



Council Tax Reduction Scheme 2022/23 Consultation

1. Council Tax Reduction Scheme 2022/23 Consultation

For some people on low income, paying their council tax is a challenge.

If you receive a DWP Benefit such as Universal Credit, Income Support, Jobseekers Allowance, Tax Credits or you are in receipt of a low income you can apply to get help from our Council Tax Reduction Scheme, which, as the name suggests, means you do not have to pay your full council tax bill. However, the scheme is complicated, can be difficult to understand and is time consuming for applicants.

We want to make changes to our scheme to make it simpler, easier to understand and fairer for all, and we need your views on what we are planning to do. However, Pension age households will not be affected as Central Government prescribe their scheme.

This is not about the council cutting costs – the amount of money available to help people meet their council tax bills remains the same, we are just proposing to distribute it in a different way.

In the vast majority of cases, people will see no difference in the amount of support they receive, or may even receive an increase.

But there will be some people who will not get the same amount of financial support from the Council Tax Reduction Scheme as they do now. However, we will know who those people are and we will support them to ensure they do not fall into financial difficulties.

It's really important that as many of you as possible take part in our consultation and make your views known to us. It runs until midnight on 24th December 2021

This form may be completed on your behalf by a family member, friend or by any person or organisation which supports you. However, should you still like help in completing the form, contact us via ctr@gravesham.gov.uk or telephone 01474 337710 and we will help you through the process.

If you'd like to read more detailed background information about the current Council Tax Reduction Scheme please visit www.gravesham.gov.uk/home/council-tax/council-tax-reduction/overview

2. Background to the Consultation

What is this consultation about?

Each year the Borough Council must decide whether to change the Council Tax Reduction Scheme for working age applicants in its area. This year the Council has decided that changes should be made to significantly change the Council Tax Reduction Scheme to:

Make the scheme easier for residents to understand and access.

Provide greater stability to those who are in receipt of support.

Make the scheme work better with the Universal Credit award system.

Build in capacity to better manage increase in demand and to create operational efficiencies to help assist the claimant.

What is Council Tax Reduction?

Council Tax Reduction is a discount for Council Tax. The level of discount is based on the income of the household. Currently the maximum discount is 80% of Council Tax for working age households and 100% for pensioners.

Why is a change to the Council Tax Reduction scheme being considered?

In April 2013 the Council Tax Benefit Scheme was replaced by a new Council Tax Reduction Scheme. Council Tax Benefit had been funded by the Department for Work and Pensions and supported people on low incomes by reducing the amount of Council Tax they have to pay.

The Council Tax Reduction Scheme is determined locally by ourselves rather than the Department for Work and Pensions. Although the Government initially provided funding for the scheme, the funding has reduced each year in line with the reduction in Revenue Support Grant provided to councils.

Applicants in receipt of Income-Based Jobseekers Allowance, Income Support and Income-Related Employment and Support Allowance receive the maximum level of reduction. Others receive an amount of Council Tax Reduction based on a number of factors including the make-up of the household, income and disability.

A separate Government scheme handles reductions for people of pension age. Councils are only able to vary our schemes for people of working age.

Each council is required to review its scheme each year and decide if they want to make any changes. But before any changes can be made, they must be subject to a public consultation.

We are proposing a number of changes to our existing Council Tax Reduction Scheme and, in line with the legislation, we want to provide you with the opportunity to tell us your views on those proposed updates.

We are consulting on the following changes to our scheme for 2022/23:

We would like to introduce an income 'grid' for all working age applicants. This will replace the current scheme which was based on the previous Council Tax Benefit Scheme, and will provide up to 80% support in certain cases. **(Part 1);**

We want to remove the transitional protection awarded to certain pre-2017 claims. **(Part 2);**

We would like to change the way your earnings are taken into consideration when we calculate how much support you will receive. We want to make it that the first £25 you earn does not count towards your Council Tax discount calculation. **(Part 3);**

We are proposing to remove the Extended Payment provision. **(Part 4);**

We want to make it so all new claims and any changes to claims because of a change in your circumstances happen from the day of the change in line with the discount schemes. At the moment these changes are made on a weekly basis. **(Part 5);**

We would like to be able to backdate any discount for up to 12 months where a good reason is given. **(Part 6);**

We want to introduce additional protection for disabled claimants by ignoring their Personal Independence Payments or Disability Living Allowance when we calculate their discount. We also won't take into account further income of up to £40 a week where either the applicant, their partner or a dependant is in receipt of the disability benefit. **(Part 7);**

We are proposing that Carer's Allowance and the Support Component for those applicants in receipt of Employment and Support Allowance are not included in the calculation of your reduction. **(Part 8);**

We want to introduce a Minimum Income Floor for self-employed applicants. **(Part 9);**

Some parts of our existing scheme will be included in the new scheme, including:

the capital limit will remain at £16,000 per claim;

a 'flat-rate' charge of £10 per week shall be deducted from any reduction for each non-dependant within the household;

the housing element of Universal Credit will not be considered as part of the calculation of your reduction; and

If you receive a war pension or a war disablement pension, we will not include that income when we calculate your reduction.

