

Case studies have been provided to show the effect of the reduction in council tax support for each option. The same three claimant households have been used to enable comparison between options.

Option 1.

Absorb the 10% reduction into the council's financial reserves over Year 1 and/or year 2 of the new scheme. This would mean adopting the current council tax benefit scheme which will be known as the default scheme.

Benefit will remain the same for claimants.

Option 2.

Restrict council tax liability across each band to 80% for working age claimants in order to make 10% reduction.

Option 2 Case Studies		
a) Single Disabled person. Income £147.41 Band A		
	Weekly CTB	Annual CTB
100% Liability	£12.00	£624.00
80% Liability	£9.12	£474.00
CTB Reduction	£2.88	£149.76
b) Lone Parent, 1 child, 1 non dependant. Income £236.87 Band D		
	Weekly CTB	Annual CTB
100% Liability	£20.18	£1049.36
80% Liability	£14.44	£750.88
CTB Reduction	£5.74	£298.48
c) Working Couple, 1 non dependant. Income £151.85 Band D		
	Weekly CTB	Annual CTB
100% Liability	£16.42	£853.84
80% Liability	£10.66	£554.32
CTB Reduction	£5.76	£299.52

The lone parent and working couple in band D properties, share a larger percentage of the reduction than the single disabled person in a band A property in the case studies above.

Option 3.

Calculate CTB entitlement and then reduce every working age claimant's award by 18%.

Option 3 Case Studies		
a) Single Disabled person. Income £147.41 Band A		
	Weekly CTB	Annual CTB
Current Assessment	£12.00	£624.00
CTB Minus 18%	£9.84	£511.68
CTB Reduction	£2.16	£112.32
b) Lone Parent, 1 child, 1 non dependant. Income £236.87 Band D		
	Weekly CTB	Annual CTB
Current Assessment	£20.18	£1049.36
CTB Minus 18%	£16.55	£860.60
CTB Reduction	£3.63	£188.76
c) Working Couple, 1 non dependant. Income £151.85 Band D		
	Weekly CTB	Annual CTB
Current Assessment	£16.42	£853.84
CTB Minus 18%	£13.46	£699.92
CTB Reduction	£2.96	£153.92
<p>Option 3. is similar to Option 2 whereby current the Council Tax Benefit scheme is retained for both Pensioners and Working age claimants. However, the latter group would be subject to an 18% reduction in the final amount of CTB calculated. Council Tax liability would remain at 100% for all groups.</p> <p>Option 3. also spreads the reduction more evenly across claim types unlike Option2.</p>		

Option 4.

Maximum award would be restricted to an average band D award.

Increase benefits taper to 65%. Premiums set at 2011 rates

Increase non-dependant deductions as follows:

£0.00 to £00.00 *

£2.85 to £15.00

£5.70 to £20.00

£7.20 to £28.00

£8.60 to £35.00

Makes for 19% reduction for working age claimants.

Remove second adult rebate

Option 4 Case Studies

a) Single Disabled person. Income £147.41 Band A

	Weekly CTB	Annual CTB
Current Assessment	£12.00	£624.00
<ul style="list-style-type: none">• 65% Taper• No non dependant deduction	£5.04	£262.08
CTB Reduction	£6.96	£361.92

b) Lone Parent, 1 child, 1 non dependant. Income £236.87 Band D

	Weekly CTB	Annual CTB
Current Assessment	£20.18	£1049.36
<ul style="list-style-type: none">• 65% Taper• Increased non dependant deduction £8.60 to £35.00	£0.00	£0.00
CTB Reduction	£20.18	£1049.36

c) Working Couple, 1 non dependant. Income £151.85 Band D

	Weekly CTB	Annual CTB
Current Assessment	£16.42	£853.84
<ul style="list-style-type: none">• 65% Taper• Increased non dependant deduction £8.60	£0.00	£0.00

to £35.00		
CTB Reduction	£16.42	£853.84

A more complex Council Tax benefit calculation is required for Option 4. as changes have been made to the actual benefit calculation. The taper is brought in line with the proposed Universal Credit and Housing benefit calculation, increasing from 20% to 65%. Please see the Glossary Appendix attached for a detailed explanation of terms.

It should also be noted that the large increases in the non dependant charge particularly impacts on those claimants with other adults living in the property. In two of the examples above, both claimants would be subject to the highest deduction and as a result would lose all of their benefit entitlement.

Option 5.

Maximum award would be restricted to an average benefit award in Band D.

Remove second adult rebate.

Increase benefits taper to 30%.

