

# **Tunbridge Wells Borough Council**

## Localised Council Tax Support



June 2020

---

## Contents

Executive Summary .....	3
Key Findings .....	5
Comparison of weekly support (£/week) .....	9
Introduction .....	11
Background and Objectives .....	11
Methodology & Approach .....	14
Current scheme .....	16
Maintaining current scheme into 2021/22.....	17
Social and political Impacts of maintaining the current scheme into 2021/22	18
Model 1: Income-Banded.....	20
Model 1: cost .....	21
Impact analysis.....	22
Distributional impact .....	25
Households that are worse off: age, gender, disabled and carers.....	30
Model 2: Income-Banded.....	32
Model 2: cost .....	33
Impact analysis.....	34
Distributional impact.....	37
Households that are worse off: age, gender, disabled and carers.....	41
Model 3: Income-Banded.....	43
Model 3: cost .....	44
Impact analysis.....	45
Distributional impact.....	48
Households that are worse off: age, gender, disabled and carers.....	52
Do these models meet the council's objectives?.....	53
Contact .....	55

## EXECUTIVE SUMMARY

Tunbridge Wells Borough Council has commissioned Policy in Practice to model three income-banded council tax support schemes. Model 1 is a simple scheme made up of five income bands with maximum support of 80%. 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, their partner or their child (subject to a maximum level of support of 80%).

Model 3 differs to Models 1 and 2 in that maximum support is reduced to 70% for all except households in receipt of disability or illness benefits (in respect of the claimant, their partner or their child). For the households that meet the disability criteria, maximum support remains at 80% due to a 10% uplift for households in band 1.

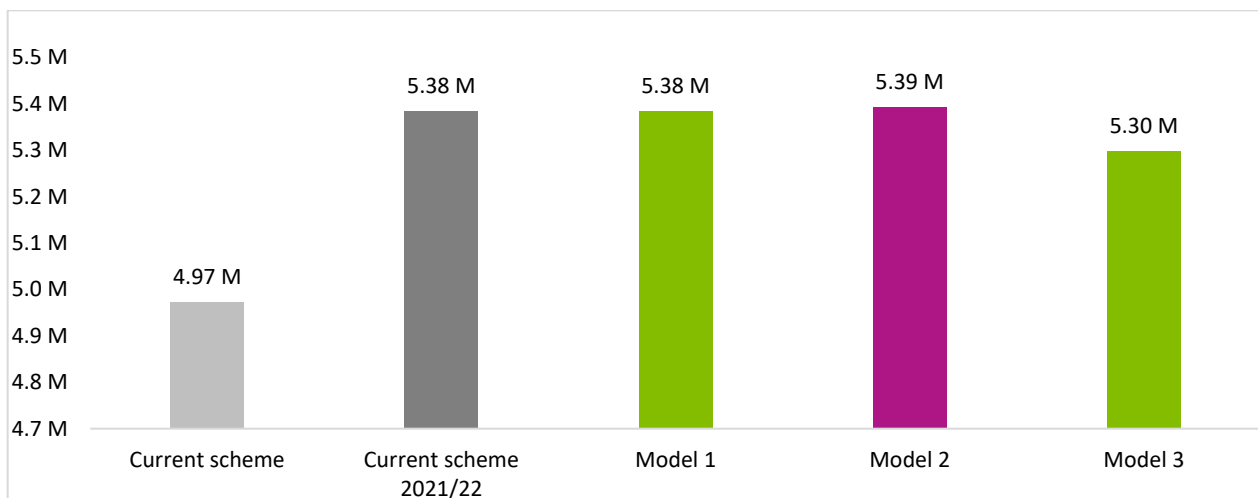
This report presents the findings that result from modelling all council tax support schemes for 2021/22 on behalf of Tunbridge Wells Borough Council.

In addition to the three main Models, the Council wants to capture the:

- Cost impact (savings) from the introduction of non-dependant deduction of £5/week under Model 1
- Cost impact (increased costs) from the introduction of childcare disregards under Model 1
- Loss in support for specific groups based on gender, disabled households, carer households and by age group under all models

The figures below show the annual cost of the current scheme, the cost of retention of the current scheme into 2021/22, and the three models agreed with Tunbridge Wells Borough Council.

### Cost of schemes and models



Cost of current scheme, current scheme retained into 2021/22 and Models 1- 3, £M/annum

### Income-banded schemes

Income-banded schemes award different levels of discount based on set bands of income and help to contain administration costs against increased council tax support assessments under Universal Credit. This is because reassessment of cases will only be required if income crosses one of the income-band thresholds.

The exact impact on reassessments will depend on the interaction between changes in household income and the size of the income bands; determining whether income fluctuations will trigger a reassessment. For example, in 2019 Policy in Practice analysed data from a Welsh Council to consider how introducing a £5/week de-minimis threshold would reduce reassessments. The analysis showed that 21% of households in receipt of Universal Credit and 5% of households in receipt of legacy benefits experienced a change in income over a 12-month period, and that introducing a £5/week de-minimis threshold would prevent reassessment for 8% and 15% among these households respectively.

Income-banded schemes are simpler to understand than the current scheme. An income-banded scheme therefore allows the council to convey a relatively simple eligibility message to residents.

### Findings:

The findings of the impact assessments and modelling are given in two tables within this executive summary:

- **The Key Findings** table (below) shows the cost and the main social and distributional impacts of the three models.
- **The Comparison of Weekly Support (£/week)** table (below) shows the level of weekly council tax support for different types of household currently, if the current scheme was retained into 2021/22, and for the three models.

## Key Findings

	Model 1	Model 2	Model 3
Cost	<p>This model costs £5.38M.</p> <p>The model costs £410,000 more than the current scheme (2019/20) and is similar to costs if the current scheme were to be retained into 2021/22.</p>	<p>This model costs £5.39M.</p> <p>Similarly to Model 1, Model 2 costs £420,000 more than the current scheme (2019/20) and £7,700 more than if the current scheme were to be retained into 2021/22.</p>	<p>This Model costs £5.30M.</p> <p>The model costs £330,000 more than the current scheme (2019/20) and costs £86,000 less than if the current scheme were to be retained into 2021/22.</p>
Administration	<p>Administrative savings are expected compared to retention of current scheme into 2021/22. This is due to a reduction in the number of re-assessments as assessment is only required if income crosses an income-band threshold.</p>	<p>Administrative savings are expected compared to retention of current scheme into 2021/22. This is due to a reduction in the number of re-assessments as assessment is only required if income crosses an income-band threshold.</p>	<p>Administrative savings are expected compared to retention of current scheme into 2021/22. This is due to a reduction in the number of re-assessments as assessment is only required if income crosses an income-band threshold.</p>
Claim numbers	<p>13 households will lose all support. This is 0.5% of the current working-age caseload.</p> <p>78.4% of working-age households are placed in the highest band where their CTS is based on 80% of their liability.</p>	<p>Like Model 1, 13 households will lose all support (0.5% of the current working-age caseload).</p> <p>Again, 78.4% of working-age households are placed in the highest band where their CTS is based on 80% of their liability.</p> <p>Overall, 103 households benefit from the 5% uplift to liability used to calculate CTS. 61% of these fall into the higher bands 2-3 so their CTS is based on 70% and 55% of liability respectively.</p>	<p>As with Models 1 and 2, 13 households will lose all support (0.5% of the current working-age caseload).</p> <p>Compared to models 1 and 2, a smaller proportion of working-age households (52.2%) are placed in the highest band where CTS is based on 80% of liability. This represents 1,497 households that would otherwise have support based on 70% of liability.</p> <p>103 households benefit from the 5% uplift to liability used to calculate CTS. 61% of these fall into the higher bands 2-3 so their CTS is based on 70% and 55% of liability respectively.</p>
Political and social impact	<p>132 households will see their support reduce by over £5/week – this is 4.6% of all working-age claimants.</p> <p>189 households will gain more than £5/week. This is</p>	<p>Slightly fewer households will see support reduce – while slightly more households will see support increase – by over £5/week in Model 2 compared to Model 1.</p>	<p>The same households that see support reduce by over £5/week in Model 2, also see support reduce by over £5/week in Model 3. However, fewer households will see support increase by</p>

	<p>6.6% of working-age households. Lone parents are especially likely to gain support.</p> <p>Both losers and gainers tend to be larger households which are employed or self-employed. However, legacy households are more likely to lose compared to their Universal Credit counterparts. This is due to the impact of earnings disregards that apply under the current scheme but not under Model 1.</p>	<p>121 households will see their support reduce by over £5/week – this is 4.2% of all working-age claimants.</p> <p>193 households gain more than £5/week. This is 6.7% of the working-age cohort. Lone parents are especially likely to gain support.</p> <p>As with Model 1, both losers and gainers tend to be larger households which are employed or self-employed but legacy households are more likely to lose compared to their Universal Credit counterparts.</p>	<p>over £5/week compared to Model 2.</p> <p>121 households will see their support reduce by over £5/week – this is 4.2% of all working-age claimants.</p> <p>173 households gain more than £5/week, slightly fewer than under Model 2. This is 6.0% of the working-age cohort. Lone parents in receipt of Universal Credit do not see increases in support compared to Model 2, due to them being over-represented in the non-disabled out-of-work group.</p> <p>As with Model 1, both losers and gainers tend to be larger households which are employed or self-employed but legacy households are more likely to lose compared to their Universal Credit counterparts.</p>
<p>Distributional Impacts</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>Even so, those in receipt of legacy benefits still receive slightly higher awards on average.</p> <p>Change to weekly CTR varies across groups. The following groups will typically see an increase to their average weekly CTR:</p> <ul style="list-style-type: none"> <li>- Employed or self-employed households in receipt of UC (26.6% and 19.9% respectively)</li> <li>- Lone parents in receipt of UC (15.2%) or lone parents with a child below 5 and in receipt of UC (11.6%)</li> </ul>	<p>Similar to Model 1, this Model 2 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>Even so, those in receipt of legacy benefits still receive slightly higher awards on average (noting that disabled households are more likely to receive legacy benefits).</p> <p>Model 2 extends the effects seen under Model 1 in terms of those that gain support compared to retention of the current scheme. The groups affected include:</p> <ul style="list-style-type: none"> <li>- Employed or self-employed households in receipt of UC (28.0% and 23.2% average)</li> </ul>	<p>As with Model 2, Model 3 re-distributes support primarily from households in receipt of legacy benefits to households in receipt of Universal Credit and reduces the existing gap between awards.</p> <p>Even so, those in receipt of legacy benefits receive slightly higher awards on average (noting that disabled households are more likely to receive legacy benefits).</p> <p>Groups are affected similarly under Model 3 to under Model 2, but the direction is less positive (smaller increases and larger reductions). The groups that typically gain include:</p> <ul style="list-style-type: none"> <li>- Employed or self-employed households in receipt of UC (24.5% and 17.5% average increase)</li> </ul>

