

**What is this about?**

Now that the roll out of Universal Credit has commenced across the Test Valley area the Council needs to review the way the current Council Tax Reduction Scheme works.

**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 is 100% of Council Tax for working age households. Pensioners can also receive up to 100% Council Tax Reduction as their scheme is determined by Central Government.

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

Until April 2013 there was a national scheme called Council Tax Benefit. The Government made local Councils responsible for replacement schemes from 1 April 2013 and reduced funding to support the schemes. Since then, funding has further reduced and the Council has continued to absorb this burden, however, the cost of the current scheme is becoming unsustainable.

The continued roll out of Universal Credit, (Central Government's new benefit which replaces Income Support, Income Based Job Seeker's Allowance, Income Related Employment and Support Allowance, Housing Benefit for working age applicants and Tax Credits), with its rolling reassessment of entitlement means that many Council Tax Reduction applicants receive multiple Council Tax demands each year. This is leading to confusion for applicants, changes in Council Tax liability and a significant increase in the administration that has to be undertaken by the Council.

**Who will this affect?**

Working age households in the Borough who currently receive or will apply for Council Tax Reduction. Pension age households will not be affected as Central Government prescribed the scheme.

The Council has agreed to protect those applicants who are unable to work due to a disability. Applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction.

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

We have thought about other ways to achieve the savings we need to make and maintain the current scheme's level of financial support. These have not been completely rejected 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:**

**1. Increasing Council Tax**

This would mean all council tax payers in the Borough paying towards the scheme. The decision to increase Council Tax may need to be made by voting in a local referendum.

**2. Reduce funding to other Council services**

Keeping the current Council Tax Reduction scheme will mean less money available to deliver other Council services; or

**3. Use the Council's reserves to keep the Council Tax Reduction scheme**

Using reserves would be a short-term option. Once used they will no longer be available to support and invest in other Council services.

**\* 1. I have read the background information (above) about the Council Tax Reduction Scheme**

Yes

No

Paying for the Scheme

**2. Should the Council keep the current Council Tax Reduction scheme? (Should it continue to reduce Council Tax for applicants in the way and to the extent that it does at the moment?)**

- Yes
- No
- Don't know

**3. Please use the space below to make any comments you have on protecting the Council Tax Reduction Scheme.**

## Options to change the current Council Tax Reduction scheme

As explained in the background information, the Council is consulting on the following proposals to change the existing Council Tax Reduction Scheme from 1st April 2019. This would reduce the cost of the scheme and make administrative savings. Your responses will then inform our decision. Set out below are the proposals being considered.

**Option 1 – Reducing the maximum level of support for working age applicants from 100% to 90% but to allow protection for some applicants**

The Council currently allows all working age applicants to receive up to 100% of their Council Tax depending on the level of their income. This option would require all working age applicants to pay a minimum of 10% towards their Council Tax. Those applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction.

Reducing the maximum level of support available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances.

The benefits of this are:

- It is a simple alteration to the scheme which is easy to understand;
- It is fair because everyone shares the increase and applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% support; and
- All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship.

The drawback of doing this is:

- All working age households receiving Council Tax Reduction and not protected will be required to pay more.

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

- Yes
- No
- Don't know

5. if you disagree what alternative would you propose?

**Option 2 – Reducing the maximum level of support for working age applicants from 100% to 85% but to allow protection for some applicants**

The Council currently allows all working age applicants to receive up to 100% of their Council Tax depending on the level of their income. This option would require all working age applicants to pay a minimum of 15% towards their Council Tax. Those applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction.

Reducing the maximum level of Council Tax Reduction available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances.

The benefits of this are:

- It is a simple alteration to the scheme which is easy to understand;
- It is fair because everyone shares the increase and applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction; and
- All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship

The drawback of doing this is:

- All working age households receiving Council Tax Reduction and not protected will be required to pay more.

6. Do you agree with this change to the scheme?

- Yes
- No
- Don't know

7. If you disagree what alternative would you propose?

**Option 3 - Reducing the maximum level of support for working age applicants from 100% to 80% but to allow protection for some applicants**

The Council currently allows all working age applicants to receive up to 100% of their Council Tax depending on the level of their income. This option would require all working age applicants to pay a minimum of 20% towards their Council Tax. Those applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction.

Reducing the maximum level of Council Tax Reduction available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances.

