

Local Council Tax

Consultation Options

Council Tax Benefit is a financial help towards the cost of paying the Council Tax bill. From **1st April 2013**, the Government has removed this help and asked Local Authorities to design their own scheme, to help people in their community meet their Council Tax commitment.

This consultation is asking for your opinion about how Northampton's scheme should be devised.

This is part of a wider agenda from the Government to reduce the cost of Benefit expenditure under the scope of Welfare Reform. The Government has stated that every Local Authority will receive a reduced funding of 10% which means that the Northampton Borough Council will have a deficit in the region of £1.9 million. The new scheme has to find a way to bridge this gap. This is in addition to the already reduced funding from Central Government to the services that Local Authorities provide.

This will affect around 11,500 accounts, where we collect Council Tax. The Government has stated that Pensioners are to be protected from a reduction in entitlement for this year, as they are unable to increase their income.

We welcome any comments by responding to this consultation, giving you an opportunity to have a say regarding the principles of the scheme. This consultation is open to all members of the Northampton community, whether as a resident or someone who has a vested interest in the town. This consultation will last for 6 weeks, from September 10th to October 21st 2012.

Should you have further questions regarding the content of the scheme, please contact the e-mail address on counciltaxsupport@northampton.gov.uk or contact our Customer Services department on **0300 330 7000**.

There are a number of options for a replacement local scheme. The options are described below, with the illustrative financial implications set out. The numbers relate to the table which is located at the back of this document. The options are set out in groups, some are mutually exclusive others can be taken in conjunction with each other.

Council Tax Reduction Options

Option 1 - Maintain the existing Council Tax Benefit Scheme

This option looks to continue in 2013/14 the principles and procedures of the existing Council Tax scheme. This option would come at a cost and could impact on wider

delivery of services across the County. This would cost £1.9m on the projected estimates from Central Government.

Option 2 - Percentage Reduction in weekly benefit entitlement

Currently Council Tax Benefit is paid on the basis of entitlement in relation to the Council Tax charge. This proposal allows the scheme to restrict benefit across all working age claimants. This would save £2.45 million based upon an entitlement of 75% of the liability and impact 10,692 claims

Options 3 - Reduction in weekly benefit entitlement by £5.00 per week

This option reduces the original entitlement level to working age benefit recipients by £5 per week. This will save £2.98 million and impact 10,838 existing claims.

Work Incentive Option

Option 4 - Incentivise work through offering Extended Payments (for those starting work)

Current legislation allows for a maximum four-week continuation of full entitlement when employment commences and is expected to last for more than 5 weeks. This is known as an extended payment period (EPP). In line with the DWP's policy of incentivising people to go back to work, it is proposed to consider an increase of this period to 3 months maximum; however other periods could be considered. This would cost £172,000 and impact 945 claims.

Supplementary Options

Option 5 - Increase non-dependent deduction

A deduction is applied to a Claimants entitlement in respect of other adult's aged 18 or over living in the claimant's home. These are referred to as non-dependents. A non-dependent is a person who is living with the Claimant but who is not dependent upon them and not living in their home on a commercial basis. This would save £47,346 if the deduction rate was increased by a further 25% upon current levels and impact 481 claims.

Option 6 - Increase the Taper

A taper is the rate at which Council Tax Support reduces where weekly income exceeds basic living needs. This is currently 20p in every pound and this option would look at increasing the reduction to 30p in every pound rather than the 20p currently applied. This would save £330,000 and impact 2,203 claims.

Option 7 - Withdraw benefit for those holding over £6,000 in capital instead of £16,000

At present, working age claimants with capital such as savings and investments above £16,000 are generally not entitled to council tax benefit. This option would reduce that figure to £6,000. This would save £74,408 and impact 154 claims.

Option 8 - Removal of Second Adult Rebate

The Alternative Maximum Benefit scheme, known as second adult rebate (2AR) is applied to claims, up to a maximum of 25% reduction, on the basis of another adult's income into the property. A typical example of this is where a Lone Parent who is working applies for a 25% reduction, as their child is unemployed. This would save £33,250 and impact 147 claims.

Option 9 - Freeze allowances and premiums in 2013/14 (at 2012/13 levels)

Premiums and personal allowances are used to determine basic living needs for a claimant and their family when calculating entitlement to CTS. This is defined in the legislative requirements within the Local Government Finance Act 1992. This proposal is to hold the rates that are in place for 2013/14 for working age claimants and therefore not increasing in line with other DWP benefits.

Option 10 - Removal of Backdating

In the current legislation, an application is made to a Local Authority as can be backdated, to assume that the claim was made at an earlier period. This proposal is to remove the option of backdating a claim date and encourage Claimants to make a claim for financial assistance from the Local Authority at the time when they are suffering the financial pressures of Council Tax demands. This would save £330,638 and impact 177 claims.

Option 11 - Restrict Benefit to Band D equivalent

This would aim to exclude support to households of a Band D and above. Band D properties are more likely to be larger properties and more expensive than those in bands A to C. This will save £628,634 and impact 553 claims.

Option 12 - Restrict minimum weekly award from £0.50p per week to £1.00 per week

Currently, legislation states the minimum entitlement to Council Tax Benefit, must be 50 pence. This proposal increases this to £1.00. This will save £1,085 and impact 40 claims.

A Council officer will be present at the meeting to present further details in respect of the consultation.