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<b>Subject:</b>	<b>COUNCIL TAX SUPPORT SCHEME 2020/21</b>
<b>Meeting and Date:</b>	<b>Cabinet – 2 December 2019</b> <b>Overview and Scrutiny Committee – 9 December 2019</b> <b>Cabinet – 13 January 2020</b> <b>Council – 29 January 2020</b>
<b>Report of:</b>	<b>Mike Davis, Strategic Director (Corporate Resources)</b>
<b>Portfolio Holder:</b>	<b>Councillor Stephen Manion, Portfolio Holder for Finance and Governance</b>
<b>Decision Type:</b>	<b>Non-Key</b>
<b>Classification:</b>	<b>Unrestricted</b>

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**Purpose of the report:** To introduce a new banded Council Tax Support Scheme for 2020/21.

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**Recommendation:** It is recommended that:

1. Cabinet recommends to Council the adoption of the revised Council Tax Support Scheme as set out in this report.
2. Council approves adoption of the revised Council Tax Support Scheme (including the Exceptional Hardship Scheme) as set out in this report as Option C.

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## 1. Summary

1.1 The operation of Universal Credit, with frequent changes in entitlement based on changes in income from month to month, does not integrate well with the Council's current Council Tax Support Scheme where entitlement is based on an exact assessment of claimant income. As UC changes each month, so does the level of CTS to be awarded. This requires a recalculation of Council Tax payable, a rescheduling of Council Tax payments and a resubmission of Direct Debit requests to the banks.

1.2 This process has a number of problematic outcomes:

- (a) Uncertainty for the claimant
- (b) Direct debit deadlines missed and payments not made correctly
- (c) Arrears generated and recovery action required
- (d) Undue administrative effort, taking resources away from assisting claimants on more constructive work.

1.3 The proposed changes address these issues and are cost neutral.

## 2. Background

2.1 As the roll out of UC by the DWP continues, with the managed migration process (also referred to as "Move to UC") scheduled to be completed by December 2023, the issues highlighted in the summary above will be exacerbated.

- 2.2 The proposed new scheme will introduce a banding system which will provide more certainty and stability and greatly reduce the frequent recalculation of CTS, reduce arrears and recovery and release administrative time.
- 2.3 The proposed scheme has also been modelled to be cost neutral (no savings or extra costs of CTS), to minimise the impact on “winners and losers”, to ensure losses are proportionate to CTS (and other benefits) being received and to provide a hardship scheme to mitigate the effects and assist transition. Consultation on the changes has been undertaken and the outcome was support for the changes.
- 2.4 The proposed new CTS scheme was first raised when Cabinet received a report from the Strategic Director of Resources on 5 August setting out proposals for changes to the CTS scheme, and the reasoning behind them. That report is attached for reference as Appendix 1<sup>1</sup>.
- 2.5 CTS was introduced in 2013 to replace the national Council Tax Benefit scheme. Support for people needing help to pay their council tax was devolved to local government, and when Council Tax Benefit was abolished the funding provided to local authorities for CTS was subject to a 10% reduction from the previous amount paid under Council Tax Benefit. The amount included within central government Revenue Support Grant (RSG) funding to DDC has not been separately identified since 2013 and since then, central government has reduced its RSG funding virtually to nil and so the government provides no direct support for the CTS scheme. Expenditure on the CTS scheme has remained largely static and the costs fall on the Council and local Council Tax payers.
- 2.6 Whilst CTS is a local discount, the rules around pension age customers are nationally defined and the local authority has no discretion to vary that element of the scheme. However the scheme for working age customers is not nationally defined and each local authority has full discretion over the design of its scheme. This means that where there is a need to change the scheme, that change can only affect working age recipients.
- 2.7 Every year the following year’s CTS scheme must be agreed by Full Council by 11 March, to come in to effect from 1 April. In the event that a new scheme is not agreed, the previous year’s scheme will roll forward to the next year.
- 2.8 In the light of the issues set out in the summary above, DDC needs to review our CTS scheme to assess whether it is fit for purpose with the challenges and financial burdens that Universal Credit (UC) brings to the ongoing administration of CTS.
- 2.9 This report sets out:
- (a) The current CTS Scheme
  - (b) The drivers for Change
  - (c) The proposed new CTS Scheme
  - (d) Consultation on the proposed new CTS Scheme
  - (e) Projected impact on claimants

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<sup>1</sup> For brevity the appendices to that report are not included, but the whole report remains available on the Council’s web site.

- (f) Proposed mitigations
- (g) Identification of options
- (h) Evaluation of options
- (i) Resource implications
- (j) Equalities assessment
- (k) Corporate implications

### **3. The Current CTS Scheme**

- 3.1 The current Dover District Council scheme closely mirrors the former national Council Tax Benefit scheme and is administered in a similar way (and often at the same time) as an award of Housing Benefit (HB). In 2018-19 Dover District Council awarded £8.4m in CTS on behalf of all precepting bodies. The cost to Dover District Council of those awards was £865,000 which reflects DDC's share of Council Tax.
- 3.2 In the Dover district, working age claimants must pay at least 10% of their council tax liability (the same percentage applies in Canterbury and Thanet). This is amongst the most generous schemes and is applied to one of the lowest Council Tax levels in the county. The contribution from CTS recipients in East Kent is therefore the lowest in the county and is towards the lower end of the scale nationally. In the majority of Kent districts, customers are required to pay at least 20% of council tax. In 2018-19, Dover was one of around 40 local authorities with a minimum council tax payment of 10% or less, with more than 200 local authorities charging over 10% and some over 30%.
- 3.3 For Dover district in 2019-20, 10% of council tax for a band D property is £182 and the estimated costs of the scheme (shared by all preceptors in proportion to their share of the council tax) are:
- (a) Working Age recipients: £4,475,172
  - (b) Pension age recipients: £3,833,175
  - (c) Total cost all preceptors: £8,308,347
- 3.4 DDC currently operates a tapered scheme, which means that any change, however small, in a claimant's income causes their entitlement to CTS to change and the Council Tax bill to be recalculated. These repeated recalculations and repeated re-billings (which can happen to many claimants several times a year) can be confusing for claimants and are administratively burdensome.

### **4. Drivers for Change**

- 4.1 The original report, attached as Appendix 1, sets out the main drivers for change. These are:
- (a) Simplifying the scheme to make it easier for claimants to understand and claim
  - (b) Use bandings to reduce the number of changes in entitlement (often generated by relatively small changes in income), and therefore reduce the

number of recalculated council tax bills and payment schedules, that claimants will experience

- (c) Easier for claimants to budget and therefore avoid arrears and recovery action.
- (d) Protection of council tax collection

## 5. The Proposed new CTS Scheme Framework

- 5.1 The proposal is to implement a new scheme that addresses the drivers for change outlined above but is financially neutral for the council (no increased costs or savings) and that keeps the total cost of the scheme the same.
- 5.2 The proposed new scheme is a banded scheme. CTS recipients would be awarded CTS based on the ranges of income and their entitlement would only be amended if the income increases or decreases beyond the range of their current band. The banded scheme proposal, along with the other proposed changes, were the focus of the public consultation.
- 5.3 A banded scheme would reduce the number of CTS changes to entitlement and improve opportunities for billing and collection. Although the Council still needs to review each change this simplifies the assessment process for officers, treating CTS more as a discount and moving away from it being a benefit with traditional benefit rules.
- 5.4 A banded scheme is more transparent and predictable to claimants and would also enable them to more effectively budget their payments as the scheme would operate using a simpler formula that is easier to understand.
- 5.5 The proposed income bands are set by considering banded earnings based on the number of hours worked at the National Living Wage (NLW)<sup>2</sup>. The income bands are in a 4x5 grid and awards are set at a maximum 90% down to a minimum 30% at 15% intervals (90, 75, 60, 45, 30).
- 5.6 The grid is divided into four columns with different figures for the following household groups: single, couple, families/single parents with one child, families/single parents with two or more children and is set out below.

<b>Weekly Income and Council Tax Discount Band</b>					
	<b>Single person</b>	<b>Couple</b>	<b>Family/single parent with 1 child</b>	<b>Family/single parent with 2+ children</b>	<b>% discount on council tax bill</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
band 1 income range	0 to 82.10	0 to 122.10	0 to 172.10	0 to 222.10	<b>90</b>

<sup>2</sup> The weekly income bands in the table below may appear to be oddly precise, but they are multiples of the NLW and the complete values, including pence, are shown.

band 2 income range	82.11 to 123.15	122.11 to 163.15	172.11 to 213.15	222.11 to 263.15	<b>75</b>
band 3 income range	123.16 to 164.20	163.16 to 204.20	213.16 to 254.20	263.16 to 304.20	<b>60</b>
band 4 income range	164.21 to 205.25	204.21 to 245.25	254.21 to 295.25	304.21 to 345.25	<b>45</b>
band 5 income range	205.26 to 246.30	245.26 to 286.30	295.26 to 336.30	345.26 to 386.30	<b>30</b>

5.7 The main elements of the scheme to continue unchanged, and the other proposed changes are set out in the paragraphs below.

5.8 The main elements in the existing CTS scheme to continue unchanged in the new scheme are:

- (a) 90% is the maximum discount available;
- (b) Capital held is limited to £6,000 (no entitlement to CTS if capital exceeds this limit);
- (c) CTS is restricted to Band D levels (properties banded E-H only receive support equivalent to D);
- (d) Child Benefit and child maintenance are fully disregarded<sup>3</sup> to protect lone parents/ families;
- (e) the housing element of UC is disregarded; and
- (f) war pensions and war disablement pensions are disregarded.

5.9 The other proposed changes to the scheme are:

- (a) to introduce a standard £10 a week non-dependant deduction (for each adult other than a partner living in the household);
- (b) to set a self-employed minimum income floor of 35hrs x NLW (removing the current 16hrs floor and aligning with the UC floor);
- (c) to apply a standard earnings disregard of £25 a week for all customers (so all the calculations above exclude the first £25 a week of earnings); and

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<sup>3</sup> “Disregarded” means “not taken into account”, so someone in receipt of Child Benefit, maintenance, a war pension etc will not have their CTS reduced as a result. It is therefore a benefit to those claimants.

- (d) to replace disability premiums like-for-like, to protect those with disabilities and prevent any losses.

5.10 In addition, an important procedural change, which will benefit claimants, is that when an application for UC is notified to the Council by the DWP, that will be deemed by the Council to be an application for CTS. This will remove the need for customers to apply to the DWP for UC and then to apply separately to the council for CTS. This will simplify the process for customers and make sure that take up of CTS is maximised.

## 6. Consultation of the proposed new CTS Scheme

6.1 Public consultation took place between 19 August and 30 September 2019. A letter was sent to every working age CTS claimant, and also to a randomly selected 5% of council tax payers<sup>4</sup>. All the major council tax preceptors were contacted, with no negative comments being received, as well as parish councils and local welfare agencies. The consultation was available on the council's website for the duration of the consultation period.

6.2 A total of 233 responses were received, with 60% of those being from a household where someone was already receiving CTS.

6.3 The table below sets out the responses. A full report can be found at Appendix 2.

Proposed change	Agree	Disagree	Don't know	No Reply
Do you agree with the proposed changes to the scheme?	48.9%	18.5%	30.9%	1.7%

6.4 As can be seen from these results, respondents were generally in favour of all the proposed changes, with more than twice as many agreeing to the proposal than disagreed.

6.5 Questions were also asked about covering the costs of the changes by either increasing Council Tax or by reducing the funding for other services:

Proposed change	No	Yes	No Reply
Increase Council Tax	69.5%	6.4%	24.1%
Cut other services	52.8%	19.7%	27.5%

6.6 From this we can infer there was overwhelming support for maintaining the existing service provision within the current budget.

## 7. Projected impact on Claimants

7.1 One of the aims of the new scheme design was to minimise the level of change between the old and new schemes. It is forecast that the proposed changes would mean that, as at November 2019:

<sup>4</sup> A total of 7,040 letters were sent. 4,982 to Council Tax Support working age claimants and 2,058 to the randomly selected 5% of Council tax payers.

- 4,159 working age recipients (66%) would see no change in the amount of CTS they receive
  - 1,178 (18.5%) would see an increase
  - 993 (15.5%) would see a reduction
- 7.2 For those positively affected, the average weekly gain would be £4.17, with the highest increase being £19.38 a week. For 63% of those positively affected the gain will be £5 or less.
- 7.3 For those negatively affected, the average weekly loss would be £4.76 and the highest £27.77 a week. For 62% of those negatively affected the loss will be £5 or less. A more detailed analysis of the impacts is provided in Appendix 7.
- 7.4 It was apparent from the consultation that the proposed changes to the scheme that are seen to be 'positive' changes (such as the total disregard of Carers Allowance, and the income allowance replacing lost disability premiums) generated a positive response from respondents. Proposed changes seen as 'negative' generated a less favourable response, and specific comments. For more detail please see Appendix 2.
- 7.5 Two proposed changes generating some concern were;
- Limiting support to a maximum of two children (through the income grid), and
  - Implementing a single self-employed minimum income floor (at 35hrs x national living wage)
- 7.6 The proposed scheme broadly aligns with the current rules for UC<sup>5</sup>. For the two-child limit, due consideration has been made to that within the Equalities Impact Assessment (at Appendix 3). Additionally, a separate document setting out the reasons for this proposed change can be found at Appendix 4. A similar document for the proposed change to self-employed minimum income floor can be found at Appendix 5.

## 8. Proposed Mitigations

- 8.1 The council recognises that if the new scheme is implemented some people will see a reduction in their CTS. For this reason, additional support will be available through an Exceptional Hardship Policy. The draft policy is attached at Appendix 6.<sup>6</sup>
- 8.2 The council will ensure that the EHP fund is readily available for claimants to apply. This fund will be available to offer relief for those claimants who experience hardship as a result of changes to the scheme. The cost to the council of any relief offered in 2020/21 via the EHP fund is approximately 10% of the overall cost, with the remainder being borne by the county council.

