



# Council Tax Reduction Scheme consultation

 Please respond by  
6 November 2017

have  say

 **Hackney**

# Have your say on Hackney's proposed changes to the Council Tax Reduction Scheme

Hackney Council is consulting residents on proposals to revise the current Council Tax Reduction Scheme (CTRS). Please read this consultation summary to find out more about the proposed changes, and what this could mean for you.

## What is the Council Tax Reduction Scheme?

The CTRS helps residents on low incomes to pay their Council Tax. Under the current scheme, a Hackney resident liable for Council Tax could get up to 100% of the charge paid through the scheme if they are a pensioner, or up to 85% of the charge paid if they are a working age household (i.e. the Council Tax Bill Payer is under pension credit age).

The amount of support a household can get through the scheme is determined through a 'means test' – this means we look at your total income and any money that you and your partner (if you have one) have as savings. We then compare it against a minimum allowance that you need to live on, depending on your circumstances.

At the moment, the Council Tax Reduction Scheme helps around 32,000 Hackney residents on a low income to pay their Council Tax.

## Why are we reviewing the current Council Tax Reduction Scheme?

Hackney's Council Tax Reduction Scheme has remained unchanged since it was introduced in April 2013, and has now become out of date:

- a) Since Hackney's Council Tax Reduction Scheme was introduced, the government has changed some other national Welfare Benefits and, because of these changes, the Hackney scheme no longer aligns with other social security means tested benefits. This has made the current scheme unfair as it has become less beneficial for working households in comparison to non-working households. The scheme has also become inefficient to administer, and more complicated for residents to understand.
- b) The scheme has become too costly to administer in its current form. The cost of the scheme is predicted to rise by half a million pounds in 2018/19, with further increases in costs expected in 2019/20. This cost increase comes at a time when the Council faces significant financial and budgetary pressures due to reduced funding from central government.
- c) The current Council Tax Reduction scheme is not designed to interact with the government's Universal Credit Scheme. As Universal Credit coverage expands it is important that the scheme is adapted to fairly and equitably process Universal Credit awards as part of the household income.

For these reasons it is an appropriate time for the Council to review the arrangements and come up with a long term scheme that is affordable and fair to both Council Tax Payers and to those who also benefit from the support. It is intended that these changes take effect from **1 April 2018**.

## How do the proposed changes affect me?

If you are of working age and currently receive help through the Council Tax Reduction Scheme you will of course be directly affected. However, even if this is not the case, as a Council Tax payer you have a vested interest in ensuring the Council is spending the money it receives through both government funding and through Council Tax receipts appropriately. You may not always agree with the Council's spending choices, and it is important that the Council receives the views of all Hackney residents regardless of whether they receive Council Tax Reduction or not.

Additionally, the Council has to consult with its residents when it makes changes to some of its services, and the Council Tax Reduction Scheme is one of those services.

## What is the Council's preferred option for amending the Council Tax Reduction Scheme?

### Our preferred option is to:

- Update the cost of living parameters and other related cost comparators to bring them into line with the 2018 Council Tax Reduction Default Scheme.
- Introduce a means test to CTRS claimants in receipt of Universal Credit so they will receive the same entitlement as other non-Universal Credit claimants with the same income.
- Increase the minimum contribution which all working age CTRS claimants have to pay from 15% to 20% of their Council Tax liability, regardless of income and circumstance.

## Why is this the Council's preferred option?

The first two parts of the proposed option are simply intended to bring the scheme up to date and ensure that it is able to deal appropriately with people receiving Universal Credit.

The third part of the proposal is in response to the ongoing cuts in government funding. The amount of money the Council gets from the government to fund the Council Tax Reduction Scheme has been reduced year on year since the scheme began. The Council has so far chosen to offset the cuts in funding by making savings in other areas. However, in light of the increasing financial pressures being brought to bear on the Council, we feel that we can no longer protect the scheme from amendment.

By increasing the minimum contribution of working age recipients to 20%, we will be able to reduce the costs of the scheme sufficiently to not only offset next year's cut in funding but also the cuts expected in the following year. This will give the scheme some financial stability and prevent a further reconsideration of the scheme being required before 2020.

Nationally, more than 4 out of 5 Councils ask their residents to make some minimum payment regardless of their income, and the average required contribution is 20% of the charge.

