Council Tax Support

Consultation

Have your say on the new scheme, to be implemented from April 2017
Background
We offer assistance to working age residents in need to pay their Council Tax bill through a local Council Tax Support Scheme. Government provides us with funding to help with the cost of the scheme but the amount we receive reduces every year leaving a gap between the actual cost of the scheme and the grant from Government. We must decide what to do about the funding gap and what it will mean to the Council Tax Support Scheme.

Our current Council Tax Support Scheme
The current two-year scheme was introduced on 1 April 2015 and is due to end on 31 March 2017. Currently, applicants of working age are entitled to support of up to 76 per cent of their Council Tax bill. This means that they must pay a minimum of 24 per cent of their Council Tax bill themselves.

Other changes were also introduced from April 2015 to make the scheme less generous, including:

- Reducing support if other adults (people over 18) live in the household by increasing non dependant deductions
- Reducing support where the applicant’s income is more than we consider they need to live on by increasing the income taper from 20 per cent to 25 per cent; and
- Introducing a maximum limit of £6,000 for the amount of capital someone can have and still get support

Why are we consulting
The current scheme is due to end on 31 March 2017 so we are now considering options for a new scheme which should be in place from 1 April 2017. We are required by law to consult on any new scheme or changes to the scheme and we seek your feedback on our proposals. We want to make sure that Waltham Forest residents clearly understand the options available to us, why we are proposing a particular option for a scheme and the reasons why we do not favour alternative options

There is a funding gap of approximately £3.3million between the cost of maintaining the current Council Tax Support Scheme and the grant we will receive from Government in the period 1 April 2017 to 31 March 2019. This gap will increase even further from April 2019 onwards.

The law sets out the way in which Council Tax Support is calculated for pensioners so our scheme will only apply to people below pensionable age.

What we take into consideration
Whichever scheme is introduced will be means tested. This means that a person's income is compared to an amount their family is considered to need to live on, often referred to as a ‘needs allowance’ or an ‘applicable amount’.

We will consider the impact of the scheme annually and consult again if we think changes need to be made.
The principles underlying our scheme

The Council’s first Council Tax Support scheme and the current two-year scheme which was introduced in April 2015 were designed with the following key principles as the cornerstone of the scheme:

1. Everyone of working age should pay something
2. A discretionary fund should be created to help people suffering particular hardship
3. The scheme should incentivise work
4. Every adult in the household should contribute to the Council Tax bill
5. Support should not be given to people with relatively large amounts of savings
6. Some income should be ignored when calculating entitlement to Council Tax support

It is proposed that the new scheme from April 2017 will again adopt these fundamental principles along with other elements of the existing scheme, including:

- Reducing support where other adults (people over 18) live in the household by increasing non dependant deductions. (principle 4)
- Reducing support further where the applicant’s income is more than we consider they need to live on; (principle 4) and
- Not offering support to households with £6,000 or more savings or capital (principle 5)
- Ignoring some types of income, for example, Child Benefit, Disability Living Allowance and Personal Independence Payment when calculating entitlement to support (principle 6).
- Offering work incentives such as awarding four weeks extended entitlement to support when someone starts work (principle 3).

These principles and the elements of the current scheme are cornerstones of the Council’s scheme and will continue to be adopted. The option adopted by the Council will form the substance of the new scheme.

Council Tax Discretionary Hardship Fund – extra help for those who need it

Whichever Council Tax Support scheme option is adopted, we recognise that it could cause considerable hardship for some people and that similarly some people who are not entitled to support may be unable to make their Council Tax payments without experiencing severe hardship. Therefore we intend to continue offering additional support to those in the greatest need through a Discretionary Council Tax Hardship Fund. Up to £750,000 will be made available for residents who are struggling with their Council Tax bill to apply for. Residents do not need to be receiving Council Tax Support to get assistance from the fund. This is in keeping with principle 2 above.

Paying for the Scheme

As well as putting a new scheme in place we have to decide how it will be funded. Unless the scheme is fully self-funding (meaning that it costs the same as we receive in Government grant and does not require the Council to find additional funding from other sources) we will need to find a way to balance the funding gap.
There are two choices for funding the scheme:

1. **A self funded scheme** - meaning we could estimate the amount of money we will receive in the overall Government grant. We could then design our scheme to cost the same amount of money we believe is included in the grant so that it is self-funding. This is the option we used when we designed the existing scheme as we believe it delivers better value for money for residents. **This is also the Council’s preferred option for a scheme from April 2017.**

2. **A fully or partially funded scheme** - we could add money to the Government grant to keep the scheme the same as it is now or make it more generous, potentially awarding up to 100 per cent of a person’s Council Tax. Because this option would cost more money than the Government grant, it would mean having to find additional funding from other sources, for example by increasing Council Tax for all residents, including those not eligible for support, using our financial reserves, cutting services or a combination of these options.

