



Brighton & Hove

Council Tax Reduction Scheme 2013/14



**Brighton & Hove
City Council**



From 1 April 2013, the government is abolishing Council Tax Benefit - the national system to help people on a low income pay their Council Tax. Councils have been asked to introduce localised schemes to replace it. The government is also reducing the grant it gives to local authorities to help those on a low income to pay for their Council Tax by 10%. This means a reduction of £2.5 million in Brighton & Hove.

Brighton & Hove's Council Tax Reduction scheme acts like a discount that is applied to your Council Tax bill. The scheme aims to limit the impact of the government's funding reduction on the most vulnerable households and keep the switch as simple as possible.

The council has committed to absorbing £1 million of the £2.5 million reduction and aims to distribute the funds available as widely as possible under the new scheme, meaning that people who are less well off will pay the least. Entitlement will be assessed by a means test so that people with the least money will receive the most help, based on your income and savings, similar to how Council Tax Benefit was worked out. We have also put a limit on how much existing claimants will pay in the first year.

People of pensionable age are protected, and will have their Council Tax Reduction worked out in the same way they did under Council Tax Benefit, taking into account any national changes to the amounts used in the calculation.

However, it does mean that all households of working age will need to pay something towards their Council Tax.

The scheme will be reviewed every year and we will be able to make any necessary changes if required by national legislation.

Changes for pensioners

The government has committed to protecting pensioners from the impact of changes to Council Tax Benefit. Instead of receiving Council Tax Benefit, eligible pensioners will have their Council Tax Reduction worked out in the same way they did under Council Tax Benefit, taking into account any national changes to the rates, such as the non-dependent deduction amounts and applicable amounts set by central government. Assuming there are no other changes in their circumstances, the only other difference pensioners will see is how the reduction is shown on their Council Tax Bill.

Pensioners who are currently claiming Council Tax Benefit will be automatically transferred to the new scheme and will not need to make a new application.

Changes for working-age people

Decisions on who's eligible to receive help paying Council Tax under Council Tax Reduction (CTR) will be based on a person's income and savings, in a similar way to how Council Tax Benefit is worked out. It makes the change to the new system as simple and clear as possible for existing claimants and new applications.

However, CTR cannot meet the cost of your full Council Tax bill. The maximum amount of discount any household can receive is 91.5% of their bill. This means that all working-age households will be asked to pay a minimum of 8.5% of their net Council Tax liability. Net means after any applicable discounts are applied to their total liability, such as the Single Person Discount. For example, a full liability for a Band A property is currently £18.95 a week, but a single person living alone would receive a 25% discount on their bill, meaning their total liability would actually be £14.21. Their CTR would then be calculated on the basis of 91.5% of £14.21.

Applying for Council Tax Reduction

If you are already claiming Council Tax Benefit, you don't need to reapply. We will work out your eligibility for Council Tax Reduction based on the information we already hold. Your Council Tax Bill for 2013-2014 will reflect your new reduction.

If you need to claim help with your Council Tax bill after 1 April 2013, you will be asked to complete a Council Tax Reduction application form.

Other changes

- **The earnings disregard for single working age people will be doubled from £5 to £10 per week**

Where a single person receives income from work, the first £10 will be ignored when working out how much Council Tax Reduction they receive. This is double the amount disregarded under Council Tax Benefit and is designed as support for the low waged and people returning to work from periods of unemployment. The earnings disregard for couples (£10) or families (£25) will remain the same as under Council Tax Benefit.

- **The additional amount any household has to pay as a result of the change to Council Tax Reduction will be limited to a maximum of £3 a week in 2013/2014 for those already claiming in 2012/13, assuming there are no other changes in circumstances**

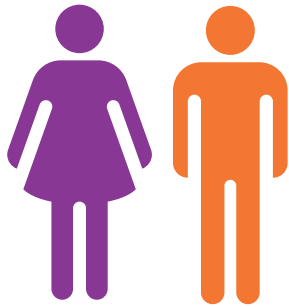
Some households in higher Council Tax band properties (likely to be larger families) may face a significant increase in the amount they have to pay as a result of the Council Tax discount being calculated at 91.5% of their full Council Tax liability. Therefore, unless a further increase is caused by national changes (for example increases in non-dependent deductions) the increase will be limited to £3 per week for existing claimants in the first year where their circumstances don't change.