	<ul style="list-style-type: none"> <li>- Couples with children in receipt of UC (10.0%)</li> </ul> <p>Groups that will typically see a decrease in weekly CTR include:</p> <ul style="list-style-type: none"> <li>- Employed or self-employed households in receipt of legacy benefits (-19.3 % and -28.4% percentage reduction to weekly CTR, respectively)</li> <li>- Couples with children in receipt of legacy benefits (-12.6%)</li> </ul>	<p>increase to weekly CTR, respectively)</p> <ul style="list-style-type: none"> <li>- Lone parents in receipt of UC (15.4%) or lone parents with a child below 5 and in receipt of UC (11.6%).</li> <li>- Couples with children in receipt of UC (10.9%)</li> </ul> <p>Households will typically see a less pronounced reduction in weekly CTR compared to Model 1. Groups that see a decrease compared to retention of the current scheme include:</p> <ul style="list-style-type: none"> <li>- Employed or self-employed households in receipt of legacy benefits (-16.8 % and -26.1% respectively)</li> <li>- Couples with children in receipt of legacy benefits (-11.6%)</li> </ul>	<p>to weekly CTR, respectively)</p> <p>In contrast to Model 2, lone parents and couples with children in receipt of UC tend to only gain slightly – typically seeing support remain stable.</p> <p>Households will typically see a more pronounced reduction in weekly CTR compared to Model 2. Groups that see a decrease compared to retention of the current scheme include:</p> <ul style="list-style-type: none"> <li>- Employed or self-employed households in receipt of legacy benefits (-17.3 % and -26.1% respectively)</li> <li>- Couples with children in receipt of legacy benefits (-12.6%)</li> </ul> <p>Lone parents with a child aged below 5 that are in receipt of legacy benefits (9.4%)</p>
<p>Focus group impact</p>	<p>Of the 13 households that lose support:</p> <ul style="list-style-type: none"> <li>- 3 are single female households</li> <li>- 5 are households in receipt of disability benefits for adults (4) or children (1)</li> <li>- 1 is a household in receipt of carer's allowance</li> <li>- The most common age groups are 25-34 and 55-65</li> </ul> <p>Of the 132 households that lose more than £5/week of support* (disproportionately affected groups in <b>bold</b>):</p> <ul style="list-style-type: none"> <li>- 62 receive disability benefits for adults (51) or children (11)</li> <li>- <b>29 are female lone parents</b></li> </ul>	<p>The same as under Model 1, of the 13 households that lose support under models 2 and 3:</p> <ul style="list-style-type: none"> <li>- 3 are single female households</li> <li>- 5 are households in receipt of disability benefits for adults (4) or children (1)</li> <li>- 1 is a household in receipt of carer's allowance</li> <li>- The most common age groups are 25-34 and 55-65</li> </ul> <p>For models 2 and 3, of the 121 households that lose more than £5/week of support* (disproportionately affected groups in <b>bold</b>):</p> <ul style="list-style-type: none"> <li>- 51 receive disability benefits for adults (44) or children (7)</li> <li>- <b>24 are female lone parents</b></li> <li>- <b>17 are female single households</b></li> <li>- <b>13 are carer households</b></li> <li>- <b>38 are in the 35-44 age group</b></li> </ul> <p>Of the groups above, female and carer households are more likely to be worse off than the comparison group – 2.89% of female lone parents (compared to only 2.2% of male lone parents), and 2.5% of female single households (compared to only 0.78% of male single households).</p>	

	<ul style="list-style-type: none"> <li>- <b>18 are female single households</b></li> <li>- <b>16 are carer households</b></li> <li>- <b>43 are in the 35-44 age group</b></li> </ul> <p>Of the groups above, female and carer households are more likely to be worse off than the comparison group – 3.5% of female lone parents (compared to only 2.2% of male lone parents) and 2.6% of female single households (compared to only 1% of male single households).</p> <p>5.9% of carer households are worse off compared to 4.5% among non-carers, and are more likely to also be female households.</p> <p>The reverse is true for disabled households – these tend to be under-represented in the losing group (3.9% compared to 5.6% among non-disabled).</p> <p><i>* Note: categories may overlap. For example, 5 of the lone parents that lose more than £5/week are also disabled and female.</i></p>	<p>The proportion of carer households expected to be worse off is closer to that of the comparison group in Model 2 compared to Model 1 – 4.8% of carer households are worse off compared to 4.1% of non-carers. This is due to the indirect impact of the 5% uplift.</p> <p>The reverse is true for disabled households – these tend to be under-represented in the losing group (3.2% compared to 5.6% among non-disabled), and to a greater extent compared to Model 1.</p> <p><i>* Note: categories may overlap. For example, 3 of the female lone parents that lose more than £5/week are also disabled.</i></p>
--	---	---

Comparison of models



## Comparison of weekly support (£/week)

Comparison of council tax support (£/week)					
	Current scheme in 2019/20	Current scheme in 2021/22	Model 1	Model 2	Model 3
<b>All working age</b>	£16.33	£17.49	£17.49	£17.54	£16.91
<b>Legacy benefits</b>	£16.92	£18.25	£17.72	£17.78	£17.39
<b>Universal Credit</b>	£14.69	£16.48	£17.18	£17.22	£16.27
<b>CT band</b>					
A	£13.45	£14.59	£14.64	£14.66	£14.07
B	£15.39	£16.66	£16.77	£16.79	£16.23
C	£17.15	£18.53	£18.45	£18.53	£17.84
D	£19.01	£19.55	£19.53	£19.62	£18.92
EFGH	£19.56	£19.74	£19.55	£19.66	£19.20
<b>Tenure type</b>					
Private tenant	£15.02	£16.08	£16.17	£16.22	£15.62
No HB	£16.09	£17.20	£17.51	£17.54	£16.41
Supported housing	£15.05	£16.29	£16.60	£16.60	£16.23
HA tenant	£16.80	£18.00	£17.88	£17.94	£17.44
Temporary accommodation	£14.35	£15.72	£15.89	£15.89	£15.14
Tenure Unknown	£14.40	£15.70	£16.24	£16.37	£14.96
<b>Household type</b>					
Single	£15.91	£17.21	£16.90	£16.92	£16.48
Lone Parent	£15.19	£16.34	£17.43	£17.47	£16.39
Couple no children	£21.10	£22.49	£21.10	£21.18	£20.91
Couple with children	£18.33	£18.80	£18.11	£18.30	£17.83

Continued overleaf

<b>Economic status</b>					
Employed	£10.72	£11.22	£11.55	£11.77	£11.55
Out-of-work benefits	£18.15	£19.52	£19.48	£19.48	£18.72
Self-employed	£8.83	£9.14	£7.32	£7.54	£7.45
<b>Barriers to work</b>					
DLA or Similar	£17.62	£18.90	£18.64	£18.74	£18.74
ESA or similar	£18.22	£19.51	£19.24	£19.28	£19.28
LP child under 5	£16.17	£17.38	£18.29	£18.31	£16.62
Carer	£21.21	£22.36	£22.59	£22.73	£22.19

Comparison of weekly support (£/week)

## INTRODUCTION

### Background and Objectives

This report presents an impact assessment of the current scheme and retaining the current scheme into 2021/22, and modelling of the three models in 2021/22.

In commissioning this report, the council has the following objectives:

- Maintain the maximum basis of award of 80% of liability and protect disabled households
- Simplify assessments and reassessments
- Maintain costs in line with the current scheme in 2021/22
- To understand the differential impact on specific groups based on gender, disability and age

The models that are under consideration are described below:

Model 1 is an income-banded model in which discounts are awarded based on household size and net monthly earnings. The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%

Net monthly earnings are made up of net employment earnings using the minimum income floor for legacy and UC households that are self-employed. Childcare costs are disregarded from the earnings of eligible households. Working-age households with savings above £10,000 are not eligible for support.

The model also has the following characteristics:

- No tariff income
- Band D cap retained
- Introduction of lower-rate and higher-rate non-dependant deductions:
  - Lower non-dependant deductions of £5/week
  - Higher non-dep deductions of £10/week

Currently, Tunbridge Wells Borough Council has non-dependant deductions of £10/week that apply to all working-age households (except exempt groups). With the introduction of non-dependant deductions of £5/week some households that were previously exempt

(notably those with non-dependant on out-of-work benefits) will be subject to a non-dependant deduction for the first time.

Model 2 is another income-banded scheme. It is the same as Model 1 except for an additional 5% uplift to the maximum award of households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of claimant or partner). The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 2+				70%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 3+				55%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 4+				30%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%
Band 5+				15%

*Note: bands suffixed with a '+' relate to households subject to the 5% uplift due to disability or illness (in receipt of DLA/PIP or ESA in respect of claimant or partner).*

As with Model 1, under Model 2 net monthly earnings are made up of net employment earnings using the minimum income floor for legacy and UC households that are self-employed. Childcare costs are disregarded from the earnings of eligible households. Working-age households with savings over £10,000 are not eligible for any support.

The model also has the following characteristics:

- No tariff income
- Band D cap retained
- Introduction of lower-rate and higher-rate non-dependant deductions:
  - Lower non-dependant deductions of £5/week
  - Higher non-dep deductions of £10/week
- A 5% uplift to maximum award for bands 2-5 for households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of the claimant or partner).
  - For example, households in band 2+ are households that fall into band 2 (maximum award 65%) but receive an uplift of 5% (taking them up to 70%).

Model 3 is also an income-banded scheme. It differs from Model 2 in that the maximum award is 70% for most households, or 80% for disabled households (where the claimant, partner or child is in receipt of DLA/PIP or ESA). The 5% uplift from Model 2 also applies under Model 3. The bands are as follows (overleaf):

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	70%
Band 1++				80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 2+				70%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 3+				55%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 4+				30%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%
Band 5+				15%

*Note: bands suffixed with a '+' relate to households subject to the 5% (+) or 10% (++) uplift due to disability or illness (in receipt of DLA/PIP or ESA in respect of claimant or partner).*

As with previous models, under Model 3 net monthly earnings are made up of net employment earnings using the minimum income floor for legacy and UC households that are self-employed. Childcare costs are disregarded from the earnings of eligible households. Working-age households with savings over £10,000 are not eligible for support.