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<sup>5</sup> The DDC / EKS proposal also affects claimants with children born before 06.04.17, to help simplify the scheme. To help explain this rationale we have provided further information relating to that in Appendix 4.

<sup>6</sup> Para (2) 7 Schedule 1A Local Government Finance Act 1992 requires a council tax reduction scheme to specify "the procedure by which a person can apply to the authority for a reduction under section 13A(1)(c). This is the further power to reduce liability " to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit." This admits of a further reduction in liability in appropriate cases which is additional to that available under the Council Tax Support Scheme and the (EHP) which forms part of it.

## 9. Identification of Options

9.1 There are three options:

- (a) Do not approve the new scheme. Maintain the current scheme.
- (b) Implement an alternative scheme to that recommended.
- (c) Approve the new scheme (including the Exceptional Hardship Scheme)

## 10. Evaluation of Options

10.1 Option a - Do not approve the new scheme. Maintain the current scheme.

10.2 As this would be a decision to retain the current scheme, it would 'lock in' the existing issues created by Universal Credit, which would be exacerbated as the roll-out of UC continues.

10.3 If changes are not to be made to the CTS scheme to simplify it more claimants are likely to fall into arrears. In addition to the difficulties and distress this will cause for the claimants, this would also increase administrative costs, and collection rates for Council Tax are likely to fall, with more time spent on administering the scheme and less time available for Council Tax recovery.

10.4 This will reduce the resources this council and the preceptors will have available to fund services at a time when they are already having to manage difficult budget reductions due to central government funding cuts and increasing demands.

10.5 For these reasons, this option is not considered viable and is not recommended.

10.6 Option b – Implement an Alternative Scheme to that Recommended

10.7 The proposed scheme has been designed to meet the drivers for change, while making it simple and more predictable for claimants particularly as Universal Credit rolls out, minimising the impacts on claimants, providing a hardship scheme and ensuring the costs of the CTS scheme remain the same.

10.8 Detailed modelling of options has been undertaken and no alternative options have been identified that provide a better solution than the recommended scheme, Option c.

10.9 For these reasons, the option of an alternative scheme is not considered viable and is not recommended.

10.10 Option c - Approve the new scheme (including the Exceptional Hardship Scheme)

10.11 This will maximise the opportunity to meet the drivers for change set out earlier in this report. This option will make the scheme easier to understand, simpler to administer, and give claimants more chance to manage their finances effectively. It would help maintain Council Tax collection rates.

10.12 For those reasons, it is recommended that Cabinet seek Council's approval of this option.

## 11. Resource Implications



11.1 For 2019-20 the total costs of the CTS scheme are estimated to be £8.3m, of which DDC meets 10%.

11.2 The costs of the 2020-21 scheme will depend upon the claimant level and so can only be forecast based on estimated take-up. However, for an equivalent level and spread of claimants, the new CTS scheme changes are expected to be cost neutral and the overall costs are expected to be the same as the current scheme.

## 12. **Equalities Assessment**

12.1 An Equality Impact Assessment (EIA) is attached as Appendix 3 for consideration. This has been undertaken following the public consultation and has considered all responses received. The main points arising from the assessment at this stage are:

- (a) Age - the proposed changes only apply to working age customers as those of pension age are fully protected.
- (b) Disability - by disregarding some income types, and replacing disability premiums with 100% for people with disabilities, and carers, the result is that their entitlement to Council Tax Support is protected or increased.
- (c) Other groups - the new scheme may disadvantage some customers with more than two children. None of the details that form this proposal directly or specifically target or solely affect any one of the protected characteristics or any other identifiable groups. A supplementary document setting out matters considered under this proposal is attached as Appendix 4 to this report.

## 13. **Corporate Implications**

13.1 Comment from the Section 151 Officer: The Section 151 Officer has been involved in the production of this report and has nothing further to add. (MD)

13.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

13.3 Comment from the Equalities Officer: Following public consultation it is noted that an Equality Impact Assessment has been carried out which has resulted in no significant issues arising from this assessment. The main points arising out of assessment are outlined at paragraph 11.1.

13.4 In discharging their responsibilities, Members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>.

## 14. **Appendices**

Appendix 1 – DDC Council Tax Support Scheme 2020/21 Cabinet Report 5/8/19

Appendix 2 – Council Tax Support 2020/21 Consultation Analysis

Appendix 3 – Equalities Impact Assessment

Appendix 4 – Two-Child Policy Analysis

Appendix 5 – Self Employed Minimum Income Floor Policy

Appendix 6 – Exceptional Hardship Scheme

Appendix 7 – Impact Update - November 2019.

15. **Background Papers**

See Appendices.

Contact Officers:

Mike Davis, Strategic Director, DDC.

Mark Gillmore, Revenues and Benefits Manager, Civica.

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<b>Subject:</b>	<b>Council Tax Support Scheme 2020/21 consultation</b>
<b>Meeting and Date:</b>	<b>Cabinet – 5<sup>th</sup> August 2019</b>
<b>Report of:</b>	Mike Davis, Strategic Director of Resources
<b>Portfolio Holder:</b>	<b>Cllr Manion, Portfolio Holder for Finance and Governance</b>
<b>Decision Type:</b>	Key
<b>Classification:</b>	Unrestricted

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<b>Purpose of the report:</b>	To start consultation on the proposed Council Tax Support Scheme for 2020/21 as set out in the report
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<b>Recommendation:</b>	It is recommended that Cabinet: <ol style="list-style-type: none"> <li>1. approve consultation on the introduction of the proposed new Council Tax Support Scheme for 2020/21 as set out in Section 6 of this report; and</li> <li>2. delegate approval of the consultation material to the Strategic Director of resources in consultation with the Portfolio Holder for Finance and Governance.</li> </ol>
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## 1. Summary

- 1.1 This report updates on the progress made on the review of the Council Tax Support Scheme (CTS) in liaison with other Kent authorities and proposes consultation on a new scheme for 2020/21.
- 1.2 The introduction of Universal Credit, with its frequent adjustments due to changes in claimant income is making the existing scheme increasingly complex for claimants and also complex and expensive to administer by the Council. The proposed simplified scheme for consultation is cost neutral, administratively simpler and should maintain take up by those eligible to receive support.

## 2. Introduction and Background

- 2.1 CTS is a means tested and locally defined Council Tax discount scheme introduced by Government in 2013 to replace Council Tax Benefit. The current Dover District Scheme<sup>7</sup> closely mirrors the former Council Tax Benefit and is administered in a similar way (and often at the same time) as an award of Housing Benefit. In 2018/19 Dover District Council awarded £8.4m in Council Tax Reduction on behalf of all precepting bodies. The cost to Dover District Council of those awards was £890,400<sup>8</sup>

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<sup>7</sup> Dover, Canterbury and Thanet operate virtually identical schemes across East Kent. These schemes are the most generous in Kent to claimants, providing the highest levels of discount.

<sup>8</sup> Dover District Council only retains around 10% of Council Tax, hence the bulk of the costs of the scheme is borne by the other preceptors, and mainly by Kent County Council.

- 2.2 Whilst CTS is a local discount, the rules around pension age customers are nationally defined and mirror the old Council Tax Benefit. The local authority has no discretion to vary that element of the scheme.
- 2.3 However the scheme for working age customers is not nationally defined and each local authority has full discretion over the design of its scheme. This means that where there is a need to change the scheme, that change can only affect working age recipients.
- 2.4 Each year the CTS scheme must be agreed by Full Council by 11 March to come in to effect from 1 April of that year. In the event that a new scheme is not agreed, the previous year's scheme will roll forward to the next year.
- 2.5 When Council Tax Benefit was abolished in 2013, funding for CTS was added to the central government funding the Council receives, but was subject to an arbitrary 10% reduction from the previous amount paid under Council Tax Benefit. The amount included within central government funding has not been separately identified by central government since 2013 and since then, central government has reduced its funding considerably, whilst expenditure on the CTS scheme has remained largely static, so the cost of the CTS is largely borne by other Council Tax payers.
- 2.6 In the Dover district, working age claimants must pay at least 10% of their Council Tax liability (the same percentage applies in Thanet and Canterbury). The contribution from CTS recipients in east Kent is the lowest in the county, and is towards the lower end of the scale nationally. In the majority of Kent districts, customers are required to pay at least 20% of Council Tax. In 2018/19, DDC was one of around 40 local authorities with a minimum Council Tax payment of 10% or less, with more than 200 local authorities with a minimum over 10%, some with 30%+.
- 2.7 For DDC in 2019/20, 10% of Council Tax for a band D property is £181 and the estimated costs of the scheme (shared by all preceptors in proportion to their share of the Council Tax) are:
- Working Age recipients: £4,530,000
  - Pension age recipients: £3,870,000
  - Total cost all preceptors: £8,400,000
- 2.8 The scheme is underpinned by a Kent-wide agreement, which recognises that all the Kent districts (as the billing authorities) will seek to have a common platform. In return, the major precepting authorities (Fire, Police and KCC) agree to collectively pay to each district council an administration fee each year, for three years, to assist with the costs of delivering and managing the scheme. DDC currently receives £164,000 a year under this arrangement. This agreement is due to be renewed for a further three years from April 2020.
- 2.9 There is a need to review our CTS scheme to assess whether it is fit for purpose with the challenges and financial burdens that Universal Credit (UC) brings to the ongoing administration of CTS. We currently have a tapered scheme, which means that any change, however small, in a claimant's income causes their entitlement to change and the Council Tax bill to be recalculated and then new instalments calculated over the remaining year.
- 2.10 These pressures will only increase once the UC roll-out accelerates with the managed migration of claimants on legacy benefits (currently due to complete nationally by

December 2023). Therefore we need to have a new CTS that combines with UC in a fairer and more efficient way.

### 3. Drivers for change

3.1 UC is being rolled out by the Department for Work and Pensions (DWP) to working age people who are either unemployed or in work on low incomes. It is replacing the following six working age benefits and is paid as a single monthly payment:

- Child Tax Credit
- Housing Benefit
- Income-related Employment and Support Allowance (ESA)
- Income Support
- Income-based Jobseekers Allowance (JSA)
- Working Tax Credit

3.2 Dover Jobcentre Plus went live with UC Full Service in May 2017 This means that any new working age claimants that move into the area or any existing legacy benefit (as per the list above) claimants that have a qualifying change in their circumstances must make a claim for UC. This does not affect any other existing claimants yet, but they will eventually move on to UC in what DWP call managed migration.

3.3 Existing claimants currently receiving Housing Benefit and the other benefits listed above are referred to as legacy benefit claimants. These claimants will move on to UC as part of the managed migration once the timetable for this is confirmed by the DWP. We do not yet know when this will happen but it is due to be completed nationally by December 2023 (there is a six-month contingency built in to DWP plans, so the end point could in fact be June 2024), rather than the original national target date of 2017 for UC.

3.4 Research in areas where UC has already rolled out has identified three key trends:

- low take up of customers in receipt of UC applying for CTS;
- high numbers of change in circumstances - approximately 40% of UC cases will have an adjustment each month; and
- Council Tax collection difficulties are increased with the multiple demand notices being issued.

3.5 National trends indicate on average UC customers receive at least eight change notifications in a year. Under the existing scheme, each change to UC entitlement income would produce a change to CTS entitlement, which then requires a new Council Tax demand notice for the customer, amending their Council Tax instalments on a regular basis and making it difficult to collect Council Tax via Direct Debit.

### 4. Impact on residents

4.1 Multiple changes for the customer in receipt of UC result in multiple changes for the customer in their CTS award. Using the existing scheme, which is a calculation on tapered income, any small change to income can amend the CTS award.

4.2 Frequent instalment changes can make it difficult for a customer to use Direct Debit as payment method due to the lead in times that the council needs to advise the customer of a change before taking payment. Multiple demand notices can also be confusing for residents.

4.3 Frequent changes can also provide the customer with difficulties in budgeting as they would not have a regular payment amount known for their Council Tax. This can lead to difficulties in paying which leads to further action and potential costs to vulnerable residents.

4.4 Whereas previously customers applied for CTS at the same time as applying for housing benefit from the council, they are now applying for UC with the DWP and are not always aware that they also need to apply for CTS with the council (although the council has been working with Job Centre Plus to remind UC claimants). As a result, some customers who should receive CTS are instead being chased for payment of full Council Tax, which they cannot afford to pay.

## 5. Impact on the council

5.1 Multiple changes also have a significant negative impact on administration and billing for the local authority in areas where UC has already rolled out. Each change that results in a new demand notice will need to be administered by an officer and the demand notice will need to be produced, either by post or email, and sent to the charge payer.

5.2 If a resident has a monthly change it may not be possible to collect payments via Direct Debit due to the frequent changes. This has been recognised nationally where collection rates for CTS cases have reduced significantly. The worst reported figures are 55% collection and this would be a significant decrease on our current performance and a negative impact on collection and recovery teams as other payment methods are more expensive and additional recovery would be required to collect outstanding amounts. This burden is borne by those who do pay.

5.3 If a customer who is entitled to CTS does not apply for it then the council would have to bill them for their full Council Tax bill and would send reminder and recovery letters to them. It is much better administratively for CTS to be applied to a taxpayer's account as soon as they are entitled to receive it so that unnecessary recovery action is not instigated.

## 6. Proposed new scheme framework

6.1 The intention is to propose a new scheme for consultation that addresses the drivers for change outlined above but that keeps the total cost of the scheme the same.

6.2 The proposed new scheme is a banded scheme - CTS recipients would be awarded CTS based on the ranges of income and their entitlement would only be amended if the income increases or decreases beyond the range of their current band.

