

Have your say on changes to council tax support



Foreword by the Leader of the Council

You may already be aware that from 1 April 2013, Rutland County Council assumes responsibility for a new scheme that replaces council tax benefit.

The Government is making changes to the way council tax benefit is worked out. As part of its package of welfare savings, it is replacing council tax benefit with a new council tax support scheme.

There will no doubt be changes as we move to the new scheme but I know our staff at Catmose are working extremely hard to make this transition as smooth as possible.

This information leaflet provides you with everything you need to understand the changes that are happening and how they might affect you.

As your Councillors, we are more than aware that some individuals within our local communities are experiencing financial hardship. More often than not, this is because somebody in the family has lost their job in the last 18 months, but there are also a number of other reasons why some are currently out of work.

We anticipate that under this new scheme, it is likely that everyone in Rutland (except pensioners and people we class as vulnerable) will have to pay something towards their council tax bill. This may be a change from your current council tax benefit.

It's also important to realise that Government will also be cutting the amount of money that Rutland County Council gets to pay for the new council tax support scheme. This means that the council will need to save around £435,000 in the first year after the new scheme is introduced. The new scheme will be introduced from April 2013.

Please be assured that we are doing all we can to make sure that the impact of any changes are minimised. During the coming months, Councillors will receive regular updates as the new scheme is introduced, and will do everything we can to soften the impact of any changes.

We want everyone in Rutland to have the chance to help decide how we make the savings we're being asked to find.

Please read these pages carefully.

I hope they will give you all the information you need about the changes being introduced, our proposed ideas and details of how you can get involved in helping us to decide what we do.

If you've got any questions or queries:

visit www.rutland.gov.uk

call **01572 722577**

or email **enquiries@rutland.gov.uk**

Many thanks for your time.

What is council tax?

Council tax is a local tax set by the council, based on the value of your property. Your home is placed in one of eight valuation bands which are based on its value at 1st April 1991.

The council is responsible for collecting council tax and this money funds about 75% of local public services, including things like adult social care, environmental health, highways and refuse collection. Some of the money collected is passed onto the Leicestershire police and Fire authorities.

What is council tax benefit?

Some people receive council tax benefit, which helps those people on a low income, or no income, to pay their council tax. At the moment, central Government gives the council all of the money that 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. This contribution is paid directly into their council tax account – no money is paid directly to any individuals.

In Rutland last year (2011-2012), £1.87million was spent on council tax benefit. Over the past five years, council tax benefits have risen each year because more people are claiming it.

What is going to happen to council tax benefit?

From April 2013, the Government is abolishing council tax benefit and, instead, all councils must develop a local council tax support scheme. The Government is also reducing their funding for this by 10% nationally. For Rutland this means a reduction in funding for this scheme of £435,000. It is likely that nearly everyone who is 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 want to consult you now so that you have plenty of time to give us your views.

As the changes to the law go through Parliament, we will take into account any views which you have given us.

How can I give you my views?

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

This booklet will outline the ideas which we are proposing.

How long have I got to give you my views?

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

Is there anything which 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 on the website at www.rutland.gov.uk or by telephoning 01572 722577.

Welfare reforms, such as the changes to Housing Benefit and the introduction of Universal Credit are not part of this consultation.

What will the new council tax support scheme look like?

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

- There will be no change to the amount of help that 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 the rules for their own council tax support scheme. (This means that people could have different experiences depending upon where they live. We are working closely with our neighbouring councils to try and ensure, where possible, that we have similar rules for our schemes)

Who will be affected by these changes?

Nearly everybody who receives council tax benefit, except pensioners, will be affected by the changes because nearly everybody will have to pay something towards their council tax.

What effect could these changes have?

At the moment, the Government helps those people on the lowest incomes by paying all of their council tax for them. Under the new scheme proposed by the government, this could change so that people can only get help to pay part of their council tax - no matter what their circumstances. This means that the rules concerning council tax benefit must change. We haven't yet decided how these rules will change, but here are some of the things which we will consider:

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

This could mean that everyone who claims council tax benefit would have to pay between 10% and 35% of their council tax bill. A typical monthly instalment for a Band D property in Oakham is currently £170.00

2. Changing the rate at which council tax benefit is withdrawn when 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 income than the minimum level at which the law says they need to live on, it would mean that for every extra £1 they have in income, they are expected to pay 20p per week towards their council tax.

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

3. Increasing contributions from other adult members of the household

Council tax benefit is assessed 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 which a person can have before benefit is 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 becomes less than £16,000. (The value of the property you live in is not counted as savings)

5. Capping the council tax support available by house valuation band. This means that, regardless of the size of your house, you could only get council tax benefit up to the same level that you would need for a smaller house. At the moment, a person could get 100% council tax benefit- no matter how large their house is.

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 discount.

7. Increasing the minimum award level

In the current scheme, benefit is awarded when you qualify for any amount of council tax benefit. This could change so that we have a minimum level at which we pay benefit – for example, we would only award benefit if you qualify for more than £5 per week of council tax support.

What impact will these rules have?

We have developed some model schemes to help illustrate the impact that these different rules could have, if we adopted some of them. You can let us know which of the schemes that you think is best by completing our questionnaire.

