

Scheme 1: Reducing the maximum level of support for working age applicants to 80%

Currently the maximum discount is up to 100% of council tax for working age households and for pensioners.

For working age applicants only, this would decrease to 80%.

It would also mean:

- Including non-dependants' earnings as part of the household's income. Non-dependants are adults who are not your partner but are part of the household.
- Reducing the capital limit for claimants from the existing £16,000 to £6,000. Capital limits relate to your savings and investments.
- For self-employed workers who have been self-employed for more than one year, a set amount will be used as your assumed income for the Council Tax Reduction calculation.

The benefits of this are:

- It is a simple alteration to the scheme which is easy to understand.
- It is fair because everyone shares the increased costs.

The drawback of doing this is:

- All working age households receiving Council Tax Reduction will be required to pay more.

2. Do you agree with this change to the scheme?

No.

3. Your comments on Scheme 1A

Z2K are entirely opposed to the introduction of minimum payment CTR schemes as our research has shown they simply serve to further impoverish low income residents. For more information please refer to the answer to question 14.

Scheme 1B: Reducing the maximum level of support for non-vulnerable working age applicants to 80%

Currently the maximum discount is up to 100% of council tax for working age households and for pensioners.

For non-vulnerable working age applicants only, this would decrease to 80% . Under this option, these households are considered vulnerable and would not be affected:

- Lone parents with children under 5
- Households in receipt of Personal Independence Payments (PIP) / Disability Living Allowance (DLA) / Employment and Support Allowance Support (ESA).
- Households in receipt of Carer's Allowance.
- Households in receipt of War Widow Pensions.

It would also mean:

- Including non-dependants' earnings as part of the household's income. Non-dependants are adults who are not your partner but live with you.
- Reducing the capital limit for claimants from the existing £16,000 to £6,000. Capital limits relate to your savings and investments.
- For self-employed workers who have been self-employed for more than one year, a set amount will be used as your assumed income for the Council Tax Reduction calculation.

The benefits of this are:

It is a simple alteration to the scheme which is easy to understand. The vulnerable groups above are protected.

The drawback of doing this is:

All non-vulnerable working age households receiving Council Tax Reduction will be required to pay more.

4. Do you agree with the change to this scheme?

No.

5. Your comments on scheme 1B

While we are opposed to the entire concept of a minimum council tax payment, we are of the opinion that where an authority does introduce one vulnerable groups should be exempted. It is correct therefore that Tower Hamlets recognises disabled claimants, lone parents with young children as vulnerable and exempts them. If Tower Hamlets were to proceed with the introduction of a minimum payment then it would be essential that these exemptions be introduced alongside it. Hence although we would prefer Tower Hamlets CTR scheme to remain unchanged we would support Scheme 1B over a scheme without exemptions.

Scheme 2: Maximum support reduced by 20% for all working age households.

Under this scheme, the council tax support is calculated as it is under the current scheme. But the amount working age applicants get will reduce by 20%.

A 20% reduction in support is applied to the maximum amount of Council Tax Reduction available to the household before entitlement is assessed.

The benefit of this is:

- It is a simple alteration to the schemes which is easy to understand.

The drawbacks of doing this is:

- Some working age claimants may see a reduction in the amount of support they receive.

6. Do you agree with this change to the scheme?

No.

7. Your comments on Scheme 2

This section of the consultation is not clearly worded and consequently confusing. It is not clear from the information provided what the exact difference is between scheme 1 and 2. Indeed some of the information provided here is contradictory.

As far as we can tell the difference is that under scheme 2 the amount of support will be reduced by 20% for all working age households. This means that those households currently receiving partial support (for example those working part time or on a low income) would face a 20% cut in support, whereas under scheme 1 only those currently receiving 100% support will face a reduction (excluding those affected by the other changes). If this is correct then we are particularly opposed to scheme 2 as it is important not to harm work incentives by cutting support to low income workers.

8. What are your comments on option 2A?

Please refer to our answer to question 7.

Scheme 2B:

9. Under this scheme, the council tax support is calculated as it is under the current scheme. But the amount non-vulnerable working age applicants get will reduce by 20%.

