

## Local Council Tax Support (CTS)

Council Tax Benefit is being abolished and replaced by local Council Tax Support (CTS). New Forest District Council is required to set criteria for deciding whether residents are eligible for help to pay their Council Tax bill.

We want to hear your views on the proposed changes.



### What is Council Tax Benefit?

Council Tax Benefit helps people on low income pay their Council Tax. Central government currently sets the rules regarding who can claim Council Tax Benefit. If somebody meets the criteria they receive a contribution (up to 100%) towards their Council Tax bill. This contribution is paid for by central government.

New Forest District Council (NFDC) is responsible for collecting the Council Tax which helps to fund the services provided by Hampshire County Council, the Police, Hampshire Fire & Rescue, NFDC and your local town or parish council.

In the New Forest about £10.4 million is now spent on Council Tax Benefit with the number of claimants having increased over the last few years.

### Why is there a need for change?

The Government is abolishing Council Tax Benefit and requiring local councils to replace it with local Council Tax Support (CTS). At the same time government funding for this purpose is being reduced by over £1 million. The shortage in funding means NFDC on behalf of other local authorities has to consider some difficult decisions about who gets help to pay their Council Tax.

The Government has stated:

- **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.

Local councils are allowed to decide the rules for their own local CTS schemes. Following consultation NFDC will finalise a scheme to be in place by 31 January 2013.

### We want to hear your views

The council is committed to a full consultation process and we are consulting with residents and relevant groups before the new scheme is introduced.

A questionnaire to collate views of all residents is available to complete until Sunday 30 September 2012. This is your opportunity to influence what the new CTS scheme should look like. You can complete the questionnaire [online](#) or print a [hard copy](#) and return it to - Performance Team, New Forest District Council, Appletree Court, Beaulieu Road, Lyndhurst, SO43 7PA.

### **More about the scheme:**

- ➔ [Changes being proposed](#)
- ➔ [Draft local Council Tax Support scheme](#)
- ➔ [Example scenarios](#)
- ➔ [Have your say!](#)
- ➔ [Other changes to council tax discounts](#)

## Draft local Council Tax Support scheme

### COUNCIL TAX REDUCTION SCHEME - DRAFT AS AT 24 JULY 2012

(Formally known as Council Tax Reduction Scheme)



#### 1. INTRODUCTION

This document is a draft summary of a new scheme for financial help with council tax, called the Council Tax Reduction Scheme ("new scheme"). This new scheme will replace the present National Council Tax Benefit scheme ("existing scheme") from 1 April 2013.

Councils are required under amended provisions of section 13A of the Local Government Finance Act 1992 to make a local scheme no later than 31 January 2013 to take effect from 1 April 2013. The purpose of this document is to aid consultation on the new scheme.

The existing scheme is fully funded by central government. The new scheme will not be fully funded. The government will instead give councils a fixed amount of grant for the year for financial support to low income council taxpayers, which is estimated at 10% less than currently. This means that New Forest District Council will need to find savings of at least £1M on present expenditure.

By law, Pensioners will be protected from the effects of a new scheme being less generous than an existing scheme. Consequently, pensioners will receive the same level of council tax support under the new scheme as under the statutory existing scheme. Applicants whom we class as vulnerable (by virtue of receiving a qualifying disability benefit) will also be protected.

The draft scheme summary is set out below. Section 3 sets out a number of proposals for a less generous new scheme for applicants who are not pensioners, each of which is dependent on:

- The outcome of our consultation on the scheme,
- The passing of the Local Government Finance Bill and any government regulations that are made as a consequence, and
- The bringing into force of the Welfare Reform Act 2012 and any government regulations that are made as a consequence.

#### 2. COUNCIL TAX REDUCTION UNDER THE NEW SCHEME

This draft scheme summary sets out Proposals for Change. For working age applicants the new scheme as proposed will be less generous than the existing scheme.

Eligibility under the current scheme for a means-tested reduction in council tax is set out in

- The Social Security Contributions and Benefits Act 1992,
- The Social Security Administration Act 1992,
- The Council Tax Benefit Regulations 2006 and
- The Housing Benefit and Council Tax Benefit (Decisions and Appeals) Regulations 2001.

The existing scheme made under this primary and secondary legislation, which determines how entitlement under the existing scheme is claimed, how it is calculated and how it is paid, will cease to exist from 1 April 2013.

With the exception of the Proposed Variation from the Existing Scheme set out in section 3 below and apart from any aspects of the new scheme that may be set out in National regulations, including the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, the Council is proposing that the provisions of the new scheme be not materially different from the existing scheme.

### **3. PROPOSED VARIATION FROM THE EXISTING SCHEME**

This section of the draft summary of the new scheme sets out the following proposed variations from the principles of the present scheme as they will apply to working age non-vulnerable applicants. These are the elements on which we are consulting.

