

Appendix 2

Proposed changes to 2022/23 Council Tax Reduction Scheme

If you are a Haringey resident liable to pay council tax (or who may become so in future) it's important that you read the information below and tell us what you think about the proposed changes.

You may also wish to respond to tell us your views about the financial implications of the proposals for you or the Council.

Closing date: November 2021

Have your say

Have your say on our proposed changes to the Council Tax Reduction Scheme. Haringey Council is consulting with residents on proposals to change the current Council Tax Reduction scheme (CTRS).

Please read this consultation booklet to find out more about the proposed changes, and what this could mean for you.

Background

The government abolished Council Tax Benefit in 2013 and every Council was tasked with designing its own local scheme to provide financial support to those residents on low incomes. The scheme is called the Council Tax Reduction Scheme. The scheme has not changed since it was amended in 2019.

The Council is proposing to change its scheme as it applies to working age residents in the borough.

The Council is required to consult on its proposals and if the scheme proposals are agreed the council are required to have the new scheme in place by 11 of March 2022 to start on 1 April 2022.

If the proposals are not agreed the current CTRS remains the same.

What is Council Tax?

Council Tax is based on the value of your property (in one of eight bands) on 1 April 1991. It part funds local services provided by the council. The level of Council Tax a household is required to pay is based on the defined band of the property you live in, less any discounts or exemptions for which you qualify. As a London borough we also

collect money as part of the Council Tax for the Mayor of London to provide police, fire and public transport services. This amount is included in your council tax bill.

What is the Council Tax Reduction Scheme?

The Council Tax Reduction Scheme is a way of helping people on low or no income pay their council tax bill. Currently, working age recipients who are not protected under the existing scheme (as explained below) are awarded a reduction of up to 100% of their Council Tax bill where they have dependents and/or are in receipt of disability related benefits or premiums and up to 80.2% of their Council Tax bill where they do not have dependents or are not in receipt of disability related benefits or premiums.

In Haringey, over 27,000 residents currently receive some level of support under the Council Tax Reduction Scheme.

Whose entitlement to Council Tax Reduction could be affected?

All working age CTRS claimants. In addition, working-age residents who are not currently entitled to Council Tax Reduction who then become entitled to it.

The level of support provided to pensioners by the scheme is determined by the government, therefore if you are a pensioner the level of support you will receive will be unaffected by the consultation proposals.

As part of its existing local scheme, the Council decided to protect working age people who were in receipt of disability related benefits or premiums and /or where they have dependents by providing up to 100% support. **The consultation proposals will not affect these claimants' entitlement to this maximum support.**

Why are we proposing changes to the Council Tax Reduction Scheme?

We are proposing to change the Council Tax Reduction Scheme because we want to make it easier to claim CTRS, easier to have CTRS backdated if you make a claim, and make the level of CTRS more stable so that claimants get fewer changes in the amount of Council Tax they have to pay.

Therefore, we want to consult with the public on our preferred option, as well as alternative options that we've explored. We want to strike a balance between the need to provide extra support to residents we think require it, whilst maintaining a scheme that is financially sustainable for the Council's wider budget.

What is the Council's preferred option to change the Council Tax Reduction Scheme?

Simplifying the claims process.

The proposed change is to add an additional way for residents to claim council tax support automatically when they start receiving Universal Credit. This would have a positive effect because it would simplify claiming for most residents and reduce the difficulty and anxiety for residents who claim Universal Credit. It would also make sure as many people as possible claim the support to which they are entitled.

Stabilising entitlement for residents.

The proposed change is to simplify what happens when a resident's income changes by a small amount. This would have a positive effect because constant changes in a council tax bill can make household budgeting difficult for residents as well as imposing a significant and costly administrative burden on the council. Modelling indicates this change would cost the council £10k per year. Under these proposals, most residents would be the same or better off but 6% would be worse off by an average of £32 per year.

Simplifying the scheme.

The main proposed change is to extend the period an award of CTRS can be backdated from six months to twelve months. This would have a positive effect because it would mean the award can be backdated to the start of a Council Tax liability where the Council Tax liability has itself been backdated.

The second proposal is to re-write the statement of the scheme (currently 300 pages of dense legal text) into plain English. This would have a positive effect as it would make the scheme more transparent, easier for everyone to understand, and help ensure every claimant gets their full entitlement.

Alternative options considered

There are a range of ways that the council could alter its CTRS.. The Council updated its CTRS policy in 2019/2020 which included providing more financial support to working age claimants with children. The Council is not seeking to reduce the generosity of the current scheme or to reduce the maximum entitlement awarded since 2019. Instead, the council has explored a variety of options to make the scheme simpler to administer and to assist in reaching everyone who is entitled to support.

No change to the existing CTRS

This is not recommended because amending the scheme will help residents to access the support to which they are entitled, improve their experience, and reduce the administrative burden on the council.

Do not simplify the claims process.

This is not recommended because simplifying the claims process to introduce an automatic claims channel for those on Universal Credit will improve uptake of council tax support and improve the experience for residents. It will also improve access to the scheme for those for whom, for a variety of reasons, may struggle to access it.

Do not simplify the scheme by reducing backdating restrictions

It would be possible to not simplify the scheme by changing backdating rules. However, reducing backdating restrictions is likely to improve resident's experiences, reduce complaints and appeals, and remove barriers to the take-up of the scheme.

The above proposals are in respect of working age claimants only. They do not affect pensioner claimants of CTRS.

Any other comments?

The consultation will offer the opportunity to make comments on any aspect on the CTRS scheme that they may wish to.

How to respond:

The consultation is available on the council's website

An email will be sent to all current Council Tax Reduction customers where email addresses is on record.

Letters will be sent to the remainder of the Council Tax Reduction customers.

The consultation link will be sent a sample of Council Tax payers who do not currently claim CTR.

Local advice services will be alerted to the consultation