Under this option, these households are considered vulnerable and would not be affected:

- Lone parents with children under 5
- Households in receipt of Personal Independence Payments (PIP) / Disability Living Allowance (DLA) / Employment and Support Allowance Support (ESA).
- Households in receipt of Carer's Allowance.
- Households in receipt of War Widow Pensions.

It would also mean:

- Including non-dependants' earnings as part of the household's income. Non-dependants are adults who are not your partner but live with you.
- Reducing the capital limit for claimants from the existing £16,000 to £6,000. Capital limits relate to your savings and investments.
- For self-employed workers who have been self-employed for more than one year, a set amount will be used as your assumed income for the Council Tax Reduction calculation.

The benefits of this are:

- It is a simple alteration to the scheme which is easy to understand.
- The vulnerable groups above are protected.

The drawback of doing this is:

- All non-vulnerable working age households receiving Council Tax Reduction will be required to pay more.

Do you agree with this change to the scheme?

No.

Scheme 3

Introduce an income banded scheme in line with Universal Credit

Under an income-banded scheme, Council Tax Reduction is calculated on a maximum award based on total household income, with all households assumed to be receiving Universal Credit.

All income apart from Disability Living Allowance or Personal Independence Payments is taken into account in the calculation of total household income, including earnings, non-dependant income, Universal Credit, Child Benefit and child maintenance.

Total household weekly income determines the maximum Council Tax Reduction in this way:

Income Band Gross Income Maximum Council Tax Reduction

1	£0 - £99.99	80%
2	£100 - £199.99	60%
3	£200 - £299.99	40%
4	£300 - £399.99	20%
5	£400 0 (i.e no reduction)	

Income band 1 includes households getting Disability Living Allowance or Employment and Support Allowance Support Group, carers in receipt of Carer's Allowance, lone parents with children under five, war widows, and households getting "passported" Jobseekers Allowance, Income Support and Employment and Support Allowance.

The income band ceiling is increased by allowances of £25 for couples, £50 for one child and £100 for two or more children. This is to help larger families.

It would also mean:

- Including non-dependants' earnings as part of the household's income. Non-dependants are adults who are not your partner but live with you.
- Reducing the capital limit for claimants from the existing £16,000 to £6,000. Capital limits relate to your savings and investments.

- For self-employed workers who have been self-employed for more than one year, a set amount will be used as your assumed income for the Council Tax Reduction calculation.

The benefits of this are:

- Households that fall into band 1 will receive the maximum level of support (80%).

The drawback of this is:

- Some working age families with children will receive less Council Tax Reduction.
- Reductions in awards may affect families living in larger homes.

10. Do you agree with the change to this scheme?

No.

11. Do you have comments on Scheme 3?

Alongside our opposition to the proposed reduction of the maximum support available to 80% (please see our answer to question 14) we are also opposed to income bands as they create support 'cliff edges' where a marginal increase in income can lead to a big decrease in support. Under this proposed scheme work an extra hour could lead to a 20% reduction in support. This undermines work incentives as well as reducing support for hard pressed low income workers.

12. Thinking about the impact on claimants and the impact from the reduction in funding for the Council, which of the schemes outlined do you prefer?

Please rank these schemes by writing a number from 1 – 5 in the boxes below, where 1 is the option that is most preferable and 5 is the least.

If you are using a mobile device you can 'drag and drop' the options into your preferred order.

Scheme 1B - Council Tax Reduction award reduced to 80% for all non-vulnerable working age households

Scheme 2B - Maximum Council Tax Reduction is reduced by 20% for all non-vulnerable working age households

Scheme 1A - Council Tax Reduction award reduced to 80% for all working age households

Scheme 2A - Maximum Council Tax Reduction is reduced by 20% for all working age households

Scheme 3 - Income banded under Universal Credit

13. Should the council continue to fund and operate the Council Tax Reduction Scheme as we do now?

Yes.

14. Please use the space below to make any comments on the proposed changes to the Council Tax Reduction Scheme.

Z2K strongly objects to the proposal to reduce the support available under Tower Hamlets's Council Tax Reduction (CTR) scheme. Our research on the impact of the localisation of Council Tax Benefit has shown that where local authorities have chosen to introduce a minimum payment, such as that being proposed in this consultation, the struggle to meet this payment serves to push the authorities most deprived residents deeper into poverty. In the past we have highlighted Tower Hamlets as an example of best practice in Council Tax Reduction for not having a minimum payment. Rather than reduce funding for the CTR scheme, we urge the council to maintain 100% support for working-age claimants.