By making sure our scheme protects the financially vulnerable, we are likely to reduce spending in other areas where we support those on low incomes, making a significant contribution to the health and wellbeing of Gravesham residents.

What are the drawbacks of doing this?

If our proposed changes go ahead, the majority of people won't see any change in the amount of Council Tax Reduction support they receive. There may be some people who find their reduction increases, while in a very small number of cases, some may see a decrease in support from the scheme; and

Some higher income households may receive less support.

In Gravesham, around 6,477 people receive Council Tax Reduction support. The cost of the scheme is £6,904,000 which is spread across ourselves (11%), Kent County Council (74%), Kent Fire and Rescue Service (4%) and Kent Police (11%) in accordance with the amount of Council Tax which each organisation levies (which is shown in brackets).

Who will this affect?

Working age households in the Borough who currently receive or will apply for Council Tax Reduction.

Pension age households will not be affected as Central Government look after their scheme.

Are there any alternatives to changing the existing Council Tax Reduction Scheme?

We have thought about other options, including carrying on with the current scheme. While these have not been completely rejected and you are asked about them in the questionnaire, we do not think we should implement them for the reasons given below.

We have considered:

- **Continuing with the current scheme**

This would mean less support for certain households and higher administration costs generally.

Not making the proposed changes would significantly increase the administration of Council Tax Reduction.

The current scheme does not work effectively with the Government's Universal Credit system. The multiple changes in Universal Credit inevitably lead to multiple changes in Council Tax Reduction which creates uncertainty and confusion for claimants and can have an impact on the collection of the tax.

This would increase the costs for all Council Taxpayers in the area paying towards the scheme. The decision to increase Council Tax may need to be made by voting in a local referendum.

Another option could be to reduce funding to other council services to pay for additional administration costs

Keeping the current Council Tax Reduction scheme will mean an increase in administration costs and less money available to deliver other council services.

**1. I have read the background information about the Council Tax Reduction Scheme:
This question must be answered before you can continue. ***

Yes

No

3. Paying for the Scheme

2. Should the council keep the current Council Tax Reduction scheme? (Should it continue to administer the scheme as it does at the moment?) *

Yes

No

Don't Know

3. Please use the space below to make any comments you have on protecting the Council Tax Reduction Scheme from these changes.

4. Part 1 – The introduction of an Income Grid scheme to replace the current scheme for all applicants of working age

As explained in the background information, we are primarily consulting on the following proposals to change the existing Council Tax Reduction Scheme from 1st April 2022, which may increase the overall level of support to those households on the lowest income and reduce the administration cost of the scheme generally. The changes will also make the scheme simpler.

Please note that while the changes are intended to reduce the level and cost of administration, we are not looking to reduce the total overall level of support available. In fact, for the lowest income households, the changes may increase the amount of support provided.

Your responses are a part of this consultation.

The current scheme for Council Tax Reduction is largely based on the previous Council Tax Benefit scheme which was assessed alongside Housing Benefit. Housing Benefit for working age applicants is being phased out and it is not now possible to make new claims.

All the time Housing Benefit was the main provider of housing support for those of working age, it was logical to maintain a Council Tax Reduction Scheme that mirrored the approach.

With the roll out of Universal Credit, it gives us the opportunity to simplify what is effectively a Council Tax discount.

We are proposing that a simplified income 'grid' scheme will be introduced.

Table 1 shows the level of discount available.

Table 1

Band	Discount	Single Person	Couple	Lone Parent with one child	Lone Parent with two or more children	Couple with one child	Couple with two or more children
1*	80%	£0 to £115	£0 to £160	£0 to £185	£0 to £255	£0 to £230	£0 to £300
2	65%	£115.01 to £160	£160.01 to £205	£185.01 to £230	£255.01 to £300	£230.01 to £275	£300.01 to £345
3	45%	£160.01 to £220	£205.01 to £265	£230.01 to £290	£300.01 to £360	£275.01 to £335	£345.01 to £405
4	25%	£220.01 to £280	£265.01 to £325	£290.01 to £350	£360.01 to £420	£335.01 to £395	£405.01 to £460
5	0%	£280+	£325+	£350+	£420+	£395+	£460+

*Where any applicant or their partner are in receipt of Income Support, Income-Based Jobseeker's Allowance or Income-Related Employment and Support Allowance, a Band 1 discount will be given.

