



Brighton & Hove City Council

**Draft Council Tax Reduction Scheme  
for people of working age for  
consultation**

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**Brighton & Hove  
City Council**



**Council Tax Reduction (CTR) replaced Council Tax Benefit on 1 April 2013. It is a benefit people on a low income can claim from the council to get help with their Council Tax.**

People of pensionable age are assessed under national rules which the council cannot change. They will continue to have their Council Tax Reduction worked out in the same way as it is now.

The government is continuing to reduce the grant it pays for these schemes, meaning there will be a shortfall of at least £3.6 million to help low income households in Brighton & Hove pay their Council Tax in 2016/17. The scheme set out proposes that the council will absorb around £2.5million of this.

Brighton & Hove's Council Tax Reduction scheme acts as a discount against your Council Tax bill. The scheme aims to limit the impact the government's funding reduction has on the most vulnerable households in the city.

The council is required to review the scheme every year to consider if changes need to be made, which could affect how much residents need to pay.

We need to have an agreed scheme in place by January 2016 and are now consulting on these draft proposals for 2016/17.

You can find out what other councils are doing at [www.counciltaxsupport.org/schemes](http://www.counciltaxsupport.org/schemes).

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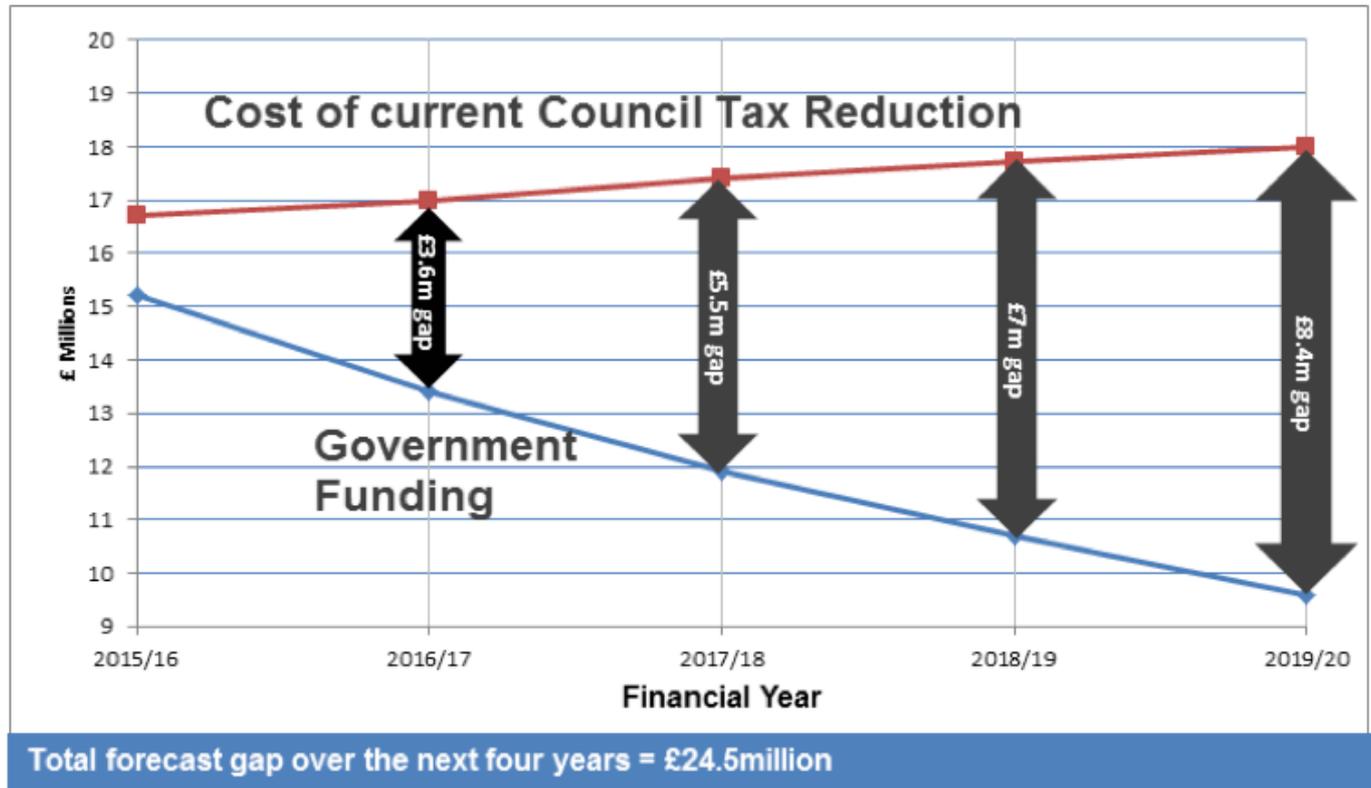
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## Financial context

