

Proposed Council Tax Support (CTS) scheme consultation

Introduction:

The proposal the Council are consulting on means that working age residents who are receiving Council Tax Support (CTS) will see a difference in how their CTS is calculated. Some might have to pay more Council Tax because the amount of CTS they receive will reduce.

CTS provides low-income households, both in and out of work, with help to pay their council tax. The term 'household' means the people who are responsible for paying the Council Tax bill. This could be a single person or a couple. The person registered as responsible for the council tax can make a claim for CTS. This may be any owner, occupier or tenant aged 18 or over.

What is the Council Tax Support scheme consultation about?

We are consulting with you because the Council.

- Want to change the way we calculate how much Council Tax Support we give working age residents.
- Want to make our scheme simpler to understand.
- Want a new scheme that is fairer.

Pensioners and residents who are already receiving 100% help with their council tax liability will not be affected by the proposed changes to the scheme. Only residents who are working will be affected.

Our purpose for consulting with you is to change the CTS scheme for working age residents so that it can:

- Be transparent.
- Be easier to understand.
- Make the application process as simple as possible.
- Be more efficient to administer.
- Allow us to make quicker decisions.
- Reduce the need for residents to submit evidence for small changes in income - for example people on zero hour contracts whose weekly income fluctuates by relatively small amounts.
- Prepare the Council for when all our housing benefit claims migrate to Universal Credit. The Department for Work and Pensions has delayed the implementation date for full migration because of the pandemic. A new date is yet to be decided.
- Reduce the overall cost of the CTS scheme.

Proposed changes to the scheme

The Council have looked at different ways to calculate how much assistance we can give working age residents to pay their Council Tax bill.

We are proposing to:

- Move to a Banded Scheme for residents who are working. The Banded Scheme works on income thresholds and therefore if a resident remains in the same income threshold, they will not need to contact the Council to report a change in earned income.
- Move away from a scheme where residents who are working having to inform us every time, they have a change in earned income.
- Move away from residents having to apply for CTS. We will use the information already available to us and the link we have with the Department for Works and Pensions systems.

Under the current regime/scheme residents need to:

- Apply for Council Tax support.
- Once a household receives Council Tax Support any change whatsoever to the household income must be reported.

How will the proposed Banding Scheme work?

The Bands match up with the amount a household earns, and this is how we will determine how much Council Tax Support they should receive.

We will ONLY take into account a household's earned income. We will NOT take into consideration any Child Benefit, Disability Living Allowance, Personal Independence Payments, or other benefits the household might be in receipt of. In the banding scheme we will only look at the household's earned income. **WE WILL NOT COUNT ANY OTHER BENEFITS AS EARNED INCOME WHEN WE DO THE CALCULATION.**

The proposed bands will be clearly matched to income ranges so that residents will know from their earnings which banding they fall in and how much council tax support they will receive. Each band has a threshold, avoiding the need for a household's entitlement to change due to every small increase in earned income.

We are consulting on 3 options for the calculation of Council Tax Support within an income banding scheme: Under all three proposed options, some residents might be asked to pay more Council Tax. However, **residents who currently receive 100% help with their Council Tax bill will still not need pay anything**

The table below illustrates the income bands and the financial implications for each option

Income Bands (Monthly up to)	Option1 new monthly contribution	Option 2 new monthly contribution	Option 3 new monthly contribution
£250	£0	£0	£0
£500	£40	£45	£50
£1,000	£80	£85	£90
£1,500	£125	£130	£135
£2,000	£175	£175	£175


All proposed options will only take account of the households net earned income. We propose to ignore any Universal Credit or any other income which the resident or the household receives.


Other areas that will not be taken into account under the proposed scheme are:


- Other income
- What band property they live in i.e., is it a band A or band H property etc., thus not penalising large households


The scheme proposes to have a series of 'earned income bands' and we propose to calculate a resident's entitlement to CTS based on which earned income band they fall in.


Please see examples below

Single Parent, 2 Children		Option 1 scheme – per week	Option 2 Scheme - per week	Option 3 Scheme – per week
	Council Tax Liability	£35.37	£35.37	£35.37
	Earnings	£417.69	£417.69	£417.69
	Total income (per month)	£417.69	£417.69	£417.69
	Under the present scheme the resident has to pay	£29.21	£29.21	£29.21
	Current scheme CTS Entitlement	£6.16	£6.16	£6.16
	Under the proposed banding scheme CTS entitlement will be	£26.14	£24.99	£23.83
	To pay in the future	£9.23	£10.38	£11.54
	Better off	£19.98	£18.83	£17.67

Couple with a disability		Option 1 Scheme – per week	Option 2 Scheme – per week	Option Scheme 3 - per week
	Council Tax Liability	£25.39	£25.39	£25.39
	Earnings	£348.99	£348.99	£348.99
	Total income (per month)	£348.99	£348.99	£348.99
	Under the present scheme the household has to pay	£17.67	£17.67	£17.67
	Current scheme CTS Entitlement	£7.72	£7.72	£7.72
	Under the proposed banding scheme CTS entitlement will be	£16.16	£16.16	£16.16
	To pay in the future	£9.23	£10.38	£11.54
	Better off	£8.44	£7.29	£6.13

