MINUTES OF LOCALISATION OF COUNCIL TAX SUPPORT TASK GROUP

20 SEPTEMBER 2012

PRESENT:

Members of Task Group:

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

Officers:

Adam Norburn (Head of Resources), Dave Wortley (Benefits Manager), Matthew Deaves (Communication, Consultation and Information Manager), Paul Ansell (Scrutiny and Policy Officer) and Veronika Beckova (Democratic and Scrutiny Services Officer)

In attendance:

Fiona Bennington (Rugby Disability Forum)
Laurie Bird (Rugby Credit Union)
Mark Bradshaw (Private Landlord, Rugby)
Peter Davies (HOPE4 Ltd)
Liz Dunlop (Operational Housing Manager, Rugby Borough Council)
David Foster (Rugby Disability Forum)
Dan Green (Rugby Area Manager, Warwickshire County Council)
Pauline Kimber (Christians Against Poverty – CAP Money Advice)
Tracey Nuttall (Member of Tenant Representative Panel)
Stephen Watkins (Warwickshire Welfare Rights)
Phil Watts (Christians Against Poverty – CAP Money Advice)
Pete Wayman (HOPE4 Ltd)
Mary Webb (Brownsover Community Association)
Joyce Woodings (Benn Partnership Centre and Rugby Foodbank)

Councillor Cranham (Resources and Corporate Governance Portfolio Holder)

15. MINUTES

The minutes of the meeting held on 1 August 2012 were approved and signed by the Chairman.

16. APOLOGIES

Apologies for absence from the meeting were received from Councillors Mistry and Mrs Watson.

17. DECLARATIONS OF INTEREST

There were none.
18. DISCUSSION OF THE COUNCIL’S PROPOSED COUNCIL TAX SUPPORT SCHEME WITH INVITED REPRESENTATIVES OF VOLUNTARY AND COMMUNITY ORGANISATIONS

The task group met with the representatives of voluntary and community organisations to discuss the council’s proposed council tax support scheme (consultation document attached with the agenda).

The Benefits Manager gave a brief description of the draft scheme.

During the discussion, the following comments were made:

- Over 400 council tenants would be affected by housing benefit changes penalising under occupation. These tenants could not be relocated quickly and the reduction in council tax would exacerbate an already critical reduction in income.
- Around 12,500 people in Rugby are at poverty level and further cuts are still to come next year.
- A concern was raised that, by reducing benefits further, tenants would choose to pay council tax and other bills rather than rent, so landlords would suffer.
- Charities would continue to be exempt to council tax charges.
- A separate task group was currently in place and looking at housing income protection. One of the main aspects of the task group’s work is to identify people at risk.
- The hardship fund that was part of the scheme would only support hardship caused by the council tax benefit changes. Other funds are available to support any other changes to the benefits system.
- The hardship fund could be reviewed on an annual basis or when required if it ran out mid-year. The first year scheme will be work in progress and the second year scheme would incorporate lessons learned from the first year.
- There were various schemes for the employment of job seekers and it was suggested that there should be a council tax reduction while they were undergoing training.
- The council will have several different funds available to assist the customer in need in the best possible way. The communication with the customer is extremely important.
- Budgeting was identified as an important element in the current financial environment. Christians Against Poverty (CAP) Money Advice is currently providing free budgeting advice to people in debt so they can manage their situation more effectively. However, the point was made that the provision of advice on money management would not provide a solution for those who were already in extreme difficulties.
- People with physical disabilities might be able to understand budgeting but mentally ill people would not be able to budget. Moreover, a new physical disability often had an adverse impact on mental health.
- Advice on budgeting was being provided several days a week in the Town Hall reception but only until end of September 2012 as funding for the advisers had ceased.
- The Rugby Credit Union was piloting a scheme whereby local housing allowance would be paid into a new tenant’s credit union account and the Credit Union would then pay the landlord, who would pay a fee for the service. The Credit
• Rules on taxing empty properties are changing. If a property is empty for six month no council tax will be charged to allow time for renovation. Then it will be the full amount. If the property is empty for two years and longer, the charge will be 150 per cent.
• The proposed scheme is not perfect but the best that could be done. It is changeable and will be amended over the years to come.
• There are three main areas still to consider:
  o Annual review of the hardship fund
  o Criteria of the hardship fund
  o Backdating of council tax benefit for mentally disabled
• The Benefits Unit is looking into debt counselling training and will most likely provide this advice in the future.

