

Council Tax benefit is changing: have your say

Why are we consulting?

The Government is planning to abolish Council Tax Benefit and has asked councils across the country to develop their own schemes to replace it. However, when the Government hands over the funding for the scheme, it will be reduced, meaning we will have to save approximately £435,000 to be able to fund the new scheme next year. Further savings may be required over the next few years to fund the scheme. These are already challenging times for local government finance. Despite this we are committed to ensuring all our residents have the opportunity to have their say on changes to services. Therefore, we will consult with you from Monday, 30th July to Friday, 21 September 2012 to get your views on what the new Council Tax Support scheme should look like.

What is Council Tax?

Council Tax is a local tax set by the Council based on the valuation band 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 funds about 75% of local public services, including refuse collection, social services, environmental health and education. Some of the money collected is passed to the Leicestershire Fire and Rescue Service, the Leicestershire Police Service and local town and parish councils. Existing Council Tax discounts and exemptions, such as the 25% single person's discount and the exemption for people who are severely mentally impaired and live on their own have not changed and are not part of this consultation. A full list of Council Tax Discounts and Exemptions is available on the website at www.rutland.gov.uk or by telephoning 01572 722577.

What is Council Tax Benefit?

Some people receive Council Tax Benefit; it helps those people on a low or no income to pay their Council Tax. At present the Government gives the Council all of the money we need to fund Council Tax Benefit. The Government sets the rules regarding who can claim Council Tax Benefit. If somebody meets the criteria 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 the resident. In Rutland last year (2011-2012) £1.87 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 are the changes to Council Tax Benefit?

Under planned welfare reform, from next April, Council Tax Benefit has been abolished and instead all Councils must develop a Council Tax Support scheme. The Government will be giving us less money to provide this new scheme. The requirements for the scheme are set out in the Local Government Finance Bill, which is currently going through the Parliamentary process. If this planned legislation is passed, the Council will be expected to have a scheme in place by 31st January 2013.

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

- **There will be no change to the amount of help pensioners currently receive.** People who have reached the age for state pension credit will be assessed under a national scheme which will be decided by the Government. The national scheme is likely to be very similar to the current one.
- The impact on the most vulnerable should be considered when councils design their new schemes.
- The new scheme should encourage people to work and in particular should not act as a disincentive to working.

The new scheme will be designed to meet the needs of the local area and Local Authorities are allowed to decide the rules for their own Council Tax Support scheme. As a result there could be a risk that boroughs have very different schemes in place and so people could have varying experiences depending on where they live. We are working closely with our neighbouring Leicestershire councils to try and ensure, where possible, we have similar rules

We want your views

Due to the tight timescales and the Council's commitment to a full and detailed consultation process, we are consulting before the legislation has been passed. We are seeking your views based on the current draft legislation, however there may be some changes, including a change to the start date of the scheme. If the legislation changes we will keep you informed and will still take account of your views on any future schemes. Approximately £435,000 savings need to be made for the year from April 2013 to March 2014 in order to run the new Council Tax Support scheme. Due to the level of savings we need to make it is likely that everybody under pension age who currently receives Council Tax Benefit will have to pay something towards their Council Tax bill. Further savings may need to be made in the next few years and therefore we will be using your feedback to shape what the Council Tax Support scheme is going to look like for the future. This will mean that the scheme we put in place will have the flexibility to alter the amount of benefit awarded for the following years post April 2013. This will ensure the gap in funding is managed for the current year and into the future. It is anticipated that everybody who receives Council Tax Benefit, except pensioners, will be affected by the changes because they will have to pay something towards their Council Tax. However, some may be affected more than others. The groups listed below have been identified by the Council as likely to be affected:

- Families with children
- Lone parents
- Carers
- Full-time and part-time workers
- People with a disability
- Single people and childless couples

We are committed to ensuring we provide support to our most vulnerable residents and want to ask your views on which groups you feel will be affected more than others, if everyone currently on benefit has to pay something towards their Council Tax. We will then take this information and use it to create a scheme which helps to reduce the effect on those groups who are identified as being most affected by the changes.

Helping you to understand what effect the changes might have

There are many different Council Tax Benefit rules that can affect the amount of support a person may receive and the majority of them affect different groups of people. We have described below the main rules that could be changed, either on their own or in combination, to make the savings of approximately £435,000 in the first year of the scheme and further savings in future years.