We do not favour a fully or partially funded option because to do so would require us to take one or a combination of the following actions:

**Increasing the level of Council Tax:**
From April 2016 Government introduced a change allowing local authorities to increase Council Tax by two per cent annually to fund the rising cost of adult social care. It is highly likely that this increase will continue to be applied by us in future years. It is possible that the Council may decide on a general increase in Council Tax as well as an increase for adult social care to enable us to achieve our targets for savings and service provision.

Any further increase in order to fund the new scheme would place an additional financial burden on paying residents, and could require a referendum. This carries significant costs and is likely to lead to more members of the community experiencing financial hardship.

**Using some of the Council’s financial reserves:**
Like other councils, and as recommended by the Government, we hold some reserves within our financial plan to act as a ‘cushion’ should we need to react to unforeseen events in the future. For example, we currently hold £14.7million (within the General Fund balance). Using these reserves to fund the Council Tax Support scheme would provide only a short term solution and could increase the risk of us not being able to deal with an emergency effectively.

**Changing the way we deliver Council services and improving efficiency:**
We have made substantial reductions to the amount we spend on services by changing the way we deliver services, reducing services and other efficiency savings. Since 2010 we have made £100million in savings and are currently looking for a further £20million savings by 2020.

Whilst we could theoretically make changes to services which would cost roughly the same as the gap in funding the scheme, we would need to ensure that any further changes would not seriously compromise our ability to provide an appropriate level of service to residents.
We would like your views on how you think we should fund the Council Tax Support Scheme.

### Paying for the Scheme

<table>
<thead>
<tr>
<th>The cornerstone of the current Council Tax Support scheme is that the scheme is 'self funding' so costs the same as the amount of Government grant the Council receives.</th>
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<tbody>
<tr>
<td>Do you agree that the Council should continue with a scheme which is, as far as possible, self-funding? (this would mean reducing the current level of support for everyone or most people)</td>
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<tr>
<td>□ Yes</td>
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<td>□ No</td>
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<tr>
<td>□ Don't Know</td>
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</tbody>
</table>

If we do not continue with a self-funding scheme we will need to find additional funding from other sources to at least maintain the current level of support or increase support. Do you think we should adopt any of the following options to help fund the scheme?

<table>
<thead>
<tr>
<th>Increase Council Tax by between 2 and 6 per cent (this would be the range of increase needed to meet the funding gap in the different partially or fully funded scheme options).</th>
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<tbody>
<tr>
<td>□ Yes</td>
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<tr>
<td>□ No</td>
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<tr>
<td>□ Don't Know</td>
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<table>
<thead>
<tr>
<th>Use some of the Council’s financial reserves</th>
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<tbody>
<tr>
<td>□ Yes</td>
</tr>
<tr>
<td>□ No</td>
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<tr>
<td>□ Don't Know</td>
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<tr>
<th>Reduce funding available for other Council services</th>
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<tbody>
<tr>
<td>□ Yes</td>
</tr>
<tr>
<td>□ No</td>
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<tr>
<td>□ Don't Know</td>
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If the Council were to partially fund the scheme to make it more generous what would be your order of preference.

Please rank in order of preference (1, 2, or 3), where 1 is the option you most prefer and 3 being the least:

<table>
<thead>
<tr>
<th>Increase the level of Council Tax further:</th>
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<tr>
<td>Use some of the Council’s reserves:</td>
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<tr>
<td>Reduce funding available for other Council services:</td>
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Please use the space below to make any other comments you may have about how we should fund the scheme.
Scheme options

There are many options the Council could choose from for the new scheme and the main ones are:

1. Option 1: Self-funding with some protected level of support for eligible disabled people – the Council’s preferred option.
2. Option 2: Partially self-funding with a higher protected level of support for eligible disabled people.
3. Option 3: Partially self funding with some protected level of support for everyone.
4. Option 4: Fully funded increasing the maximum level of support up to 100 per cent for everyone.

Whichever option is chosen we would need to make some changes to the scheme to reflect Government changes to other welfare benefits and the treatment of Universal Credit.

Option 1: Self-funding with some protected level of support for eligible disabled people - the Council’s preferred option

We are proposing to:

- Decrease the maximum level of support available from the current 76 per cent for most people to 60 per cent. This would mean that most people receiving help from the council tax support scheme would have to pay at least 40 per cent of their Council Tax bill.

- Offer the same level of maximum support as now (76 per cent) to disabled people receiving specific disability benefits such as the highest or middle rate care element of Disability Living Allowance (DLA) and the standard or enhanced daily living element of Personal Independence Payment (PiP) for themselves and/or for children who are part of their household.

