

Corporate Plan 2021 to 2025 (cheshireeast.gov.uk)



Benefits vision: Provide the right benefit to the right person at the right time, and at the right cost, to help people live well by reducing poverty

Council Tax Support 2022/23

Your thoughts on changes to the scheme

Introduction

In agreeing the Council's budget, a commitment was made to enhance the Council Tax Support Scheme using new government grant. Council Tax Support provides a reduction in Council Tax for those on a low income, including those on a low wage. Prior to April 2013 there was a national scheme called Council Tax Benefit. From 1 April 2013 local Councils became responsible for the scheme for those of working age, with those of pension age covered by the national scheme.

In April 2020 we introduced a simplified banded income scheme. This made it much clearer to understand entitlement and small changes in income did not change most awards.

Impact of Covid Pandemic

We have seen a large rise in claims from those of working age during the Covid pandemic.

Date	Working age caseload	Council Tax Support net awards (includes pensioner claims)
31 May 2021	12,827	£18.077m
31 Mar 2021	13,042	£17.216m
31 Mar 2020	10,630	£15.012m
31 Mar 2019	9,202	£14.606m
31 Mar 2018	9,101	£14.229m

Funding

To meet the costs of essential services the Council's financial strategy set out Council Tax increases of 4.99% in 2021/22 and subsequent annual increase of 1.99%. But Council Tax is often a significant household bill. To assist with the additional financial pressures households are facing as a result of the pandemic the Ministry of Housing, Communities and Local Government (MHCLG) has provided the Council with a grant of £3.37m (the Local Council Tax Support Schemes grant). The Council intends to use this to increase overall spending on Council Tax Support.

Aims of the review of the Cheshire East Council Tax Support scheme

The review intends to use the Local Council Tax Support Schemes grant:

- To increase Council Tax Support levels, specifically reducing the impact of Council Tax increases on low-income working age households ¹
- To manage additional claim volumes
- To implement a sustainable scheme

The anticipated increase in the Council Tax Support scheme, as a result of these proposals, is expected to be covered fully by the Local Council Tax Support Schemes grant over the next 3 years.

After this time, the cost of the scheme is expected to be manageable in line with pre-Covid expenditure.

Consultation

The consultation is running until **19 September 2021**. The results of the consultation will inform the decision made by Council in December and the scheme will be publicised by the end of March 2022 for implementation from **1 April 2022**.

The following explains the proposals in more detail.

¹ The Council cannot change the rules for those of pension age

Proposal 1: Increase the cap on the maximum award from band B to band D

Current position

The maximum award is capped to that of council tax property band B in the area, so those living in higher banded properties have a larger contribution to make. All properties are given a valuation band by the Valuation Office Agency which is used to calculate the Council Tax charge for the property.

Proposed

The maximum award will be capped to that of a council tax property band D.

£	Who is affected?
Estimated increase in total cost of awards in Cheshire East: £187k per year	This will increase awards for those living in band C or higher properties

Case study

Mary and Peter live in a band D property. Their weekly Council Tax liability is £36.16 so the maximum award is currently restricted to band B in the same area which is £28.12.

Under the new proposals:

Mary and Peter's maximum award will be based on £36.16 and not capped, an increase of 29% to £8.04 per week.

Proposals 2 and 3 – Increasing the maximum award

Current position

All those of working-age have a minimum of 25% of the Council Tax liability to pay (subject to a restriction due to the band of their property – see **proposal 1**).

Proposed

The proposals are:

- Increase the maximum award for those passported² to 100% from 75%
- Increase the maximum award for other lowest income bands to 80% from 75%

£	Who is affected?
Estimated increase in total cost of awards in Cheshire East: £1.238m per year	This will increase awards for all those on the lowest income

Case studies

Jayne lives in a band A property. Her weekly Council Tax liability is £18.19. She receives Income Support (a passported benefit).

She currently receives the maximum 75% Council Tax Support of £13.64 per week.

Under the new proposals:

Jayne will receive £18.19, an increase of 33% to £4.55 per week as she is in the 'passported' group.

Thomasz and Arla live in a band B property. Their weekly Council Tax liability is £28.54.

Their weekly income is Jobseeker's Allowance (contribution-based) of £138.00. They fall into the lowest income band for the maximum 75% Council Tax Support and receive £21.41 per week.

Under the new proposals:

Their award will increase to the new maximum of 80% - £22.83, an increase of £1.42 per week.

² Passporting benefits are benefits that, once you have them, automatically allow you to collect other benefits. Benefits which can passport you for support under the council tax scheme are: Jobseeker's Allowance (income-based), Employment and Support Allowance (income-related) and Income Support.

Proposal 4 Disregard Industrial Injuries Disablement benefit and Industrial Death benefit in full

Current position

When calculating income, we include **Industrial Injuries Disablement benefit** which is a benefit paid to people who become disabled because of an accident at work or due to a certain prescribed disease caused by their job. We also include income from **Industrial Death benefit**, which is money paid to a widow, widower or dependents of someone who died due to certain kinds of industrial accident or illness.

Proposed

We are proposing to not take either of these income sources into account. They will be disregarded in full.

£	Who is affected?
Estimated increase in total cost of awards in Cheshire East: £5,800	This will increase awards for all those receiving Industrial Injuries Disablement benefit or Industrial Death benefit

Case study

Sarah lives in a band B property. Her weekly Council Tax is £21.22 and she receives £73.70 Universal Credit and £89.75 Industrial Injuries Disablement benefit each week.

