

Brighton & Hove City Council

**Draft Council Tax Reduction Scheme
for people of working age for
consultation**

Published September 2016



**Brighton & Hove
City Council**

What is Council Tax Reduction?

Council Tax Reduction is a system for low income households to help pay towards Council Tax. You may get Council Tax Reduction if you pay Council Tax and your income and capital (savings and investments) are below a certain level.

People of pensionable age are assessed under national rules which the council cannot change. They will continue to have their Council Tax Reduction worked out in the same way as it is now. The council decides on the rules for working age people.

Brighton & Hove's Council Tax Reduction scheme acts as a discount against your Council Tax bill. The scheme aims to limit the impact the government's funding reduction has on the most vulnerable households in the city.

Why is the council publishing this draft scheme?

The council is required to review the scheme every year to consider if changes need to be made which could affect how much residents need to pay. To consider making changes the council must publish a draft scheme and consult on any changes it proposes.

We need to have an agreed scheme in place by January 2017 and are now consulting on these draft proposals for 2017/18.

Contents

Financial context	page 3
Details of proposed changes to the Council Tax Reduction scheme	page 4
Examples	page 5

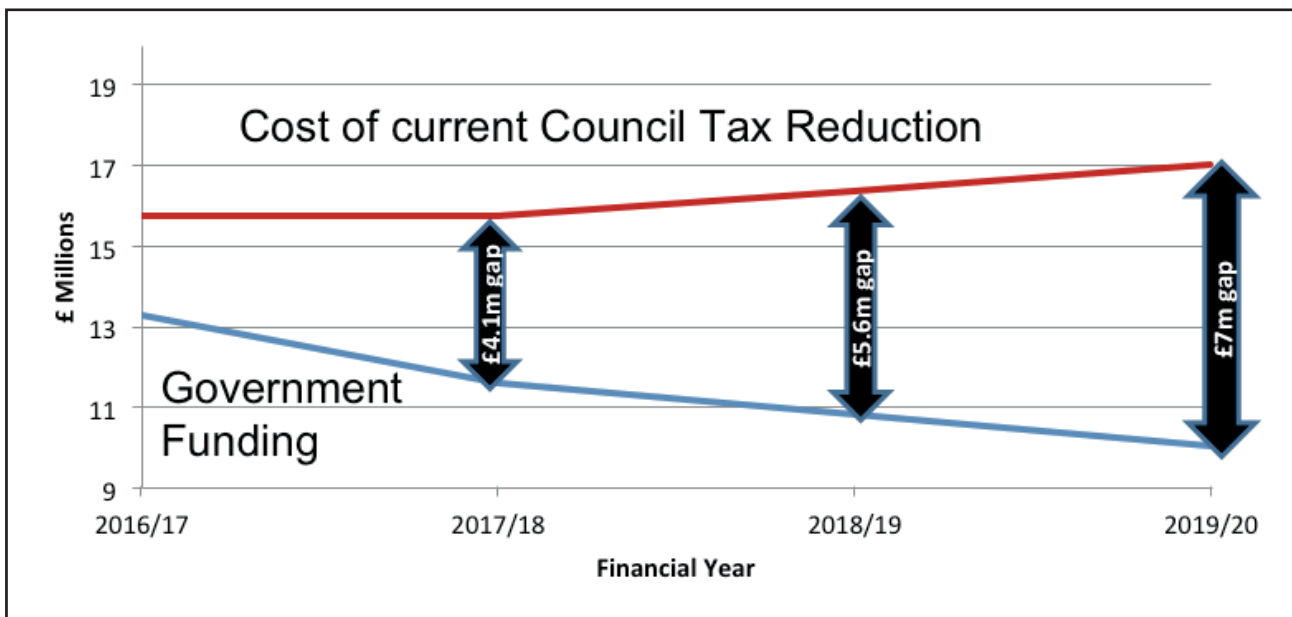
Financial context

The government is continuing to reduce the grant it pays for these schemes, meaning there will be a shortfall of at least £4.1 million to help low income households in Brighton & Hove pay their Council Tax in 2017/18. The scheme set out proposes that the council will absorb around £3.8 million of this.

During the current financial year 2016/17, the council is set to absorb around £2.5 million of the funding shortfall from other council funds, with the rest paid by working age people who receive CTR.

Any increase in the amount the council funds will have an impact on other services run by the council.

The projected reduction in government funding for the scheme is shown below.



The government is also reducing funding for all council services and the budget over the next three years will be challenging. Costs will increase due to inflation, population change and rising demand for services, and this will result in a large funding gap.

The biggest budget challenge is on the services funded by Council Tax, Business Rates, government grants and fees and charges (our general fund). We currently spend around £381 million on a wide range of public services such as, social care for vulnerable children and adults, refuse and recycling, street cleaning, libraries and transport. This doesn't include the money we receive for schools, Housing Benefit and expenditure related to our council housing which is funded directly by tenant rents.

Due to the growing demand for services, inflation and, principally, the reduction in central government funding, we will need to address a budget gap of £44 million over the next three years. We are reducing costs and improving efficiency as much as possible but there are also many difficult choices to make around the services the council will be able to continue to provide or pay for.