During the current financial year 2015/16 the council is set to absorb around £1.5 million of the funding shortfall from other council funds, with the rest paid by working age people who receive CTR.

Any increase in the amount the council funds will have an impact on other services run by the council.

The projected reduction in government funding for the scheme is shown below. The projected costs are based on the number of households claiming CTR in Brighton & Hove remaining at current levels.



The government is also severely reducing funding for all council services and the budget over the next four years will be challenging. Costs will increase due to inflation, population change and rising demand for services, and this will result in a large funding gap.

The biggest budget challenge is on the services funded by Council Tax, Business Rates, government grants and fees and charges (our general fund). We currently spend around £378 million on a wide range of public services such as, social care for vulnerable children and adults, refuse and recycling, street cleaning, libraries and transport. This doesn't include the money we receive for schools, Housing Benefit and expenditure related to our council housing which is funded directly by tenant rents.

Due to the growing demand for services, inflation and, principally, the reduction in central government funding, we will need to address a budget gap of £68 million over the next four years. We are reducing costs and improving efficiency as much as possible but there are also many difficult choices to make around the services the council will be able to continue to provide or pay for.

## Council Tax Reduction for pensioners

There will be no changes for pensioners apart from the usual yearly uprating of allowances and premiums from April 2016. This will mean pensioners will continue to receive the same level of support they do now. These rules are set nationally and the council cannot change them.

## Council Tax Reduction for working age people

Decisions on who's eligible to receive help paying Council Tax under Council Tax Reduction (CTR) will continue to be based on a person's income and savings and the amount of Council Tax they pay.

We will continue to provide a discretionary fund to help the most vulnerable households to pay their Council Tax contribution in exceptional circumstances.

## Proposed changes to Council Tax Reduction from April 2016 for working age people

### Minimum contribution

Currently, all working age households are asked to pay a minimum of 15% of their Council Tax liability before CTR is paid. From 1 April 2016, it is proposed that all working age people who claim CTR will have to pay 25% of their Council Tax Liability before any CTR is paid. This figure would be 48% if the scheme was funded solely from government grants.

For current claimants, there will be a limit to the increase households in higher Council Tax band properties – likely to be larger families – have to pay of £3.50 per week from 1 April 2016. This will only apply to families who are entitled to Council Tax Reduction at the point of change and will end after a year, or before that if the claim ends of the family move property.

### The 'Family Premium' element of the personal allowance used to work out a household's entitlement to CTR will be stopped for new claims and new births

This proposal matches changes happening to Housing Benefit from April 2016 and Tax Credits from April 2017. This and other changes to Tax Credits will mean the cost of CTR will increase. By including the same thing within CTR not only means it will be consistent with other benefits, but will also mean it will in part prevent the increases in costs of CTR due to national budget changes.

### 'Extended Payment Periods' will be extended from four to six weeks

The council recognises the difficulties many households are facing as a result of ongoing welfare reforms. To help people move into work, the council is proposing to extend the time people who have received means-tested benefits for six months or more receives full Council Tax Reduction when they begin work from four to six weeks. This will mean that everyone who starts work will have received their first monthly payments of wages before their Council Tax Reduction is affected.

### Other national changes

In addition to these changes, the allowances and premiums in the CTR scheme for pensioners and working age people will be increased in line with national regulations.

### Examples:

The following examples are made-up cases to help explain how the new scheme may affect you. The Council Tax figures quoted are based on the 2015/16 rates, which may be increased in 2016/17.



#### Couple of pensionable age – the same level of support as now

Michael and Pat are 73 and 71 respectively. They currently claim CTR and are entitled to a reduction of £18.44 a week, based on a means test of their income from state pensions, Michael's work pension and Pat's savings. The full liability for their Band B property is £23.44 per week so they are paying £5.00 a week in Council Tax.