The model also has the following characteristics:

- No tariff income
- Band D cap retained
- Introduction of lower-rate and higher-rate non-dependant deductions:
  - Lower non-dependant deductions of £5/week
  - Higher non-dep deductions of £10/week
- A 5% uplift to maximum award for bands 2-5 for households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of the claimant or partner).
  - For example, households in band 2+ are households that fall into band 2 (maximum award 65%) but receive an uplift of 5% (taking them up to 70%).
- A 10% uplift to maximum award for band 1 households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of claimant, partner or child).

## METHODOLOGY & APPROACH

Modelling is at household level. Household data on current claimants has been supplied to Policy in Practice in the form of the CTS extract with personal data excluded. Policy in Practice converts this data to a format that can be used by their software, the Benefits and Budgeting Calculator (BBC). The calculation engine enables global changes in benefit formulations, and modelled changes to be applied to each household within the dataset. These are then summed up to arrive at the aggregate cost and Impacts of each scheme.

To enable comparison of modelled schemes against the current scheme in 2021/22, an agreed annual increase in council tax has been included. The rate of council tax increase used is 4% for both 2020/21 and 2021/22.

An agreed level of migration to Universal Credit is also included. Modelling will include an expected migration of 22.5% of claimants to Universal Credit by 2021/22. This migration level has been agreed with the council and is in line with the council's knowledge of migration rates for different types of household.

For each model, the following Impacts are shown:

- Social impact compares support to current levels in order to inform monetary loss and gain of support.
- Distributional impact provides a comparison to retention of the current scheme in the year that is being modelled. This informs an understanding of those groups that would gain or lose support if the model were to be adopted. This takes account of changes in the National Living Wage and personal tax allowances, Council Tax increases and Universal Credit migration.
- Households that will be worse off, considering particular groups of interest according to:
  - gender
  - being a carer
  - being in receipt of disability benefits in respect of the main claimant, partner or a child
  - age group.
- Tunbridge Wells Borough Council has asked Policy in Practice to consider the following working-age groups (overleaf):

Group of interest	Comparison group
Female lone parent households	Male lone parent households
Female single households	Male single households
Disabled (DLA/PIP or ESA for adult or child)	Non-disabled
Carer (carer allowance)	Non-carer
Age groups (inclusive): <ul style="list-style-type: none"> <li>• 18-24</li> <li>• 25-34</li> <li>• 35-44</li> <li>• 45-54</li> <li>• 55-65</li> </ul>	Overall working-age cohort

Initial data analysis of the current scheme and the current scheme in 2021/22 have been undertaken for comparative purposes.

## CURRENT SCHEME

Currently, Tunbridge Wells Borough Council provides council tax support based on the default scheme.

However, the current scheme differs from the default scheme in the following ways (for working-age claimants):

- The maximum award is based is 80% of CT liability.
- Introduction of a cap at band D
- Fixed-rate non-dependant deductions of £10/week for working-age claimants (subject to exemptions)
- The minimum income floor applies to claimants in receipt of UC and claimants in receipt of legacy benefits

In 2019/20, 5,076 households received council tax support in Tunbridge Wells. Of the total 5,076, changes in council tax support will affect the 2,869 households that are working-age. The 2,207 pension-age households will continue to be provided with maximum protection offered by the default council tax support scheme.

Cost of current scheme by age group			
Age group	Number of households	CTR (£/annum)	CTR (£/week)
All working age	2,869	£2,435,537	£16.33
Pension age	2,207	£2,536,120	£22.10
<b>Total</b>	<b>5,076</b>	<b>£4,971,657</b>	<b>£18.84</b>

*Current council tax support cost and level of weekly support*

The average council tax support for working-age households in 2019/20 was £16/week. Pension-age households receive a higher average award of £19/week.

Average Weekly CTR		
Age group	Number of households	CTR (£/week)
All working age	2,869	£16.33
<b>UC households</b>	766	£14.69
<b>non-UC households</b>	2,103	£16.92
Pension age	2,207	£22.10
<b>Total</b>	<b>5,076</b>	<b>£18.84</b>

*Level of weekly support: UC and non-UC households*

Working-age households in receipt of Universal Credit receive lower weekly support (£15/week) than households in receipt of legacy benefits (£17/week). This is due to the higher retention of earned income under Universal Credit and underlying demographics: the proportion of in-work households on Universal Credit is greater than the proportion of in-work households in receipt of legacy benefits. In addition, the current UC scheme is less generous for large households, since the 'applicable amounts' used in the CTS calculation do not include additional amounts for children. There are also no earnings disregards for households assessed in receipt of Universal Credit.



## MAINTAINING CURRENT SCHEME INTO 2021/22

Maintaining the current scheme into 2021/22 would increase costs from £4.97M in 2019/20 to £5.38M in 2021/22. This is an increase in cost of £0.41M (£413,000) or 8.31%.

Annual CTS in current scheme retained into 2021/22, compared to current scheme			
Group	£/annum	Change (£/annum)	Change (%)
All working age	£2,608,863	£173,326	7.12%
Pension age	£2,775,775	£239,655	9.45%
<b>Total</b>	<b>£5,384,638</b>	<b>£412,981</b>	<b>8.31%</b>

Maintaining current system into 2021/22: Annual cost

Costs would increase by 7.12% for working-age households compared to 9.45% for pension-age households. The lower increase for working-age households is due to the planned increases in the national minimum wage and personal tax allowance, as well as the end to the benefits freeze, by 2021/22. These changes will increase earnings and so reduce council tax support awards for working-age claimants. In addition, claimants receive low levels of council tax support as they migrate to Universal Credit, reflecting the higher retention of earned income.

Average weekly CTS awarded in current scheme retained into 2021/22, compared to current scheme			
Group	Upated current scheme (£/week)	Change (£/week)	Change (%)
All working age	£17.49	£1.16	7.12%
UC	£16.48	£0.80	5.13%
Legacy benefits	£18.25	£1.43	8.52%
Pension age	£24.19	£2.09	9.45%
<b>Total</b>	<b>£20.40</b>	<b>£1.56</b>	<b>8.31%</b>

Maintaining current system into 2021/22: weekly support levels.

\*Changes in Universal Credit average awards compares to the average awards of those who migrate prior to doing so. This means it is not a simple comparison between the Universal Credit claimants of 2019/20 to 2021/22, which would be influenced by demographic changes.

Average weekly support for working-age households in 2021/22 is £1.16/week more than 2019/20 levels.

Households in receipt of legacy benefits see an 8.52% rise in support (£1.43/week). By comparison, households in receipt of Universal Credit see a 5.13% rise (£0.80/week). This difference is due to the higher retention of earnings under Universal Credit and the increase in Universal Credit caseload due to natural migration; households who migrate to Universal Credit will often have more of their award reduced by the taper rate more than households in receipt of legacy benefits.

## Social and political Impacts of maintaining the current scheme into 2021/22

If the current scheme were maintained into 2021/22, working-age households would see a slight increase in support of 7.12%. This takes account of the expected council tax increase in 2020/21 and 2021/22 (4% each year; 8.16% over the two years) and so represents a small real reduction in average support. In general, a reduction in support is expected due to the increase in the minimum wage and personal tax allowances, which will increase earnings by 2021/22. In addition, as claimants move to Universal Credit, those with earnings retain more of their benefit award and so receive reduced council tax support.

Breaking down the Impacts of maintaining the current scheme into 2021/22, there are notable differences between groups.

### Differences in impact by economic status

Working households would see an average increase in support of 4.61%. This overall increase is made up of a slight decrease (-5.69% or £0.58/week) for households in receipt of Universal Credit, compared to a larger increase for households in receipt of legacy benefits (15.32% or £1.68/week). This is due to the higher retention of earnings under Universal Credit.

Self-employed households in receipt of Universal Credit is a small group made up of 14 households. These see a decrease in support of 15.12%, or £1.30/week because income from Universal Credit is low due to the application of the Minimum Income Floor by DWP. Self-employed households in receipt of legacy benefits instead see an increase in support of 8.51%, or £0.76/week, which is in line with CT increases. Employed households see a larger increase of 16.29% (£1.85/week). The larger increase among the employed compared to self-employed in receipt of legacy benefits is due to higher average earnings (and a tighter earnings distribution) among self-employed households, inclusive of MIF.

Households in receipt of out-of-work benefits, whether in receipt of legacy benefits or Universal Credit, see increases in support roughly in line with CT increases.

<b>% Change in Council Tax Support - current scheme in 2021/22</b>			
	<b>Universal Credit</b>	<b>Legacy benefits</b>	<b>Average - all employed</b>
<b>All working</b>			4.61%
<b>Employed</b>	-5.37%	16.29%	
<b>Self-employed</b>	-15.12%	8.51%	
<b>Out of work</b>	7.68%	7.51%	

Percentage change in council tax support from current to 2021/22, by economic status

### Differences by household composition

Households in employment see the greatest loss of support as they move to Universal Credit. Households with children are more likely to be in-work than households without children: 39% of working-age households with children are in work while only 13% of working

age households without children are in work. Therefore, couples with children in receipt of Universal Credit see a slight reduction in support of (-4.33%, or -£0.79). For many of these households, their relatively low CTS award will be offset by higher income from Universal Credit.

<b>% Change in Council Tax Support - current scheme in 2021/22</b>			
	<b>Universal Credit</b>	<b>Legacy benefits</b>	<b>Average - all employed</b>
<b>All Working Age</b>			7.12%
<b>Single</b>	8.15%	8.17%	
<b>Lone parent</b>	4.40%	10.27%	
<b>Couple no children</b>	6.05%	6.87%	
<b>Couple with children</b>	-4.33%	7.62%	

Percentage change in council tax support from current to 2021/22, by household type

### Differences in impact by disability status

By 2021/22, most households in which a person is classed as too ill to work and to prepare for work will, on average, see a slight increase to their current level of support. However, this increase is below the 8.16% increase to council tax over the same period. The increase in support also varies across groups, with households in work and in receipt of PIP/DLA seeing lower average increases in support. This is because under the current UC scheme, these households will not have any disability premiums included in their assessment for council tax support. They will also retain more income from work under Universal Credit, and so have more income tapered away during the CTS calculation. These households see support increase by 2.83% on average. It is worth noting that there are a very small number of households in this group (18), some of whom (5) we have migrated from legacy benefits to UC between 2019/20 and 2021/22, so this figure may be skewed.

The average change for all working-age households in receipt of Universal Credit in which a person is too ill to work, or is in receipt of disability benefit, will be an increase of 5.95%. This is below the working-age average (7.12%). It should also be noted that since January 2019, no households in receipt of a severe disability premium within their legacy benefits has been able to make a claim for Universal Credit until transitional protection is available and will remain in receipt of legacy benefits, so that the Council is unlikely to see very many of these cases.

