

Council tax support in Cambridge

Using local housing market conditions to raise revenue and maintain protections

We knew that people were being affected by other benefit changes, such as the under occupancy penalty and the changes to local housing allowance rates, and that everyone has less money in their pockets. Within Cambridge City Council, there was strong political support for keeping the same level of support, if we could meet the shortfall in funding. When we realised that we could do this by making changes to council tax discounts and exemptions, this was the path that was taken.

Alison Cole, Head of Revenues and Benefits, Cambridge City Council

Summary of scheme

- £750,000 less funding when council tax benefit abolished
- The scheme is similar to council tax benefit.
- There is no minimum contribution
- Reduced backdating from six months to one month and in some circumstances increased non-dependent deductions and removed the second adult rebate.
- Technical changes to council tax, including discounts, reductions and premiums, raises sufficient revenue to cover CTS scheme
- Around 1,994 households affected by changes to council tax discounts and exemptions

Why Cambridge's work stood out

Following detailed modelling work Cambridge City Council knew that its extremely mobile population and high turnover of rental property provided an opportunity to raise sufficient revenue in respect of property that was left unoccupied for more than one month between tenancies. It was estimated that overall the additional revenue would be sufficient to meet the costs of continuing to provide full council tax support. This has enabled them to protect those on low incomes from a reduction to their council tax support, and at the same time incentivising the return of long term empty properties to use.

Project strengths

Using local housing trends and benefit data to inform design

Cambridge has a relatively buoyant housing market with high rents and a lot of short term tenancies. Rental properties frequently change tenants, often once or even twice

Making welfare work locally

per year, and there are often short term voids before new tenants move in. Changes to local housing allowance (LHA) rates and the introduction of the under occupancy penalty meant that around 1,800 people had a housing benefit shortfall. The council therefore decided that raising revenue through changes to council tax was fairer, and collection would be more achievable than passing the reduction in funding onto council tax support recipients.

Cambridge has particularly high rents, and changes to the LHA rates locally have had a significant effect on people's income. We were worried that requiring people to make a contribution to their council tax as well would cause problems and that people would not be able to afford it. We started from the position that the old scheme was working well and that if we could balance the books, we wanted to continue to provide the existing level of support. We modelled how much it would cost us if we kept the old scheme, including predicted caseload growth, as well as the level of revenue we could generate from making technical changes to council tax. This showed we could continue to provide full support, with some small changes to non-dependent deductions, second adult rebates and backdating rules. Keeping the scheme closely in line with council tax benefit and housing benefit meant that there were no additional staff training costs.

Naomi Armstrong, Benefit Manager, Cambridge City Council

Following consultation, Cambridge City Council:

- Reduced the empty homes exemption from six months to one month. Property owners are now responsible for paying full council tax on empty properties once they have been empty for over a month.
- Abolished the second homes discount which applied to furnished properties without an occupying resident. The discount for these properties was previously 10 per cent.
- Introduced an empty homes premium. This means that owners of properties that have been empty for more than two years are liable to pay 150 per cent of their council tax liability.
- Decided against making changes to the uninhabitable property exemption. The reason behind this was to ensure that landlords didn't put uninhabitable properties back onto the market rather than make repairs.

Kevin Jay, Local Taxation Manager at Cambridge City Council explained:

We were concerned about creating liabilities that might not be collectable. While making technical changes to council tax does create additional liabilities we found through our modelling work that many rental properties are re-let quickly which meant that in many cases the reduction of the empty homes exemption would not adversely affect property owner or landlords. For those who do need to pay, it is often for a relatively short time, even for those who are looking to sell the property, and it gives landlords an additional incentive to reduce void periods. However, the changes have been enough to fund the level of support we wanted to provide for low income residents, so we are very happy with this.

Making welfare work locally

Use of 'One Council' approach to ensure cross departmental co-operation and understanding

Setting up a monthly (and later bimonthly) officer working group ensured that the impacts of welfare reform were considered across the whole organisation. By involving staff from City Homes (the council's landlord services) as well as homelessness, customer services, corporate services and community development teams, they were able to deliver a resident-focused service.

Taking a 'One Council' approach was key to our success in terms of implementing the changes. It means making sure that we reach across the whole organisation to everyone who delivers a service to customers, getting them involved in planning and decision making. This helps us to avoid unintended consequences and make sure that all services are working towards the same aims. We were already working in this way, but the demands of welfare reform have helped us consolidate this approach.

Alison Cole, Head of Revenues and Benefits, Cambridge City Council

City Homes' relationship with the Revenues and Benefits section is positive, and despite an increase in its council tax liability as a landlord, it is supportive of the changes.

We were keen to keep the existing protections because we knew that the impact of making changes to support would be on our tenants. From my point of view, this has definitely been the right decision. It's important to think about who should be protected and where expenditure should fall. Reducing the empty property discount from six months to one month really focused our minds. It encouraged us to get our voids team together and think about where we could tighten things up to ensure we re-let properties more quickly.

Robert Hollingsworth, Head of City Homes, Cambridge City Council

The council has recognised the importance of involving local organisations and has used their insight into residents' experiences to inform the design of its council tax scheme.

We have a good relationship with the council. They will come and talk about things with us and ask us for our data and insights. They consulted us about their council tax scheme and listened to our views. We think their approach has been very helpful. They understood that the changes would have the greatest impact on the least well-off people, and have tried to cushion that.

Rachel Talbot, Chief Executive, Cambridge CAB

Collections figures better than national average and long term empty properties returning to use

Council tax payers have generally been accepting of the changes to their liability. After consultation on the changes, the council decided upon its course of action and wrote to all 1,994 affected residents. Letters were tailored to residents' particular circumstances and set out what additional liability they faced. The council was initially

Making welfare work locally

concerned over potential resistance to paying. In fact, there has been no backlash from affected residents and the rate of collection for empty properties is the same as for all properties. Overall there has been a 0.1 per cent reduction in collection rates from 2012/13 to 2013/14, compared to a national average of 0.4 per cent.

Overall, there seems to be a broad acceptance of the changes. Once people were made fully aware of how they would be affected and why, they seem to have accepted the changes and we have not seen any significant reduction in our council tax collection rates. These changes have also contributed towards an increase in the number of long term empty properties being brought back into use.

Kevin Jay, Local Taxation Manager, Cambridge City Council

Since the introduction of the empty homes premium, the number of properties that have been empty for two years or more has reduced from 113 to around 70.

**Making welfare
work locally**