



Swale Borough Council - Council Tax Reduction Scheme 2023/24 Consultation

1. Background to the Consultation

What is this consultation about?

Each year Swale Borough Council must decide whether to change the Council Tax Reduction scheme for **working age applicants** in its area with Pension Age applicants seeing no changes as they are part of the national scheme. This year the Council is deciding whether to significantly change the working age Council Tax Reduction Scheme to:

- Provide targeted support to those households on the lowest incomes
- 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
- Reduce administration costs which will ultimately prevent any additional costs being added to the Council Tax.

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 for Pension age households is 100% and for working age households 80% of Council Tax.

The Council can only make changes to the working age scheme as the Council Tax Reduction scheme for pensioners is prescribed by Government.

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

Councils are required to review their schemes each year and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation.

Swale Borough Council is proposing a number of changes to its existing scheme. The Council has a duty to consult you and provide you with the opportunity to tell us your views on the proposed changes to our Council Tax Reduction Scheme.

The Council is consulting on the following **changes** to its scheme for 2023/24 (more detail on the change proposals is given further in the consultation):

- Introducing an income 'grid' scheme for all working age applicants replacing the current scheme which was based on the previous Council Tax Benefit Scheme. **(Part 1)**;
- Non dependant deductions will continue, but will be charged at £10 per week where the Non Dependant is in work and £5 per week for those that are not in work; **(Part 2)**;
- To replace the current earnings disregards and replace them with a standard £25 per week disregard irrespective of the number of hours worked **(Part 3)**;
- To assist the disabled and carers. Where any applicant, partner or dependant is disabled or a carer, a further income disregard will be awarded which will be equivalent to the disability or carer premiums under the previous scheme; **(Part 4)**;
- The scheme will disregard certain payments paid to taxpayers under special schemes (Local Welfare Provision) **(Part 5)**; and
- Where the Government makes emergency increases to national welfare benefits to assist in a crisis, the scheme will give the Council the discretion to disregard those increases if they would have a negative effect of Council Tax Reduction **(Part 6)**.

All other parts of the existing scheme will remain unchanged including:

- The maximum level of support (which will remain at 80%);
- The scheme will continue to limit the support to Council Tax band D level;
- The scheme will continue to limit the number of dependant children used in the calculation of support all working age applicants to provide consistency with the Department for Work and Pensions benefit schemes. However, this limitation will now apply to all applicants who have more than two children / young persons. (The current scheme only applied the limitation to new claims received after 2018);
- Disability Benefits such as Personal Independence Payment (PIP) and Disability Living Allowance (DLA) will continue to be disregarded;
- War Pensions and War Disablement Pensions will continue to be disregarded in full; and
- The maximum capital limit will remain at £10,000.

In the Swale Borough Council area, almost 9,800 people currently receive Council Tax Reduction. The gross cost of the scheme is £10.05m which is spread across the County Council (74.0%), the Borough Council (9.5%), Fire (5.0%) and Police (11.5%) in accordance with the proportion of Council Tax which each organisation levies (which is shown in brackets).

Who will this affect?

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

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

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

We have thought about other options. These have not been completely rejected (including maintaining the current scheme) and you are asked about them in the questionnaire, but, at the moment we do not think we should implement them for the reasons given.

We have considered:

- **Continuing with the current scheme**
This would mean less support for certain households. 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 also impact collection of the charge.

This would increase the costs for all Council taxpayers in the area paying towards the scheme. The decision to increase Council Tax is taken by full Council however increases above a government set threshold need to be made by voting in a local referendum; or

- **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.

- **Other income-based scheme models**
The Council is of the opinion that this particular income-based scheme provides both a high level of support to those on the lowest incomes whilst also providing an easy to understand and simple to administer scheme.

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

Yes

No

2. 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, the Council is primarily consulting on the following proposals to change the existing Council Tax Reduction Scheme from 1st April 2023, which will provide targeted support to those households on the lowest incomes, reduce the administration cost of the scheme generally and will also make the scheme simpler.

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. Whilst Housing Benefit was the main provider of housing support for the 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 the opportunity to significantly simplify what is effectively a Council Tax discount.