<b>% Change in Council Tax Support - current scheme in 2021/22, households receiving UC</b>	
<b>All disabled working-age</b>	5.95%
<b>Out of work: DLA and ESA</b>	7.71%
<b>Out of work: ESA only</b>	6.98%
<b>Working: DLA only</b>	2.83%

Percentage change in council tax support from current to 2021/22, by disability status

## MODEL 1: INCOME-BANDED

**Model 1 is an income-banded model in which discounts are awarded based on household income.**

The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%

Net monthly earnings are made up of net employment earnings using the minimum income floor for legacy and UC households that are self-employed. Childcare costs are disregarded from the earnings of eligible households.

Working-age households with earnings above their respective thresholds, or with savings above £10,000, are not eligible for support.

The model also has the following characteristics:

- No tariff income
- Band D cap retained
- Introduction of lower-rate and higher-rate non-dependant deductions (these are deducted from CT liability):
  - Lower non-dependant deductions of £5/week
  - Higher non-dep deductions of £10/week

## Model 1: cost

### Annual Cost

Group	Model 1 cost	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£2,608,708	£173,171	7.11%	-£155	-0.01%
UC	£1,105,119	£519,960	51.56%	£44,936	4.24%
Legacy benefits	£1,503,589	-£346,790	-24.30%	-£45,091	-2.91%
Pension age	£2,775,775	£239,655	9.45%	£0	0.00%
<b>Total</b>	<b>£5,384,483</b>	<b>£412,826</b>	<b>8.30%</b>	<b>-£155</b>	<b>0.00%</b>

Model 1: Total cost of model (£/annum)

This model would cost £5.38M per annum. This is £0.41M more than costs in 2019/20 and similar to the current scheme retained into 2021/22.

Model 1 makes savings due to the new non-dependant deductions of £5/week. Without the new non-dependant deductions, Model 1 would cost £5.41M per annum – a difference of £0.03M (around £30,000). The introduction of childcare disregards for eligible households does not affect overall costs due to the small number of households affected (11); the increase to annual scheme costs due to childcare disregards is around £2,000.

### Weekly council tax support

Average weekly support for working-age households under this model is £17.49/week. This is the same as if the current scheme were retained into 2021/22.

Households in receipt of Universal Credit see an increase of £0.70/week on average compared to current levels of support. In contrast, households in receipt of legacy benefits would see their level of support decrease by £0.53/week on average. Even with this redistribution of support towards households in receipt of Universal Credit, households in receipt of legacy benefits retain slightly higher support levels at £17.72/week compared to £17.18/week for households in receipt of Universal Credit.

Group	Average household support	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/week	Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£17.49	£1.16	7.11%	-£0.00	-0.01%
UC	£17.18	£1.50	9.59%	£0.70	4.24%
Legacy benefits	£17.72	£0.90	5.36%	-£0.53	-2.91%
Pension age	£24.19	£2.09	9.45%	£0.00	0.00%
<b>Total</b>	<b>£20.40</b>	<b>£1.56</b>	<b>8.30%</b>	<b>-£0.00</b>	<b>0.00%</b>

Model 1: Average weekly council tax support £/week

## Impact analysis

### Claim numbers

Band	Household type								Maximum Award
	No children		1-2 children		3+ children		All		
	Count	%*	Count	%*	Count	%*	Count	%*	
Band 1	1,446	50%	616	21%	186	6%	<b>2,248</b>	<b>78%</b>	80%
Band 2	22	1%	21	1%	9	0%	<b>52</b>	<b>2%</b>	65%
Band 3	102	4%	156	5%	57	2%	<b>315</b>	<b>11%</b>	50%
Band 4	39	1%	79	3%	36	1%	<b>154</b>	<b>5%</b>	25%
Band 5	33	1%	31	1%	9	0%	<b>73</b>	<b>3%</b>	10%

Model 1: Number and percentage of households in each income band.

\* All percentages are expressed relative to total working-age cohort.

78% of households eligible for support under Model 1 are in receipt of out-of-work benefits. These households receive support based on 80% of their CT liability. Only 2% have non-benefit income below the specified thresholds (£316/week, £387/week or £441/week depending on the number of children present in the household) and receive support based on 65% of their CT liability.

Only 8% of households fall into the lowest two bands which receive support based on 25% or 10% of their CT liability.

Under this model, 13 households are no longer eligible for support. This is 1% of the current working-age caseload. These households no longer qualify for support due to their non-benefit income being higher than the upper earnings threshold (£1263.99/week, £1550.99/week or £1766.99/week depending on the number of children present in the

household). The majority of these households already receive low levels of support – 8 households (61.5%) receive less than £5/week under the current scheme.

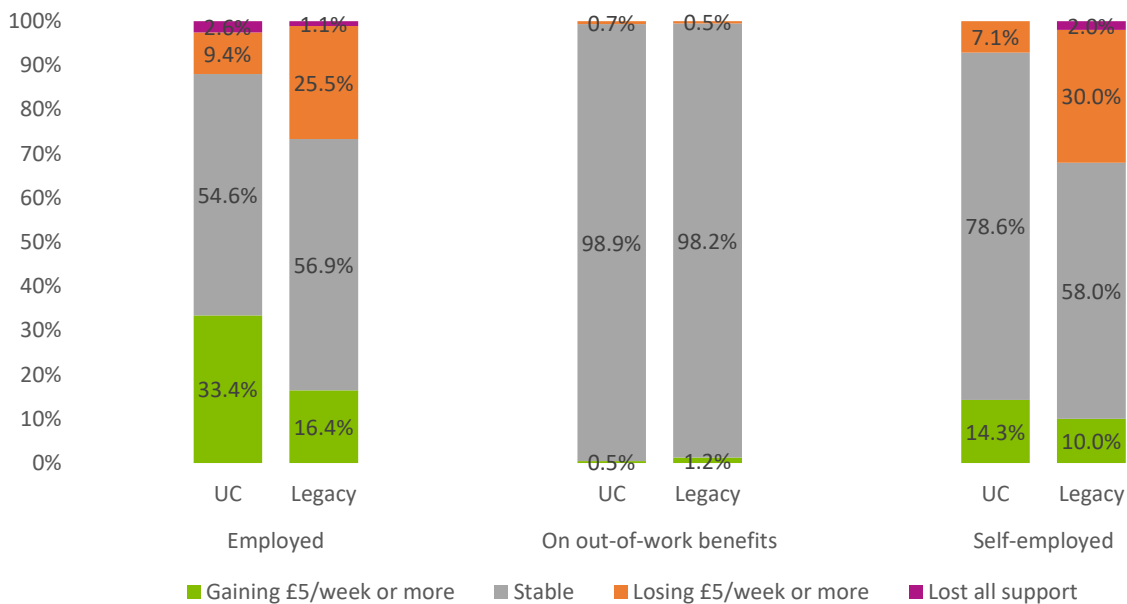
### Characteristics of households gaining and losing more than £5/week

132 households see support reduce by more than £5/week compared to current awards. This is 4.6% of the working-age caseload. At the same time, 189 households see support increase by more than £5/week. This is 6.59% of the current working-age caseload.

This model generally redistributes support from households in receipt of legacy benefits to households in receipt of Universal Credit. Therefore, employed households in receipt of legacy benefits are more likely to lose support than similar households in receipt of Universal Credit. Legacy self-employed households that lose tend to lose slightly more than their employed counterparts but it is important to note that the self-employed group is comparatively small (it is made up of 64 households, compared to a total of 624 employed households). Legacy self-employed households tend to lose more than their employed counterparts because they have higher earnings on average. These households are more likely to be placed in bands 4 and 5 while legacy employed households tend to be placed in bands 1-3.

Some employed and self-employed households also gain more than £5/week. These tend to be higher earning households, for whom the discount provided by this model (the lowest being 10%) will be higher than the award based on tapering away support as income increases, as happens under the current scheme.

Households in receipt of out-of-work benefits see little change because these households all fall into the first band and receive support based on 80% of their CT liability. For many of these, their award under Model 1 will be similar to the current scheme in 2021/22 (where their award is based on 80% of their CT liability). The minority of households on out-of-work benefits (13 in total) that lose support do so as a result of having 2 or more non-dependants in the household and being subject to the lower non-dependant deduction of £5/week.



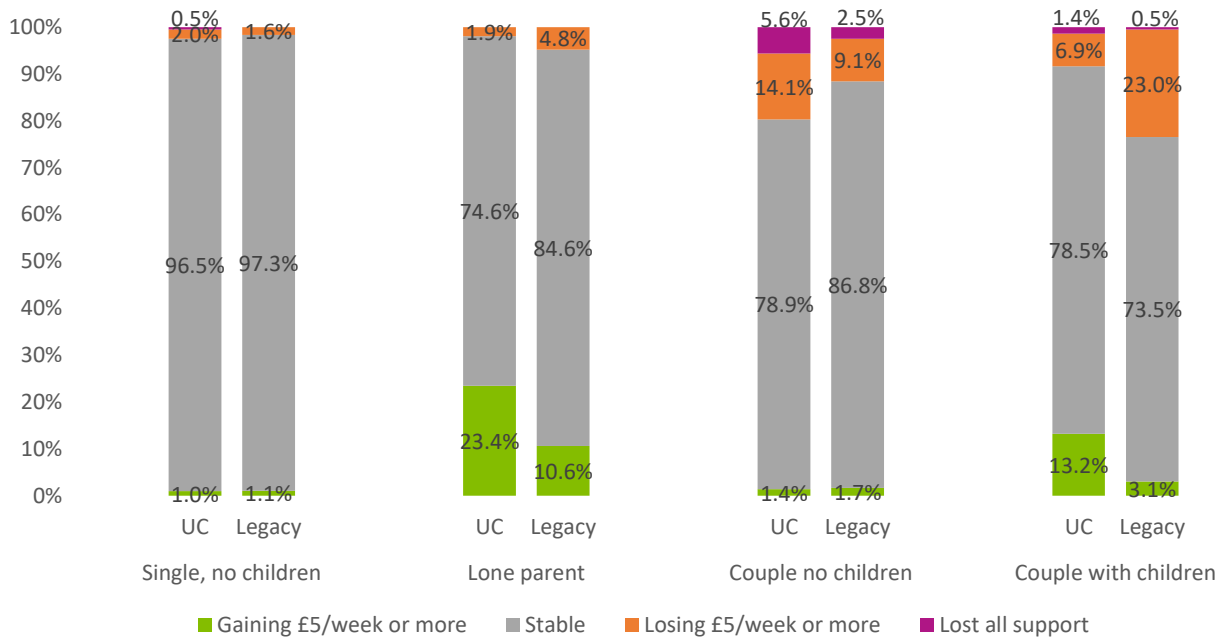
Model 1: households losing and gaining more than £5/week by economic status

Larger households are most likely to lose more than £5/week. This is due to a couple of reasons. Firstly, households with children are more likely to be in work (39% of households with children are in work, compared to 13% for households without children); secondly, the removal of a 'needs' element from assessment when moving from the current scheme to an income-banded scheme will affect larger households to a greater extent – in particular, couple households without children.