She currently falls into the 30% Council Tax Support band for a single person and receives £6.37 per week.

Under the new proposals:

Sarah's Industrial Injuries Disablement benefit will be disregarded in full and she will move to the lowest income band and receive the new proposed maximum award of 80% which is £16.98, an increase of £10.61 per week.

Proposal 5 Disregard childcare allowances for those working on Universal Credit

Current position

Those who are working (not receiving Universal Credit) may have up to £175 for one child or £300 for two or more children disregarded from their earnings.

Those working and in receipt of Universal Credit may receive a childcare allowance within their Universal Credit award but this is taken into account as income.

Proposed

We are proposing to disregard the childcare allowance up to the same level (£175 for one child or £300 for two or more children).

£	Who is affected?
This will be calculated once we have identified those affected and collected the information from them	This will increase awards for those who are working and getting Universal Credit which includes childcare allowances.

Case study

James lives in a band A property. His weekly Council Tax liability is £18.31.

He lives with his son and daughter aged 2 and 4. James works 12 hours per week and earns £96. He receives child benefit of £35.15 and Universal Credit of £308.99 per week. His Universal Credit includes a childcare award of £186.00 per week.

Child benefit income and the first £25 of earnings are already ignored from the calculation.

He falls into the 'Family with 2 children' band for 30% Council Tax Support and so receives £5.49 per week.

Under the new proposals:

The childcare allowance can be disregarded from his income and he will move to the Family with 2 children' lowest income band, receiving the proposed new maximum award of 80%, £14.65, an increase of £9.16 each week.

Proposal 6 Changes to the income bands

Current position

For those not on passporting benefits (see proposal 2), the amount of Council Tax Support is calculated using the income and the household composition as follows:

Single £		Couple £		Family – 1 child £		Family – 2 or more children £		Maximum CTS
0.00	90.45	0.00	140.70	0.00	201.00	0.00	291.45	75%
90.46	115.58	140.71	170.85	201.01	231.15	291.46	321.60	60%
115.59	140.70	170.86	201.00	231.16	271.35	321.61	361.80	45%
140.71	165.83	201.01	231.15	271.36	301.50	361.81	391.95	30%
165.84	190.95	231.16	261.30	301.51	321.60	391.96	411.05	15%

Proposed

The income bands will be simplified as follows:

Single £		Couple £		Family – 1 child £		Family – 2 or more children £		Maximum CTS
0.00	97.00	0.00	140.00	0.00	200.00	0.00	290.00	80%
97.01	115.00	140.01	170.00	200.01	230.00	290.01	320.00	60%
115.01	140.00	170.01	200.00	230.01	260.00	320.01	350.00	45%
140.01	165.00	200.01	230.00	260.01	290.00	350.01	380.00	30%
165.01	190.00	230.01	260.00	290.01	320.00	380.00	410.00	15%

£

Who is affected?

Estimated increase in total cost of awards in Cheshire East: £154k per year

Those on the margins of the bands may move up or down so there will be some who will gain and some who will lose

Case study

Kali and Jake live in a band B property. Their weekly Council Tax liability is £29.74.

They receive Universal Credit of £200.50 per week and fall into the Couples 45% band and receive £13.38.

Under the new proposals:

They will fall into the Couples 30% band and Kali and Jake will receive £8.92, a decrease of £4.46 per week.

Proposal 7 Increase the non-dependant deduction rate

Current position

When calculating the amount of Council Tax Support a person receives, a deduction is made for any other adults (apart from their partner) living in the household. These adults are known as 'non-dependants' and are usually expected to pay something towards the bills. For the last two years this charge has been £8 per week.

Proposed

To increase the deduction from £8 to £9 per week and then increase in future years in line with CPI³ (the same as the income bands).

£	Who is affected?
Estimated decrease in total cost of awards in Cheshire East: £36,323 per year	Those with non-dependants will receive less Council Tax Support

Case study

Sally lives in a band A property. Her weekly Council Tax liability is £25.12.

She is receiving £74.70 Jobseeker's Allowance (contribution-based) and has a private pension of £100 per week (she retired early and is not yet of pension age) and falls into the single person 45% band. She would receive £11.30 but her sister Sue is living with her. Sue is working and so a deduction of £8 is made to Sally's maximum award, reducing it to £3.30 per week.

Under the new proposals:

Sally remains in the same 45% band but the new increased non-dependant deduction of £9 per week changes her award to £2.30, a decrease of £1.00 per week.

³ Consumer Prices Index - (CPI) (the main measure of inflation) for the previous September

Proposal 8 Reduce the earnings disregard

Current position

When calculating income, a deduction is made from earnings. We currently disregard (don't take into account) the first £25 per week from the combined earnings for a couple or single person.

Proposed

We are proposing to change this to continue to disregard £25 from those with children but reduce to £20 for couples or single people without children.

£	Who is affected?
Estimated decrease in total cost of awards in Cheshire East: £25,397 per year	Those who are working and do not have children, their awards will reduce. However, they may still gain from some of the other proposals.

Case study

Max and Chris live together in a band A property and their Council Tax liability is £25.12.

They both work and earn a combined £284.00 each week. £25 of this is disregarded so they fall into the Couple band of 15% and receive £3.77 per week.

Under the new proposals:

Only £20 of Max and Chris's earnings will be disregarded and this means they will no longer qualify and so will lose £3.77 per week.

Note – those affected by this proposal may gain from the changes to the income band levels and the change to the banding restrictions.