- Introduce a minimum award level of £1.00 per week. This would mean that residents that would otherwise be entitled to ninety-nine pence (£0.99 pence) or less support per week would receive no help at all from the scheme.

- Increase the taper applied to a person’s income when their income is higher than the amount we consider they need to live on from 25 per cent to 30 per cent. This would reduce support by an extra five pence for every pound the person has above what we consider they need to live on.

The benefits of doing this are:

- The scheme would offer the same level of maximum support to eligible disabled people who are unable to work or may be limited in the amount of hours they can work.
- Broadly speaking the scheme would cost the same as the amount of money that we believe is included in the Government grant to pay for our scheme
- A set level of support would offer a degree of certainty
The drawbacks of doing this are:

- Working age residents not in the protected group who may already be struggling would be asked to pay more of their Council Tax themselves.
- Households with more income than their assessed needs allowance would have to pay more as a result of increasing the income taper from 25 per cent to 30 per cent in every pound above their assessed needs allowance.
- Those otherwise entitled to £0.99 pence per week or less would cease to get any help at all.

Our most severely impacted residents would still be able to apply for extra support from the Council’s Hardship Fund.

**Option 2: Partially self-funding with a higher level of support for eligible disabled people**

This option is similar to option 1, whereby we would:

- Decrease the maximum level of support available from the current 76 per cent for most people to 60 per cent. This would mean that most people receiving help from the council tax support scheme would have to pay at least 40 per cent of their Council Tax bill.
- Introduce a minimum award level of £1.00 per week. This would mean that residents that would otherwise be entitled to ninety-nine pence (£0.99 pence) or less support per week would receive no help at all from the scheme.
- Increase the taper applied to a person’s income when their income is higher than the amount we consider they need to live on from 25 per cent to 30 per cent. This would reduce support by an extra five pence for every pound the person has above what we consider they need to live on.
- However, we would offer a higher level of protection of 80 per cent maximum support to eligible disabled people i.e. those receiving specific disability benefits such as Disability Living Allowance (DLA) and Personal Independence Payment (PiP) for themselves and/or for children who are part of their household.

The benefits of doing this are:

- The scheme would offer an increased level of maximum support to eligible disabled people who are unable to work or may be limited in the amount of hours they can work.
- A set level of support would offer a degree of certainty.

The drawbacks of doing this are:

- Working age residents not in the protected group who may already be struggling would be asked to pay more of their Council Tax themselves.
- Households with more income than their assessed needs allowance would have to pay more as a result of increasing the income taper from 25 per cent to 30 per cent in every pound above their assessed needs allowance.
Those otherwise entitled to £0.99 pence per week or less would cease to get any help at all. This option would leave a funding gap of approximately £1 million which the Council would have to meet by adopting one of the options listed under the heading “Paying for the Scheme” above.

Our most severely impacted residents would still be able to apply for extra support from the Council’s Hardship Fund.

**Option 3: Partially self funding – some protected level of support for everyone**

This option effectively adopts an identical Council Tax Support scheme to the current one whereby the maximum level of support for most people is 76 per cent, with no substantial changes other than to reflect Government changes to other welfare benefits and the treatment of Universal Credit.

This would mean that from 1 April 2017 all working age residents eligible for Council Tax Support would continue to be required to pay at least 24 per cent of their Council Tax bill themselves.

The benefits of doing this are:

- We will continue with a scheme that is already familiar to many people
- It continues the same maximum level of support

The drawbacks of doing this are:

- This option would leave a funding gap of £3.3 million which the Council would have to meet by adopting one of the options listed under the heading “Paying for the Scheme” above.

Our most severely impacted residents would still be able to apply for extra support from the Council’s Hardship Fund.

**Option 4: Fully funded scheme – increasing the maximum level of support offered to 100 per cent for everyone**

This option increases the maximum level of support from the current 76 per cent to 100 per cent of Council Tax liability for everyone.

The benefits of doing this are:

- Those in financial need can receive support to pay up to 100 per cent of their council tax and may not have to pay anything themselves

The drawbacks of doing this are:

- This option would leave a funding gap of £7 million which the Council would have to meet by adopting one of the options listed under the heading “Paying for the Scheme” above.
- More people would become entitled to support which would increase further the overall cost of the scheme and the resources required to administer the scheme.
Your preferred option

Please indicate which option you would prefer us to adopt:

<table>
<thead>
<tr>
<th>Do you agree with Option 1 the Council’s preferred scheme</th>
<th>□ Yes</th>
<th>□ No</th>
</tr>
</thead>
</table>

Please use the space below to make any comments you may have about the Council’s preferred scheme

If you do not agree with the Council’s preferred scheme, which of the other three options referred to above do you prefer? Please select one option only.

| □ Option 2 | □ Option 3 | □ Option 4 | □ None of these | □ Don’t know |

Please use the space below to make any comments you may have about Option 2, 3, or 4.

