



## **Housing Benefit & Council Tax Support**

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## **Have Your Say - Consultation on Council Tax Reduction Scheme: Consultation Closes 2nd December 2022.**

### **Section A – What is this consultation about?**

Each year the Council must decide whether to change the Council Tax Reduction Scheme (also known as Council Tax Support) for working-age applicants in its area.

### **What is Council Tax Reduction?**

In April 2013, the national scheme of Council Tax Benefit was replaced by the new Council Tax Reduction Scheme. Council Tax Benefit had been funded by the Department of Work and Pensions and supported people on low incomes, by reducing the amount of Council Tax they had to pay.

Council Tax Reduction schemes are determined by local councils rather than by the Department of Work and Pensions. Central Government initially provided funding for the scheme but this has been reducing year on year and is no longer separately identified, but forms part of the Council's overall funding from Central Government.

Council Tax Reduction is a discount on the amount of Council Tax charged, it reduces how much residents have to pay.

How much someone is entitled to is calculated by comparing the income and capital of the household with the amount of money they "need" to live on. This is known as "means testing" and is how other types of benefits are calculated such as Housing Benefit, Income Support and Universal Credit.

Some parts of the Council Tax Reduction scheme are set by Central Government e.g. how to appeal, some basic rules of entitlement such as whether people from abroad can claim etc.

Central Government also set all the rules regarding Council Tax Reduction for Pensioners, who may still receive a discount of up to 100%, dependent upon their household income and capital.

The Royal Borough, is required to review their scheme for working age applicants each year to decide whether they wish to make any changes to it. Before any changes can be implemented, however, they must be subject to wide public consultation.

Further details on the Royal Borough's Council Tax Reduction scheme can be found here: <https://www.rbwm.gov.uk/home/council-tax-and-benefits/benefits/housing-benefit-and-council-tax-support>

You can also check to see if you could qualify for this discount by undertaking a trial calculation here: <https://rbwmclaims.teamnetsol.com/>.

## **What changes are being proposed for the Council Tax Reduction Scheme for 2023/24?**

There are five changes being proposed for the 2023/24 Council Tax Reduction scheme for working age applicants. Three of these changes only affect working age applicants who are in receipt of both Council Tax Reduction (CTR) and Universal Credit (UC). There are currently 2,274 working age residents in receipt of CTR and, of these, 1,202 are in receipt of both UC and CTR.

The remaining two proposed changes affect all working age applicants. The changes are summarised below:

### **Universal Credit Customers – limited reassessments.**

Currently, any applicant on UC and CTR who is working has their CTR adjusted each time their UC changes as a result of fluctuations in their earnings. This could mean up to 13 changes per year which may be confusing for customers who may have difficulty understanding how much Council Tax they have to pay as a result.

The proposal is to only re-assess these claims 3 times per year, unless a customer had a significant change such as starting or stopping work. When re-assessed, all changes would be processed so the overall net financial effect would be the same, but the number of adjusted Council Tax bills issued to customers would be fewer.

This would neither decrease nor increase the level of CTR for customers, as all claims would be corrected eventually, but should make it simpler for residents to understand.

### **Universal Credit Customers – automatic re-awards.**

This proposal would mean that any UC customer who has a slightly higher level of income for one UC assessment period of 4 weeks, would not need to submit a new claim for CTR if they subsequently re-qualify. The fluctuation in their income would simply be treated as a change in circumstances making it easier for the customer to re-gain CTR entitlement.

This would neither increase nor decrease the level of CTR for customers but would make the process of re-gaining support easier.

### **Universal Credit – net vs gross income.**

Currently, if a UC customer has a deduction from their UC income as a consequence of repaying a loan to the Department of Work and Pensions, the net UC income is taken into account when assessing entitlement to CTR. This is at odds with most other Benefit Income where regulations require the gross income to be used. The proposal is to amend the scheme to equalise the treatment of UC customers by taking their gross award i.e. the amount of UC they *should* be receiving if deductions were not made, rather than the net amount which they are *actually* receiving.

This would not be beneficial to these UC customers as they would get less CTR but would be fair and only affect claims in future where this change occurs.