It is proposed that a simplified income 'grid' scheme will be introduced. The amount of discount will be as shown and it should be noted that only earnings will be calculated as income (all other income will be disregarded). Table 1 shows the level of discount available.

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Table 1

Band	Discount	Single Person	Couple	Lone Parent with one child or young person	Couple with one child or young person	Lone Parent with two children or young persons	Couple with two children or young persons
1*	80%	£0 to £95.00	£0 to £145.00	£0 to £150.00	£0 to £200.00	£0 to £220.00	£0 to £270.00
2	60%	£95.01 to £140.00	£145.01 to £190.00	£150.01 to £200.00	£200.01 to £250.00	£220.01 to £270.00	£270.01 to £320.00
3	40%	£140.01 to £190.00	£190.01 to £240.00	£200.01 to £250.00	£250.01 to £300.00	£270.01 to £320.00	£320.01 to £370.00
4	20%	£190.01 to £270.00	£240.01 to £320.00	£250.01 to £320.00	£300.01 to £370.00	£320.01 to £400.00	£370.01 to £450.00
5	0%	Over £270.00	Over £320.00	Over £320.00	Over £370.00	Over £400.00	Over £450.00

The key principles of the scheme are as follows:

- Passported cases (where the applicant or partner is in receipt of Income Support, Income-based Jobseeker's Allowance, or Income-Related Employment and Support Allowance) will receive the maximum discount of 80% (no change from the current scheme);
- Disability benefits such as Personal Independence Payment and Disability Living Allowance will not be counted as income (no change from the current scheme);
- To assist the disabled and carers, where any applicant, partner or dependant is disabled or a carer, a further disregard will be granted which will be equivalent to the disability or carer premiums under the current scheme;

- Non dependant deductions will continue, but will be charged at £10 per week where the non-dependant is in work and £5 per week for those that are not in work;
- The first £25 of any household earnings will not be counted;
- For those residents who are in receipt of Universal Credit the following will be disregarded when calculating the level of income:
 - Housing element;
 - Carers allowances;
 - Carer's element; and
 - Limited capability for work element
- The capital limit will remain at £10,000 as at present (no change from the current scheme);
- The scheme will disregard certain payments paid to taxpayers by a Council (Local Welfare Provision);
- The scheme will continue to limit the number of dependant children used in the calculation of support for all working age applicants to provide consistency with the Department for Work and Pensions benefit schemes. This limitation will now apply to all applicants who have more than two children / young persons. (The current scheme only applied the limitation to new claims received after 2018); and
- Where the Government makes emergency increases to national welfare benefits, the scheme will give the Council the discretion to disregard those increases if they would have a negative effect of Council Tax Reduction.

What is the potential impact to me?

This proposal will mean a simpler application process. The application form will be shorter and less evidence will be required. This will mean you will know whether you are eligible more quickly and should receive any reduction you are entitled to more promptly.

Residents will be able to see any Council Tax Reduction they are entitled to on the face of their council tax bill, rather than receiving separate, lengthy Council Tax Reduction notification letters.

This time saved by the Council will allow us to provide a better service to our residents.

Most residents will not be worse off as a result of the proposed new scheme. However, some will receive more Council Tax Reduction than previously. Inevitably some households will have a little more to pay. Where an applicant experiences exceptional hardship, they will be able to apply for additional support from the Council under its Exceptional Hardship Fund.

The benefits of doing this are:

- 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 the Council will look to protect Council Tax Reduction recipients as far as possible, there may be a few winners and losers; and some higher income households may receive less support.

2. Do you agree with introducing an income-based banded discount scheme? *

- Yes
- No
- Don't Know

3. If you disagree with introducing an income-banded scheme please explain why and what alternative would you propose?

3. Part 2 - Changing the Non-Dependant deductions.

Non-Dependant deductions are an amount deducted from your Council Tax Reduction where other adults (not your partner) live with you.

Currently the Council's scheme has two levels of Non Dependant deductions. These are £10 per week for Non-Dependants who are in work and £3.90 per week for those that are not in work.

