

Appendix 1

Final Proposed Scheme Changes

Proposal One - Introducing an income banded scheme, where the highest level of discount will be 75% of the Council Tax liability.

Discount bands vary depending on weekly income and household composition. The maximum level of discount is 75%, which is defined within the scheme.

Passported benefit means where the applicant or partner receives Employment and Support Allowance, Income Support (income related) or Job Seekers Allowance (income based).

We are proposing to replace the current means tested scheme with a simple income grid model from 1 April 2024, where the household composition and net income will apply a percentage reduction to the Council Tax liability.

The Income bands will be sufficiently wide to avoid constant changes in the discount. To allow for variation the band amount will increase where the applicant has a partner and/or dependent children. This effectively replaces Personal Allowances and Premiums used for calculating the current means tested based scheme.

The new scheme will continue to include the following elements that are in the current scheme.

1. Disability benefits such as Disability Living Allowance and Personal Independence Payments will be disregarded (discounted).
2. Child Benefit, Child Maintenance and child-care costs will be disregarded (discounted).
3. War pensions, war disablement pensions and Armed Forces Independence Payments will be disregarded (discounted).
4. Standard Earnings disregards – if the applicant and/or partner is in full or part-time employment some of the earnings is discounted and a standard income disregard is applied. The amount disregarded depends on personal circumstances (£5, £10, £20 & £25).
5. The savings limit will remain at £6,000.
6. A minimum set income for self-employed after one year's trading, based on the national minimum wage, for the age group, multiplied by a set number of hours (under consultation).
7. The net Universal Credit income calculation will remain unchanged.
8. The Housing Cost element of Universal Credit will continue to be disregarded (discounted).
9. Backdating for a period of to one month, where circumstances allow

The maximum level of discount will be increased from 70% to 75% of the Council Tax liability to provide additional financial support.

Final banded scheme grid

Level of Discount	Single	Couple	Single and 1 Child	Single 2+ Children	Couple and 1 Child	Couple 2+ Children
75%	In receipt of a passported benefit	In receipt of a passported benefit	In receipt of a passported benefit	In receipt of a passported benefit	In receipt of a passported benefit	In receipt of a passported benefit
75%	£0 to £102.00	£0 to £149.00	£0 to £176.00	£0 to £256.00	£0 to £230.00	£0 to £310.00
55%	£102.01 to £132.00	£149.01 to £189.00	£176.01 to £216.00	£256.01 to £296.00	£230.01 to £270.00	£310.01 to £350.00
40%	£132.01 to £162.00	£189.01 to £229.00	£216.01 to £256.00	£296.01 to £336.00	£270.01 to £310.00	£350.01 to £390.00
20%	£162.01 to £192.00	£229.01 to £269.00	£256.01 to £296.00	£336.01 to £376.00	£310.01 to £350.00	£390.01 to £430.00
0%	£192.01+	£269.01+	£296.01+	£376.01+	£350.01+	£430.01+

Proposal two - Removing the restriction to the equivalent Council Tax property band D for households that occupy a property in bands E to H.**Amendment to 2023/24 Council Tax Reduction scheme, section 57, paragraph 57.1**

The current scheme restricts the award to the equivalent of a Band D property charge for households living in a property that has a property band E, F, G or H. The maximum award is then based on the Council Tax liability of the Band D property charge, in Torquay and Paignton or Brixham.

The Band D restriction will be removed.

Proposal three - Removing the requirement for non-dependant deductions.**Amendment to 2023/24 Council Tax Reduction scheme, section 58, paragraph 58.1 to 58.9**

The current scheme will apply a non-dependant deduction where there is another adult, such as a family member or friend, that's over 18 living at the address.

The amount of the deduction depends on the personal and financial circumstances of the non-dependant(s) and is set by the government.

If the claimant and/or partner is registered blind, receives Disability Living Allowance (care component), Personal Independence Payment (daily living component) or an armed forces independence payment, then no deduction is taken.

