

Big changes to council tax benefit

Have your say



Tell us your views by
Tuesday 30 October



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Big changes to council tax benefit – have your say

Why are we consulting?

From April 2013, the government is abolishing council tax benefit as part of its welfare reforms. Instead, all councils must develop a local council tax support scheme.

The government will no longer set all the rules about who qualifies for help with their council tax. Local councils are expected to do this in the future, and at the same time save money. Leicester city council is being asked to make savings of 19 per cent. This will cost the council £5.3million each year.

Pensioners will not be affected by these changes.

It is important that Leicester residents give us their views to help shape our council tax support scheme. We will consult with you from **5 September until 30 October**.

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.

What is council tax?

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

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

What is council tax benefit?

Council tax benefit helps people who have 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. This benefit is taken off their bill.

In Leicester last year (2011-2012), £30.3 million was spent on council tax benefit. The cost of council tax benefit has risen over recent years because more people are claiming.

People who are currently receiving council tax benefit will not need to reapply for the new council tax support scheme. They will be automatically reassessed under the new scheme.

What will the new council tax support scheme look like?

The government has outlined that the new scheme should **not change** to the amount of help that **low-income pensioners** currently receive.

The new scheme should consider the needs of:

- 1 Families
- 1 Households with disabled people
- 1 People who receive war pensions as a result of bereavement or disablement.

The new scheme should encourage people to work and not discourage them from working.

Councils have to decide the rules for their own council tax support scheme. This means that people could have different experiences depending on where they live in the country. We have been working closely with our neighbouring councils to try to ensure, where possible, we have similar rules for our schemes.

Who will be affected by the changes?

Everyone who currently gets council tax benefit will be affected by the changes, except low-income pensioners.

At the moment, when we calculate council tax benefit, we look at the amount of money the household has to live on. Certain benefits, such as child benefit and disability living allowance, are not taken into account. Under the new scheme, this will not change.

Households with children

Childcare costs will continue to be treated in the same way as we do now. Child benefit will not be taken into account when we calculate your income.

Households with a disabled person

Disabled people will continue to receive an additional allowance towards living costs when we calculate income. Benefits such as disability living allowance will not be taken into account when we calculate your income.

Households with a carer

Carers will continue to receive an additional allowance towards living costs when we calculate your income.

Households with a war widow/ers or war disablement pension

War pensions will not be counted when we calculate your income.

Some councils might decide to provide extra support for households such as those mentioned above. If they decide to do this, this will mean working age people who receive council tax support will have to pay more towards their council tax bill.

We want your views on our proposed scheme. With this document is a set of questions which ask for your views on each of the different parts of the proposed scheme as well as your views on how we can best support those people who need help with their council tax bills.

What this consultation does not cover

There will be **no change** to the amount of help that **low-income pensioners** currently receive.

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

A full list of the current council tax discounts and exemptions is available online at **<http://consultations.leicester.gov.uk>** or by telephoning **0116 252 7000**.

Other welfare reforms such as the changes to housing benefit and the introduction of universal credit are not part of this consultation. If you want to find out more about these changes, visit our website: **leicester.gov.uk/bigbenefitchanges**

Summary of the proposed council tax support scheme for Leicester

Capping council tax support to a band B property

Currently people in any size of property can get help with all their council tax if their income is low. Properties are given a valuation band between band A (with a council tax bill of £969.80 per year) and H (with a council tax bill of £2,909.40 per year), based on their value.

Out of all those currently receiving council tax benefit in Leicester, 93 per cent live in homes in bands A or B and seven per cent live in homes above band B (bands C-H).

The proposed change will mean council tax support would be worked out at the band B rate, even if you live in a higher band property.

Putting a maximum limit on the amount of council tax support that can be paid to all working age people – where everyone would pay at least 20 per cent towards their council tax bill.

The government is cutting the amount they pay local authorities towards help with council tax. Leicester City Council cannot afford to make up for all of this cut so people of working age who claim for help with their council tax will receive less council tax support than under the present council tax benefit scheme.

This would mean that all working age people who get council tax benefit will have to pay something towards their council tax bill from April 2013.

Currently some people get all of their council tax paid.

The proposed change would mean that from April 2013 everyone would pay at least 20 per cent towards their council tax bill at bands A or B. If someone claiming council tax support is living in a property above this band, they will have to pay more.

For example

For a couple in a band D property who currently get all of their council tax paid with council tax benefit, under the proposed scheme they would receive £905.14 in help and need to pay £549.56 towards their council tax bill for the year.

Reducing the upper savings limit from £16,000 to £6,000

Currently if a person and/or their partner has savings of more than £16,000, council tax benefit is not paid.

