

## **PROPOSED CHANGES TO COUNCIL TAX REDUCTION SCHEME FROM 1 APRIL 2017**

### **None of these changes will affect pensioners**

We are proposing to make 8 changes to our Scheme to bring it in line with changes being made by Central Government in Housing Benefit and Universal Credit.

### **Proposal 1 – Removing the Family Premium for all new working age applicants**

The removal of Family Premium from 1st April 2017 for new claims will bring the Council Tax Reduction scheme in line with Housing Benefit.

The Family Premium is part of how we assess the 'needs' (Applicable Amounts) of any claimant compared with their income. Family Premium is normally given when a claimant has at least one dependent child living with them. Removing the Family Premium will mean that when we assess a claimant's needs it would not include the Family Premium (currently £17.45 per week).

This change would not affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

### **What does this change mean?**

- It brings the working age Council Tax Reduction Scheme in line with Housing Benefit and the Pension Credit age Council Tax Reduction Scheme as these changes have already been made by Central Government.
- New claims from working age applicants (with children) may get less support through the Council Tax Reduction Scheme.

### **Proposal 2 - Reducing backdating for new claims to 1 month**

Currently claims for Council Tax Reduction from working age claimants can be backdated for up to 6 months where an applicant shows they could not claim at an earlier time. Central Government has reduced the period for Housing Benefit claims to 1 month. It is proposed that the Council's Council Tax Reduction Scheme be aligned with the changes for Housing Benefit.

### **What does this change mean?**

- It is a simple alteration to the Scheme which should make it easier to understand

when claiming Housing Benefit and Council Tax Reduction, as the rules will be the same.

- New working age claimants may see a reduction in the amount of support they received if they are unable to claim on time.

### **Proposal 3 – Basing Council Tax Reduction on a set minimum income for self-employed earners after 1 year's self-employment**

In order to align Council Tax Reduction with Universal Credit, the Council proposes to assume a minimum level of income for those who are self-employed - this is known as the Minimum Income Floor. This amount would be in line with the National Living Wage or the National Minimum Wage (for under 25's) for 35 hours worked per week. If someone who is self-employed earns less than this amount, we will take the Minimum Income Floor as an assumed level of income. Any income above the assumed Minimum Income Floor, would be taken into account based on the actual amount earned.

The income would not apply for a designated start-up period of one year from the start of the business. Variations would apply to any person who is both employed and self-employed.

#### **What does this change mean?**

- The treatment of income for self-employed claimants for Council Tax Reduction will be brought broadly into line with Universal Credit.

- It should encourage self-employed working age applicants to expand and develop their business.

### **Proposal 4 - Reducing the period a person can be absent from Great Britain, and still receive Council Tax Reduction to 4 weeks**

Within the current scheme, applicants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting the Council Tax Reduction. We propose reducing this to 4 weeks for absences outside Great Britain. This is in line with changes planned by Government to Housing Benefit and the Pensioner Age Council Tax Reduction Scheme.

There will be exceptions for certain occupations such as mariners and the armed forces. There is also provision for this to be extended to 8 weeks in specific

circumstances, such as the death of a close relative.

### **What does this change mean?**

- The treatment of temporary absence will be brought into line with Housing Benefit and the Pensioner Age Council Tax Reduction Scheme to make it easier to understand for applicants, and improve efficiency in running the Scheme.
- It is seen as fairer.
- If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Council Tax Reduction will cease from when they leave the Country. They will need to re-apply on their return.

### **Proposals 5 - To remove the 'work-related activity component' in the calculation of the current Scheme for new Employment and Support Allowance applicants.**

From April 2017, all new applicants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in either their ESA or within the calculation of Housing Benefit.

A person who falls within the Work Related Activity Group, and currently receives this component, is someone who has limited capability to work due to limited physical and/or mental conditions, and that limitation is not reasonable to require them to undertake work. It is proposed that the Council Tax Reduction scheme is amended to reflect the changes in the ESA and Housing Benefit.

What does this change mean?

- The treatment of ESA will be brought into line with Housing Benefit which avoids additional costs to the Council Tax Reduction Scheme.
- Persons currently receiving ESA will not receive less Council Tax Reduction.

### **Proposal 6 - To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two.**

Within the current scheme, claimants who have children are normally awarded a dependant addition of £66.90 per child within the calculation of their needs (Applicable Amounts). There is currently no limit to the number of dependant children included in the calculation.

It is proposed that the Council Tax Reduction Scheme is amended to reflect the changes in Housing Benefit and other Central Government Benefits. From April 2017 Central Government will be limiting dependant additions in Universal Credit, Housing Benefit, and Tax Credits to a maximum of two children. This will only affect households who have a third or subsequent child born on or after 1st April 2017.

There will be exceptions, for example where there are multiple births after 1st April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children, or where households merge, etc.

What does this change mean?

- Council Tax Reduction will be brought into line with Housing Benefit, Universal Credit, and Tax Credits to make the Scheme easier to understand using the same rules as other benefits, and reduce costs by improving efficiency.
- Claimants who have a third or subsequent child after 1st April 2017 (and are not exempt from the rules) may receive less Council Tax reduction than claimants who have more than two children born before 1st April 2017.

**Proposal 7 – Where someone is already paid Universal Credit (Carers Element) to look after someone with a disability, to remove entitlement to the Severe Disability Premium.**

Currently when another person is paid Carers Allowance to look after a Council Tax Reduction claimant, then the Severe Disability Premium is not included when working out their needs (Applicable Amounts). The reason for this is that it avoids paying for the same care twice. This proposed change will align the scheme with Housing Benefit by treating persons who receive the Universal Credit (Carers Element) in the same way as anyone receiving Carers Allowance

What does this change mean?

- Council Tax Reduction will be brought into line with Housing Benefit to make the Scheme easier to understand using the same rules as other benefits, and reduce costs by improving efficiency.
- Persons cared for by somebody who receives the Universal Credit Carers Element will no longer receive the Severe Disability Premium when working out their needs.
- It will be fairer as we will be treating those receiving Universal Credit Carers Element in the same way as those receiving Carers Allowance.

**Proposal 8 To remove the additional earnings disregard and apply the standard disregards regardless of hours worked to those applicants also claiming Universal Credit.**

A standard disregard is applied if you have earnings. Currently there is an additional earnings disregard that can be applied if you work sufficient hours. This proposal will remove the additional earnings disregard regardless of hours worked to those claimants on Universal Credit.

What does this change mean?

- Removing the additional earnings disregard from the Council Tax Reduction calculation will simplify the administration of claims for those in receipt of Universal Credit.

**To find out more**

e mail [benefits@middevon.gov.uk](mailto:benefits@middevon.gov.uk) or

phone us on 01884 255255

**To fill in the questionnaire** go to [www.middevon.gov.uk/your-council/consultation-involvement/current-consultations](http://www.middevon.gov.uk/your-council/consultation-involvement/current-consultations)