### **All working age customers – backdating.**

The current scheme limits the time that a working age customer may be able to have their new claim backdated to 1 calendar month, from the date that they request it, provided they have proven good cause for failing to apply at an earlier date.

It is proposed that the current 1 month time limit for backdating is amended to be 3 months where the customer has proven good cause for failing to apply at an earlier date.

This would be beneficial to customers.

### **All working age customers – annual uprating.**

The final change proposed is primarily to ensure the scheme aligns to changes introduced to the national Housing Benefit scheme, where the rules are set by the Department of Work and Pensions or the pensionable age CTR regulations which are amended by the Department of Levelling Up Housing and Communities.

This would be largely beneficial to customers and is in line with action taken each year since the scheme was introduced.

The Council is not proposing to change the maximum level of Council Tax Reduction that working age applicants can receive. This is set at 80%.

### **Who will this affect?**

Working age households in the area who currently receive, or can apply for, Council Tax Reduction. Some applicants may be on Council Tax Reduction for the whole financial year while others will come on and off, depending upon their financial circumstances. There are currently 2,274 working age residents in receipt of CTR and, of these, 1,202 are in receipt of both UC and CTR. This includes households where one partner is of working age and the other is of pensionable age as they would both be treated as being of working age. This aligns with Housing Benefit.

Pensionable age households, either single pensioners or couples who are both pensioners, will not be affected as Central Government prescribes the scheme relating to those households.

### **Examples.**

As CTR is a means tested benefit, based on an individual's income and needs allowance, it is not possible to provide examples of how this may affect all applicants.

The majority of the proposals will not alter the level of CTR awarded but the example below shows how the potentially detrimental change would affect the level of award with regard to a specific customer.

If anyone has specific concerns, not answered here, about their specific circumstances, please contact [benefits@rbwm.gov.uk](mailto:benefits@rbwm.gov.uk).

UC income – using gross not net income.

**A single disabled person in receipt of Employment Support Allowance and Personal Independence Payment living in a Band B property in Windsor. Gross weekly income of £364.87 of which £156.90 is fully disregarded. They have a £20 deduction taken from their Employment Support Allowance as they are repaying the DWP a previous loan, the income from which is not taken into account when it is received. So their actual income is now only £344.87 but the CTR regulations still treat them as having the full £364.87.**

- **Weekly CTR award £12.91 per week against a maximum of £13.55 (80% of their charge)**

**A single disabled person on Universal Credit with the same level of income would currently have their actual weekly income of £344.87 taken into account.**

- **Weekly CTR award £13.55 per week as their income is below their weekly needs allowance (80% of their charge)**

**Under the proposal, the UC customer would be treated the same as the person on Employment Support Allowance and have the gross amount taken into account of £364.87.**

- **Weekly CTR award £12.91 per week against a maximum of £13.55 (80% of their charge)**

### **Will there be any exemptions to these proposals for working age Council Tax Reduction applicants?**

We recognise, even before the effects of Covid 19 were felt, that residents may struggle to meet the cost of their Council Tax charge and have considered introducing protection for certain groups who receive Council Tax Reduction.

However, the Council already has Discretionary Powers to reduce *anyone's* Council Tax charge, whether in receipt of Council Tax Reduction or not, where they are suffering financial hardship. Further details on this may be found here: [https://www.rbwm.gov.uk/sites/default/files/2021-08/ctax\\_discretionary\\_reduction\\_liability\\_policy.pdf](https://www.rbwm.gov.uk/sites/default/files/2021-08/ctax_discretionary_reduction_liability_policy.pdf)

This would continue to offer protection for those most financially vulnerable. We believe this is fairer than only protecting certain groups of applicants, as it available for anyone who fits the criteria.

This also ensures that further complexity is not introduced into the administration of the Council Tax Reduction scheme which could increase costs.

### **Are there any alternatives to these proposals?**

The majority of these changes are proposed in order to simplify the administration of the current scheme, for customers and staff as well as aligning the treatment of customers where there is a clear disparity. Simplifying the administration of the current scheme may also bring savings, or at least ensure that costs associated with processing current claims do not escalate as more customers move across to Universal Credit. The Council has to look carefully at all costs it incurs and, without these proposals, there could be an impact on its overall budget, which could mean:

- Raising Council Tax \*; or
- reducing Council services and using compensatory savings to fund Council Tax Reduction; or
- using the Council's one-off reserves, which does not resolve the underlying funding requirement; or
- a combination of the three.

