

Appendix A – Principles and Features of the Existing CTS Scheme

Principle 1: “Everyone should pay something”

- working age claimants (unless protected under principle 2) are required to pay a minimum contribution towards their Council Tax – this is currently set at 20% within the scheme.

Principle 2: “The most vulnerable claimants should be protected” (from the minimum contribution)

Claimants are currently protected from the 20% minimum contribution if they, a partner or a dependant in their household are entitled to a disability premium, enhanced disability premium, disabled earnings disregard, Disability Living Allowance or Personal Independence Payment, Disabled Persons Reduction for Council Tax purposes, War Disablement Pension, War Widow’s and War Widower’s Pension. Additionally, claimants are also protected if they or their partner are in receipt of a Carer’s Allowance or the lower or higher rate of Incapacity Benefit.

Principle 3: “The scheme should incentivise work”

Incentives to work are achieved by letting claimants who are working keep more of what they earn (before means-testing) – the existing scheme incorporates earnings disregards for Single Persons, Couples and Lone Parents earnings that are £10 higher than the level previously set nationally under the Council Tax Benefit scheme. In this context, a disregard means the amount of weekly earnings that may be ignored when calculating entitlement to Benefit.

Principle 4: “Everyone in the household should contribute”

Other adults in the claimant’s household (“non-dependants”) should contribute more proportionately to their income – the existing scheme incorporates rates of non-dependant deductions that are twice the level of deductions that existed in 2012/13. Additionally, the scheme incorporates a deduction of £6.60 for each other adult residing in the claimant’s household who receives Job Seekers Allowance (Income Based) where none previously existed under the former national Council Tax Benefit scheme.

Principle 5: “Better off claimants should pay relatively more so that the least well off receive greater protection.”

The existing scheme incorporates a taper of 30%. This is applied in the means test calculation for claimants whose income exceeds their needs. It is the rate at which Council Tax Support is reduced where weekly income exceeds basic living needs. Under the former national Council Tax Benefit scheme, the taper was 20 pence in the pound rather than the 30 pence currently applied.

Principle 6: “Benefit should not be paid to those with relatively large capital or savings”

The existing scheme incorporates a savings cut-off limit of £6,000 rather than the £16,000 limit that previously applied to the national Council Tax Benefit scheme.

Feature 1: The second adult rebate scheme (whereby claimants whose own income is too high to receive CTB, but have other adult(s) in the household whose income is low, can receive a Council Tax discount of up to 25%) was removed for working age claimants.

Feature 2: Premiums and personal allowances used to determine basic living needs for a claimant and their family when calculating entitlement to CTS have been held at the rates that previously applied to the national Council Tax Benefit scheme in 2012/13.