



Council Tax Reduction scheme 2019/20

Summary Document

In January 2019 Sandwell Council agreed to introduce an income-banded Council Tax Reduction Scheme for working age people for 2019/20 that replaces the complex means test. Instead, our new scheme considers whether working age people should pay in the region of 0% to 100% of their Council Tax depending on their income and family circumstances.

We are unable to change the way in which we award Council Tax Reduction to pension-aged people, as the rules are set by central Government.

Key features of the 2019/20 Council Tax Reduction Scheme

This is an income-banded scheme which will assess the maximum level of Council Tax Reduction based on the net income of the applicant and their partner if they have one, as well as any children.

Anyone who receives the following benefits does not pay Council Tax (subject to any non-dependant charge).

- Income Support
- Income-Based Jobseeker's Allowance or,
- Income-Related Employment Support Allowance (ESA)

Under this scheme, as part of our on-going commitment to support the most vulnerable people, we will continue to disregard **Disability Living Allowance, Personal Independence Payments, Attendance Allowance, Carers Allowance** and the **Support Component of ESA** for the income used in the assessment of Council Tax Reduction; we will also continue to disregard **Child Benefit and War Pensions** in this scheme.

To support incentives to work, the first £25 you earn every week will not be taken into account as income. Also a further £17.10 will not be taken into account as income if you work more than 16 hours and have children or you do not have children but work 30 hours or more per week.

The Council Tax Reduction Scheme will continue to disregard childcare costs for people working over 16 hours. Up to £175 per week will be disregarded from your income for one child or up to £300 for two or more children.

Non dependants working 16 hours or more will attract a £10.00 per week deduction. All other non-dependants, including those not working, will attract a £5 per week deduction except students who do not attract non-dependant charges. A non-dependant may be an adult son or daughter, friend or relative who lives with you.

If you are of working age the capital limit is £3,000 and no Council Tax Reduction will be payable unless you are in receipt of Income Support , Income Based Job Seekers Allowance or Income Related Employment Support Allowance

Working-age households will receive a discount, **depending on their level of income**. This means we will look at your net income after disregarding the above mentioned benefits and/or earnings disregards and decide what band your income falls into. You will be awarded a percentage level of Council Tax Reduction in line with the table below. We will allow extra income in each band for couples and those with children.

The income bands are set out as shown in the table below:

Single person		Single person with one child		Single person with two or more children		Couple		Couple with one child		Couple with two or more children	
Income from	Discount	Income from	Discount	Income from	Discount	Income from	Discount	Income from	Discount	Income from	Discount
£0	100%	£0	100%	£0	100%	£0	100%	£0	100%	£0	100%
£73.35	90%	£157.70	90%	£224.60	90%	£115.14	90%	£199.49	90%	£266.39	90%
£103.35	75%	£187.70	75%	£254.60	75%	£145.14	75%	£229.49	75%	£296.39	75%
£133.35	50%	£217.70	50%	£284.60	50%	£175.14	50%	£259.49	50%	£326.39	50%
£163.35	25%	£247.70	25%	£314.60	25%	£205.14	25%	£289.49	25%	£356.39	25%
£193.35	0	£277.70	0	£344.60	0	£235.14	0	£319.49	0	£386.39	0

Universal Credit - Where the Universal Credit payment is worked out based on wages, we still will take these wages into account after deducting the relevant earnings disregard. We will then add them to the Universal Credit payment to work out what band to use to calculate the Council Tax Reduction.

Deductions taken from Universal Credit by the Department of Work and Pensions (DWP) will not be removed.

The housing cost element of Universal Credit will be ignored.

Joint Tenants - Applications from joint tenants will be assessed on their share of the Council Tax liability.

Backdating - is limited to 6 months and assessed on whether there is good cause to do this.

Payment of Council Tax Reduction will still only be made if it is £1 or more per week.

The advantages of this scheme are that it:

- gives stability to those whose wages change each month. Working-age people with the lowest income will receive more Council Tax Reduction.
- moves away from the complex means test that currently exists.
- will potentially make administrative savings.
- is easier for applicants to understand.