Increase non-dependant deductions:

£00.0 to £00.0*

£2.85 to £6.00

£5.70 to £9.00

£7.20 to £15.00

£8.60 to £20.00

Reduce premiums by 18%

Option 5 Case Studies		
a) Single Disabled person. Income £147.41 Band A		
	Weekly CTB	Annual CTB
Current Assessment	£12.00	£624.00
<ul style="list-style-type: none"> • 30% Taper • Reduce premiums 18% • No non dependant deduction 	£5.60	£291.20
CTB Reduction	£6.40	£332.80
b) Lone Parent, 1 child, 1 non dependant. Income £236.87 Band D		
	Weekly CTB	Annual CTB
Current Assessment	£20.18	£1049.36
<ul style="list-style-type: none"> • 30% Taper • Reduce premiums 18% • Increased non dependant deduction £8.60 to £20.00 	£8.78	£456.56
CTB Reduction	£11.40	£592.80
c) Working Couple, 1 non dependant. Income £151.85 Band D		

	Weekly CTB	Annual CTB
Current Assessment	£16.42	£853.84
<ul style="list-style-type: none"> • 30% Taper • Reduce premiums 18% • Increased non dependant deduction £8.60 to £20.00 	£6.15	£319.80
CTB Reduction	£10.27	£534.04

Option 5 is similar to Option 4. with more complex benefit calculation changes, increasing the taper and reducing the premiums but with lower non dependant charges than option 4. However, those customers with non dependants would still suffer the greatest losses in Council Tax Support entitlement.

Option 6.

Increase council tax for certain properties in line with the Council Tax Technical Reforms for 2013. This would mean adopting the current council tax benefit scheme which will be known as the default scheme.

Benefit will remain the same for claimants.

Option 7.

Pass on the 10% reduction by increasing the council tax charge for every taxpayer by £22 per year. This would mean adopting the current council tax benefit scheme which will be known as the default scheme.

Benefit will remain the same for claimants.

Option 8.

Restrict the maximum council tax support award to the top of band D, £28.94.

Increase non-dependant deductions from:

£00.0 to £00.0*

£2.85 to £6.00

£5.70 to £9.00

£7.20 to £15.00

£8.60 to £20.00

Increase council tax for certain properties in line with the Council Tax Technical Reforms for 2013 as follows:

Remove the second homes discount completely (currently 10%).

Amending the Class A exemption (Empty and undergoing major structural repairs) to a 25% discount for a maximum of 12 months.

Removing the Class C exemption (unoccupied and unfurnished) completely.

Taking the savings from the abolition of Class L (mortgagees in possession).

Option 8 Case Studies

a) Single Disabled person. Income £147.41 Band A

	Weekly CTB	Annual CTB
Current Assessment	£12.00	£624.00
<ul style="list-style-type: none">• Band A• No non dependant deduction	£12.00	£624.00
CTB Reduction	£0.00 No Change	£0.00 No Change

b) Lone Parent, Income £236.87, 1 child, 1 non dependant (gross income greater than £394.00 per week). Band D

	Weekly CTB	Annual CTB
Current Assessment	£20.18	£1049.36
<ul style="list-style-type: none">• Band D• Increased non dependant deduction £8.60 to £20.00	£8.78	£456.56
CTB Reduction	£11.40	£592.80

c) Working Couple, Income £151.85 ,1 non dependant (gross income greater than £394.00 per week). Band D

	Weekly CTB	Annual CTB
Current Assessment	£16.42	£853.84
<ul style="list-style-type: none"> • Band D • Increased non dependant deduction £8.60 to £20.00 	£8.78	£456.56
CTB Reduction	£7.64	£397.28

d) Lone Parent, Income Support, no non dependants, Band F.

	Weekly CTB	Annual CTB
Current Assessment	£41.58	£2162.16
<ul style="list-style-type: none"> • Band F(Restricted to Band D) • No non dependants 	£28.94	£1504.88
CTB Reduction	£12.64	£657.28

e) Lone Parent, Income Support, 1 non dependant (gross income £316.00 to £394.00 per week, Band F

	Weekly CTB	Annual CTB
Current assessment	£34.38	£1787.76
<ul style="list-style-type: none"> • Band F (Restricted to Band D) • Increased non dependant deduction £7.20 to £15.00 	£13.94	£724.88
CTB Reduction	£20.44	£1062.88

Examples a) to c) show only the impact of the non dependant changes. Such cases are unaffected by the restriction to Band D.

Example d) shows the impact of a restriction to Band D upon a Band F property banding, while example e) shows the impact of such a restriction when there is also a non dependant living in the household.