

Appendix A - Council Tax Reduction Scheme 2021-22

1. Income Banded Schemes

Income banded schemes award different levels of support based on set bands of income.

Three models have been considered when looking at an income-banded scheme.

Model 1 is a simple scheme made up of five income bands with maximum support of 80% as under the current scheme.

Model 2 is the same as Model 1 except for an additional 5% uplift to Council Tax Support for households in receipt of disability or illness benefits in respect of the claimant or their partner (subject to a maximum level of support of 80%).

The following objectives were considered:

- Maintain the maximum basis of award of 80% of Council Tax liability
- Protect disabled households
- Simplify assessments and reassessments
- Maintain costs (amount awarded to claimants) in line with the current scheme in 2021-22
- Understand the impact on specific groups based on gender, disability and age

Model 3 is a further model but with maximum support of 70%, except for households in receipt of disability or illness benefits which have support uplifted by 10% to 80% in Band 1 and uplifted by 5% in Bands 2 - 5.

2. Models 1, 2 and 3 v current scheme 2021-22

	Current scheme	Model 1	Model 2	Model 3
Cost	£5.38 million	£5.38 million	£5.39 million	£5.3 million
Claim numbers	2,869	78.4% of households fall into Band 1 maximum award of 80%	78.4% of households fall into Band 1 maximum award of 80%	52.2% of households fall into Band 1 maximum award of 80% (uplift of 10%)
		13 households are no longer eligible due to their income being higher than the upper earnings	13 households are no longer eligible due to their income being higher than the upper earnings	13 households are no longer eligible due to their income being higher than the upper earnings

		<p>threshold. 132 households will see their support reduce by more than £5/week including households in receipt of disability or illness benefits.</p> <p>189 households will gain more than £5 per week.</p> <p>Both losers and gainers tend to be larger households which are employed or self-employed.</p> <p>This model re-distributes support primarily from households in receipt of legacy benefits to households in receipt of Universal Credit. This redistribution reduces the existing gap between awards.</p>	<p>threshold. 125 households will see their support reduce by more than £5/week. Those in receipt of disability or illness benefits will have an uplift of 5%.</p> <p>193 households will gain more than £5 per week.</p> <p>Both losers and gainers tend to be larger households which are employed or self-employed.</p> <p>This model re-distributes support primarily from households in receipt of legacy benefits to households in receipt of Universal Credit. This redistribution reduces the existing gap between awards.</p>	<p>threshold. 121 households see support reduce by more than £5/week. Those in receipt of disability or illness benefits will have an uplift of 5% (10% in Band 1)</p> <p>173 households will gain more than £5 per week. This is less than Models 1 and 2 because support for some households in Band 1 is based on 70% of their liability.</p> <p>Both losers and gainers tend to be larger households which are employed or self-employed.</p> <p>This model re-distributes support from households in receipt of legacy benefits to households in receipt of Universal Credit, but to a slightly lesser extent than previous models. This is because households in receipt of disability benefits are more likely to be in receipt of legacy benefits</p>
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		Employed or self-employed households in receipt of UC will see the largest average increase. Lone parents in receipt of Universal Credit will see an increase in support.	Employed or self-employed households in receipt of UC will see the largest average increase. Lone parents in receipt of Universal Credit will see an increase in support.	and therefore receive an uplift of 5% or 10%. Employed or self-employed households in receipt of UC will see the largest average increase. Lone parents in receipt of Universal Credit will see an increase in support.
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3. Earnings breakdown and maximum award under Models 1, 2 and 3

Band	No children	1-2 children	3+ children
Band 1	Passported/max UC	Passported/max UC	Passported/max UC
Band 2	Less than £316	Less than £387	Less than £441
Band 3	£316- less than £632	£387 - less than £775	£441 - less than £883
Band 4	£632 - less than £948	£775 - less than £1,163	£883 - less than £1,325
Band 5	£948 - less than £1,264	£1,163 - less than £1,551	£1,325 - less than £1,767

