



## Appendix A – Proposed Council Tax Support (CTS) Banded Income Scheme for 2020/21

### Proposals

This proposal will continue to base the scheme on the default Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (and all subsequent amendments) so we will still need to use the way that Council Tax Support has previously been calculated.

It is proposed in future years that the applicable amount is raised in line with the applicable amounts used for Housing Benefit

### Preferred option for banded income scheme

In calculating CTS we currently use the income that the claimant receives, disregarding in full income such as child benefit, child maintenance and some disability benefits as well as earnings disregards which will be in line with those in Housing Benefit or Universal Credit for those who are in receipt of that. The Council will then deduct the final income figure from the applicable amount which is the amount the government says you need to live on from the total income. In the case of Universal Credit claims the Council will use the maximum award of UC as the applicable amount.

We propose to continue to do this in the new proposed scheme. The 'excess income' which is the amount of income received after any disregarded income and the applicable amount will then be used to calculate the percentage of Council Tax Support they will be entitled to. It is proposed that this is calculated as follows:

Band	Excess income	Protected Group	Non Protected Group
1	-£30 (including passported claims)	100%	60%
2	£30.00 – £59.99	80%	45%
3	£60.00 - £94.99	60%	35%
4	£95.00 – £129.99	40%	25%
5	£130.00 - £164.99	20%	15%
6	£165.00 +	0%	0%

## Preferred option for non-dependent deduction

A further consideration to be made is in regards to non-dependant deductions. Currently, they are worked out as follows

Non Deps Circumstances	Deduction from CTS per week
Not working or working less than 16 hours per week	£4.00
Aged under 25 and in receipt of Income Support, Jobseekers Allowance (Income Based), Employment and Support Allowance (Income Related) or over 25 and in receipt of Pension Credit	£0.00 (Nil)
In receipt of Universal Credit and working less than 16 hours	£0.00 (Nil)
Aged over 25 and in receipt of Income Support or Jobseekers Allowance (Income Based)	£4.00

Non Deps working 16 hours or more per week	
Gross Weekly Income	Deduction from CTS per week
Less than £208.99	£4.00
£209 – £362.99	£8.10
£363 – £450.99	£10.20
£451 and over	£12.20

This means that as well as information on the income of the claimant and partner we also need information on the income of the non-dependents.

Currently unless the claimant or partner are in receipt of the daily living component of Personal Independence Payments or the care component of Disability Living Allowance; there is a potential for a deduction to be taken. Due to computer system limitations this must continue, however, there are options of how to reduce the administration by making the scheme simpler.

A flat rate of £4.00 deduction for non-dependants who would have a deduction based on the default scheme as above is preferred in terms of deduction, but differs from the CTS default regulations.

This would mean that we would only need to know the number of non-dependants in a property, we can obtain information of benefits they receive through the DWP systems; this would increase the speed of processing and reduce the information requested from the claimant. Officers are proposing this to simplify the administration.

## Preferred option for Self-Employed earners

While the banded income scheme would address the issue of collection of Council Tax and the number of award letters and bills that need to be posted, unfortunately it does not reduce the administration with regards to assessing the claims. Each change would still need to be assessed to see if it will change into a higher or lower band but unless it changes the award, we would not need to issue a notice and change any payment due date.

We have the option to consider how we calculate the income of self-employed earners. The way self-employed earnings are calculated in Universal Credit is significantly different to the way we currently assess them for Housing Benefit and Council Tax Support. The way Universal credit calculate self-employed earnings is that if the customer was not earning the national minimum wage multiplied by the number of hours they were expected to work then they would assume a level of income equal to that. The

number of hours that people are expected to work is determined by health conditions and the ages of their dependent children. We intend to follow the Universal Credit guidelines to determine these hours.

In recent years, there has been a significant move to self-employment which was encouraged by Job Centres to reduce the unemployment levels, but also undertaken voluntarily by claimants to remove the need to look for work. This has led to a number of claimants who are not in genuine and effective work.