Income More Than £500.00 pcm		Option Scheme 1 – per week	Option Scheme 2 – per week	Option Scheme 3 – per week
	Council Tax Liability	£29.02	£29.02	£29.02
	Earnings (per month)	£567.59	£567.59	£567.59
	Total income (per month)	£567.59	£567.59	£567.59
	Under the present scheme the resident has to pay	£16.55	£16.55	£16.55
	Current scheme CTS Entitlement	£12.47	£12.47	£12.47
	Under the proposed banding scheme CTS entitlement will be	£10.56	£9.40	£8.25
	To pay in the future	£18.46	£19.62	£20.77
	Worse Off	-£1.91	-£3.07	-£4.22

Income More Than £1000.00 - pcm		Option Scheme 1 – per week	Option Scheme 2 – per week	Option Scheme 3 – per week
	Council Tax Liability	£29.02	£29.02	£29.02
	Earnings (per month)	£1,017.59	£1,017.59	£1,017.59
	Total income (per month)	£1,017.59	£1,017.59	£1,017.59
	Under the present scheme the resident has to pay	£22.32	£22.32	£22.32
	Current scheme CTS Entitlement	£6.70	£6.70	£6.70
	Under the proposed banding scheme CTS entitlement is	£0.17	£0.00	£0.00
	To pay in future	£28.85	£29.02	£29.02
	Worse Off	-£6.53	-£6.70	-£6.70

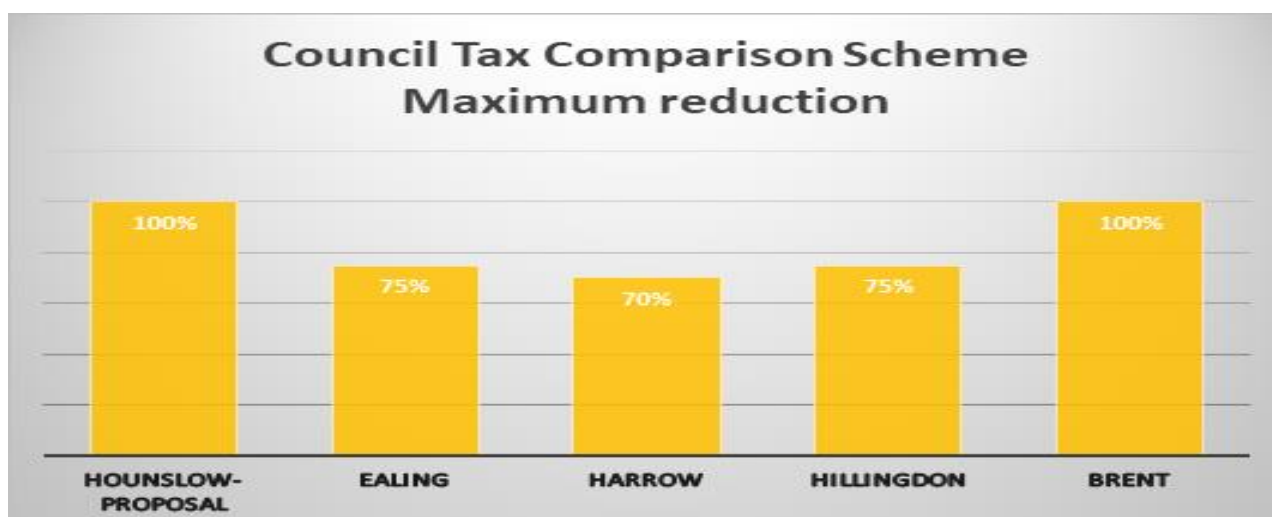
Single Person		Scheme 1 – per week	Scheme 2 – per week	Scheme 3 – per week
	Council Tax Liability	£16.32	£16.32	£16.32
	Earnings (per month)	£174.26	£174.26	£174.26
	Total income (per month)	£174.26	£174.26	£174.26
	Current CTS Entitlement	£16.32	£16.32	£16.32
	New CTS Entitlement remains the same because earnings are in the lowest band	£16.32	£16.32	£16.32
	Nothing to pay – 100% support	£0.00	£0.00	£0.00

Comparisons with other boroughs

We have done some benchmarking exercises with our West London neighbouring Councils to compare their CTS scheme with the one we are consulting on. Below are the results.

The benchmarking exercise confirmed that our scheme was still very generous and that we have given full consideration to the most vulnerable residents.

Banding Schemes	Scheme Type	Weekly Earnings Disregard	Weekly Non – Dependant deductions
The examples below apply to all working age residents apart from Harrow – where the scheme only applies to those working age residents who are in receipt of Universal Credit	Hounslow and Brent will use one set of income bands. The other Councils have different bands for different scenarios	Between £0 and £30	Various rates between £5 and £20



Please tell us what you think

This is your chance to have your say before any final decisions are made. We will consult from **17th September 2021 to 10th December 2021**.

Please complete the online consultation at

<https://haveyoursay.hounslow.gov.uk/procurement-and-contracts/proposed-changes-to-council-tax-scheme-2022> this is the preferred option.

or

For a paper copy of the consultation, please contact:

Client Unit, Procurement & Contracts
London Borough of Hounslow
3rd Floor, Hounslow House, 7 Bath Road, Hounslow, TW3 3EB
curevenues@hounslow.gov.uk

0208 583 4751

The deadline for the Council receiving completed Consultation's is 23:59 on the **10th December 2021**.

If you need help to understand how these proposals may affect you, please call us on 0208 583 4751 and we will be happy to help you.

What happens next?

When the consultation closes on 10th December 2021, we will collate and analyse the feedback received. This analysis will be considered by the Elected Members as part of their decision making. A final decision is expected next year. The consultation feedback report and final report to the Elected Members will be published on the website. A hard copy of the information will be made available on request.

Thank you for your time and comments, completing the consultation.