For the same reason, lone parents in general, and especially lone parents in receipt of Universal Credit, are likely to gain support by more the £5/week. This is because the presence of children means their applicable earnings threshold will be higher than if they were single or a couple without children. Lone parents are also the least likely to be affected by the lower non-dependant deductions of £5/week.

Couples with children are the most likely to lose more than £5/week due to their greater likelihood of having higher levels of earned income. This means they are more likely to be concentrated in the bands with lower levels of support (around one third are in bands 4, 5 or outside the earnings threshold altogether, compared to 14% for couples without children). Differences between legacy and Universal Credit are discussed in the next section.





Model 1: households losing and gaining more than £5/week, by household composition

## Distributional impact

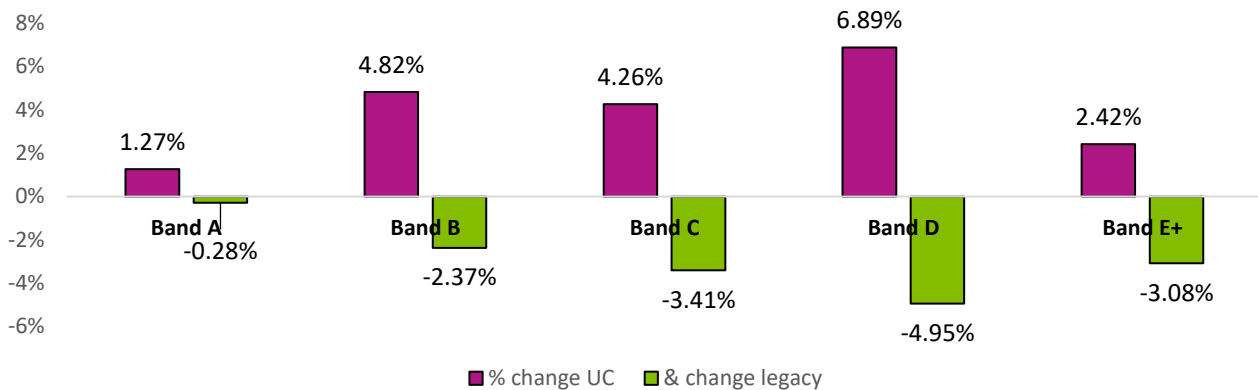
This section examines the groups that would be better or worse off **compared to retaining the current system into 2021/22**.

### Council tax band

There are no significant trends across CT bands and households see small changes to weekly support on average. Universal Credit households see increases that range between 1.27% and 6.89% (equivalent to £0.18/week - £1.27/week) while those in receipt of legacy benefits see a maximum decrease of 4.95% (equivalent to £1.01/week). This reflects the fact there has been no change in the treatment of claims on the basis of CT liability – the cap at band D in the current scheme is retained in Model 1.

The main effect that can be seen across CT bands is the difference between households in receipt of legacy benefits and households in receipt of Universal Credit. This is due to the comparison with retention of the current scheme into 2021/22. By 2021/22, households in receipt of Universal Credit have lower levels of support than households in receipt of legacy benefits if the current scheme were to be retained. This is due to the higher retention of earnings under Universal Credit.

## Percentage change in weekly CTR compared to current scheme retained into 2020/21, by council tax band

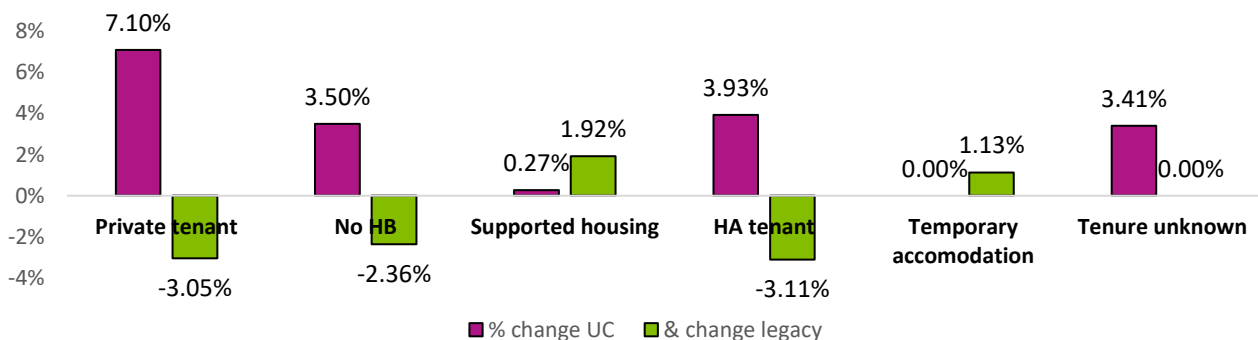


Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by CT band.

## Tenure

As with CT bands, there are no significant trends across tenure types. Households in receipt of Universal Credit see an increase in support of up to 7.10% (£1.08/week) among private tenants, whereas households in receipt of legacy benefits see either very small increases in support, or decreases in support.

## Percentage change in weekly CTR compared to current scheme retained into 2020/21, by tenure type



Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by tenure.

## Household composition

The greatest distributional impact is amongst lone parents in receipt of Universal Credit, who see the largest average increase in support across groups, of 15.23% (£2.34/week). In contrast, couples without children see a reduction ranging from 7.55% (Universal Credit) to 5.55% (legacy benefits). This is due to the definition of household size under Model 1, which protects some households with children by increasing the earnings thresholds according to the number of children. This means that a couple without children where both members

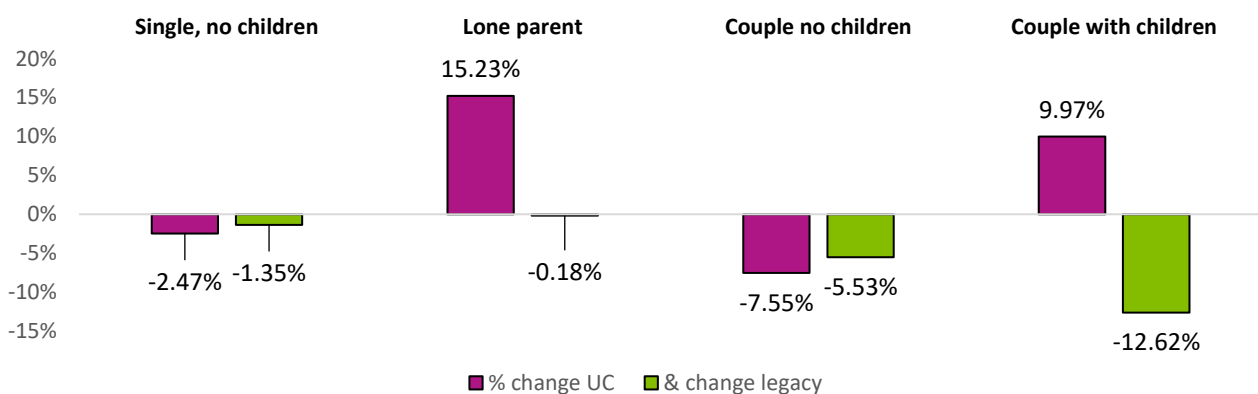
receive employment earnings will be more likely to fall in the higher bands, compared to a similar household with children.

Couples with children in receipt of legacy benefits see the largest average decrease of 12.62% (£2.49/week), whereas couples with children in receipt of Universal Credit see support increase by 9.97% on average. This reflects the group's higher tendency to be in work (thereby exhibiting the distributional effect from legacy benefits to Universal Credit mentioned earlier in this report). This model therefore supports families as they move to Universal Credit and redistributes support back to those that would lose out if the current scheme were retained into 2021/22.

Support among single adult households is similar to under the current scheme retained into 2021/22.

Across all demographic groups, the impact among legacy households is a reduction. This is due to earnings disregards for in-work households under the current scheme which no longer apply under Model 1. Couples with children see the greatest reduction in support. This is due to their higher average earnings which are no longer balanced by higher premiums, as under the current scheme.

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by household type



Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by household composition.

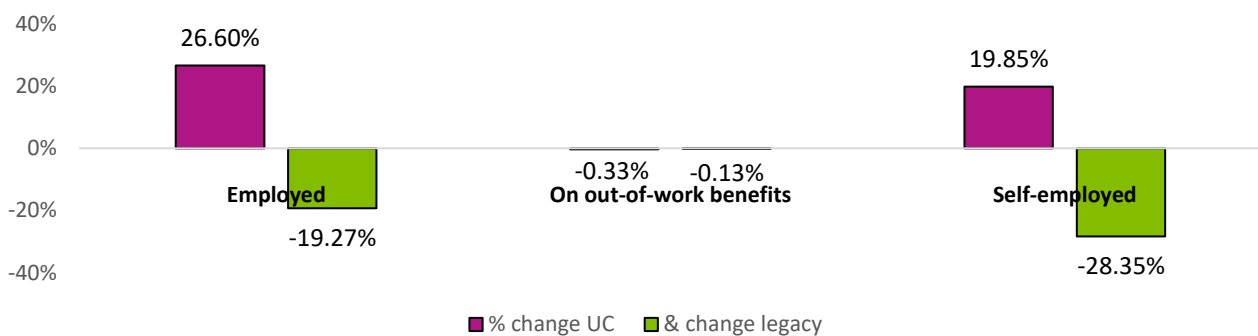
### Economic status

The largest differences in support is seen across groups by economic status. Compared to retaining the current scheme into 2021/22, employed households in receipt of Universal Credit see an increase of 26.60% (£2.57/week). This is partly because these households lose support if the current scheme is retained. In comparison, employed households in receipt of legacy benefits see a reduction in support of 28.35% (£2.54/week). This model therefore

redistributes support from working households in receipt of legacy benefits to those in receipt of Universal Credit.

Out-of-work households in receipt of Universal Credit do not see a change to their level of support, on average. This is because their support is based on 80% of their CT liability and is reduced only when there are non-dependants present in the household.

