

Local council tax support

Have your say



Give us your views by 27 August 2017

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What is council tax support?

Council tax support (CTS), also known as council tax reduction, is a means-tested discount that helps people who have a low income, or no income, to pay their council tax bill.

If you are a claimant of working age, the following rules currently apply to your claim for CTS:

- You will have to pay at least 20% towards your council tax bill.
- If your property has been valued in council tax band C or above, your reduction will be calculated as though your property is in band B. This means you will have to pay more than 20% towards your bill.
- If your income (and your partner's, if you have one) is higher than your calculated needs, your support will be reduced by 20p for every £1 you earn above your needs allowance.
- You cannot receive any discount if you have more than £6,000 in capital or savings.
- No support is awarded if your entitlement would be less than £3.70 per week.

Who receives council tax support?

Typically, the following types of household are eligible:

- households who rely on out-of-work benefits
- single people with no children earning less than £120 per week
- couples without children earning less than £190 per week
- single people and couples with children earning less than £257 per week, or more if they have more than one child.

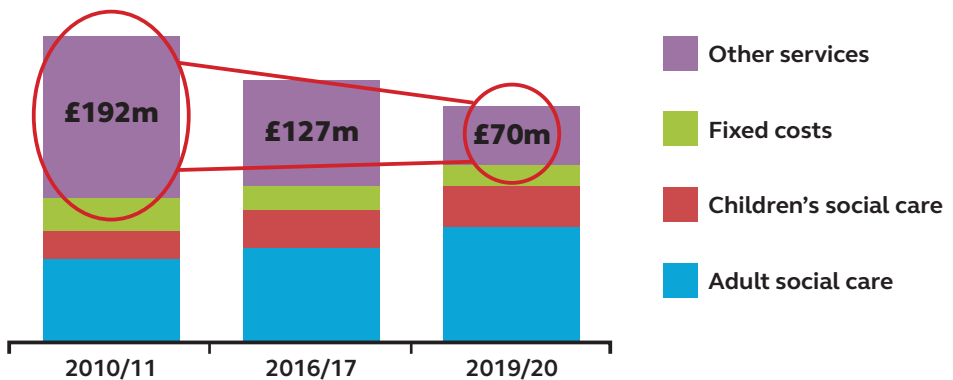
Some households with particular needs may still be eligible if they don't meet the above criteria. You can find more information on our website, or use our local benefit calculator to see if you are eligible at leicester.gov.uk/housingbenefit

Why are we consulting?

Continued government cuts in funding mean that the council has to make savings. When we set our budget in February 2017, we forecast we would need savings of £40 million each year by 2020. This is on top of the savings we have already made.

The seriousness of the council's financial situation was set out in February. On a like for like basis:

- Our grant from the Government has fallen from £289 million in 2010/11 to £174 million in 2017/18.
- The council's budget is estimated to fall from £358 million in 2010/11 to £277 million by 2019/20.
- The amount we spend on adults' and children's social care has had to increase. Leaving this aside, funding for all other services will fall by around 70% (after inflation) over the same period.



What does £1 million buy us?

While the council has had to make millions of pounds of cuts, a lot of services can still be bought for £1 million. Below, for illustrative purposes only, is a sample of what the council can buy for £1 million.

£1 million pays for one of these things, for one year:

- (a) home care for 160 people
- (b) activities provided by nine of the city's 10 adventure playgrounds
- (c) running Braunstone and Leicester Leys leisure centres
- (d) running New Walk Museum, Jewry Wall, Newarke Houses and the Guildhall
- (e) electricity for all the city's street lights.

Terms of this consultation

We are consulting on whether to change the council tax support scheme in order to find some of the savings that we need to make. No decision has yet been made.

It is important that you give your views in this consultation whether you receive CTS or not.

We carried out a similar consultation last year, but we now need to consider this again before we approve a scheme for 2018/19.

Pensioners are protected under separate legislation, and are not affected by our CTS scheme or the proposed changes that are outlined in this booklet.

The consultation is open from 26 June to 27 August 2017.

Options for change

We are consulting on the following options. These options will only affect working age households who currently receive support, or who may do so in the future.

Option 1: Make no change at all to the current scheme.

Option 2: Reduce the maximum support to 75%, meaning claimants would have to pay at least 25% towards their council tax bill. We estimate that this will save the council £0.9 million each year (the police and fire services will also save some money, but much lower amounts).

Option 3: Reduce the maximum support to 70%, meaning claimants would have to pay at least 30% towards their council tax bill. We estimate that this will save the council £1.7 million each year (plus smaller amounts for the police and fire services).