- **There will be a discretionary fund to provide additional support in exceptional circumstances to the most vulnerable households**

This extra money will be available to help households pay their Council Tax contribution in exceptional circumstances.

Examples:

The following examples are made-up cases to help explain how the scheme will work in practice.



Council Tax Bill stays the same

Couple of pensionable age – the same level of support as CTB

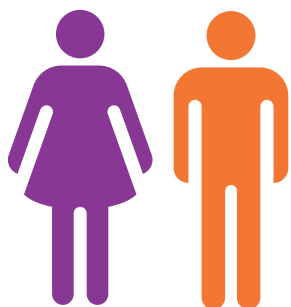
Michael and Pat are 73 and 71 respectively. They claimed Council Tax Benefit and were awarded £17.11 a week based on means testing their income from state pensions, Michael's work pension and Pat's savings. The full liability for their Band B property is £22.11 per week so they are paying £5.00 a week in Council Tax. Under Council Tax Reduction, they will receive a bill saying they receive a reduction rather than Council Tax Benefit, but the amount they are entitled to remains at £17.11 and so the amount they have to pay is still £5.00 a week.



**Laura makes a claim for Council Tax Discount
No Council Tax to pay**

Pensioner – new claim

Laura is 68, she moves from Worthing to a new rented flat in Brighton in May 2013. Laura is on Pension Credit Guarantee Credit. Her new flat is a Band A property. When she moves she makes a claim for Council Tax Reduction, because she is a pensioner and because she is on Pension Credit Guarantee Credit, she receives full Council Tax Reduction and does not have to pay any Council Tax.



**91.5%
discount**

Couple in Band A property – standard working age case

Mary lives with her partner in a Band A property and they are both on Job Seekers Allowance. Their Council Tax is £18.95 per week and in 2012/13 they received full Council Tax Benefit. They will automatically be assessed for Council Tax Reduction and will receive a reduction of 91.5% on their full liability, which is worth £17.34 per week. They will therefore have to pay £1.61 a week themselves in Council Tax.



Family in Band F property - £3 limit applies

James and Danielle live with their four children in a Band F property. James works but is currently sick and receives statutory sick pay, the family also receive child benefit and tax credits. Their Council Tax is £41.06 per week and they received full Council Tax Benefit. They will automatically be assessed for Council Tax Reduction and receive a reduction of 91.5% on their full liability, which is worth £37.57 a week.

In theory, this would leave them having to pay £3.49 a week in Council Tax, compared with nothing the previous year, but this will be capped at £3.00 in the first year. However, this protection only applies to existing Council Tax Benefit claimants, so if this family had not previously received Council Tax Benefit and made a new application for Council Tax Reduction after April 2013, they would have to pay £3.49 per week, based on a 91.5% reduction.



**Earnings disregard increased to
£10**

Single person in work – earning disregard applies

Ahmed is 23 and shares a Band B flat with one housemate. He earns £100 per week and his share of Council Tax is £11.05 per week. He received partial Council Tax Benefit of £3.30 per week, calculated on the basis of the first £5 of his earnings being disregarded, so he paid £7.75 a week.

Under Council Tax Reduction, the amount he has to pay is calculated in two steps. Firstly, the maximum reduction he can receive is 91.5% of his £11.05 liability. Secondly, the means test is applied. If there was no change to the earnings disregard his benefit would reduce to £2.36 and he would have to pay £8.69 per week towards his bill. However, an increase in the earnings disregard from £5 to £10 means he now has to pay £7.69, 6p less than under Council Tax Benefit.