

Please give us your views

# Proposed changes to our local council tax reduction scheme



This consultation ends on 14 January 2022 at 5pm.

**Thank you for taking part.**

[www.southderbyshire.gov.uk/ctrschanges](http://www.southderbyshire.gov.uk/ctrschanges)



Please give us your views

## Proposed changes to our local council tax reduction scheme

**South Derbyshire District Council is considering making changes to its local council tax reduction scheme. This scheme relates to those of working age. The council tax support scheme for those of pension age is a national scheme and is not affected by these proposals.**

The scheme supports working age residents who are on a low income by reducing the amount of council tax they have to pay in line with their income.

The Council's current scheme was introduced in 2013. As such, the Council is keen to explore changes to the scheme to modernise it, ensure it distributes support to those in need more effectively, and to reduce the amount it costs to deliver.

Before the Council can make any changes to its current scheme, it is important that it consults widely with residents and partners.

This document is part of that consultation. It sets out the proposed changes and alternatives, and links to a modelling tool where residents who currently claim a council tax reduction can find out what the changes would mean for them.

If you currently claim a council tax reduction, find out what the changes would mean to you by using our modelling tool at [www.southderbyshire.gov.uk/ctrsmodels](http://www.southderbyshire.gov.uk/ctrsmodels)

To give your views on the proposed changes, please visit the Council's online survey at [www.southderbyshire.gov.uk/ctrchanges](http://www.southderbyshire.gov.uk/ctrchanges)

**You don't need to be claiming a council tax reduction to take part. We would like to hear everyone's views. The deadline to give your views is 14 January at 5pm.**

Thank you

**South Derbyshire District Council**



# The proposed changes

The Council has developed two models it would like people to give their views on. Changes 1 – 5 are included in both models.

## 1. The baseline reduction

Currently residents on the lowest incomes have to pay 8.5% or 10% towards their council tax. This means those who are financially vulnerable may have to choose between paying their council tax and other vital bills. The Council also invests significant time and energy in working with these customers when they can't pay, including carrying out debt recovery activity.

Both models propose revising the scheme, so that those on the very lowest incomes will no longer have to pay this minimum toward their council tax. In both proposed models, where residents have no excess income, they could receive up to 100% discount on their council tax bill.

### Who would this affect?

Any claimant with no excess income would benefit from this proposed change and would receive up to 100% council tax discount, depending on other circumstances (for example whether they have a non-dependent living with them). No council tax support claimants would be negatively impacted.

### Your views

Do you agree with this proposal?

- Yes
- No
- Not sure

### Your comments

---

---

---

---

---

## 2. Introduce a standard £5 non-dependent deduction

A non-dependent is an adult who lives with a council taxpayer on a low income but who is not their partner. Under the current scheme, a deduction is taken from the support the council taxpayer receives which differs depending on the income of the non-dependent adult – between £4.05 and £12.45 per week (based on 2021/2022 rates).

Introducing a standard deduction (regardless of the income of the non-dependent) would significantly simplify administration, reduce administrative costs, and speed up other areas of processing which would ultimately benefit all claimants.

### Who would this affect?

Anyone who currently receives the lowest non-dependent deduction (£4.05 a week) would receive 95p less council tax support each week per non-dependent living with them. Based on current caseload, approximately 73 cases would be negatively affected, 64 of which would be by 95p per week.

Anyone who currently receives the highest non-dependent deduction (£12.45 a week) would receive up to £7.45 more council tax support each week. Based on the data extract, 78 cases would be positively affected by between £0.40 and £14.90 a week, with the average being £4.86 per week.

Approximately 150 claimants who have a non-dependent living with them would have a deduction for the first time. This includes any with a non-dependent who is under 25 who is working under 16 hours a week, receiving Universal Credit or is a pensioner.

**Claimants who are exempt from non-dependent charges, including people who have someone living with them to support their registered needs, such as those who receive the care element of the Personal Independence Payment (or PIP) and those who are registered blind, would not be affected as they would continue to be exempt from the non-dependent deduction.**

### Your views

Do you agree with this proposal?

