

We are asking for your views on our proposed changes to the Council Tax Reduction Scheme (CTRS) for working age claimants effective from April 2025.

What is this consultation about?

Council Tax Reduction Scheme (CTRS) helps people on a low income by reducing the amount of council tax they must pay. It is a means tested benefit, which consists of two separate schemes. A scheme for pension age claimants, which is set by central government and a local scheme for working age claimants which is set by each local authority.

We are proposing changes to the local scheme for working age claimants in Cheshire West and Chester and we would like to understand people's views on the changes.

This consultation is only about the local scheme for working age claimants which is set by Cheshire West and Chester Council. Pension age claimants are not affected by the proposed changes as that scheme continues to be set by central government and eligible Pension age claimants continue to get up to 100% discount on their Council Tax.

The current Working Age CTRS in Cheshire West and Chester

The current scheme is based on the following principles:

- It is means-tested (so applicants currently provide financial details and awards are calculated based on need as determined by the scheme) and allows for vulnerability (vulnerability in this scheme is those applicants who fall into protected groups which are detailed below) within the calculation.
- The maximum Council tax reduction available to working age applicants who are in protected groups is 100% (Protected groups include war pensioners of working age, carers, disabled adults and children who are disabled/blind in receipt of specific benefits).
- The maximum Council tax reduction for working age applicants in non-protected groups (for clarity this is everyone not in a protected group) is 75%.
- Further details about the current scheme are on our website. [Council Tax reduction | Cheshire West and Chester Council](#)

What is the cost of the current scheme?

- The overall cost of CTRS awarded to claimants working age and pension age is approximately £23.58 million per annum, and we pay council tax reduction support to around 11,300 working age households.
- The cost of this scheme is funded by all council taxpayers in Cheshire West and Chester.

Why are we proposing to change the current scheme?

The Council has not changed the Council Tax Support scheme since 2014.

The current scheme is largely based on the old council tax benefit rules which are complicated for applicants to understand ([see example calculations](#) or reading the booklet if reading a paper version) and don't take account of the changes in welfare benefits, with many applicants now in receipt of universal credit which has different terminology and different rules which are not reflected in our current scheme policy.

The scheme is difficult to administer due to the complexities highlighted in the examples provided, minor changes in income and circumstances mean that applicants receive amended bills on a regular basis making it very difficult for them to budget for payments. For instance, a minor change in a person's income (which happens regularly when they are in receipt of universal credit) will trigger a re-calculation of CTRS and a new bill being issued. This means any procedure taking place to recover outstanding debt has to be stopped and started again, it also means that new payment arrangements have to be put in place.

Regular changes in applicants bills makes it difficult to recover debts, with over 10,000 changes reported by the Department for Work and Pensions per week, the majority having to be manually updated, leading to delays in handling changes for customers, meaning that staff resources have little time to focus on supporting residents to ensure they are maximising their income or provide residents support to access advice to manage debts.

Simplifying the scheme will enable greater automation, freeing up staff time to support vulnerable residents who could benefit from resources being made available to help them make sure they are maximising their income by receiving the benefits they are entitled to.

Current rules do not allow any flexibility in the backdating of claims when forms are not completed promptly.

The need to make a separate application for council tax reduction scheme to universal credit can be a barrier to claiming for some people and can also lead to delays in making claims.

How were the proposals developed?

The Council has reviewed the current scheme, taking account of the issues detailed above which are impacting residents, the need to align rules and terminology with universal credit and complications in administration.

Modelling of various scenarios have been considered using current claimant data and the Council looked at different percentage awards for protected groups and different deductions for how much income a claimant can retain. This modelling needed to also balance making the scheme simpler to understand and administer and ensuring the cost of the scheme did not increase.

Early views from Community Inspirers were sought in order to ensure that the proposals were understandable and to seek advice on consultation partners.

The Council is now consulting on proposed changes to the current local CTRS for working age claimants and seeking to understand the views of residents, and we are interested in the views of those residents currently in receipt of support through the local CTRS, all Council taxpayers and key voluntary support groups.

The proposals are modelled at no additional cost to the council taxpayer and the impacts show that the majority of claimants will not see a change in their award.

	Number of residents
Claimants whose CTRS award will increase under the revised scheme	1,050
Claimants whose CTRS award will stay the same	9,640
Claimants whose CTRS award will decrease under the revised scheme	680

What are the proposed changes?

Applications for support

- Universal Credit claimants will not be required to make a separate application for council tax reduction scheme, they will be automatically processed from the data provided by the Department for Work and Pensions.
- Paper applications will be available for applicants not in receipt of Universal Credit and a backdating rule of 3 months will be introduced if the application is delayed and the applicant can show reasonable cause.
- A minimum change in income will be applied to reduce the need for multiple changes to bills where an applicant's income changes. The consultation asks for views on the proposal and an applicable amount.
- **A transitional support scheme will be introduced for a minimum of two years to provide additional help to residents who may experience a reduction in their award due to these changes.**

Protected groups

Protected status in the proposed scheme is updated to include universal credit migration changes to reflect new terminology used by this benefit.

