

Council Tax Support

Changes to Council Tax Benefit for working age customers from 01 April 2013

Council Tax Benefit will cease to exist from 31 March 2013. It will be replaced by a new scheme called the **Council Tax Support** scheme (CTS). The new scheme will require everyone of **WORKING AGE** to pay something towards their Council Tax bill.

Why is Council Tax Benefit changing?

The Government are abolishing the current Council Tax Benefit scheme and has tasked each Council to create a new Local Scheme to replace it. The Government is also reducing the amount of grant it gives each Council to administer their new scheme by 10% of the amount they currently receive for the cost of Council Tax Benefit. It is estimated that Torridge District Council could have a shortfall of over £500,000. This means that our working age customers will receive less support than they did under the old Council Tax Benefit scheme.

Under the new scheme people of pensionable age are protected and will be no worse off.

What scheme has Torridge District Council decided to adopt?

Torridge District Council's **Council Tax Support** scheme is based on the current Council Tax Benefit scheme with five major changes:

1. Reducing everyone's Council Tax liability to 75% before any council tax support is awarded.
2. Restricting the maximum Council Tax Support to a band D council tax liability (before the 75% liability restriction is applied).
3. Not awarding any Council Tax Support to households with more than £6,000 in savings.
4. Abolishing Second Adult Rebate.
5. Creating a new Exceptional Hardship Fund.

How did Torridge District Council decide which scheme to use?

Torridge District Council worked with all of the other Councils in Devon, including Devon County Council, The Fire Service and Police to establish a Devon wide Framework. Most Devon Councils have designed a similar scheme to each other, with a few variations.

A draft scheme was consultation upon between 06.08.12 and 01.10.12. We consulted with all working age customers who were receiving Council Tax Benefit at the time, various agencies and members of the public who were not claiming Council Tax Benefit. We used various means to publicise the consultation process and to encourage the general public and agencies to respond and give us their views.

At the end of the consultation process the results were considered alongside the Government's stipulations and the need to ensure we met the financial constraints imposed on the Council.

Reduction of Council Tax Liability

The main change to the Council Tax Support scheme is that before any support is awarded, your liability (the actual amount of Council Tax you have to pay) is reduced to 75% of your full bill.

For example a household receiving full Council Tax Benefit under the old scheme of £19.96 per week for a Band A property in Bideford would get a discount of £14.97 per week under the new Council Tax Support scheme (75% of £19.96). This household will now pay £ 4.99 per week towards their Council Tax bill.

Reduction of Band Liability

Another change under the Council Tax Support scheme means that you can only get support up to the Council Tax liability of a Band D property or below. Anyone who lives in a property with a band E, F, G or H will have their support restricted and based on a band D liability.

For example a household receiving full Council Tax Benefit under the old scheme of £36.59 per week for a Band E property in Bideford would now get a discount of £22.46 per week under the new Council Tax Support scheme. This household will now pay £14.13 per week towards their Council Tax bill. This is worked out at the maximum rate of £29.94 per week for a band D property which is then limited to 75% equalling £22.46 per week.

Capital limit reduction

Under the new scheme households with more than £6,000 in savings and investments will not be eligible for Council Tax support and will be expected to pay their Council Tax bill in full. Under the old Council Tax Benefit scheme customers could have up to £16,000 in savings and still be eligible to receive help.

For example a couple who had £12,000 under the old scheme and received a reduced amount of Council Tax Benefit on the basis of this will now not be eligible to claim Council Tax Support.

Abolish Second Adult Rebate

Second Adult Rebate has been abolished under the new scheme.

Under the old scheme Second Adult Rebate could be awarded when the person paying Council Tax is living with someone over the age of 18 who was on a low income (not a partner, boarder or lodger). In this situation Council Tax Benefit of up to 25% could have been awarded.

Exceptional Hardship Fund

An Exceptional Hardship Fund has been set up to ensure that where there is exceptional need, up to 100% relief can still be awarded.

Torrige District Council recognises that the circumstances of some of our working age customers means that further help will be necessary. Customers wishing to apply for additional support must complete an application form and any additional award will be made in line with the Council Tax Exceptional Hardship Policy. This fund is limited and is for those experiencing “exceptional hardship” as a result of having to pay towards their council tax.