If the council decides to choose option 1, we will still need to meet the expected reduction in government funding. To do this we would need to find other ways to save money or raise more income.

You can also offer different suggestions on how we can reduce our spending.

Another potential change

Deductions are made from any award of CTS if you have non-dependent adults living in your home, other than a partner. This might be an adult child or someone else. “Non-dependants” are expected to contribute to household expenses so a deduction can be made from a CTS award.

The present rules are complex. Deductions range from £0.00 to £12.66 each week and there are complex exemptions.

We propose to simplify this system using a flat rate of £4.75 each week. This would be consistent with rules used for universal credit.

A flat rate would be much easier for everyone to understand. Some households would see an increase in their award and some would see a reduction. Exemptions would continue for the most vulnerable adults and those aged under 21, but not for students or those aged under 25 who are looking for work.

We propose to use the money this change would save to automatically extend CTS awards for at least four weeks after a claimant has started work. This would help to pay council tax while waiting for a first pay cheque.

The council will continue to make minor changes to the rules of the CTS scheme, to make them consistent with universal credit and/or housing benefit legislation.

Who would be affected by the options for change?

This will affect working age households who currently receive or will apply for council tax support.

We keep a discretionary fund to help vulnerable taxpayers who would suffer hardship if they had to pay more council tax. Other forms of discretionary support, such as discretionary housing payments for rent, and community support grants for food and white goods, are also available. People need to apply separately for this assistance, which is based on individual circumstances.

What this consultation does not cover

There will be no change to:

- the amount of help available to pensioners
- the 25% single person's discount
- the exemption for people who are severely mentally impaired and live on their own.

How will this affect different households?

We can't say exactly how these proposed options would affect individual claimants because each case depends on income, property type, number of children and other circumstances. However, these examples show how you might be affected, had these changes been in place this year.



EXAMPLE 1

Couple in receipt of ESA, living in a band A property.

	Option 1	Option 2	Option 3
You would pay each week (over 52 wks)	£4.29	£5.36	£6.43
You would pay more by	Nil	£1.07	£2.14



EXAMPLE 2

Couple: claimant on JSA, living in a band A property with a student non-dependant who is over 21.

	Option 1	Option 2	Option 3
You would pay each week (over 52 wks)	£4.29	£5.36	£6.43
You would pay more by	Nil	£1.07	£2.14

If changes to non-dependant deductions were also adopted, there would be an additional flat-rate deduction for the student.

	Option 1	Option 2	Option 3
You would pay each week (over 52 wks)	£9.05	£10.12	£11.19
You would pay more by	£4.76	£5.83	£6.90



EXAMPLE 3

A lone parent family with the claimant doing 16 hours part-time work (minimum wage) and getting tax credits, with three children aged 3, 4 and 7, living in a band A property.

	Option 1	Option 2	Option 3
You would pay each week (over 52 wks)	£4.29	£5.36	£6.43
You would pay more by	Nil	£1.07	£2.14



EXAMPLE 4

A couple, the claimant working 16 hours (on minimum wage); a grandparent in receipt of pension credit; and a 22 year old adult employed earning £230 per week, all living in a band B property.

	Option 1	Option 2	Option 3
You would pay each week (over 52 wks)	£15.57	£16.82	£18.07
You would pay more by	Nil	£1.25	£2.50

If changes to non-dependant deductions were also adopted, there would be no change to the deduction made for the grandparent.

The non-dependant deduction for the employed adult would be reduced to a flat rate.

	Option 1	Option 2	Option 3
You would pay each week (over 52 wks)	£9.75	£11.00	£12.25
You would pay less by	£5.82	£4.57	£3.32

How you can give us your views

This consultation is open from 26 June to 27 August 2017.

You can give your views on the options online by visiting **consultations.leicester.gov.uk**.

You can also come along to one of our consultation events – full details are on the website.

Printed copies of the questionnaire are available from libraries and the council's Customer Service Centre. If you prefer to complete a paper copy rather than the online version, please return the completed questionnaire to:

Council tax reduction scheme consultation
FREEPOST RRBZ-TECL-GLRZ
Leicester City Council
York House
91 Granby Street
Leicester
LE1 6FB

Further information

A full list of current council tax discounts and exemptions – as well as details of welfare reforms that are not part of this consultation – are available online at **leicester.gov.uk/counciltax**

What happens next?

We will evaluate all consultation responses and will publish the results of our findings online at **consultations.leicester.gov.uk**

Councillors will make a final decision on the options before 31 January 2018.

Notes

A series of 20 horizontal dotted lines for writing notes.

