

Appendix D

Consultation on the Council Tax Support (CTS) Options 2019/20

1. High Level Summary of current Council Tax Support Scheme

The Council Tax Support Scheme (CTS) is a local scheme designed to help working age residents on a low income with their council tax payments.

Residents who are of pensionable age and on a low income may receive up to 100% CTS. The CTS Scheme for Pensioners is prescribed in The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012.

The Council applies the following rules to working-age claimants:

- The maximum CTS allowed for working-age claimants is 85% of their council tax liability. This means that every working age household must pay a minimum charge of 15% towards their Council Tax Bill.
- Non-dependant deductions will apply for other adults living in the Claimant's household. A deduction rate of £20, £15, £9 or £6 per week will apply depending on the other adult's income. The higher the income, the higher the non-dependant deduction.
- The eligible weekly Council Tax used to calculate CTS shall not exceed the weekly Council Tax Band D value for a property in Havering.
- The amount of savings and investments residents are allowed to have and still be entitled to claim CTS is £6,000 or below.

Applications for further discretionary reductions

Under Section 13A(1)(c) of the Local Government Finance Act 1992 and The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, the Authority will consider applications for a further reduction in Council Tax.

There will be financial implications in that the cost of any reduction which will be a direct cost to the Council. The cost of any discretionary reduction will, therefore, have to be met by Havering's taxpayers.

Applications must be made in writing or by prescribed electronic communications.

2. Estimated savings options proposing varying increases to the minimum Council Tax payable by Working Age CTS claimants

Option 1
Increase minimum Council Tax payment for Working Age and Disabled Working Age claimants to 20% (currently 15%).
Net Savings £367,289 GLA element 95,572 BDP £ 51,428 Gross Savings £514,289
Who is affected: All working age claimants (Pension age protected) 5471 JSA(Job Seeker's Allowance)/Income Support claimants: £306,595 Average £56 per year/£1.08 p/w loss to claimant 3416 All other working age claimants: £207,694 Average £61 per year/£1.17 p/w loss to claimant <i>Similar scheme adopted by oS Newham, oS Bexley & Barnet</i>

Option 2
a) Increase minimum Council Tax payment for Working Age claimants to 20% (currently 15%) b) No change to Disabled Working Age & Carer claimants @ 15% (3422 claimants)
Net Saving: £226,776 GLA element £56,693 BDP £31,496 Gross Savings £314,965
Who is affected: All Non- Disabled working age claimants (Pension age protected) 2695 JSA/Income Support claimants: £147,209 Average £54.62 per year/£1.05 p/w loss to claimant. 2770 All other working age claimants: £167,756 Average £60 per year/£1.16 p/w loss to claimant. <i>Similar scheme adopted by Brent, Haringey & Sutton</i>

Option 3

Increase minimum Council Tax payment for Working Age and Disabled Working Age claimants to 25% (currently 15%)
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Net Saving: £742,793

GLA element £185,698

BDP £ 103,165

Gross Savings £1,031,656

Who is affected: All working age claimants (Pension age protected)

5471 JSA/Income Support claimants: £617,010 Average £113 per year/£2.17 p/w loss to claimant
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3416 All other working age claimants: £414,646 Average £121 per year/£2.33 p/w loss to claimant

<i>Similar scheme adopted by Barking & Dagenham, Bromley</i>
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Option 4 Preferred Option

a) Increase the minimum Council Tax payment for Working Age claimants to 25% (currently 15%).

b) Increase the Council Tax payment for Disabled Working Age claimants to 20% (currently 15%).
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Net Saving: £596,859

GLA element £149,215

BDP £82,897

Gross Savings £828,971

Who is affected:

All working age Non- Disabled claimants (Pension age protected)
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2695 JSA/Income Support claimants: £295,385 Average £109 per year/£2.10 p/w loss to claimant.

