

Local Council Tax Support Scheme consultation 2019-20

Background

Council tax support is provided to around 6,000 households in Cheltenham at an annual cost of just under £6m. This includes working and pension age claimants. Approximately 60% of these households are of working age. The cost of the council tax support scheme is met by this council and the precepting authorities which are the county council and the police. The share of the cost is the same as the share of the council tax.

Prior to April 2013, council tax payers on a low income could apply for council tax benefit to help pay their council tax. Under this national scheme and in accordance with the regulations, council tax payers could receive benefit of up to 100% of their council tax liability. The Council then received full funding from the government for all council tax benefit awards made.

From April 2013, Councils became responsible for designing their own local council tax support (CTS) scheme for working age people only. The Government also reduced the funding given to Councils to pay for the scheme. Cheltenham Borough Council introduced its local council tax support scheme in April 2013 which more or less replicated the council tax benefit scheme. Council tax support for pensioners was not localised and continues to be provided for by a national scheme.

Since 2013/14 the funding received from Central Government to support the local working age scheme has continued to reduce in line with the other central funding cuts and is expected to continue to reduce over the coming years. To date, Cheltenham Borough Council has not amended its local council tax support scheme to reflect this reduced funding and has not increased the contribution that people receiving help must make towards their council tax bills. However, the Council is now in the position of considering making changes to the local council tax support scheme with effect from 1 April 2019. The Council wants to hear your views regarding the changes that it could implement.

What is local council tax support?

Council tax support is a council tax discount and if awarded it will reduce a person's council tax payments. Any person who is liable for council tax can apply. The level of discount awarded is currently based on the income and capital the claimant and partner has, whether they have dependent children or other grown ups living in the household, referred to as non dependants. Other factors such as certain expenses to assist with childcare payments, disabilities and whether a person falls into a group considered to need more support is also taken into consideration .

All, some, or none of these factors can be taken into consideration when devising a council tax support scheme.

Why is a change to the council tax support scheme being considered?

Each year the Council has to decide whether to make changes to the administration of its council tax support scheme for working age applicants in the borough. This year we are consulting on changes that could be made to the scheme from 1 April 2019. As previously mentioned, the Council, and precepting authorities are facing funding cuts year on year. We also need to modernise and make changes to the current scheme so that it works

together with the changes that are being made at a national level with the introduction of Universal Credit. People who have made the transition to Universal Credit have their entitlement to this recalculated each month, taking into account any fluctuations in income. As Universal Credit is income for the purposes of council tax support, a change also has to be made to the person's council tax support. This then results in revised changes to council tax instalments every month which can make budgeting very difficult for those customers.

Cheltenham became a full Universal Credit area in January 2018 and as more people claim Universal Credit or transfer to it, the need to revise the council tax support scheme and simplify the administration, make the claiming process easier and simpler becomes more pressing.

Who will be affected by any changes?

It is important to note that any proposed changes to the council tax support scheme will not affect pensioners. People of pension age are protected and their council tax support will continue to be awarded on the basis of the scheme prescribed by Central Government.

The proposed changes will apply from 1st April 2019 to working age people only who receive council tax support or apply in the future for help to have their council tax discounted. There will be no exceptions and any new scheme will apply to all working age people from 1 April 2019.

Are there any alternatives to changing the existing council tax support scheme?

The Council could increase the level of council tax for every council tax payer to increase revenue and continue to fund the existing council tax support scheme. However there are also limitations to this. The preferred option is to modernise and amend the existing scheme.

Options to change the current local council tax support scheme

There are currently 3,600 working age people in Cheltenham who receive council tax support. Many are unemployed or unable to work due to illness and will receive 100% council tax support meaning that they do not pay any council tax. Other current recipients receive council tax support based on the income they have. Any increase or decrease in income has an effect on the amount of council tax support awarded and every time a reassessment is carried out a new council tax bill is issued with revised instalments.

There are a number of changes being considered which will reduce the administrative burden, simplify the claim process, provide customers with vital financial support and reduce the number of in year reassessments carried out. These options form the consultation questions which you are being invited to answer, to help the Council shape its new scheme.

Below are some examples to illustrate how certain changes to the council tax support will affect those receiving help.

Example 1

Introduce a scheme where all working age applicants pay a % of the charge

The Council currently allows all working age customers to claim up to 100% support towards their council tax, depending on their income and household circumstances.

This option would require all applicants who claim council tax support to pay a minimum of 10%, 15% or 20% of the Council Tax. Reducing this support would mean that some working age applicants would need to make payments whereas they do not currently have to.

The Council is mindful that any minimum payment should be affordable given the household's circumstances so that the Council will be able to collect payments due.

Example 2

Introduce an income banded scheme

The Council currently carries out a means test and compares the applicant's income to a range of allowances and premiums set annually by Central Government. The lower a person's income the more council tax support they will receive. However every change of income results in an adjustment to the applicant's council tax support which then generates a revised council tax bill with different instalments to pay.

Introducing a scheme based on income bands would avoid multiple changes to the amount of council tax support and therefore reduce the number of council tax bills issued throughout the year (providing the income remained in the same income band).

This will be less confusing for council tax payers receiving council tax support, particularly those who receive Universal Credit, as their income is reassessed by the DWP every month. This currently results in a reassessment of their council tax support, despite how small the change is.

It is a clear and simple change to the current scheme, potentially making administrative savings and it would help people budget over longer periods.

Example 3

Introduce a capital limit of £6,000

Currently a working age applicant can have capital (cash savings, money in the bank and investments, but not including the value of a person's house) up to £16,000 and still qualify for council tax support. The applicant may receive up to 100% council tax support and not have to pay any council tax.

