



Carers Scotland response to A Fairer Local Tax for Scotland

Carers Scotland welcomes the opportunity to respond to the Scottish Government's consultation on "A Fairer Local Tax for Scotland".

Carers Scotland is the voice of carers. Carers provide unpaid care by looking after an ill, frail or disabled family member, friend or partner.

Carers give so much to society, yet as a consequence of caring, they experience ill health, poverty and discrimination. Carers Scotland is an organisation of carers fighting to end this injustice.

Carers Scotland believes it is imperative that systems for Local income tax in Scotland do not further disadvantage carers. This response to "A Fairer Local Tax for Scotland" is focused on proposals where Carers Scotland has significant concerns over the potential negative impact on carers

1. Exemptions and Discounts - Council Tax disregard

Carers Scotland is concerned that the introduction of Local Income Tax may be significantly detrimental to a number of carers. At present a cohort of carers are currently "disregarded" (treated as not living in the property) when calculating council tax. Carers can be disregarded if the person they care for receives the highest rate of the care component of Disability Living Allowance or the higher rate of Attendance Allowance or Constant Attendance Allowance. They must provide care for at least 35 hours a week (but do not have to be in receipt of Carers Allowance), live in the same property as they person they are caring for and not be the spouse or partner of the person you care for, or their parent if you care for a child under 18. If there is more than one carer in the property, they can both be ignored for council tax purposes as long as they both meet the conditions. Under the current Council Tax system this disregard can mean:

- **A 25% reduction** - if, after taking into account "disregarded" people, there is only one resident in the property who would 'count' for council tax a 25% reduction is applied to the bill

- **A 50% reduction** - if, after taking into account “disregarded” people], there are no residents who would count for council tax a 50% reduction is applied to the bill

Carers Scotland recommends that this disregard is retained under the Local Income Tax system.

2. Exemptions and Discounts - Carers Allowance

Carers Allowance is a taxable benefit. The receipt of Carers Allowance places some carers, for example those who work part-time and earn up to £95 per week after deductions, above the personal allowance for income tax and thus liable to pay additional Local Income Tax. Although the current system taxes Carers Allowance, carers consider the benefit itself to be a small recognition of their significant caring responsibilities. Carers’ contribution to the Scottish economy has been valued at £7.6 billion each year.

Carers Scotland recommends that in recognition of the significant contribution carers make to the Scottish economy that income from Carers Allowance is excluded in the calculation of Local Income Tax.

3. Exemptions and Discounts - Those with increased liability under Local Income Tax

Carers Scotland is concerned about the projected level of individuals paying more in Local Income Tax, particularly within the married with/without children or in households comprising multiple taxpayers. This has the potential to include more carers who are not currently liable for Council Tax or who qualify for a discount or exemption.

In particular, Carers Scotland is concerned that, for carer households, deductions from gross income do not take account of the, often significant, levels of poverty that many carers face and the additional costs of disability.

For many carers, making ends meet is a daily struggle. One in three is in debt with a similar proportion struggling to pay utility bills. One in ten cannot afford their rent or mortgage. 30% of carers cannot afford essential repairs to their home. Working aged carers aged 35-44 are most likely to be debt (53%) closely followed by those caring for a disabled child aged 18 or under (48%). For these parent carers these problems persist once the child is an adult.

As a result of caring, carers frequently cut back on essentials with one in five cutting back on food and one in four cutting back on heating. Worrying those caring for disabled children are slightly more likely to cut back on food (22%) which could have an impact of the whole family.¹

¹ Real Change not Short Change, Carers UK, 2007

Carers suffer disproportionate levels of fuel poverty with nearly two thirds (64%) spending more than 10% of their income on fuel bills.²

Carers routinely report having little or no savings. Half of carers in Scotland have no savings at all and a further third have savings of less than £1500. This means that they have no buffer if they reach real financial hardship or rely on a very slim margin. Working age carers (particularly those aged 35-44) are less likely to have savings compared to older carers.³

Charges for community care services and the additional costs of care place significant burdens upon carer households. One in four carers (28%) find the charges for care services too high. One in three (35%) are spending their income or savings to pay for care. Half (49%) end up subsidising the costs of the disability of the person they care for because of inadequate disability benefits. Those caring long term are more likely to have extra costs related to the disability or illness - two thirds (65%) of those caring for more than 15 years.

Carers approaching retirement age were most likely to be spending their income or savings on paying for care, at a time when many would wish to be building up their pension. More than a third (37%) of the 55-59 age group reported they were, along with 39% of the 60-64 group.

Carers Scotland recommends that any system for Local Income Tax recognises the significant additional costs that carers and their families face. We recommend that an analysis of Census 2001 is undertaken to identify carer households, their composition and the potential impact of Local Income Tax to these households.