## Why does the proposed change only affect Working Age households?

The Council is legally prevented from making any changes to the scheme that will reduce the level of support payable to a pensioner household.

## What alternative changes to the current Council Tax Reduction Scheme were considered?

When considering how the costs of the scheme may be reduced, the Council considered other changes to the CTRS such as:

- Introducing minimum weekly awards;
- Reducing the maximum amount of savings a claimant can have before losing entitlement to £10,000
- Restricting support to a maximum Council Tax Band.

However all these options, individually or combined, do not generate the level of savings required and would only lead to the scheme being more complicated to administer, increasing the overall costs.

Summary of cost implications			
	Estimated expenditure for this year	Estimated expenditure for 2018-19	Estimated expenditure for 2019-20
<b>Current scheme</b>	£25.5 million	£26.0 million	£26.5 million
<b>Proposed new scheme</b>	Not applicable	£24.7 million	£25.3 million

## What other funding options have been looked at?

As the cost of administering the CTRS scheme falls on the Council, this would require the Council to find other ways of funding the shortfall, such as:

### Increasing Council Tax

Raising Council Tax might seem like an easy option but the Council has to balance this against the impact on all Hackney residents. It should be noted that increasing Council Tax also increases the cost of the CTRS, and in effect we would have to increase the Council Tax charge even more in order to compensate. This would impact on all Hackney households, including pensioners, and in particular those working households whose income is low but not low enough to qualify for support.

It should also be remembered that Councils are restricted in the how much they can increase the Council Tax Charge. Therefore raising the charge to pay for the additional costs of the CTRS may mean that the Council could not raise funding for other areas such as social care, or would need to undertake a local referendum of all Council Tax Payers, which again adds to the costs.

### **Cut funding in other areas**

Cuts in other areas would impact other budgets which are equally as stretched due to the reduction in support from the Government, potentially resulting in direct cuts to front line services. With another £29m in funding to be cut by 2019, protecting the current CTRS will mean there is less money available to deliver all the other services provided by the Council.

This will affect our poorest and most vulnerable residents more than most, as they need to access our front line services more often.

### **Increasing fees such as car park charges**

Further increasing fees and charges would place additional costs on our residents and service users. They would also raise limited income, as too high fees would discourage individuals from using Council services.

### **Funding the shortfall from reserves**

Use of reserves is only a short term solution, as once reserves are spent, the savings would still need to be found. Use of reserves would at best only allow us to postpone the decision, and not resolve it for an ongoing period. The Council is legally required to maintain a level of reserves in case of unforeseen service costs and emergencies. Many of the Council's reserves are already earmarked for important projects, which could not go ahead if the reserves were used for other purposes.

## **What will I be asked to pay?**

<b>Council Tax Band</b>	<b>Estimated Council Tax Charge for 2018/19</b>	<b>Minimum Weekly Contribution required in 2018/19</b>
A	£912.57	£3.51
B	£1064.66	£4.09
C	£1216.77	£4.68
D	£1368.86	£5.26
E	£1673.05	£6.43
F	£1977.24	£7.60
G	£2281.43	£8.77
H	£2732.72	£10.53

The following scenarios are examples of how residents of working age will be affected by the proposed scheme.

**A single person over 35 with no dependants; getting ESA; living in a Band B property**

Estimated weekly household income 2018-19	Estimated weekly Council Tax Charge 2018/19	How much they currently pay per week	What they will pay per week in 2018-19
<b>£73.10</b>	<b>£20.47</b>	<b>£2.23</b>	<b>£3.07</b>

**Disabled couple with no children; partner who is the main carer; receives ESA(IR), higher rate PIP and Carers Allowance; living in a Band C property**

Estimated weekly household income 2018-19	Estimated weekly Council Tax Charge 2018/19	How much they currently pay per week	What they will pay per week in 2018-19
<b>£305.17</b>	<b>£23.40</b>	<b>£3.40</b>	<b>£4.68</b>

**Unemployed couple with 1 non-dependant who works 35 hours per week earning £350, living in a Band E property**

Estimated weekly household income 2018-19	Estimated weekly Council Tax Charge 2018/19	How much they currently pay per week	What they will pay per week in 2018-19
<b>£114.85</b>	<b>£32.17</b>	<b>£12.92</b>	<b>£16.27</b>