Scenario 1 – Mr & Mrs Smith

Mr and Mrs Smith are pensioners. They receive Pension Credit Guarantee and live in a Band A property.

Weekly council tax benefit now

Charge	£21.86
Benefit	£21.86
To pay	£0.00

Weekly council tax support scheme

Charge	£21.86
Support	£21.86
To pay	£0.00

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

The figures are based on current council tax charges.

Scenario 2 – Laura

Laura is a single parent with 2 children under 5, she is of working age and is in receipt of Income Support

Weekly council tax benefit now

Charge	£19.13
Benefit	£19.13
To pay	£0.00

Weekly council tax support scheme

Charge	£19.13
Support	£15.30
To pay	£3.83

Laura would have to pay £199.50 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 have to pay about £19.95 per month over 10 months.

(These figures are based on a Band B property.
The figures are based on current council tax charges)

Scenario 3 – Mr & Mrs Taylor

Mr & Mrs Taylor are working age and have 2 children aged 11 and 13. Their 19 year old son also lives with them.

Mr Taylor works and they receive tax credits.

They have a weekly income of £341.55

They also have a deduction of £3.30 per week made from their award because their adult son lives with them and he is working with gross wages of £175.00 per week.

Weekly council tax benefit now

Charge	£29.15
Benefit	£21.47
To pay	£7.68

Weekly council tax support scheme

Charge	£29.15
Support	£14.98
To pay	£14.17

Mr & Mrs Taylor would have to pay £338.41 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 & Mrs Taylor currently pay £40.07 per month towards their council tax. Under the new scheme they would pay about £73.91 per month over 10 months.

(These figures are based on a Band C property.
The figures are based on current council tax charges)

Scenario 4 – Mr Davis & Ms Jackson

Mr D & Ms J are living together as a couple and are of working age. They are on a low income with their sole income being earnings of £200.00 per week. They live in a Band F property.

Weekly council tax benefit now

Charge	£47.37
Benefit	£35.08
To pay	£12.29

Weekly council tax support scheme

Charge	£47.37
Support	£13.94
To pay	£33.42

Mr D & Ms J would have to pay £1,101.93 more per year because their entitlement would be based on 80% of the Council tax liability and if Council tax support was restricted to a Band D liability, this would also reduce the amount of support.

Mr D & Ms J currently pay £64.08 per month towards their council tax. Under the new scheme they would pay about £174.28 per month over 10 months

(These figures are based on a Band F property.
The figures are based on current council tax charges.)

Scenario 5 – the George family

Mr & Mrs G are of working age. Mr G is disabled and receives Disability Living Allowance (High Care rate) and a small private pension. Mrs G goes to work part time. Their total income is £347.80 per week.

Weekly council tax benefit now

Charge	£25.51
Benefit	£6.38
To pay	£19.13

Weekly council tax support scheme

Charge	£25.51
Support	£1.27
To pay	£24.23

Mr & Mrs G would have to pay £265.98 more per year because their entitlement would be based on 80% of the council tax liability. Alternatively, if a minimum council tax support amount of £5 a week was adopted they would pay the full amount of council tax.

Mr & Mrs G currently pay £99.75 per month towards their council tax. Under the new scheme they would pay about £126.35 per month over 10 months.

(These figures are based on a Band B property.
The figures are based on current council tax charges)

Scenario 6 – Mrs Butler

Mrs B is single and her adult son lives with her, He claims Income Support. Mrs Butler’s income is too high for her to receive council tax benefit, but she is entitled to and receives Second adult rebate because the other resident adult is on a low income.

Weekly council tax benefit now

Charge	£29.15
Benefit	£7.29
To pay	£21.86

Weekly council tax support scheme

Charge	£29.15
Support	£0.00
To pay	£29.15

Under the new scheme, Mrs B would not be entitled to any support if second adult rebate was discontinued.

(These figures are based on a Band C property.

The figures show a weekly award.

The figures are based on current council tax charges)

Scenario 7 – William

William is of working age and lives on his own. He is unemployed and receives Jobseekers Allowance of £56.25 per week.

Weekly council tax benefit now

Charge	£16.40
Benefit	£16.40
To pay	£0.00

Weekly council tax support scheme

Charge	£16.40
Support	£13.12
To pay	£3.28

William would have to pay £171.20 per year because his entitlement would be based on 80% of the Council tax liability.

William currently pays nothing towards his council tax. Under the new scheme he would have to pay about £17.12 per month over 10 months.

(These figures are based on a Band A property.
The figures are based on current council tax charges)

Now have your say.

You can find out more information or fill in an online version of the questionnaire by visiting www.rutland.gov.uk

The council offices are open from:

Monday	8:30 - 16:45
Tuesday	9:00 - 16:45
Wednesday	8:30 - 16:45
Thursday	8:30 - 16:45
Friday	8:30 - 16:15

Telephone enquiries:

Monday	8:30 - 17:00
Tuesday	9:00 - 17:00
Wednesday	8:30 - 17:00
Thursday	8:30 - 17:00
Friday	8:30 - 16:30

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A Large Print or Braille Version of this leaflet is available upon request – Contact 01572 722577.