

## **Consultation on potential changes to Wiltshire Council Tax Reduction Scheme for working-age people Briefing Note No. 23-30**

**Service:** Revenue and Benefits

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### **Introduction**

We want to provide you with more information on an upcoming consultation, the purpose of which is to gather feedback on proposed changes to our Council Tax Reduction Scheme for working-aged people.

### **Background**

For the last decade, we have operated two Council Tax Reduction schemes. For the first time in four years, the council is currently in the process of developing plans to significantly update the scheme that specifically supports working age people only. The scheme that supports people of pensionable age is a national one and there are no changes planned for that.

Our Council Tax Reduction (CTR) Scheme started in April 2013 and helps people on a low income to pay their council tax. Depending on individual circumstances, it could help to cover up to 100% of peoples' council tax costs.

The scheme replaced the Council Tax Benefit Scheme and is different because it works by calculating a reduction to the council tax bill, instead of awarding a benefit payment to the relevant council tax account.

Our current scheme retains the main elements of the former Council tax benefit scheme with the following exceptions:

- All working age recipients, unless classified as protected (see bullet point below), are required to pay at least 20% of their council tax liability.
- Certain protected groups can receive up to 100% reduction in their council tax. Protected groups include people in receipt of Disability Living Allowance (DLA), Personal Independence Payment (PIP), War Disablement Pension or War Widows/War Widowers pension.
- When calculating entitlement to Council Tax Reduction, the applicable amount of customers in receipt of Universal Credit is calculated differently from other working age customers. This is because Universal Credit recipients may have a housing element included in their applicable amount to assist with their rent.
- We currently assess CTR based on the recipient's actual council tax band.
- Currently, for those customers in receipt of Universal Credit, we accept the notification of the award of Universal Credit from the Department for Work and

Pensions as an application for council tax reduction.

Working-aged people claiming council tax reduction in 2023:

Number of households claiming	Cost of scheme as at August 2023
16,000	£18,000,000

## Why we are consulting

Each year we review how much reduction in council tax is given to working age people, and publish it in a council tax reduction scheme.

From 1 April 2024 we are proposing to change the scheme which was first introduced in 2013.

If agreed, the potential changes will:

- Improve the customer experience when claiming council tax reduction
- Create administration efficiencies

Changes to the scheme should result in it being more generous to those who receive support and that in turn should help to reduce the overall council tax debt written off each year due to those unable to pay it. This would have an impact on the police, fire and rescue and all towns and parish councils, but particularly the large towns and Salisbury City Council who set precepts, so it is important they provide their feedback during the consultation process.

Changes are also needed because the process of how our Council Tax Reduction Scheme is administered has been made complex due to the Universal Credit scheme, and this can delay support to those who need it quickly.

Therefore, we are looking to make some changes which should result in better support being provided to those who need it and will help us run the scheme as efficiently as possible. We currently assess council tax reduction for customers in receipt of Universal Credit differently to other working age customers. In the interest of fairness, we are proposing to change the way we deal with Universal Credit customers and bring them more in line with other working age customers.

## Who this will affect

If agreed, the potential changes will affect working age households in Wiltshire who receive or apply for council tax reduction from 1 April 2024. Each of the proposed changes may affect working age households claiming under the scheme in different ways. Households of State Pension age have their scheme set by central government so are not directly impacted by our proposals.

The potential changes would have an impact on the police and fire services as major preceptors, it will also affect town and parishes, particularly the bigger towns and parishes, and Salisbury City Council, which all set precepts, and so feedback will be sought from them

during the consultation process.

## **The proposals**

We are proposing to make five changes to our Council Tax Reduction Scheme from 1 April 2024, as detailed below.

Raise the maximum amount of council tax reduction from 80% up to 90%:

We propose to raise the maximum amount of council tax reduction from 80% up to 90% of the claimant's council tax liability for working age customers who do not fall within the protected scheme.

Disregard of Universal Credit income:

Where a customer is in receipt of an award of Universal Credit, we propose to disregard the amount of that award in the calculation of their council tax reduction. This means we will only use other income such as earnings, pensions, capital, etc, to calculate their entitlement to council tax reduction.

Applicable amounts for council tax reduction:

We propose to change the Council Tax Reduction Scheme so that the applicable amount for those in receipt of Universal Credit is calculated in the same way as all other working age customers.

### Explanatory note

The applicable amount is the amount that the Government says a household needs to live on each week. It is made up of either personal allowances, or a combination of personal allowances and premiums. Which of these apply depend on the age and circumstances of people in the household. When the applicable amount has been calculated, it is then compared with the household income to work out how much council tax reduction a household may receive.

Restrict council tax reduction entitlement to a Band D (non-protected customers only):

We propose to restrict council tax reduction to the maximum liability of a Band D property after any discount(s) has been applied.

Application to claim council tax reduction:

We propose to only accept new applications for council tax reduction directly from the customer (or their representative), via a completed online or paper application form.

