

Business Support Overview and Scrutiny Committee

BRIEFING NOTE – No. 2/22

Date: 28 March 2022

Briefing paper to: All Members of the Business Support Overview & Scrutiny Committee

Purpose: At the meeting of the Committee held on 25 January 2022, Members requested that a briefing note and presentation be provided to assist their understanding of the new Council Tax Reduction scheme, including Council Tax Discretionary Relief.

Following a consultation last year, the Council decided on 24 February 2022 that working age residents' Council Tax Reduction claims should be calculated using an income grid system from 1 April 2022. The change is significant, and this note is provided to members to enable you to answer general questions from Medway residents. Recipients of CTR have received entitlement notification letters and an FAQ document alongside their new Council Tax Bills for 2022/23.

Medway.gov.uk has been updated with a specific short link
www.medway.gov.uk/counciltaxreduction

Why does the change only affect working age residents?

Each year the Council is required to review its scheme before the start of the new financial year. Pensioners who claim Council Tax Reduction will continue to be unaffected because the Government has decided that they must be protected from any reductions in the support they receive. If you or any partner receive a War Disablement, War Widow's or War Widower's Pension, the income banded system will not apply to you.

Are other discounts and exemptions affected?

No, these changes only relate to the income-based Council Tax Reduction scheme. Other Council Tax discounts and exemptions, for example if you are the only adult in the property, or a full-time student, are not affected.

Why has Medway introduced a banded scheme?

The income grid system is designed to make it easier for you to see how much council tax reduction you would be entitled to, by plotting yourself on the table according to your weekly income. It is also designed to be less reactive to small

changes in income. If your Council Tax Reduction changes every month due to small fluctuations in income, it could make it difficult for you to budget. Introducing the income grid should help alleviate that.

What are the weekly income bands?

Band	Discount	Single Person with no children/young persons	Couple with no children/young persons	Couple or Single Person with one child/young person	Couple or Single Person with two or more children/young persons
1*	65%	£0 to £94.99	£0 to £129.99	£0 to £179.99	£0 to £239.99
2	55%	£95 to £139.99	£130 to £174.99	£180 to £229.99	£240 to £289.99
3	45%	£140.00 to £184.99	£175 to £219.99	£230 to £279.99	£290 to £339.99
4	35%	£185 to £229.99	£220 to £264.99	£280 to £329.99	£340 to £389.99
5	20%	£230 to £269.99	£265 to £309.99	£330 to £379.99	£390 to £449.99
6	0%	£270+	£310+	£380+	£450+

*If you or any partner receive Income Support, income-related Employment and Support Allowance or income-based Job Seekers Allowance, you will automatically be placed in the top (65%) band.

What counts as income?

We count income that you, and any partner that lives with you, receive. Examples of incomes that we include are earnings[^], self-employed earnings[^], tax credits, pensions, student grants/loans, new-style or contributory Jobseekers Allowance and Employment and Support Allowance, Universal Credit (excluding housing costs). This list is not exhaustive.

[^]These are the amounts after Income tax, National Insurance and 50% of any pension contributions.

If you receive Universal Credit, we will use the Department for Work and Pensions' assessment of your income.

We won't count: Child Benefit, child maintenance, Bereavement Support Payment, Disability Living Allowance, Personal Independence Payments, Carers

Allowance, the support component of Employment and Support Allowance. Again, this list is not exhaustive.

What about savings?

The savings or capital limit remains at £16,000. If you have more than this, you will not be entitled. If you have more than £6,000, we will assume a weekly income of £1 for every £250 above £6,000.

Why does Medway limit the support offered to families with more than two children?

The Government now only offer support through Universal Credit for two children. There are certain protections for some children, including protection for some children born before April 2017. To keep the Council Tax Reduction scheme as simple as possible, these protections have not been included.

What does the £25 per week disregard mean?

It means that the first £25 per week of your earnings are not counted when we calculate what your weekly income is. For example, if you earn £150 per week, the council will disregard £25 per week and class you as having £125 per week in earnings.

A member of my household is disabled, do I receive extra help?

In addition to continuing to disregard Personal Independence Payments and Disability Living Allowance, we will also disregard an additional £40 per week from your other income. This is in addition to the £25 per week disregard from any earnings mentioned above.

What about carers, do they receive extra assistance?

Under the new scheme, we won't count Carer's Allowance as income.

Why is the housing element of Universal Credit not counted as income?

The housing element of Universal Credit is to pay your rent. Under the previous Council Tax Reduction scheme, Housing Benefit was not taken into account as income, so it remains that any element of benefit awarded to pay your rent, whether that be Housing Benefit or the housing element of Universal Credit, will not be counted as income.

Who is a non-dependant and what are the deductions?

Non-dependants are other adults living with you, who are part of your household; often they are grown-up children that you no longer receive Child Benefit for. It

does not include people who live with you on a commercial basis (such as a sub-tenant), or anyone jointly liable for Council Tax, for example a joint tenant. To simplify the Council Tax Reduction scheme, we will make a £10 deduction for a non-dependant who is working and £5 if they are not. In some cases, no deduction may apply, for example if the non-dependant is a student, or you or a partner receive certain benefits.

What can I do if my level of support has gone down?

Please check your entitlement letters carefully to check your income and circumstances have been calculated correctly. In some cases, we may not have a recent breakdown of your income to allow us to disregard elements such as the housing element of Universal Credit or Carer's Allowance.

If your award has reduced and you are unable to pay your Council Tax, you can apply for an Exceptional Hardship Payment. Details can be found at www.medway.gov.uk/counciltaxreduction

What can I do if I disagree with the calculation of my council tax reduction?

You can email benefits@medway.gov.uk giving details of why you disagree with the calculation, and the council will look at your claim again. If your claim remains unchanged and you still disagree with the decision you can appeal. You must do this in writing or via e mail and send it directly to the Valuation Tribunal.

How can I advise you of changes?

You can notify the Council of changes at www.medway.gov.uk/counciltaxreduction

Lead Officer Contacts

We hope that this note is comprehensive however if you are contacted by a resident who has an issue not covered above, the lead officers are:

Katey Durkin, Head of Finance Strategy, katey.durkin@medway.gov.uk

Gemma Gilley, Benefits Manager, gemma.gilley@medway.gov.uk