



Appendix A – Key principles

Principle 1: The current level of Council Tax Support should be protected for as many people as possible

Cambridge City Council recognises that other welfare reforms will have a negative impact on the total income of households that may be applying for Council Tax Support. It is therefore the Council's clear intention to protect as many people as possible from reduced levels of Council Tax Support.

However, given the uncertainty at this stage of Government funding, it may mean that some working age households that currently receive Council Tax Benefit and who are not classed as vulnerable within the scheme may receive less financial support towards their Council Tax than they do currently.

Those people who are classed as vulnerable, i.e. families and those receiving a disability benefit or war pensions will be exempt from any end of calculation reduction, should it be set at more than 0%.

Principle 2: The reduction in Government grants should be funded by increasing Council Tax for second homes and dwellings that are vacant for more than 3 months

It is the Council's clear intention to protect as many people as possible from reduced levels of Council Tax Support. To minimise the effects the Council plans to raise additional income from other Council Tax Reforms as it is anticipated that in implementing these reforms it will compensate for much of the loss of Government grants for Council Tax Support.

These reforms are -

- to allow the Council to charge up to 100% Council Tax on second homes, currently charged at 90%,
- to abolish class A exemption for empty dwellings under repair and class C exemptions for vacant dwellings and to allow Councils to instead set a discount, the value of which is up to the discretion of the Council and can be between 0% and 100%,
- to allow the Council to set a period of discount in respect of vacant dwelling between 0 and 6 months, and
- to allow the option to levy an empty homes premium of up to 50% where a dwelling has been empty for at least two years. This means the maximum Council Tax could be up to 150% for long-term empty dwellings.

Principle 3: The scheme should incentivise people to go into work or increase the number of hours worked

Cambridge City Council intends to adopt the current method of allowing an additional four weeks of maximum Council Tax Benefit for people who go into work by allowing under the new Council Tax Reduction scheme an additional four weeks of maximum Council Tax Reduction

Principle 4: Certain non-dependant adults in the household should contribute more towards the Council Tax bill according to their own income

People who normally share the Council Tax payer's accommodation, but who are not dependent on them for financial support, are known as non-dependants. A non-dependant could be an adult son, daughter, relative or friend.

Non-dependants are expected to pay something towards Council Tax and currently an amount is taken from the Council Tax payer's Council Tax Benefit. The amount that is deducted depends upon the non-dependant's age and income.

These deductions are fixed sums and are based on the non-dependant's gross weekly income.

Cambridge City Council proposes to change the value of a non-dependant deduction; these are shown in Appendix A. The value of these non-dependant deductions will be reviewed annually in line with Consumer Price Index.

Principle 5: The sacrifices made by members of the Armed Forces and their families should be recognised

To recognise the sacrifices made by members of the armed forces and their families, War Disablement Pensions and War Widows/Widowers Pensions will continue to be fully disregarded and will not be taken into account when assessing an applicant's income for a Council Tax Reduction.

Principle 6: A reduction should not be awarded in respect of a second adult for working age applicants

Second Adult Rebate is a type of Council Tax Benefit that can help with the payment of Council Tax. It is not based on the money that the person liable for Council Tax has, but on the money that other people who live in the household have, where the other people are on a low income.

A second adult is typically a non-dependant adult living in the household on a non-commercial basis and who is not a disregarded person for Council Tax discount purposes

Under the current scheme, Second Adult Rebate is a rebate of up to 25%, based on the income of a second adult living in the household. The income and capital of the Council Tax payer is ignored regardless of how much income and capital they possess.

Second Adult Rebate will not form part of the new local scheme.