#### **3.1 Capital Limit - Reduced to £6,000**

The existing council tax benefit scheme provides for a capital limit of £16,000 above which there is no entitlement. The following variation will apply in the new scheme:

- For the purposes of the new scheme there shall be a capital limit of £6,000 above which there shall be no entitlement. The existing scheme figure is £16,000.
- There shall be no tariff income for capital up to the £6,000 capital limit. The existing scheme deems an income of £1 per week per £250 of capital above £6,000 up to the capital limit.

#### **3.2 Calculation of Eligible Amount of Council Tax**

Under the present scheme, the weekly amount of council tax eligible for a council tax reduction is the amount of the council tax for the dwelling (subject to apportionment rules in the case of joint liability) and after the deduction of any discount or reduction applicable apart from the new scheme.

The draft new scheme proposes that the maximum amount of council tax eligible for a reduction under the new scheme be 80% of the weekly amount of council tax (instead of 100%, as it is under the existing scheme).

In the case of a dwelling whose council tax band is higher than band C, the weekly amount of council tax eligible for a reduction shall be calculated as if the dwelling were in band C, and then further reduced to 80% of the band C amount. In this way, a council taxpayer's maximum weekly council tax eligible for reduction under the new scheme cannot be more than the amount it would be if the dwelling were in band C.

#### **3.3 Minimum amount of Council Tax Reduction**

Under the new scheme, if the calculation of weekly entitlement to a Council Tax Reduction is less than £1 there shall be no entitlement to it. No minimum weekly entitlement figure is specified in the existing scheme.

#### **3.4 Alternative Maximum Benefit**

The existing scheme provides for an alternative maximum council tax benefit (usually called "second adult rebate") based on the income of a second adult in the home. The new scheme will not replicate those provisions for applicants of working age.

#### **3.5 Deductions for Non-Dependants increased by 50% for working age applicants**

The new scheme will retain the existing scheme principle of making deductions from the eligible council tax for a non-dependant person aged 18 or over in the household.

Under the new scheme, from 1 April 2013 non-dependant deductions for applicants other than pensioners under the groups set out in regulation 11 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 shall be increased by 50%, rounded to the nearest 5p, as shown in the table below. The table below illustrates the amounts (which may be subject to annual uplift before implementation on 1 April 2013). Where under the existing scheme there is no deduction for a non-dependant in prescribed circumstances, this shall be continued into the revised scheme.

Income of Non-Dependant	Amount of deduction in 2012/13	Pensioner applicants	Other applicants
		1 April 2013*	1 April 2013
Receiving Pension Credit Guarantee Credit or Savings Credit	NIL	NIL	NIL
Receiving Employment Support Allowance (income related)	NIL	NIL	NIL
Receiving Jobseekers Allowance (Income Based)	NIL	NIL	NIL
Receiving Income Support	NIL	NIL	NIL
Receiving Jobseekers Allowance (Contribution Based) or Employment Support Allowance (Contribution Based)	£3.30	£3.40	£5.10
Working less than 16 hours a week, or on maternity leave paternity adoption or sick leave	£3.30	£3.40	£5.10
Gross income less than £183pw	£3.30	£3.40	£5.10
Gross income £183 to £315.99	£6.55	£6.70	£10.10
Gross income £316 to £393.99	£8.25	£8.50	£12.70
Gross income above £394 or unknown	£9.90	£10.15	£15.25
Any other adult to whom none of the above applies	£3.30	£3.40	£5.10

\*For illustrative purposes only at this stage. Assumes an uplift for inflation of 2.5%

#### 4. OTHER MATTERS

##### 4.1 Welfare Reform Act 2012

Consideration will be given as to how to determine income from benefits established under the Welfare Reform Act 2012, such as universal credit and personal independence payments, when regulations have been issued setting out the method of calculation for these benefits.

##### 4.2 Application for Council Tax Support

An application in writing on a form acceptable to the Council for that purpose will be required for all new applicants for council tax reduction under the new scheme.

An existing claim for council tax benefit on 31 March 2013 will be treated as an application for Council Tax Reduction Scheme on 1 April 2013 unless statutory requirements provide otherwise.

A review process may be implemented by the Council for awards. Awards may be reviewed in a time period to be determined by the Council. Failure of the applicant to fulfil the Council's reasonable request for information in support of a new claim or the review of an existing claim may result in the withdrawal of an existing award and the lapsing of an application for a new award.

##### 4.3 General administration of the scheme

Apart from where statutorily required, advice of any award granted, removed or revised will be by an adjustment to the council tax bill and the bill itself will be the formal notification. The Council reserves the right to include additional notifications.

Consideration will be given as to how further notifications of an award or non-award of council tax support will be made under the new scheme.

Any overpayment will be rectified by the amount being clawed back by an adjustment to the council tax bill.

##### 4.4 Appeals process

Schedule 7 of the Draft Council Tax Reduction Schemes (Prescribe Requirements) (England) Regulations 2012 sets out a procedure by which a person who is aggrieved by a decision may appeal. The independent body hearing appeals that cannot be settled internally shall be a Valuation Tribunal.