Benefits are supposedly calculated on the basis of providing the minimum necessary to live on, yet they fall far short of Minimum Income Standards (the amount required for a minimum acceptable living standard, for more information see <http://www.jrf.org.uk/topic/mis>). For a single person over the age of 25 the £73.10 weekly Job Seekers Allowance is only 39% of their minimum income standard and for a couple with two children their benefits only provide 57% of what is required for an acceptable standard of living.

Tower Hamlets is proposing to introduce a minimum council tax payment of 20%. For the vast majority of CTR claimants this minimum payment has to come out of benefits, which are already insufficient to provide for the basics of life, and in many cases have already been reduced by other welfare reforms. This will mean that thousands of Tower Hamlets residents will be placed in the impossible situation of trying to cut down on their food, utility bills or other house essential costs in order to pay their council tax.

Unsurprisingly many of those asked to pay in other authorities have been unable to do so. Our most recent joint report with the Child Poverty Action Group, *Still too poor to pay?* found in total 318,000 CTR claimants have been issued with court summons as a result of non-payment from 2013/14 – 2015/16. Introducing a Minimum Payment into Tower Hamlets's CTR scheme is likely to mean thousands of claimants are unable to pay and lead to rise in court summons and claimants in arrears, with a consequent increase in the cost of collection for the council.

We are also concerned that Tower Hamlets should consider going straight from 100% support for working age claimants to a 20% minimum payment, without any assessment or understanding of the potential impact on claimants.

We understand that the financial pressure of the initial 10% funding cut placed Tower Hamlets in a difficult situation, however experience elsewhere in London and, over the past four years in Tower Hamlets, shows it is possible to find a way not to pass this cut on to the borough's poorest residents. Z2K therefore opposes the proposal to introduce a minimum payment and calls on Tower Hamlets to maintain 100% council tax reduction.

15. Reducing backdating to one month

Claims for Council Tax Reduction from working age claimants can in certain situations be backdated for up to six months. Central Government has reduced the period for Housing Benefit claims to one month we are proposing that the Council Tax Reduction Scheme has the same backdating period of one month.

The benefit of this is:

- It is a simple change to the scheme which is easy to understand when claiming Housing Benefit and Council Tax Reduction.
- It doesn't affect any current claimants.
- Future claimants can avoid any loss by claiming at the right time.

The drawback of this is:

- New working age claimants may see a reduction in the amount of support they get if they do not claim on time.

Do you agree with this change to the scheme?

Yes.

16. Your comments on Addition 1

We support CTR regulations being in line with the current housing benefit regulations as this helps to simplify the system from the claimant's perspective.

Addition 2: Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction up to four weeks.

Within the current scheme, applicants can be temporarily absent from their homes without it affecting the Council Tax Reduction. This is the same rule for Housing Benefit.

Housing Benefit has been changed so that if a person is absent from Great Britain for a period of more than four weeks their benefit will stop.

With this option, the Council Tax Reduction scheme is changed to be the same as for Housing Benefit. There are limited exceptions.

The benefits of this are:

- The treatment of temporary absence will be brought in line with Housing Benefit.
- It is seen as fair.
- There are exceptions for certain occupations.

The drawback of this is:

- If a person is absent from Great Britain for a period which is likely to exceed four weeks, their Council Tax Reduction will stop from when they leave the country. They will need to re-apply on return.

17. Do you agree with this change to the scheme?

Yes.

18. Your comments on Addition 2

We support CTR regulations being in line with the current housing benefit regulations as this helps to simplify the system from the claimant's perspective.

Addition 3: To remove the "Work Related Activity" and or "Family Element" part of the calculation of Council Tax Reduction

From April 2017 all new applicants of Employment and Support Allowance, falling within the Work Related Activity Group, will no longer get the Work Related addition of their Employment and Support Allowance.

From April 2017, people who make a new claim for child tax credit will no longer get the Family Element.

With this option, the Council Tax Reduction Scheme is changed to remove the Work Related Activity allowance and or the Family Element for all new claimants.