The key principles of the scheme are as follows:

The level of discount (shown in the grid) will be based on the total net income (as determined by the council) of the applicant and their partner;

Income levels can vary in accordance with household size;

The maximum support available will remain at 80%;

Certain aspects of the current scheme will be carried forward into the new scheme, namely Disability Living Allowance, Personal Independence Payments and Child Benefit will continue to be ignored when we calculate your discount;

Child Maintenance will also be ignored during the calculation;

Applicants receiving Income Support, Income-Related Employment and Support Allowance and Income-Based Jobseeker's Allowance will receive a Band 1 discount. Where applicants are not in receipt of those

benefits and their income is above the levels specified in Band 1, Council Tax Reduction will be awarded at the appropriate level (Bands 2, 3, 4 & 5);

Removing the transitional protection awarded to certain pre-2017 claims (**see Part 2**);

Removing the different amounts of current earnings we ignore when calculating your reduction and simply ignoring the first £25 of all applicants earnings where they are in work (**see Part 3**);

Removing the Extended Payment provision (**see Part 4**);

Making all new claims and changes in circumstances which change any entitlement to Council Tax Reduction on a daily basis rather than the current (benefit based) weekly basis (**see Part 5**);

Allowing the discretion to backdate any discount up to 12 months where a good reason is provided (**see Part 6**);

Protecting the disabled by not including income from Personal Independence Payments or Disability Living Allowance when calculating the amount of reduction to be awarded, and ignoring the first £40 of income per week where either the applicant, partner or dependant is in receipt of disability benefit (**see Part 7**);

Protecting carers by not including any Carer's Allowance and the support component for those applicants in receipt of Employment and Support Allowance in the calculation (**see Part 8**);

Introducing a Minimum Income Floor for self-employed applicants (**see Part 9**);

If our proposed changes go ahead, most applicants will receive the same support next year. Inevitably some households will have a little more to pay. Where an applicant experiences exceptional financial difficulties, they will be able to apply for additional support from our Exceptional Hardship Fund.

The benefits of changing the scheme:

It provides more targeted support to those on the lowest incomes;

It provides a simpler scheme, easily understood by all applicants;

It will save significant increases in administration costs due to the introduction of Universal Credit; and

It should provide greater stability to Council Tax Reduction recipients by reducing the number of Council Tax demands during the year which prevents multiple changes to monthly instalments.

The drawbacks of doing this are:

Whilst we will look to protect Council Tax Reduction recipients as far as possible, some higher income households may receive less support.

4. Do you agree with the changes to the scheme to introduce an income-based banded discount scheme? *

Yes

No

Don't Know

5. If you disagree, please explain why and what alternative would you propose?

5. Part 2 - Removing the transitional protection awarded to certain pre-2017 claims

Historically, benefit claimants who had children were awarded what is known as a dependant's addition per child when calculating the amounts that the Government considered certain categories of people needed to live on each week. This is known as the 'applicable amount'.

However, since April 2017 Central Government has restricted dependant additions in Universal Credit, Housing Benefit and Tax Credits, to a maximum of two.

Consequently, the Council Tax Reduction Scheme also changed from April 2017 so that any new claims would only have a dependant addition for the first two children.

It also sought to protect existing claimants through a 'transitional protection' where households who already had three or more children as at 1 April 2017 by continuing to award a dependant's addition for every child in the household as at that date.

Therefore, there will no longer be a dependant's addition nor transitional protection as the new scheme is based on an income grid categorised by households with no children; one child; or two or more children.

Child Benefit continues to be paid for every dependant and this will not count towards the applicant's income for the purposes of calculating Council Tax Reduction.

The benefits to the Council of doing this are:

Council Tax Reduction will be brought into line with the Department for Work and Pensions (DWP) benefits; and

It is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

Applicants who have three or more dependant children may receive less Council Tax Reduction. However, this is offset by the Child Benefit not being counted and, if the applicants face financial difficulties they may apply for additional support through our Exceptional Hardship Scheme.

6. Do you agree with this change to the scheme? *

Yes

No

Don't Know

7. If you disagree please explain why and what alternative would you propose?

6. Part 3 – Removing the current level of earnings we do not count when calculating a Council Tax Reduction and instead not counting the first £25 per week earned by all working applicants

Currently, where applicants (or their partner if they have one) have earnings and work more than 16 hours per week, what is known as an earnings disregard is applied depending on their individual circumstances. This is the amount of money they can earn before we start taking their earnings into consideration in our calculations.

