



## **Council Tax Benefit is changing**

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### **Introduction**

The Government is making changes to council tax benefit. As part of its welfare reform changes, it is replacing council tax benefit with a new council tax support scheme.

Instead of a national scheme which applies to everyone in the country, local councils are being asked to design their own scheme. Government funding is also being cut by 10%. This will cost the council over £900,000.

This is putting local authorities in a very difficult position. As part of the Government's deficit reduction programme, we have already had to plan cuts in services and it is likely that further savings are going to be required. The changes to council tax benefit place an expectation on Local Authorities to reduce benefit payments, or make further cuts to services. The proposals in this consultation are designed to save £900,000 per year in line with the Government's expectation.

We are giving all Charnwood residents the chance to help design a new scheme.

Please read these pages carefully. Hopefully they will give you all the information you need about the changes being introduced, some proposed ideas, and details of how you can get involved in helping the Council decide what to do.

During this consultation we will be talking to residents and working with voluntary organisations and other groups to confirm who our most vulnerable people are – this will help us to get a better understanding of how these changes will affect them.

These changes will have no impact on those who currently receive the 25% single person's discount and those who are exempt from tax because they are severely mentally impaired and live on their own that **these discounts and exemptions have not changed.**

No final decisions have been made about the new scheme and your views and ideas will help us take these decisions

**For more information please email  
[benefits@charnwood.gov.uk](mailto:benefits@charnwood.gov.uk)**

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## **What is council tax?**

Council tax is a National tax set locally by councils based on the value of your property. Your home is placed in one of eight valuation bands based on its value at 1st April 1991.

The council is responsible for collecting council tax and this money helps us pay for local public services, including things like refuse collection, adult social care, environmental health and parks. Some of the money collected is passed to the Leicestershire police and fire authorities.

## **What is council tax benefit?**

Some people receive council tax benefit. It helps those people on a low income, or no income, to pay their council tax. At the moment, the Government gives the council all of the money it needs to fund council tax benefit.

The Government sets the rules about who can claim council tax benefit. If somebody meets those rules, they will receive a contribution towards their council tax bill.

In Charnwood Borough Council last year (2011-2012), £9.5 million was spent on council tax benefit. Over the past five years, council tax benefits have risen each year because more people are claiming.

## **What is going to happen to council tax benefit?**

From April 2013, the Government is abolishing council tax benefit. Instead, all councils must develop a local council tax support scheme.

The Government will no longer set all the rules about who qualifies. Local councils are expected to do this in the future, and at the same time save 10% of the cost.

***Pensioners will not be affected by these changes.*** The council can also decide that other groups of people are vulnerable, and should receive some protection. However, if we do so, it means the burden of the cuts we make fall on the remainder of the working age people who make a claim for support with their council tax.

Because the Government is reducing our funding, it is likely that most people who are currently receiving council tax benefit (except pensioners) will have to pay something towards their council tax in the future.

The law that will allow council tax benefit to be abolished is currently going through Parliament. It's possible that there may be some slight changes to the law as it goes through Parliament, but we wanted to consult you now so that you have plenty of time to give us your views.

We will tell you if there are any changes to the law as it goes through Parliament. We will also still take into account any views you have given us.

### **How can I tell you my views?**

We are asking you for your views on how we support people and families to pay their council tax in the future. Have your say by completing the questionnaire that accompanies this booklet.

This booklet outlines the ideas we are considering.

## **How long have I got to give you my views?**

We will consult you until Friday, 28 September, 2012 to get your views on what a new support scheme should look like.

## **Is there anything this consultation isn't covering?**

The 25% single person's discount and the exemption for people who are severely mentally impaired and live on their own, have not changed. They are not part of this consultation.

A full list of the current council tax discounts and exemptions is available online at: [www.charnwood.gov.uk](http://www.charnwood.gov.uk)

## **Where can I get help to give you my views?**

If you need help filling in the questionnaire you can email [benefits@charnwood.gov.uk](mailto:benefits@charnwood.gov.uk) or call customer services on 01509 263151 or call in to Customer Service Centre, Council Offices Southfields Road, Lough. LE11 2TN

## **What will the new council tax support scheme look like?**

The Government has outlined the changes the new scheme should include:

- There will be no change to the amount of help pensioners currently receive.
- The impact on the most vulnerable should be considered when councils design their new schemes.
- The new scheme should encourage people to work and not discourage them from working.

The new scheme will be designed to meet the needs of the local area and councils are allowed to decide some rules for their own council tax support scheme. (This means people could have different experiences depending on where they live. We are working closely with our neighbouring councils to try and ensure, where possible, we have similar rules for our schemes.)

### **Who will be affected by these changes?**

Apart from pensioners, everyone who currently receives council tax benefit could be affected by the changes. The effect will depend on the scheme we choose to introduce.

We may protect some of the most vulnerable groups of people from paying, but one of the questions we are asking you as part of our consultation is who **you** think ought to be protected from paying. So it is impossible to say at this stage exactly who will have to pay and who will be exempt from paying.

### **What effect could these changes have?**

At the moment, the Government helps people on the lowest incomes by paying some or all of their council tax for them. Under the new scheme proposed by the Government, this will change so that people get less help. This means the rules around council tax benefit must change. We haven't decided yet how these rules will change, but here are some of the things we will consider:

#### **1. Putting a maximum limit on the amount of council tax benefit that can be paid**

This could mean most people who claim council tax benefit would have to pay between 20% and 30% of their council tax bill.

## **2. Changing the rate at which council tax benefit is withdrawn where a person has more income than the law says they need to live on**

At the moment, someone can get help to pay for all of their council tax. The amount they get will depend on how much money they have coming in. If they have more money coming in than the minimum the law says they need to live on, they are expected to pay 20p per week towards their council tax for every extra £1 of income.