4. Exemptions and Discounts – Second Homes

Carers Scotland highlights that carers often leave their own home empty to stay with someone who requires care. We believe these homes should be exempted under local income tax. Under the present Council Tax system, if a carer has left the property empty *“for the purpose of receiving or providing personal care due to old age, disablement, illness, past or present alcohol or drug dependence, or past or present mental disorder”*, then an exemption to council tax applies.

Carers Scotland recommends that Local Income Tax should include an exemption on second homes left empty by carers to stay with someone who requires care.

5. Transitional arrangements

Carers Scotland is concerned at the proposal not include transitional arrangements within the system for introduction of Local Income Tax. Those carer households who will pay more under

² ibid
³ ibid

the new system of Local Income Tax may face significant hardship. This may include, for example, carers who are part of a couple, carers in multiple households and carers whose homes are currently rated in Council Tax bands that are below the average band D. It is common practice in job evaluation processes, for example, to protect workers from loss of income through transitional arrangements and Carers Scotland believes that the introduction of Local Income Tax should include such arrangements to mitigate the impact on carers.

6. Disincentive to work

Carers Scotland is further concerned that a system of Local Income Tax may be a disincentive to enter or return to work. At present, 37% of carers say the tax and benefit system precludes returning to work. Carers Scotland is concerned that the introduction of Local Income Tax may present a further additional barrier to employment for carers and recommends further discussion and investigation on this issue.

7. Alternatives to Local Income Tax

Carers Scotland notes that any alternative system for local funding would require further information and investigation as insufficient information is available to make comments on income generation from Land Value or Environmental Taxes. However, on a cautionary note, proposals based on environmental issues will have a disproportionate effect on households, including carer households, who have little disposable income to install energy efficiency measures such as solar paneling.

8. Collection and Council Tax Benefit

Carers Scotland supports the notion that, if Local Income Tax is implemented, it should be collected nationally, preferably through HMRC, to reduce duplication and administrative costs. Finally, Carers Scotland believes that without receipt of the amount allocated for Council Tax Benefit at present, Local Income Tax will be unsustainable.

Conclusion and Recommendations

In conclusion, we would reiterate the importance of ensuring that any system for Local Income Tax does not disadvantage carers and carer households.

In summary our recommendations are that:

- the disregard for certain carers currently within Council Tax is retained under the Local Income Tax system.
- income from Carers Allowance is excluded in the calculation of Local Income Tax

- any system for Local Income Tax recognises the significant additional costs that carers and their families face.
- an analysis of Census 2001 data is undertaken to identify carer households, their composition and the potential impact of Local Income Tax to these households.
- an exemption for Local Income Tax on second homes left empty by carers to stay with someone who requires care (as currently allowed with Council Tax system).
- the introduction of Local Income Tax should include transitional arrangements to mitigate the impact on those carers and carer household paying more.
- further discussion and investigation on whether or not Local Income Tax will be a further disincentive, for those carers who wish to, to return to or reenter employment.
- caution on alternative systems, in particular, environmental taxes which would place a greater burden on those unable to afford energy efficiency measures.
- the tax is collected nationally, preferably through HMRC, to reduce duplication and administrative costs.
- without monies received for Council Tax benefit from the Treasury, Local Income Tax may not be sustainable.

Carers Scotland

15 July 2008

About carers in Scotland

- There are 660,000 carers in Scotland saving the economy £7.6 billion each year.
- 110,000 carers provide 50 hours of care or more each week.
- 178,000 people become carers every year.
- 3 in 5 of the population will be carers at some point in their lives.
- 250,000 carers juggle their caring responsibilities with employment.
- Carers often face significant poverty with a third in debt and a further third cutting back on food or heating. More than half of carers say that financial worries are affecting their health.
- By 2037 there will be an estimated 1 million carers in Scotland

About Carers Scotland

Carers Scotland is an organisation of carers fighting to end the injustice of carer ill health, poverty and discrimination. We will not stop until people recognise the true value of carers' contribution to society and carers get the practical, financial and emotional support they need.

Carers Scotland is here to improve carers' lives.

- **We fight for equality for carers.** We want carers to have the same rights as everyone to an ordinary life – a fair level of income, access to support to protect their health and wellbeing and access to the world of work, leisure and education.

- **We seek to empower carers.** We want carers to be actively involved in the design, development and delivery of services. We want carers to be recognised and involved as key partners in the provision of care.

Carers Scotland achieves this by:

- campaigning for the changes that make a real difference for carers.
- providing information and advice to carers about their rights and how to get support
- mobilising carers and supporters to influence decision makers.
- gathering hard evidence about what needs to change.
- transforming the understanding of caring so that carers are valued and not discriminated against.
- providing carer awareness training for staff in health, social care and the voluntary sector
- promoting training for carers to maximise their skills and experience.

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the voice of carers

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