#### 4.5 Uprating

This draft scheme proposes that figures set out in the scheme may be uprated, to take effect on 1st April each year following the commencement of the new scheme, Uprating may be made by reference to the consumer price index, at the 30 September preceding the date on which they are to take effect, or by another rate determined with reference to provisions made for housing benefit and universal credit or as decided by the Council.

#### 4.6 Overpayment of Council Tax Support

Where an amount has been paid to the applicant (whether by way of a reduction in the amount of council tax to be paid or otherwise) any amount to which there is later found to be no entitlement shall be recoverable from the applicant as unpaid council tax.

#### 4.7 Discretionary Fund

A person liable for council tax may apply for a reduction under Section 13A(1)(c) of the Local Government Act 1992 as amended by the Local Government Finance Act 2012.

An application shall be in writing and need not be on a form designed for that purpose but shall include any information reasonably required and sufficient to enable a decision to be made on the application. The Council shall determine such an application including whether or not there shall be an award and if so its amount and duration together with any reasonable conditions it sees fit.

The Council may set aside a fund of a total annual sum to be determined, for discretionary reduction under Section 13A(1)(c) out of which awards may be made and this fund shall not be exceeded in a year.

### Changes being proposed

The Government, through the Spending Review 2010, made a commitment that support for Council Tax would be localised from 2013-14 and funding is being reduced. Without making changes to the current scheme the loss of the government's funding of over £1 million would result in either reductions of local services or higher Council Tax.

New Forest District Council is therefore considering possible changes to the current benefits scheme for working age claimants. Below is a brief description of the changes we are considering to help us make the necessary reduction in expenditure.



#### **There will be no change to the amount of help pensioners currently receive.**

Option	Current scheme	Proposed change
<b>A</b>	Capital for working age claimants between £6,000 and £16,000 is taken into account when calculating benefit. Claimants with capital over £16,000 do not receive any benefit.	<b>Change this limit from £16,000 to £6,000.</b>
<b>B</b>	A claim is worked out based on the properties Council Tax band. Higher value properties receive more benefit.	<b>Limit Council Tax support for bands D to H to a 'band C' property.</b>
<b>C</b>	Many working age claimants on low income pay little or no Council Tax towards local services.	<b>All working age claimants (except the most vulnerable) to pay a minimum of 20% Council Tax:</b> On a 'band C' property this would mean every working age couple paying at least £5 per week (£260 per year) towards all council services, Police, Hampshire Fire & Rescue and local town and parish councils.
<b>D</b>	The current Council Tax Benefit scheme expects	<b>Increase contributions by 50% from other adult</b>

	a grown up son, daughter, friend or relative (non-dependants) living with a claimant to make a contribution towards their Council Tax bill.	<b>members of the household.</b>
<b>E</b>	There is no set minimum amount of Council Tax Benefit, so claimants could receive as little as 1p per week regardless of the administrative costs.	<b>Set a minimum level of award of £1.00 per week.</b>
<b>F</b>	A single householder who would not be in receipt of benefit but has another adult living with them on a low income can get up to 25% off their Council Tax bill - 'second adult rebate'.	<b>Remove 'second adult rebate'.</b>

A scheme which included all of the above changes could reduce the council's expenditure by approximately £1 million a year.

## Example scenarios

The following scenarios have been created to demonstrate how the proposed new changes would affect different groups of residents

Proposed change	Scenario
-	Mr and Mrs Thorpe are both pensioners living in a 'band E' property. Their Council Tax contribution will not change.
A	Mrs and Mrs Smith live in a Band C property. Mr Smith works part-time and they have savings of £8,000. They currently pay £60 per month. If this proposal is implemented they will not be entitled to Council Tax Support and will have to pay the full council tax of £130 per month.
B	Mr and Mrs Brown live in a Band E property with their children. Mrs Brown works and they currently pay £70 a month council tax. If this proposal is implemented they will have to pay an extra £49 per month.
C	Mr Jones lives alone in a Band B property. If this proposal is implemented he will have to pay an extra £17 per month.
D	Mrs Green lives with her adult son who earns £450 per week before tax. If this proposal is implemented Mrs Green will have to pay an extra £25 per month.
E	Mr and Mrs Davies live in a Band B property. They currently get Council Tax Benefit of 50p per week. If this proposal is implemented they will have to pay an extra £2.60 per month.
F	Mr Williams lives with his daughter who does not work in a Band C property. If this proposal is implemented Mr Williams will have to pay an extra £32 per month.

**Please note the above estimates are based on average council tax levels and some claimants may be affected by more than one of the changes.**

## Other changes to council tax discounts

Councils are to be given additional discretion over the levels of Council Tax charged on second homes and empty properties. A review of these discretions will be completed by a Members Task & Finish group in October 2012 with appropriate decisions being made by the council's Cabinet in December 2012. Further information will be provided on this webpage in due course.

**Note:** NFDC does not have the discretion to change other Council Tax discounts e.g. the single person discount.