\* In recent years the Government has restricted the level by which Local Authorities can increase Council Tax without holding a referendum.

In addition, if the scheme is not aligned with existing Housing Benefit changes, or if further complex arrangements such as protecting certain groups of people are introduced, this could mean increased administration costs generally.

Each year the Council also receives details of Council Tax Reduction changes for Pensionable Age applicants from Central Government. These changes are usually provided in late December or early January. However, where appropriate, the Council wishes to mirror such changes in its working age scheme.

An example of this would be where a deduction from the maximum Council Tax Reduction is made because someone, other than the claimant or partner, lives in the house who is working and aged over 18. This is known as a “non-dependent deduction”. Deduction levels are set by Central Government for pensioners and the proposal is to mirror those for working age applicants.

Also, for working age Housing Benefit applicants, the Department of Work and Pension provides details of the new allowances for working age customers which change each April, such as the sums involved in calculating how much money someone “needs” to live on. It is proposed that these amounts are mirrored in the Council’s working age Council Tax Reduction scheme, as they have been since 2013.

Unfortunately, we cannot confirm the exact details of these changes as they are not yet available, but the links below are for the 2020/21 documents and may therefore provide some insight into the types of changes typically introduced:

Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2020: <https://www.legislation.gov.uk/uksi/2022/25/made>

Housing Benefit Up-rating Circular: <https://www.gov.uk/government/publications/housing-benefit-adjudication-circulars-2021/a112021-housing-benefit-uprating-for-the-financial-year-ending-march-2023#:~:text=Up-rating%20of%20non%2Dincome%20related%20social%20security%20benefits,-6.&text=The%20higher%20and%20middle%20rate,be%20increased%20from%20April%202022>

**Q1 Universal Credit customers – limiting the reassessments**

	Yes	No
Do you agree that customers in receipt of both UC and CTR who are working, should normally have the reassessment of their CTR limited to 3 times per year?	<input type="checkbox"/>	<input type="checkbox"/>

If you disagree, please write your reasons here:

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**Q2 Universal Credit customers – automatic re-awards.**

	Yes	No
Do you agree that UC customers whose income rises for 4 weeks, to take them out of entitlement for CTR, should not have to complete a new claim for CTR if their income then drops and they become entitled again?	<input type="checkbox"/>	<input type="checkbox"/>

If you disagree, please write your reasons here:

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**Q3 Universal Credit customers – net vs gross income.**

	Yes	No
Do you agree that UC customers whose income reduces, due to a debt repayment, should have their gross income used when calculating CTR rather than their net, bringing them into line with other benefit recipients?	<input type="checkbox"/>	<input type="checkbox"/>

If you disagree, please write your reasons here:

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**Q4 All working age – backdating.**

	Yes	No
Do you agree that the current 1 month period of backdating for all working age customers should be extended to 3 months, from the date the request is received, where good cause for failing to apply earlier is proven?	<input type="checkbox"/>	<input type="checkbox"/>

If you disagree, please write your reasons here:

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**Q5 Do you agree that changes, for working age Council Tax Reduction customers, should be aligned with those of Pensioners and working age Housing Benefit customers?**

	<input type="checkbox"/>	<input type="checkbox"/>
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It should also be noted that the scheme is subject to revision in order to comply with any legislative changes introduced by Central Government in relation to Council Tax Reduction

**Are there any other changes you would have liked to see to the Council Tax Support scheme 2022/23 or general comments regarding CTS?**

Please write your answer here:

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Q6 Please choose any of these that apply:	Yes	No

a. Are you currently in receipt of Council Tax Support?	<input type="checkbox"/>	<input type="checkbox"/>
If you answered yes to (5a) please tick one of the following:		
bi. Are you a pensioner?	<input type="checkbox"/>	<input type="checkbox"/>
bii. Are you of working age?	<input type="checkbox"/>	<input type="checkbox"/>

**Q7 Are you completing this on behalf of a representative body such as the Citizen Advice Bureau or Age Concern?**

Yes  No

Which group in the community do you represent?

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