Appendix 1

Council Tax Support Scheme: Proposals for consultation

Align backdating with HB regulations
Details of Change To reduce the period of backdated support to a maximum of four weeks. Periods of backdating for Housing Benefit have been reduced to four weeks. The proposed change will align the local CTSS with Housing Benefit regulations. This option will ensure that administration of the CTSS remains comparable with the HB scheme, thus reducing the need for two different processes This will have minimal impact on claimants as very few claimants currently receive backdated awards.

Minimum Income Floor for self-employed cases
Details of Change To introduce a Minimum Income Floor' (MIF) for self-employed claimants in line with Universal Credit. The MIF is an assumed level of earnings. This is based on what it is expected an employed person to receive in similar circumstances. It's calculated using the National Minimum Wage for the claimants age group, multiplied by the number of hours they are expected to look for and be available for work. It also includes a notional deduction for tax and National Insurance. The minimum income floor would increase as the national minimum wage increases. Universal Credit includes a 'Minimum Income Floor' (MIF) if a claimant is gainfully self-employed, and their business has been running for more than 12 months. This option will bring the local CTSS in line with universal credit and significantly simplify and streamline the administration process. It also provides an incentive to ensure that self-employment is a sustainable alternative to work. This will affect a relatively low number of self-employed claimants.

Standard Non-Dependant Deduction
Details of Change To introduce a standard assumed financial value of contribution from non-dependents living in a property for which a claim for local CTS is being made. A non-dependent contribution is taken into account when assessing the income of the claimant. The current deduction where the non-dependant is not working is £3.70 per week, but where the non-dependent is working evidence is required of the income for all non-dependents in the household. The deduction applied in Universal Credit is £15.96 per week. The introduction of a standard level of Non-Dependant deduction would remove some of the administrative burden and simplify the claim process, as the requirement to obtain evidence of income for all non-dependents would be removed. Increasing the level of this deduction would reduce the amount of support paid to the claimant in line with Universal Credit. This option would incentive work for non-dependents, but not impact on the main Council Tax payer's support as the income of non-dependents increases. The consultation would suggest the introduction of two levels of non-dependant deductions - £4 per week for non-workers or where income is under £189 gross income per week and £12 per week for those who have gross income above £189 per week;

Simplified applications process – DWP entitlement notifications accepted as claim.
Details of Changes This option would enable us to process claims based on information provided by the DWP without the need for further information. The DWP provides information to Local Authorities where a customer becomes entitled to some national benefits. In some cases there will be sufficient information contained within the notification to allow the calculation of Council Tax support to be made. At present in order to claim Local Council Tax support a customer will be required to complete a lengthy application form. Adjusting the method of making a claim to allow the Local Authority Input Documents or Universal Credit entitlement notifications to be accepted methods of claim can simplify the claim process for the Council Tax payer and speed up notification of entitlement, reduce the administrative burden and simplify the claim process.

Removal of family premium for LCTS
Details of Change To remove the family premium for new claims in line with changes to the Housing Benefit scheme. The family premium is an amount of additional income that families can receive before their benefit will be affected. The Government announced in the summer budget that the family premium would be removed for Housing Benefit claimants from April 2017. LCTS regulations have been amended at a national level to ensure that pensioners continue to receive the premium; no changes have been made to working age claimants as these claimants fall under the local scheme rules and therefore must be actioned though our consultation and consideration of the local scheme. Removing the premium from the LCTS scheme will ensure that a degree of alignment remains between the HB and local CTSS and thus not increase the administrative burden of the CTSS. Removing the family premium will mean that more of a claimant's income will be included when we determine how much benefit someone receives. Family Premium is normally given when a claimant has at least one dependant child or young person. Removing the Family Premium will mean that when we assess a claimant's 'Applicable Amount' it would not include the Family Premium and would be reduced by £17.45 per week.

Child Maintenance Disregards
Details of Change To cap the amount of income from child maintenance over and above which the income would be considered in the assessment of a claim Currently the amount of income that a working age claimant receives in the form of Child Maintenance is disregarded in full in the assessment of CTS. Setting a cap would ensure that those in low income brackets remain protected whilst ensure that those receiving high amounts of income from Child Maintenance cannot then also claim full CTS. Prior to April 2010 £20.00 per week of any child maintenance was disregarded, whereas the current rules allow for any level of child maintenance to be disregarded in full. The consultation would suggest possible caps at £20, £30 or £55 per week along with an option to indicate that this proposal was not favoured. We have a duty to mitigate against child poverty and this option would continue to protect those in lower income brackets and ensures support is targeted towards the most vulnerable households, whilst ensuring those with high income from Child maintenance have this taken into account when assessing the amount of CTS payable.

Align Taper Rates for LCTS with Universal Credit
Details of Change The rate at which a claimant's support is reduced when their income increases is referred to as the taper rate. This is currently set at 20% for LCTS, this means for every extra pound a claimant earns they lose 20p benefit. The rate of withdrawal for universal credit is 65%; consideration could be made to aligning the taper rates between LCTS and UC, or moving the LCTS taper close to the UC rate. The consultation would suggest a range of taper rates between 65% and 30% or remaining the same. This will impact on people as their earnings increase but does ensure that the CTS is aligned with national welfare support.