The Council is proposing to make a slight change so that Non-Dependants deductions will be £10 per week for Non-Dependants who are in work and £5.00 per week for those that are not in work.

The benefits of doing this are:

- It is a small change which will simplify the approach;
- By not increasing the deduction for Non-Dependants in work, it provides a work incentive;
- It is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- Some Non-Dependants may be expected to contribute to a slightly higher level of deduction.

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

- Yes
- No
- Don't Know

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

4. To replace the current earnings disregards and replace them with a standard £25 per week disregard irrespective of the number of hours worked

Currently, where applicants (or their partner if they have one) have earnings and work over 16 hours per week, an earnings disregard is applied depending on their individual circumstances. The standard disregards (only one is awarded) 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 for lone parents. If they work additional hours, in some circumstances they may receive an additional £17.10 disregard per week. Also, if childcare is paid by the applicant above that received free from Central Government, then further disregards can be made against earnings for monies paid out.

The proposed change to the scheme would introduce a standard, single disregard of £25 per week for the applicant where they work. The disregard will apply against earnings only. Child care disregards remain in place.

The benefits of doing this are:

- The change incentivises work and potential increases support for the **majority** of working applicants; and
- The change makes the scheme more straightforward.

The drawbacks of doing this are:

- There may be a small number of applicants who see a reduction in their disregard.

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?

5. Part 4 - To provide additional income disregards for the disabled and carers

The current Council Tax Reduction scheme disregards disability benefits such as Personal Independence Payments and Disability Living Allowance. It also allows premiums where any applicant, their partner or dependants are disabled. The proposed scheme will continue to disregard those disability benefits and also disregard an amount from the applicant's income which is the same amount as would have been awarded as a premium under the current scheme.

In the case of anyone who is a carer and receives carers allowance, the proposed scheme will disregard the same amount as would have been awarded as a carer premium under the current scheme.

The benefits of doing this are:

- It continues to protect disabled persons and carers; and
- It is a simple change that can be incorporated into the scheme.

The drawbacks of doing this are:

- There are no drawbacks to this change as it replicates the current 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?

6. Part 5 - The scheme will disregard certain crisis payments paid to taxpayers (Local Welfare Provision)

During difficult times and when there is a crisis, the Government makes payments to assist households, this change will allow the Council to disregard such payments so that it will not have an adverse effect on Council Tax Reduction.

The benefit of this Part is:

- The change is simple and administratively easy to incorporate within the scheme; and
- It will ensure that the receipt of these payments will not have an adverse effect by reducing any award of Council Tax Reduction

The drawbacks of doing this are:

- There are no drawbacks to this change.

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?

7. Part 6 - Disregarding emergency increases in national welfare benefits

Where the Government makes emergency increases to national welfare benefits, the scheme will give the Council the discretion to disregard those increases if they would have a negative effect on Council Tax Reduction.

The benefit of this Part is:

The change is simple and administratively easy to incorporate within the scheme; and
It will ensure that the receipt of these payments will not have an adverse effect by reducing any award of Council Tax Reduction

The drawbacks of doing this are:

There are no drawbacks to this change and it will maintain the level of awards

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?

8. Alternatives to changing the Council Tax Reduction Scheme

If the Council keeps 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.

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

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

16. 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.

9. 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.

17. 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.

10. Questions for Individuals

Please answer the following questions.

18. Do you live in the Swale Borough Council area?

Yes

No

19. Are you currently receiving Council Tax Reduction?

Yes

No

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

Yes

No

21. Are you liable to pay Council Tax?

Yes

No

22. Are you currently serving in the Armed Forces?

Yes

No

23. What is your gender?

Male

Female

Non-Binary

Prefer not to say

24. What is your age?

18-24

25-34

35-44

45-54

55-64

65-74

75-84

85+

Prefer not to say

25. 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

26. 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

27. Other ethnic group?

11. Next steps....

Thank you for completing the questionnaire.

The consultation closes at midnight 27th November 2022.

We will listen carefully to what you tell us and take the responses into consideration when making a final decision on the 2023/24 scheme.

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

The new scheme will start on 1 April 2023. The Council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.