

## Summary of changes to Council Tax Reduction scheme from 1 April 2022

### 1. The introduction of an Income Grid scheme to replace previous scheme

This simplification will reduce the number of changes having to be made due to the creations of bands of income i.e. only those changes, which move the net income to another band, would have to be considered. This, in turn, will reduce the number of new council tax bills and accompanying notification letters claimants receive, as only necessary when a claimant's net income moves from one band to another.

Discount percent	Single Person	Couple	Lone Parent with one child /young person	Lone Parent with two or more children /young persons	Couple with one child /young person	Couple with two or more children /young persons
80% (Band 1)	'Passported Benefits' where any applicant or partner are in receipt of Income Support, Income-Based Jobseeker's or Income Related Employment and Support Allowance (and have under £16,000 capital)					
80% (Band 1)	£0 to £115	£0 to £160	£0 to £185	£0 to £255	£0 to £230	£0 to £300
65% (Band 2)	£115.01 to £160	£160.01 to £205	£185.01 to £230	£255.01 to £300	£230.01 to £275	£300.01 to £345
45% (Band 3)	£160.01 to £220	£205.01 to £265	£230.01 to £290	£300.01 to £360	£275.01 to £335	£345.01 to £405
25% (Band 4)	£220.01 to £280	£265.01 to £325	£290.01 to £350	£360.01 to £420	£335.01 to £395	£405.01 to £460
0% (Band 5)	£280+	£325+	£350+	£420+	£395+	£460+

**2. *Removal of transitional protection awarded to certain pre-2017 claims***

From April 2017, the Government changed a number of benefit schemes limiting the dependant's addition (a prescribed assumed additional financial need) within the calculation to a maximum of two children. The CTR scheme changed at that time with existing applicants protected where they had made a claim for support before that date and already had more than two dependants. The new scheme based on the income grid takes into account the number of applicants within the household although it will be limited to two dependants for all applicants. However, in calculating the net income all Child Benefit will be disregarded i.e. not count towards the applicants' income for the purpose of CTR.

**3. *Removal of the current level of earnings not counted when calculating a Council Tax reduction and instead not counting the first £25 per week earned by all working applicants.***

**4. *Removal of the Extended Payment provision***

This provision allowed for a further four weeks payment of Council Tax Reduction scheme where an applicant in receipt of specific benefits (such as Income Support, Jobseeker's Allowance or Employment and Support Allowance) had moved into work, which would end their entitlement. As these existing legacy benefits are effectively being phased out and current recipients will be entitled to the maximum 80% discount it is felt that these provisions are no longer applicable.

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

**6. *Extending the 'backdating' provision from one month to twelve months***

**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***

**8. *Ignoring carer's Allowance and the Support component of the Employment and Support Allowance***

**9. *Introducing a Minimum Income Floor for certain self-employed applicants***

The new scheme uses a minimum level of income (Minimum Income Floor) for self-employed applicants. It would be in line with the National Living wage for 35 hours per week. Should income actually be above this level then the actual amount earned will apply in the calculation. The income would not apply for a designated start-up period of one year from the start of the business and the council would have the discretion to waive this in exceptional circumstances.

**Additional information**

Any claim for Universal Credit notified to the council through the Universal Credit Data Share will automatically be a claim for Council Tax Reduction. This will maximise entitlement, speed up processing times and reduce the need for backdating. However, any required backdating will also be extended from the current one month maximum to 12 months maximum where circumstances show that the claimant would have been eligible for the reduction had they applied at that time.