

*Consultation for
Local Council Tax Support*

November 2012

Why we are consulting

From April 2013 the Government is abolishing the current national Council Tax Benefit (CTB) scheme and all Councils have to replace it with a local Council Tax Support Scheme (CTS).

However, when the Government hands over the scheme, the amount of money the Council gets from the Government to pay people's benefits will be approximately 10% less than it currently receives. In the Royal Borough of Greenwich £23 million was spent on Council Tax Benefit last year (April 2011 to March 2012); this means that a shortfall of £2.3 million will occur. This will increase further as the number of people claiming local council tax support increases.

These are already challenging times for councils. Despite this we are committed to ensuring all our residents have the opportunity to have their say on changes to services. Therefore, we are asking for your views on the Government's changes.

Proposals for a new Council Tax Support Scheme.

Council Tax

Council Tax is a local tax set by the Council based on the valuation band of your property. The Council is responsible for collecting Council Tax and this money funds around 20% of local public services, including refuse collection, social services, environmental health and education. Some of the money collected is passed to the Greater London Authority to help fund police, fire and public transport services.

The Government's changes to benefits, will not affect the existing Council Tax discounts and exemptions, such as the 25% single person's discount and the exemption for people who are severely mentally impaired.

The changes will **not** apply to pensioners who have reached the age for claiming pension credit, in other words the changes will only affect people of working age.

The maximum amount of support a person can claim

Currently a person can claim up to a maximum of 100% of the Council Tax they have to pay.

In response to the Government's policy change and funding reductions the maximum amount of Council Tax Support would need to be reduced by up to 15% of the total amount of Council Tax paid.

This will mean that everyone who claims Council Tax Support will now have to make a contribution.

The Royal Borough of Greenwich is committed to keeping Council Tax low, so that the contribution is kept to a minimum.

The alternative would be to increase Council Tax by up to 3%.

Allowances used to work out Council Tax Support

The same allowances will be continue to be used. People (or families) who get disability benefits will keep all the additions that they currently have.

Money that we will not count when working out Council Tax Support

These allowances will be kept the same. Child Benefit nor Disability Living Allowance will be taken into account.

The amount of money a person is able to earn will not change. For example a lone parent working full time can earn up to £42.10 per week before their entitlement is affected.

Help with childcare that is currently allowed under Council Tax Benefit will be kept, as it is considered vital for working parents.

Savings

A person can have up to £6000 in savings before their benefit is affected. The same provisions will continue.

The Claim process

The current rules under which benefits are claimed will continue. Anyone making a new claim for Council Tax Support from April 2013 will need to complete a form and provide supporting documents and evidence.

Extended payments for people moving from benefits to work

The facility to pay extended payments of council tax support for the first 4 weeks of work will continue to be retained. In addition to the earnings allowances, this will provide assistance for people starting work

Overpayments

Current rules on collecting overpayments that exist for Council Tax Benefit will remain.

Local scheme for people who get a War pension

Under Council Tax Benefit, the Council is able to ignore all war pensions when working out a person's benefit. This will continue.

Appeals

A local internal appeals service for assisting people who feel dissatisfied about the decision made on their claim will be kept. Where the Council has considered the appeal and notified the applicant of the outcome but they remain dissatisfied, the person may appeal further to the Valuation Tribunal.

How the proposed changes could affect people next year

The following scenarios are examples of how people of working age will be affected by the proposal to reduce Council Tax Support.

Example 1:

A single person aged receiving Job Seekers Allowance

CURRENT POSITION

Mr M is aged 25 and lives in a property in Council Tax Band A who is getting Job Seekers Allowance of 71.00 per week.

His annual Council Tax in band A is £858.42, with a single person discount his Council Tax is £643.82, or £12.35 per week.

Mr M gets full Council Tax Benefit of £12.35 per week, or £643.82 per year. He would also receive Housing Benefit towards any rent he has to pay.

To reduce Council Tax Support to the maximum of 15% of Council Tax paid

If Mr M's circumstances remain the same he would receive £547.24 in Council Tax support. Assuming that Council Tax levels remain the same, Mr M would have to pay £1.85 per week in 2013/14, which would be payable in 10 monthly instalments of £9.66.

Example 2:

A couple with two children getting Income Support and Tax Credits.

CURRENT POSITION

Mr C and Ms D are a couple with one child, and receiving Income Support and Child Tax Credit of £258.83 per week. They live in a property in Council Tax Band D. Their annual Council Tax in Band A is £1287.63 per year or £24.69 per week.

They get full Council Tax Benefit of £24.69 per week; they would also receive Housing Benefit towards any rent they have to pay.

To reduce Council tax Support to the maximum of 15% of Council Tax paid

If their circumstances remained the same Mr C and Ms D would receive £1094.49 in Council Tax support. Assuming that Council Tax levels remain the same, they would have to pay £3.70 per week in 2013/14, which would be payable in 10 monthly instalments of £19.31.

In addition to obtaining views on the Government's changes we are committed to ensuring that all our residents have the opportunity to provide their views on any alternative courses of action. To cover the cost would require a 3% increase in Council Tax.

Summary

In response to the Government's change in policy this document outlines measures which seek to retain most of the features of the current Council Tax Benefit Scheme paying special attention to those issues providing incentives for people to take up work.

The principle change being suggested is to reduce the maximum amount of Council Tax Support a person can claim by up to 15%; this would mean reducing the support to people on benefits by between a maximum of £1.85 (Band A) and £7.40 (Band H) per week.

In addition the document outlines an alternative to meeting the Government's £2.3m reduction in funding to Council services by increasing Council Tax by up to 3%. We welcome your views on these changes.

We have produced a detailed draft Council Tax Support Scheme, which will be available during the consultation process.

We want your views

Due to the tight time scales 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 still take account of your views on any future schemes.

No decisions have been taken and the public consultation will be from November 19th 2012 to January 10th 2013.

Contact details

You can contact us with your views on proposals for the draft Local Council Tax Support Scheme in the following way:

Web: www.royalgreenwich.gov.uk/haveyoursay

Write: Revenues & Benefits Service,
Local Council Tax Support Consultation,
35 Wellington Street,
London SE18 6HQ.

Email: lcts-consultation@greenwich.gov.uk

Telephone: 020 8921 2078

What we will do after the consultation

Once the consultation is complete the feedback will be collated, anonymised and reviewed. This will help us to ensure your feedback will inform our proposals for the new scheme.

A report will then be developed which will be presented to a full Council meeting on 30th January 2013, where the final decision on what the scheme will look like will be made. We will also write to anyone personally if they are going to be affected.