6.3 There is a country-wide move towards income-banded schemes as a result of the challenges and costs associated with UC. A total of 28 local authorities have this type of scheme in place for 2019/20 and many more are in the process of adopting this type of scheme for 2020/21. Examples locally include Folkestone and Hythe District Council, Sevenoaks District Council and Dartford Borough Council, which have all introduced banded schemes from 1 April 2019.

6.4 A banded scheme would reduce the number of CTS changes to entitlement and improve opportunities for billing and collection. Whilst the Council still needs to review each change this simplifies the assessment process for officers, treating CTS more as a discount and moving away from it being a benefit with traditional benefit rules.

- 6.5 A banded scheme is more transparent to residents and would also enable them to more effectively budget their payments as the scheme would operate using a simpler formula that will be easier to understand.
- 6.6 An income-banded scheme replaces benefit withdrawal tapers with a series of “plateaus and cliff-edges”. This means that variations in earnings that do not cause the claimant to cross an income band can be ignored, reducing administration. Across the councils that have adopted or are intending to adopt this type of scheme, there is no universal approach or agreed set of figures. We are proposing to adopt five income bands for four household types and to set our figures to be as generous as possible within the financial requirements of a cost-neutral scheme, and to minimise the number of customers who see a change in their level of CTS.
- 6.7 Where an applicant is in receipt of a relevant benefit such as income support, job seekers allowance (income based) and employment and support allowance (income related) they will continue to receive the maximum discount of 90%. All other discount levels are based on the applicant’s (and partner’s if relevant) net income.
- 6.8 The proposed income bands are set at National Living Wage (NLW). The income bands are in a 4x5 grid and awards are set at a maximum 90% down to a minimum 30% at 15% intervals (90, 75, 60, 45, 30).
- 6.9 The grid is divided into four columns with different figures for the following household groups: single, couple, families/single parents with one child, families/single parents with two or more children.

**6.10 Proposed weekly income bands and CTS discounts by household group**

	<u>Single person</u> £	<u>Couple</u> £	<u>Family/single parent with 1 child</u> £	<u>Family/single parent with 2+ children</u> £	<u>discount on Council Tax bill</u> %
<u>band 1 income range</u>	0 to 82.10	0 to 122.10	0 to 172.10	0 to 222.10	90
<u>band 2 income range</u>	82.11 to 123.15	122.11 to 163.15	172.11 to 213.15	222.11 to 263.15	75
<u>band 3 income range</u>	123.16 to 164.20	163.16 to 204.20	213.16 to 254.20	263.16 to 304.20	60
<u>band 4 income range</u>	164.21 to 205.25	204.21 to 245.25	254.21 to 295.25	304.21 to 345.25	45

	<u>Single person</u> £	<u>Couple</u> £	<u>Family/single parent with 1 child</u> £	<u>Family/single parent with 2+ children</u> £	<u>discount on Council Tax bill</u> %
<u>band 5 income range</u>	205.26 to 246.30	245.26 to 286.30	295.26 to 336.30	345.26 to 386.30	30

- 6.11 The amounts above are based on a calculation of hours multiplied by the National Living Wage (NLW) aged 25 and over rate, which is £8.21 per hour. The amounts would need to be inflated each year to take account of increases in the NLW.
- 6.12 Then, a standard amount (£40) is added for couples and for single parents, and for children (£50 per child, up to a maximum of 2 children).
- 6.13 The hours for each band start at 10 hours for 90% band, 15 hours for 75% band, 20 hours for 60% band, 25 hours for 45% band, and finally 30 hours for 30% band.
- 6.14 Worked examples
- 6.15 Single person column, 90% support (band 1) = 10 hours x NLW (£8.21) = £82.10
- 6.16 Single person column, 75% support (band 2) = 15 hours x NLW (£8.21) = £123.15.
- 6.17 Family/single parent with one child column, 60% support (band 3) = 20 hours x NLW (£8.21) = £164.20, plus £40 (because they are not the only person in the family unit), plus £50 (because they have one child) = £254.20.
- 6.18 Family/single parent with two children column, 30% support (band 5) = 30 hours x NLW (£8.21) = £246.30, plus £40, plus £100 (because they have 2 children) = £386.30.
- 6.19 The proposed scheme is also comprised of the following existing and new elements.
- 6.20 Elements in the existing CTS scheme to continue in new scheme:
- 90% is the maximum discount available;
  - Capital held is limited to £6,000 (no entitlement to CTS if capital exceeds this limit);
  - CTS is restricted to Band D levels (properties banded E-H only receive support equivalent to D);
  - Child Benefit and child maintenance are fully disregarded to protect lone parents/families;
  - the housing element of UC is disregarded; and
  - war pensions and war disablement pensions are disregarded.
- 6.21 Proposed changes to the scheme:



- to introduce a standard £10 a week non-dependant deduction (for each adult other than a partner living in the household);
- to set a self-employed minimum income floor of 35hrs x NLW (removing the current 16hrs floor and aligning with the UC floor);
- to apply a standard earnings disregard of £25 a week for all customers (so all the calculations above exclude the first £25 a week of earnings); and
- to replace disability premiums like-for-like to protect those with disabilities and prevent any losses.

6.22 In addition, when a customer applies for UC, when the council is notified of that by the DWP that will be deemed to be an application for CTS. This will remove the need for customers to apply to the DWP for UC and then to apply separately to the council for CTS. This will simplify the process for customers and make sure that take up of CTS is maximised.

## 7. Impact of the proposed new scheme

7.1 The total cost of current scheme in 2018/19 was £8,400,509. The total forecast cost of the new scheme is £8,405,011 (additional cost of £4,502 or 0.05%).

7.2 The working age element of CTS in 2018/19 cost £4,530,304. The forecast working age CTS cost is £4,558,424 (additional cost of £28,120 or 0.6%).

7.3 These are estimates at a point in time and based on the proposed changes, which are subject to consultation. As UC is rolled out to more residents in the district it is expected the overall cost of the scheme will reduce back to 2018/19 levels and so the proposed changes should be broadly financially neutral for the Council and the preceptors.

### 7.4 Projected impact on customers

7.5 One of the aims of the new scheme design was to minimise the level of change between the old and new schemes. It is forecast that the proposed changes would mean that:

- 3,537 working age recipients (64%) would see no change in the amount of CTS they receive
- 1,116 (20%) would see an increase
- 867 (16%) would see a reduction

7.6 For those positively affected, the average weekly gain would be £4, with the highest increase being £20 a week. For 63% the gain will be £5 or less. Further details are set out in the tables below.

<b>Weekly Total Gain (£)</b>	<b>Number affected</b>
15-20	3
10-15	96
5-10	312
0-5	705

<b>Household type</b>	<b>Number affected</b>
Couple one or both over 18	45
Family one or both over 18	43
Lone parent aged over 18	209
Single person aged less than 25	2
Single person aged over 25	115
UC claimant	659
Passported Claimants	43

7.7 For those negatively affected, the average weekly loss would be £5 and the highest £29 a week. For 63% the loss will be £5 or less. Further details are set out in the tables below. Recipients negatively affected by the changes will be eligible to apply for the Council's Exceptional Hardship Payment fund (EHP), which was introduced in April 2017 and is money allocated specifically to support those who have been affected by changes to CTS schemes.<sup>9</sup>

7.8

<b>Weekly Total Loss (£)</b>	<b>Number affected</b>
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<sup>9</sup> Para (2) 7 Schedule 1A Local Government Finance Act 1992 requires a council tax reduction scheme to specify "the procedure by which a person can apply to the authority for a reduction under section 13A(1)(c). This is the further power to reduce liability " to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit."

<b>Weekly Total Loss (£)</b>	<b>Number affected</b>
25-30	5
20-25	11
15-20	25
10-15	66
5-10	217
0-5	543

7.9

<b>Household type</b>	<b>Number affected</b>
Couple one or both over 18	4
Family one or both over 18	214
Lone parent aged over 18	100
Single person aged less than 25	0
Single person aged over 25	12
UC claimant	506
Passported Claims	31

## 8. Consultation planned or undertaken

8.1 There will be a six to eight week consultation, provisionally to take place over July/August/September. As well as an open consultation on the website, all current recipients of working age CTS will receive a letter inviting them to respond to the consultation as will a sample of Council Taxpayers across the district. The Council will also be consulting with interested organisations locally such as the CAB and also needs to formally consult with the preceptors.

## 9. Identification of Options

- 9.1 Option 1. A decision to not consult on a new scheme would effectively be a decision to retain the current scheme.
- 9.2 Option 2. Alternatively the committee could support elements of the proposed new scheme for consultation but decide to amend others. This would require a remodelling exercise to understand how any amendments impact on customers and on the Council.

## 10. **Evaluation of Options**

Option 1. If changes are not to be made to the CTS scheme to simplify the scheme and hence contain administrative costs, then collection rates for Council Tax are likely to fall, as more time will be spent on administering the scheme and less time will be available for Council Tax recovery. This will reduce the resources this council and the preceptors will have available to fund services at a time when they are already having to manage difficult budget reductions due to central government funding cuts. There are three other options to consider to meet the funding shortfall:

- (a) Increase the level of Council Tax beyond that assumed in the four-year financial plan
- (b) Use council reserves to fund the scheme
- (c) Make reductions to services over and above the savings already identified in the financial plan

These are not currently recommended options, but for completeness they should be included in the consultation.

- 10.1 Option 2. The recommended option is to consult on the proposed banded scheme for CTS for the reasons set out under section 6 above - the proposed simplified scheme would result in fewer changes for customers as well as limiting the increase in administrative costs for the Council. Under the proposed scheme for consultation 87% of current CTS recipients would either see no change or an increase in their level of CTS.

A comprehensive consultation is planned and the results of this be fed back to this committee for consideration in the autumn.

## 11. **Resource Implications**

- 11.1 The costs of the new scheme in terms of CTS awarded are set out above. If after consultation the scheme is approved, there will be one-off costs for software upgrades and these costs would be reported when the final scheme is proposed for adoption. The cost of developing and implementing the scheme is being contained by Civica within their contract price.

## 12. **Corporate Implications**

- 12.1 Comment from the Section 151 Officer: The s151 Officer has been consulted in the production of this report and has no further comments to make (MD).
- 12.2 Comment from the Solicitor to the Council:

12.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>. EKS have conducted a Stage 1 Equalities Impact Assessment for the proposed scheme and a copy is attached at Annex 1.

13. **Background Papers**

13.1 Modelling of alternative schemes held by Civica.

14. **Attachments**

14.1 Annex 1 – Equalities Impact Assessment for the CTS

Contact Officer: Mike Davis, Strategic Director of Resources

## Council Tax Support scheme 2020/21 Consultation Questionnaire – Dover

Number of responses: 233

**Q1. Do you agree with the proposed changes to the CTS set out in this consultation?**

Yes	114	48.9%
No	43	18.5%
Don't know	72	30.9%
No reply	4	1.7%

**Q2 If you disagree what alternatives or changes to the proposals would you prefer?**

A max of 50% discount. It is not appropriate for more discount to be obtained via this manner.

A system which is fair to everyone - even those who end up paying for other's benefits. To people who are in employment and who pay their fair share of taxes etc, it is annoying when they see that while they struggle with their income and expenditure balance, they are subsidizing people who are on benefit leading a very comfortable life and can still afford the latest iphone, visit nail parlours / tattooists / hairdressers, frequently use takeaways, smoke, drink, have Fathers not contributing to their child's upkeep, claiming disability while still being capable of manual work, claim while doing 'jobs on the side', etc etc. I am sure there are the needy who deserve society's support, but there are an awful lot who screw the system for all they can get and have no intention of financing their own life choices and paying their way.

All pensioners regardless of income should have a 50% discount per household!

As a part time worker and single person I receive only 25% discount , your scheme looks like it is only concerned with unemployment or low paid. As usual these people are the people that benefit the most as these are the people that have the new cars and 50 inch tv's. The increase should be more than 25%

As a widow I think it's unfair to take into consideration any income related legacy, often this is needed to pay debts funeral costs etc

Deal Town Council has discussed the consultation and feel that the scheme as proposed is appropriate in principle. Deal Town Councillors feel strongly that

provision should be made for existing rebate recipients to have no loss or reduction in their discount.

Discount for pensioners, not means tested, whatever the income

Foster carers should be exempt from council tax and this is not even mentioned

I agree with 1,3,4,5 & 6: However not 2 and 7 No 2 is quite drastic and will have big impact in finding the money to pay double. NB: for those over 60 its v. difficult to find new work due to age prejudice. Also in Dover/East Kent there are few job opportunities. Many jobs are not advertised and go to friends and family or arranged via foreign workers agencies who do not recruit the British. No 7 There will be many in start up phase which could last 2 yrs' where they will be earning less than national living wage but trying to make a go of it. Markets are tough and money is tight generally and new business in East Kent will be uphill work for quite some time. This may discourage some from trying to start up a business.

I agree with changes 1 to 6 however not 7. on 7 market is tough and self employed may be trying to start up business and sticking with it but not earning more than national living wage. You should not assume this.

I agree with simplifying the scheme. Income grid is a good idea and simple to administer, however if the main purpose is to save more money from the CTS pot, then I would prefer that all discounts are set to a maximum of 85%, meanings all households would have to pay at least 15% of their bill. This is more in line with the surrounding local authorities. I do not agree with the income being set at 35hrs x national living wage for all self employed applicants. If this were to go ahead, I would suggest a settling in period of 18 months whilst the business is set up, before expecting them to earn 35hours a week in profitable wage. Just because the government do it, doesn't mean we have to!