**Couple with 2 children attending school; both working; living in a Band D property**

Estimated weekly household income 2018-19	Estimated weekly Council Tax Charge 2018/19	How much they currently pay per week	What they will pay per week in 2018-19
<b>£424.46</b>	<b>£26.32</b>	<b>£23.04</b>	<b>£26.32</b>

**Lone parent with 4 children attending school; living on Job Seekers Allowance (IB) and Child Tax Credits; living in a Band E property**

Estimated weekly household income 2018-19	Estimated weekly Council Tax Charge 2018/19	How much they currently pay per week	What they will pay per week in 2018-19
<b>£359.42</b>	<b>£32.17</b>	<b>£3.50</b>	<b>£4.83</b>

## Other help available to pay your Council Tax

There are other avenues of support to help you pay your Council Tax bill that are separate from the Council Tax Reduction Scheme.

The Council has in place a discretionary hardship scheme for those who have difficulty paying their Council Tax and cannot get any assistance through the CTRS, or the assistance received still does not fully cover their bill. Additional help can be given to households that are vulnerable and/or under particular stress. Each application is considered on its individual merits and will be based on your Council Tax bill after any discounts, exemptions, reductions for disabilities or support have been deducted.

In addition, the Council will be providing extra help to Hackney's Care Leavers - young people aged 18 plus who have been looked after by Hackney Council for a certain amount of time.

From October, Care Leavers will get an additional discount to their Council Tax and will receive a blank bill, provided:

- They are under the age of 25
- They live in the London Borough of Hackney
- They have claimed all the Council Tax discounts and support to which they are entitled, such as a single person discount, student exemption or assistance from the Council Tax Reduction Scheme

## Taking part in the consultation

The consultation will run from **28 August 2017** to **6 November 2017**. The easiest way to let us have your views is by completing the online survey form at: **[www.consultation.hackney.gov.uk](http://www.consultation.hackney.gov.uk)**

If you would like to speak to someone about the scheme or to request a paper copy, call **020 8356 3399** or email **[benefits@hackney.gov.uk](mailto:benefits@hackney.gov.uk)**

After the consultation closes, all responses will be analysed and considered by the Council. The Council is required to approve any new scheme by **31 January 2018**. Any changes to the scheme would affect current and future claimants from **1 April 2018**.

## Consultation questionnaire

**To what extent do you agree or disagree with the Council's preferred option of updating the current scheme and increasing the minimum contribution required from working age recipients from 15% to 20%?**

- Strongly agree       Agree       Neither agree nor disagree
- Disagree       Strongly disagree

Please provide additional comments to support your response

Do you have any other comments on how you think the Council Tax Reduction Scheme should be set out and paid for?



Please provide any comments on the other options that the Council considered, but disregarded, as a means of funding the current CTRS.

## About you

So we can best understand our service users and residents please complete this optional information about you. All information you give us is confidential and will only be used under the strict controls of the Data Protection Act 1998.

**Which best represents you** (pick more than one if applicable):

Responsible for the Council Tax bill       Receiving Council Tax Reduction

Voluntary organisation / advisory service (please specify)

Other (please tell us if you wish)

### Are you a:

- |  |                          |                         |                          |
|--|--------------------------|-------------------------|--------------------------|
| Pensioner                                    | <input type="checkbox"/> | Carer                   | <input type="checkbox"/> |
| Family with one or two dependent children    | <input type="checkbox"/> | Student                 | <input type="checkbox"/> |
| Family with three or more dependent children | <input type="checkbox"/> | Lone parent household   | <input type="checkbox"/> |
| Part time worker                             | <input type="checkbox"/> | Full time worker        | <input type="checkbox"/> |
| Someone who is disabled                      | <input type="checkbox"/> | Single person           | <input type="checkbox"/> |
| Service personnel / Ex-Service personnel     | <input type="checkbox"/> | War widow / war widower | <input type="checkbox"/> |
| Couple with no children                      | <input type="checkbox"/> | Other (please specify)  | <input type="checkbox"/> |

### Age – what is your age group?

Under 16       16-17       18-24       25-34       35-44   
45-54       55-64       65-84       85+

Caring responsibilities - A carer is someone who spends a significant proportion of their time providing unpaid support to a family member, partner or friend who is ill, frail disabled or has mental health or substance misuse problems.

