

# **Changes to Council Tax Support**

## **Have your Say!**

## **Council Tax Benefit is changing from April 2013**

Welcome to our consultation on important changes to Council Tax support and discounts.

The Government is handing over the running of Council Tax benefit to local councils in April, but will also be cutting the money we receive by around £1 million. Because of this, we need to develop our own rules on how we provide Council Tax Support to those who need it. We need your views to help us put in place a scheme which protects our most vulnerable groups and encourages people who are able to work into employment but is affordable given that we have less money available.

The Government is also changing the rules on how much Council Tax we're able to charge people with second homes or empty homes. There are no changes at present planned to Council Tax discounts for single occupants.

The changes will only affect working age claimants – pensioners will be protected and will not have their benefit reduced as a result of the changes.

This consultation booklet:

- explains what we have to change and why
- identifies groups we have identified as most vulnerable and in need of protection
- Sets out a number of rules we can change in order to make the savings we require, and
- Sets out by how much people's Council Tax benefit is likely to be cut using a number of scenarios, based around changing the current Council Tax Benefit rules.

## How can you give us your views?

You have until Friday 5 October to give us your views and can do so in a number of ways:

**Questionnaires** – You can start by filling in the questionnaire which came with this booklet

**Public events around the district** – Please come along and talk to us; we'll be around the district at the following times:

- Monday 3 September, 3.30pm – 8.00pm, Longstanton Village Institute, 24 High Street, Longstanton, CB24 3BS
- Tuesday 4 September, 3.30pm – 8.00pm, Gamlingay Village College, Station Road, Gamlingay, SG19 3HD
- Wednesday 5 September, 3.30pm – 8.00pm, Great Shelford Memorial Hall, Woollards Lane, Great Shelford, CB22 5LZ
- Saturday 8 September, 12:00pm – 4.00pm Impington Village College, New Road Impington CB24 9LX
- Monday 10 September, 3.30pm – 8.00pm, All Saints Church Hall, Church End, Cottenham, CB24 8SA
- Wednesday 12 September, 12:00pm - 4.00pm Linton Village College, Cambridge Road, Linton, CB21 4JB
- Saturday 29 September 12:00pm - 4.00pm Melbourn Village Hall, Station Road Melbourn SG8 6DX

**Online** – Visit <http://www.scambsgov.uk/ctsupport> where you'll find all the information about the consultation, including the questionnaire and answers to some frequently asked questions.

**Specific discussions** – We've invited local community groups to comment and will be talking separately to particular individuals and households who are likely to be affected, face-to-face and in writing.

**Consultation Panel** – We'll be asking our residents' Consultation Panel for views.

## **What are the Changes to Council Tax Benefit?**

Under planned Welfare Reform, from next April, Council Tax Benefit will be abolished and instead all Councils must develop a Localised Council Tax Support scheme.

The Government will be giving us less money to provide this new scheme and we have estimated that we need to save around £1 Million

The requirements for the scheme are set out in the Local Government Finance Bill, which is currently going through the Parliamentary process. The Council needs 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.**
- **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 Localised Council Tax Support scheme. This means that neighbouring Authorities such as Cambridge City Council and Huntingdonshire District Council will have schemes which will differ to South Cambridgeshire.

## **Impact on Vulnerable Residents**

We believe that it is right to protect the most vulnerable people who claim benefit within South Cambridgeshire and we consider these to be:-

- **People with Disabilities** –Those classified as disabled. We define disabled as those residents who claim Council Tax Support who receive Disabled Living Allowance or its replacement Personal Independence Payments and/or Employment Support Allowance with Support Component.
  
- **Lone parents with children under 5 years old**

Do you agree that these groups are the most vulnerable? Are there other groups within our community in equal, or greater, need of protection? We welcome your views as we want to ensure that the most vulnerable residents are supported. Please let us know via the methods shown at the end of this document.

We anticipate that everyone except those considered vulnerable and pensioners will be affected by the changes and will have to pay something towards their Council Tax.

