

## Review of Council Tax Reduction Scheme: Options to be considered

The options being considered for consultation only cover working age claimants

	Option	Commentary/Context
a	Increase the minimum % payable	<p>SBC currently requires working age claimants to pay a minimum of 20% towards council tax. This would increase to 22.5% or 25%.</p> <p>The level of required contribution varies significantly over the country - 76 councils having a nil contribution rate, with 52 schemes having rates over 20%. Medway Council will be highest in Kent for 2016/17 at 35%.</p> <p>Evidence there is a 'tipping point' somewhere between 20% and 25%, after which collection rates are affected significantly. The tipping point severely affects applicants on low or fixed incomes, particularly single persons and couples with no dependants. Increasing the minimum % that a working age claimant needs to pay beyond the tipping point is unrealistic and likely to be counter-productive in terms of collections rates.</p> <p><b>Consider option of increasing minimum percentage to 22.5% or 25%.</b></p>
b	Reduce the capital limit	<p>Reduce the capital limit from the existing £16,000 to £6,000 or £10,000</p> <p>At present, working age residents with savings, capital and investments of more than £16,000 are not entitled to any Council Tax Reduction. Under the proposed change; this limit would be reduced to £6,000 or £10,000.</p> <p><b>Consider the option of reducing the capital limit to £6,000 or £10,000.</b></p>
c	Restrict to a Band D charge	<p>To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge</p> <p>The current Council Tax Reduction scheme uses the full amount of Council Tax charge irrespective of the band of the property. There are eight Council Tax Bands A to H with Band D being the national average. It is proposed that where a working age applicant lives in a property which is Band E, F, G or H then the Council Tax Reduction will be calculated on the basis of a Band D charge.</p> <p><b>Consider the option of restricting the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge</b></p>

d	To limit the impact of Universal Credit awards on the Council Tax Support scheme & the collection of Council Tax.	<p>To put in place a mechanism to limit the impact of changes to Universal Credit awards on the Council Tax Support scheme &amp; the collection of Council Tax.</p> <p>Universal Credit is claimed in some circumstances by working age residents in Swale, the resident is also entitled to claim Council Tax Support. The DWP notify us each month the amount of Universal Credit awarded to the claimant. Currently the claim is reassessed each month leading to a change in the amount of Council Tax Support awarded and a Council Tax adjustment notice is issued. This leads to confusion for residents as to how much their Council Tax instalments are each month, an increase in administration and recovery action is delayed for those who are not paying through out the year.</p> <p><b>Consider putting in place a mechanism to limit the impact of changes to Universal Credit awards on the Council Tax Support scheme &amp; the collection of Council Tax.</b></p>
e	To disregard Bereavement Support Payments	<p>To disregard Bereavement Support Payments inline with the Housing Benefit regulations.</p> <p>Bereavement Support Payments were brought in by the DWP from 6 April 2017, disregarding these payments would bring the CTS scheme inline with the Housing Benefit scheme.</p> <p><b>Consider disregarding Bereavement Support Payments inline with the Housing Benefit regulations.</b></p>
f	To use alternative funding options	<p>As part of the consultation, as well as consulting on various options related to the design of the scheme, case law has clarified that we are also required to consider alternative funding options as opposed to simply changing the current scheme to reduce costs.</p> <p><b>(i) Should Council Tax be increased for all Council Tax payers to fund the CTS scheme?</b></p> <p><b>(ii) Should Council reserves be used to fund the scheme?</b></p> <p><b>(iii) Should there be cuts to Council services to fund the scheme?</b></p>