

Council Tax Reduction Consultation 2020

WHY CHANGE COUNCIL TAX REDUCTION AGAIN SO SOON

Due to the COVID–19 pandemic the council has been forced to consider changes to services to enable it to balance its budget in 2021. One of these changes being considered is a change to the largest discretionary expenditure the council gives to support residents to pay their council tax. This is the council tax reduction scheme.

These proposed changes if and when approved will make available approximately £650,000 from April 2021 to be used to help with the budget gap.

We're proposing three changes to council tax reduction for working-age people. We'd like your views before we finally decide. **Pensioners are not affected by these proposals.**

WHAT WE'RE ASKING

We want your views on the proposals for three changes to council tax reduction – the benefit that helps about one quarter of our residents to pay their council tax. Currently, Pensioners can receive council tax reduction of up to 100% off their bill. Working-age people currently get support up to a maximum of 90% off their bill.

This change affects all working age households claiming council tax reduction. This consultation opens 1st September 2020 and closes on the 2nd November 2020.

HOW COUNCIL TAX REDUCTION IS CALCULATED

Everyone has a maximum amount of weekly income they can receive, before their income starts to affect their council tax reduction.

This figure is called your **applicable amount**, and is compared against your income and capital to work out how much council tax reduction you receive.

Your applicable amount varies depending on your age, the size of your family, and any special needs you have (for example whether you are disabled).

The applicable amount has three main parts, these are:

1. An amount for you and your partner – your personal allowance
2. An amount for any dependent children – your children's personal allowance
3. A premium - an element which you may qualify for to cover any special needs you have

Once your personal allowances and allowances for your children have been worked out, if you meet the qualifying conditions, premiums can be added to make up your applicable amount.

More information about how to calculate your applicable amount can be found on the citizen's advice website at

www.citizensadvice.org.uk/benefits

Once you have your applicable amount, your income is compared against this and if you have any excess weekly income this will decide what excess income range you fall into and what level of council tax reduction you will receive.

You will not need to determine your applicable amount if you receive any of the following:-

- Universal credit (except where there are additional earnings)
- Jobseekers allowance (income based)
- Employment and support allowance (income related)
- Guaranteed pension credit
- Income support.

This is because the assessment of your income and savings will already have been undertaken by the DWP or pension service. You will receive the maximum council tax reduction allowed, (excess income range 1) subject to any non-dependent deductions for other adults who live with you.

The current scheme is split into six excess income ranges and the level of support given is dependent on your household makeup. Group A are households that have children, carer responsibilities or a disabled person resident. Group B are singles or couples without children households.

Existing excess income range 1	£0 - £14.99	Group A 90% off your council tax Group B 75% off your council tax
Existing excess income range 2	£15 - £29.99	Group A 70% off your council tax Group B 60% off your council tax
Existing excess income range 3	£30 - £49.99	Group A 40% off your council tax Group B 40% off your council tax
Existing excess income range 4	£50 - £69.99	Group A 15% off your council tax Group B 15% off your council tax
Existing excess income range 5	£70 - £79.99	Group A 5% off your council tax Group B 5% off your council tax
Existing excess income range 6	£80 and over	Group A 0% off your council tax Group B 0% off your council tax

We do not change your council tax reduction award until your excess income falls or rises into a different excess income range.

WHATS PROPOSED

Proposed change 1 - The number of excess income ranges changing from six to four

We are proposing to change the number of excess income ranges from six to four. Those in excess income range four will receive no support. This will mean that those with higher excess incomes that fall into the current excess income range four and five will no longer receive anything off their council tax bill.

