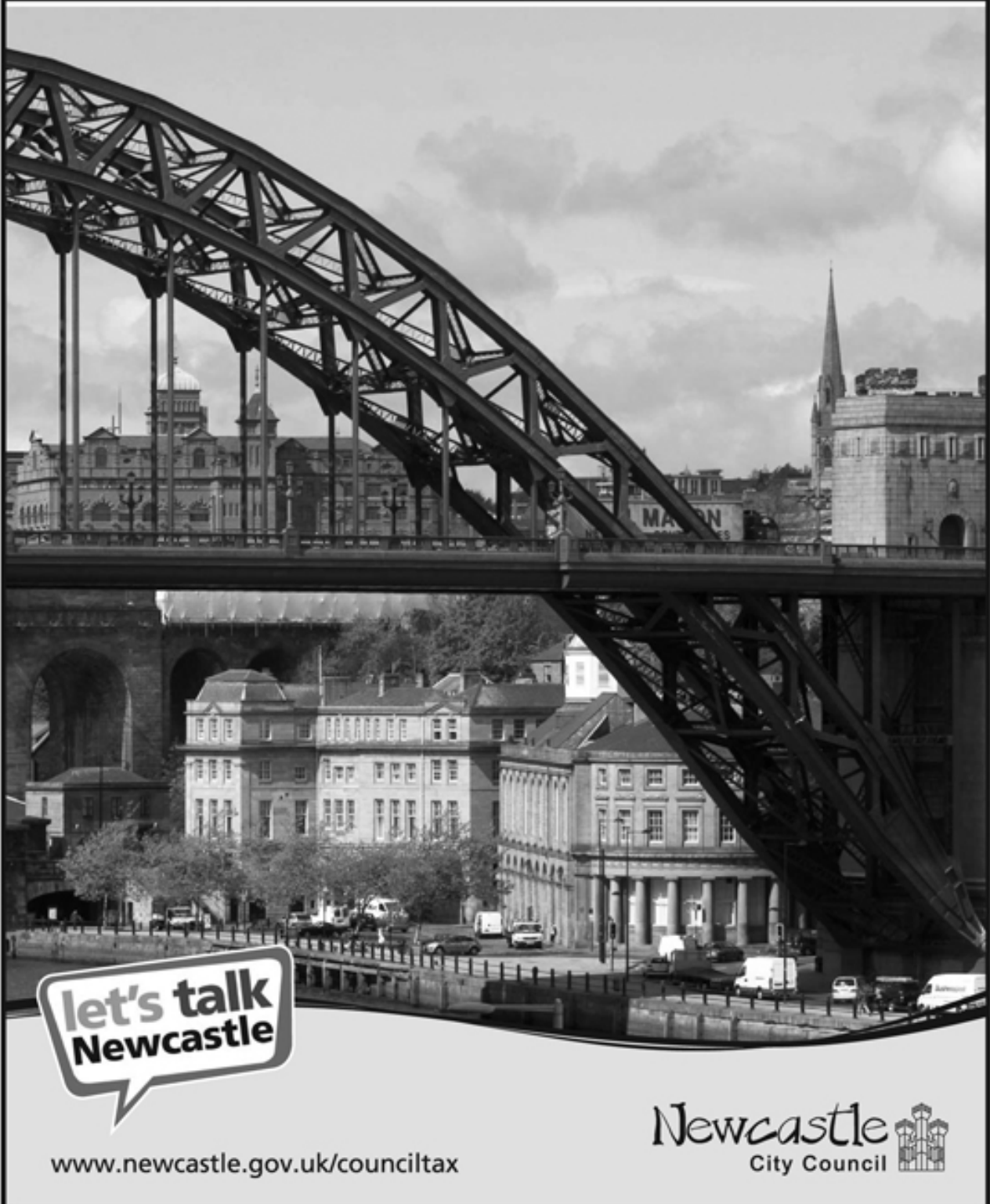


Council Tax Support Scheme 2022

Summary document



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Newcastle
City Council 

Introduction

We are proposing to make some changes to our Council Tax Support scheme for 2022/23. Information about the changes and the rationale is provided in this summary so that you can understand what our consultation is about.

Background

Council Tax Support is available for working age residents who receive legacy benefits, universal credit and for those on low income to help with council tax payments.

In April 2013, Government abolished Council Tax Benefit for working age people and Councils were required to design local council tax reduction schemes.

Since then Newcastle City Council has designed a scheme which has been regularly reviewed to ensure assistance is maximised for those most vulnerable across our neighbourhoods, as well as responding to the impact of welfare reform and accumulating council tax arrears.

It is the opportune time to review our scheme for 2022/23 to increase the support available where possible and simplify the scheme and application process.

Pension age residents are not affected by this as Council Tax Support for them is awarded through a National Government Scheme.