1. Introducing a maximum limit to the amount of Council Tax Benefit that can be paid

Currently we are able to give people on the lowest incomes help to pay all of their Council Tax. This could change so that people can only get help to pay part of their Council Tax, no matter what their circumstances are. This rule could be applied across all benefit claimants which would mean everybody would have to pay at least 10%-25% of their Council Tax bill. This rule could make the required savings of £xxx if used on its own in the first year.

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 present someone can receive 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 it would mean for every extra £1, they are expected to pay 20p per week towards their Council Tax. This could change so people will pay more than 20p for every extra £1 they have in income. This rule could make savings of £xxxx and therefore may be used alongside other rules in a new scheme.

3. Removing extra benefit for people who work longer hours

Sometimes when a person is working and getting help to pay their Council Tax we are able to ignore some of their earnings and therefore give them more Council Tax Benefit if they meet certain criteria. This is usually for people who work full-time, or work part-time and have a disability or are a single parent. We could stop giving this extra help to make some savings. This rule could make savings of £xxxx and therefore would have to be used alongside other rules in a new scheme.

4. Including Child Benefit as an income

Currently Child Benefit is payable for each child in a household regardless

of the parents/carers income. In the present scheme Child Benefit is not taken into account as income. This could change so that Child Benefit is included in the assessment of Council Tax Support. This rule could make savings of £xxxx and therefore would have to be used alongside other rules in a new scheme.

5. Increasing contributions from other adult members of the household

Council Tax Benefit is assessed on the needs of the claimant, partner and dependant 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. This rule could make savings of £xxxx and therefore would have to be used alongside other rules in a new scheme.

6. 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. This rule could make savings of £xxx and therefore would have to be used alongside other rules in a new scheme.

7. Capping the Council Tax Support to a Band D or E property

In the current scheme, a person could get 100% Council Tax Benefit no matter how large their house is. This could change so that a person's Council Tax Benefit is limited to the level that would be given for a smaller house. This rule could make savings of £xxxx and therefore would have to be used alongside other rules in a new scheme.

8. 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. This rule could make savings of £xxx and therefore would have to be used alongside other rules in a new scheme.

Based on the above rules, we have developed some model schemes to help you to understand the impact different combinations of the rules could have on different groups of people.

Model 1

- Limit council tax to 75% of the charge.

Model 2

- Limit council tax to 80% of the charge,
- Increase the taper to 25p in the £,
- Remove the extra allowance for working longer hours,
- Reduce the savings limit to £6,000.

Model 3

- Limit council tax to 75% of the charge,
- Increase the contribution from other adults by 50%,
- Reduce the savings limit to £10,000,
- Allow those that work to keep an extra £10 a week.

Model 4

- Limit council tax to 80% of the charge,
- Count child benefit as an income.

Scenario 1

Mr and Mrs V do not have any children and Mr V is disabled. They have an income of £276.86 per week including Disability Living Allowance. Mrs V works 21 hours per week. Mr & Mrs V live in a 2 bedroom Housing Association property and whilst Housing Benefit pays most of the rent of £72.89 per week they have to find **£3 per week** towards it.

Their weekly council tax charge is £29.15 and they currently receive £28.25 council tax benefit which means they have to pay £0.90 per week which equals **£3.91 per month**.

Model 1

On the same circumstances Mr & Mrs V would receive £20.96 Council Tax Support every week meaning they have to pay

£35.59 per month

Model 2

On the same circumstances Mr & Mrs V would receive £22.19 Council Tax Support every week meaning they have to pay

£30.23 per month

Model 3

On the same circumstances Mr & Mrs V would receive £21.86 Council Tax Support every week meaning they have to pay

Model 4

On the same circumstances Mr & Mrs V would receive £22.42 Council Tax Support every week meaning they have to pay

£31.67 per month

£29.25 per month

Additionally due to the changes in Housing Benefit they will need to pay **£13.20 per week rent** under each Model.

Scenario 2

Miss W is a lone parent with two children under 10. She is self-employed and receives Working Tax Credit and Child Tax Credit giving a total weekly income of £307.61. She lives in a two bedroom house and whilst Housing Benefit pays most of her rent she has to find £20 per week towards it.

Her weekly council tax charge is £19.13 and she currently receive £14.21 council tax benefit which means she has to pay £4.92 per week which equals **£21.38 per month**.

