

Council Tax is Changing

Have Your Say

Please read all of the information enclosed, then fill in the ***pull-out questionnaire*** in the centre of this document



Local Council Tax Support Scheme Consultation
Information & Questionnaire



Section 1 Introduction

The Welfare Benefits system across England and Wales is changing to reduce the Government's overall benefits bill by £18 billion. For Bristol it is estimated that there could be a potential loss of approximately £125m in benefits income received by local residents by 2014/15.

What is Council Tax?

Council tax is a local tax set by the council based on the valuation of a property as at April 1991. Bristol is responsible for collecting this tax, which is used to fund local public services including refuse collection, social services, environmental health and education. Some of the money, around 15%, is collected on behalf of the Fire and Police services and is passed to them to help fund services.

What is Council Tax Benefit?

Council Tax Benefit helps those people on low income to pay their council tax. The government currently sets the rules regarding who can claim and how much someone is entitled to, which is then deducted from their council tax bill.

What are the changes?

From 1 April 2013 the Government is abolishing the current national Council Tax Benefit (CTB) scheme and asking all councils to develop and approve their own local Council Tax Support scheme (CTS). At the same time, the grant paid to councils to run a local scheme is being cut. This means there will be a budget shortfall for Bristol of around £7.5m to run a scheme similar to the current national scheme excluding associated administration costs.

To help reduce the budget shortfall, the council has agreed to use some new discretionary powers to make changes to a number of council tax discounts and exemptions for empty properties to raise new income. This will reduce the budget shortfall to around £5m per year.

The remaining gap of £5m per year means we have to make some difficult decisions about the level of support that can be offered to reduce council tax bills for low income households and our most vulnerable residents.

Proposed options are:

- Fully funded - a scheme very similar to the current Council Tax Benefit scheme with minimum changes and impact for claimants. This means reducing expenditure for other services or increasing council tax
- Part-funded - all 'non-protected' low income households would pay a minimum of 12.5% of their council tax liability. This equates to £2.5 million, therefore the council would need to fund the remaining £2.5 million by other means
- Or all 'non-protected' low income households to pay a minimum of 25% of their council tax liability. This would meet the £5 million budget shortfall through cuts in benefit support, so additional funding by other means would not be required

Why are we consulting

Councils must conduct a consultation exercise about the proposals for their new scheme. The new scheme must be approved and published by 31st January 2013. If the scheme is not approved and published by this date a default scheme will be imposed by the Government. This scheme will be similar to the current national CTB scheme and there will be no choice but for the remaining funding gap to be met by other means. This could be, for example, by reducing expenditure for other services or increasing council tax.

We are committed to ensuring our residents and interested parties have the opportunity to have their say about our proposals and we are therefore consulting to find out your views before a final decision is made by councillors.

How to respond

- Please read the information in this booklet and then complete the questionnaire.
- A copy of the council's draft CTS scheme can be viewed at: www.bristol.gov.uk/counciltaxchanges or in your local library or customer service point.
- Details of the current CTB scheme can be found by visiting the DWP website: www.bit.ly/ctbguide
- Council officers will also be available at the dates and venues below to answer your questions or provide information about the consultation.

Date	Venue	Times
11th September 2012	Barton Hill Settlement, 43 Ducie Road, Bristol BS5 0AX	11.00am-8.30pm
13th September 2012	The Withywood Centre, Queens Road, Bristol BS13 8QA	11.30am-7.30pm
18th September 2012	The Council House, College Green, Bristol BS1 5TR	11.00am-8.30pm
19th September 2012	The Greenway Centre, Doncaster Road, Bristol BS10 5PY	11.00am-8.30pm
20th September 2012	St Paul's Learning and Family Centre, 94 Grosvenor Road, Bristol BS2 8XJ	11.30am-8.30pm



Section 2 Who will be affected

Protection for Pensioners

The Government has said people who are eligible for state pension credit will not be affected by the introduction of a local Council Tax Support scheme as they will continue to be assessed under a national scheme. The national scheme will be decided by the Government and is likely to be very similar to the existing Council Tax Benefit scheme. From April 2013, this will be people who are 61 ½ years old or over.

Working age claimants

Most working age claimants who are currently entitled to Council Tax Benefit will be affected. Depending on the scheme finally approved it may not be possible to offer the same levels of entitlement as now to all low income households or households generally considered vulnerable. Please see Section 3B for information regarding proposals to support vulnerable claimants most disadvantaged when seeking work. (Relates to options 2 & 3 only).

