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Our ref: <<URN>>

8 August 2012

Dear <<salutation>>,

Council tax benefit is changing – please have your say

The Government is abolishing council tax benefit. It has asked councils across the country to develop their own local schemes to replace it. However, Government funding of the new local schemes will be reduced by about 10%. Local councils must decide how this shortfall is to be met.

We have sent you this survey because you receive council tax benefit. In future it is very likely that everyone on council tax benefit will have to pay something or more towards their council tax bill. Pensioners are not affected by these changes.

We have already taken some decisions about how the 10% shortfall will be funded and have published a draft scheme. This still leaves other decisions about how the new local scheme will operate. This is your opportunity to influence these decisions. The following pages:

- summarise the Government's approach
- set out the approach in Kent and the decisions already taken
- set out the options that are still to be decided
- ask for your views on these options.

We will treat your views in confidence. We will use them, along with the views of a range of other stakeholders, to finalise a new Council Tax Reduction scheme.

If you have any questions or concerns about this survey the enclosed 'frequently asked questions' and examples may help. If not, please contact our Benefits Team at cts@tmbc.gov.uk or call (01732) 876359. They will be happy to help you.

We very much hope you will be able to take part as your views are very important to us. **Please complete and return this survey in the post-paid envelope by 5 October 2012.** Thank you very much in advance for your help.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Hughes'.

David Hughes, Chief Executive

PS. If you need this questionnaire in large print or another format please call (01732) 876359.

The Government's approach

The Government is abolishing the current national council tax benefit scheme from next April (2013). All councils have to replace it with their own local scheme called Council Tax Reduction. The Government will be giving local councils about 10% less money to provide the new local scheme.

The Government has said:

- There will be no change to the amount of help that pensioners currently receive
- The impact on the most vulnerable groups should be considered when councils devise their new schemes
- The new scheme should encourage people to work and in particular should not put people off working
- Each council should publish a draft scheme.

Some people and some of the exemptions from council tax are not affected by these changes. We set out the main ones in the enclosed Frequently Asked Questions (FAQs). These are not part of this consultation.

The Kent approach – decisions taken so far

Most of the council tax we collect each year is passed to Kent County Council. Some is passed to help fund Kent Police and Kent Fire & Rescue, as well as parish councils. So they will all be affected by the change to a Local Council Tax Reduction scheme. Following consultation with Kent County Council, Kent Police and Kent Fire & Rescue, it has already been decided that the shortfall in funding (about 10%) will not be directly paid for, either partly or totally, by:

- Increasing council tax
- Cutting other services
- Increasing the charges for other services.

This is because we all consider it vital to keep these options open for the next three financial years to help safeguard priority essential services. This means that the shortfall in funding will be met mainly from paying less in council tax support.

Options still to be decided

This is where we welcome your views. We need to make further decisions about the new local Council Tax Reduction scheme itself. We have identified five options. On the enclosed "Examples" sheet we set out their impact in terms of the amount of support that would be available. All of these options could be implemented by the April 2013 deadline. They would also help to pay for the 10% reduction in Government funding.

Option 1 – cut the final award by 18.5%:

- This option involves working out the support in the same way as the current national council tax benefit scheme but cutting the award by 18.5%.
- The cut of 18.5% is needed to cover the funding shortfall mainly because the Government has said that pensioners must be protected. Pensioners make up about half of the people who currently receive council tax benefit in Tonbridge and Malling.

We recommend **Option 1**, which already provides more support to some groups than others. For example, Option 1 provides more support to households with young families or where the claimant and/or partner is disabled (receives Disability Living Allowance). **This is our draft scheme.**

Option 2 – do more to protect some groups:

- This is the same as Option 1 but protect one or more groups, such as people with disabilities or with young families, to an even greater extent than is provided for in the current national benefit scheme.
- Other groups would need to make up the shortfall. So the final award for the other groups would be cut by more than 18.5%.

The following options would help to offset the cuts under Option 1 or Option 2:

Option 3 – removing council tax discount on second homes and long term empty properties:

- At present we apply a 10% discount on the full council tax charge for second homes and long term empty properties (empty for more than six months).

Option 4 – cap the amount of support to the level for a Band 'D' property:

- Council tax is based on the value of the property. Bands run from 'A' (lowest value) to 'H' (highest value). Most households who claim council tax benefit live in Band 'B' or 'C' properties.
- This option would restrict the maximum council tax charge used in a calculation to the level of a band 'D' property.

Option 5 – remove the second adult rebate:

- This is a benefit where there is another person (second adult) living in a household on a low income, besides the person responsible for paying the council tax.
- The 'second adult' cannot be a partner or tenant of the council tax payer.
- A rebate can be applied to the council tax account, regardless of the income of the person who pays the council tax.

Important!

Option 1 and Option 2 would both:

- Encourage work by:
 - disregarding some earned income
 - making allowances for childcare costs
 - reducing benefit on a sliding scale as income increases
 - continuing payment for four weeks after moving into work when there would otherwise be no entitlement.
- Require people to complete an application form.
- Automatically transfer most people on council tax benefit to the new scheme.
- Require people to appeal in writing where they disagree with the benefit awarded.

To help us make final decisions about these options please answer the questions on the next page. We are asking you to choose either **Option 1** or **Option 2**. You can also choose one or more from **Option 3**, **Option 4** and **Option 5**.

Q1 Do you prefer Option 1 (a general cut of council tax support by 18.5%) or Option 2 (give more protection to vulnerable groups than is provided under Option 1)? **Please tick (✓) one box only.**

Option 1

Option 2

Not sure

If you ticked "Option 2" in Q1 please continue at Q2, otherwise please go to Q3.

Q2 Which vulnerable groups do you think should receive more protection than is provided under Option 1? Please remember that the groups not selected will have their award cut by more than 18.5% to make up the difference.

Please tick (✓) all the boxes that apply.

People with disabilities

Families with babies (up to 1 year old)

Families with young children (up to 5 years old)

Other people (Please tick (✓) and describe below)

Not sure

Q3 Do you agree with Option 3 - removing council tax discount on second homes and long term empty properties. **Please tick (✓) one box only.**

Yes

No

Not sure

Q4 Do you agree with Option 4 - cap the amount of support to the level for a Band 'D' property? **Please tick (✓) one box only.**

Yes

No

Not sure

Q5 Do you agree with Option 5 - removing the second adult rebate?

Please tick (✓) one box only.

Yes

No

Not sure

Q6 Is there anything else you would like to add? **Please write in below:**

Thank you for taking part in this survey.

To make sure your views are counted please return the whole of this survey, including the covering letter, by 5 October 2012 in the post-paid envelope provided.