Model 1

On the same circumstances Miss W would receive £9.44 Council Tax Support every week meaning she has to pay

£42.10 per month

Model 2

On the same circumstances Miss W would receive £9.96 Council Tax Support every week meaning she has to pay

£43.27 per month

Model 3

On the same circumstances Miss W would receive £11.44 Council Tax Support every week meaning she has to pay

£33.41 per month

Model 4

On the same circumstances Miss W would receive £3.66 Council Tax Support every week meaning she has to pay

£67.23 per month

Scenario 3

Mr & Mrs S have four children aged under the age of 12. The couple are both disabled and thus have been unable to work for many years. The family have been living on Income Support and renting a 3 bedroom house in the private sector. Whilst they receive Housing Benefit they have to pay £5.77 per week towards their rent.

Their weekly council tax charge is £29.13 and they currently receive £29.13 council tax benefit which means they do not have to pay any council tax.

Model 1

On the same circumstances Mr & Mrs S would receive £21.85 Council Tax Support every week meaning they have to pay

£31.64 per month

Model 2

On the same circumstances Mr & Mrs S would receive £23.30 Council Tax Support every week meaning they have to pay

£25.32 per month

Model 3

On the same circumstances Mr & Mrs S would receive £21.85 Council Tax Support every week meaning they have to pay

£31.64 per month

Model 4

On the same circumstances Mr & Mrs S would receive £23.30 Council Tax Support every week meaning they have to pay

£25.32 per month

Scenario 4

Mr & Mrs N have two children under the age of 10. Mr N works 35 hours per week and they have an income of £339.11 per week. The couple rent a 3 bedroom Housing Association property at £84.53 per week and whilst they receive Housing Benefit they have to pay £35.74 per week towards their rent.

Their weekly council tax charge is £29.23 and they currently receive £25.33 council tax benefit which means they have to pay £3.90 per week which equals **£16.95 per month**.

Model 1

On the same circumstances Mr & Mrs N would receive £17.95 Council Tax Support every week meaning they have to pay

£48.57 per month

Model 2

On the same circumstances Mr & Mrs N would receive £14.05 Council Tax Support every week meaning they have to pay

£65.54 per month

Model 3

On the same circumstances Mr & Mrs N would receive £19.95 Council Tax Support every week meaning they have to pay

£39.88 per month

Model 4

On the same circumstances Mr & Mrs N would receive £12.67 Council Tax Support every week meaning they have to pay

£71.53 per month

Additionally due to the changes in Housing Benefit they will need to pay **£47.57 per week rent** under each Model.

Scenario 5

Mr A is a single man and recently lost his job. He receives contribution-based Jobseekers Allowance of £71.00 a week and has savings of £9,500. He lives in a 1 bedroom flat and whilst he receives Housing Benefit he has to pay £9.10 per week towards his rent.

His weekly council tax charge is £16.04 and he currently receives £13.23 council tax benefit which means he has to pay £2.80 per week which equals **£12.17 per month**.

Model 1

On the same circumstances Mr A would receive £9.23 Council Tax Support every week meaning he has to pay

£29.59 per month

Model 2

On the same circumstances Mr A would receive no Council Tax Support and have to pay his full bill of

£69.70 per month

Model 3

On the same circumstances Mr A would receive £11.23 Council Tax Support every week meaning they have to pay

£20.90 per month

Model 4

On the same circumstances Mr A would receive £10.03 Council Tax Support every week meaning they have to pay

£26.11 per month

We have also brought together a table that brings the four models together and shows how different groups would be impacted by the different scenarios.

The amount of monthly Council Tax payment shown is an average across the categories. For example, under the current scheme column, the averages would include families currently paying no Council Tax.

How you can give your views?

We will be talking to you from Monday, 11 June through to Friday, 21 September, 2012.

There are lots of ways you can give us your views.

Questionnaires - You can start by filling in the questionnaire which came with this booklet.

Roadshows and 'Go to' Days - Please come along and talk to us, we'll be around the borough at the following times –

- Uppingham library
- Oakham Library
- Ketton Library
- etc
- etc
- etc

Discussion Groups - We will be talking to people about the changes.

Workshops/Meetings - We will be working with Voluntary Groups in the area to ensure users and carers of their services are given the opportunity to have their say.

Online - Visit www.rutland.gov.uk where you'll find all the information about the consultation, you can also complete the questionnaire online as well.

Telephone Survey - We will be talking to a sample of Council Tax payers, Council Tax Benefit claimants and residents over the telephone to find out their views.

Postal Survey - We will be carrying out a postal survey with our Residents Panel.