- Yes
- No
- Not sure

### Your comments

---

---

---

---

---

---

---

---

### 3. Treat a claim for Universal Credit as a claim for a council tax reduction

Currently anyone who applies for Universal Credit has to know to apply separately for a council tax reduction. This means that people have to fill in two sets of forms with the same information, at a time when they may be feeling very vulnerable. It also means that there can be a delay in vital financial support reaching claimants. Some council taxpayers may also never realise they could be eligible and so may never apply.

#### Who would this affect?

This would positively affect any resident who claims Universal Credit for the first time. It would not negatively affect any resident.

It could increase the number of people who claim overall, but it is felt this increase is likely to be negligible as the Council works to ensure all those who are eligible are awarded the help they are entitled to.

#### Your views

Do you agree with this proposal?

- Yes
- No
- Not sure

#### Your comments

.....

.....

.....

.....

.....

.....

.....



## 4. Remove second adult rebate

The current second adult rebate is awarded to sole council taxpayers, regardless of their income, and has been removed by many councils nationwide because it can award support to people on higher incomes.

By removing it, anyone who is currently eligible for up to 25% off their council tax bill through council tax support, because they have a non-dependent adult on a low income living with them, will no longer receive this reduction.

This proposal is based on the suggestion that even if a second adult is on a low income, they should still contribute something towards the household's council tax bill.

If the council taxpayer is on a low income, they will still be entitled to council tax reduction based on their own financial circumstances.

Most councils across the country have removed second adult rebate.

### Who would this affect?

Based on current caseload, this would negatively affect 38 residents who would no longer receive up to 25% discount off their council tax bill.

Any affected residents who are entitled to a council tax reduction based on their own financial circumstances would continue to get support at the appropriate rate.

The money saved from this proposal could be used to support other changes, such as the removal of the baseline reduction.

### Your views

#### Do you agree with this proposal?

- Yes
- No
- Not sure

#### Your comments

---

---

---

---

---

---

---

---

## 5. Introduce a £1 minimum award

Currently the council processes payments and changes for customers who claim as little as a few pence a week.

This is costly to administer in terms of staff time. Setting a minimum payment (for example £1 a week) could help to streamline the system.

Setting a £1 minimum award would affect a set of customers who only claim very little support because they have more excess income.

If a resident is entitled to less than £1 a week, they will not receive a council tax reduction under this proposal.

### Who would this affect?

Based on current caseload, this would negatively affect 18 residents.

### Your views

Do you agree with this proposal?

- Yes
- No
- Not sure

### Your comments

.....

.....

.....

.....

.....

.....

.....

# Introduce a banded scheme or retain the existing taper?

Please let us know which one you prefer.

The Council also wants to consider introducing a banded scheme based on excess income.

The benefits of a banded scheme are that they give claimants more certainty about what happens to their council tax support award if they earn a little more or less income.

Banded schemes also help to reduce administration costs.

The alternative is to retain the current taper scheme.

**These two models are detailed overleaf – please let us know which one you prefer.**

**What is excess income?**

It's the amount of money people earn/receive above the minimum amount (the applicable amount) the government says we all need to live on. When calculating excess income, we don't consider money people get for things like disabilities or vulnerabilities.

## Retain the existing taper (option a)

The Council's current scheme reduces the amount of council tax support someone can claim based on their excess income (i.e., the amount above what the government says someone needs to live on).

When looking at excess income, the Council does not take into consideration income such as Personal Independence Payments (PIP) or Disability Living Allowance (DLA), so vulnerable groups are protected.

The way the taper works is:

**Maximum potential council tax support award: £30 per week**

**Amount of excess income: £18**

**20% of £18: £3.60**

**Amount of council tax a resident pays: £3.60 (£30 - £3.60 = £24.60 reduction)**

The issue with the current taper is that when a residents income changes (even by pennies) their council tax reduction has to be recalculated. This means residents are never sure how much support they are going to get, are regularly sent letters about their revised award, and understandably get confused by so many changes. The scheme is also costly for the council to deliver as cases have to be reassessed so regularly, even if people's income changes very minimally.

### Who would this affect?

Retaining the taper would not negatively impact any resident more than the current scheme does. That said, it would not deliver the benefits of the banded scheme in relation to any increases or decreases in income.

