

Appendix 1

Review of Council Tax Support Scheme – Options

Option	Commentary/Context	Estimated Cost / (Saving) Gross i.e. saving for all preceptors (TDC share is 13.7%) £'000	Recommended for consultation? (x = no / ✓ = yes)
1 Maintain current scheme (no change)	<p>This option does not meet the primary objective of ensuring the scheme remains affordable.</p> <p>In addition, pending changes in Housing Benefit (HB) coming would mean the CTR and Pension Age CTR / HB schemes would diverge</p>		x
2 Increase the level of support available to Working Age claimants to previous Council Tax Benefit Levels (up to 100% for all applicants)	<p>This option would increase the affordability pressures of the current scheme and would have a significant impact upon the preceptors. It would also diverge from the current HB scheme.</p> <p>However, it would be easier to administer</p> <p>Over 70 authorities nationally still allow up to 100% support for working age claimants.</p>		x
3 Total Income Discount (Banded) Scheme	<p>Calculate total income of applicant and partner (where applicable) and put in an income 'band'. Bands to be determined.</p> <p>Would make it simpler from claimants point of view, and there could be less ongoing changes to entitlement.</p> <p>Currently no authority has a similar scheme in operation.</p> <p>Would require additional information to be gathered from claimants.</p> <p>Would need to pay for software changes (likely to be expensive).</p>		x

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4 Passported and Income Discount (Banded) Scheme	<p>Identical to the previous scheme, however any applicant who receives a 'passported' benefit from DWP will automatically be placed in most generous band, cutting down on administration.</p> <p>Only one scheme like this in operation nationally.</p> <p>Relatively simple to understand. However as a high proportion of claimants would receive a passported benefit so automatically default to a single band the attractions of this scheme are diluted.</p>		x
5 Simplified Means Test leading to a Discount Band	<p>As per the current system but translate means test into a discount band.</p> <p>Thus if claimant were to change their earnings they may remain in the same band and changes to entitlement would not be needed. Potential to reduce some administration costs.</p> <p>Unclear whether software can be adapted.</p> <p>If it can, likely to be costly. No other council running this scheme.</p>		x
6 Total Household Income scheme	<p>Include all non-dependant (e.g. adult child) income in means test based on ethos that the whole household should contribute towards Council Tax.</p> <p>One authority has implemented a similar scheme.</p> <p>More complicated to administer as details of all household incomes would need to be collected. Software currently would not allow for this information to be entered automatically and so this would become a manual process.</p> <p>More administration for staff. However potential for more income to be included in the means test - and thus likely to deliver savings within total scheme cost.</p>		x

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<u>Retain Current Scheme but consider changes set out below :-</u>			
7 Increase the minimum % payable	<p>TDC currently requires working age claimants to pay a minimum of 5.5% towards council tax.</p> <p>The level of contribution varies significantly over the country. 76 councils having a nil contribution rate with 52 schemes having rates over 20%.</p> <p>Medway Council will be highest in Kent (and possibly nationally) at 35% for 2016/17.</p> <p>There is evidence of a “tipping point” somewhere between 20% and 25% after which collection rates are affected significantly. Increasing the minimum % that a working age claimant needs to pay beyond a “tipping point” could be counter-productive and unrealistic.</p> <p>Consult on increasing the minimum % to 10% or 15%.</p>	<p>All figures gross</p> <p>10% £394k</p> <p>15% £811k</p> <p>All recipients would be affected</p>	<p>✓</p>
8 Reduce Capital limit	<p>Currently claimants are allowed to have capital (excluding property) of up to £16,000 and still be eligible to claim.</p> <p>This limit could be reduced and it is suggested that this should be reduced to £6,000 or roughly 4 years' worth of council tax. This level is used in a number of schemes around the country and is relatively simple to administer and is compliant with the system. This will have the effect of removing the entitlement of some claimants.</p> <p>Consult on reducing capital limit to £6,000</p>	<p>£48k</p> <p>210 cases affected, average annual impact £228.30</p>	<p>✓</p>

