

Appendix B – Key principles

Principle 1: Affordability

The Council Tax Support scheme needs to be affordable and sustainable for the Council in the longer term rather than drawing on Council reserves, which can only be used once, or having any impact on frontline Council services.

Principle 2: A fair contribution, those who can pay, should pay

At present, claimants in receipt of income support, income-based jobseeker's allowance or income-related employment and support allowance and other claimants not receiving these but with an income equal to or below the required level for their basic living needs, generally receive 100 per cent Council Tax Benefit (CTB) and therefore pay no Council Tax.

The Council proposes that all working age claimants (unless protected) should pay at least 25 per cent of their Council Tax under the Council Tax Support scheme (CTS).

Principle 3: The scheme should incentivise work

At present, the first £5 of a single claimant's earnings, £10 of a couple's earnings, £25 of a single parent's earnings and £20 in certain circumstances are not counted when calculating their weekly income for the purposes of determining their entitlement to council tax benefit.

The Council proposes to increase this level by an additional £10 a week under its proposed scheme for single claimants, couples and single parents. This would mean that the first £15 of a single claimant's earnings, £20 of a couple's earnings, £35 of a single parent's earnings and £30 of earnings in certain circumstances would not be counted when calculating their entitlement to CTS.

Principle 4: The most vulnerable claimants should be protected (from the minimum contribution)

Claimants will be protected from the 25 per cent minimum contribution if they fall into any of the following categories:

- The claimant must or his partner or dependants must be entitled to one of the following:
 - (i) any of the disability premiums (awarded within the CTS scheme or income support, income-based jobseeker's allowance or income-related employment and support allowance)
 - (ii) disabled earnings disregard
 - (iii) Disabled Persons' Reduction for Council Tax purposes
 - (iv) War Disablement Pension or War Widow's Pension or

- The claimant must be a lone parent with a child under the age of 5 or
- The claimant must be a single person and on Carer's Allowance or
- The claimant must be on Carer's Allowance and where they have a partner, the partner is also on Carer's Allowance

Feature 1: Rate of allowances and premiums to be frozen at 2012/2013 levels

Premiums and personal allowances used to determine basic living needs (Applicable Amount) for a claimant and their family when calculating entitlement to CTS shall be held at the rates applied for 2012/13.

Feature 2: Removal of second adult rebate scheme for working age claimants

The current second adult rebate scheme (whereby claimants whose own income is too high to receive CTB, but have other adults(s) in the household whose income is low, can receive a Council Tax discount of up to 25%) is to be abolished for working age claimants.

Feature 3: Extended payments for working age claimants

The current extended payment scheme (whereby claimants can receive 4 weeks extra Council Tax Benefit when they or their partner start work, including self employment or their hours or earnings from current employment increase) is to be retained with our local CTS scheme.

Feature 4: Income in respect of Children

Currently the amount of income we use for benefit purposes can be lowered depending on what kind of income it is. This means that a claimant can have more money coming in before we begin to reduce the amount of benefit they get. We propose to continue disregarding income from Child Benefit and Child maintenance when we calculate a claimant's income.

Feature 5: Everyone in the household should contribute

At present, a deduction is generally made from potential weekly council tax benefit entitlement in respect of other adults aged 18 or over living in the claimant's home. These are referred to as non-dependants. **A non-dependant is a person who is living with the claimant but who is not dependent upon them, and not living in their home on a commercial basis, (i.e. as a joint tenant or sub tenant).** Non-dependants include an adult son or daughter, a mother or father, friend etc of the claimant.

These people are assumed to be giving the claimant some money towards their Council Tax regardless of whether or not they are actually doing so. This assumed contribution is based upon the non-dependant's circumstances.

The current deduction rates applied to Council Tax Benefit in 2012/13 and the proposed rates for the Council's local CTS scheme are shown in Appendix C.