Non-dependant deductions will be removed.

Proposal four - Lowering the number of hours used to calculate the self-employed minimum income floor for lone parents from 35 to 25 hours

Amendment to 2023/24 Council Tax Reduction scheme, section 20

In the current scheme, if the applicant and/or partner is self-employed, after twelve months trading a minimum level of income (minimum income floor) is calculated and applied if the actual income is below the national minimum hourly wage.

The calculation is based on a standard 35 hour working week, multiplied by the hourly national minimum wage for the appropriate age group.

The earnings amount resulting from this calculation is then reduced by the appropriate tax and national insurance deductions.

This proposal will be incorporated in the new scheme.

Proposal five - Keeping the number of hours used for calculating the self-employed minimum income floor for single people, couples and couples with children at 35 hours

Amendment to 2023/24 Council Tax Reduction scheme, section 20

In the current scheme, if the applicant and/or partner is self-employed, after twelve months trading a minimum level of income (minimum income floor) is calculated and applied if the actual income is below the national minimum hourly wage.

The calculation is based on a standard 35 hour working week, multiplied by the hourly national minimum wage for the appropriate age group.

The earnings amount resulting from this calculation is then reduced by the appropriate tax and national insurance deductions.

The current arrangements remain within the proposed scheme changes.

Proposal six - Removing the Extended Payment provision.

2023/24 Council Tax Reduction scheme, sections 60 to 61E.1

Where applicants have been in receipt of Employment and Support Allowance (income related), Income Support and Jobseekers Allowance (income based) and move into work which ends their entitlement; Council Tax Support can be paid for an additional four weeks after commencing work or increasing their hours. Similar provisions do not exist for households receiving Universal Credit.

As Universal Credit replaces these legacy benefits these provisions are no longer appropriate.

The extended payment provision will be removed.

Proposal seven - Removing Additional Earnings Disregard.

2023/24 Council Tax Reduction scheme, Schedule 3, Paragraph 16

The current scheme applies an additional earnings disregard where the claimant or partner is aged 25 or over and works more than 16 hours with children or 30 hours or more and do not have children.

This will not go ahead and will remain in the scheme as an additional incentive to work. This change also ties in with the consultation feedback, and mitigates any negative equality impacts referred to in Appendix 3

Proposal eight - Providing a new income disregard for Carer's Allowance.

Insert to Schedule 4

In the current scheme, when a Carer's Allowance is received for looking after another person who is of either ill health or disabled, they qualify for a premium that partially offsets that income from the calculation of the award.

To provide additional support for households that receive Carer's Allowance we are proposing to replace the Carer's premium with a disregard that discounts that type of income from the calculation, from 1 April 2024.

This proposal will be incorporated within the new scheme.

Proposal nine - Providing new disregards for the support related and work-related activity components of Employment and Support Allowance.

Insert to Schedule 4

In the current scheme, when a support related or work-related activity component is received in addition to the basic allowance, they qualify for a premium that fully offsets that income from the calculation of the award.

We are proposing to replace the premium for either component with a disregard that discounts that type of income from the calculation, from 1 April 2024.

To support those who are unable to work.

This proposal will be incorporated within the new scheme.

Proposal ten - Providing a further income disregard of £50 per week where the applicant, partner or dependent is in receipt of a disability benefit.

Insert to Schedule 4

In the current scheme, when certain disability benefits are received by the applicant, partner, or dependent, they qualify for one of a number of different disability premiums that either fully or partially offsets their income in the calculation of the award. These premiums will no longer be available in the income banded scheme.

To protect the most vulnerable we will continue to disregard Personal Independence Payments and Disability Living Allowance's.

In addition to this, a further income disregard of £50 per week will apply where the applicant, partner or dependent is in receipt of as disability benefit.

Remains in the proposed scheme changes but the £50 will be increased to £75 in order to minimise any negative affect on the scheme calculation and the equality impact assessment.