It is granted to households with one or more adult assessed as having limited capability for work and work-related activity (LCWRA), instead of being granted to households where at least one adult is in receipt of PIP (Personal Independence Payments) or DLA (Disability Living Allowance).

To protect those receiving Personal Independence Payments (PIP) and Disability Living Allowance (DLA) because they haven't migrated to Universal Credit to receive LCWRA at the 1st of April 2025 the previous definition relating to protected groups for these cases will remain in place.

Current protected groups remain the same and include war pensioners of working age, carers, disabled adults and children who are disabled/blind in receipt of specific benefit.

Means test calculation

The proposed changes to the means test calculation are summarised in the following table

	Current CTRS	Proposed CTRS
Protected Groups*	100% Maximum Award	100% Maximum Award
£16,000 Capital Limit	Yes	No
£6,000 Capital Limit	No	Yes
Band D Cap on awards	No	Yes
Minimum Award of £2.00 per week	No	Yes
Non-Protected Groups	75% Maximum Award	75% Maximum Award
£16,000 Capital Limit	No	No
£6,000 Capital Limit	Yes	Yes
Band D Cap on awards	Yes	Yes
Flat rate Earnings Disregard of £30.00	No – Various rates**	Yes
Lone Parent Child Under 5 & Child Under 5 – Additional £10 disregard	Yes	No (transitional support will be provided to protect existing claimants for a minimum of 2 years)
Additional earnings disregard of £17.10 if working 30 hours or more and over 25, or working 16 hours and either Lone Parent, Couple with Children or Disabled	Yes	No (transitional support will be provided to protect existing claimants for a minimum of 2 years)
Minimum Award of £2.00 per week	No	Yes
Non dependant Deductions for those in work	£5	£10
Non dependant deductions for those out of work	£5 unless passported *** then £0.00	£5

*See above

**Various earning disregards apply under the current scheme: - Only one of these categories of applicant can apply to any specific claim calculation- Single Person £5.00; Couple £10.00; Disabled/Carer £20.00; Lone Parent £25.00

***Passported benefits include Job Seekers Allowance (Income Based), Employment and Support Allowance (Income Related), Income Support and Guarantee Credit based Pension Credit

Changes Explained

It should be noted that where residents see a reduction in their award due to these changes that transitional support will be considered on a case-by-case basis.

Change to the maximum capital limit

What is this? – Under Council Tax Reduction, if a claimant holds capital (e.g. money in a bank account, property other than where they live or shares) worth over a specific limit, they are not eligible to receive Council Tax Reduction. Currently, this maximum capital limit is £16,000 for those falling into protected groups, and £6,000 for those in non-protected groups.

What is the change proposed? – It is proposed that the capital limit of £16,000 for protected groups is reduced to £6,000. This means a current protected claimant who receives support under the scheme whilst holding capital above £6,000, would no longer be eligible to receive a reduction in council tax until their capital reduced below £6,000. This change will only affect claimants in protected groups. War Pensioners are excluded from this change.

Why is this being changed? – This change is proposed to bring consistency and fairness to the scheme so that the capital limit for all claimants is the same and make the scheme easier to understand and simpler to administer, by having one clear capital limit.

Change to the maximum council tax band support level

What is this? – All households who pay Council Tax have their property allocated into a banding which sets the amount of Council Tax they need to pay. The band is based upon a historic value of your home, with homes of a lesser value paying less Council Tax, with Band A being the lowest Band.

Under the Council Tax Reduction scheme, support is based upon your property's Council Tax band, and you cannot receive more support than would be required to pay in Council Tax. Under the current scheme, non-protected claimants can only receive support up to the level of Council Tax for a Band D property, even if their property is in a higher Band. However, there are no banding restrictions for protected claimants, and they can receive support equivalent to the council tax band of their property, even if their property is higher than Band D.

What is the change proposed? – It is proposed that the Band D banding restriction for non-protected groups is also applied to protected groups, who currently have no banding restriction. This means a current protected claimant who receives support for a property that is higher than a Band D, would now receive support equivalent to a Band D property. This change will only affect claimants in protected groups.

Why is this being changed? – This change is proposed to bring consistency and fairness to the scheme so that all claimants living in properties of Band E or higher are restricted, which will make the scheme easier to understand and simpler to administer, by having one clear band restriction.

Change to the minimum award level

What is this? – When assessing a Council Tax Reduction claim, eligible claimants receive a weekly entitlement which is applied to their Council Tax account for the full financial year. For example, currently if a claimant is assessed as eligible for £1.50 per week, this is then divided by 7 for a daily rate and multiplied by the number of days in the year with the total deducted from the amount due in their Council Tax account.

What is the change proposed? – It is proposed that a minimum award level is put in place, of £2.00 per week. This means, any claimants whose assessed entitlement is lower than £2.00 per week, would receive no entitlement. For example, a claimant currently receiving £1.50 per week, under the proposed change would now receive £0.00 per week deducted from their Council Tax.