Pensioners are assessed under national rules set by the government. Therefore, the reduction they are entitled to remains £18.44 and the amount they have to pay is still £5.00 a week.

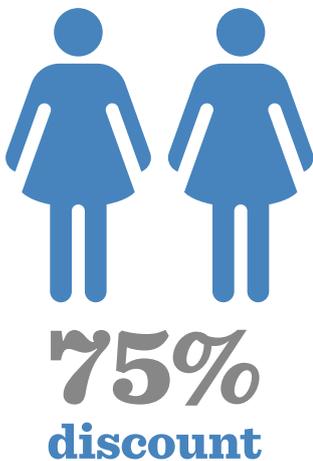


**Laura makes a claim for  
Council Tax Reduction  
No Council Tax to pay**

#### Pensioner – new claim

Laura is 68, she moves from Worthing to a new rented flat in Brighton in May 2015. Laura is on Pension Credit Guarantee Credit. Her new flat is a Band A property. When she moves she makes a claim for Council Tax Reduction.

As Laura is a pensioner and she is on Pension Credit Guarantee Credit, she receives full Council Tax Reduction and does not have to pay any Council Tax.



#### Couple in Band A property – standard working age case

Mary lives with her partner in a Band A property and they are both on Job Seekers Allowance. Their Council Tax is £20.10 per week and they currently pay 15% of this, which is £3.01 per week.

From April 2016, it is proposed that they will have to pay 25% of their Council Tax, which means they will have to pay £5.02 per week.



**Single person in Band D property – standard working age case**

Mahendi lives in a Band D property with her children. She is on Income Support and receives Child Benefit and Child Tax Credit. She receives a single person discount and claims CTR for help with her Council Tax. Her Council Tax is £22.55 per week and she currently pays 15% of her Council Tax, which is £3.38 per week.

From April 2016, it is proposed that they will have to pay 25% of their Council Tax, which means she would have to pay £5.64 per week



**Family in Band E property - £3.50 limit applies**

George and Lynsay live with their four children in Band E property. They are on Income Support and receive Child Benefit and Child Tax Credit. They are liable for £36.75 per week Council Tax. They claim CTR and currently pay 15% of their Council Tax, which works out at £5.50 a week.

From April 2016, the minimum contribution working age people will have to make towards their Council Tax if they are on Council Tax Reduction is proposed to be 25%. This means that George and Lynsay would have to pay £9.37 per week, which is £3.86 more per week than they do now.

However, as they were already claiming Council Tax Reduction, they will receive transitional protection which will limit the increase to £3.50 per week, meaning that the amount they have to pay will be reduced to £9 a week.

If George and Lynsay move or end their claim, this transitional protection will end. Otherwise, it will end after a year.



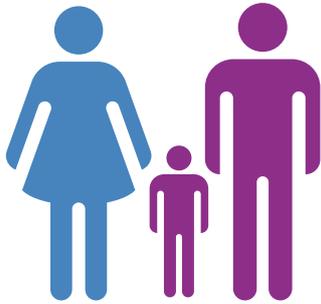
**New claim**  
**Family Premium**  
**not counted**

**Family Premium - no longer used for new claims**

Chris has just moved into a Band B property in Hove with his two children. He claims Council Tax Reduction based on his part-time job and his Tax Credits.

As Chris is making a new claim, the Family Premium will not be included in the assessment for his CTR. This means he will have to pay £15.69 per week Council Tax.

If the Family Premium had still been used to work out his CTR he would have had to pay £12.30 per week Council Tax.



**Existing claim**  
**No change for**  
**Family Premium**

**Family Premium unchanged for an ongoing claim – no change**

Sheila has had a claim for CTR since August 2013. She works part-time and lives with her disabled partner and their child.

Sheila will continue to have the Family Premium included in the assessment of her claim after April 2016 until she moves or has a change of circumstances. This means her CTR will not change because of the Family Premium.



**Starting work**  
**CTR continues**  
**for six weeks**

**Extended Payments**

Cong has been on Employment and Support Allowance for nine months and has been claiming CTR to help with his Council Tax.

He has now started work full time. Cong's CTR will now be paid for an extra six weeks in order to allow Cong time to receive his first monthly payment.