Council Tax Reduction for pensioners

There will be no changes for pensioners apart from the usual yearly uprating of allowances and premiums from April 2017. This will mean pensioners will continue to receive the same level of support they do now. These rules are set nationally and the council cannot change them.

Council Tax Reduction for working age people

Decisions on who's eligible to receive help paying Council Tax under Council Tax Reduction (CTR) will continue to be based on a person's income and savings and the amount of Council Tax they pay.

We will continue to provide a discretionary fund to help the most vulnerable households to pay their Council Tax contribution in exceptional circumstances.

Proposed changes to Council Tax Reduction from April 2017 for working age people.

The taper

When people start to receive more income than they would on Job Seekers Allowance, Income Support or Employment Support Allowance (often by working) their CTR goes down by £0.20p for every extra £1 they receive. This is called the taper.

It is proposed that the taper is increased from £0.20p to £0.25p. This means that for each extra £1 a person receives, their Council Tax Reduction will reduce by £0.25p rather than £0.20p.

CTR will pay up to 80% of Council Tax Band D

Currently CTR will pay up to 80% of a household's Council Tax liability whichever Council Tax band their property is in. Council Tax bands go from A to H. Generally the larger and more valuable a property, the higher band it will be in.

It is proposed that CTR will be based on a maximum of a band D property including the separate maximum CTR payable. For example, at the moment the maximum rate of CTR a person can receive is 80% of their liability. This proposal would mean that the maximum CTR a working age household could receive would be 80% of the Council Tax liability for a Band D property.

Minimum amount of CTR

Currently the smallest amount of CTR a household can receive is £0.01p per week.

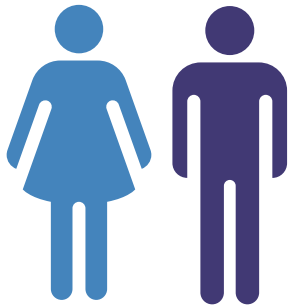
It is proposed that once CTR entitlement goes below £5 per week, it will then reduce to zero, which means the household would pay the full amount of Council Tax.

Other national changes

In addition to these changes, the allowances and premiums in the CTR scheme for pensioners and working age people will be increased in line with national regulations.

Examples:

The following examples are made-up cases to help explain how the proposed new scheme may affect you. The Council Tax figures quoted are based on the 2016/17 rates, which may be increased in 2017/18.



Pensioners stay the same

Couple of pensionable age – the same level of support as now

Michael and Pat are 73 and 71 respectively. They currently claim CTR and are entitled to a reduction of £15.63 a week, based on a means test of their income from state pensions, Michael's work pension and Pat's savings. The full liability for their Band B property is £24.35 per week so they are paying £8.72 a week in Council Tax.

Pensioners are assessed under national rules set by the government. Therefore, the reduction they are entitled to remains £15.63 and the amount they have to pay is still £8.72 a week.



Laura makes a claim for Council Tax Reduction No Council Tax to pay

Pensioner – new claim

Laura is 68, she moves from Worthing to a new rented flat in Brighton in May 2015. Laura is on Pension Credit Guarantee Credit. Her new flat is a Band A property. When she moves she makes a claim for Council Tax Reduction.

As Laura is a pensioner and she is on Pension Credit Guarantee Credit, she receives full Council Tax Reduction and does not have to pay any Council Tax.

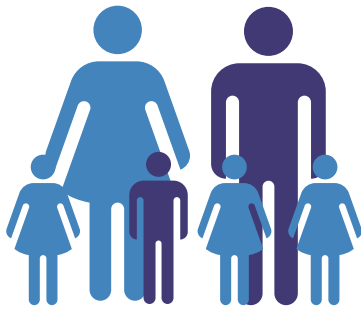


Family in Band F property Maximum Band D rate applies

Single person with children in Band F property – Maximum CTR based on Band D

Darren lives in a Band F property with his children. He is on Income Support and receives Child Benefit and Child Tax Credit. He receives a single person discount and claims CTR for help with his Council Tax. His Council Tax is £33.91 per week and he currently receives 80% of his Council Tax through CTR, which means he pays £6.78 per week.

From April 2017, it is proposed that CTR will be worked out based on a maximum rate of up to 80% of Band D. This means that he will have to pay £8.87 per week.



**Taper rate
Increased to 25%**



**£5 minimum CTR
Full Council Tax applies**

Family affected by taper rate change

Mahendi lives with her partner and children in a band D property. Mahendi earns £9,000 per year and the family also receive Child Benefit, Child Tax Credit and Working Tax Credit. Their Council Tax is £31.30 and they currently receive £11.76 CTR, which means they pay £19.54 per week.

From April 2017, it is proposed the taper rate is changed from 20% to 25%. This means that they will receive £8.44 CTR per week and have to pay £22.86.

Person impacted by minimum amount of CTR

Greg is single, lives in a Band A flat and works earning £125 per week. His weekly Council Tax is £15.65 per week and he receives CTR of £4.14, which means he pays £11.51 a week.

From April 2017, it is proposed that the minimum amount of CTR a person can receive is £5 per week. This means that Greg would no longer receive CTR and would have to pay the full Council Tax rate of £15.65 per week.