Section 3 Bristol's proposals for working age claimants

When developing options for public consultation, we have considered the reduction in Government grant and how we can raise new income from changes to charges made for empty properties and second homes to help fund the shortfall. We have also taken account of the requirement to consider vulnerable people and encourage the incentive to work as well as fairness for all.

A. MAIN OPTIONS

Option 1 - A scheme very similar to the current national Council Tax Benefit scheme to enable all working age households on low incomes to continue to receive very similar levels of reduction in council tax liability as now.

This option will require additional funding by other means to meet the budget shortfall of up to £5m a year due to the reduction in Government grant. For example, by reducing expenditure for other services or an increase for council tax payers of 54p per week for a Band B property in Bristol.

Example 1

A claimant and their partner in receipt of income-based jobseeker's allowance have a council tax liability of £20.09 per week at their property. They currently receive £20.09 per week as Council Tax Benefit. Under the fully funded scheme they will continue to get £20.09 per week. They will not be required to make a payment towards their council tax.

Example 2

A working family currently has council tax liability of £23.44 per week. They currently receive £12.52 per week as Council Tax Benefit. Under the fully funded scheme they will continue to get £12.52 per week. They will continue to pay £10.92 per week towards their council tax.



Option 2 - A scheme similar to the current national Council Tax Benefit scheme, but all 'non-protected' low income households will pay a minimum of 12.5% of their council tax liability.

This means the council will work out the reduction for 'non-protected' households based on 87.5% of their council tax liability. Those households who may have had their council tax paid in full or in part by CTB in the past will have to contribute at least 12.5% under the new scheme.

This option will require additional funding by other means to meet the budget shortfall of around £2.5m per year due to the reduction in Government grant. For example, by reducing expenditure for other services or an increase for council tax payers of 27p per week for a Band B property in Bristol. In addition, people who currently receive Council Tax Benefit would have to pay on average £2.23 more per week.

Households who are considered to be most 'vulnerable' (see section 3B) will continue to receive similar reductions in council tax liability as now and will be protected from the minimum payment of 12.5%.

Example 3

A claimant and their partner in receipt of income-based jobseeker's allowance currently has a council tax liability of £20.09 per week at their property. They currently receive £20.09 per week as Council Tax Benefit. Under the proposed scheme they will receive £17.58 per week. This means they will need to pay £2.51 per week towards their council tax.

Example 4

A working family currently has council tax liability of £23.44 per week. They currently receive £12.52 per week as Council Tax Benefit. Under the proposed scheme they would receive £9.59 per week. This means they would need to contribute £13.85 per week towards their council tax, which is £2.93 more than they currently pay per week.

Option 3 - A scheme similar to the current national Council Tax Benefit scheme but all 'non-protected' low income households to pay a minimum of 25% of their council tax liability.

This means the council will work out the reduction for 'non-protected' households based on 75% of their council tax liability. Those households who may have had their council tax paid in full or in part by CTB in the past will have to contribute at least 25% under the new scheme.

Additional funding to meet the reduction in Government grant will not be required as 'non-protected' households who currently receive Council Tax Benefit will bear the full shortfall of up to £5m through cuts in levels of support. They would have to pay on average an additional £4.43 per week.

Households who are considered to be most 'vulnerable' (see section 3B) will continue to receive similar reductions in council tax liability as now and will be protected from the minimum payment of 25%.

Example 5

A claimant and their partner in receipt of income-based jobseeker's allowance have a council tax liability of £20.09 per week at their property. They currently receive £20.09 per week as Council Tax Benefit. However, under the proposed scheme they will receive £15.07 per week. Therefore they will need to pay £5.02 per week towards their council tax.

Example 6

A working family currently has council tax liability of £23.44 per week. They currently receive £12.52 per week as Council Tax Benefit. Under the proposed scheme they would receive £6.66 per week. This means they would need to contribute £16.78 per week towards their council tax, which is £5.86 more than they currently pay per week.

B. VULNERABLE HOUSEHOLDS

Proposed qualifying criteria

(Options 2 & 3 only)

Option 1 will enable all working age households on low incomes to continue to receive similar levels of reduction in their council tax liability as now.

Options 2 and 3 mean that only some working age households are protected to receive similar reductions in council tax liability as now. It is proposed for **Options 2 and 3** that the groups below are classed as vulnerable and protected to receive similar reductions in council tax liability as now. The criteria is based on working age people considered most vulnerable and likely to be disadvantaged when seeking work.