The proposed change is for the savings limit to be reduced from £16,000 to £6,000. This would mean people with more than £6,000 of savings will not be able to claim council tax support.

Removing second adult rebate

Currently if a resident can afford to pay their council tax but lives with someone on a low income, who is not their partner, they may be able to get up to 25 per cent off their council tax bill. This is called second adult rebate.

The proposed change is for second adult rebate to be stopped.

Removing backdating

Currently we can pay council tax benefit claims for up to six months earlier than when the claim was made if the claimant can show a good reason why we should do this.

The proposed change is that we will no longer offer the backdating of claims.

Setting a minimum award level

Currently there is no minimum amount of council tax benefit that a claimant can receive.

The proposed change is that we do not award support if the amount is less than £2-£4 a week, depending on what is affordable within the scheme.

This scheme would come into effect on 1 April 2013. For a copy of the full draft council tax support scheme for Leicester, please go to our website: <http://consultations.leicester.gov.uk>

How will this affect different households?

We can't yet say how these changes will affect each individual. However, we have come up with some examples that show how people might be affected if some of the things we are considering are introduced.

The amounts shown are estimated figures – we can't say exactly how much people may have to pay.

Single person



If you are a **single person** on jobseekers allowance and living in a band B property, currently you get all of your council tax paid in full.

Under the new scheme you will receive £679 a year in council tax support and have to pay £169 a year towards your council tax bill.

Lone parent family



If you are a **lone parent** on income support, living in a band A property with one child under five, you currently get all of your council tax paid in full.

Under the new scheme you will receive £582 a year in council tax support and have to pay £146 a year towards your council tax bill.

Two parent family



If you are a **family** doing some part-time work and getting tax credits, with three children aged under 10, and living in a band D property, you will currently get £676 a year of your council tax paid and pay £778 towards your council tax bill.

Under the new scheme you will receive £286 in council tax support and have to pay £1,169 towards your council tax bill.

Disabled couple



If you are a **couple** who are both disabled and living in a band C property, on income support, you currently get all of your council tax paid in full. Under the new scheme you will receive £905 a year in council tax support and have to pay £388 a year towards your council tax bill.

Single people pay less because they qualify for a discount of 25 per cent off their council tax bill. This is because they live alone – the single person's discount isn't changing.

How you can give your views

This consultation is open from 5 September 2012 and closes on **30 October 2012**.

We have not made any final decisions about the new council tax support scheme we will introduce. Your views and ideas will help us take these decisions.

You can give your views on our proposed draft council tax support scheme by:

- 1** filling in our online questions by visiting our website
<http://consultations.leicester.gov.uk>
- 1** answering the questions in the questionnaire that came with this booklet and returning this to us by post. Send it back to us using the Freepost address (you don't need a stamp):

**Council tax support consultation
FREEPOST RRBZ-TECL-GLRZ
Leicester City Council
Revenues & Benefits Service
Wellington House,
22-32 Wellington Street,
Leicester LE1 6HL**

You can also come along to the following roadshows to find out more:

- 7 Sept: New Parks Housing Office,
291 Aikman Ave, 9am-12pm
- 10 Sept: Stocking Farm Healthy Living Centre,
Marwood Road, 10am-12pm
- 10 Sept: Tudor Centre, Bewcastle Grove, 1-3pm
- 13 Sept: Brite Centre, Braunstone Ave, 11am-2pm
- 17-21 Sept: Information stand at the Central Library,
Bishop Street
- 18 Sept: Clock Tower, Leicester, 11am-1pm
- 25 Sept: Leicester Market, 11am-1pm
- 1 Oct: Saffron Housing Office,
499 Saffron Lane, 9am-12pm
- 2 Oct: St Matthews Housing Office,
Malabar Road, 2-4pm
- 9 Oct: Charnwood Housing Office,
1 Spinney Hill Road, 9am-12pm
- 12 Oct: Leicester Haymarket shopping centre, 11am-2pm

Further information

If you need help filling in or understanding the questionnaire you can call customer services on **0116 252 7000** or call in at any city council library, where help is available.

You can also visit us for help filling in the questionnaire, at Revenues & Benefits Customer Centre, Wellington House, 22-32 Wellington Street, Leicester LE1 6HL.

What will happen next?

We have a duty to agree our council tax support scheme on or before 31 January 2013. If we fail to do this we will be given a default scheme to use by the government.

We will consider all of the feedback we receive when finalising our council tax support scheme.

The council will make a final decision on the scheme for Leicester at its full council meeting on 24 January 2013.

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