

Watford Borough Council
Local Council Tax Support Scheme
Explanatory Note

Introduction

From April 2013, the Government has abolished Council Tax Benefit. To help people who may have difficulty in paying their Council Tax, the Government has said that each Local Authority should have its own Local Council Tax Support Scheme.

The local schemes will have to take into account the following:

1. The amount the Government will give to each Council to fund the local scheme will be 10% less than it gave under the current Council Tax Benefit scheme. This means that Watford will receive around £780,000 less from the Government so it will need to look at ways to make this saving.
2. Pensioners will be protected from any changes that a new scheme will introduce and will have their awards calculated the same way as they are now.

Other Considerations

Watford Borough Council has to take into account the impact that the new scheme will have on various groups within the borough, for example the disabled and families with children. It also has to consider what effect the scheme will have on various religious and ethnic groups.

The Local Scheme that is being considered intends to keep the elements currently used to work out a person's Council Tax Benefit so that people who are disabled or families and may have extra financial burdens do not lose out when compared to other claimants

The Local Scheme

Watford Borough Council will need to reduce the amount it pays in Council Tax Support to people who are working age so that it does not increase the Council Tax that everyone will have to pay.

There are two options under consideration and part of the consultation that Watford Borough Council is carrying out.

These are:

Option 1.

To reduce the Council Tax Support that is received by Working Age claimants by a fixed percentage. This will be in the region of 17% when compared to the amount of help a person is getting in Council Tax Benefit this year.

Option 2.

The second option is to make the savings by reducing the amount it pays to certain claimants as follows:

2a. Reduce the Capital Limit to £8,000

Under the current scheme, you cannot receive Council Tax Benefit if you have savings (money in the bank, shares etc) of more than £16,000. We are considering reducing this limit so that you will not receive Council Tax Support from April 2013 if you have more than £8,000 in savings.

2b. Increase Non-Dependant Deductions

Under the current scheme, if you have an adult living with you such as a grown-up son or daughter (known as a non-dependant), we make a deduction from the amount of Council Tax Benefit we pay. This deduction is based on the income that the non-dependant receives. We are considering increasing the level of deductions so that they are double the current level.

2c. Capping the amount of Council Tax Support to the level of a Band D property.

Each property is placed in a Council Tax Band based on its value. At the moment there are 8 Council Tax Bands, A – H with A being the cheaper properties and H the most expensive. The current Council Tax Benefit scheme has no restrictions so a person living in a large property in Band H could still get help with all of the Council Tax they should pay.

We are considering capping the amount of Council Tax Support so that anyone who lives in a property which is in Council Tax Band E or above, will have the level of support calculated as if they were in a property in Band D.

The total amount that will be saved by the above options (2a – 2c) will still not be enough to cover the £780,000 that needs to be saved. As a result Watford Borough Council is considering the following additional options:

2e. Abolish the Council Tax Exemption given to properties that are empty and need structural work to make them habitable.

At the moment, if a property is empty and needs structural work to make it habitable, no Council tax is charged for up to 12 months. The Government is intending to abolish this exemption and replace it by giving Local Authorities the power to grant a discount of anything from 0% to 100%.

So that we can increase the number of properties available and discourage owners from keeping properties empty, we are considering NOT granting a discount to empty properties that need structural work.

2f. Abolish the Council Tax Exemption given to properties that are empty and unfurnished.

At the moment, if a property is empty and unfurnished, no Council tax is charged for up to 6 months. The Government is intending to abolish this exemption and replace it by giving Local Authorities the power to grant a discount of anything from 0% to 100%.

So that we can increase the number of properties available and discourage owners from keeping properties empty, we are considering NOT granting a discount to empty properties.

2g. Increase the amount we charge on Second Homes

If a property is classed as a second home (because a person's main home is elsewhere), Watford Borough Council grants a discount of 50% of the Council Tax due. The Government has stated that it intends to change the law so that Councils can charge full Council Tax on Second Homes.

Watford Borough Council intends to make use of this new power so that second homes are charged full Council Tax.

2h. Charge an "Empty Homes" Premium

Properties that have been empty for a long time can become a problem. They can attract vandalism or squatters and can have a negative effect on a neighbourhood. The Government has stated that it will allow Councils to charge more Council Tax on a property that has been empty for more than 2 years.

Watford Borough Council intends to use this power and charge an extra 50% where a property has been empty for more than 2 years to encourage more of these properties to become occupied.