

Council Tax Support Consultation

Supporting information

Why is Cheshire East Council proposing changes to its Council Tax Support scheme?

Until April 2013 there was a national scheme called Council Tax Benefit. HM Government made local councils responsible for replacement schemes from 1 April 2013. The council's current scheme has been unchanged since April 2016. Details about the current scheme can be found at:

https://www.cheshireeast.gov.uk/benefits_housing_council_tax/council-tax-support.aspx

The continuing roll out of Universal Credit (which replaces Income Support, Income Based Job Seeker's Allowance, Income Related Employment and Support Allowance, Housing Benefit for working age applicants and Tax Credits), with its constant changes, means that many people fail to claim Council Tax Support or receive multiple Council Tax demands each year as their income fluctuates each month. This is leading to confusion for applicants, losses in entitlement, changes in Council Tax liability and a significant increase in the administration that has to be undertaken by the Council.

We are proposing to introduce a much simpler scheme, to include income bands to help calculate awards.

Who might these proposals affect?

Working age households who currently receive, or will apply for, Council Tax Support may be affected. Pension age households will not be affected as Central Government prescribes the scheme for them. However, where a couple has one partner of pension age and one partner is of working age, they will be affected. This is because the Government changed the rules in May 2019.

Overview of the proposal to introduce income bands to calculate awards

We currently carry out a means test and compare an applicant's income to a range of allowances and premiums set annually. The lower a person's income the more Council Tax Support they will receive. However, every change of income, even if only a few pence, results in an adjustment to the applicant's Council Tax Support. This then generates a revised Council Tax bill with different instalments to pay.

Introducing a scheme based on income bands would avoid multiple changes to the amount of Council Tax Support, and therefore reduce the number of Council Tax

bills issued throughout the year, providing the income remained in the same income band.

This will be less confusing for Council Tax payers receiving Council Tax support, particularly those who receive Universal Credit, as their income is reassessed by the Department for Work and Pensions (DWP) every month.

In order to be fair to those applicants with additional needs, some changes are also proposed to help those in receipt of disability benefits or carer's allowance.

The changes are aimed to simplify the scheme, making it easier for people to identify how much help is available and to reduce the number of changes in the awards when there are small changes in income.