



Exeter City Council

Proposed local scheme for
Council Tax Support

Band D restriction report
October 2012

Impact on current Council Tax Benefit claims being reduced to Band D under the proposed Council Tax Support scheme

From the information gathered from our current case load on 19.09.2012, capping to a Band D would affect 70 claims (Appendix A).

Of these 70 cases, 14 (20%) would no longer be eligible for any Council Tax Support (CTS). From these ineligible cases, 8 (over 57%) are families with children of school age or younger.

A further 16 (over 22%) of claims would be affected because of the need for a larger property due to the number of people residing in the property. Not all of these have dependant children living with them, but need a larger home due to non-dependants or boarders/lodgers.

Example

Customer is a lone parent and has 2 non dependants living with her, one of which is a student. The other non-dependant has a child of her own. The customer also has a 19 year old currently in college so they are still classed as a dependant. For Housing Benefit (HB) purposes they have a Local Housing Allowance (LHA) need for a 5 bedroom property but they are living in a 4 bedroom house, the property is currently in a Band F.

The customer is receiving JSA (IB) restricting banding to a D and applying the 30% reduction reduces CTS to £19.80* from current Council Tax Benefit (CTB) of £40.86 per week, leaving a shortfall of £21.06 per week.

From the 70 cases, 29 (over 41%) are owner occupiers, claiming either because of low incomes, or they are on a benefit such as IS/JSA/ESA.

Example

Customer lives with partner. Mr is working and they do not currently receive Tax Credits, he is self employed and on a low income.

They have 4 children; two of these are non-dependants, one having a 2 year old child. The other 2 children are both in education and are treated as dependants. If claiming HB their LHA bedroom rate would be 6, they occupy a band G property. Restricting to a band D together with the 30% reduction would mean a new CTS entitlement of £9.95* a week, a loss of £27.34 per week.

One case affected is a household placed in accommodation by ECC as a homeless case.

Example

The customer, partner and 5 children have been placed in a Band E, five bedroom property that is over their LHA need of 4 bedrooms. From April 2013 they will receive a 14% reduction on their maximum rent for having one bedroom more than they need in social sector housing, restricting the HB they will receive. Restricting to a band D together with the 30% reduction would mean a new CTS entitlement of £4.11* a week, a loss of £14.77 per week.

Comparing to the rent that is charged, 55 cases (over 78%) of the 70 identified are within, or under their LHA rate, so it could be unlikely to find cheaper accommodation for their current needs.

Example

Customer, partner and 5 children have an LHA need of 5 bedrooms. They are currently living in a 4 bedroom property. The rent they are charged is £950 per calendar month (pcm), the LHA rate on the property is £950.00 pcm. The Council Tax charge is a Band E. Restricting their liability to a Band D and applying the 30% reduction will reduce CTS entitlement to £0.42* per week, a loss of £16.77 per week.

Restricting all the above cases could cause financial difficulty for current CTB customers who continue to claim under CTS. Customers could potentially have to prioritise paying Council Tax over other household expenses. It could cause families to consider splitting the family unit up in order to move to smaller properties. This could potentially cost more from ECC's CTS budget as Council Tax Support would need to be claimed for extra households.

Out of the 70 cases 15 (over 21%) are customers who have accommodation above their LHA bedroom need.

Example

Customer and partner live in a 5 bedroom property with their non-dependant student son, their LHA bedroom need is 2. The rent on the property is £1333.33 per calendar month and their Council Tax Band is G. They currently receive maximum CTB of £47.14 per week based on a standard claim, applying the Band D restriction and reducing liability by 30% would leave £27.34* to pay each week.

The savings identified by restricting just those cases that are over accommodated would be £10,792

*All calculations for CTS from April 2013 are based on the current year Council Tax charges and CTB applicable amounts.

This report data was compiled by Sharon Church, AssessmentTeam Manager.

CTS Consultation feedback:

We asked for views on limiting the amount of Council Tax Support for working age people to a band D charge as part of the full CTS consultation on proposed changes.

Q.2a - How strongly do you agree or disagree that working age people living in properties with a higher Council Tax charge who currently receive Council Tax Benefit should pay more?

Question 2a	Claiming CTB?			
	No	Yes	Not answered	Grand Total
Agree / strongly agree	71%	43%	38%	47%
Neither agree nor disagree	9%	21%	24%	20%
Disagree / strongly disagree	21%	35%	32%	33%

Q.2b - How strongly do you agree or disagree with us limiting the amount of Council Tax Support to a band D charge for working age people?

Question 2b	Claiming CTB?
-------------	---------------

	No	Yes	Not answered	Grand Total
Agree / strongly agree	64%	36%	35%	41%
Neither agree nor disagree	10%	28%	27%	25%
Disagree / strongly disagree	26%	35%	35%	33%

Q.2c - Would this change have an effect on your household?
(answer Yes or No)

If you have said that this change would affect you, please tell us how:

Categorised responses	Yes
Agree if over accommodated	1
Working / capable of work should pay	1
Benefits too generous	1
Make scheme more generous	2
Generally agree larger homes should be capped	3
General - disagree	6
Unfair on large families & others	13
Concern people would not be able to pay	98
Grand Total	125

Q, 2d – Do you have any further comments about this change?

