

council tax benefit

is ending March 2013

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Have your say on what will replace it

The Government is abolishing the current national Council Tax Benefit scheme and instead all councils must replace it with a local Council Tax Support scheme, from 1 April 2013. Each council in England and Wales now has to design a scheme that meets local needs.

Council Tax Benefit helps people on low incomes to pay their Council Tax. At present the Government fully funds Council Tax Benefit and sets the rules for who can claim the Benefit. If someone meets the criteria they receive help towards their Council Tax bill. In Barnet last year (2011-12), £32.2 million was spent on Council Tax Benefit. Over the past five years, Council Tax Benefits have risen each year because more people are claiming.

As responsibility is transferred to councils, the Government has made two important decisions:

- the new Council Tax Support scheme has to protect pensioners based on their current entitlements or more.
- councils have to cope with a reduction in funding of 10% over current levels.

The reduction of 10% in Government funding means the council has to make some difficult decisions about how much support those claimants of working age can get. If the council wanted to maintain the current Council Tax Benefit scheme it would need to fund all of the extra cost itself, which would have a negative impact on other services. Due to the level of savings we need to make, it is very likely that everyone under pension age, unless they are in a protected group, will have to pay something towards their Council Tax bill.

We are considering options for a new scheme that is as fair as possible and in line with the needs of the community. We are keen to give everyone - regardless of whether they currently claim benefit or not - the opportunity to have their say on our proposals before our scheme is finalised.

Overleaf are details of these along with information on how you can make your views heard. Fuller details can be found at www.barnet.gov.uk and in local libraries.



The new Council Tax Support scheme has to protect pensioners based on their current entitlement



Councils have to cope with a reduction in funding of 10% over current levels

Principle

1

A system based on fairness so those with the ability to pay make a fair contribution

Some exemptions and discounts, such as second home discount, currently given to property owners could be removed from those who can afford to do without them.

Principle

2

The scheme should incentivise work

The scheme should be designed so that those in work are generally better off than those not in work, after benefits and allowances have been taken into account.

In designing our scheme, the council has adopted a number of key principles.

We would like to know whether you agree with these principles.

Feature 1

Removal of the current Council Tax exemptions and discounts for empty properties and second homes

Property owners can currently claim Council Tax exemptions and discounts while properties are empty or no one's main home.

This could generate Council Tax income of

£1.9m
a year

Feature 2

Working age claimants will be required to pay a minimum contribution to their Council Tax

The new scheme will require all working age claimants to pay some of their Council Tax. We propose that working age claimants will receive a level of Council Tax Support of between 75% and 90% of the current Council Tax Benefit level.

This could reduce the funding gap by

£2.1m
a year if support is limited to 90% *

This could reduce the funding gap by

£5.2m
a year if support is limited to 75% *

Principle 3

Support for those in the most difficult circumstances

Extra support should be given to claimants in exceptional circumstances or in specific priority groups. This will depend on the availability of additional resources to meet this need.

Principle 4

The most vulnerable should benefit from a level of protection

The most vulnerable in society should be given a degree of protection from the full impact of any changes.

Principle 5

The scheme should be transparent and accessible

The scheme should be clear and easy to understand, and it should be easy to apply for support.

Feature 3

Removal of the second adult rebate for working age claimants

Currently a second adult rebate of up to 25% can be given to a Council Tax payer whose own income and savings are too high to receive Council Tax Benefit, if other adults in the household have low incomes.

This could reduce the funding gap by

£61,000
a year *

Feature 4

Reducing capital limits

At present, claimants with savings and investments of more than £16,000 are not entitled to any Council Tax Benefit.

In future, claimants with savings and investments of more than £8,000 will not be entitled to any Council Tax Support.

This could reduce the funding gap by

£500,000
a year *

* All quoted figures assume a 100% Council Tax collection rate.

Feature 5

Restricting the level of support for higher banded properties to only offer support at Band D or E Council Tax levels.

This would mean that claimants living in higher band properties would have to pay full Council Tax above the level of the restriction. So a working age claimant living in a Band F property would pay Council Tax in full for the gap between band D or E and band F (currently at least £582 a year).

This could reduce the funding gap by

£1.56m

a year if restricted to Band D *

This could reduce the funding gap by

£450,000

a year if restricted to Band E *

Feature 6

A simplified system of non-dependant deductions

At present, when assessing a claimant's entitlement to benefit, other adults in the claimant's home are treated as contributing towards the Council Tax bill (regardless of whether they are actually doing so), resulting in a lower amount of benefit being given. These non-dependants may include, for example, an adult son or daughter, a mother or father, or friend. The council is considering that

the local Council Tax Support scheme could include a simplified range of similar contributions.

This could reduce the funding gap by

£150,000

a year *

Give us your views

Barnet Council is keen to give everyone (regardless of whether they currently claim Council Tax Benefit or not) the opportunity to have their say on our proposals before a scheme is finalised.

You can find out more information about our draft proposals at engage.barnet.gov.uk and share your views by completing our online survey.

Paper copies of the consultation document and survey are also available in libraries. Alternatively, you can request copies of these documents by calling 020 8359 2111. However, wherever possible we do prefer you to complete our surveys online as it saves taxpayers' money.

Throughout September we will be running a series of roadshows, so please come along to find out more about our proposals. For more information on venues and dates visit: www.barnet.gov.uk

You can find out more information:

Call the information line: 020 8359 2111

email: counciltaxsupportconsultation@barnet.gov.uk