We want to hear your views on our local council tax reduction scheme proposals

Consultation: 24 June to 16 September 2013
What is the local council tax reduction scheme?

In April 2013, council tax benefit was replaced by a local council tax reduction scheme. People who are entitled to a council tax reduction pay less council tax. Under council tax benefit the council received a grant from the government to cover the entire cost of entitlements. Under the current council tax reduction scheme there is a shortfall in funding.

For 2013/14 we adopted a one year scheme that was very similar to council tax benefit and we managed to meet the shortfall in funding from other sources.

Why change again?

We need to consult with you about changing the scheme from April 2014. If we do not change the scheme it could result in a rise of more than 2.5% in council tax for everyone.

The government has said people who are of state pension credit age will continue to be assessed under a national scheme and will not be affected by any changes.

Local council tax support scheme proposals from April 2014

A number of options for how the scheme could change were presented to councillors on 10 June 2013. A full report on the options can be found at www.southglos.gov.uk/counciltaxchanges

We are consulting on the following three options which will change entitlements to council tax reductions:

- **Option 1:** Change the scheme to reduce entitlements by a standard percentage
- **Option 2:** Change the scheme so that entitlements are based on bands of income
- **Option 3:** Change the scheme’s rules and the entitlement limits

As part of the consultation we would also like your views on whether any of the following vulnerable groups of people should have some protection from the impact of whichever scheme is chosen:

- Families and lone parents with children under the age of five (as at 1 April 2014)
- Families and lone parents with disabled children up to the age of 18
- Individuals with additional needs due to disabilities

If protection is given to any vulnerable groups it will mean some unprotected households will be entitled to less.

Your views will help us make a decision on which type of scheme will be introduced from April 2014.
Have your say

We welcome your views on the proposals outlined in this document. You can tell us your views by completing our survey online at www.southglos.gov.uk/counciltaxchanges, completing the paper survey included or sending your comments to:

E-mail: consultation@southglos.gov.uk
Write to: FREEPOST RRZE-CTRG-TJLJ,
South Gloucestershire Council,
Council Tax Consultation,
Council Offices,
Castle Street, Thornbury,
Bristol BS35 1HF

Phone: 01454 868002

Copies of this information are also available from your local library or one stop shop.

The consultation is open from 24 June to 16 September 2013.

Option 1: Change the scheme to reduce entitlements by a standard percentage

The current scheme’s rules remain the same for this option but all recipients will have their entitlement reduced by a standard percentage.

If the decision was made not to have any protection for vulnerable groups it is estimated that all households (excluding pensioner households) entitled to a reduction in their council tax would pay at least 37% of their council tax. This estimate could rise to 45% depending on the shortfall in funding and the amount of council tax collected. The effect of this is illustrated in the examples below.

Mrs Jones is on income support and her council tax is £10 per week. She is entitled to £10 per week council tax reduction (100%).

Under the proposed scheme her entitlement would reduce by 37% making her entitlement £6.30 per week (£10 less 37%) Therefore she would pay £3.70 per week towards her council tax.

Mr Singh is working and his council tax is £15 per week. He is entitled to £5 per week council tax reduction (33%).

Under the proposed scheme his entitlement would reduce by 45% making his entitlement £2.75 per week (£5 less 45%). Therefore he would pay £12.25 per week towards his council tax.
If the decision was made that vulnerable groups should have some protection from the impact of the scheme, it is estimated that all households (excluding pensioner households) would pay at least 52% of their council tax. This estimate could rise to 62% depending on the shortfall in funding and the amount of council tax collected. The effect of this is illustrated in the examples below.

Mrs Jones is on income support and her council tax is £10 per week. She is entitled to £10 per week council tax reduction (100%).

Under the proposed scheme her entitlement would reduce by 52% making her entitlement £4.80 per week (£10 less 52%). Therefore she would pay £5.20 per week towards her council tax.

Mr Singh is working and his council tax is £15 per week. He is entitled to £5 per week council tax reduction (33%).

Under the proposed scheme his entitlement would reduce by 62% making his entitlement £1.90 per week (£5 less 62%). Therefore he would pay £13.10 per week towards his council tax.

**Option 2: Change the scheme so that entitlements are based on bands of income**

The rules would change for this option, an applicant’s net income (and that of their partner) would determine their entitlement to a council tax reduction. People on lower incomes are more likely to be on benefits. The table and examples below are for a scheme that is likely to give more help to those on benefits than those in low paid work.