Selection of comments:

- why should the size or what does the size of house have to do with the ability to pay if someone cannot genuinely afford to pay this should have no relevance
- Again - it is clearly ridiculous that someone is living in Band H in some huge house and yet the state is completely subsidising them whilst I am in a Band A flat and am paying £62/month as a single parent. Obviously they have the money tied up in a house - if they can't pay the council tax which goes along with it they should downsize so they can afford it - not expect everyone else to pay. I think this current situation is laughable and an insult to those working people who really find it hard just to get by on a day to day basis.
- As long as it is phased in, it looks reasonable to me. what is hard to justify is a sudden change allowing payers no chance to make the financial adjustment in a planned way.
- I don't think any benefits should cover people to live in very large properties. They always have the option to move somewhere smaller if they are unable to afford the bills. Its about managing on what income you have and making changes needed.
- I feel that there should be something in place for households where their requirement to claim benefits is short term. However in long term situations,

the household would be able to make choices about where they live, better suited to their income.

- i would hope that this change could perhaps take affect after a period of grace should peoples circumstances change, for them to get back on their feet
- In the example given suddenly having to find an extra £1400 per year for a low income household will be very challenging indeed. The value of a house is not necessarily an indicator of household income. Has any thought been given to a phasing of the new system?
- At first sight this change seems reasonable. However, it is not reasonable to expect a family to move home to reduce Council Tax, and in any case such a family would have trouble meeting all the costs of moving house. And a family whose income is so low that they qualify for CT Benefit would face severe hardship if they were forced to meet part of their Council Tax bill without assistance: benefit levels and the income level at which a household qualifies for means-tested benefits are very low in relation to the cost of living.

In conclusion, as an alternative to restricting to a Council Tax band D the council could consider restricting to band E or F to limit the effect of this proposal or to consider only restricting to cases where accommodation is under occupied. However we do not hold data to be able to determine under occupation, and our software system cannot cater for this at present. Alternatively ECC could consider not adopting this proposal within the Council Tax Support scheme.

APPENDIX A

	Original Annual Benefit	Savings	Band	Child Under 5	Number of Dependant Children	Family Characteristic	Loss with children
1	£1,604	£744	E		1	Couple with children	£744
2	£298	£298	E			Single no children	£0
3	£1,803	£744	E		2	Couple with children	£744
4	£2,458	£1,400	G		2	Couple with children	£1,400
5	£426	£426	E			Single no children	£0
6	£1,844	£1,050	G		1	Single with children	£1,050
7	£665	£558	E			Single no children	£0
8	£1,352	£558	E		1	Single with children	£558
9	£1,958	£1,176	F		1	Single with children	£1,176
10	£656	£558	E		1	Single with children	£558
11	£1,352	£558	E	Yes	5	Single with children	£558
12	£802	£372	E			Single no children	£0
13	£1,803	£744	E			Single no children	£0
14	£901	£372	E			Single no children	£0
15	£1,065	£536	F			Single no children	£0
16	£896	£744	E	Yes	4	Couple with children	£744
17	£794	£744	E			Single no children	£0
18	£2,130	£1,072	F		1	Single with children	£1,072
19	£1,803	£744	E	Yes	5	Couple with children	£744
20	£1,352	£558	E			Single no children	£0
21	£1,969	£1,072	F		2	Couple with children	£1,072
22	£1,736	£744	E	Yes	3	Couple with children	£744
23	£592	£558	E		2	Single with children	£558
24	£1,598	£804	F		2	Single with children	£804
25	£1,803	£744	E		2	Couple with children	£744
26	£436	£436	E		2	Single with children	£436
27	£973	£744	E		3	Couple with children	£744
28	£2,026	£1,072	F	Yes	5	Couple with children	£1,072
29	£2,130	£1,072	F		2	Couple with children	£1,072
30	£1,352	£558	E			Single no children	£0
31	£1,229	£700	G			Single no children	£0
32	£1,229	£700	G			Single no children	£0
33	£1,065	£536	F		2	Couple with children	£536
34	£666	£558	E		4	Single with children	£558
35	£1,631	£849	E		1	Couple with children	£849
36	£135	£135	E			Single no children	£0
37	£1,092	£558	E		3	Single with children	£558
38	£962	£558	E		1	Single with children	£558
39	£1,286	£1,286	E			Single no children	£0
40	£1,592	£744	E		1	Couple with children	£744
41	£2,130	£1,072	F			Couple no children	£0
42	£985	£744	E	Yes	5	Couple with children	£744
43	£1,352	£558	E		3	Single with children	£558
44	£1,803	£744	E		2	Single with children	£744
45	£1,598	£804	F		1	Single with children	£804
46	£1,803	£744	E	Yes	3	Couple with children	£744
47	£1,352	£558	E			Single no children	£0
48	£1,598	£804	F			Single no children	£0
49	£601	£248	E			Single no children	£0
50	£527	£527	E		1	Couple with children	£527
51	£144	£144	E		2	Couple with children	£144

52	£2,458	£1,400	G			Couple no children	£0
53	£1,352	£558	E			Single no children	£0
54	£139	£139	F			Single no children	£0
55	£1,598	£804	F		2	Single with children	£804
56	£1,944	£1,726	G		2	Couple with children	£1,726
57	£587	£587	E		2	Couple with children	£587
58	£811	£744	E		2	Couple with children	£744
59	£1,352	£558	E		4	Single with children	£558
60	£320	£320	F			Single no children	£0
61	£1,598	£804	F	Yes	3	Couple with children	£804
62	£207	£207	E		2	Couple with children	£207
63	£516	£516	G	Yes	4	Couple with children	£516
64	£320	£320	F			Single no children	£0
65	£1,352	£558	E		1	Single with children	£558
66	£1,571	£744	E		2	Couple with children	£744
67	£1,352	£558	E		1	Single with children	£558
68	£2,036	£2,036	F	Yes	3	Couple with children	£2,036
69	£683	£683	F		2	Couple with children	£683
70	£560	£558	E		1	Single with children	£558
Total Loss to homes with children							£35,754