2770 All other working age claimants: £334,262 Average £120 per year/£2.30 p/w loss to claimant.
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Disabled Working Age 20%

2776 JSA/Income Support disabled claimants: £159,387 Average £57 per year/£1.10 p/w loss to claimant.

646 All other working age disabled claimants: £39,937 Average £61.82 per year/£1.19 p/w loss to claimant.

Option 4a

- a) Increase minimum Council Tax payment for Working Age claimants to 25% (currently 15%)
- b) No change to Disabled Working Age & Carer claimants @ 15% (3422 claimants)

Net Saving: £453,347

GLA element £113,336

BDP £62,964

Gross Savings £629,647

Who is affected: All working age Non- Disabled claimants (Pension age protected)

2695 JSA/Income Support claimants: £295,385 Average £109 per year/£2.10 p/w loss to claimant.

2770 All other working age claimants: £334,262 Average £120 per year/£2.30 p/w loss to claimant.

Similar scheme adopted by Redbridge, Ealing, Enfield & Hillingdon

Option 5

Increase minimum Council Tax payment for Working Age claimants to 30% (currently 15%)

Net Saving: £1,111,804

GLA element £277,950

BDP £154,417

Gross Savings £1,544,171

Who is affected: All working age claimants (Pension age protected)

5471 JSA/Income Support claimants: £927,214 Average £169 per year/£3.26 p/w per claimant

3416 All other working age claimants: £616,957 Average £180 per year/£3.47 p/w loss to claimant

Similar Scheme adopted by Lewisham 33%

Option 5a

- a) Increase minimum Council Tax payment for Working Age claimants to 30% (currently 15%) (5465 claimants)
- b) Increase minimum Council Tax payment for Disabled Working Age & Carer claimants to 20% (currently 15%) (3422 claimants)

Net Saving: £820,394

GLA element £205,098

BDP £113,943.

Gross Savings £1,139,435

Who is affected: All working age claimants (Pension age protected)

Working age 30%:

2695 JSA/Income Support claimants: £ 443,400 Average £164 per year/£3.16 p/w loss to claimant.

2770 All other working age claimants: £496,711 Average £179 per year/£3.44 p/w loss to claimant.

Disabled Working age 20%:

2776 JSA/Income Support disabled claimants: £159,387 Average £57 per year/£1.10 p/w loss to claimant.

646 All other working age disabled claimants: £39,937 Average £61.82 per year/£1.19 p/w loss to claimant.

Option 6

- a) Increase minimum Council Tax payment for Working Age claimants to 30% (currently 15%)
- b) No change to Disabled Working Age & Carer claimants @ 15% (3422 claimants)

Net Saving: £676,880

GLA element £169,220

BDP £94,011

Gross Savings £940,111

Who is affected: All Non- Disabled working age claimants (Pension age protected)

2695 JSA/Income Support claimants: £ 443,400 Average £164 per year/£3.16 p/w loss to claimant.

2770 All other working age claimants: £496,711 Average £179 per year/£3.44 p/w loss to claimant.

Similar scheme adopted by Wandsworth & Harrow

3. London Local Authority Information

- Neighbouring borough Scheme dates in options above are in respect of 2018 year
- Bromley, Barking & Dagenham, Ealing, Redbridge & Hillingdon have a 25% minimum CT charge.
- 6 boroughs (Kensington, City, Hammersmith, Kingston, Merton & Westminster) have 100% CTS scheme since 2013.

4. Council Tax Support Caseload Information

Date Council Tax Support Data extracted	June 2018
Total Working Age and Elderly CTS Caseload	15,161
Total Working Age Caseload	8,890
Working Age Disable Caseload (included in total above)	3,422
Total Elderly Caseload	6,271
Working Age Expenditure	£7,813,793
Elderly Expenditure	£6,708,676
Total Expenditure	£14,522,469

5. Options considered and not put forward

Options Dismissed	Reason not put forward
Minimum CTS £1.00 per week for All Working Age claimants (currently £0.01). Gross Saving £711	While automated calculation so no assessing time lost, saving insignificant.
Minimum CTS £2.00 per week for All Working Age claimants (currently £0.01) Gross Saving £4,705	While automated calculation so no assessing time lost, saving insignificant.
Increase non-dependant deductions. Currently, approximately 715 claimants receive a deduction. Gross Saving £40-50k	Deduction values are already high going up to £20 per week per claimant currently. The impact on low income households of increasing the deductions could cause financial hardship.