The disadvantages of this scheme are:

- Where a working-age person has £3,000 or more in savings, no Council Tax Reduction will be payable.
- Non-dependant charges; by introducing a charge of £5.00 for non-dependants on passported benefits, some people may have to pay more.

Pension-age people are not affected by this change, and they will continue to have council tax reduction assessed in the same way through the government's Council Tax Reduction default scheme.

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Summary of the changes in the Council Tax Reduction Scheme

The table below shows the differences and similarities between the 2018-19 scheme and the 2019-20 Income-banded scheme.

	2018/19 Scheme	2019/20 Scheme
Type of scheme	Means tested scheme	Income banded scheme
Restriction to 100% of the Band C Council Tax Charge	Band C restriction applied	No change
Second Adult Rebate	Not applicable	No Change
Capital limit	£16,000	£3,000
Protected	£6,000	£3,000
Any other working age Customer		
Non-dependant deductions	Zero for students and ESA (IR), JSA (IB), Income Support or Pension Credit claimants £10.00 for those working 16hours or more A flat rate of £5.00 for anyone else	Zero for students £10.00 for those working 16hours or more A flat rate of £5.00 for anyone else
Income not taken into account (disregarded)	Disability Living Allowance, Personal Independence Payments, Attendance Allowance, Child Benefit, War Pension	Disability Living Allowance, Personal Independence Payments, Attendance Allowance, Carers Allowance, Support Component of ESA, Child Benefit, War Pension
Amount of earnings not taken into account	£25, Also a further £17.10 if you work more than 16 hours and have children or you do not have children but work 30 hours or more per week.	No change
Childcare Costs	Up to £175 for one child , up to £300 for two or more	No change

	children	
Backdating	Up to 6 months	No change
Universal Credit	Where the Universal Credit payment is worked out based on wages, we will take these wages into account after deducting the relevant earnings disregard. We will then add them to the Universal Credit. Deductions taken from Universal Credit by the Department of Work and Pensions (DWP) will not be removed. The housing cost element of Universal Credit will be ignored.	No Change
Minimum Council Tax Reduction Payable	£1.00	£1.00

People receiving Child Benefit

Families will continue to have their Child Benefit disregarded when we work out the entitlement to Council Tax Reduction. This means we will ignore Child Benefit when we calculate your Council Tax Reduction.

People receiving Disability Living Allowance or Personal Independence Payments, Carers Allowance or Support Component of Employment Support Allowance (ESA)

Disability Living Allowance (for both the care and mobility components), Personal Independence Payments, Carers Allowance and Support Component of Employment Support Allowance (ESA) will be disregarded in full for all working-age applicants, partners and their children. This means we will ignore Disability Living Allowance, Personal Independence Payments, Carers Allowance or Support Component of Employment Support Allowance (ESA) when we calculate your Council Tax Reduction.

People receiving War Pensions

Applicants and their partners who receive a War Pension will continue to have this income disregarded in full. This means we will ignore War Pension when we calculate your Council Tax Reduction.

Non-dependants

A non-dependant deduction is made from Council Tax Reduction when a person over the age of 18 lives in your household (excluding students). We will apply a £10.00 deduction for those working 16 hours or more and for anyone else a £5.00 deduction will apply.

Supporting work incentives

Our Council Tax Reduction scheme will provide incentives to work; the first £25 you earn every week will not be taken into account as income. Also a further £17.10 will not be taken into account as income if you work more than 16 hours and have children or you do not have children but work 30 hours or more per week.

Backdating claims

Claims for Council Tax Reduction can be backdated or up to six months, where a good cause is shown.

Consultation

A four-week consultation period started on 31 October 2018 where feedback on the proposed scheme was requested. Citizens were encouraged to provide feedback on the council's website, Facebook, Twitter and over 700 stakeholders were contacted directly by email. Letters were also sent to 6,000 residents to ask for feedback on the proposed changes.

A total of 26 replies were received and the summary of the comments is as follows:

- Everyone should make some contribution towards council services
- The Council Tax Reduction Scheme needs to be simplified