or telephone (01788) 533496 if you want any further general information, however we will not be able to discuss how individuals may be affected.

How your views will be taken into account

Once the consultation is complete, all responses will be reviewed by a group of councillors. They will help to ensure that your feedback is taken into account.

A report will then be presented to the council’s Cabinet meeting in November. This will include the views we have collected and detail how they have been taken into account when making the final version of the scheme. The final decision on the new scheme will be made by the council at its meeting in December.
What we propose to change

Proposal 1. All working age claimants should pay something

Under the current scheme someone can receive help to pay for all their council tax if they are on a low income.

We are proposing that all working age customer would have to pay at least 15 per cent of their council tax under the council tax support scheme.

We also propose not to award council tax support of less than £1.00 per week. This means that some claimants who currently receive a low amount of council tax benefit may face an increase of more than 15 per cent.

This change would enable us to make the required saving.

Proposal 2. Protection for vulnerable customers

Under the current council tax benefit scheme vulnerable claimants such as those with children, a disability or those who are carers are awarded extra premiums when calculating their basic living allowance.

We propose to protect those vulnerable claimants by retaining the premiums in the existing council tax benefit scheme.

In the existing council tax benefit scheme, the amount of child benefit, child maintenance and disability living allowance that someone receives is ignored when calculating their weekly income. We propose that this income is also ignored in the new council tax support scheme. We also propose to disregard personal independence payments which are due to gradually replace disability living allowance from next year.

Some claimants receive a war disablement pension or war widow’s pension. Rugby Borough Council has made a local decision to ignore this income for the purposes of calculating council tax benefit and we propose to continue ignoring this income under council tax support.

Proposal 3. Work incentives

Under the current council tax benefit scheme the first £5 of a single customer’s earnings, £10 of a couple’s earnings and £25 of a single parent’s earnings are ignored when calculating their weekly income. These are called earnings disregards.

We propose to incentivise work by retaining the existing earnings disregards.

In addition to this we propose that when a customer or their partner move into work we will continue to pay their council tax support at their existing rate for a period of four weeks whilst they settle into work.
Proposal 4. Late applications

Under the current council tax benefit scheme the start date of benefit can be backdated if there is a good reason as to why the application has been made late.

We propose to abolish the backdating of claims for working age claimants and to award benefit from the date of the claim.

Proposal 5. Removal of second adult rebate for working age claimants

Under the current council tax benefit scheme if you can afford to pay your council tax but live with someone on a low income you may be able to receive a discount of up to 25 per cent of your council tax.

We propose to abolish second adult rebate for working age claimants. This means that council tax support will be targeted to those on a low income.

Proposal 6. Rates of allowances, premiums and non-dependant income bands and rates

Council tax benefit is a means tested benefit that uses a range of allowances, premiums and other figures within the calculation. Currently these are revised by the Department for Work and Pensions each year and the amount of benefit awarded is revised accordingly.

We propose that the rates of allowances and premiums used to calculate council tax support from April 2013 and April 2014 will be changed in line with changes made to the figures used in the calculation of housing benefit.

Proposal 7. Income for self-employed claimants

We currently calculate weekly income based on the net profit showing in a customer’s profit and loss account. Some claimants are not required to keep accounts in this formal way and so accounts have to be created which can be time consuming. In addition some claimants have accounts that show a business is being run for more than 1 year at a loss or very low profit.

We propose to simplify the process:

In year one of a business we would either use the income based on net profit or 10 hours per week @ minimum wage, whichever figure is the highest.

From year two onwards we would either use the income based on net profit or 30 hours per week @ minimum wage, whichever figure is the highest.

Proposal 8. Hardship fund

Some claimants may face severe financial hardship, so they will be able to apply for short term assistance to fund any shortfall between the amount of council tax support they receive and the amount of council tax they have to pay. The hardship fund will be available for exceptional cases only but claimants who do not qualify for council tax support will also be able to apply for help from the discretionary scheme.