I agree with some of the changes but not with others. The income grid seems like a good idea as the more you earn the more you can afford to pay. However it does not encourage those who work minimum hours earning less money to work more hours and earn more of their own money. It would be an idea to group together the middle and low earners and cap the discount at say 75%. This way if the low earners were to increase their income of their own back then would not loose out on CTS. They would remain at 75% CTS regardless instead of dropping from 90% to 75%. The proposed scheme holds no incentive which encourages people to work. The only other change I don't really agree with is disregarding carers allowance as income. Although they face a challenging role carers receive a lot of money in benefit to be a carer. This is a fair income and can often be more than who those that work full time earn. I Don't see any reason as to why this should be disregarded.

I agree with the careers allowance side of this but I don't understand about the disabled part are you including dla as an income if you are it's wrong, make the elderly pay as well

I am a care in the community applicant and have a live in career and I really don't understand how this new scheme will work and what the increase will be for my live in career.

I am currently Self-employed and I am trying my best to work more hours and earn extra but at the moment it is not happening. My income is very low, I am behind on my Council Tax payments but I can not get any help towards my Council Tax. I would like to see that Council Tax Support should be available for people if they are self-employed as long as they are showing they are trying to find more work.

I am self employed but not earning the Universal Credits minimum income floor. I'd love to expand my business but I will get no help whatsoever to do this so the alternative seems that I have to give up. Surely it would be fairer if actual income was used for the calculations.

I am self employed, earning below the minimum income floor. Why should I be treated differently to those 'employed' and earning below the minimum income floor. Currently paying full council tax (-25% discount as living alone in owned property)

I disagree with s/emp level of 35 hours I'm s/emp.... This enables me to be working when both my children are at school, I'm home for them in half terms and before and after school, also checking on my elderly mother is essential ; how much more do you expect me to stretch???? You already presume I can work 16hours per week! I cant 52 weeks of the year! No holiday pay, No sick pay No benefit other than paying my way and looking after family. Everyone has different circumstances, stream lining over this will cause more problems to those who already try their best. Thank you for asking my opinion, and there you have it.

I do not understand it for my personal circumstances. It looks to me like my current 90% allowance will reduce dramatically to 25%. There is no way I would be able to afford that. And there is no way I'm going to prison because I can not afford to pay my council tax. If this happens I will kill myself.

I don't agree with this change because there are people who work on minimum wage and are still required to pay the full amount of council tax more so people with families that are already struggling and for the majority of us as a community are very worried about the uncertainty of these new changes how are some people expected to live on very low incomes I believe in my own personal opinion I think helping families with young dependants under the age of 5 should be substantial and begin to question why this system has become so broken and leaving extremely vulnerable people in a very worse of situation. I truly think that families with young dependants single parents are going to suffer more as they may not be in the position to go out to work until that child becomes of age to either start school and that is where some of the problems are going to occur.

I don't disagree or agree, however being a UC claimant I do understand that the recalculation part of it is silly. Having been affected by it for the last year. I would like the council to use which ever proposal is less likely to push my family and myself into further poverty and debt.

I don't really understand it. I get carers allowance so not sure if it will be better for me or worse.

I think people on benefits will be worse off



I work as self employed so I don't have to claim income support and I work to fit around school hours. I work on average 11 hours a week as some weeks and times of the year are quieter or busier. I'm already being penalised by the current system rule that assumes because I am self employed I must be working a minimum of 16 hours. If this goes up to a min of 36 hours I won't get any help at all and may as well not work.

I would advocate (#1) having a CTS support of 90% of the bill, beyond which 20p/£ is payable on 'excess income'. This should also apply for non-dependants (#2), like myself, to pay 20p/£ on 'excess income' beyond the £4p/w minimum currently payable. Any income disregards (#4) should be similar to the legacy system or UC as appropriate. I am happy with (#3), a CTS claim should be included in Universal Credit claims, (#5) for carers allowance and (#6) for disability premiums, regardless of any changes to the CTS scheme. The (#7) MIF from UC should not form part of the CTS scheme, claimants should be assessed based upon actual incomes, not estimates.

I'm a single disabled person living on my own as long as everything is easy to understand it should be ok

I'm between Yes and Don't know, as I like the fact that the new scheme is less complicated easy to understand but don't know how it really affects vulnerable people.

I'm self employed and on very low income but get no help what's so ever. I think self employed people need help

Is section one covering more help for working single parents only? Please include people in my situation who are single parents who find it difficult to work and juggle having to be a carer to a child with disabilities. One of my two children I have had to home school due to current situation with lack of school nhs and correct benefit support. Finding child care is also hard due to our situation. I already struggle financially as it is.

It a big Jump in cost if I'm right 120 to go up to 500 odd I think it's too much .I thought the government change the rules so each council keep the all council tax instead of a percentage were is it all going .but I'm sure u will put it up no matter what

It appears from your single person discount table that anyone earning over around £200 net per week will no longer receive the single person discount on their council tax. There is no explanation for this in your notes and no advantages or drawbacks listed, either, so it is unclear. I don't think single person households who work full time should have any discount withdrawn because they do not use the same level of facilities as a multiple person household. If I have misunderstood your proposal regarding single person households and the level of council tax relief, then can you please clarify this because your grid and explanatory notes are not clear.

It is really hard to understand I am not sure how this will personally affect me and my son?

It's fine as it currently is.

Keep it the same as your changes will put lives at risk as there will be too many mistakes and people won't be able to live

Lone occupants of which I am one will not get the 25% discount, if or one have to do extra hours at work to keep my head above water, this will now give me an additional need for overtime to pay my council tax bill, I don't get any help other than this and feel that because I bring home a wage topped up by overtime, that I wear myself out for, I am being penalised, this will lead to people getting g into more debt or making themselves ill stressing out about how they will pay it.

Making sure lone parents aren't penalised.

Mostly yes but you're still going to penalise disabled people of working age.

My household will lose out as I am single working mum with 4 kids.

No because you still don't help the low earning families , you just want to more money to line your cooperate pockets

No changes.

No one currently on CTS would financially be better off with any of the proposed changes. Make admin changes but don't reduce the discounts available. Simplify, but don't make higher demands.

Q1 does not allow for partial agreement with most of what is proposed. It is also quite a complex set of proposals. Are you implying that these are to be introduced as a package? Review proposal 7 re: self-employed people to take account of zero hours contracts. How many people may be affected by this?

RW GEORGE

Sceptical about the whole self employment universal credit arrangements after a year ie MIF. Hobby self employed is still hard work and maintains skills and gets you interviews. Any figures based on assumptions are unworkable, worrying and demoralising.

The alternatives are so complicated I have no idea. Even getting into the questionnaire was difficult.

The changes proposed still sound complex and still mean some people will fall through the net and be unsupported or worse off. I am a resident, so it is not my job to talk about changes! YOU are supposedly the experts and are paid by public money to come up with fair and appropriate proposals. Also, while I acknowledge finances are a priority, it would nice to think that once in a while Dover District Council were capable of kindness and empathy.

The income base levels are not low enough - a net of £0 per week should get 100% discount.

The income grid is incoherent. If someone currently has ESA or JSA benefit of £73 and their rent of £100 is paid direct to landlord they receive 90% of rent. But I suspect you will attempt to rip of claimants if they are moved onto Universal Credit as this would make the £73 benefit and £100 rent cost I suspect you would illegally and unlawfully say they have a weekly income of £173 when they do NOT, they still only have a weekly income of £73 as £100 of the £173 is rent benefit. You need to ensure the only income part is the actual income of the benefit and does NOT include the rent part so it's not £173 week's income but it is only £73 income and they receive 90% CTS and not as I suspect

45%, see your grid you need to ensure rent benefit payment costs are NOT included in weekly net income when person moves to Universal Credit.

The new grid system may work for some but it increases my payment by too much

The treatment of some self employed people who work really hard but don't always get paid properly or on time is really not helpful, you are assuming they are all earning loads when it is not so easy to get extra business

The trouble is when a person is self employed you never have a static fixed amount of income. This is even more difficult when there is only one person working as you never know what costs are coming your way.

The wording is confusing, the finances are worrying and illegible and when this happens, it usually means that the Council needs more money by any means available. I understand the necessity for more finances but every year Dover loses more and more e.g. children's play areas, funding for schools, dreadful road surfaces, Gateway offices, the list goes on. If all this bunkum means the Council needs more money then just say so without confusion. I have just started with Universal Credit and apart from the application forms being repetitive and badly worded, don't seem to be too bad but it is what happens to the application when DWP, Universal Credit and the Council get around to processing it. The admin cost is more likely to be caused by personnel making mistakes within the system and now you're thinking of changing the system again, good luck with that.

There should be no financial changes for people who currently receive CTS. If you make the new claimants who get Universal credit an easier system then I suppose that would be ok.

This scheme penalises families who are working and does not make clear the impact of future council tax increases for council tax payers who do not receive a subsidy. Furthermore, families who are not working do not seem to be affected and (in my opinion) this will only fuel the cycle of welfare dependence by subsidising low incomes to working families and failing to give an incentive to find work for individuals who already receive a multitude of state benefits.

Those on disability benefit should not have to pay as struggling on universal credit is hard enough to live without the added stress of council tax payments.

What I have just tried to read on my small mobile phone screen, as I do not own a computer and have no one who can help me, is way way way too complicated for me to understand all of this!!!! All I can say, is, like myself, everyone who qualifies for some Council Tax Support, needs to be judged on their own individual situation...

Will put more poor people into poverty do not agree with this new plan

Would like it to stay the same as don't have much income as it is

You should keep to the system you already have, there was a cost incurred when choosing the current system, now there's another cost for households for a 'new' system because of Universal Credit being rolled out across the region. If KCC are short of funds it should be asking central government for assistance, not pressurising more and more households in the region, central government

pushed UC onto people and central government should have the full cost of doing so.

**Q3 Do you think we should choose any of the following options rather than the proposed changes to the scheme?**

**Please select one answer for each source of funding.**

	<b>Yes</b>	<b>No</b>	<b>Don't know</b>	<b>No reply</b>
Increase the level of Council Tax to cover the additional administration costs	15	162	31	25
	6.4%	69.5%	13.3%	10.7%
Find the additional administration costs by cutting other council services	46	123	45	19
	19.7%	52.8%	19.3%	8.2%

**Q4 If you think there should be cuts to other council services, which services should that be?**

Additional admin costs should be absorbed otherwise let's see reductions in staff at the library for example (when I visit there it seems to have a generous amount of staff with little to do). Put parking charges on the car park at the council office this might produce funding at the same time may encourage staff to use public transport.

Administration costs

Anything not required

Ask for more money from Central Government or take it off those who CAN afford to pay! Hard working people and Disabled who CANNOT work should NOT be hit again!

Can't say as don't know enough about them

Cap the wage bills

Complex administration services such as setting up this questionnaire

Council office staff who persist in sending the same letter in one day to the said person more than once at the same time cutting cost plus make letter more easily to understand

Councillors allowances and trips

Councillors wages. Paid to much. That money could be spent else where. They don't need anymore than national minimum living wage like the rest of us.

Cuts to revenue spent in Dover with monies reallocated to Sandwich Area

Do not know.

Far too much is spent by DDC, paying the salaries of the top 10 executives, cut down on the amount of senior management.

From other areas a lot of money is wasted

Give households the opportunity to take their household rubbish & waste - with the exception of food waste to the disposal sites & be awarded a discount for doing so. Current waste services trucks & operatives cause waste & general litter on a collection day. By house-holders doing it it will be far neater & tidier than it currently is.

Giving money to help illegal immigrants while failing to help those who have paid the council tax

Here's an Idea, why not put all the non working migrants into employment with DDC, using them to maintain roads, parks, public areas, schools etc. Do not tell me that you cannot implement such a scheme because DWP are constantly pushing for British people to find employment which I think is Racist against the indigenous population of this country. Migrants should pay for what they use, I have to so what's the difference. I have seen prof of a Migrant receiving £590 a WEEK with NO rent or TAX. The administration cost of processing all these migrants with an Interpreter must have a high cost so give them employment, it works in Australia. Once our country is full to capacity, what happens then.

I could not live independently if things changed.

I don't know but a little on each would be better than all on one

I have read and understand you need to cover admin costs please if you do increase tax do so to the wealthy and not the poor. I know a lot of cuts have already been made. What other council services could be cut should be considered.

I really don't think that DDC should be asking us (the DDC 'Constituents') such important things like this I am completely confused, so I can NOT give you my opinions!!! What I can say though, is that like all Councils, DDC are very cash strapped, so it's totally fair to expect DDC to keep all their out goings to a minimum BUT hopefully NOT affect those in society who are vulnerable, like myself - who really need financial assistance I am widowed, physically Registered disabled and very poorly with physical and mental health problems So, PLEASE do not stop helping people like me! I try to 'survive' on Disability Benefits BUT completely rely on my Council Tax Support relief So, whatever 'you' have to do, PLEASE don't make cuts to those who REALLY need help Thank You (in hope)

I think all elected councillors should not be paid allowances has this cost thousand of pounds which could go to help cover cost

I think services such as shorter opening times of libraries and other council buildings would benefit and release more funds.

I think there are plenty of funds available, it is liquid gold that is scooped off before it gets to any services! There seem to be little accountability.

I think there should be greater efficiency in the running of the current council services. For example, if work practices used within the private sector were implemented - particularly with the procurement process, then money could be

saved. Suppliers could be benchmarked to ensure best value for money and, if not already done so, there could be closer collaboration with other local authorities to obtain economies of scale on goods and services.

I understand that you need to find the money from somewhere but I don't know how or where the relevant required money can or should come from.

I would rather pay a little bit more council tax than having less quality services for essentials eg; rubbish collection, public environment.....

If you would LOWER the cost of parking in many areas more people would park for LONGER and less illegally therefore reducing the amount of supervision needed to combat illegal parking and more money for you in the long run

Immigration housing costs and benefits are unfairly high in Dover as it's the port of entry. Start to think outside the norm to raise income as a council. One example would be fine all the lorries that park in the lay-bys along the A2/M20 corridor. Because their drivers hours have expired. Get rid of parking charges encourage more commerce in Dover. Let out the empty buildings rate free to encourage start ups .... the list goes on

Immigration illegal in Channel

Its not our fault you have introduced an unworkably complicated system.

