

Wiltshire Council

Council

26 February 2013

Item 14 (7) - Questions from Councillors

From Councillor Chris Caswill, Chippenham Monkton Division

To

Councillor John Thomson, Deputy Leader and Cabinet Member for Adult Care, Communities and Housing

Question 12

In the light of growing national concern about the combined effects of benefit changes on the poorest section of our society, do you now regret passing up the opportunity to protect residents in Council Tax Bands A and B from the removal of their Council Tax relief?

Do you see an opportunity to review this decision, and if so when?

Response

Wiltshire Council is subject to a significant loss in revenue as a result of the Government's decision to end the funding of council tax benefit scheme, in full. The scheme is abolished with effect from 1st April 2013 and replaced by a local scheme called Council Tax Reduction.

The current fully funded scheme awarded £27.1 million in council tax benefit in 2012/13. Next year funding of the local scheme will fall by £6 million. This means that the local scheme cannot be as generous without significant cuts to a range of services.

In order to design a new local scheme a number of options were considered. As part of the design process, the council were obliged to consult with residents and stakeholders upon the options. Almost 1000 responses were received of which 662 agreed that households should contribute 20% toward their council tax. A number of charities contributed to the process and the final draft was developed in consultation with the Wiltshire Citizens Advice Bureau.

From April those of working age and who are not considered vulnerable* will have their council tax reduction awarded on 80% of their full council tax. Those who qualify for the maximum reduction will therefore have to pay the remaining 20%. For a family in a band A dwelling, this will mean paying around £200 per year toward council tax, whilst a qualifying family in a band E

dwelling would pay £373.00. This figure will fall by 25% for those who live alone.

We believe this to be a sufficiently steep taper, built into the scheme.

Band	A	B	C	D	E	F	G	H
Charge	£202	£235	£269	£303	£370	£437	£505	£606
Claimants	3432	4288	3070	765	288	90	27	2

(These figures are based on an average band d charge of £1515.25 for 2012/13)

If we were to exempt those living in band A & B properties the additional cost of £1,700,944 or rather loss of benefit would be shared amongst 4242, rather than the 12,000 families currently affected.

Based on the thorough analysis of the caseload, the numbers affected and the results of the consultation, we believe that the final scheme recognises the banding issue but it cannot afford to fully protect those in band A and B dwellings. This would pass a disproportionate financial burden on to those living in properties with higher bands.

The award of other means tested benefits does not take into consideration the value of the property in which the claimant lives. Income levels of those on benefit are the same regardless of the size of dwelling they live in, and to further penalise those in larger homes does not engender the scheme with any sense of fairness or proportion.

The scheme is designed to protect the most vulnerable, to simplify operation and encourage those who can, to work. This means that the vulnerable will not have to pay the additional 20%. * "Vulnerable" in this context means those households where anyone in the family qualifies for one of the disability premiums, or is in receipt of any of the war widow(er)'s pensions or war disablement pensions

If a property is significantly larger, then the scheme has been designed to encourage home owners to let room to lodgers, families or friends, by reducing the non-dependant deduction to the lowest standard rate.

Past experience has shown that a scheme based on valuation band is flawed. In the mid 1990s a national scheme was introduced to limit benefit being awarded to properties in Band E and above. The scheme lasted two years before it was abandoned for being unfair and for creating debt that was very difficult to recover.

To build a scheme based on valuation band incorporates a degree of complexity that the proposed scheme seeks to remove wherever possible. The scheme was published via our web site, by the due dates, 31st January 2013. The council's budget has been set accordingly. Any change to the scheme would jeopardise the budget and the council's chances of issuing council tax bills for 2013/14.