- a lone parent with a child under 5
- a person or family member in receipt of Disability Living Allowance (care component) at the middle or high rate, or Personal Independent Payment equivalent
- households who have a child who receives any component of Disability Living Allowance paid at any rate
- households who have received statutory homeless advice or housing due to financial reasons
- a person or their partner receives or has an underlying entitlement to Carers Allowance
- a person or their partner receive War Disablement Pension or War Widow's Pension

C. ADDITIONAL FEATURES

Proposed for all three options

(The examples shown below do not take into account options 1, 2 & 3 above and are to demonstrate each individual feature.)

Feature 1 - The scheme should provide incentive to work:-

At present, the first £5 of a single claimants earnings, £10 of a couple's earnings, £20 of a disabled persons earnings and £25 of a lone parents earnings are not counted when calculating their weekly income for the purposes of determining their entitlement to Council Tax Benefit.

To provide additional incentive to start work, we propose to increase this as shown in the table below:-

Category	Current disregard	Proposed disregard
Single claimant	£5.00	£7.50
Couple	£10.00	£15.00
Lone parents	£25.00	£35.00
Disabled claimant	£20.00	£30.00

Example 7

A single claimant is earning £90.00 per week. They currently have a council tax liability of £20.09 per week and receive £17.29 per week Council Tax Benefit with £85.00 taken into account as income. With the increased earnings disregard, £82.50 will be taken into account as income and they will receive £17.79 per week, which is 50p less to pay per week.



Feature 2 - Council Tax Support should not be paid to those with relatively large capital or savings:-

At present, working age claimants with savings and investments of £16,000 or above are generally not entitled to Council Tax Benefit.

We propose that working age claimants with savings and investments amounting to £6,000 or above will not be entitled to Council Tax Support.

Example 8
A single claimant is earning £90 per week and has £9,000 in savings. They currently receive £14.83 per week towards their council tax. Under the proposed scheme because their capital is over £6,000 they will not get any support and will have to pay £20.09 per week for their council tax.

Feature 3 - Everyone in the household should contribute:-

At present, a deduction is generally made from weekly Council Tax Benefit entitlement in respect of other adults aged 18 or over living in the claimants home. Examples of this are grown up friends and relatives. This assumed contribution is made based upon the non-dependant's circumstances and is deducted regardless of whether or not they are actually contributing.

We propose increasing existing levels of these contributions for working age adults by 50% as shown in the table below. Those who are receiving state benefits do not usually have to contribute. All incomes are based on weekly gross earnings (i.e. before tax and national insurance).

The increases are shown in the table below:

Non-Dependant	Current deduction	Proposed deduction
Age 18 or over and not working or full time student	£3.30	£4.95
Gross income £394.00 or more	£9.90	£14.85
Gross income £316.00 to £393.99	£8.25	£12.38
Gross income £183.00 to £315.99	£6.55	£9.83
Gross income £182.99 or less	£3.30	£4.95



Example 9
A claimant is in receipt of income based Jobseeker's Allowance and their son lives with them, he is over 18 years old and earns £280.00 per week. They currently receive £16.89 per week as Council Tax Benefit. Under the proposed changes they would receive £13.61 per week. This means they would pay an additional £3.28 per week.

Feature 4 - Removal of second adult rebate scheme for working age claimants:-

At present, the current second adult rebate scheme can allow a reduction in council tax of up to 25% where claimants whose own income is too high to receive Council Tax Benefit, have other adult(s) in the household whose income is low.

We propose that second adult rebate is abolished for working age claimants.

Example 10

A claimant whose income is too high to qualify for Council Tax Benefit has their brother living with them. Their brother receives Income-Based Jobseeker's Allowance. The claimant currently receives £5.02 towards his council tax. Under the proposed scheme they will not get any help and will need to pay £20.09 per week council tax.



Thank you...

Thank you for taking the time to read this information. Please respond to the consultation using the enclosed questionnaire.

Other formats

If you would like this information in another language, Braille, audio tape, large print, easy English, BSL video or computer disk please contact: The Consultation Team on 0117 922 4424 or email consultation@bristol.gov.uk

What happens next?

The information from this consultation will be used by the council to assist in making its decision on the new scheme. The results from the consultation will be published later this year on our website:

www.bristol.gov.uk/consultationfinder

The final decision on the scheme will be made by the council no later than 31 January 2013.