

**Review of Council Tax Reduction Scheme: Options to be considered**

	Option	Commentary/Context
a	Increase the minimum % payable	<p>SBC currently requires working age claimants to pay a minimum of 15% towards council tax.</p> <p>The level of required contribution varies significantly over the country - 76 councils having a nil contribution rate, with 52 schemes having rates over 20%. Medway Council will be highest in Kent for 2016/17 at 35%.</p> <p>Evidence there is a 'tipping point' somewhere between 20% and 25%, after which collection rates are affected significantly. The tipping point severely affects applicants on low or fixed incomes, particularly single persons and couples with no dependants. Increasing the minimum % that a working age claimant needs to pay beyond the tipping point is unrealistic and likely to be counter-productive in terms of collections rates.</p> <p><b>Consider option of increasing minimum % to 18.5% or 20%.</b></p>
b	Remove Second Adult Rebate	<p>A taxpayer can presently apply for up to 25% reduction on their liability when an adult that is on a low income moves into their home. The applicant would lose their single person discount, but could apply for this reduction instead. The reduction is assessed on the income of the second adult and not that of the taxpayer, who could have any level of income or capital.</p> <p>This has been removed in a number of authorities across the country, including in East Kent. There are a limited number of cases in Swale, so the impact would be small.</p> <p><b>Consider option of removing Second Adult Rebate</b></p>
c	Include currently disregarded incomes in calculation of total income	<p>Certain income types are currently disregarded in full when calculating entitlement for CTS. These include Child Benefit and Child Maintenance. Child Benefit and Child Maintenance were included (i.e. were not disregarded) within Council Tax Benefit Schemes until as recently as 2009.</p> <p>Nationally, twenty two schemes have reverted to including this income within the assessment.</p> <p><b>Consider option of including child benefit and child maintenance payments in the assessment of income.</b></p>
d	Introduce changes to non-dependant charges	<p>Introduce a standard charge for non-dependants who live in a property. Currently, non-dependant deductions can vary from £0.00 to £11.45 depending on their level of income.</p> <p>A standard charge would be easier to administer.</p> <p><b>Consider option of introducing a standard of £15 per week for non-dependant deduction</b></p>

e	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 at 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>Consider introducing a minimum income floor for self-employed claimants (after a start-up period of say one year), based upon the living wage at 35 hours per week for full time workers, or 16 hours a week for part-time workers</p>
f	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>Retaining a scheme similar to the current one, requires that it is aligned with HB as far as possible to aid understanding by claimants, as well as efficiency of processing. These changes will form part of the prescribed requirements for the Pension Age CTR scheme.</p> <p>Consider option of aligning regulations of 'base' CTR scheme with HB and (prescribed) Pension Age CTR scheme.</p>