

# Bath & North East Somerset Council

## Local Council Tax Support Scheme

### Background information

Council Tax Support helps people on a low income by reducing the amount of Council Tax they have to pay.

Bath & North East Somerset Council, like every other council, had to put in place a Local Council Tax Support scheme to replace Council Tax Benefit from April 2013.

The Government specified that pensioners should see no changes to their entitlement under the local schemes, but gave Councils the discretion to implement rules applicable to people of working age.

A local scheme, which took into account a reduction in government funding, was implemented in Bath and North East Somerset in April 2013. The rules have remained the same ever since. The scheme currently provides financial support of around £4million a year to working-age claimants.

With further reductions in government funding expected over the coming years, the Council has reviewed the current scheme and is proposing to make some changes from April 2017.

The Council is seeking to reduce the administrative cost of Council Tax Support by implementing a less complicated scheme, which will be easier for claimants to understand and apply for.

The revised scheme will also align with wider Welfare Reforms and the roll out of Universal Credit.

The Council has considered a number of proposals for revised Council Tax Support schemes for people of working age, and has agreed a preferred option to put forward for public consultation.

The consultation will be open for a period of 10 weeks, from 8<sup>th</sup> August – 16<sup>th</sup> October 2016.

All local residents, key stakeholders, partner organisations and parish & town councils will have the opportunity to respond and comment on the Council's preferred scheme.

Around 5,500 working-age people across Bath and North East Somerset currently claim Council Tax Support. We will be writing to these people directly to ask them for their views on the proposed scheme.

The proposed scheme looks to spread the impact of the changes and protect those with the lowest incomes, as well as maximising incentives for people to work.

Under the current Council Tax Support scheme people are assessed as vulnerable if they are in receipt of one or more of; the Support component of Employment and Support Allowance, the Enhanced Disability premium, the Disabled Child premium or the Severe Disability premium.

Under the new proposal, an income-banded scheme will assess the maximum level of support available to all working-age claimants equally. This is in line with a large number of Local Authorities in England. Whilst claimants will no longer be classified as vulnerable; Disability Living Allowance and Personal Independence Payments will not be counted as household income.

In future, eligibility for Council Tax Support will be linked with a person's entitlement to Universal Credit.

The information held on a person's Universal Credit claim will be used to determine which income band they fall into and the amount of Council Tax Support they are entitled to. The Department for Work and Pensions (DWP) will provide the Council with this information so a claimant will no longer need to make a separate application for Council Tax Support.

The Council believes that the proposed changes will have little impact on the majority of claimants, and with the upper band limit being increased to 90% a number of claimants will see an increase in support. The reduction in the overall amount of support available to working-age claimants will allow for around an additional £100k to be allocated to the Council's local Welfare Support fund. This will enable the Council to offer more targeted, effective and longer-term assistance to those most in need.

### **Who will be affected by the proposed changes and how?**

- From April 2017, anyone of working age wishing to make a new claim for Council Tax Support will need to apply for Universal Credit first. If they are not awarded Universal Credit they will not be entitled to Council Tax Support.
- Existing working-age claimants who have already moved on to Universal Credit will be automatically transferred to the new Council Tax Support scheme from 1<sup>st</sup> April 2017.
- Existing working-age claimants who still receive Jobseeker's Allowance, Income Support, Employment and Support Allowance, Working Tax Credit, Child Tax Credit or Housing Benefit, instead of Universal Credit, will only be transferred to the new Council Tax Support scheme once they have moved on to Universal Credit.
- Existing working-age claimants who do not currently receive Universal Credit, Jobseeker's Allowance, Income Support, Employment and Support Allowance, Working Tax Credit, Child Tax Credit or Housing Benefit, will stay on the current Council Tax Support scheme until their circumstances change.

## **Key features of the existing scheme:**

The current scheme in Bath and North East Somerset is based on the complex means-tested Council Tax Benefit rules, with certain changes applicable to working age claimants only:

- Maximum support available to the majority of working-age claimants is up to 78% of the Council Tax bill.
- Support is only paid up to the cost of a Band D Council Tax property bill. (This does not mean that people in Band E or above don't get any support – but they can only get up to 78% of the cost of a Band D property bill.)
- Child Benefit and child maintenance are counted as income when calculating support.
- People with capital / savings over £10,000 are not eligible. (This excludes the value of the property they live in.)
- No non-dependant deductions. (This benefits parents with young adults in the household, as their contribution isn't considered when calculating Council Tax Support.)
- No backdating of claims.
- No entitlement to Second Adult Rebate.
- Working-age claimants in receipt of certain disability benefits are automatically protected by the current scheme and are eligible for 100% support.

## **Key features of the proposed scheme:**

- Eligibility is based on entitlement to Universal Credit. (This is the main reason for the proposed changes.)
- Maximum support available to all working-age claimants is up to around 90% of the Council Tax bill. (This is an increase in support for those on the lowest incomes and is supported by organisations that were asked to provide views on the proposal.)
- No blanket protection is provided for households in receipt of disability benefits, but Disability Living Allowance and Personal Independence Payments are not counted as household income. (This is in line with Universal Credit rules and common practice in many of the Local Council Tax Support Schemes across England.)
- The maximum amount of support available is determined by income bands. (These are designed to simplify the scheme and minimise the impact of the changes):
  - 90% discount for weekly incomes of £0 - £99.99
  - 85% discount for weekly incomes of £100 - £199.99
  - 80% discount for weekly incomes of £200 - £299.99
  - 70% discount for weekly incomes of £300 - £349.99
  - 50% discount for weekly incomes of £350 - £399.99
  - 0% discount for weekly incomes of £400 and above.

- In order to provide a fair scheme which recognises the additional needs of multi-person households and families, the upper tier of bands is increased as follows:
  - o For couples with no children £25 is added to the band limit.
  - o If there is a child in the household £50 is added to band limit.
  - o If there are two or more children in the household £100 is added to the band limit.
- The housing cost element of Universal Credit is considered as income when calculating support.
- Self-employed applicants declaring unrealistic income are assessed at the national minimum income. (This is in line with Universal Credit rules.)
- The capital / savings limit is reduced to £6,000. This does not include the value of the property you are living in. (This is aligned to the Universal Credit minimum allowance.)
- Savings achieved by any overall reduction in support available will allow for around an additional £100k to be allocated to the Council's local Welfare Support fund, to offer targeted assistance to those most in need. Those most impacted by the changes will be actively encouraged to seek this additional support.

## Further information

- To read about the proposed scheme in more detail, please refer to the draft policy document and Equality Impact Assessment:  
[www.bathnes.gov.uk/ctsconsultation](http://www.bathnes.gov.uk/ctsconsultation)
- Council Tax Support, including the current local policy:  
[www.bathnes.gov.uk/counciltaxsupport](http://www.bathnes.gov.uk/counciltaxsupport)
- Welfare Support Scheme: [www.bathnes.gov.uk/welfaresupportscheme](http://www.bathnes.gov.uk/welfaresupportscheme)
- If you would like more information about what these proposals may mean for you or your family, please contact the Benefits team.
  - o Tel: 01225 47 77 77 (option 4)
  - o Email: [benefits@bathnes.gov.uk](mailto:benefits@bathnes.gov.uk) (quoting 'CTS consultation' as the email subject)
  - o In person: Visit a One Stop Shop in Bath, Keynsham or Midsomer Norton