

Proposed updates to the scheme

We propose to continue with two Council Tax Reduction schemes for working-age people, one for Universal Credit recipients and one for everybody else.

Removal of the legacy benefits scheme

The government has a target to move legacy benefit households (those receiving Tax Credits, Job Seekers' Allowance, Housing Benefit and so on) to Universal Credit by the end of the 2024/25 financial year.

Households on our non-Universal Credit scheme will move to the Universal Credit banded scheme when their legacy benefits end, and they start claiming Universal Credit. Recipients will not need to reapply for the reduction.

Non-dependant reductions

Having a flat rate of reduction for other adults living in the property has worked well. Applicants have told us they understand what other people in the household need to contribute towards the Council Tax.

The initial rate of contribution was £6.50 and, after applying the consumer price index (CPI) for 2021/22 and 2022/23, it is now £6.73. We propose to reset this to £6.80 from 2023/24 and to reintroduce uprating by CPI from 2024/25.

We also propose to introduce non-dependant reductions for pensioner adults living with a working-age household, which aligns with the non-Universal Credit scheme and also with the prescribed scheme for pensioners. Pensioners on Pension Credit or who have a disability income will not be asked to make a contribution.

Currently, we have 23 working-age claims where there is a pensioner non-dependant. Five have Pension Credit Guarantee Credit and 14 have disability incomes, and so will not have a reduction. This leaves four recipients potentially affected from April 2023.

100% liability

Currently both working-age schemes are based on 100% of the Council Tax liability.

Many other local authorities have schemes based on less than 100% liability. This means the billpayer must contribute towards their Council Tax irrespective of their income, unless they fall into a vulnerable group (as defined by the local authority).

These contributions are either a fixed amount or a percentage of the Council Tax liability.

This approach can make a scheme more affordable to a council but can place additional burdens on households, especially at present with cost-of-living increases putting particular pressure on low-income households.

Modelling based on a £2-per-week minimum payment would reduce the total Council Tax Reduction spend by just over £70,000 but save us about £7,000, based on current rates. Adding £2 per week would create a debt of £104 even where people would otherwise be entitled to maximum support due to a very low income.

These amounts are not small for households and are costly for us to collect. We believe introducing either a percentage or flat-rate contribution would not support vulnerable households, nor would it deliver significant savings for us.