This could change so people will pay more than 20p for every extra £1 they have in income.

## **3. Increasing contributions from other adult members of the household**

Council tax benefit is worked out on the needs of the person making the claim, their partner and their dependent children. Other adults within the household are expected to contribute towards the council tax bill, depending on their income. This could change so that these adults contribute more towards the council tax bill.

## **4. Changing the amount of savings a person can have before benefits are given**

In the current scheme, a person is not entitled to council tax benefit when their savings are more than £16,000. Any savings their partner may have are also taken into account. This might change so that the savings limit is less than £16,000.

## **5. Capping the council tax support to a Lower Band property.**

At the moment, a person can get 100% of their council tax paid no matter how large their house is. This change would mean people in larger houses could only get support to meet the tax they would have paid in a smaller property.

## **6. Removing Second Adult Rebate**

At the moment, if you can afford to pay your council tax but live with someone on a low income, you may be able to receive help with your council tax. This might change so that we no longer offer this rebate.

### **Who might be considered vulnerable?**

The council is able to decide that some groups of people are vulnerable and should have their benefit levels protected, in whole or in part. This may be because these people have limited ability to find work.

The impact of considering groups as vulnerable is that higher cuts will need to be made to the support of other people making a claim for council tax support in order to achieve the same level of savings.

### **How will any changes affect me?**

It's not possible to say exactly how the changes will affect each individual. And because we haven't decided which scheme or combination of rules to adopt yet, we can't say exactly what will happen at this stage. It might be that, after you have given us your views, we adopt a scheme that is different to the ones we have outlined here.

However, we have come up with some **scenarios** that show how people might be affected. Please note that the amounts shown are projected figures – we can't yet say what exact benefit award amounts are likely to be.

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## Scenario 1

Mr and Mrs S are pensioners

They receive Pension Credit Savings Credit

Council Tax Benefit now

Liability £977.59

Benefit £725.15

To pay £252.44

Council Tax support scheme

Liability £977.59

Support £725.15

To pay £252.44

No change; pensioners are protected and will not have their benefit reduced under the new scheme.

These figures are based on a Band A property.

The figures are based on current Council tax charges.

## Scenario 2

Laura is a single parent with 2 children under 5

She is working age

She is in receipt of Income Support

### Council Tax Benefit now

Liability           £977.59

Benefit             £977.59

To pay              £0.00

### Council Tax support scheme

Liability           £977.59

Eligible liability £782.07

Benefit             £782.07

To pay              £195.52

Laura would have to pay £195.52 per year because her entitlement would be based on 80% of the Council Tax liability.

Laura currently pays nothing towards her Council Tax. Under the new scheme she would pay about £19.55 per month.

These figures are based on a Band A property.

The figures are based on current Council tax charges.

### Scenario 3

Mr and Mrs T are working age and have 2 children under 16  
Their 19 year old son also lives with them, he is working  
Mr Taylor works and they receive tax credits.  
They have a weekly income of £341.55  
They have a deduction of £3.30 made from their award because  
their adult son lives with them and he is working.

#### Council Tax Benefit now

Liability	£977.59
Benefit	£595.03
To pay	£382.56

#### Council Tax support scheme

Liability	£977.59
Eligible liability	£782.07
Support	£361.35
To pay	£616.24

Mr and Mrs T would have to pay £233.31 more per year because  
their entitlement would be based on 80% of the Council Tax liability  
and if the non-dependant deductions were increased by 20% this  
would also increase the amount to pay.

Mr and Mrs T currently pay about £38.25 per month towards their  
Council Tax. Under the new scheme they would pay about £61.16  
per month.

These figures are based on a Band A property.  
The figures are based on current Council tax charges.

#### **Scenario 4**

Mr and Mrs D are working age  
They are on a low income  
They live in a Band F property

#### Council Tax Benefit now

Liability	£2118.10
Benefit	£1426.11
To pay	£ 691.99

#### Council Tax support scheme

Liability	£2118.10
Eligible liability	£1173.10
Support	£ 481.11
To pay	£1636.99

Mr and Mrs D would have to pay £945.00 more per year because their entitlement would be based on 80% of the Council Tax liability and if Council Tax support was restricted to Band D liability this would also reduce the amount of support due.

Mr and Mrs D currently pay £69.19 per month towards their Council Tax. Under the new scheme they would pay about £163.69 per month.

The figures are based on current Council tax charges.

## Scenario 5

Mr and Mrs G are working age

Mr G is disabled and receives Disability Living Allowance (High Care rate) and a small private pension

Mrs G goes to work

Their total income is £347.80 per week

### Council Tax Benefit now

Liability           £977.59

Benefit            £471.89

To pay             £ 505.70

### Council Tax support scheme

Liability           £977.59

Eligible liability   £782.07

Support            £276.37

To pay             £701.22

Mr and Mrs G would have to pay £195.52 more per year because their entitlement would be based on 80% of the Council Tax liability.

Mr and Mrs G currently pay about £50.57 per month towards their Council Tax. Under the new scheme they would pay about £70.12 per month.

These figures are based on a Band A property.

The figures are based on current Council tax charges.

## Scenario 6

Mrs W is single and her son who is on Income Support  
Mrs W's income is too high for her to receive Council Tax Benefit  
But she is entitled to and receives Second Adult Rebate because  
she is the sole liable person in the property and the other resident  
adult is on a low income.

### Council Tax Benefit now

Liability	£977.59
Benefit	£244.39
To pay	£733.20

### Council Tax support scheme

Liability	£977.59
Support	£ 0.00
To pay	£977.59

Mrs W would not be entitled to any support if Second Adult Rebate  
was discontinued under the new scheme.

These figures are based on a Band A property.

The figures show an annual award.

The figures are based on current Council tax charges.