Table 1: Existing excess income ranges

Excess income range 1 £0-£14.99	Excess income range 2 £15-£29.99	Excess income range 3 £30-£49.99	Excess income range 4 £50-£69.99	Excess income range 5 £70-£79.99	Excess income range 6 £80 and above
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Table 2: Proposed excess income ranges

Excess income range 1 £0-£14.99	Excess income range 2 £15-£29.99	Excess income range 3 £30-£49.99	Excess income range 4 £50 and above
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Proposed change 2 - Excess income above the applicable amount in the highest excess income range is proposed to change from £80 to £50 per week

We are proposing to reduce the top excess income range from £80 per week to £50 per week. This will impact on those households that were receiving support of 15% or 5% with an excess income of £50 to £80 per week. Under this change they will no longer receive any money off their council tax bill. The largest group of people that receive council tax support in these ranges live in properties that are valued as council tax band B and for these households it would mean they would have to pay (based on the current level of council tax band B of £1438.66):

- £4.14 a week more if they were in excess income range four at 15% or,
- £1.38 a week more if they were in excess income range five at 5% support.

For households with a disabled person resident or have a carer that fall into excess income range 4 we are proposing to continue awarding them 15%. This will mean there will be no change for circa 59 households.

Proposed change 3 - The level of support given in the excess income ranges is changing

The council is proposing to increase the level of support given to households without children or disability in excess income range 1 from 75% to 80%. Current analysis shows that these households are in most financial crisis and of need of support. By bringing all other households support levels in excess income range 1 down from 90% to 80%, in excess income range 2 down from 70% to 60% and in excess income range 4 down from 15% to 0%, the council can afford to fund this change. Group A and Group B households will receive the same support. Group C households, those with a carer or disabled resident will continue to receive 15% support in excess income range 4.

The level of support given in each excess income range is proposed to change as shown in Tables 3, 4 and 5.

Table 3 Group A: Households with children

Existing excess income range	Excess income range 1 £0-£14.99	Excess income range 2 £15-£29.99	Excess income range 3 £30-£49.99	Excess income range 4 £50-£69.99	Excess income range 5 £70-£79.99	Excess income range 6 £80 and over
Existing reduction given	90%	70%	40%	15%	5%	0%
Proposed excess income range	Excess income range 1 £0-£14.99	Excess income range 2 £15-£29.99	Excess income range 3 £30-£49.99	Excess income range 4 £50 and over		
Proposed reduction given	80%	60%	40%	0%		

Group A households in excess income ranges 1, 2 4 and 5 will see a decrease in support.

Table 4 Group B: Single and Couples households without children

Existing excess income range	Excess income range 1 £0-£14.99	Excess income range 2 £15-£29.99	Excess income range 3 £30-£49.99	Excess income range 4 £50-£69.99	Excess income range 5 £70-£79.99	Excess income range 6 £80 and over
Existing reduction given	75%	60%	40%	15%	5%	0%
Proposed excess income range	Excess income range 1 £0-£14.99	Excess income range 2 £15-£29.99	Excess income range 3 £30-£49.99	Excess income range 4 £50 and over		
Proposed reduction given	80%	60%	40%	0%		

Those households in Group B (singles and couples without children) on the lowest incomes in the existing excess income range 1 will see an increase in support from 75% to 80%. There will be a decrease in support for excess income ranges 4 and 5.

Table 5 Group C: Households with carer or disabled resident

Existing excess income range	Excess income range 1 £0-£14.99	Excess income range 2 £15-£29.99	Excess income range 3 £30-£49.99	Excess income range 4 £50-£69.99	Excess income range 5 £70-£79.99	Excess income range 6 £80 and over
Existing reduction given	90%	70%	40%	15%	5%	0%
Proposed excess income range	Excess income range 1 £0-£14.99	Excess income range 2 £15-£29.99	Excess income range 3 £30-£49.99	Excess income range 4 £50 - £69.99		
Proposed reduction given	80%	60%	40%	15%		

Those households that were in excess income range 4 and have a care or disabled resident will continue to receive the same level of support at 15%

ADDITIONAL SUPPORT REMAINS

The flexible support fund that was created in April 2020 will continue to assist households on low incomes to improve their own financial position. The council is proactively seeking to help residents on council tax reduction to maximise their household income.

We will continue to support those households that see significant increases in their council tax payments as a result of these changes through this additional support.

Please now complete the survey and tell us what you think about our proposals.