4. Numbers of awards per household for Models 1, 2 and 3

	Band 1		Band 2		Band 3		Band 4		Band 5		Total
	Max Award	No.	Max Award	No.	Max Award	No.	Max Award	No.	Max Award	No.	
Model 1	80%	2,248	65%	52	50%	315	25%	154	10%	73	2,842
Model 2	80%	2,248	65% 70%	44 8	50% 55%	281 34	25% 30%	136 18	10% 15%	60 13)2,842)
Model	70%	751	65%	39	50%	265	25%	127	10%	60)2,842

3	80%	1,497	70%	13	55%	50	30%	27	15%	13)
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5. Comparison of weekly support for Models 1, 2 and 3 to current scheme

Comparison of council tax support (£/week)				
	Current scheme in 2021/22	Model 1	Model 2	Model 3
All working age	£18.57	£18.51	£18.56	£17.68
Legacy benefits	£19.13	£18.38	£18.42	£17.84
Universal Credit	£17.80	£18.70	£18.74	£17.47
CT band				
A	£14.97	£15.00	£15.02	£14.38
B	£17.28	£17.51	£17.53	£16.66
C	£19.14	£19.20	£19.25	£18.34
D	£21.04	£20.62	£20.70	£19.69
EFGH	£27.96	£25.98	£26.08	£25.02
Tenure type				
Private tenant	£17.41	£16.97	£17.03	£16.35
No HB	£19.09	£19.61	£19.65	£18.12
Supported housing	£18.10	£17.82	£17.87	£17.67
HA tenant	£18.74	£18.61	£18.65	£17.93
Temporary accommodation	£18.95	£18.10	£18.14	£17.30
Tenure Unknown	£16.66	£18.83	£18.83	£17.01
Household type				
Single	£17.93	£17.57	£17.59	£17.08
Lone Parent	£17.45	£18.53	£18.54	£17.11
Couple no children	£23.67	£21.70	£21.82	£21.46
Couple with children	£21.23	£19.90	£20.06	£19.37
Economic status				
Employed	£11.22	£11.55	£11.77	£11.55
Out-of-work benefits	£19.52	£19.48	£19.48	£18.72
Self-employed	£9.14	£7.32	£7.54	£7.45
Barriers to work				
DLA or	£18.90	£18.64	£18.74	£18.74

Similar				
ESA or similar	£19.51	£19.24	£19.28	£19.28
LP child under 5	£17.38	£18.29	£18.31	£16.62
Carer	£22.36	£22.59	£22.73	£22.19

6. How these models meet the Council's objectives

6.1 Maintain maximum level of protection

Models 1 and 2 maintain the maximum level of support in line with the current scheme of 80%.

Model 3 maintains the maximum level of support for households with an illness or disability benefit only of 80%.

6.2 Protect disabled households

Model 1 protects disabled households as disability and illness benefits are not taken into account (disregarded) as income for the purposes of the calculation of CTR.

Model 2 further benefits households living with an illness or additional support of 5% for households in which the claimant or partner receives DLA/PIP or ESA.

Model 3 further benefits households living with an illness or disability in all bands 1-5.

6.3 Simplify assessments and reassessments

Models 1, 2 and 3 only require basic household information to calculate the initial award. All models only require reassessments when income crosses income-band thresholds. This will help reduce administration costs such as printing and postage.

6.4 Maintain costs of award in line with the current scheme into 2021/22

Models 1 keep costs (award of support) in line with the cost of the current scheme in 2021/22 (£5.38 million).

Model 2 costs are £5.39 million.

Model 3 costs are £5.30 million.

6.5 Understand the impact on specific groups (age, gender and disability)

Female households are over-represented compared to male households.

Disabled households and households aged 18-24 are under-represented in the worse-off group across models. This is because of the 5% uplift for disabled households.

Households aged 18-24 (who have low earnings or are in receipt of out-of-work benefits) are under-represented.

Under all models, households aged 35-44 are disproportionately affected in the households that lose more than £5 per week.

Although the impacts may differ by age group, calculation of Council Tax reduction is not related to a person's age.