<table>
<thead>
<tr>
<th>Income band</th>
<th>Income range per week (£)</th>
<th>Reduction (if no protection for vulnerable groups)</th>
<th>Reduction (if vulnerable groups protected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt;70</td>
<td>80%</td>
<td>70%</td>
</tr>
<tr>
<td>2</td>
<td>70 and &lt;100</td>
<td>65%</td>
<td>55%</td>
</tr>
<tr>
<td>3</td>
<td>100 and &lt;150</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>4</td>
<td>150 and &lt;200</td>
<td>45%</td>
<td>35%</td>
</tr>
<tr>
<td>5</td>
<td>200 and &lt;250</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>6</td>
<td>250 and &lt;300</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td>7</td>
<td>300 and &lt;350</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>8</td>
<td>350 and &lt;400</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>9</td>
<td>400 and above</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Percentages shown may vary depending on the shortfall in funding and the amount of council tax collected.
Mr and Mrs Smith’s total income is £225 per week and their council tax is £20 per week. They are entitled to £20 per week council tax reduction (100%).

Under the proposed scheme where there is **no protection for vulnerable people**, their income falls into band 5 and so their entitlement would be to a reduction of £7 per week (35% of £20). Therefore they would pay £13 per week towards their council tax.

Under the proposed scheme where there is **protection for vulnerable people**, their entitlement would be to a reduction of £5 per week (25% of £20). Therefore they would pay £15 per week towards their council tax.

People on higher incomes are more likely to be in paid work. By changing the percentage discounts on the bands, the following scheme is likely to give more help to those in low paid work than those on benefits. The table and examples below illustrate this.

<table>
<thead>
<tr>
<th>Income band</th>
<th>Income range per week (£)</th>
<th>Reduction (no protection for vulnerable)</th>
<th>Reduction (vulnerable protected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt;70</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>2</td>
<td>70 and &lt;100</td>
<td>60%</td>
<td>30%</td>
</tr>
<tr>
<td>3</td>
<td>100 and &lt;150</td>
<td>90%</td>
<td>40%</td>
</tr>
<tr>
<td>4</td>
<td>150 and &lt;200</td>
<td>95%</td>
<td>95%</td>
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<tr>
<td>5</td>
<td>200 and &lt;250</td>
<td>100%</td>
<td>100%</td>
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<td>6</td>
<td>250 and &lt;300</td>
<td>90%</td>
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<td>7</td>
<td>300 and &lt;350</td>
<td>60%</td>
<td>60%</td>
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<tr>
<td>8</td>
<td>350 and &lt;400</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>9</td>
<td>400 and above</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Percentages shown may vary depending on the shortfall in funding and the amount of council tax collected

Mr and Mrs Law’s total income is £90 per week and their council tax is £20 per week. They are entitled to £20 per week council tax reduction (100%).

Under the proposed scheme where there is **no protection for vulnerable people**, their income falls into band 2 and so their entitlement would be to a reduction of £12 per week (60% of £20). Therefore they would pay £8 per week towards their council tax.

Under the proposed scheme where there is **protection for vulnerable people**, their entitlement will be to a reduction of £6 per week (30% of £20). Therefore they would pay £14 per week towards their council tax.
Option 3: Changes to the scheme’s rules and the entitlement limits

This option requires a number of changes to be made to the current scheme. If this option was adopted it would be necessary to combine it with a scheme that places limits on the amount of entitlement a person can receive.

As the rules are complex the modelling for this option does not include any protection for vulnerable groups. However if the council decided that vulnerable groups should have some protection from the impact of the scheme it would have an effect on those not protected.

The two main kinds of changes that can be made are:

a) amending the current rules by:

- Increasing the non-dependant deduction

  A non-dependant is someone other than the householder who is over 18 and who normally lives in the household on a non commercial basis such as an adult son, daughter, relative or friend. A deduction is an amount taken off entitlement to council tax reduction because it is assumed non-dependants contribute to household income. The effect of this is illustrated in the example below.

Mrs Davies is entitled to £18.49 per week council tax reduction. A non-dependant deduction of £2.85 is taken off her entitlement because she has an adult son living with her. This means her entitlement after the non-dependant deduction is £15.64 per week (£18.49 less £2.85)

Under the proposed scheme the council sets a standard deduction of £10 per week for non-dependants from April 2014. Therefore Mrs Davies’ entitlement would be £8.49 (£18.49 less £10).

- Removing disregards and premiums related to families, such as the current disregard of child benefit as an income. The effect of this is illustrated in the example below.

Ms Llewellyn is a lone parent with one child and is in employment. Under the current rules her income is calculated as £169.24 per week. She is entitled to £10 per week council tax reduction. Under the proposed scheme the council would include child benefit as income and therefore her income is calculated as £189.54 per week, as illustrated below.

