

Council Tax Reduction Scheme

7th March 2021



Local Council Tax Reduction Scheme



- Government abolished Council Tax Benefit from 1st April 2013
- Pensioners – CTR for pensioners is protected and remains broadly the same as the former Council Tax Benefit Scheme
- Working Age Claimants – Councils can develop their own replacement schemes
- The Councils CTR scheme for working age claimants was largely based on the old Housing Benefit Regulations from 2013 to 2017
- Funding from central government has reduced year on year and some changes were made in 2017



The Current scheme from 2017 onwards

To ensure those who are financially vulnerable were protected the new scheme retains many of the features of the previous scheme:

- It is based on 100% of council tax liability;
- Entitlement is assessed on the applicant's income and circumstances;
- Deductions are applied for non-dependants (adults other than the applicant/partner who live in the household).



The Current scheme from 2017 onwards

Following a full public consultation, the following changes were made to the scheme:

- The maximum amount of capital/savings allowed is £6,000.
- The amount of non-dependant deduction is based on the non-dependants total income;
- A minimum earnings floor equal to 35 hours at the national minimum wage is applied to applicants of residents who have been self-employed for over 1 year.
- Entitlement can be backdated for up to 52 weeks
- Entitlement will only normally be awarded during a period the resident is abroad if the absence is not expected to exceed 4 weeks.



The cost of the scheme



2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
£29.4m	£28.2m	£27.3m	£26.6m	£24.9m	£25.4m	26.6m	£31.4m
% of net collectable debit							
24.8%	23.3%	21.9%	20.2%	17.7%	17.2%	16.7%	18.3%

- Working age Claimants - 24,019 costing £23,664,438
- Pensioners – 7,452 costing £7,744,399
- The cost of the scheme has been reducing year on year as percentage of council tax income. However, the current financial year has seen a significant increase and this is likely to continue into the next financial year.
- Tower Hamlets is one of only a few councils across the country now running a 100% scheme and the impact of the coronavirus will be much greater here than in other councils.
- There are no plans at this time to make any changes to the current Council Tax Reduction Scheme



Slide 5

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Roger Jones, 05/01/21

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Questions.....