During the discussion, the following questions were asked of the Benefits Manager and the Head of Resources:

Will the single person discount be affected?

No, it will not.

How will the self-employed claimants’ proposal change?

We currently calculate weekly income based on the net profit showing customer’s profit and loss account. Some claimants are not required to keep account 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 one year at a loss or very low profit. The proposal is to simplify the process with reference to minimum wage limits. We are still looking at this.

What about using the self-assessment tax return forms?

The self-assessment tax return forms do not constitute evidence.

People out of work wait for benefits for 8 to 12 weeks.

The council tax benefit waiting time is much shorter than that. The customer will undertake an income assessment at the time of application. Interim awards can be also done on an annual pay.

Paying minimum of 15 per cent of council tax might be hard for people who can already barely make ends meet ends now. They will get further and deeper into debt.

Part of the new scheme is a proposed hardship fund which is a local discretionary fund. The fund is in place to relieve some of the impact of this though a decision had to be made on how to operate it.

Will the disabled group be affected?

Yes. No particular group is being protected from the impact of the changes.
How much money is in the hardship fund?

£100,000 for 2013/14

An assertion was made that 10 per cent of Rugby’s population was disabled. That was roughly 10,000 people. £100,000 therefore seemed inadequate.

Roughly 7,000 people of all groups claimed council tax benefit at the moment. Out of the 7,000 people, around 46 per cent were pensioners, who were protected and would not be affected by any changes. Therefore, roughly 3,500 people on council tax benefit would be affected. The £100,000 could be topped up with a supplementary budget which had to be approved by members and agreed at a Council meeting.

What is the likelihood that the members will agree a supplementary budget?

This cannot be predicted.

How many of the 3,500 people are actually disabled?

This information was not available at the meeting but the data could be found. The impact of the changes on the various groups had been discussed with the political groups and every time a stronger protection was applied to one group, another group suffered even more. The intention was to do what seemed the fairest to all.

I am worried that the council will prioritise its tenants before the private sector tenants with regards to the benefits and use of the funds in the hardship fund.

This does not happen under the present discretionary scheme as over 90 per cent of discretionary awards are made to private tenants.

There is 2.9 per cent unemployment in Rugby. How many people are disabled and how many people are on benefits?

The data can be obtained but there needs to be a definition of what is classed as disabled. It is definitely a few hundred people rather than thousands.

The hardship fund is £100,000. Why not to split the fund and use £50,000 for the hardship fund and the other £50,000 to help with the development work of the Rugby Credit Union, support their scheme and work with others.

It was necessary to create a fund of some description. £100,000 sounded reasonable. It is a discretionary fund so we can choose what we want to do with it.

There will be no council tax benefits backdating at all? What about people with mental disability? They should be considered for backdating. Are there ways of speeding up reminders?

That is why is important for us to talk to the customer so we can find out what their situation is and what kind of help can we give them. Currently we are backdating three to six months. The estimated saving from not allowing backdating is £11,000. The hardship fund will give us more flexibility. The issue of reminders would be looked at.
19. OTHER COUNCILS AND THEIR SCHEMES

The Benefits Manager updated the task group on what schemes some other councils had adopted or were consulting on:

- Most of the councils were schemes like Rugby Borough Council's with the saving being made from within the scheme.
- Some councils take into account child benefit, which we were proposing to disregard.
- Coventry City Council and Stratford-on-Avon will not reduce council tax support and will instead make savings elsewhere.
- Warwick District Council's preferred option was to protect all existing claimants but new claims received on or after the 1 April 2013 would have their benefit assessed using new rules. This would not make the required savings.

At this point the consultative meeting adjourned and the representatives of voluntary and community organisations left. The task group placed on record its thanks to all contributors for their attendance and input.

The meeting reconvened after a short break.

20. THEMES ARISING FROM THE CONSULTATIVE MEETING

Although the task group could not come to any conclusions till after the formal consultation had closed on 15 October, several themes were emerging.

- The need to be prepared for the criteria for the use of the hardship fund to evolve. The group asked to see some draft hardship fund criteria at its next meeting.
- The need to be flexible regarding backdating of benefit in cases of mental illness.
- Budgeting advice was not a panacea and was not strictly within the remit of the task group. It was something that other agencies would be providing.
- The group needed to be satisfied that disabled people would not be discriminated against.

21 DATE OF NEXT MEETING

Next meeting will take place on the 22 October (originally booked for the 18 October) at 5.30pm in Committee Room 1.

CHAIRMAN