### Do you regularly provide unpaid support caring for someone?

Yes       No

### 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

### Ethnicity - are you ...

Asian or Asian British       Black or Black British   
Mixed background       White or White British   
Any other background (please specify)  \_\_\_\_\_

### Gender - are you ...

Male       Female

If you prefer to use your own term please provide this here: \_\_\_\_\_

### Is your gender identity different to the sex you were assumed to be at birth?


Yes it's different       No it's the same

### Religion or belief

Atheist/no religious belief       Buddhist       Charedi   
Christian       Hindu       Jewish   
Muslim       Secular beliefs       Sikh   
Any other (please specify)  \_\_\_\_\_

### Sexual orientation - are you...

Bisexual       Gay man       Lesbian or Gay woman       Heterosexual   
Any other (please specify)  \_\_\_\_\_

 Please return this completed questionnaire to arrive no later than 6 November 2017 to **CTRS Consultation, Consultation Team, London Borough of Hackney, Mare Street, London E8 1EA.**

Thank you for taking part of this consultation.

If you would like to find out what this document says please tick the appropriate box, put your name, address and phone number at the bottom of this page and return it to the address below.

**Bengali**

এই দলিলে কি লেখা আছে সে সম্পর্কে যদি আপনি জানতে চান তাহলে অনুগ্রহ করে উপযুক্ত বাক্সে টিক দিন, এই পাতার নিচে আপনার নাম, ঠিকানা ও ফোন নম্বর লিখুন এবং এটি নিচের ঠিকানায় ফেরত পাঠান।

**Somali**

Haddii aad jeclaan lahayd in aad ogaato waxa dokumeentigani sheegayo fadlan calaamadi godka ku haboon, ku qor magacaaga, cinwaanka iyo telefoon lambarkaaga boggan dhankiisa hoose ka dibna ku celi cinwaanka hoose.

**French**

Si vous désirez connaître le contenu de ce document, veuillez cocher la case appropriée et indiquer votre nom, adresse et numéro de téléphone au bas de cette page et la renvoyer à l'adresse indiquée ci-dessous.

**Spanish**

Si desea saber de lo que trata este documento, marque la casilla correspondiente, escriba su nombre, dirección y número de teléfono al final de esta página y envíela a la siguiente dirección.

**Kurdish**

Ger hun dixwazin bizanibin ku ev dokument çi dibêje, ji kerema xwe qutika minasib îşaret bikin, nav, navnîşan û hejmara telefona xwe li jêrê rûpel binivîsin û wê ji navnîşana jêrîn re bişînin.

**Turkish**

Bu dökümanda ne anlatıldığını öğrenmek istiyorsanız, lütfen uygun kutuyu işaretleyerek, adınızı, adresinizi ve telefon numaranızı bu sayfanın alt kısmına yazıp, aşağıdaki adrese gönderin.

**Polish**

Jeśli chcesz dowiedzieć się, jaka jest treść tego dokumentu, zaznacz odpowiednie pole, wpisz swoje nazwisko, adres i nr telefonu w dolnej części niniejszej strony i przeslij na poniższy adres.

**Vietnamese**

Nếu bạn muốn biết tài liệu này nói gì hãy đánh dấu vào hộp thích hợp, điền tên, địa chỉ và số điện thoại của bạn vào cuối trang này và gửi lại theo địa chỉ dưới đây.

**Urdu**

اگر آپ یہ جاننا چاہتے ہیں کہ دستاویز میں کیا لکھا ہے تو ازراہ کرم مناسب باکس میں صحیح کا نشان لگائے اور اپنا نام، پتہ اور فون نمبر اس صفحہ کے نیچے لکھئے اور اسے نیچے دیئے گئے پتہ پر واپس بھیج دیجئے۔

**Chinese**

如果你想知道這分文件的詳細內容，請在方框內打鉤，在本頁下面寫下你的名字、地址和電話號碼並寄到下面的地址。

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**In another language, please state:**

Name:

Address:

Tel:

**Return to:** CTRS Consultation, Consultation Team,  
London Borough of Hackney, Mare Street, London E8 1EA.