These are £5 per week for a single person, £10 per week for a couple, £20 per week if they meet certain conditions such as disablement or part time special employments, or £25 per week for lone parents. If they work additional hours, in some circumstances they may receive an additional buffer of £17.10 per week. Also, if child care is paid by the applicant above that received free from Central Government, then that too can be taken into consideration in our calculations.

Our proposed change to the scheme would introduce a standard, single figure of £25 per week for each applicant in work. This will apply against earnings only.

The benefits of this are:

The change is simple and administratively easy to incorporate within the scheme; and

It makes the scheme easier to understand for Council Tax Reduction applicants and recipients.

The drawbacks of doing this are:

There may be applicants with larger families and who have high child care costs that are not met by Government schemes who may see a reduction in support.

It should be noted that this is offset by the Child Benefit not being counted and that all applicants that face financial difficulties may apply for additional support under our Exceptional Hardship Scheme.

8. Do you agree with this change to the scheme? *

Yes

No

Don't Know

9. If you disagree, please explain why and what alternative would you propose?

7. Part 4 – Removing the Extended Payment provision

In certain cases, where applicants have received benefits such as Income Support, Jobseekers Allowance or Employment and Support Allowance and move into work which ends their entitlement to that support, Council Tax Reduction can be paid for an additional 4 weeks after starting work or increasing their hours.

Similar provisions do not exist for Universal Credit claimants. As Universal Credit is to replace those benefits referred to in above paragraph, we feel that these provisions are no longer appropriate.

The benefit of this Part is:

It will treat all applicants in receipt of DWP benefits equally; and

The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

Applicants who are still in receipt of Income Support, Jobseekers Allowance or Employment and Support Allowance and who move into work before being transferred to Universal Credit may lose any potential extended payment.

10. Do you agree with this change to the scheme? *

Yes

No

Don't Know

11. If you disagree, please explain why and what alternative would you propose?

8. Part 5 – Any new claim or change in circumstances which changes Council Tax Reduction entitlement will be made from the date on which the change occurs, rather than on a weekly basis as at present

New claims and changes in circumstances that affect entitlement to Council Tax Reduction, under the current scheme, are largely effected on a weekly basis. This is a throwback to previous benefit schemes that were weekly based.

As Council Tax is a daily charge, we believe it makes more sense to change entitlement to Council Tax Reduction on a daily basis.

It should be noted that the proposed new scheme is designed to reduce the number of changes that will affect entitlement in any event.

The benefit of this Part is:

It is in line with the way that Council Tax is charged and operated; and

The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

There are no draw backs to this Part.

12. Do you agree with this change to the scheme? *

Yes

No

Don't Know

13. If you disagree, please explain why and what alternative would you propose?

9. Part 6 – Extending the ‘backdating’ provisions within the scheme

The current scheme limits the backdating of any application for Council Tax Reduction to one month before the date of application where continuous ‘Good Cause’ is proven.

We believe backdating of applications of up to 12 months would allow for better alignment with the date that the applicant's circumstances changed and that we should be given a general discretion to backdate any claim where a good reason is provided.

The benefit of this Part is:

This Part will allow us more flexibility in granting support where the applicant has a good reason for not claiming earlier; and

The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

There are no drawbacks to this change. It is unlikely to increase the costs of the scheme significantly.

14. Do you agree with this change to the scheme? *

Yes

No

Don't Know

15. If you disagree, please explain why and what alternative would you propose?

10. Part 7 – Protecting disabled persons by ignoring Personal Independence Payments or Disability Living Allowance and ignoring a further £40 of income per week where the applicant, partner or dependant is in receipt of disability benefit

By moving to an income-based grid scheme it is essential that certain benefits are ignored when we calculate a claimant's income.

In order to protect the most vulnerable applicants, we are proposing that Personal Independence

Payments and Disability Living Allowance are not counted when assessing a person's income.

In addition, where either the applicant, their partner or any dependant is in receipt of any of those benefits, a further £40 of income per week from them will not be used in the calculation of support.

The benefit of this Part is:

It will assist and support the most vulnerable; and

The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

There are no drawbacks to this change as it will continue to protect persons with a disability. It is unlikely to increase the costs of the scheme significantly.

