

## **Possible changes to Lambeth's Council Tax Support scheme**

### **Case study:**

#### **Reintroducing a 20% liability reduction**

A family of two adults and two children living in a band D property have a weekly Council Tax liability of £35.77. They have a weekly Universal Credit income of £285.88.

Their Council Tax Support currently covers 100% of their Council Tax bill so they do not have to pay any Council Tax.

If the proposal was in place they would have to pay £7.15 per week Council Tax, an annual total of £373.08.

### **Frequently Asked Questions (FAQs)**

#### **What is Council tax support?**

Council tax support helps people who have a low income, or no income, to pay their council tax bills. Council tax support was introduced on 1 April 2013 and replaced the government's council tax benefits scheme. Pensioners are protected by legislation and are not covered by the scheme.

#### **Who has to pay council tax?**

Council tax is a charge which is usually paid by the occupants of the property. The full tax assumes that there are at least two adults living in the property. If there is only one occupant in the home, they may be eligible for a discount. The tax is also paid by the property owner where the property is unoccupied, and no relief is applicable.

#### **Who can get Council tax support?**

Anyone who is liable to pay council tax and occupying the property as their home can make a claim for council tax support. All claims are assessed using a means test.

#### **What is a 'liability'?**

If you need to pay (are liable to pay) council tax your liability is the amount of council tax you must pay. This is a legal term to denote the amount of money due to the council and used to provide local services.

#### **What are you proposing to change?**

The proposal is to reintroduce a 20% liability reduction.

The change would mean that somebody who currently has 100% of their council tax paid by the council and who doesn't come under a protected category, such as pensioners, or those with a disability, would have to pay 20% of the council tax bill from April 2025.

#### **What is a 'liability reduction'?**

Currently people can receive council tax support to cover all of their council tax

liability. A liability reduction is where the maximum amount of support available is set at less than 100%. A liability reduction was in place in Lambeth up until 2022.

If the liability reduction was set at 20% it would mean council tax support could only meet 80% of the liability. You would need to pay the difference.

### **What is a 'protected group'?**

Some groups of people are protected from the liability reduction. They can receive council tax support to cover all of their liability. Protected groups are:

- people registered as disabled
- carers
- war widows
- families who have their benefit reduced by the benefit cap

### **Who will the changes affect?**

The scheme currently provides statutory protection to approximately 8,300 pensioners, whose eligibility is determined by the national scheme. These people would be unaffected by any change to the Council Tax Support Scheme.

We are also proposing discretionary protection from the change for disabled applicants, carers, families affected by the overall benefit cap, war widows and widowers.

Since 2018, those leaving care have been exempted from paying council tax until they are 25 years old, this would continue to apply.

### **Why are we proposing this change?**

We are committed to providing the best possible financial support to our most vulnerable residents. However, we need to make significant savings due to reductions in the amount of money we have to spend and rising need for our services. Unprecedented demand for services including temporary accommodation means we need to save £69 million over the next four years.

The proposed changes to the Council Tax Support (CTS) scheme are one of several cost savings and revenue raising measures we are considering reducing this significant budget gap.

### **What is 'baseline claim data'?**

'Baseline claim data' is data held for all council tax support claimants in terms of race, gender, disability and age. We can then tell the percentage of people in different groups and compare this 'baseline claim data' to any proposal to identify if different groups are more affected.

### **How much will I have to pay in future?**

How much you have to pay depends on the amount of council tax due and your family circumstances. It is also dependent on the outcome of this consultation.

### **Will council tax increase as a result of these proposals?**

The amount of council tax due will not directly change as a result of these changes although the council and the Mayor of London may choose to increase council tax.

The proposals are likely to increase the amount of council tax you need to pay if you currently receive council tax support.

**Why are you consulting on the proposed changes?**

If we want to make changes to our council tax support scheme we must, by law, ask you about it. We want you to tell us what you think about these options to enable us to create a local council tax local scheme that takes your views into account.