Our current Council Tax Reduction Scheme

Our income banded scheme offers a discount based on household income and circumstances as follows:

Discount	Passported	Single £	Couples £	Family with 1 Child £	Family with 2+ Children £
Band 1 90%	Relevant Benefit	0.00 to 120.00	0.00 to 165.00	0.00 to 220.00	0.00 to 275.00
Band 2 85%	N/A	120.01 to 160.00	165.01 to 210.00	220.01 to 285.00	275.01 to 315.00
Band 3 50%	N/A	160.01 to 245.00	210.01 to 285.00	285.01 to 345.00	315.01 to 385.00
Band 4 25%	N/A	245.01 to 315.00	285.01 to 365.00	345.01 to 420.00	385.01 to 470.00

- The main features of our scheme include:
- Earnings disregard of £7.50 for single people, £12.50 for couples & £27.50 for lone parents
- Income from Disability Living Allowance, Personal Independence Payments, Armed Forces Independence Payments, Child Benefit, Child Maintenance, Child Care Costs and War Disablement Benefits are ignored

- Universal Credit is treated as earned income when there is an element of wages, housing costs are ignored and deductions from Universal Credit to repay debts will not be removed
- A flat rate charge of £3.25 per week is applied for each non-dependant.
- Anyone with savings of £6,000 or more will not qualify
- Self Employed income is assessed by applying a minimum income floor.
- Applications from joint tenants are assessed on their proportion of the household.
- Income bands increase each year by September RPI

We need your views on our proposals to help us make our final decision. We are proposing the following changes:

Simplified Application Process

It is proposed that the Council introduces a 'truly risk based' discount scheme for council tax support that will operate like other discounts and exemptions.

Residents will apply online for an automatic and instant award according to their weekly income and household composition. This is in line with other discounts (such as the single person discount) and removes the requirement for most, when collecting evidence, as this will be done on a risk-based approach.

Additional Support

The discount will remain based on income bands and household composition and will include an additional band to award 100% to our most vulnerable residents in our neighbourhoods who receive legacy benefits & the equivalent within universal credit.

Removal of Non-Dependants Charge

As part of the new discount scheme we propose to remove non-dependant charges as this is difficult and costly to collect. A non-dependant is a person over 18, not responsible for council tax and not disregarded

Reduction in Income Disregards

Currently there are three disregards that are applied to earnings before council tax support is assessed as follows

- Single £7.50
- Couple £12.50
- Single Parent £27.50

We are proposing to reduce the lone parent disregard to align it more consistently with other schemes and reduce to £17.50 per week.

Removal of Childcare Costs Disregards

The childcare cost disregard was transferred from the original council tax benefit scheme in 2013 and has not been reviewed since. The current disregard is inconsistently applied depending on what information is received from the resident or through universal credit and it is not always forthcoming. Therefore, in applying fairness to all those who pay childcare costs and receive council tax support this element of the scheme will be removed. To mitigate this, any resident that struggles financially may be entitled to hardship.

Other Information

Pension age people are not affected by these changes and they will continue to have council tax reduction assessed in the same way through the Governments Council Tax Reduction default scheme.

Summary of our scheme with the proposed changes for 2022/23:

Council tax reduction is awarded as a discount based on household income and circumstances as follows:

	Passported	Single £	Couples £	Family with 1 Child £	Family with 2+ Children £
100%	Relevant Benefit	0.00 to 80.00	0.00 to 125.00	0.00 to 195.00	0.00 to 265.00
90%	N/A	80.01 to 125.00	125.01 to 170.00	195.01 to 225.00	265.01 to 280.00
85%	N/A	125.01 to 165.00	170.01 to 215.00	225.01 to 290.00	280.01 to 325.00
50%	N/A	165.01 to 250.00	215.01 to 290.00	290.01 to 355.00	325.01 to 390.00
25%	N/A	250.01 to 325.00	290.01 to 375.00	355.01 to 430.00	390.01 to 480.00

- Earnings disregard of £7.50 for single people, £12.50 for couples & £17.50 for lone parents which is £10 per week lower and aligns with other schemes
- Income from Disability Living Allowance, Personal Independence Payments, Armed Forces Independence Payments, Child Benefit, Child Maintenance, Child Care Costs and War Disablement Benefits are ignored
- Universal Credit is treated as earned income when there is an element of wages, housing costs are ignored and deductions from Universal Credit to repay debts will not be removed
- Anyone with savings of £6,000 or more will not qualify
- Self Employed income is assessed by applying a minimum income floor.
- Applications from joint tenants are assessed on their proportion of the household.
- Income bands increase each year by September RPI

Summary of the changes

The following table compares the current and proposed scheme.

	Current Scheme	Proposed Scheme
Maximum support available	Between 25% and 90%	Between 25% and 100%
Capital Cut Off	£6,000	£6,000
Non-dependant deductions	£3.25	£0.00
Income ignored	Disability Living Allowance Personal Independence Payments Armed Forces Independence Payment Child Benefit Child Maintenance Child Care Costs War Disablement Benefits	Disability Living Allowance Personal Independence Payments Armed Forces Independence Payment Child Benefit Child Maintenance War Disablement Benefits
Amount of earnings ignored	£7.50 for single people £12.50 for couples £27.50 for lone parents	£7.50 for single people £12.50 for couples £17.50 for lone parents

Impact on Residents:

13,026 households will be better off

11,862 households will be neither worse nor better off

409 households will be worse off

Have your say:

It is very important that we get your views on our proposed scheme. You can do this by filling in an online survey at:

<https://letstalknewcastle.co.uk/consultations> to give us your feedback.

You can also email us at: letstalk@newcastle.gov.uk if you cannot take part in an online consultation, we can provide you with a paper copy of the survey to fill in. Please call 0191 277 8879 to arrange this.

Please tell us your views before 12 December 2021.

Thank you for taking part in our consultation.