16. Do you agree with this change to the scheme? *

Yes

No

Don't Know

17. If you disagree please explain why and what alternative would you propose?

11. Part 8 – Ignoring Carer's Allowance and the Support Component of the Employment and Support Allowance

By moving to an income-based grid scheme it is essential that certain benefits are not included in the calculation of income. In order to protect the most vulnerable applicants, it is proposed that Carer's Allowance and the Support Component of Employment and Support Allowance are not counted when assessing a person's income

The benefit of this Part is:

It will assist and support the most vulnerable and it will potentially increase the support to carers: and

The change is simple and administratively easy to incorporate within the scheme

The drawbacks of doing this are:

There may be a slight increase in the overall cost of the scheme

18. Do you agree with this change to the scheme? *

Yes

No

Don't Know

19. If you disagree please explain why and what alternative would you propose?

12. Part 9 – Introducing a Minimum Income Floor for certain self-employed applicants

In order to align Council Tax Reduction with Universal Credit, we are proposing to use a minimum level of income for those applicants who are self-employed. This would be in line with the National Living Wage for 35 hours worked per week.

Any income above this amount would be taken into account based on the actual amount earned.

The income would not apply for a designated start-up period of one year from the start of the business and we would have the discretion to waive the use of this facility in exceptional circumstances.

The benefit of this Part is:

The change is simple and administratively easy to incorporate within the scheme; and

The treatment of income for self-employed claimants for Council Tax Reduction will be brought broadly into line with those applicants who are self-employed and who are in receipt of Universal Credit (where the scheme is already in place).

The drawbacks of doing this are:

Where a working age applicant is self-employed and continues to run a business where their income is below the National Living Wage level, we will assume they earn at least the minimum level (based on a 35-hour week, regardless of the hours they work).

20. Do you agree with this change to the scheme? *

Yes

No

Don't Know

21. If you disagree, please explain why and what alternative would you propose?

13. Alternatives to changing the Council Tax Reduction Scheme

If we keep the current scheme, it will be less supportive to low-income households and administratively more complex. The proposals set out in this consultation will deliver more targeted support and administration savings.

Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme?

Please select one answer for each source of funding.

22. Increase the level of Council Tax to cover the rising administration costs. *

Yes

No

Don't Know

23. Find the additional administration costs by cutting other council services. *

Yes

No

Don't Know

24. Please use this space to make any other comments on the proposed scheme.

25. Please use the space below if you would like the council to consider any other options (please state).

26. If you have any further comments or questions to make regarding the Council Tax Reduction Scheme that you haven't had opportunity to raise elsewhere, please use the space below.

14. About You

We collect this information to help us understand the communities that we serve so that services and policies can be delivered to meet the needs of everybody.

Please feel free to leave questions that you do not wish to answer.

All of the information gathered in this questionnaire is confidential and anonymous.

Your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

27. Are you completing this form on behalf of an organisation or group?

Yes

No

If yes, please tell us the name of the organisation/group and add any other comments you wish to make.

15. Questions for Individuals

Please answer the following questions.

28. Do you live in Gravesham?

Yes

No

29. Are you currently receiving Council Tax Reduction?

Yes

No

30. Are you or your partner in work or self-employed?

Yes

No

31. Are you liable to pay Council Tax?

Yes

No

32. Do you have more than two or more pre-school or school age children in your household?

Yes

No

33. Are you currently serving in the Armed Forces?

Yes

No

34. Which gender do you identify with?

Male

Female

Prefer not to say

Other (please specify):

35. What is your age?

18-24

25-34

35-44

45-54

55-64

65-74

75-84

85+

Prefer not to say

36. Disability: Are your day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

Yes

No

Don't know

Prefer not to say

37. Ethnic Origin: What is your ethnic group?

Prefer not to say

White British

White Irish

White Gypsy or Irish Traveller

Any other White background

Mixed/Multiple ethnic groups - White & Black African

Mixed/Multiple ethnic groups - White & Black Caribbean

Mixed/Multiple ethnic groups - White & Asian

Any other multi mixed background

Asian or Asian British Pakistani

Asian or Asian British Indian

Asian or Asian British Bangladeshi

Asian or Asian British Chinese

Any other Asian background

Black African

British Caribbean

Black British

Any other Black background

38. Other ethnic group?

16. Next steps....

Thank you for completing the questionnaire.

You may submit further evidence, ideas, comments or questions (marked CTR consultation) by email to ctr@gravesham.gov.uk

The consultation closes at midnight 24th December 2021

We will listen carefully to what you tell us and take the responses into consideration when making a final decision on the 2022/23 scheme.

Following the decision, the full results from the consultation will be available on the Council's website.

The new scheme will start on 1st April 2022.

We will consider the impact of the scheme annually and consult again if we think further changes need to be made.