

Council Tax Support from April 2023 consultation

Background

The Council has a local scheme that provides help to working age residents on low incomes to pay their Council Tax. The scheme is called Council Tax Support Scheme. The current scheme was first introduced on 1 April 2015 and has continued since then. It offers a maximum support of 76 percent meaning that those in receipt of support must pay at least 24 percent of their Council Tax themselves.

The law requires the Council to reconsider the scheme each year and to decide what scheme will be adopted for the following year commencing on 1st April. Next year's scheme will be considered by both Cabinet and Full Council in December 2022.

The council is currently considering its scheme from 1 April 2023 and want residents to have a meaningful input into the design of the scheme by clearly explaining:

- a) the option being considered by the Council
- b) why the Council believes it must make changes to the current scheme and,
- c) the reasons the Council is proposing its preferred option.

The Council's scheme only applies to people below pensionable age. The law sets out the way in which Council Tax Support is calculated for pensioners, so they are not affected by our scheme. Whichever scheme is introduced will be means tested. This means that a person's income is compared to an amount their family is treated as needing to live on, often referred to as a 'needs allowance'.

The Council is very aware of the rising cost of living and the impact it is having on residents. It is therefore considering making changes to the current scheme to make it more generous by increasing the level of support offered. If these changes are implemented, it would provide a higher level of support to residents but would also require the Council to make a higher contribution toward the cost of the scheme.

Paying for the Proposed Scheme

The Council has to decide how its' scheme will be funded.

The Council has carefully considered the additional costs associated with increasing the level of support offered to ensure it minimises the overall impact on its budget and also does not place an unreasonable burden on residents. We are not proposing to use the usual funding options available to the Council to meet the additional costs, which are:

- increasing Council Tax - In this case, beyond the maximum permitted by Government
- using Council reserves, or
- further reducing the funding available for Council services

Instead, we are proposing to use anticipated income collected in the current financial year from non-Council Tax sources to meet the funding gap. The expectation is the council will achieve the additional sum, which is estimated to be £1.5 million, to increase the level of support offered.

As this source of income cannot be guaranteed in future years, we may not be able to sustain this increased level of support beyond the 2023/24 financial year. The council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.

Option 1 The Council's proposed scheme

The Council is proposing that between 1 April 2023 and 31 March 2024, all working age residents eligible for Council Tax Support will be required to pay at least 15% of their Council Tax. This is a reduction of 9% from the current 24%.

Under these proposals Council Tax residents eligible for Council Tax Support will have their Council Tax bill reduced by up to 85%, leaving them with less to pay than under the current scheme.

All other elements of the current scheme would remain as now, meaning:

- The standard fixed rate non-dependant deductions for other adults (people over 18) living in a household would continue as now and
- The taper applied to a person's income when their income is higher than their needs allowance would continue as now at 30% and
- The capital/savings limit for getting support would continue as now at £6,000
- The minimum award level of £1.00 would continue as now.

The proposed scheme has been developed in recognition of the additional financial costs being experienced by households and as a response to the Cost of Living crisis. The tables below show the potential beneficial financial difference between the Council's current and the proposed scheme.

Households with 2 adults responsible for Council Tax								
Council Tax Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Council Tax charge 2022/23	1,293.29	1,508.84	1,724.39	1,939.94	2,371.04	2,802.14	3,233.23	3,879.88
Current Scheme Maximum award 76%	982.90	1,146.72	1,310.54	1,474.35	1,801.99	2,129.63	2,457.25	2,948.71
Current Scheme 24% contribution	310.39	362.12	413.85	465.59	569.05	672.51	775.98	931.17
What the Council's proposed scheme would mean								
	£	£	£	£	£	£	£	£
Proposed scheme Maximum award 85%	1,099.30	1,282.51	1,465.73	1,648.95	2,015.38	2,381.82	2,748.25	3,297.90
Proposed scheme 15% contribution	193.99	226.33	258.66	290.99	355.66	420.32	484.98	581.98
Potential extra support	116.40	135.80	155.20	174.59	213.39	252.19	290.99	349.19
This is for illustration only - based on the current year's Council Tax charge								

Households with 1 adult responsible for Council Tax getting Single Person Discount								
Council Tax Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Payable with Single Person Discount	969.97	1,131.63	1,293.29	1,454.96	1,778.28	2,101.61	2,424.92	2,909.91
Current scheme maximum award 76%	737.18	860.04	982.90	1,105.77	1,351.49	1,597.22	1,842.94	2,211.53
Current scheme 24% contribution	232.79	271.59	310.39	349.19	426.79	504.39	581.98	698.38
What the Council's proposed scheme would mean								
	£	£	£	£	£	£	£	£
Proposed scheme maximum award 85%	824.47	961.89	1,099.30	1,236.71	1,511.54	1,786.36	2,061.18	2,473.42
Proposed scheme 15% contribution	145.50	169.74	193.99	218.24	266.74	315.24	363.74	436.49
Potential extra support	87.30	101.85	116.40	130.95	160.05	189.14	218.24	261.89
This is for illustration only - based on the current year's Council Tax charge								

The benefit of doing this is that it would lessen the impact of the Cost of Living Crisis on eligible residents.

The drawbacks of doing this are:

- The Council would have to subsidise the scheme by an additional £1.5 million which it proposes to do through use of in-year income.

Option 2 Continue with the current Council Tax Support scheme

This would mean that between 1 April 2023 and 31 March 2024, all working age residents eligible for Council Tax support will be required to pay at least 24% of their Council Tax. The current scheme was originally designed to be a self-funding scheme, meaning that it was paid for entirely using money from the Council’s Central Government grant. However, reductions in Government grant funding and the rising annual cost of the scheme mean that it is now subsidised by the Council annually using around £4million of its own funds to maintain the scheme.

In addition to this the other elements of the scheme would continue as now other than the change described in option 1 above.

Under this option working age residents receiving Council Tax Support will continue to be required to pay at least 24% of their Council Tax themselves, which is 9% higher than in the Council’s proposed scheme.

The benefits of doing this are:

- The overall cost of the scheme would be £1.5 million lower under this option

The drawbacks of doing this are:

- Eligible residents struggling to meet rising food and fuel costs would receive no additional support
- The impact of having to continue to make a minimum contribution of 24% may be greater for those who are least able to afford it.

Your thoughts on the Council’s proposed scheme and how it would be funded	
Please tell us what you think:	
To what extent do you agree or disagree with the council’s proposed scheme and the way in which it would be funded?	Agree strongly / Agree somewhat / Neither agree nor disagree / Disagree somewhat / Disagree strongly / Don’t know
Please use the space below to make any other comments you may have about the Council’s proposed scheme and how if adopted it should be funded.	
If you do not agree with the council’s proposed scheme, to what extent do you agree or disagree that the Council should continue with its current scheme - Option 2?	Agree strongly / Agree somewhat / Neither agree nor disagree / Disagree somewhat / Disagree strongly / Don’t know

Please use the space below to make any other comments you may have about continuing with the current scheme
Please use the space below if you would like to suggest that the Council adopt a different scheme rather than any of the options above.

Next Steps

Because of the timescales involved and the legal requirement that the Council adopt its scheme prior to setting next year's budget if it is to take effect from 1 April 2023, the consultation will close on 11th November 2022.

A draft report will be presented to the Council's Cabinet in December to put forward the result of the consultation. We will listen carefully to what residents tell us, and the consultation results will be considered alongside other evidence and information for Full Council to make the final decision on which scheme to adopt.

Following the decision, the results from the consultation will be available on the Council's website and we will write to you personally if you are going to be affected as part of the annual billing process.

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.