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by economic status

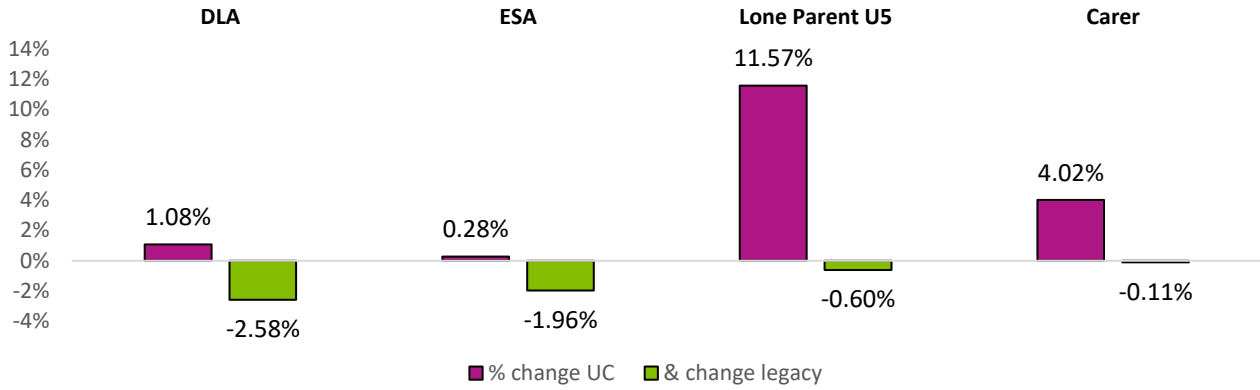


Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by economic status.

### Barriers to work

Lone parents of a child under 5 that are in receipt of Universal Credit will see the most substantial increase, while other groups with barriers to work will see smaller changes, compared to the current scheme in 2021/22. This is due to reasons mentioned earlier: 93% of lone parent households are placed in the more generous bands (1, 2 and 3) and the majority are not subject to the lower-rate non-dependant deductions. For households in receipt of Universal Credit, who receive lower support under the current scheme than their legacy claiming counterparts, this represents a significant increase in support. Households in receipt of legacy benefits and disability benefits (DLA or ESA) see small decreases in support of up to 2.58% compared to the current scheme in 2021/22. This is due to the effect of earnings disregards under the current scheme for disabled households on legacy benefits that are in work.

## Percentage change in weekly CTR compared to current scheme retained into 2020/21, by barriers to work



Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by household types with barriers to work. DLA relates to households where the claimant or partner are in receipt of DLA.

## Households that are worse off: age, gender, disabled and carers

This section examines the groups that would be worse off **compared to retaining the current system into 2021/22**. Specifically it considers whether particular groups of interest will be over-represented among those that are worse off or those that lose all support.

### Households that lose all support

Of the 13 households that lose all support:

- 3 are female single households
- 5 are households in receipt of disability benefits for adults (4 households) or children (1 household)
- 1 is a household in receipt of carer's allowance
- The most common age groups are 25-35 (5 households) and 55-65 (5 households)

These households lose their support due to falling outside of their applicable earnings threshold.

### Households losing more than £5/week

Female and carer households are more likely to be over-represented in the worse off group.

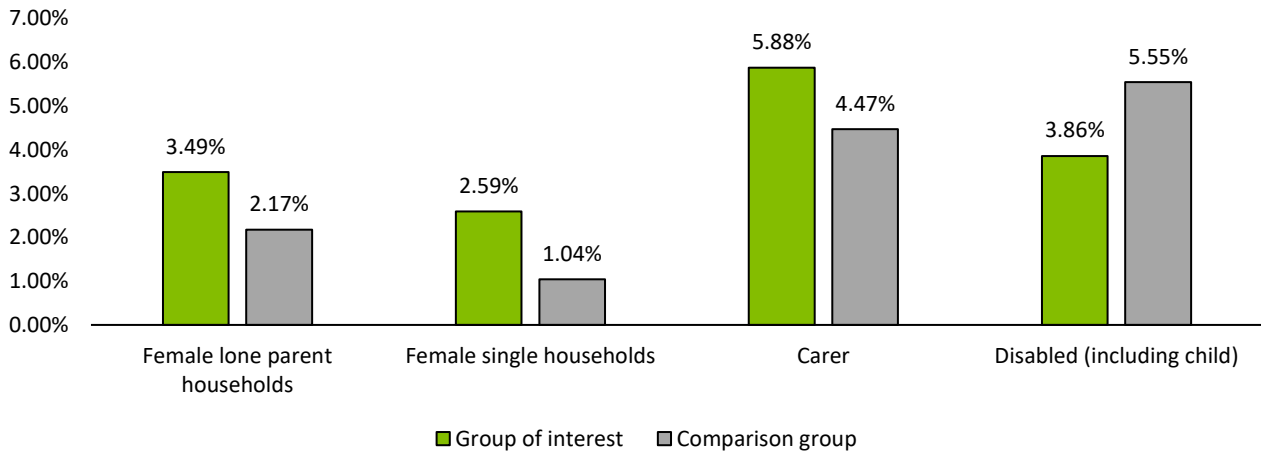
Of the 132 households that are lose more than £5/week or more, 29 are female lone parent households and 18 are female single households. Proportionally, 3.49% of female lone parent households and 2.59% of female single households will lose more than £5/week, which contrasts with 2.17% of male lone parents and 1% of male single households respectively. For these households, the average reduction is £6.8/week and the maximum reduction is £12.6/week. Similarly, carer households are over-represented in the losing group – 5.9% lose more than £5/week compared to non-carer households (4.5%).

Households aged 35-44 are the only age group to be disproportionately likely to lose more than £5/week – 6.7% compared to the overall working-age cohort (4.6%). This is because a greater proportion of this group is placed in the bands 4-5 (or lose all support) due to their level of earnings.

This is the reverse for households in receipt of disability benefits for adults or children. Such households are less likely to lose more than £5/week compared to their non-disabled counterparts (3.9% compared to 5.6%).

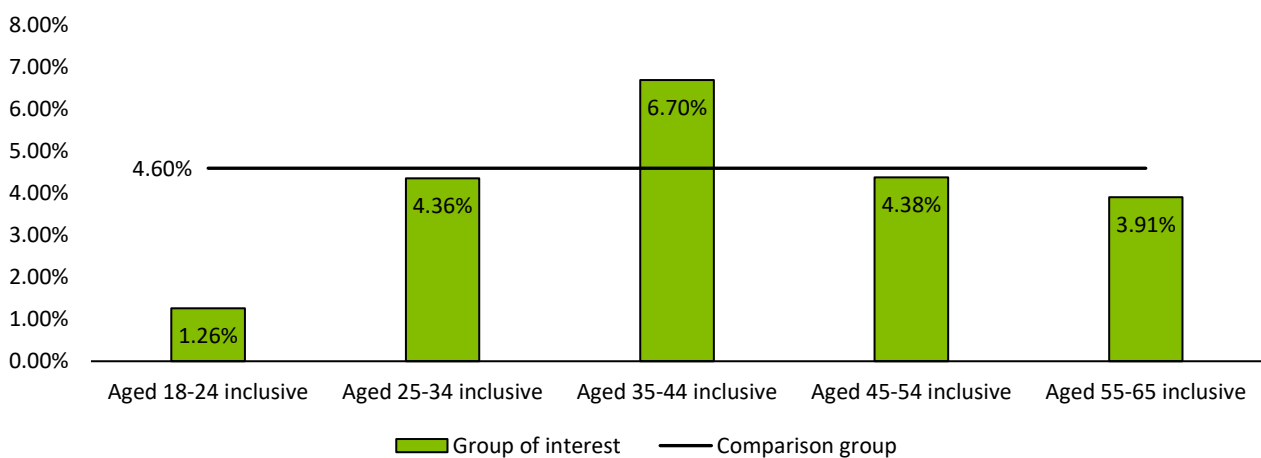
Households aged 18-24 are the least likely to lose more than £5/week. This is due to being more likely to fall in bands 1-3 as a result of lower earnings or being on out-of-work-benefits.

## Percentage of households that lose more than £5/week for groups of interest: gender, carer and disability



Model 1: Percentage of households that lose more than £5/week for groups of interest: gender, carer and disability

## Percentage of households that lose more than £5/week for groups of interest: age group



Model 1: Percentage of households that lose more than £5/week for groups of interest: by age group. Comparison group is calculated over the entire working-age cohort.

## MODEL 2: INCOME-BANDED

**Model 2** is an income-banded model in which discounts are awarded based on household income, with an uplift for households in bands 2-5 that are in receipt of disability or illness benefits in respect of the main claimant, their partner or their child.

The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 2+				70%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 3+				55%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 4+				30%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%
Band 5+				15%

*Note: bands suffixed with a '+' relate to households subject to the 5% uplift due to disability or illness (claimant, partner or child is in receipt of DLA/PIP or ESA).*

As with Model 1, under Model 2 net monthly earnings are made up of net employment earnings using the minimum income floor for legacy and UC households that are self-employed. Childcare costs are disregarded from the earnings of eligible households.

Working-age households with earnings above their respective thresholds, or with savings above £10,000, are not eligible for support.

The model also has the following characteristics:

- No tariff income
- Band D cap retained
- Introduction of lower-rate and higher-rate non-dependant deductions:
  - Lower non-dependant deductions of £5/week
  - Higher non-dep deductions of £10/week
- A 5% uplift to maximum award for bands 2-5 for households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of claimant, partner or child).
  - For example, households in band 2+ are households that fall into band 2 (maximum award 65%) but receive an uplift of 5% (taking them up to 70%).



## Model 2: cost

### Annual Cost

Group	Model 2 cost	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£2,616,575	£181,038	7.43%	£7,712	0.32%
UC	£1,107,829	£522,671	89.32%	£47,646	4.49%
Legacy benefits	£1,508,746	-£341,633	-18.46%	-£39,934	-2.58%
Pension age	£2,775,775	£239,655	9.45%	£0	0.00%
<b>Total</b>	<b>£5,392,350</b>	<b>£420,693</b>	<b>8.46%</b>	<b>£7,712</b>	<b>0.14%</b>

Model 2: Total cost of model (£/annum)

This model will cost £5.39M per annum. This is £0.42M more than the current scheme in 2019/20, and £7,700 more than if the current scheme were retained into 2021/22.

### Weekly council tax support

Average weekly support for working-age households under this model is £17.54/week. This is similar to Model 1 and under the current scheme retained into 2021/22 (both £17.49).

Compared to the current scheme there is an increase for both Universal Credit and legacy benefit households although this is larger for the former group (9.85% and 5.72% respectively).