Less money to local councils for events. Local councillors buy champagne at their meetings.

Libraries (Including mobile libraries) , Parks and Gardens, Social Care, Education, Councillor Expense Allowances, Public Toilets.

N/A

NA

No cuts - just pay to those who actually deserve this support and make savings by stopping payment to those who don't

No cuts, just don't give out as much in CTS, make the cap lower

No cuts.

No floral displays in public garden spaces. No street decorations in summer and winter.

No services should be cut because they are at an all time low as it is.

Overpaid, excessive number of councillors claiming excessive expenses

Police

Removal of public toilets - many people abuse facilities or introduce paid public toilets to help pay towards maintenance (Eastbourne as an example). Introduce more residential parking in roads around the town centre/pay per hour.

Road sweepers as my road is never done. Transport planning Libraries Highways

Road sweeping appears to be useless and could be removed. The sweepers usually cannot get to the kerbs due to parked cars. As a homeowner I am happy to keep my frontage clear as and when I can access it and I suggest other

residents could spend a few minutes a month clearing their kerbs if they want to keep their area tidy. At the moment a lot of streets have grass growing in the kerbs which is evidence that the formal road sweeping is not working.

Services are already limited in the dover area. Cuts would make things worse.

Services are already not meeting the needs of the area

Shut the public toilets and sell them off.

Social housing, subsidised services etc.

Stop charging residents the interest on the loans you took out LOBO we never asked for and never took out .. want , my money back . stop using council tax to fund your golden pensions ... we are on to you .

Stop paying the council leaders so much money!! It's disgusting the amount they get paid!

Stop wasting monies on corporate lunches and dining.

Street lighting

The council has a duty to the people of Dover district, not to people being sent down here by London boroughs and not people arriving illegally from France. Just one minor costs £70,000 pa in fostering fees etc. I never hear Dover Council tell us how much the new arrivals cost us. Stop looking after people not originating from Kent and save millions £.

The money that goes to mps, expenses, police chief, plus drop your business rents so people will actually fill up the empty shops and pay into the system

The Payments to council staff notably at the most senior levels has been generous year on year with pension payments maintained or increased. This seems unfair and ridiculous in an area of low employment and low skilled opportunities. If you can't improve the area for ALL then pay should not be increased nor pensions. Council workers should be motivated better to work productively on improving the services and the area for less. Negotiate better with providers. Too much is wasted on bad deals. Give me a paying job at senior level and I will show you.

Top heavy wages, people over the 150,000 mark

You will be paying less CTS so you don't need to make cuts

**Q5 If you have any further comments or questions to make regarding the CTS scheme that you haven't had an opportunity to raise elsewhere, please use the space below.**

As a 64 year old, disabled, widow...not much of the proposed change will affect me? However, anything that makes the system easier to understand would be welcome. I can't imagine how some families work out what the can/can't claim - even with the new proposals.

As an average person we don't know enough to comment

As an OAP who is relatively well off I believe that the older and wealthier members of our community who can often afford expensive holidays abroad

and pass on their estates to their off-spring can well be expected to contribute a little more for the good of the younger generations. This will be hard to sell and will need to be means tested, not just worked from the rateable value of their home. Many old people want to live in their homes to the end and are asset rich but cash poor. Also they will need to be promised something for future redemption, possibly help with care in old age, etc. Collect in the money now on the promise of future assistance. The old adage of not killing the golden goose.

As I'm a claimant with 1 grown up son who contributes and a severely disabled daughter who I care for I'm not quite sure with the way things have been set out how the new system would effect us

Been a carer is hard and what little money we are able to get through carers allowance is taken into consideration where council tax, housing benefit and universal credits are concerned. This made things harder for those unable to work on top. I think you not taking this into consideration will massively help those in this circumstance as some have no choice but to become carers which is not an easy job. So reducing stress like money issues will help greatly. Also maybe stop threatening court action from payment been few days late as money may be paid later than can be given.

Can't comment as I am not knowledgeable enough as I am happy for the council to make these decisions on my behalf

Carefully adhere to my comments of NOT including the rent element payment on universal credit, only the actual benefit so £73 universal credit and £100 rent = £173 but it's NOT £173 it's only £73 as now the rent is not included in calculation.

Change 1 looks the fairest to me

Change 1 would be a huge hit to me. I am on EESA and currently get 90% discount but new change would reduce that 45% and cost me £891.15 a year!! A huge increase from the £120 pa in paying now. No incentive for anyone on low pay to earn more money. No one gains financially - everyone will be paying more - apart from asylum seekers and other new arrivals.

Didn't the council tax used to be claimed with the rent rebate before Universal Credit was introduced.

Each case needs to be looked at carefully and consideration given to people who cannot work because of medical reasons. Some people can't help being on a benefit, some people have worked all their lives and only now do they need to apply for some help when they need it. You spend your life working and contributing but when you need some help its really hard to get that assistance.

Foster carers should be exempt from paying council tax

hope all migrants have to pay council tax and not keep living of all of us that have to pay

I agree in most part with the changes but am concerned that as a single parent working 16 hours with 3 children I could be worse off how does this work if 2 of my children are twins? my children's ages are 3 (twins boy girl) and a 6 yr old girl. it seems unfair to be 'capped' at 2 children like UC when they were born



before these new rules you want to apply and even before the UC credit rules. please can I have more of an explanation or will there be an issue were these circumstances are looked at? I would appreciate a personal response to the matter of multiple births to this 2 children issue my email is [alscott86@googlemail.com](mailto:alscott86@googlemail.com)

I already find it distasteful that the council have actively pressured UC claimants to accumulate an advancement of one months rent in case of problems with their claim in the future that may affect their ability to pay their rent on time, so to add your proposed nonsense to supposedly make the system easier and fairer to understand BECAUSE of UC is a joke, KCC is responsible for losing tens of millions of pounds yet always calls on the hard pressed to balance the books.

I am available to hire if you would like to hear anymore of my ideas .....

I am delighted you are disregarding carer's allowance. I have always felt it extremely unfair that it was taken into regard

I apologise for not being able to look at this questionnaire sooner - I received the letter about 12 days ago I don't own a computer, so reading everything (and trying to understand it all - which I can't!) and then having to type my answers, using my small mobile phone screen IS extremely difficult I know you can send out a paper version, but I can't get out to a Post Box easily, to send it back! I'm in the middle of trying to Sell my house + since receiving your letter, I've had the BIG tasks of renewing my disabled Blue Badge AND attending my ESA Benefit Assessment in Canterbury And, due to my very poor health, all these things AND this questionnaire, are all NOT easy for me to tackle... (+ I have no one to help me) It was extremely difficult finding this questionnaire also! I had to call DDC in the end! And even then, the very helpful lady gave me the wrong information! Luckily, she called me back - and I've tried my best to tackle this - BUT it's too complicated - sorry (10/09/19)

I can't see any problem with the current system. I claim benefits because I am too unwell to work, therefore my income is severely limited and any help I can get with day to day expenses is more than welcome and I can't see why the process of working out my payments should be problematic. Just another job for someone setting up another complicated system?

I do not find the current scheme complicated.

I don't think child benefit should be included in your weekly earnings ,because as the name suggests it should be spent on the child for clothes, food etc not on council tax.

I feel that the Council penalises the low income working families regardless how many hours they work. They expect to work 35 or more hours with a minimum wage. That doesn't happen in the real world.....

I fully support making it easier but I do not want to be worse off because of it or messed about.

I guarantee if you make changes then you will be responsible for deaths as people struggle now and couldn't afford to wait 6-8 weeks if there is a mistake

I really don't understand what these changes mean for me as although I am of working age I am disabled and will not be fit to work again. I didn't see anything in these proposals that cover this. Will my benefits stay the same or will I be further penalised for being disabled.

I really need it explained better. I'm a full time carer for my son but also help my parents as both are getting older and have illness where they need help so I need to be Available 24/7. Will I have to pay more if the new s home comes I

I think for single people and low income families this is going to help them I watch my mum at times struggle as she is now on her own after my dad passed away and she has a lovely house in Whitfield but pays a lot out in council tax but has a low income and at her age she should be slowing down but is having to work full time and do over time just to live and pay her bills so I know this would really help her out

I think it could work well and obviously easier for everyone to understand, so good on whoever devised the changes

I think making people aware very clearly that there is a hardship fund and how apply. And maybe raising the amount a person can apply for (and pay back less if this is applicable) depending on their situation. I am concerned about the part where there is a standard payment for a non dependant adult, like an adult offspring. If the adult offspring had a disability this could mean they are unable to contribute anything, or very little, to the household. This must be taken into consideration. Possibly if they are disabled that the standard is not included, or changeable in amount? Or the spiral of poverty would be very serious in cases.

I think that this new Tax system is a massive get out of jail free card for DDC, it looks complex, confusing with hidden agendas, so, when it all goes wrong you can say well it's your own fault because you voted for it. We didn't get a vote for Universal Credit and people lost there homes, with broken families, it was even on the news about the catastrophic financial effect on British families because of the incompetence of a few people without any indigenous humanitarian understanding. Do I really think that common people like me will have an input on something so fragile as Council Tax, really you shouldn't be asking the general public unless you regard my view as more professional and unbiased than your own, anyway you will do what ever you want weather we like or not.

I think what is being proposed is the right course of action. What I totally disagree with is your assertion in the opening explanation that it has to be complex to be fair. This is of course utter nonsense as anyone who has worked in business will tell you. If one wants one's business to grow and prosper, imagine telling one's clients yes, sorry, my pricing strategy is complex but it has to be complex to be fair. Don't think so.

I would like to see a simplification of CTS statements. They currently include the amount of support, but should also include the amounts payable and the total bill. The support scheme should also work according to a claimants payment frequency. Some claimants are paid weekly or fortnightly, in the case of UC it's monthly. A claimant should receive their statement at the same time as their payment, so they can see how much they are required to pay every month. To resolve the issue of fluctuating bills, the council should ignore

income increases below a certain threshold (e.g. £25pw). This is similar to the rules for WTC.

If UC is equated with a job we all need training days like the staff who still get it wrong. I had to change my rent date and am now paying extra pro rata which is leaving me short for a few months. We are not told what we may get and advised to budget accordingly when we go on it. We have to pretend we have money for the month which we used for the last month according to the UC statements. I also had to fight against a penalty charge for the dentist which was poor dentistry anyway (chipped already) because the form does not say last complete assessment period and the criteria could actually be put on there not go to www... I worry about anything being matched to UC.

Increasing the council affects public sector workers like me and my wife. We are NHS and have a combined wage of £60k, it makes sound good but after tax, pension, childcare and usual living costs we just stay afloat. Increasing our council tax is unreasonable as we already get taxed to the hilt to support welfare, we both strongly support welfare but it is in the middle that get hit the hardest. Should DDC cut services? I think austerity has cut too many services already and DDC like the NHS has made tremendous cuts but also managed to maintain good services. DDC is often criticised as a council but we see an innovative council that performs well considering the local economic issues. This scheme will support people struggling, ease the process for the disabled, this is a considerate scheme and demonstrates a real social conscience. Could the increases required to accommodate the plans be taken from high earners, big business? council tax payers could all pay slightly more. Thanks

It is good that the carers allowance will be disregarded.

It is jolly good you are considering helping the carers with the proposal to disregard their carers allowance. Hope you are able to implement this!

It is very unfair and punitive on the genuine self-employed.

It seems very unfair to penalise single people who work full time by removing the single person's discount for those who earn above your cut off point, but still below average earnings. Some of us have to spend so many hours commuting and working that we rarely spend any time at home to be able to avail ourselves of some of the council services you offer - e.g. libraries because we're never at home when they're open.

Make the elderly start paying why should they get everything free. What about the disabled they don't ask to be disabled and unable to work yet you give it to them and make them suffer

Making further cuts to other council services which are already under strain is not the answer. Making things simpler but ensuring the support scheme benefits reach the right people should in itself mean admin cost savings can be used to support the scheme itself and maybe even the other council tax services. I would fully support any changes that makes life simpler for the claimants.

N?A

No comments and questions.

Pay less for those who don't work but leave the ones who can't work alone. Take into account that people have higher travel cost to work as bus and train fares are constantly going up also fuel prices and parking are so high. I pay to use the Park and ride, am also taxed to drive my car, taxed on my fuel. Etc.

People with an income of £0 - £82.10 should NOT have to pay any Council Tax. The discount level should be 100% not 90%.

Reduce the levels of expensive 'management' within the council administration & with the savings employ more direct labour to carry out work in the community & then get rid of the contractors/sub contractors. A major regime change & management structure is needed. With SERVICE to the community being the main aim - not profiteering by contractors!!

The new scheme looks like a fairer and easier to understand change to council tax, my only worry would be people on lower wages could be worse off?

The people in charge should not have any pay increase and no bonuses. Introduce part time working for the administration departments and job share. This would get more people who have limited time back into part time work.

The proposed scheme would mean that as a single disabled person my council tax benefit discount entitlement would decrease by around 30% meaning I would have to pay an extra £30 a month. This is unacceptable. As a disabled person I already struggle to pay bills and rent. This would make my financial situation much more difficult and even put my life in danger during the winter months due to substituting heating bills for council tax payments. I have a chronic lung condition and this would poorly affect my quality of life. I am appalled by this proposed scheme and Sincerely hope it does not come to fruition.

The system should be aligned with universal credit, that makes sense to me. However, what you are proposing is complicated, although you have explained clearly how it should work.

The whole of DDC allocation of funds is heavily weighted towards Dover !!!!