The proposed scheme recommended by officers would take into consideration the number of hours that someone would be expected to work given their circumstances around health and parental responsibility. Officers would suggest that all claimants were given a year's notice from April 2020 that this will be the way their income will be assessed before it is introduced but for all new claims it would be effective from a year after the self-employment commenced which may be immediately.

The intention of using a minimum income floor, similar to that which universal credit applies, is to simplify the administration of having to calculate self-employed accounts which would reduce the need for complex annual reviews.

Officers are proposing to use a Minimum Income Floor for self-employed earners.

### **Preferred option for backdating of Council Tax Support**

For older people, for both Housing Benefit and Council Tax Support the maximum backdating period is 3 months (this will remain the maximum). For working age customers, currently, for Housing Benefit the backdating period is 1 month with continuous good cause and for Council Tax Support it is 6 months. It is proposed in the new scheme for working age customers that a backdating period of 12 months is allowed if continuous good cause is proven. Any decision to backdate over 3 months must be approved by the Head of Corporate Resources.

### **Preferred option for late notified changes**

We also propose to adopt the late notified change rule from Housing Benefit, so that if a customer has a change in circumstances that would increase the level of support but does not notify us within one month then they will only benefit from the change from the Monday following the date that they notified us.

### **Preferred option for changes throughout the year**

If the Government make changes during the year to Housing Benefit, such as introducing the Mixed Age Couples regulations, the Head of Corporate Resources in consultation with the Portfolio Holder can make changes to the Council Tax Support scheme during the year so that the Council Tax Support scheme mirrors the Housing Benefit Scheme. We propose to adopt some of the current Housing Benefit changes e.g. late notified change rules, this will help make administration of the two schemes simpler.

### **Preferred option for Second Adult Rebate**

Currently there are 11 working age customers in receipt of 2<sup>nd</sup> Adult rebate. To simplify the administration officers recommend that we no longer consider this rebate.

### **Preferred option for claim forms**

The Council's Benefit Service should write into the scheme that we do not need a claim form for a customer to make a claim for CTS where UC has been claimed. The Council can use the information provided on the Universal Credit data share which would mean that the processing time would be reduced as no further information would need to be requested. In addition to this, there are circumstances within Universal Credit where, due to payment frequencies and assessment periods, claimants' earnings can be taken into account twice in one assessment period which removes their entitlement to UC. So in removing the claim form, we could recommence the CTS without the need to invite them to reclaim once they went back into entitlement to UC.

Officers recommend that no claim form is required for CTS where UC is claimed.

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## Impact on Claimant's and Customers

Within a banded income scheme, there will inevitably be people who are better off and who are worse off depending on where in the income band they sit and this can lead to cliff edges. There will, however, be fewer changes to the award within the year and therefore, it will be easier for those people who are financially vulnerable to budget. Those claimants who are currently in receipt of 100% Council Tax support due to being in a protected group will remain with this award. Those who were not in a protected group previously would receive a maximum reduction of 61% of the liability with the current scheme. Under the proposed new scheme this would change to 60%. The reason for this change is that by keeping it at round numbers it makes the scheme easier to understand, the impact of this for a claimant in Burgess Hill in a Band C property would be that they would be expected to pay an extra 10p per week towards their Council Tax.

These figures are based on the current expenditure and revised expenditure of a claimant's award based on the amount they currently receive on each scheme being a consistent rate for the whole of 2019/20. Therefore some variation should be expected when actual bills are produced in March 2020 for the 2020/21 financial year.

This has been split into passported, non passported and Universal credit claims for protected and non-protected groups. Income Based Job Seekers Allowance, Income Support or Income Related Employment and Support Allowance are known as passported benefits as they passport the recipient to the maximum amount of Housing Benefit based on their financial circumstances.