Compared to levels of support into 2021/22, households in receipt of Universal Credit see an increase of £0.74/week (4.49%). In contrast, households in receipt of legacy benefits see a decrease of £0.47/week (2.58%) compared to support levels under the current scheme in 2021/22. However, as under Model 1, households in receipt of legacy benefits still retain slightly higher support levels at £17.78/week compared to £17.22/week for households in receipt of Universal Credit.

Group	Average household support	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/week	Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£17.54	£1.21	7.43%	£0.05	0.30%
UC	£17.22	£1.54	9.85%	£0.74	4.49%
Legacy benefits	£17.78	£0.96	5.72%	-£0.47	-2.58%
Pension age	£24.19	£2.09	9.45%	£0.00	0.00%
<b>Total</b>	<b>£20.43</b>	<b>£1.59</b>	<b>8.46%</b>	<b>£0.03</b>	<b>0.14%</b>

Model 2: Average weekly council tax support £/week

## IMPACT ANALYSIS

### Claim numbers

Band	Household type								Maximum Award
	No children		1-2 children		3+ children		Total		
	Count	%	Count	%	Count	%	Count	%	
Band 1	1,446	50.4%	616	21.5%	186	6.5%	<b>2,248</b>	<b>78.4%</b>	80%
Band 2	19	0.7%	13	0.5%	7	0.2%	<b>39</b>	<b>1.4%</b>	65%
Band 2+	3	0.1%	8	0.3%	2	0.1%	<b>13</b>	<b>0.5%</b>	70%
Band 3	86	3.0%	135	4.7%	44	1.5%	<b>265</b>	<b>9.2%</b>	50%
Band 3+	16	0.6%	21	0.7%	13	0.5%	<b>50</b>	<b>1.7%</b>	55%
Band 4	31	1.1%	67	2.3%	29	1.0%	<b>127</b>	<b>4.4%</b>	25%
Band 4+	8	0.3%	12	0.4%	7	0.2%	<b>27</b>	<b>0.9%</b>	30%
Band 5	24	0.8%	28	1.0%	8	0.3%	<b>60</b>	<b>2.1%</b>	10%
Band 5+	9	0.3%	3	0.1%	1	0.0%	<b>13</b>	<b>0.5%</b>	15%

Model 2: Number and percentage of households in each income band

The characteristics that sort households into bands are the same in Model 2 as in Model 1 except for a 5% uplift awarded to households in receipt of illness or disability benefits (DLA/PIP or ESA in respect of the claimant or partner, or DLA for child). The uplift applies to bands 2-5.

As with Model 1, 78% of households are in receipt of out-of-work benefits. These households receive support equal to 80% of their liability. These households will receive the same support under Model 2 as under Model 1.

3.6% of total working-age households fall into bands that are subject to the 5% uplift (103 households). These households receive more support under Model 2 compared to Model 1. The majority (61%) fall into bands 2+ or 3+, which means they get support based on 70% or 55% of their council tax liability. The majority (67%) are also in receipt of legacy benefits, rather than Universal Credit.

Like under Model 1, 13 households are no longer eligible for support. This is 0.5% of the current working-age caseload. These households no longer qualify for support due to their non-benefit income being higher than the upper threshold (£1263.99/week, £1550.99/week or £1766.99/week depending on the number of children present in the household). The majority of these households already receive low levels of support – 8 households (61.5%) receive less than £5/week under the current scheme.

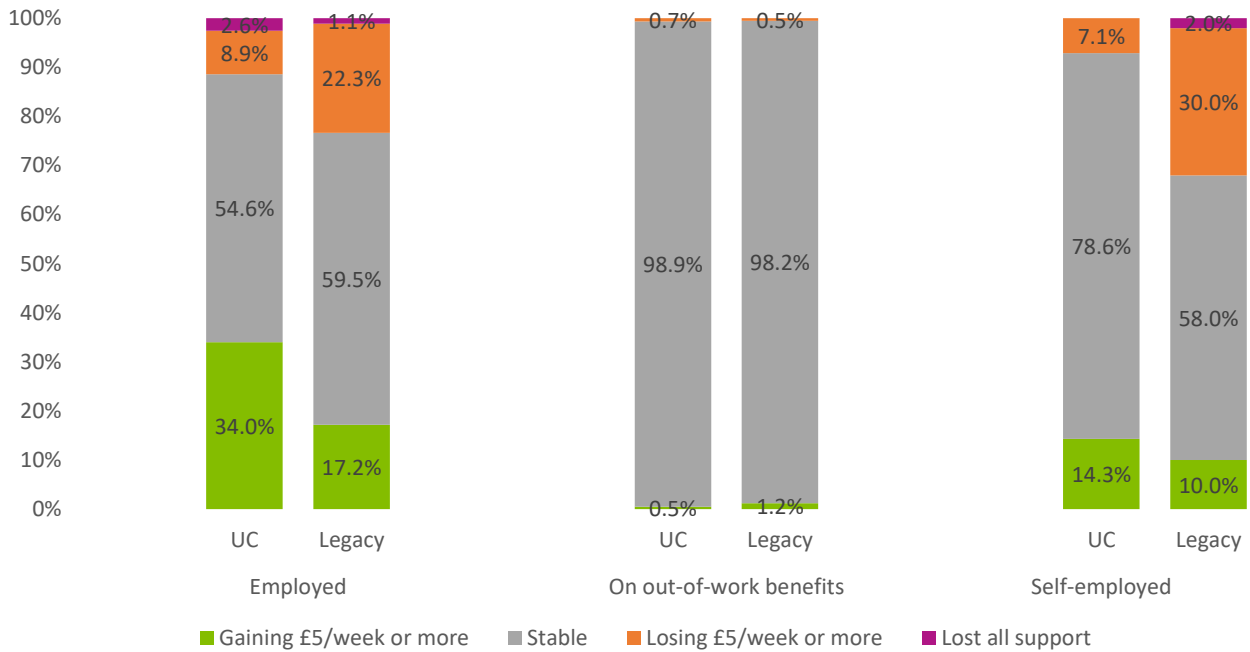
#### Characteristics of households losing and gaining more than £5/week

121 households see support reduce by more than £5/week compared to current awards. This is 4.2% of the working-age caseload, and is lower than the 132 households that lose more than £/week under Model 1. This is because households in receipt of disability or illness benefits that lose more than £5/week in support under Model 1 are protected by the 5% uplift under Model 2. A small number of disabled households continue to lose under Model 2 because they have two or more out-of-work non-dependants, which means these households are newly affected by the lower-rate non-dependant deductions of £5/week.

193 households see support increase by more than £5/week compared to current awards. This is 6.7% of the working-age caseload, and is higher than the 189 households that gain more than £/week under Model 1. As with households that lose support, this is because of the effect of the 5% uplift.

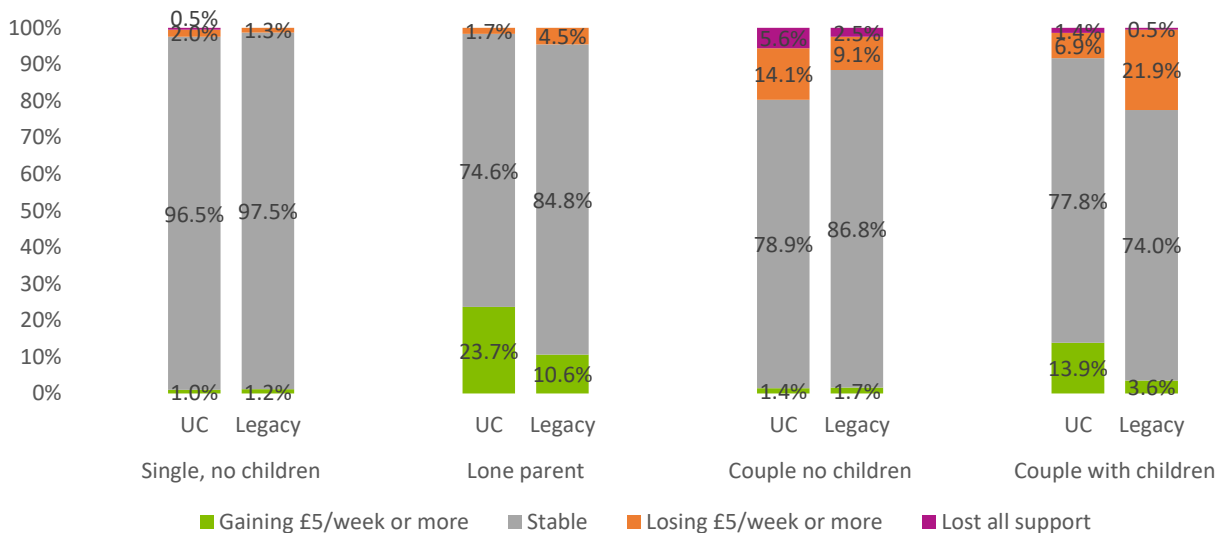
As this model awards maximum support in the same way as Model 1 except for the uplift, the effects across groups are similar to those seen under Model 1. However the distributional effect from legacy households to Universal Credit households is less pronounced than under Model 1.

As with Model 1, in-work households in receipt of Universal Credit are the most likely to see an increase of £5/week or more, while in-work households in receipt of legacy benefits are more likely to lose by £5/week or more. Model 2 continues to re-distribute support from households in receipt of legacy benefits to households in receipt of Universal Credit, but to a slightly lesser extent than Model 1. This is because households in receipt of disability benefits are more likely to be in receipt of legacy benefits and receive the 5% uplift.



Model 2: households losing and gaining more than £5/week by economic status

Similarly, under Model 2 lone parents continue to be the group most likely to see an increase to support of £5/week or more while larger households are more likely to see a reduction of £5/week or more, especially couples with children in receipt of legacy benefits. As with Model 1 this is because these households are more likely to be in work compared to those without children and because of the removal of a 'needs' element from assessment.