There should not be cuts to other services or changes to this scheme until the council can prove no one will lose out. I do not believe your wording "will become more expensive to run". Why? Where is your evidence to prove the current scheme is more expensive to run? If it's an expensive way of running the scheme why are you only suggesting changes now? You also contradict yourselves, you claim at the beginning of your background notes that it isn't about funding or reducing the amount spent on the scheme but then proceed to mention every couple of lines, that either the current scheme is too expensive or the proposed changes will save money! Either you are spending the same or you are not. Be honest. Either you support residents are you don't. Once again I underline the fact that it is the Council's duty to prove their case and come up with proposals that work and are in budget. Some of your employees are paid fortunes of money to be the experts in finance and budgeting.

to be honest I find it all really complicated as do most people but if what you are proposing is easier then I think that will be better

Try to use less paper and send out fewer letters, that would save money.

unsure how this will affect someone with learning disability on income support allowance and disabled living allowance

What about part-time workers? Will the 16 hours per week still apply? The self employed rule makes no provision for holidays (those employed by companies receive paid holiday, some up to five weeks). As it stands the ruling assumes a self-employed person works 52 weeks a year!

Would be good to see how the claimants application form would look . For example are the forms difficult to fill in , to make a claim.

you also need to disclose where the money goes in the large portion of a council tax. ie - my bill shows small amount to local but over £ 900 to central council . undisclosed funds ...

You can't simply raise taxes anymore to raise funds. People only have a certain amount of money. There has to be a limit. I am on low income anyway and find that with relying on benefits finding the shortfall a struggle. Also being basically housebound I find I do not use a lot of services I am contributing to. Contact is a problem. I have no internet or telephone and rely on post. I find that assuming everyone has internet access very frustrating.

**Q6 Are you, or someone in your household, receiving CTS at this time?**

· Yes	140	60.1%
No	67	28.8%
Don't know/Not sure	15	6.4%
No reply	11	4.7%

**Q7 What is your sex?**

· Male	93	39.9%
Female	116	49.8%
Prefer not to say	14	6.0%
No reply	10	4.3%

**Q8 Age**

· 18-24	3	1.3%
25-34	20	8.6%
35-44	31	13.3%
45-54	51	21.9%
55-64	85	36.5%
65-74	22	9.4%
75-84	3	1.3%
85+	-	-
Prefer not to say	8	3.4%
No reply	10	4.3%

**Q9 Disability: Are your day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?**

· Yes	94	40.3%
No	108	46.4%
Don't know/Not sure	4	1.7%
Prefer not to say	16	6.9%
No reply	11	4.7%

**Q10 Ethnic Origin: What is your ethnic group?**

· Prefer not to say	19	8.2%
British	194	83.3%
Irish	-	-
Gypsy or Irish Traveller	-	-
Any other White background	6	2.6%
White & Black African	-	-
White & Black Caribbean	-	-
White & Asian	-	-
Any other multi mixed background	2	0.9%
Pakistani	-	-

Indian	-	-
Bangladeshi	1	0.4%
Chinese	-	-
Any other Asian background	2	0.9%
African	1	0.4%
Caribbean	-	-
Any other Black background	-	-
Arab	-	-
Other – please specify below:	-	-
No reply	8	3.4%

## DDC Equalities Impact Assessment - Stage 1 - CTS scheme 2020-21

<b>Date of initial assessment</b>	28/06/2019
<b>Proposal to be assessed</b>	The Council Tax Support scheme for 2020-21
<b>New or existing policy or function?</b>	Existing
<b>External (i.e. public-facing) or internal?</b>	External
<b>Statutory or non-statutory?</b>	Statutory
<b>Your name</b>	Mark Gillmore
<b>Your job title</b>	Revenues & Benefits Manager
<b>Your contact telephone number</b>	01227 862389
<b>Decision maker</b> (e.g. Full Council, Community Committee, Management Team etc.)	Full Council
<b>Estimated proposal deadline</b>	31/03/2020

<p><b>Please outline your proposal, including:</b></p> <ul style="list-style-type: none"> <li>● Aims and objectives</li> <li>● Key actions</li> <li>● Expected outcomes</li> <li>● Who will be affected and how</li> <li>● How many people will be affected</li> </ul>	<p><b>The Aims, Objectives and Expected Outcomes:</b></p> <p>Since 1st April 2013, the Council has maintained a local Council Tax Support scheme (CTS). This replaced the national Council Tax Benefit scheme, which ended on 31st March 2013. Council Tax Support helps provide support to Council Tax payers who have a low income. It supports the taxpayers by providing a reduction in the actual amount of Council Tax payable.</p> <p>The Council has the ability to determine the level of support given to working age applicants only. The scheme for pension age applicants is determined by Central Government and therefore the ability of the Council to vary that part of the scheme is limited and can only enhance the national scheme in any event.</p> <p>When Council Tax Support was first introduced, Central Government provided a specified level of grant, which was approximately 10% lower than the amounts previously given (pre 1st April 2013).</p>
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This has now been replaced by a general duty to provide a scheme and funding is not separately identified within the grants given to the Council.

After the original consultation, the Council decided to introduce a Council Tax Reduction scheme that differed from the original Council Tax Benefit in that instead of granting a maximum level of support of 100% it would limit the maximum support to 95%. In April 2017 (the current scheme) the maximum level of support was limited to 90%.

#### **The Proposed Scheme for 2020/21**

It has now been decided by the Council that a full review should be undertaken as to the effectiveness of the current Council Tax Support scheme and a public consultation will be undertaken to gather views as to whether the current scheme should be changed.

The Council is minded to make changes the working age scheme to ensure that it is fit for purpose with the challenges and financial burdens that UC brings to the ongoing administration of CTS. We currently have a tapered scheme which means that any change (however small) in a claimant's income causes their entitlement to change and the Council Tax bill to be recalculated. There is a need to have a scheme that deals with UC in a fairer and more efficient way.

These pressures will only increase once the UC roll-out accelerates with the managed migration of claimants on legacy benefits (currently due to complete by December 2023).

An income banded scheme replaces benefit withdrawal tapers with a series of plateaus and cliff-edges. This means that variations in earnings that do not cause the claimant to cross an income band can be ignored, reducing administration. Across the LAs that have or are intending to adopt this type of scheme there is no universal approach or agreed set of figures. We are proposing to adopt five income bands for four household types and to set our figures as generous as possible within financial requirements of a cost-neutral scheme.

	<p>As a result the figures in our income bands are set at National Living Wage (NLW) rates with an additional 20% premium for each figure. The income bands are in a 4x5 grid and awards are set at a maximum 90% down to a minimum 30% at 15% intervals (90, 75, 60, 45, 30).</p> <p><i>It should be noted that the changes, if made, would only apply to the working age scheme although the consultation will be open to all Council Tax payers.</i></p> <p>The main proposals of the scheme are detailed in the committee report. Any changes if adopted will be effective from 1st April 2020.</p>
<p><b>What relevant data or information is currently available about the customers who may use this service or could be affected?</b> Please give details; for example “x% of customers are female” or “x% of customers are aged over 60”</p>	<p><b>Scope of the Equality Impact Assessment</b></p> <p>It should be noted that Pensioners will continue to be protected under the rules prescribed by Central Government. These broadly replicate the Council Tax Benefit scheme, which existed prior to 1st April 2013.</p> <p>Central Government has not been prescriptive in how it does this but points to the Council’s existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.</p> <p>Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.</p> <p><i>Pension age claimants have not been included in the analysis as they are protected.</i></p>

	<p><b>Disability and Carer Characteristics</b> By disregarding some incomes and replacing disability premiums to 100% for people with disabilities and carers results in their entitlement to Council Tax Support being protected or increased.</p> <p><b>Sex and Age Characteristics</b> Eligibility for Council Tax Support is not based on a person's sex or age.</p> <p>We do not collect information about the following characteristics from claimants as it is not relevant to the calculation of council tax reductions:</p> <ul style="list-style-type: none"> <li>• Religion or belief</li> <li>• Sexual orientation</li> <li>• Gender reassignment</li> <li>• Marital or civil partnership status</li> <li>• Pregnancy or maternity</li> </ul> <p>We anticipate a neutral impact on these protected characteristics.</p>
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<b>Is the decision relevant to the aims of the Public Sector Equality Duty, which are listed below?</b> Guidance on the aims can be found in the EHRC's <a href="#">PSED Technical Guidance</a>		
Aim	Yes/No	Explanation
<b>Eliminate discrimination, harassment and victimisation</b>	No	
<b>Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it</b>	No	
<b>Foster good relations between persons who share a relevant protected characteristic and persons who do not share it</b>	No	

**Assess the relevance of the proposal to people with different protected characteristics, and assess the impact of the proposal on people with different protected characteristics.**

Your explanation should make it clear who the assessment applies to within each protected characteristic. For example, a proposal may have high relevance for young people but low relevance for older people; it may have a positive impact on women but a neutral impact on men.

Protected characteristic	Relevance to proposal <b>High/Medium/Low/None</b>	Impact of proposal <b>Positive/Neutral/Negative</b>	Explanation
<b>Age</b>	Low	Neutral	This proposal affects those of working age only
<b>Disability</b>	Medium	Positive	By disregarding some incomes and replacing disability premiums to 100% for people with disabilities and carers results in their entitlement to Council Tax Support being protected or increased
<b>Gender reassignment</b>	None	Neutral	
<b>Sex</b>	None	Neutral	
<b>Marriage/ civil partnership</b>	None	Neutral	
<b>Pregnancy and maternity</b>	None	Neutral	
<b>Race</b>	None	Neutral	
<b>Religion or belief</b>	None	Neutral	
<b>Sexual orientation</b>	None	Neutral	
<b>Other groups:</b> for example – low income/ people living in rural	Medium	Positive	By disregarding some incomes and replacing disability premiums to 100% for people

<p>areas/ single parents/ carers and the cared for/ past offenders/ long-term unemployed/ housebound/ history of domestic abuse/ people who don't speak English as a first language/ People without computer access etc.</p>			<p>with disabilities and carers results in their entitlement to Council Tax Support being protected or increased. Please note that the new scheme may disadvantage some claimants with more than two children. None of the details that form this proposal directly or specifically target or solely affect any one of the protected characteristics or any other identifiable groups.</p>
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<p><b>Are you going to make any changes to your proposal as a result of these findings, in order to mitigate any potential negative impacts identified?</b> If yes, what are they? If no, why not?</p>	<p><b>Actions to mitigate any identified impacts</b> Claimants negatively affected by the changes will be eligible to apply for the Council's Exceptional Hardship Payment fund (EHP) which was introduced in April 2017 and is money allocated specifically to support those who have been affected by changes to CTS schemes. The design of the Exceptional Hardship Payment fund is that it will allow any claimant to apply for additional support. It will examine their overall circumstances; examine both income and expenditure with a view to determining whether exceptional hardship exists. Under the scheme, claimants will potentially be able to receive additional support up to the full level of their Council Tax.</p>
<p><b>Is there any potential negative impact which cannot be minimised or removed? If so, can it be justified?</b> (for example, on the grounds of promoting equality of opportunity for another protected characteristic)</p>	<p>It will affect those with protected characteristics as well as those without. Whilst negative impacts can be minimised or removed with the Exceptional Hardship Payment fund, the funding will be finite and therefore will not be able to mitigate negative impacts for all those affected. It can be justified as those most affected will have support available and people will be affected irrespective of whether or not they have protected characteristics.</p>

**What additional information would increase your understanding about the potential impact?**

The necessary information is available and will be analysed thoroughly to ensure that the potential impacts of this proposal are fully understood and communicated. None of the details that form this proposal directly or specifically target or solely affect any one of the protected characteristics.

## **DDC EIA Stage 2 - CTS scheme 2020-21**

**Name of Policy/Strategy/Service/Function Proposal:** The Council Tax Reduction Scheme for 2020/21

**Date of second stage assessment:** 31/10/2019

### **The Aims, Objectives and Expected Outcomes:**

Council Tax Reduction (referred to locally as Council Tax Support (CTS)) is a means tested, locally defined Council Tax discount and replaced Council Tax Benefit in April 2013. The current Dover District Council scheme closely mirrors the former Council Tax Benefit and is administered in a similar way (and often at the same time) as an award of Housing Benefit.

Whilst CTS is a local discount, the rules around pension age customers are nationally defined and the local authority has no discretion to vary that element of the scheme. However the scheme for working age customers is not nationally defined and each local authority has full discretion over the design of its scheme. This means that where there is a need to change the scheme, that change can only affect working age recipients.

### **Changes since 2013**

Since the introduction of Council Tax Reduction, the overall scheme adopted by the Council has remained broadly the same; primarily introducing a minimum payment for all claimants of working age, with only applicable amounts and non-dependant charges being uprated as well as minor changes being made to mirror changes to Housing Benefit and Universal Credit.

### **The Proposed Scheme for 2020/21**

It has now been decided by the Council that a full review should be undertaken as to the effectiveness of the current Council Tax Reduction scheme and a public consultation has been undertaken to gather views as to whether the current scheme should be changed. A summary of the results of the consultation are provided separately.

There is a need to review our CTS scheme to assess whether it is fit for purpose with the challenges and financial burdens that Universal Credit (UC) brings to the ongoing administration of CTS. We currently have a tapered scheme, which means that any change, however small, in a

claimant's income causes their entitlement to change and the Council Tax bill to be recalculated. There is a need to have a scheme that deals with UC in a fairer and more efficient way.

These pressures will only increase once the UC roll-out accelerates with the managed migration of claimants on legacy benefits (currently due to complete nationally by December 2023).

