

Council Tax Reduction Scheme Consultation 2020-21

Background

Council Tax reduction is provided to around 4,370 households in Tewkesbury Borough at an annual cost of just under £4.2m. This includes working and pension age claimants. Approximately 56% of these households are of working age. The cost of the Council Tax Reduction Scheme is met by Tewkesbury Borough Council, Gloucestershire County Council and the Office of the Police & Crime Commissioner for Gloucestershire. 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 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 Reduction Scheme for working age people only. The government also reduced the funding given to Councils to pay for the scheme. Tewkesbury Borough Council introduced its local Council Tax Reduction Scheme in April 2013 which replicated the Council Tax Benefit Scheme. Council Tax reduction 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 other central funding cuts and is expected to continue to reduce over the coming years. To date, Tewkesbury Borough Council has not amended its local Council Tax Reduction Scheme to reflect this reduced funding and has not increased the contribution that people receiving help must make towards their Council Tax bills.

The Council is now considering making changes to the local Council Tax Reduction Scheme with effect from 1 April 2020. The Council wants to hear your views regarding the changes that it could implement.

What is Council Tax Reduction?

Council Tax reduction 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 have and whether they have dependent children or other grown-ups living in the household (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 Reduction Scheme.

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

Each year the Council must decide whether to make changes to the administration of its Council Tax Reduction Scheme for working age claimants in the Borough. This year we are consulting on changes that could be made to the scheme from 1 April 2020. 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 recalculated each month taking into account any fluctuations in income. As Universal Credit is income for the purposes of Council Tax reduction, a change must also be made to the person's Council Tax reduction. This results in changes to Council Tax instalments every month which can make budgeting very difficult for those customers.

Tewkesbury Borough became a full Universal Credit area in Winter 2017/Spring 2018. As more people claim Universal Credit or migrate to it the need to revise the Council Tax reduction scheme and simplify its administration including making the application process easier and simpler becomes more important.

Who will be affected by any changes?

It is important to note that any proposed changes to the Council Tax Reduction Scheme will not affect pensioners. People of pension age are protected and their Council Tax reduction will continue to be awarded based on the scheme prescribed by central government.

The proposed changes will apply from 1 April 2020 to working age people who receive Council Tax reduction or apply in the future for help to have their Council Tax discounted.

Are there any alternatives to changing the existing Council Tax Reduction 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 Reduction Scheme. However, there are also limitations to this. The preferred option is to modernise and amend the existing scheme.

Options to change the current Council Tax Reduction Scheme

There are currently 2,447 working age people in Tewksbury Borough who receive Council Tax reduction. Many are unemployed or unable to work due to illness and receive 100% Council Tax reduction. This means they do not pay any council tax. Other current recipients receive Council Tax reduction based on their income. Any increase or decrease in income influences the amount of Council Tax reduction is awarded and every time a reassessment is carried out a new council tax bill is issued with revised instalments. We are considering changes 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 of changes to the Council Tax Reduction Scheme which are under consideration.

Example 1

Introduce a scheme where all working age claimants pay a % of their Council Tax

The Council currently allows all working age claimants to claim up to 100% reduction towards their Council Tax depending on their income and household circumstances. This option would require all applicants for Council Tax reduction to pay a minimum percentage (for example 5%, 10%, 15% or 20% of the council tax). Reducing this support would mean that some working age claimants would need to make payments when currently they do not have to do so.

The Council is mindful that any minimum payment should be affordable given the household's circumstances and we remain able to collect the Council Tax 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 the income level the more Council Tax reduction people receive. However, every change in income results in an adjusted award of council tax reduction which generates a revised Council Tax bill with different instalments to pay.

The introduction of a scheme with income bands would avoid multiple changes to the amount of Council Tax reduction and reduce the number of Council Tax bills issued throughout the year providing the income remained in the same income band. This will be clearer for those Council Tax payers receiving Council Tax reduction as well as Universal Credit.

This is a clear and simple change to the current scheme potentially making administrative savings and helping council tax payers to budget more effectively.

Who are we consulting?

The consultation is open to everyone who lives in Tewkesbury Borough and wants to have their views heard. We are keen to hear the views of as many residents as possible.

How we will consult?

The consultation will run for a period of six weeks commencing on Monday 16 September 2019 and end on Friday 25 October 2019.

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

If you are unable to complete the online survey or would like to contact us in a different way, please either:

- Email your views to benefits@tewkesbury.gov.uk, or
- Request a paper copy of the survey, or
- Write to us at the address below

Revenues and Benefits, Tewkesbury Borough Council, Public Services Centre, Gloucester Road, Tewkesbury GL20 5TT

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 to the changes, if any, to the Council Tax Reduction Scheme from 1 April 2020.

The results from the consultation will be published later this year on our website.

Work will take place to design a council tax reduction scheme for 2020/21 which will be considered the Council meeting in December 2019.