<table>
<thead>
<tr>
<th></th>
<th>Current rules</th>
<th>With change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>£110.58</td>
<td>£110.58</td>
</tr>
<tr>
<td>Tax credits</td>
<td>£ 58.66</td>
<td>£ 58.66</td>
</tr>
<tr>
<td>Child benefit</td>
<td>£ 20.30</td>
<td>£ 20.30</td>
</tr>
<tr>
<td>(not counted as income)</td>
<td></td>
<td>(counted as income)</td>
</tr>
<tr>
<td>Total income</td>
<td>£169.24</td>
<td>£189.54</td>
</tr>
</tbody>
</table>
Since her income figure which would be used to calculate her entitlement would be £20.30 per week higher, her entitlement may reduce by £4.06 per week.

- Changing the maximum amount of savings or investments an applicant can have before they are entitled to a council tax reduction. The effect of this is illustrated in the example below.

Mr Brown is entitled to a £51 council tax reduction per week. He has £5,000 in savings.

Under the proposed scheme the council changes the maximum savings level from £16,000 to £3,000. As Mr Brown’s savings would be above the maximum savings level of £3,000, he would no longer be entitled to council tax reduction.

- Not granting a reduction after set periods of time to those applicants in receipt of jobseekers’ allowance (income based). The effect of this is illustrated in the example below.

Ms Berry is in receipt of jobseekers’ allowance (income based) and is entitled to £20 council tax reduction per week.

Under the proposed scheme the council decides that entitlement to a reduction would be removed after 3 months. This would mean Ms Berry would no longer be entitled to any council tax reduction from July 2014 (3 months after the scheme is introduced in April 2014).

- Only granting a reduction to those applicants in receipt of certain benefits. The effect of this is illustrated in the example below.

Mrs Nowak is on a low wage but she is not in receipt of income support. She is entitled to a council tax reduction of £5 per week.

Under the proposed scheme the council decides only householders in receipt of income support are entitled to help. This would mean Mrs Nowak would no longer be entitled to council tax reduction because she is not in receipt of income support.

- Not granting a reduction to those applicants who are in receipt of certain benefits. The effect of this is illustrated in the example below.

Mr Bond is in receipt of income support and is entitled to a council tax reduction of £25 per week.

Under the proposed scheme the council decides that householders in receipt of income support are not entitled to council tax reduction.
Local council tax reduction scheme proposals

This would mean Mr Bond would no longer be entitled to council tax reduction because he is on income support.

**b) introducing entitlement limits**

There are two types of entitlement limits: minimum and maximum. As the rules are complex the modelling for this option does not include any protection for vulnerable groups. However if the council decided that vulnerable groups should have some protection from the impact of the scheme it would have an effect on those not protected and they would be entitled to less.

- A minimum limit is where there is no entitlement below a certain level. The effect of this is illustrated in the example below.

Mr Peacock is entitled to £4 per week council tax reduction. Under the proposed scheme a minimum entitlement of £5 per week is set. This would mean Mr Peacock would lose his entitlement to council tax reduction.

- A maximum limit is where entitlement is capped at a certain level. The effect of this is illustrated in the example below.

Ms Lemon is entitled to £25 per week council tax reduction. Under the proposed scheme a maximum entitlement of £20 per week is set. This would mean Ms Lemon’s entitlement to council tax reduction would be restricted to £20 per week.

If you need this information in another format, please contact: 01454 868009
Tell us your views

Which option do you think the council should adopt? (tick one option only)
☐ Option 1: Change the scheme to reduce entitlements by a standard percentage
☐ Option 2: Change the scheme so that entitlements are based on bands of income
☐ Option 3: Change the scheme’s rules and the entitlement limits
☐ Don’t know
☐ Alternative option, please tell us below

When considering its council tax reduction scheme, do you think the council should provide some protection for vulnerable groups from the full impact of the scheme?
☐ Yes
☐ No
☐ Don’t know

Please use this space to make any comments about whether the council should introduce some protection for vulnerable groups from the full impact of the scheme.