***It should be noted that the changes, if made, would only apply to the working age scheme.***

**The proposed changes to the scheme are as follows. Any changes if adopted will be effective from 1st April 2020:**

1. introducing an income 'grid' scheme for all working age applicants replacing the current means tested approach which was based on the previous Council Tax Benefit scheme. The grid will be limited to a maximum of two dependants.
2. Introducing a standard non-dependant deduction of £10 per week. This means that some households with an adult other than a partner (such as an adult son or daughter) will have £10 per week deducted from the amount of help they receive. Currently the amount deducted varies, with some deductions higher than £10 per week and others lower.
3. Changing the claiming process for all applicants who receive Universal Credit.
4. Removing the current earnings disregards and replacing them with a standard disregard of £25 a week. Earnings disregards are an amount of money that are not counted when working out the amount of help households receive. Currently this amount of money varies, with some lower than £25 a week and others higher.
5. Disregarding Carer's Allowance which is currently taken into account as income.
6. Replacing any lost disability premiums in the current scheme with an equivalent income allowance.
7. Setting a minimum income floor for all self-employed applicants at 35 hours per week multiplied by the National Living Wage to fully align with Universal Credit.

The Council also consulted on whether they should maintain the current scheme for working age applicants or whether it should consider the following alternatives: continuing with the current scheme, reducing funding to other council services to pay for extra running costs, using the council's reserves to keep the current scheme.

### **Scope of the Equality Impact Assessment**

The following identifies the potential impact on claimants and particular groups of claimants. It should be noted that Pensioners will continue to be protected under the rules prescribed by Central Government. These broadly replicate Council Tax Benefit scheme, which existed prior to 1st April 2013.

Central Government has not been prescriptive in how it does this but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.

Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. Pension age claimants have not been included in the analysis as they are protected.

Data has been analysed for those protected characteristics where we hold data: disability, carers, children The review has found that:

- 47% of claimants have a disability.
- 17% of claimants have a carer in the household.
- 36% of claimants have two children or less in the household.
- 13% of claimants have more than two children in the household.

### **Disability and Carer Characteristics**

Disregarding Carer's Allowance and replacing disability premiums to 100% for people with disabilities and carers results in their entitlement to Council Tax Support being protected or increased.

### **Sex and Age Characteristics**

- Eligibility for Council Tax Support is not based on a person's sex or age. This proposal affects those of working age only.

*We do not collect information about the following characteristics from claimants as it is not relevant to the calculation of council tax reductions:*

- Religion or belief
- Sexual orientation
- Gender reassignment
- Marital or civil partnership status
- Pregnancy or maternity\*

\*We anticipate a neutral impact on these protected characteristics. The exception to this is that claimants within the 'Pregnancy or maternity' grouping may be impacted by the limiting of support to two children if the addition(s) to the household result in there being more than two children in the household. The impact is neutral rather than negative because this group will not experience a reduction in their existing benefit as a result of any additional children, they will not receive additional support that they would do if the scheme did not change. Please refer to the separate 'Two child policy justification' document for further details about the reasoning behind this change.

### **Actions to mitigate any identified impacts**

The Council has an Exceptional Hardship Policy to assist persons who have applied for Council Tax Support and who are facing 'exceptional hardship'. This is to provide a further financial contribution where an applicant is in receipt of Council Tax Support but the level of support being paid by the Council does not meet their full Council Tax liability. We recognise the importance of protecting our most vulnerable customers. This policy is to ensure that we protect and support those most in need. The Exceptional Hardship Fund is intended to help in cases of exceptional financial hardship.

### **Current Council Tax Support caseload overview 2019**



<b>Working Age</b>	All Claimants	Disability	No Disability	Carer	Non Carer	More than two children	Two children or less	No children
Number of claimants	5,448	2,539	2,909	943	4,505	718	1,947	2,783
Proportion of claimants	100%	47%	53%	17%	83%	13%	36%	51%

## Two-child policy in Council Tax Support scheme

### Purpose

This document seeks to explain the proposal to apply a two-child limit within the council's Council Tax Support (CTS) scheme from 1 April 2020.

### Background

The council is seeking to redesign the existing CTS scheme. Various measures are being proposed and have been consulted upon. One of these measures is to apply a limit on the number of children that will be 'paid for' within the scheme. Currently, all children are effectively 'paid for' within the scheme.

### What is being proposed?

The proposed CTS scheme will be fundamentally different from the existing scheme. The existing scheme operates in a very similar way to how the previous Council Tax Benefit (CTB) scheme worked – via a series of allowances, and premiums, which created the claimant's 'Applicable Amount'. From this income was deducted (subject to various disregarded amounts), and then a 'taper' applied to the difference, which resulted in the claimant's weekly CTS entitlement. Each child attracted an additional allowance.

The proposed CTS scheme applies a limit on the number of children for which an allowance is made. This limit will not be applied by a direct removal of an amount for each child, rather the limit is applied by setting a maximum 'allowable income' which then dictates how much CTS a person can receive. The maximum allowable income is set via a table of amounts, where those amounts 'end' at families with two children. It therefore follows that any families with three or more children do not receive a higher 'allowable income'.

### Why is this 'limit' being proposed?

What has become known as the Two-Child Policy was among a package of welfare reforms announced at the July 2015 Budget. From April 2017 support provided to families through tax credits, Housing Benefit, or Universal Credit (UC) has been limited to two children. It was argued that this policy would put claimants in the same position as working households when considering the financial costs of having another child. In the July 2015 Budget (para 1.145) it was stated that:

On top of Child Benefit for every child, an out of work family with 5 children can currently claim over £14,000 a year in tax credits alone. The government believes that those in receipt of tax credits should face the same financial choices about having children as those supporting themselves in work'.

The proposed CTS scheme is being simplified, and in some aspects aligned to Universal Credit (UC). As stated above, within UC a two-child limit already applies.

### What is the justification for this proposed two-child limit?

There is a national policy of restricting support to two children (as outlined above). The proposal is not aimed as an 'anti-family' measure. It is being considered to align the local CTS scheme with national policy.

We have sought to ensure that this proposal also aligns with the local caseload. Analysis has shown where families are receiving CTS with an element for children, the median number of children within those families is 2. Having established that this national policy is also reflective in the local caseload this is a justifiable number of children at which to introduce the proposed limit.

### Won't this discriminate against families with large numbers of children?

Our financial modelling does indicate that those families with large numbers of children will be adversely affected. The reason for this is because those families receive allowances for each child within the other state benefits that they may be receiving.

It should be noted that the average annual household income for these cases exceeds the 2018 UK average household income of £28,400\* in the majority of cases ([ONS 2018 average household income](#) - disposable income after direct taxes: Income Tax, National Insurance and Council Tax).

Also, families with at least one parent in work are not affected by the benefit cap so they are not impacted by this aspect of welfare reform.

For example, a family with 6 children is currently forecasted to receive £29 per week less in CTS under the proposed new scheme. However, they receive £450 per week in benefit income and their total annual income is nearly £40,000.

We have undertaken research into the 20 families with more than 2 children who will lose the most under the proposed new scheme. Our analysis shows that whilst the sums being 'lost' are not insignificant, the amount of weekly income that those families receive is significantly above 'average wage' levels.

<b>CTS weekly Impact</b>	<b>No. of children</b>	<b>Total weekly income</b>	<b>Earned weekly income</b>	<b>Benefit weekly income</b>	<b>Annual income</b>
-£29	6	£761	£223	£538	£39,558
-£28	6	£742	£461	£282	£38,607
-£28	3	£632	£0	£632	£32,887
-£27	7	£556	£117	£439	£28,909
-£25	8	£907	£264	£643	£47,142
-£25	6	£525	£179	£347	£27,324
-£25	4	£475	£200	£275	£24,720
-£24	5	£514	£111	£402	£26,720
-£24	9	£897	£264	£633	£46,639
-£24	4	£491	£226	£265	£25,538
-£24	6	£542	£220	£322	£28,186
-£24	4	£515	£184	£331	£26,756

CTS weekly impact	No. of children	Total weekly income	Earned weekly income	Benefit weekly income	Annual income
-£23	4	£520	£178	£342	£27,031
-£22	4	£584	£190	£394	£30,388
-£21	6	£596	£264	£332	£30,993
-£21	6	£579	£215	£364	£30,132
-£19	4	£451	£223	£228	£23,461
-£19	4	£446	£164	£282	£23,199
-£18	5	£532	£161	£371	£27,645
-£18	3	£480	£226	£254	£24,941

*\*Earned and Benefit may not equal Total due to rounding with the removal of decimals/ pence*  
The current average wage for employed earners is £507 p/w, before tax and other deductions  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/september2019>

An important point to bear in mind is that whilst state benefits are effectively paid as ‘net’ amounts, those in employment receive wages earned as ‘gross’ amounts. This means that for someone in employment to receive the equivalent amount of income as someone receiving state benefits, their wages would need to be significantly higher to be paid the same amount. Large families will continue to receive Child Benefit for each and every child in their household, and all of this Child Benefit is disregarded as income in the CTS scheme. The proposed measure should not be viewed solely in isolation – in fact, it is a by-product of the ‘allowable income’ measure (as described above). In fact, some families with one child, or even couples with no children, can find themselves entitled to no CTS, because their weekly income is too high.

#### Local caseload impact table of the proposed two child limit

	Dover District Council
Number of cases where award has reduced	269
Number of cases where award has increased	135
Number of cases where award is unchanged	314

	Dover District Council
Average reduction of award where award has decreased	-£8.32
Average increase of award where award is higher	£1.91
Average weekly liability in cases with 3 or more children	£25.24
Average reduction as a percentage of average liability	32.97%
Average increase as a percentage of average liability	7.56%

One thing to note about these figures is that currently those receiving Income Support, Income Related Employment and Support Allowance and income based Jobseeker's Allowance are being protected from the effect of the change.

Once they are migrated then they are likely to be negatively impacted in the same way existing Universal Credits are. There are 287 who are on these benefits.

#### **Is there any additional support available to those affected?**

The Council has an Exceptional Hardship Policy to assist persons who have applied for Council Tax Support and who are facing 'exceptional hardship'. This is to provide a further financial contribution where an applicant is in receipt of Council Tax Support but the level of support being paid by the Council does not meet their full Council Tax liability. We recognise the importance of protecting our most vulnerable customers. This policy is to ensure that we protect and support those most in need. The Exceptional Hardship Fund is intended to help in cases of exceptional financial hardship.

#### **Summary**

To summarise, these cases previously had high applicable amounts due to the number of children which allowed them to have full eligible CTS or high amounts of CTS. Under the proposed new scheme, when placed into the Family with 2 children category of the income grid their level of eligible income means that they are not entitled or entitled to a much reduced amount.

This aligns both with the national policy to align the behaviours, financial implications and decision-making of working and non-working households with children, as well as with the local caseload insight that demonstrates that the average number of children within CTS recipient households is 2.

The expectation of the taxpayer would be that working and non-working households should be treated comparably and subject to the same decision-making when considering the financial implications of increasing the size of the household with additional children before determining whether or not they had the sufficient level of income to do so (clearly they are exceptional and extenuating circumstances that sit outside of this rationale and these would be eligible to apply for additional support from the Council's Exceptional Hardship Fund). Parents within households that support themselves solely through work would not usually see their wages increase simply because of the addition of a new child in their family.

## Self-employed minimum income floor

### Purpose

This document seeks to explain the proposal to apply a single minimum income floor for claimants with self-employment as their sole or primary income within the council's Council Tax Support (CTS) scheme from 1 April 2020.

### Background

The council is seeking to redesign the existing CTS scheme. Various measures are being proposed and have been consulted upon. One of these measures is to have a single, full-time equivalent minimum income floor that replicates and aligns with Universal Credit. Currently, there are two minimum income floors within the scheme, one full-time (at 35 hrs x National Living Wage [NLW]) and one part-time (at 16 hrs x NLW).

### What is a minimum income floor?

The minimum income floor (MIF) in Universal Credit is an assumed level of earnings (working 35 hours at applicable wage) for those that are gainfully self-employed, based on what the Government would expect an employed person to receive in similar circumstances.

'Gainfully' stipulates that self-employment in a trade, profession or vocation should be their main occupation. It must also be organised, developed, regular, and carried out in expectation of profit.

It is calculated using the minimum wage for their age group (NLW if over 25, NMW if under 25) multiplied by the number of hours they are expected to look for and be available for work. If their self-employed earnings are below the MIF, the MIF will be used to work out their UC award instead of their actual earnings.

### What is being proposed?

The proposed CTS scheme change applies to self-employed claimants who are earning below the full-time equivalent of someone who is in employment (35 hours at NLW).

### Why is this change being proposed?

The proposed CTS scheme is being simplified, and in some aspects aligned to Universal Credit (UC). As stated above, within UC a single Minimum Income Floor already applies.

### What is the justification for this proposed change?

It is being considered to align the local CTS scheme with national policy.

### Won't this discriminate against the self-employed?

Recent case law ([Parkin v SSWP](#)) from September 2019 has determined that the minimum income floor is not unlawful and does not discriminate against the self-employed. Whilst the Judge established that the MIF does result in a difference in treatment between the self-employed and the employed, this is because they are not in relevantly analogous circumstances.

The Judge held that the MIF was not manifestly without reasonable foundation (MWRFF) as it cohered with the aim of encouraging those with persistently low self-employed earnings to carefully consider whether they should continue to be gainfully self-employed.

For similar reasons, the Judge rejected the common law irrationality challenge. The Secretary of State has had the necessary due regard for the equality objectives in formulating the MIF as she was entitled to assess the equality impacts of the scheme of UC (including the MIF) as a whole. Accordingly, the claim for judicial review was dismissed.

"One of its [the minimum income floor] primary aims is to influence behaviour, by giving claimants incentives either to enter employment, or to take up self-employment, but only where

self-employment enables them to be self-sufficient in the long term.” - Justice Laing (Parkin v SSWP)

#### **Local caseload impact table of the proposed single minimum income floor**

	Number	Percentage of total
Number of self-employed cases	27	100.00%
Cases whose first year of self-employment ends after 31/03/2020	2	7.41%
Number of cases currently using full time minimum income floor	21	77.78%
Number of cases using part time minimum income floor and will be impacted by the proposed change	4	14.81%

The current self-employed caseload as detailed in the table above has been split into three categories. The first who are currently in their first year of self-employment and that isn't due to change until the next financial year, so their award will be whatever the scheme is at that point.

