

## Appendix 4

### Supporting Information

Service / Policy:	Council Tax Support Scheme 2016/17
Executive Lead:	Mayor Oliver
Director / Assistant Director:	Fran Hughes

Version:	1	Date:	16 November 2015	Author:	Kevin Michell
----------	---	-------	------------------	---------	---------------

#### Section 1: Background Information

##### Welfare Changes Announced in 2015 Summer Budget

Published 8 July 2015

##### **Tax Credits – Announced in the Autumn Statement that these plans have been scrapped**

1.144 From April 2016, the government will reduce the level of earnings at which a household's tax credits and Universal Credit award starts to be withdrawn for every extra pound earned. In tax credits, this point (known as the income threshold) will be reduced to £4,764 for those without housing costs, £2,304 for those with housing costs, and removed altogether for non-disabled claimants without children. The government will also increase the rate at which a person's or household's tax credit award is reduced as they progress in work, by increasing the taper rate in tax credits from 41% to 48%.

##### **Working Age Benefits Freeze**

1.137 - Since the financial crisis began in 2008, average earnings have risen by 11% whereas most benefits, such as Jobseeker's Allowance, have risen by 21%. To ensure that it always pays to work, and that earnings growth overtakes the growth in benefits, the government will legislate to freeze working-age benefits, including tax credits and the Local Housing Allowances, for 4 years from 2016-17 to 2019-20.

##### **Pension Age Benefits**

1.139 The government will continue to protect benefits, which are specifically for pensioners. The 'triple lock' on the State Pension will be maintained; and other benefits for pensioners including the Winter Fuel Allowance and free TV licences for over 75s will be protected in this Parliament. Pensioners have paid into the system throughout their working lives, and are the group least able to increase their income in response to welfare reform.

##### **Personal Tax Allowances**

1.131 - The government wants to continue to reward work by reducing taxes and taking more people out of income tax. The government has therefore pledged to raise the personal allowance to £12,500 by the end of this parliament. This budget takes the first step towards this commitment. In 2016-17, the personal allowance will increase by £400 to £11,000

##### **National Living Wage**

1.121 - The government will introduce a new National Living Wage (NLW) for workers aged 25 and above, by introducing a new premium on top of the NMW. From April 2016, the new NLW will be set at £7.20 – a rise of 70p relative to the current NMW rate, and 50p above the NMW increase

coming into effect in October 2015.

### **Family Premium**

1.146 The Budget will therefore limit support provided to families through tax credits to 2 children, so that any subsequent children born after April 2017 will not be eligible for further support. An equivalent change will be made in **Housing Benefit** to ensure consistency between both benefits. This will also apply in Universal Credit to families who make a new claim from April 2017.

### **Backdating**

2.110 Limiting backdating in **Housing Benefit** – From April 2016, Housing Benefit claims will be backdated for a maximum of 4 weeks.