Do you have any comments on the principles or other elements of the scheme set out above or suggestions for a scheme which you would like us to consider?

Other comments

If you have any further comments regarding the Council Tax Support Scheme please use the space below:
About you

Why do we ask these questions? The following questions will help inform our decision. They will also help us monitor what different groups of people think about the proposed Council Tax Support Scheme. All information you provide is completely confidential and anonymous. This means that your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

Q. Are you responding as?
   Please select one answer only and select the option which most closely applies
   - A Waltham Forest resident
   - A representative of a voluntary or charitable organisation
   - A representative of a housing association
   - A private landlord
   - Other

If you are not answering as a Waltham Forest resident, please go to the end of the questionnaire. Otherwise please continue.

Q. Does your name appear on the Council Tax bill for your household?
   Please select one answer only
   - Yes
   - No
   - Don’t know

Q. Does your household currently receive Council Tax support?
   Please select one answer only
   - Yes
   - No
   - Don’t know

Q. Are you receiving a Retirement Pension or Pension Credit?
   Please select one answer only
   - Yes
   - No

Q. How many people live in your household? Please write in numbers below
   - Adults
   - Children aged 18 or under
Q. Are you?  
Please select one answer only  
- Male  
- Female  
- Transgender

Q. How old are you?  
Please select one answer only  
- 18-24  
- 25-34  
- 35-44  
- 45-54  
- 55-64  
- 65-74  
- 75 and over

Q. How would you describe your ethnic background?  
Please select one answer only  
- White British  
- Other white background  
- Asian / Asian British  
- Black / African / Caribbean / Black British  
- Mixed / Multiple ethnic groups  
- Other ethnic group  
- Prefer not to say

Q. 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? (Please include any problems related to old age)  
Please select one answer only  
- Yes, limited a lot  
- Yes, limited a little  
- No

Q. What is your religion or belief?  
Please select one answer only  
- Buddhist  
- Christian  
- Hindu  
- Jewish  
- Muslim  
- Sikh  
- Other  
- None  
- Prefer not to say

Q. Which of the following questions best describes how you think of yourself?  
Please select one answer only  
- Heterosexual or straight
- Gay or Lesbian
- Bisexual
- Other
- Prefer not to say

**Q. Which of these activities best describes what you are doing at present?**
Please select one answer only

- Employee in full-time job (30 hours plus per week)
- Employee in part-time job (under 30 hours per week)
- Self-employed full or part-time
- On a government supported training programme (e.g. Modern Apprenticeship/Training for Work)
- Unemployed and available for work
- Permanently sick/disabled
- Wholly retired from work
- Looking after the family/home
- Full-time education at school, college or university
- Doing something else

**Q. And finally, please tell us your postcode.**
This will be used for analysis purposes only and we will not be able to identify individuals from this information. If you don’t feel comfortable leaving your full postcode, please tell us the first part (e.g. E4, E10, E11, E17 etc)

____________________________________

**Next Steps**

Because of the timescales involved and the legal requirement that the Council adopt its scheme by 31 January 2017 at the latest if it is to take effect from 1 April 2017, the consultation will therefore close on Tuesday 4 October 2016.

**For online survey:**
Thank you for completing the questionnaire. Please now press ‘submit’.

**For printed surveys:**
Thank you for completing the questionnaire.

Please place it in an envelope and send it to:

FREEPOST RSZS-RGHK-ARCK
LBWF Council Tax Support Scheme Consultation
PO Box 856
London E17 9PN
Questionnaires must be returned by Tuesday 4 October 2016.

You can find out more information on our website, including a Frequently Asked Questions (FAQ) guide. Free internet access is available at all libraries in Waltham Forest.

Alternatively, you can call Waltham Forest Direct on 020 8496 3000 to ask for assistance.

We will listen carefully to what residents tell us and will use the results to complete an Equality Impact Assessment. The consultation results and Equality Assessment will be considered alongside other evidence and information. The Council’s Cabinet will then make the final decision on which scheme to recommend to Full Council. The final decision on the scheme to be implemented will be decided by Full Council by the end of January 2017.

Following the decision, the results from the consultation will be available on our website (www.walthamforest.gov.uk) and we will write to you personally if you are going to be affected.

The new scheme will start on 1 April 2017. We will consider the impact of the scheme annually and consult again if we think further changes need to be made.