If this is the chosen option, the Council can introduce a £15 tolerance on Universal Credit (UC) claims only. This would mean if someone who claims UC has a change in their income by less than £15 their award would not change – a bit like the banded scheme. This could not be extended to non-UC claimants due to software issues.

**The alternative is to introduce a banded scheme – see page 10.**

## Your views on option a (the taper)

Do you prefer this option?

- Yes
- No
- Not sure

Your comments

---

---

---

---

---

## Introduce a banded scheme (option b)

Many councils have introduced a banded scheme. We have selected a banded schemes that works out how much council tax discount claimants will get (as a percentage of the total charge) by putting a claimant's excess income into one of ten bands.

Band	Amount of excess income you have per week		How much discount you get on your council tax bill
	Lower limit	Upper limit	
1	£0	£5	100%
2	£5.01	£20	90%
3	£20.01	£35	78%
4	£35.01	£50	66%
5	£50.01	£65	54%
6	£65.01	£80	42%
7	£80.01	£95	30%
8	£95.01	£110	18%
9	£110.01	£140	10%
10	£140.01	or higher	No discount

If a claimant's excess income goes up or down beyond the band limits – for example they normally have £53 excess income a week but running up to Christmas for example they work a few more hours and earn £105 excess income a week, the amount of council tax discount they will get will reduce from 54% to 18%. We would reassess their claim at this point and write to them to explain the changes.

However, if one week they just did a few extra hours and their excess income only went up slightly – for example from £53 to £62 the amount of council tax discount they will get won't change, as their income will have stayed within the same band. We know that most changes in income are within the £15 band limits, so most claimants whose income fluctuates a little will know week-to-week how much discount they are going to get.

### Who would this affect?

Everyone who claims council tax support would be impacted by this change, and all future claimants.

Based on current caseload, around 71% of claimants would see an increase or no change in their council tax support, whereas 29% of claimants would see a decrease.

The claimants who would benefit the most are those in the lower excess income brackets. Those that would lose the most are in the higher excess income brackets, in particular those in higher band properties with excess income of more than £140 per week (around 30 residents).

A hardship fund would be created to support any claimants who are disproportionately affected.

**The alternative is to retain the existing tapered scheme – see page 9.**

## Your views on option b (the banded scheme)

Do you prefer this option?

- Yes
- No
- Not sure

Your comments

---

---

---

---

---

---

---

---

## Other changes

In addition to the proposed key changes to the schemes outlined elsewhere in the booklet, the Council also aims to simplify its council tax reduction scheme regulations so they are easier to understand and remove outdated legislation, so that the scheme aligns with other welfare benefits. Key changes include:

- **Mixed aged couples.** This would bring the regulations into line with legislation for other welfare benefits, where a couple would be considered of pension age when the youngest of the couple reaches pension age, not the oldest.
- **Two child limit.** This would bring the regulations into line with legislation for other welfare benefits, where support would be allowed for up to 2 children.
- **Notional income is income that could be available to someone if they apply for it.** It is proposed this is not included in the scheme from April 2022.
- **Notional capital and deprivation of capital concerns capital that could be available to someone if they apply for it, or had not given it away, or spent it to increase entitlement to benefit.** It is proposed this is not included in the scheme from April 2022.
- **Diminishing capital and diminishing notional capital.** These are complex calculations that would not be required if notional and deprivation capital rules are not included in our scheme from April 2022.

Do you support these changes?

- Yes
- No
- Not sure



## Your comments

---

---

---

---

---

---

---

---

## Cost of the changes

Both of the models proposed are likely to increase the cost of the scheme by approximately £100,000 - £120,000 per annum. The additional cost would be shared across all precepting authorities in accordance with their share of the Council Tax collected - South Derbyshire District Council (9%), Derbyshire County Council (74%), police (13%) and fire (4%) and parish councils.

**Do you support the extra costs of the proposed schemes?**

- Yes
- No
- Not sure

## Your comments

---

---

---

---

---

---

---

---

## Any other comments?

Please use this space to give us any other comments you may have.

---

---

---

---

---

---

---

---

---

---

---

---

# About you

We would be pleased if you can complete these questions. This is so we can understand your responses better and ensure that we do not discriminate against any group of individuals or communities unfairly. This data will be held anonymously and securely, not shared with external organisations, and will only be used for this stated purpose.