The benefits of this are:

- It is a simple alteration to the scheme which is easy to understand;
- It is fair because everyone shares the increase and applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction; and
- All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship

The drawback of doing this is:

- All working age households receiving Council Tax Reduction and not protected will be required to pay more.

8. Do you agree with this change to the scheme?

- Yes
- No
- Don't know

9. If you disagree what alternative would you propose?

**Option 4 - To not make an award of Council Tax Reduction where an award would be less than £1 per week**

Currently, the scheme will allow Council Tax Reduction from 50p per week per applicant. This is administratively inefficient and costly given the need to notify all applicants by letter. The Council is proposing to increase the minimum level of Council Tax Reduction to £1 per week. Where an applicant would receive less than £1 per week no amount of Council Tax Reduction will be granted.

The benefit of this is:

- It reduces administration costs; and
- The change will not affect any person on the lowest income

The drawbacks of this are:

- If any applicant would have received less than £1 per week, no Council Tax Reduction will be granted.

10. Do you agree with the principle that the minimum level of Council Tax Reduction payable should be £1 per week?

- Yes
- No
- Don't know

11. If you disagree what alternative would you propose?

**Option 5 - To set a minimum tolerance level for changes in income**

In the current scheme, each time a household's income changes, Council Tax Reduction will be amended. This leads to new Council Tax demands being issued and the monthly instalments being recalculated. The roll out of Universal Credit within the Test Valley area means that a large proportion of working age Council Tax Reduction applicants will see changes in their income each month which will result in multiple changes to their Council Tax liability.

To avoid these multiple changes, the Council is looking to introduce a 'tolerance' level of £30 per week. In effect this means, that unless a change in the applicant's circumstance would mean a change of either an increase or decrease of £30 per week, no change would be made at that time. Changes will only be made when the accumulation of all of the changes exceed the tolerance level.

The benefit of this is:

- It reduces administration costs;
- It will avoid confusion, with applicants receiving fewer changes to their Council Tax bill; and
- If any applicant would have received less Council Tax Reduction, no change will be made until the accumulation of all changes is at least £30 per week or more.

The drawbacks of this are:

- If any applicant would have received more Council Tax Reduction, no change will be made until the accumulation of all changes is at least £30 per week or more.

12. Do you agree that there should be a tolerance level of £30 per week?

- Yes
- No
- Don't know

13. If you disagree what alternative would you propose?



### Alternatives to reducing the amount of help provided by the Council Tax Reduction Scheme

Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme? Please select one answer for each source of funding.

14. Increase the level of Council Tax

- Yes  
 No  
 Don't know

15. Find savings from other Council Services

- Yes  
 No  
 Don't know

16. Use the Council's reserves

- Yes  
 No  
 Don't know

17. If the Council were to choose these other options to make savings, what would be your order of preference? Please rank in order of preference by writing a number from 1 – 3 in the boxes below, where 1 is the option that you would most prefer and 3 is the least.

⋮	<input type="text"/>	Increase the level of Council Tax
⋮	<input type="text"/>	Reduce funding available for other Council Services
⋮	<input type="text"/>	Use the Council's reserves

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

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

20. 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.

## About You

We ask these questions:

1. To find out if different groups of people in the Council's population have been able to take part in the consultation and identify if any groups have been excluded. This means it is not about you as an individual but to find out if people with a range of characteristics have had their say.
2. To find out if different groups of people feel differently about the options and proposals in comparison to each other and all respondents. This means it is not about you as an individual but to find out if people with similar characteristics have answered in the same way or not.

**This information is completely confidential and anonymous.** Your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

21. Are you, or someone in your household, getting a Council Tax Reduction at this time?

- Yes
- No
- Don't know

22. What is your gender?

- Male
- Female
- Prefer not to say
- Other

23. What is your age?

- |                             |                             |
|-----------------------------|-----------------------------|
| <input type="radio"/> 16-24 | <input type="radio"/> 45-54 |
| <input type="radio"/> 25-34 | <input type="radio"/> 55-64 |
| <input type="radio"/> 35-44 | <input type="radio"/> 65+   |

24. 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

Thank you for completing the questionnaire.

Progress reports on the consultation will be added to our website: [www.testvalley.gov.uk](http://www.testvalley.gov.uk)

You may submit further evidence, ideas or comments by email ([benefits@testvalley.gov.uk](mailto:benefits@testvalley.gov.uk))

The consultation closes on 12 November 2018.

We will listen carefully to what residents tell us and take the responses into consideration when making a final decision on the 2019/20 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 2019. The Council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.