The Council has published a draft Localised Council Tax Support Scheme which can be found on the Council's website [www.scambs.gov.uk](http://www.scambs.gov.uk)

## Changes to Council Tax Discounts 2013/14

There are also some potential changes to Council Tax Discounts and exemptions which are included with the Local Government Finance Bill

	Current Position	Options	Council's Proposal
Class A – Vacant dwellings where major repair works or structural alterations are required, under way or recently completed	100% exemption for 12 months	<ol style="list-style-type: none"> <li>1. Remain unchanged</li> <li>2. 50% exemption for 12 months</li> <li>3. 0% exemption</li> </ol>	0% exemption
Class C – Vacant dwelling, empty and substantially unfurnished	100% exemption for 6 months	<ol style="list-style-type: none"> <li>1. Remain unchanged</li> <li>2. 50% exemption for 6 months</li> <li>3. 0% exemption</li> </ol>	0% exemption
Second Homes Discount	10% Discount	<ol style="list-style-type: none"> <li>1. Remain unchanged</li> <li>2. 0% Discount</li> </ol>	0% Discount
Empty Homes Premium	100% charge after being empty over 2 years	<ol style="list-style-type: none"> <li>1. Remain unchanged</li> <li>2. Add 50% premium creating a charge of 150% after 2 years</li> </ol>	Add 50% premium creating a charge of 150% after 2 years
Class L – An unoccupied dwelling which has been taken into possession by a mortgage lender	Liability for charge rests with borrower	Liability for charge to rest with lender	Liability for charge to rest with lender

## **Changes to Council Tax Discounts and Exemptions Continued**

The Council is consulting on changes to Council Tax which may mean that extra income could be achieved to offset some of the £1 Million savings required.

By introducing some of these changes to exemptions and discounts locally, the council will be able to raise additional funds which will help lessen the impact of the implementation of the new Council Tax Support. In doing this, it will mean that some Council Taxpayers will be paying much more than they do at the moment.

Do you agree with the Council proposals regarding changes to Council Tax Discounts and Exemptions? We welcome your views on whether you support these changes and think they're reasonable - we're aiming to support all Council taxpayers, including those who receive Council Tax Support, now or in the future. Please let us know via the methods shown at the end of this document.

## **Proposed Main Rule Changes for Council Tax Support**

Here are some of the main rules which could either on their own or in combination make the savings of around £1 million required to balance the books of our new Council Tax Support scheme. These changes would apply to all except those in the protected groups.

### **Introducing a percentage cut in Support for all (Rule 1)**

Currently we are able to give people on the lowest income help to pay all of their Council Tax. This change would mean all non-protected claimants would receive a percentage cut to their entitlement no matter what their circumstances are.

This change could mean reductions of up to 55% of your benefit entitlement.

This change could make the total required savings of £1 million in 2013/14.

## **Introducing a maximum limit to the amount of Council Tax Support that can be paid (Rule 2)**

This change would mean that all claimants (except protected) would have to pay part of their Council tax. The reduction would mean all unprotected claimants would have to pay up to the first 45% of their Council Tax and even those on the lowest income would only get help to pay part of their Council Tax.

This change could make the total required savings of £1 million in 2013/14.

## **Increasing Contributions from other adult members of the household (Rule 3)**

Council Tax Benefit is currently assessed on the needs of the claimant, partner and dependent children. Other adults living in the household are expected to contribute towards the Council Tax bill dependant on their income. This change would mean that these adults would contribute more towards the Council Tax bill.

This rule could make savings of £20,000 so would need to be used alongside other rules in a new scheme.

## **Changing the amount of savings a person can have and still receive any benefit. (Rule 4)**

In the current scheme a person is not entitled to claim Council Tax Benefit when their savings are more than £16,000. If they are a part of a couple this is jointly held savings.

Under this option we would reduce the savings limit below £16000.

This rule could make savings of £3,000 and would need to be used alongside other rules in a new scheme.