Group Description	Current Year		Future Year		Saving	Saving %
	Current Count	Current Expenditure	Revised count	Expenditure (Toolkit Parameters)		
<b>Non-Passported - Protected</b>	<b>397</b>	<b>£417,042</b>	<b>397</b>	<b>£421,781</b>	<b>-£4,739</b>	<b>-1.14%</b>
Non-Passported	867	£473,466	867	£470,363	£3,103	0.66%
<b>Passported - Protected</b>	<b>1201</b>	<b>£1,494,052</b>	<b>1201</b>	<b>£1,496,620</b>	<b>-£2,569</b>	<b>-0.17%</b>
Passported	162	£119,718	162	£116,354	£3,364	2.81%
<b>UC - Protected</b>	<b>182</b>	<b>£179,650</b>	<b>182</b>	<b>£184,424</b>	<b>-£4,774</b>	<b>-2.66%</b>
UC	345	£187,586	345	£191,240	-£3,654	-1.95%
<b>TOTAL</b>	<b>3154</b>	<b>£2,871,514</b>	<b>3154</b>	<b>£2,880,782</b>	<b>-£9,269</b>	<b>-0.32%</b>

This is showing an increase in expenditure for the year of £9,269. Having spoken to other authorities such as Wealden DC, it is important to understand and expect that when this scheme is worked out on a live system for the following financial year it is likely that the cost will differ when the scheme is introduced.

In addition to this expenditure, it should also be noted that the current expenditure for pensioners on Council Tax Support is in the region of £2.6 million.

Based on the current caseload using these figures would result in 69 households who are currently in receipt of Council Tax Support no longer being entitled. The impact on these households ranges from £35.63 per year to £979.15 per year.

Only 9 of the households who are no longer entitled are in a vulnerable group. The impact on these households is between £35.63 and £498.27.

There is only 1 household who will no longer qualify who was previously in receipt of over £600 per year. This household is in a band G property. In calculating a scheme like this, those with the higher liabilities will

have the most to lose as they previously would have qualified with a higher income than those in lower banded properties purely because of their high liability.

There are 29 households in protected groups who will be worse off by over 10%, no one in a protected group is worse off by more than 41%. There are 54 households in non protected groups who will be worse off by over 10%. No one in a protected group is worse off by more than 33%.

These claims are easily identified and the Benefits Service will work with them individually leading up to the 1<sup>st</sup> April 2020. The Academy system cannot handle any transitional protection – and would cause great issues with any subsequent changes so any award of transition would need to be manual eg award of Section 13A Exceptional Hardship.

Of course these people's circumstances may change leading up to the 1 April 2020.

For those who are still entitled the following overall impact can be seen:

### Protected Households – current total 1,781

Impact	Number of Households affected
No change to current award	1479
Worse off by less than £52 per year (£1 per week)	26
Worse off by between £52 and £104 per year (£1-£2 per week)	19
Worse off by between £104 and £208 per year (£2-£4 per week)	22
Worse off by between £208 and £312 per year (£4-£6 per week)	10
Worse off by between £312 and £624 per year (£6-£12 per week)	11
Worse off by more than £624 per year (£12 per week)	2
Better off by less than £52 per year (£1 per week)	33
Better off by between £52 and £104 per year (£1-£2 per week)	51
Better off by between £104 and £208 per year (£2-£4 per week)	91
Better off by between £208 and £312 per year (£4-£6 per week)	29
Better off by between £312 and £624 per year (£6-£12 per week)	7
Better off by more than £624 per year (£12 per week)	1

### Non-Protected Households – current total 1,373

Impact	Number of Households affected
No change to current award	0
Worse off by less than £52 per year (£1 per week)	614
Worse off by between £52 and £104 per year (£1-£2 per week)	72
Worse off by between £104 and £208 per year (£2-£4 per week)	95
Worse off by between £208 and £312 per year (£4-£6 per week)	21
Worse off by between £312 and £624 per year (£6-£12 per week)	20
Worse off by more than £624 per year (£12 per week)	1
Better off by less than £52 per year (£1 per week)	193
Better off by between £52 and £104 per year (£1-£2 per week)	170
Better off by between £104 and £208 per year (£2-£4 per week)	166
Better off by between £208 and £312 per year (£4-£6 per week)	13
Better off by between £312 and £624 per year (£6-£12 per week)	5
Better off by more than £624 per year (£12 per week)	1