## Are you?

- A council tax support claimant.
- A local council taxpayer who doesn't claim council tax support.
- A community group representative.
- A local Elected Member.
- A member of council staff.
- Other, **please describe:** \_\_\_\_\_

What is your postcode?: \_\_\_\_\_

## What age bracket do you fall into?

- |                                   |  |
|-----------------------------------|--|
| <input type="checkbox"/> Under 16 | <input type="checkbox"/> 35 - 44           |
| <input type="checkbox"/> 16 - 17  | <input type="checkbox"/> 45 - 54           |
| <input type="checkbox"/> 18 - 24  | <input type="checkbox"/> 55 - 64           |
| <input type="checkbox"/> 25 - 34  | <input type="checkbox"/> 65 - 74           |
|                                   | <input type="checkbox"/> 75 +              |
|                                   | <input type="checkbox"/> Prefer not to say |

## What is your gender?

- Female
- Male
- Non-binary / third gender
- Prefer to self-describe
- Prefer not to say

## Do you consider yourself to have a disability or health problem which has lasted or is expected to last at least 12-months, and which limits your day-to-day activities?

- Yes
- No
- Prefer not to say

## Are you?

- No religion
- Christian (including CofE, Catholic, Protestant and all other Christian denominations)
- Buddhist
- Hindu
- Jewish
- Muslim
- Sikh
- Prefer not to say
- Any other religion or belief, **please describe:**  
\_\_\_\_\_

## Are you?

### White

- English/Welsh/Scottish/Northern Irish/British
- Irish
- Gypsy or Irish Traveller
- Any other white background, **please describe:**  
\_\_\_\_\_

### African/Caribbean/Black British

- African
- Caribbean
- Black British
- Any other Black/African/Caribbean background, **please describe:**  
\_\_\_\_\_

### Asian/Asian British

- Indian
- Pakistani
- Bangladeshi
- Chinese
- Any other Asian background, **please describe:**  
\_\_\_\_\_

### Mixed or multiple ethnic groups

- Black Caribbean and White
- Black African and White
- Asian and White
- Any other mixed or multiple ethnic background, **please describe:**  
\_\_\_\_\_

### Other ethnic groups

- Arab
- Any other ethnic group, **please describe:**  
\_\_\_\_\_

## Are you?

- Never married nor in a civil partnership
- Married or in a civil partnership
- Separated
- Divorced / civil partnership legally dissolved
- Widowed / surviving partner (civil partnership)
- Prefer not to say

# How to give your views

You can give your views a number of ways.

## Fill in this questionnaire

Please fill in this questionnaire and send it to: Council tax reduction scheme views, South Derbyshire District Council, Civic Offices, Civic Way, Swadlincote, DE11 0AH.

## Fill this questionnaire in online

To fill this questionnaire in online, please visit [www.southderbyshire.gov.uk/ctrschanges](http://www.southderbyshire.gov.uk/ctrschanges)

## Come to a drop in session

We are holding drop-in sessions at Civic Offices, Civic Way, Swadlincote, DE11 0AH on Wednesday 27 October, Friday 3 December, and Friday 7 January. If you would like to book a slot at a drop-in session, please email [ctrsconsultation@southderbyshire.gov.uk](mailto:ctrsconsultation@southderbyshire.gov.uk)

## Email your views

To email us your views, please email [ctrsconsultation@southderbyshire.gov.uk](mailto:ctrsconsultation@southderbyshire.gov.uk)

## Deadline for giving your views

This consultation ends on 14 January 2022 at 5pm. Thank you for taking part.

## Need help?

If you need us to call you to explain the changes in more detail, need this information in a different format, or need support giving your views, please call our customer services team on 01283 595795, Monday – Friday 9am – 4pm or email [ctrsconsultation@southderbyshire.gov.uk](mailto:ctrsconsultation@southderbyshire.gov.uk) and request a call back from the consultation team.

## Find out how the model would affect you

If you currently claim council tax support, find out what the changes would mean to you by using our modelling tool at [www.southderbyshire.gov.uk/ctrsmodels](http://www.southderbyshire.gov.uk/ctrsmodels)