### **Capping the Council Tax Support to a Band D (Rule 5)**

The current scheme means that 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 Support is limited to a level for a smaller house.

This rule could make savings of £52,000 and would need to be used alongside other rules in a new scheme.

### **Removing Second Adult Rebate (Rule 6)**

Currently if you can afford to pay your Council Tax but live with someone on a low income you may receive help with your Council Tax.

This might change so that we do not offer this discount as part of the new scheme.

This rule would make a saving of £16,000 and would need to be used alongside other rules in a new scheme.

### **Introduce minimum income level for Self-Employed (Rule 7)**

The current scheme means that benefit for self-employed people is calculated on net profit rather than an hourly rate. Claimants who do not earn the minimum wage may be asked to contribute more towards their Council Tax bill.

This change would see those with businesses established for more than a year paying more. This rule could make a saving of £52,000 and would need to be used alongside other rules in a new scheme.

### **Introduce Minimum Benefit Awards (Rule 8)**

Currently the scheme does not have any minimum award. Introduction

of a minimum award would mean those receiving small amounts of benefit currently, could no longer receive benefit. This change would see those with small entitlement no longer qualifying.

This rule could make a saving of £ 5,000 and would need to be used alongside other rules in a new scheme.

### **Introduce an Additional Earnings Disregards for those whose income includes Earnings. (Rule 9)**

The current scheme allows for some earnings not to be taken into account. The introduction of increased earnings disregards would mean that those claiming support due to low earnings would qualify for more help.

This change would see those with low earnings receiving more Council Tax benefit. This rule would increase expenditure.

### **Other Options Considered**

The Council also considered including Child Benefit, Disability Living Allowance and Child Maintenance income. Under the present scheme, these incomes are not taken into account when assessing entitlement to Council Tax benefit. We believe taking these incomes into account would unfairly affect some of the most vulnerable residents who claim Council Tax Benefit, so we're not going to include them in our scheme.

Another option considered was that of setting a Maximum period for which any discount is receivable. We believe that there is no particular benefit in limiting the period of award.

Do you agree that we should not include these options in the new Council Tax Support scheme? We welcome your views as we want to

ensure that the most vulnerable residents are supported. Again, please let us know via the methods available at the end of this document.

## **Model Schemes**

The following model schemes are based on the rules described and are intended to help you understand the impact of the different combinations of the rules could have on different people. All models achieve the savings estimate of £1 Million

### **Model Scheme 1**

Introduce a reduction of 55% to the amount of Council Tax Support (Rule 1)

### **Model Scheme 2**

Introduce a Maximum limit of 55% of Council Tax Support (Rule 2) for those in unprotected groups

### **Model Scheme 3**

- The following rules are used in this model:-
- Introduce a 50% reduction to the Council Tax Support (Rule 1)
- Increase by 50% the contribution by other household members (Rule 3)
- Change the savings limit to £6000 (Rule 4)
- Cap Council Tax Support to Band D (Rule 5)
- Remove Second Adult Rebate (Rule 6)
- Introduce minimum income levels for Self-Employed (Rule 7)

### **Model Scheme 4**

The following rules are used in this model:-

- 1) Introduce a Maximum limit of 60% Council Tax Support (Rule 2)
- 2) Increase by 50% the contribution by other household members (Rule 3)

- 3) Change the savings limit to £6000 (Rule 4)
- 4) Cap Council Tax Support to Band D (Rule 5)
- 5) Remove Second Adult Rebate (Rule 6)
- 6) Introduce minimum income levels for Self-Employed (Rule 6)
- 7) Introduce Minimum Benefit Awards (Rule 8)
- 8) Increase all earnings to disregards to a minimum of £25

On the Following pages there are a number of examples which show the impact of each based on a number of different scenarios

## EXAMPLE 1

Mr and Mrs V do not have children and Mr V Works 37 hours a week. He earns £194.50 net after deduction for tax and National Insurance

Mr and Mrs V live in council accommodation and whilst Housing Benefit pays most of the rent they have to find £27.10 per week towards it.