If the capital limit was reduced to £6,000 those with modest capital would still be able to apply for and receive assistance. However those applicants who have capital in excess of £6,000 would no longer qualify for any support and would have to pay 100% of their council tax liability.

Example 4

Introduce changes to the income that is disregarded in the calculation

The Council currently ignores certain income (either in part or in full) in its council tax support scheme. For example, child benefit and maintenance payments in respect of a

child are disregarded in full in the calculation of council tax support.

If changes were made to how much income was used in the calculation and certain types of income were taken into account, it would mean that the applicant receives less council tax support and would result in them having to pay more council tax.

Example 5

Discontinue the payment of Second Adult Rebate

If a single applicant does not qualify for council tax support themselves, there is a provision for them to claim something called Second Adult Rebate. This can be awarded up to 25% of the council tax liability and is based on other people's income in household, for example an elderly relative or grown up children still living in the applicant's home.

If Second Adult Rebate is discontinued it will result in some people having an increase in their council tax payments of between 7.5% and 25%. Second Adult Rebate is a lesser known benefit and is paid to less than 40 working age applicants by the Council. It can be more difficult to administer as it is not based on the applicant's income and as a result applicants often fail to notify changes to the other people's income to the Council.

Who are we consulting?

The consultation in respect of changes to the council tax support scheme for 2019-20 is open to everyone who lives in Cheltenham, regardless of whether they currently claim benefits and/or council tax support, work or study in the town and want to have their views heard. The Council is keen to hear the views of a cross section of Cheltenham residents.

When and how are we consulting?

The consultation will run for a period of six weeks, commencing on Monday 23 July and ending on Friday 7 September 2018.

We encourage people to complete our on line survey as this will capture answers to the key questions we are asking. The link to the survey on the Council's website is www.chelttenham.gov.uk/

However if you are unable to complete the on line survey or would like to convey your comments to us please either:

- Email your views to ctsconsultation@chelttenham.gov.uk, or
- Request a paper copy of the survey and then post back to us, or
- Write to us at the address below

Revenues and Benefits Service, Cheltenham Borough Council, Municipal Offices, The Promenade, Cheltenham. GL50 9SA

What happens after the consultation period has ended?

The information collected from this consultation will be used by the Council to assist in making its decision on the changes to the council tax support scheme from 1 April 2019.

The results from the consultation will be published later this year on our website. Work will take place to design a revised council tax support scheme which will be considered as a full council meeting in October 2018. The scheme will then be reflected as a discount on council tax bills for 2019/20.

Council tax support Scheme 2019/20 – consultation questions

1. The Council is considering an income banded scheme which would be a simple flat rate percentage discount awarded depending on what income band the person's total weekly income falls into. Do you agree that this would be a fair way to help people on a low income?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

2. Currently council tax payers can have capital of up to £16,000 and still receive council tax support.

Do you think that the capital limit should be reduced?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

If you think it should be reduced what do you think the new limit should be?

- £3,000
- £6,000
- Other – please specify

3. Currently a person can receive 100% council tax support and do not have to make any contribution towards their council tax payments.

Do you think that people should continue to receive 100% help towards their council tax?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

If you have answered no, what do you think the maximum amount of help should be?

- 90%
- 80%
- 75%

- 50%
- 25%
- Other – please specify

4. Should the Council provide protection for some groups from any changes made to the council tax support scheme from April 2019?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

If you have answered yes, please tick which group(s) you think should receive protection.

- People with responsibility for children
- People who pay for child care so they can go to work
- People who receive Personal Independence Payments for them or their partner
- People who receive Disability Living Allowance for a child or children

5. The current scheme ignores 100% of child benefit income. Do you agree that this income should be ignored for the purposes of calculating a person's weekly income?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

6. The current scheme ignores 100% of child maintenance payments received by the person. Do you agree that this income should be ignored for the purposes of calculating a person's weekly income?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

7. A non dependant is a person living as part of someone's home but is not responsible for the household bills, like an elderly relative or a grown up son or daughter.

Do you think that the non dependant should make a contribution to the running of the household which results in the council tax payer receiving less council tax Support?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

8. Currently council tax support is available to residents in Cheltenham regardless of the council tax band their property is in.

Do you agree that there should be a restriction placed on the council tax support awarded to those in higher bands F, G and H? For example: the maximum council tax support payable to someone in a band G property would be based on the charge for a band E property.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

9. Currently a person can have their new council tax support claim backdated for a period of 6 months if they provide a good reason. Do you agree that this period should be shortened to one calendar month?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

10. If a single applicant does not qualify for council tax support themselves, there is a provision for them to claim something called Second Adult Rebate. This can be awarded up to 25% of the council tax liability and is based on other people's income in household, for example an elderly relative or grown up children still living in the applicant's home. As Second Adult Rebate is not based on the council tax payer's ability to pay do you agree that this should be discontinued?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

11. The current council tax support scheme allows people to be temporarily absent from their homes, living elsewhere in the world and still receive help towards their council tax. Do you agree that the period for which a person can be absent from their home should be reduced to 4 weeks for them to still qualify for help?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

12. How do you think the Council should continue to fund its council tax support scheme from April 2018?

- By reducing the level of council tax support paid
- By increasing the amount of council tax paid by all of Cheltenham's residents
- Reduce funding for Council services
- Other – please specify

About you

Are you a resident of the Cheltenham Borough area?

- Yes
- No

Are you registered for council tax?

- Yes
- No

Do you currently receive council tax support?

- Yes
- No

Are you in employment?

- Yes
- No

Thank you for taking the time to complete this survey. The results of the survey will be used when determining a revised council tax support scheme from April 2019. The results will be published on the Council's website in due course.

A proposed council tax support scheme for 2019/20 will be considered by Cheltenham Borough Council in October 2018 and will be published on the Council's website.