If you think the council should introduce some protection for vulnerable groups from the full impact of the scheme, which groups do you think should be considered as vulnerable? (tick all that apply)
☐ Families and lone parents with children under the age of 5 (as at 1st April 2014)
☐ Families and lone parents with disabled children up to the age of 18
☐ Individuals with additional needs due to disabilities
☐ Other vulnerable groups, please specify below

Please use this space to make any comments or suggestions about option 1
If the council was to introduce option 2, the income bands scheme outlined can be weighted to provide more support for householders in certain circumstances. Which circumstances do you think the council should support more? (tick all that apply)

- Householders on benefits
- Householders in work
- Householders on low income regardless of whether they are working or on benefits
- Householders on high income regardless of whether they are working or on benefits
- Don’t know

Please use this space to make any comments or suggestions about option 2

If the council was to introduce option 3, which of the changes listed do you think the council should make? (tick all that apply)

- Increase deductions for other non-dependant adults in the household
- Remove disregards and premiums for families
- Lower the level of savings cut-off limit
- Withdrawing council tax reduction for householders in receipt of jobseekers’ allowance (income based) after set periods of time
- Only householders in receipt of income support should be entitled to council tax reduction
- Only householders who are in paid work and not in receipt of benefits should be entitled to council tax reduction
- Don’t know
- Alternative option, please tell us below

Please use this space to make any comments about option 3, including suggestions about the level of any capping or rule changes.

If the council was to introduce option 3, which of the limits listed do you think the council should introduce? (tick one option only)

- A limit to the maximum entitlement to council tax reduction
- A limit to the minimum entitlement to council tax reduction
- Both a maximum and minimum limit to the entitlement to council tax reduction
- Don’t know

Please use this space to make any comments about option 3, including suggestions about the level of any capping or rule changes.
Please tell us about any impact that you think these changes could have on you or the services you receive or any other comments you would like to make.

Please use this space to make any other comments about the local council tax reduction scheme proposals.

Are you responding as: (tick all that apply)
- A recipient of council tax reduction (pensioner)
- A recipient of council tax reduction (non pensioner)
- A council tax payer (pensioner)
- A council tax payer (non pensioner)
- A local business
- A local voluntary or community sector organisation
- A parish or town council
- A family or lone parent with a child under the age of 5 (as at 1st April 2014)
- A family or lone parent with a disabled child up to the age of 18
- An individual with additional needs due to disabilities
- Other, please specify below

About you
Please answer the following optional questions about yourself. The information you supply will help us to analyse the results of this consultation and to ensure that we understand the views of different people. Responses to these questions will remain confidential. Individuals will not be identified and personal details will not be published.

Please tell us your full postcode:  

Are you?
- Male
- Female
- Prefer not to say

How old are you
- 18 and under
- 19 to 24
- 25 to 44
- 45 to 64
- 65 to 74
- 75 and over
- Prefer not to say
Please tell us your ethnic origin
☐ Arab
☐ Asian/Asian British - Bangladeshi
☐ Asian/Asian British - Indian
☐ Asian/Asian British - Pakistani
☐ Asian/Asian British - Chinese
☐ Asian/Asian British - Other
☐ Black/African/Caribbean/Black British - African
☐ Black/African/Caribbean/Black British - Caribbean
☐ Black/African/Caribbean/Black British - Other
☐ Gypsy or Traveller of Irish heritage
☐ Mixed/multiple ethnic group - White & Asian
☐ Mixed/multiple ethnic group - White & Black African
☐ Mixed/multiple ethnic group - White & Black Caribbean
☐ Mixed/multiple ethnic group - Other
☐ White - English/Welsh/Scottish/Northern Irish/British
☐ White Irish
☐ White - Other
☐ Prefer not to say
☐ Other
Other please specify:

Do you consider yourself to have a disability?
☐ Yes - Physical impairment, such as difficulty using arms or mobility issues which may mean using a wheelchair or crutches
☐ Yes - Sensory impairment, such as being blind / having a serious visual impairment or being deaf / having a serious hearing impairment
☐ Yes - Mental health condition, such as depression, anxiety or schizophrenia
☐ Yes - Learning disability/difficulty (such as Down’s Syndrome, dyslexia, dyspraxia) or cognitive impairment (such as autistic spectrum disorder)
☐ Yes - Long standing illness or health condition, such as cancer, HIV, diabetes, chronic heart disease or epilepsy
☐ Yes - Other
☐ No
☐ Prefer not to say

If you consider yourself to be disabled, please tell us how this affects your ability to use council services.

Thank you for telling us your views.

Please return your completed survey by 16 September 2013 to the following FREEPOST address (no stamp is needed):

FREEPOST RRZE-CTRG-TJLJ,
South Gloucestershire Council,
Council Tax Consultation,
Council Offices,
Castle Street, Thornbury
BRISTOL
BS35 1HF

Any personal information that you have supplied will be held by South Gloucestershire Council in accordance with the Data Protection Act. This information will only be used to conduct this consultation and personal information will not be published or passed onto any other organisation.