Their weekly Council Tax charge is £25.40 and they currently receive £14.21 Council Tax Benefit which means they have to pay £11.19 per week which equals **£61.76 per month**

### Model 1

Mr & Mrs V would receive £6.39 each week which would mean they would have to pay **£82.58 per month**

### Model 2

Mr & Mrs V would receive £2.78 each week which would mean they would have to pay **£98.29 per month**

### Model 3

Mr & Mrs V would receive £7.11 each week which would mean they would have to pay **£79.50 per month**

### Model 4

Mr & Mrs V would receive £7.05 each week which would mean they would have to pay **£79.74 per month**

## EXAMPLE 2

Ms B is a lone parent with 2 children aged 7 and 9. She is self-employed and works 24 hours a week. Her weekly income is £320.00 of which £105 a week is self-employed earnings

Ms B lives in a Housing Association property and whilst Housing Benefit pays most of the rent she has to find £16.78 per week towards it.

The weekly Council Tax charge is £19.66 and she currently receives £14.50 per week Council Tax Benefit which means she has to pay £5.16 per week which equals **£22.43 per**

**month**

### Model 1

Ms B would receive £6.53 each week which would mean she would have to pay  
**£57.07 per month**

### Model 2

Ms B would receive £5.59 each week which would mean she would have to pay  
**£61.14 per month**

### Model 3

Ms B would receive £2.99 each week which would mean she would have to pay  
**£72.44 per month**

### Model 4

Ms B would not receive any benefit which would mean she would have to pay  
**£85.43 per month**

### EXAMPLE 3

Mr P is a single man and has recently lost his job.

Mr P lives in his own property which is a Band E. His weekly Council Tax Charge is £ 27.03 and he currently receives £27.03 Council Tax Benefit so at present he is not required to make any payment towards the Council Tax.

#### Model 1

Mr P would receive  
£12.16 each week  
which would mean he  
would have to pay  
**£64.60 per month**

#### Model 2

Mr P would receive  
£14.87 each week  
which would mean he  
would have to pay  
**£52.85 month**

#### Model 3

Mr P would receive  
£11.06 each week  
which would mean he  
would have to pay  
**£69.40 per month**

#### Model 4

Mr P would receive  
£13.27 each week  
which would mean he  
would have to pay  
**£59.79 per month**

## EXAMPLE 4

Mr and Mrs S have 4 children under 16. Mr S is claiming Job Seekers Allowance and Mrs S Works 24 hours a week.

Mr and Mrs S live in council accommodation and whilst Housing Benefit pays most of the rent they have to find £32.50 per week towards it.

Their weekly Council Tax charge is £20.20 and they currently receive £10.20 Council Tax Benefit which means they have to pay £10.00 per week which equals **£43.45** per month

### Model 1

Mr & Mrs S would receive £4.89 each week which would mean they would have to pay  
**£67.83 per month**

### Model 2

Mr & Mrs S would receive £1.11 each week which would mean they would have to pay  
**£82.95 per month**

### Model 3

Mr & Mrs S would receive £5.10 each week which would mean they would have to pay  
**£65.61 per month**

### Model 4

Mr & Mrs S would receive £2.12 each week which would mean they would have to pay  
**£78.56 per month**



## **Contact Details**

You can contact us with your views on the options for Council Tax Support in the following way:-

Web [www.scambs.gov.uk](http://www.scambs.gov.uk)

Telephone 03450 450 500

Post                    South Cambridgeshire District Council  
                             South Cambridgeshire Hall  
                             Cambourne Business park  
                             Cambourne  
                             Cambridge  
                             CB23 6EA

Email :                Benefits@scambs.gov.uk

## **How the decision will be made**

Once the consultation is complete we will collate the feedback; and use this feedback to shape the design of the recommended scheme.

A report will be presented at the Council Cabinet and Full Council in November when the final decision will be taken on the best scheme which meets the local needs of residents of South Cambridgeshire.