The next are those who are currently having the full time minimum income floor applied, so their award will only be adjusted by the changes to minimum wage and will not be affected by the proposed change based on their current circumstances.

And the last are those who are currently on the part time minimum income floor, so would be impacted by the change to the scheme.

The minimum income floor for a full time person is £262.31 (net)

The minimum income floor for a part time person is £131.36 (net)

This means that the change would have the effect of potentially increasing a person's applicable income by £130.95.

This may not always be the amount of the increase as their part time work currently maybe above the £131.36 per week amount. That level of increase in weekly income is likely to result in a steep reduction in award.

#### **Is there any additional support available to those affected?**

The Council has an Exceptional Hardship Policy to assist persons who have applied for Council Tax Support and who are facing 'exceptional hardship'. This is to provide a further financial contribution where an applicant is in receipt of Council Tax Support but the level of support being paid by the Council does not meet their full Council Tax liability. We recognise the importance of protecting our most vulnerable customers. This policy is to ensure that we protect and support those most in need. The Exceptional Hardship Fund is intended to help in cases of exceptional financial hardship.

## **Summary**

To summarise, when a self-employed claimant earning below the minimum income floor is assessed according to the proposed new single minimum income floor they are not entitled or entitled to a much reduced amount. This aligns both with the national policy to align the behaviours, financial implications and decision-making of employed and self-employed households.

The expectation of the taxpayer would be that claimants choosing self-employment as their main employment should be treated comparably and subject to the same decision-making when considering the financial implications and viability of their chosen employment. Claimants should be responsible for determining whether or not they have the sufficient level of income from it to sustain themselves rather than being subsidised by the taxpayer if the self-employment is not profitable.

The aim of this proposed change is not to encourage a claimant in unprofitable self-employment to give up all employment, but rather, to give up that unprofitable self-employment as their main employment, and to look for better paid work.





# EKS

## **Council Tax Support Exceptional Hardship Scheme 2020 / 2021**

**Working in partnership with Canterbury City Council,  
Dover District Council and Thanet District Council.**

Canterbury City Council, Dover District Council and Thanet District Council have entered into a shared service agreement to allow joint working in the Customer Services, ICT, Benefits, Council Tax and Business Rates sections.

Where 'EK Services' and 'EKS' are mentioned this refers to the shared service between Canterbury City Council, Dover District Council and Thanet District Council.

Where references are made to 'EK Services Officers' these services are now being delivered by Civica UK Limited. Civica UK Limited provides benefit services, income collection services, council tax and business rates administration and collection services and customer contact services to the council.

## **1.0 Background**

1.1 An Exceptional Hardship Policy has been developed by EK Services, and approved by Canterbury City Council, Dover District Council and Thanet District Council, to assist persons who have applied for Council Tax Support and who are facing 'exceptional hardship'. This is to provide a further reduction in Council Tax liability where an applicant is in receipt of Council Tax Support but the level of support being allowed by the Council does not meet their full Council Tax liability. We recognise the importance of protecting our most vulnerable customers.. This policy is to ensure that we protect and support those most in need. The Exceptional Hardship Scheme is intended to help in cases of exceptional financial hardship.

1.2 The main features of the policy are as follows:

- The operation of the Scheme will be at the total discretion of the Council;
- The policy will be applied by EK Services on behalf of the Council;
- Exceptional Hardship falls within s13(A)(1a) of the Local Government Finance Act 1992 and forms part of the Council Tax Support scheme;
- Exceptional Hardship reductions will only be available for a Council Tax liability for the current financial year and will not be available for any other debt other than the current financial year's outstanding Council Tax; Exceptional Hardship must have been proven to have existed throughout the whole of the period requested and will only be backdated to the start of the financial year in which the claim is made;
- A pre-requisite to receive a reduction is that an application for Council Tax Support has been made;
- Exceptional Hardship reductions are designed as short-term help to the applicant only and will only be made for up to one financial year at a time;
- All applicants will be expected to engage with the Council and undertake the full application process. Failure to do so may mean that no reduction will be made.

## **2.0 Exceptional Hardship and Equalities**

2.1 The creation of an Exceptional Hardship Policy facility meets the Council's obligations under the Equality Act 2010.

2.2 The Council recognises the impact the changes to our Council Tax Support Scheme will have on our most vulnerable residents as well as those that have been disproportionately affected by the changes made in 2020. This policy therefore has an essential role in protecting from exceptional hardship those applicants most in need.

## **3.0 Purpose of this policy**

3.1 The purpose of this policy document is to specify how EK Services will operate the scheme, to detail the application process, and indicate a number of factors which will be considered when deciding if an Exceptional Hardship reduction can be made.

3.2 Each case will be treated on its own merits and all applicants will be treated fairly and equally.

## **4.0 The Exceptional Hardship Process**

4.1 As part of the process of applying for additional support, applicants must be willing to undertake all of the following:

- Make a separate application for a reduction under the Scheme . Where a joint Council Tax bill has been issued, the application must be made in joint names;
- Provide full details of their income and expenditure;
- Where a person is self-employed or a director of a private limited company, provide details of their business including supplying business accounts;
- Engage with and accept assistance from or third party debt advice agencies, and the council, to enable them to manage their finances more effectively - including the termination of non-essential expenditure and assessment of the potential for additional paid employment where applicable;
- Identify potential changes in payment methods and arrangements to assist them;
- Assist the Council to minimise liability by ensuring that all discounts, exemptions and reductions are properly granted; and
- Maximise their income through the application for other welfare benefits, cancellation of non-essential contracts and outgoings and by identifying the most economical tariffs for the supply of utilities and services generally.

4.2 Through the operation of this policy the Council will look to assist those in exceptional financial hardship by:

- Allowing a short period of time for someone to adjust to unforeseen short-term circumstances and to enable them to “bridge the gap” during this time, whilst the applicant seeks alternative solutions;
- Helping applicants through personal crises and difficult events that affect their finances;
- Helping those applicants who are trying to help themselves financially;
- Helping applicants disproportionately impacted by the Council Tax Support scheme introduced in April 2020, and
- Encouraging applicants to engage with Jobcentre Plus to obtain and sustain employment.

4.3 An Exceptional Hardship reduction will not be considered in the following circumstances:

- Where the full Council Tax liability is being met by Council Tax Support;
- Where the request for assistance is made for any other reason, other than to reduce Council Tax liability;
- Where the Council considers that there are unnecessary expenses/debts etc. and that the applicant has not taken reasonable steps to reduce them;
- Where the request covers arrears of Council Tax caused through the failure of the applicant to notify changes in circumstances in a timely manner or where the applicant has failed to act correctly or honestly;
- Where the request is to cover previous years’ Council Tax arrears;
- Where the applicant(s) is considered to have access to other assets that could be used to pay the Council Tax; or
- The applicant has not tried all other reasonable means to address the shortfall before making this application.

## **5.0 The award of an Exceptional Hardship Reduction**

5.1 The Council will decide whether or not to make an Exceptional Hardship reduction, and how much any reduction might be. When making this decision the Council will consider:

- The shortfall between Council Tax Support and Council Tax liability;

- Whether the applicant has engaged with the Exceptional Hardship process;
- The personal circumstances, age and medical circumstances (including ill health and disabilities) of the applicant, their partner, any dependants and any other occupants of the applicant's home;
- The difficulty experienced by the applicant, which prohibits them from being able to meet their Council Tax liability, and the length of time this difficulty will exist;
- The income and expenditure of the applicant, their partner and any dependants or other occupants of the applicant's home;
- All income received by the applicant, their partner and any member of their household irrespective of whether the income may be disregarded under the Council Tax Support Scheme;
- Any savings or capital that might be held by the applicant, their partner and any member of their household irrespective of whether the capital may be disregarded under the Council Tax Support Scheme;
- Other debts outstanding for the applicant and their partner;
- The exceptional nature of the applicant's and/or their family's circumstances that impact on finances, and
- The financial circumstances of the customer at the time the Council Tax charge or arrears accrued.

The above list is not exhaustive and other relevant factors and special circumstances may be considered.

5.2 An award of Exceptional Hardship reduction does not guarantee that a further reduction will be made at a later date, even if the applicant's circumstances have not changed.

5.3 An Exceptional Hardship reduction may be less than the difference between the Council Tax liability and the amount of Council Tax Support paid. The application may be refused if the authority feels that, in its opinion, the applicant is not suffering 'exceptional hardship' or where the applicant has failed to comply with the Exceptional Hardship process.

## **6.0 Publicity**

6.1 The Council will make a copy of this policy available for inspection and will be published on the Council's website.

## **7.0 Claiming an Exceptional Hardship Reduction**

7.1 An applicant must make a claim for an Exceptional Hardship award by submitting an application to the Council. The application form is available on the Council's website.

7.2 The application form must be fully completed and supporting information or evidence provided, as reasonably requested by the Council.

7.3 In most cases the person who claims the Exceptional Hardship award will be the person entitled to Council Tax Support. However, a claim can be accepted from someone acting on another's behalf, such as an appointee, if it is considered reasonable.

## **8.0 Changes in circumstances**

8.1 The Council may revise an award of Exceptional Hardship where the applicant's circumstances have changed which either increases or reduces their Council Tax Support entitlement.

## **9.0 Duties of the applicant and the applicant's household**

9.1 A person claiming an Exceptional Hardship payment is required to:

- Provide the Council with such information as it may require to make a decision; and
- Tell the Council of any changes in circumstances that may be relevant to their ongoing claim within 21 days of the change

## **10.0 The award and duration of an Exceptional Hardship Reduction**

10.1 Both the amount and the duration of the reduction are determined at the discretion of the Council, and will be done so on the basis of the evidence supplied and the circumstances of the claim.

10.2 The start date and duration of any reduction will be determined by the Council. The maximum length of the award will be limited to the financial year in which the claim is received.

10.3 In all cases an exceptional hardship award will end in the following circumstances:

- At the end of the financial year or a time specified by the Council;
- The liability to pay ends.
- The property becomes empty or unoccupied
- The customer enters any form of bankruptcy proceedings
- The customer's financial circumstances change. The customer must inform the Council of any changes to their circumstances within 21 days

## **11.0 Payment**

11.1 Any Exceptional Hardship reduction will be made direct onto the taxpayer's Council Tax account, thereby reducing the amount of Council Tax payable.

## **12.0 Overpaid Exceptional Hardship Reductions**

12.1 Exceptional Hardship reductions allowed in excess of entitlement will generally be recovered directly from the applicant's council tax account, thus increasing the amount of council tax due and payable.

## **13.0 Notification of an award**

13.1 The Council will notify the resident of the outcome of their application for an Exceptional Hardship reduction .

## **14.0 Appeals**

14.1 Exceptional Hardship reductions are granted under S13A(1a) of the Local Government Finance Act 1992 as part of the Council Tax Support scheme, as such the normal Council Tax appeal process applies and an appeal can be made at any time. The initial appeal should be made to the Council who will review any decision. Ultimately any decision can be considered by an independent Valuation Tribunal.

## **15.0 Fraud**

15.1 The Council is committed to protect public funds and ensure reductions are awarded to the people who are rightfully eligible to them.

15.2 An applicant who tries to fraudulently claim an Exceptional Hardship reduction by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

15.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

## **16.0 Complaints**

16.1 The Council's 'Complaints Procedure' (available on the Councils website) will be applied in the event of any complaint received about the application of this policy.

## **17.0 Policy Review**

17.1 This policy will be reviewed on an annual basis and updated as appropriate to ensure it remains fit for purpose. However, a review may take place sooner should there be any significant changes in legislation.

## **18.0 Additional Assistance**

18.1 Section 13A(1)(c) makes provision for the Council to make further reductions in Council liability which are additional to those available under the Council Tax Support Scheme and the Exceptional Hardship Scheme which forms part of it. Applications for further relief under this provision should be made in writing to East Kent Services setting out the circumstances relied on and will be assessed on a case by case basis. It is expected that further reductions under this provision would only be made in the most compelling of circumstances.

## Impact Update – DDC

As at November 2019

Total Working Age CTS caseload: 6,331 (incl. Pending and Cancelled claims)

**No change (Claimant Unaffected)**

No change: 4,159 or 66% Working Age caseload unaffected

**Positive change (Claimant Gain)**Positive change: 1,178 or 18.5% Working Age caseload positively affected  
Benefit entitlement weekly gain (Average +£4.17 / Highest +£19.38 / Lowest +£0.01)

Weekly Total Gain (£)	No. Affected
20+	0
15-20	3
10-15	88
5-10	355
0-5	732

Household type	No. Affected
Couple one or both over 18	47
Family one or both over 18	39
Lone parent aged over 18	202
Single person aged less than 25	2
Single person aged over 25	105
UC claimant	776
Information not held	7

### **Negative change (Claimant Loss)**

Claimants negatively affected by the changes will be eligible to apply for the Council's Exceptional Hardship Payment fund (EHP) which was introduced in April 2017 and is money allocated specifically to support those who have been affected by changes to CTS schemes.

Negative change: 993 or 15.5% Working Age caseload negatively affected  
Benefit entitlement weekly loss (Average -£4.76 / Highest -£27.77 / Lowest -£0.01)

<b>Weekly Total Loss (£)</b>	<b>No. Affected</b>
30+	0
25-30	2
20-25	1
15-20	19
10-15	68
5-10	286
0-5	617

<b>Household type</b>	<b>No. Affected</b>
Couple one or both over 18	5
Family one or both over 18	202
Lone parent aged over 18	81
Single person aged less than 25	0
Single person aged over 25	16
UC claimant	614
Information not held	75