## Consultation details

Our consultation to gather feedback on the proposals gets under way from 16 October 2023 and runs until 27 November 2023.

A link to the survey will be available at <https://www.wiltshire.gov.uk/benefits-council-tax-reduction> from 16 October and there will also be a hard copy version available in Wiltshire Council libraries and hubs. We would appreciate you sharing details of the consultation with relevant local community and contact groups.

## More information and next steps

- More information will be available at <https://www.wiltshire.gov.uk/benefits-council-tax-reduction>.
- The full Cabinet report on this issue, which was discussed on 12 September 2023, can be found at [Agenda for Cabinet on Tuesday 12 September 2023, 10.00 am | Wiltshire Council](#) (item number 72).
- You can watch a video replay of the discussion at [Cabinet, 12 September 2023, 10:00am - YouTube](#).

We have also enclosed a background information document with this briefing note.

When the consultation has concluded all responses will be considered and analysed. It is planned that the findings of the consultation will be presented at a future Cabinet meeting before the end of the calendar year, with a view of the agreed changes being introduced from 1 April 2024.

If you have any questions not covered in this briefing, please don't hesitate to email [benefits@wiltshire.gov.uk](mailto:benefits@wiltshire.gov.uk).

## Wiltshire Council Council Tax Reduction Scheme consultation: background information

### Why are we consulting on possible changes?

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Each year the council reviews how much reduction in council tax is given to working-aged people and publishes it in a Council Tax Reduction Scheme.

From 1 April 2024 we are proposing to change the scheme which was first introduced in 2013. The possible changes will:

- Improve the customer experience when claiming Council Tax Reduction
- Create administration efficiencies
- Provide an updated scheme that minimises the impact of increasing number of changes to entitlement reported to the council by the Department of Work and Pensions for those customers in receipt of Universal Credit

### If changes are made, who will this affect?

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If proposed changes are made it will affect working age households in Wiltshire who receive or apply for council tax reduction from 1 April 2024. Each of the proposed changes may affect working age households claiming under the scheme in different ways.

This would have an impact on the police and fire services as major preceptors, it will also affect town and parishes, particularly the bigger towns and parishes, and Salisbury City Council, which all set precepts, and so feedback will be sought from them during the consultation process.

Households of State Pension age have their scheme set by central government so would not directly impacted by these proposals if changes are made.

### Current Council Tax Reduction Scheme

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Wiltshire Council's current scheme retains the main elements of the former Council Tax Benefit Scheme with the following exceptions:

- All working age recipients unless classified as protected (see bullet point below) are required to pay at least 20% of their council tax liability.
- Certain protected groups can receive up to 100% reduction in their council tax. Protected groups include people in receipt of Disability Living Allowance (DLA), Personal Independence Payment (PIP), War Disablement Pension or War Widows/War Widowers pension.

- When calculating entitlement to council tax reduction, the applicable amount for customers in receipt of Universal Credit is calculated differently from other working age customers. This is because Universal Credit recipients may have a housing element included in their applicable amount to assist with their rent.
- We currently assess CTR based on the recipients' actual council tax band.
- Currently, for those customers in receipt of Universal Credit, we accept the notification of the award of Universal Credit from the Department for Work and Pensions as an application for council tax reduction.

## Current scheme figures

Working-aged people claiming council tax reduction as at August 2023	
Number of households claiming	Cost of scheme
16,000	£18,000,000

## What is being proposed?

We are proposing to make five changes to our Council Tax Reduction Scheme from 1 April 2024:

### 1. Raise the maximum amount of council tax reduction from 80% up to 90%

We propose to raise the maximum amount of council tax reduction from 80% up to 90% of the claimant's council tax liability for working age customers who do not fall within the protected scheme.

### 2. Disregard of Universal Credit income

Where a customer is in receipt of an award of Universal Credit, we propose to disregard the amount of that award in the calculation of their Council Tax Reduction. This means we will only use other income such as earnings, pensions, capital, etc, to calculate their entitlement to Council Tax Reduction.

### 3. Applicable amounts for council tax reduction

We propose to change the Council Tax Reduction Scheme so that the applicable amount for those in receipt of Universal Credit is calculated in the same way as all other working

age customers. (For more information about applicable amounts please see the notes below.

#### Explanatory note

The applicable amount is the amount that the Government says a household needs to live on each week. It is made up of either personal allowances, or a combination of personal allowances and premiums. Which of these apply depend on the age and circumstances of people in the household. When the applicable amount has been calculated, it is then compared with the household income to work out how much council tax reduction a household may receive.

#### **4. Restrict council tax reduction entitlement to a Band D (non-protected customers only)**

We propose to restrict council tax reduction to the maximum liability of a Band D property after any discount(s) has been applied.

#### **5. Application to claim council tax reduction**

We propose to only accept new applications for council tax reduction directly from the customer (or their representative), via a completed online or paper application form.