Why is this being changed? – This change is proposed to avoid unnecessary repeated billing for claimants with frequent minor changes whilst receiving a low rate of Council Tax Reduction so that they can easily understand their Council Tax payments and budget accordingly.

Change to earning disregards

What is this? – When assessing eligibility for Council Tax Reduction, a claimant's income is considered against the minimum amount that a person in their circumstances is expected to live on. To allow claimants to keep more of any earnings over and above this minimum, a disregard reduces the earnings which are considered within the assessment. The amount disregarded varies based on household circumstances, with the amounts shown under the proposed changes table, however this ranges between £5 and £52.10.

What is the change proposed? – It is proposed that the varying levels of disregard based on household circumstances are removed, and a single flat rate disregard of £30.00 per week would be applied for all claimants who are in work, regardless of their household circumstances. For example, a single person would previously have received a £5 per week disregard, but will now receive £30 per week, increasing their Council Tax Reduction entitlement.

Why is this being changed? – This is proposed to bring consistency and fairness to all claimants in work and simplify the scheme by having one rate of disregard, so that it is easier for claimants to understand how a change in their circumstances such as starting work would affect their claim. This change will also make it easier for the Council to administer claims which will reduce waiting times. Whilst most claimants will be better off due to the flat rate being higher than their current disregard, claimants with a reduced disregard will receive transitional support so they are not worse off.

Change to non-dependant deductions

What is this? – A non-dependant is a person who lives with you who is not your partner or dependent child. Most commonly this will be a relative or friend who lives with you, or a child of yours who is an adult over 18. Under the current scheme a deduction of £5 per week will be applied to your Council Tax Reduction award for each non-dependant who lives with you, unless they receive specific benefits.

What is the change proposed? – It is proposed that the rules which determine when a non-dependant deduction is applied are simplified, with two separate rates of deduction. The first rate would be £5 per week when a non-dependant is out of work, working less than 16 hours or earning less than a specific amount per week. The second rate would be £10 per week when a non-dependant is working over 16 hours or has weekly earnings over this amount (*currently set as £256.00 for 2024/2025 but this will increase to a currently unknown figure from April 2025*).

Why is this being changed? – This is proposed to make rules related to non-dependants simpler and clearer based upon whether they are working and their level of work and income, which would allow households to budget accordingly should someone move into their property. These separate rates will also ensure that only households containing non-dependants with higher earnings are expected to pay the highest rate, as these non-dependants will have more income available to contribute.

EXAMPLES

If you are viewing this document online, click [here](#) to view example calculations showing how the proposed scheme compares to the current scheme in a variety of scenarios.

If you are reading a paper copy of this Consultation Document, please see the Booklet provided to view example calculations showing how the proposed scheme compares to the current scheme in a variety of scenarios.

Support with the proposed changes

Modelling shows that the majority of claimants (9,640) will not see a change in their award under the new proposals, around 1,050 claimants will see an increase in their award and around 680 may see a reduction their award. Therefore, a number of measures are proposed to support residents with these changes: -

- Modelling shows that up to 680 claimants could see a decrease in their award under the new proposals and these include around 300 residents who are carers, single parents or couples with children under 5. For these cases there will be an automatic award of transitional support for a minimum of two years which will ensure they receive the same level of support. For the other 380 experiencing financial difficulty there will be transitional funding for a minimum of 2 years for which they can apply.
- If the proposed scheme is approved all applicants who will see a reduction in their award will be contacted by the Council and their claim will be reviewed to ensure they are receiving all benefits they are entitled to.
- Income maximisation tools are available to the Council, and these will be used to help support residents on a low income to ensure they are claiming the income they are entitled to. If the proposed scheme is progressed this will free up staff resource from dealing with processing applications to give more focus to providing proactive support to residents.
- Any resident experiencing difficulties as a result of the proposed changes will be able to contact the Council and additional financial support will be considered on a case-by-case basis.

What happens next?

The results of this consultation will be reported to Cabinet in November and any decision to change the Council's policy on Council Tax Reduction Scheme will be made at Council in December 2024.

All feedback will be considered against the stated requirements of any new scheme in that it is simpler to understand and administer and the overall cost remains the same.

The findings will be shared in detail on the Council website with an explanation where key messages have influenced the outcome.

How can you take part?

There are a number of ways you can share your views on the proposed changes to Council Tax Reduction Scheme:

- complete the survey at: <https://www.smartsurvey.co.uk/s/CTRSconsultation/>
- complete a paper questionnaire and send your response back to us at the address below. These can be obtained by contacting by phone or email.
- Email your views to: – benefits@cheshirewestandchester.gov.uk
- Send a letter to: Council Tax Reduction Scheme Consultation, Cheshire West and Chester Council, Finance, The Portal, Wellington Road, Ellesmere Port, CH65 0BA.
- Telephone: 0300 123 8 123 quoting Council Tax Reduction Scheme consultation.
- Request a copy of our consultation in alternative formats, including paper and easy read.

Drop-in sessions to answer questions on these proposals to be arranged, please keep an eye on this [web page](#) and our social media channels.