	<p>9 Include currently disregarded incomes in calculation of total income</p>	<p>Certain incomes are currently disregarded in full when calculating entitlement for CTR. These include Child Benefit, Child Maintenance, Disability Living Allowance and Personal Independence Payments.</p> <p><u>Child Benefit and Child Maintenance</u></p> <p>These were included (i.e. were not disregarded) within Council Tax Benefit Schemes until as recently as 2009. Nationally twenty two schemes have reverted to including this income within the assessment.</p> <p><i>For completeness we should consult on the option of including child benefit and child maintenance payments, in the assessment of income but the Committee could decide that this is flagged to say that we are not currently minded to proceed with this option unless the results of the consultation suggest we should re-consider.</i></p> <p><u>Disability Living Allowance (DLA) and Personal Independence Payments (PIP).</u></p> <p>These incomes are currently considered when calculating discretionary housing payments but not included within the calculation of Housing Benefit and Council Tax Support. There has however been recent controversy at a national level in respect of the government's proposal to curb PIP in order to deliver savings, and the proposal has been withdrawn. Could also impact on vulnerable groups. Suggest not to include option in consultation.</p>	<p>£499k</p> <p>2,923 cases affected, average annual impact £170.59</p>	<p>✓</p> <p>x</p>
	<p>10 Introduce changes to non-dependant charges</p>	<p>Introduce a standard charge for non-dependants who live in a property.</p> <p>Currently, non-dependant deductions can vary from £0.00 to £11.45 depending on level of income. A standard charge would be easier to administer and could contribute to savings within the scheme. Suggestion from group is £10 per week.</p> <p><i>Consult on introducing a standard of £10 per week for non-dependant deduction</i></p>	<p>£164k</p> <p>841 cases affected, average impact £195.49</p>	<p>✓</p>

11 Introduce Minimum income floor for self-employed claimants	<p>Currently self-employed claimants are asked to declare their own level of income, and it is not unheard of for it to be declared as nil (or close to nil) after taking into account expenses. Claims are difficult to administer and challenging self-declared income levels can be protracted and time consuming.</p> <p>The Universal Credit assessment criteria includes a clause whereby a self-employed claimant is allowed to declare nil income in their first year of operation and then after that initial period to establish the business they are then assessed at either their declared income or at a minimum income floor calculated at 35 hours per week times the living wage. It may be necessary to consider an alternative for people who are unable to work full time (primarily single parents with young children).</p> <p><i>Consult on introducing an assumed minimum level of income for self-employed claimants, based upon the living wage, at 35 hours per week for full time or 16 hours a week for part-time workers.</i></p>	<p>£479k</p> <p>705 cases affected, average estimated impact based on 35 hours £680.42</p>	✓
12 Align Scheme with HB and Pension Age CTR changes	<p>Central Government has announced significant changes to HB including the removal of certain premiums, a limitation on the number of dependants that can be included in the calculation, and the limiting of backdating.</p> <p>If we are to retain a scheme similar to the current one, it will be important to ensure it is aligned with HB as far as possible to aid understanding as well as efficiency of processing. These changes will form part of the prescribed requirements for the Pension Age CTR scheme.</p> <p><i>Consult on aligning regulations of 'base' CTR scheme with HB and (prescribed) Pension Age CTR scheme.</i></p>	TBA	✓
13 Cap the discount at Band C or Band D	<p>Cap the discount offered at Band C or Band D, so that claimants in higher banded properties only receive the discount to a value equal to the cap, and therefore to the same value as claimants in a Band C or Band D property.</p> <p><u>Consult on capping the discount offered at Band C or Band D level.</u></p>	<p>Band C £112k</p> <p>631 cases affected, average impact £178.19</p> <p>Band D £36k</p> <p>249 cases affected,</p>	✓

			average impact £145.80	
14	Exceptional Hardship Scheme	The option would introduce a scheme whereby, individual cases would be looked at on their own merit. This would provide greater flexibility to the Council to help those that need it most and enable a safety net for those households suffering exceptional hardship.	Not possible to model at this stage.	✓
15	Change income tapers to incentivise work	The current taper for assessing CTR claims is 20%, consistent with the previous CTB scheme. Changing this would affect all claimants and would be similar to increasing the minimum % payable. Would also mean changing the software to accommodate this which could be costly		x