The benefits of the council doing this are:

- The treatment of Employment and Support Allowance will be brought into line with Housing Benefit.
- It avoids additional costs to the Council Tax Reduction Scheme.

The drawback of this is:

- Those affected may see a reduction in the amount of support they get

19. Do you agree with this change to the scheme?

No.

20. Your comments on Addition 3

Z2K is strongly opposed to the cut to the ESA Work Related Activity rate and the abolition of the family premium. These will act to further erode the real level of support offered by the social security system and lower the standard of living of those least able to cope. We therefore also oppose the extension of this measure into Tower Hamlet's CTR scheme as this will only serve to compound the impact of the national changes and the other cuts to support proposed in this consultation.

Addition 4: To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two

Within the current scheme, claimants who have children are awarded a dependant's addition of £66.90 per child within their applicable amounts. There is no limit to the number of dependants' additions that can be awarded.

From April 2017 central Government will be limiting dependant's additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two.

This will only affect households who have a third child on or after 1 April 2017 and new claimants with more than 2 children regardless of the children's dates of birth.

With this option, the Council Tax Reduction Scheme is amended to reflect the changes in Housing Benefit and central Government benefits.

There will be exceptions where: there are multiple births after 1 April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children or where households merge.

The benefits of the council doing this are:

- Council Tax Reduction will be brought in line with Housing Benefit, Universal Credit and Tax Credits.
- It is simple and administratively easy.

The drawbacks of doing this are:

- Claimants who have a third child on or after 1 April 2017 may receive less Council Tax Reduction than a claimant who has more children born before 1 April 2017.

21. Do you agree with this change to the scheme?

No.

22. Your comments on Addition 4

Z2K is strongly opposed to the limiting of dependent children. We therefore also oppose the extension of this measure into Tower Hamlet's CTR scheme as this will only serve to compound the impact of the national changes.

Addition 5: To introduce a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship

This option would introduce a scheme where individual cases would be looked at on their own merit. This would:

- Provide greater flexibility to the council to help those that need it most.
- Enable a safety net for those households suffering exceptional hardship.

The benefit of this is:

- It is a scheme that can be adapted to meet individual circumstances.

The drawbacks of doing this are:

- There will be some additional costs to the council in introducing this scheme.

23. Do you agree with this change to the scheme?

Yes.

24. Your comments on Addition 5

We believe that where an authority insists on introducing a minimum payments scheme they should put in place additional support to help those in genuine need who are unable to pay. We would therefore support this addition in Tower Hamlets. However experience in other boroughs has shown that council tax hardship funds are often underspent. This doesn't reflect a lack of need but is a result of overly stringent eligibility criteria and poor promotion. If Tower Hamlets introduces a minimum payment it must ensure that the hardship fund has a sufficient budget and is properly promoted with appropriately flexible eligibility criteria.

We have suggested 5 possible additions to the Council Tax Reduction Scheme.

25. Thinking about impact on claimants and the impact from the reduction in funding for the council, say what you think would be most preferable by writing a number from 1 – 5 in the boxes below, where 1 is the option that is most preferable and 5 is the least.

If you are using a mobile device you can 'drag and drop' the answers into your preferred order.

Addition 5 - To introduce a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship

Addition 2 - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to four weeks

Addition 1 - Reducing backdating to one month

Addition 3 - To remove the Work Related Activity and or family premium component in the calculation of Council Tax Reduction

Addition 4 - To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two

26. If you have any further comments or questions to make regarding the Council Tax Reduction scheme that you haven't had opportunity to raise elsewhere please use the space below

If the council keeps the current scheme, we will need to find savings from other services to help meet the expected reduction in Government funding. The schemes and additional options set out in this consultation could deliver savings.

27. Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme?

Please select one answer for each source of funding.

- Use the council's savings - Yes
- Increase the level of council tax - Yes
- Reduce funding available for other council services - No

28. If the council were to choose these other options to make savings, what would be your order of preference? Please rank in order of preference by writing a number from 1 – 3 in the boxes below, where 1 is the option that you would most prefer and 3 is the least.

If you are using a mobile device you can 'drag and drop' the answers into your preferred order.

1. Use the council's savings
2. Increase the level of council tax
3. Reduce funding available for other council services

29. Please use this space to make any other comments on the scheme