Model 2: households losing and gaining more than £5/week, by household composition

## Distributional impact

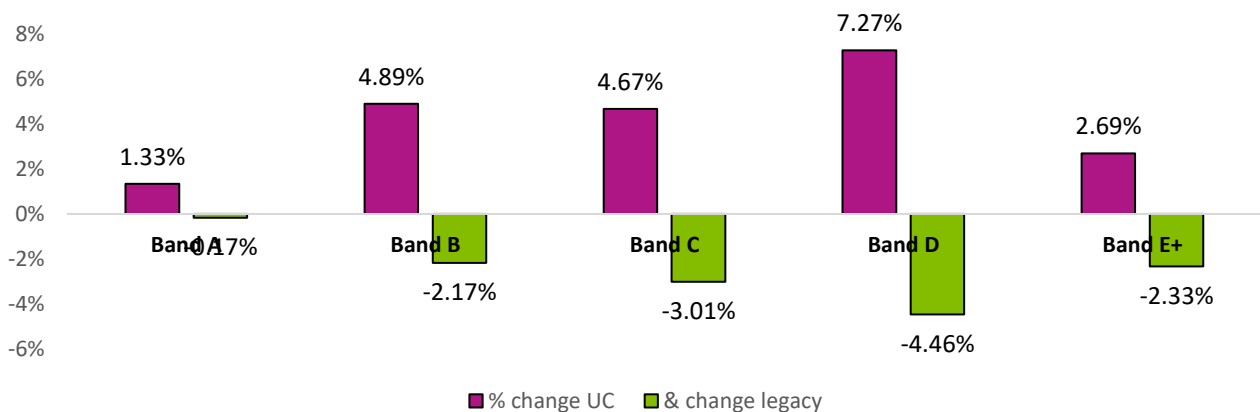
This section examines the groups that would be better or worse off **compared to retaining the current system into 2021/22**.

### Council tax band

As under Model 1, there is no distinct pattern across CT bands under Model 2. The main effect is that of a redistribution from households in receipt of legacy benefits to households on Universal Credit: the largest average changes relate to band D and range from an average increase of 7.27% (or £1.34/week) among households on Universal Credit and decrease of 4.46% (£0.91/week) among households in receipt of legacy benefits.

As with Model 1, the difference in the pattern of change between households in receipt of legacy benefits and Universal Credit is due to comparison with the retention of the current scheme into 2021/22. By 2021/22 households in receipt of Universal Credit would expect to see lower support than those in receipt of legacy benefits. Therefore, in comparison, households in receipt of Universal Credit gain support under these income-banded models.

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by council tax band

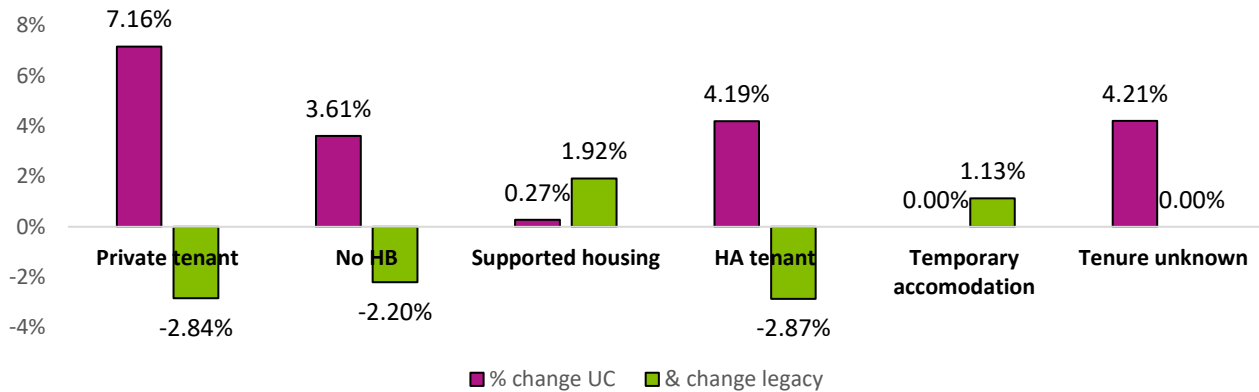


Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by CT band.

### Tenure

Again, there is no discernible trend across tenure types. Households in receipt of Universal Credit see an increase in support of up to 7.16% (£1.08/week) among private tenants while households in receipt of legacy benefits see little change to average awards, as seen under Model 1.

## Percentage change in weekly CTR compared to current scheme retained into 2020/21, by tenure type



Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by tenure.

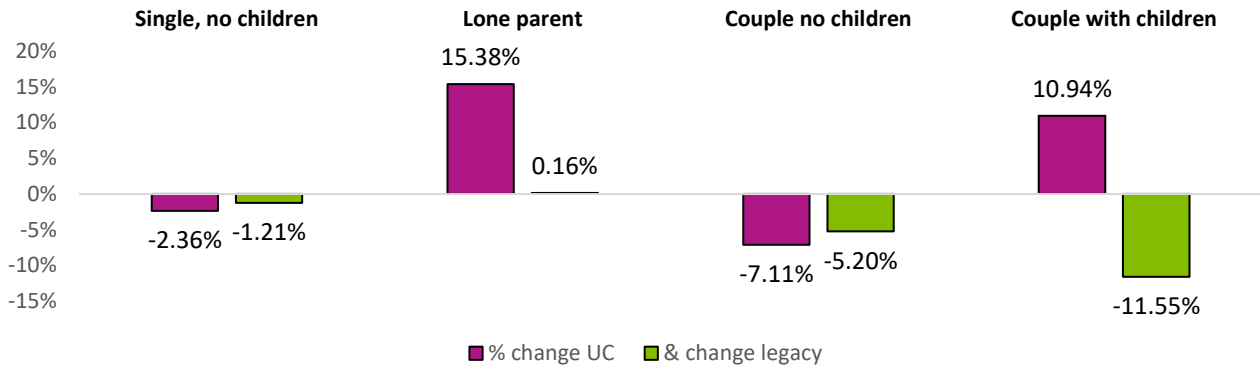
### Household composition

As with Model 1, lone parents in receipt of Universal Credit see the largest average increase in support. The increase in support for couples with children is also slightly greater than under Model 1 (15.38% compared to 9.97%, £2.36/week compared to £1.75/week), reflecting that some of these households now benefit from the 5% uplift. Again, couples without children will on average see reductions in support similar to Model 1.

Although the general pattern of redistribution from legacy households to Universal Credit households remains, the reduction among households in receipt of legacy benefits is generally smaller. The largest average reduction is 11.55% (£2.28/week) among couples with children in receipt of legacy benefits. As with Model 1 this is due to the higher tendency for this group to be in work.

Households with children in receipt of legacy benefits are the least likely to gain support. This is because under the current scheme, their applicable amount included elements for their children, whereas under this model, a household with children receives no more support than a similar household without children.

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by household type



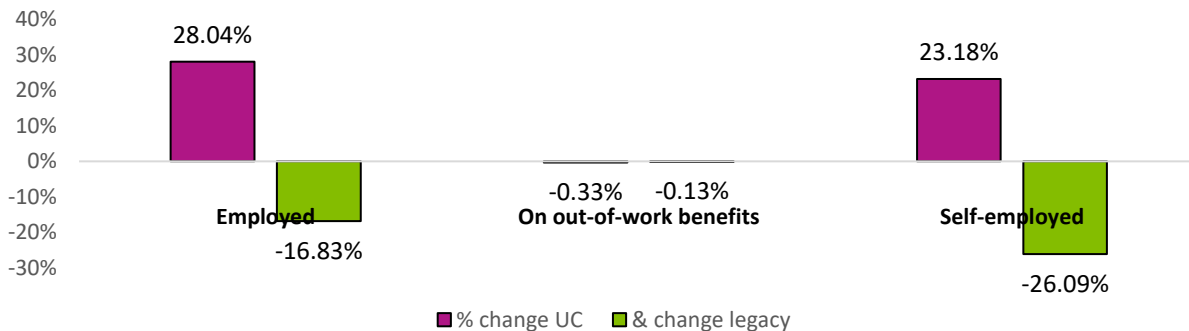
Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by household composition.

### Economic status

Patterns among economic groups are in the same direction as Model 1 but they tend to be slightly more positive; there are smaller reductions among in-work households in receipt of legacy benefits and larger average increases among in-work households in receipt of Universal Credit. Average reduction reaches 26.09% among self-employed households and 16.83% among employed households in receipt of legacy benefits, a slight reduction to Model 1 (28.35% and 19.27% respectively).

Similarly, in-work households on Universal Credit have slightly higher increases to average support compared to Model 1. This is again partly due to comparison to the current scheme in 2021/22 in which average support for Universal Credit reduces. There is no discernible effect on out-of-work households.

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by economic status

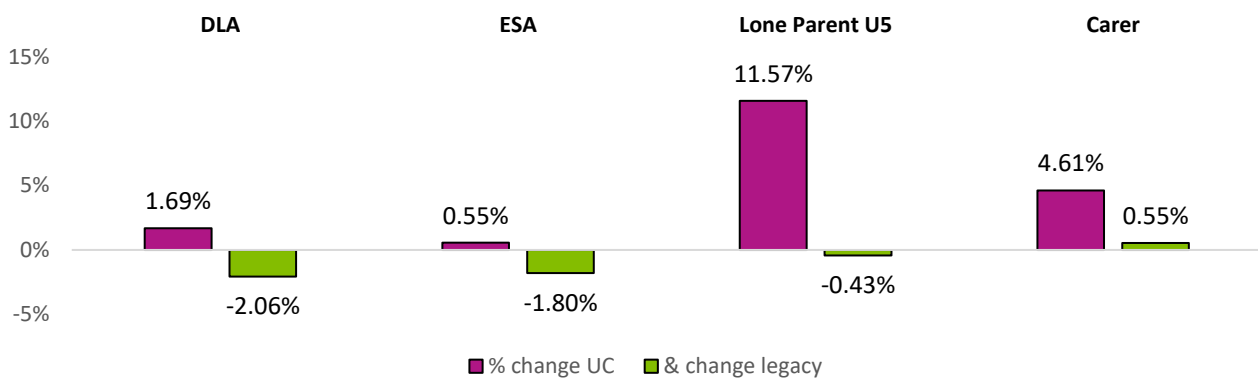


Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by economic status.

## Barriers to work

Redistribution among households with barriers to work is similar to Model 1, but with groups seeing a more positive change, in particular those in receipt of DLA (in respect of claimant or partner), ESA and carer households. Lone parents with a child under 5 that are in receipt of Universal Credit remain the group that see support increase by the largest proportion (the same as under Model 1).

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by barriers to work



Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by household types with barriers to work. DLA relates to households where the claimant or partner are in receipt of DLA.



## Households that are worse off: age, gender, disabled and carers

This section examines the groups that would be worse off **compared to retaining the current system into 2021/22**. Specifically it considers whether particular groups of interest will be over-represented among those that are worse off or those that lose all support.

### Households that lose all support

The same as Model 1, of the 13 households that lose all support:

- 3 are female single households
- 5 are households in receipt of disability benefits for adults (4 households) or children (1 household)
- 1 is a household in receipt of carer's allowance
- The most common age groups are 25-35 (5 households) and 55-65 (5 households)

These households lose their support due to falling outside of their applicable earnings threshold.

### Households losing more than £5/week

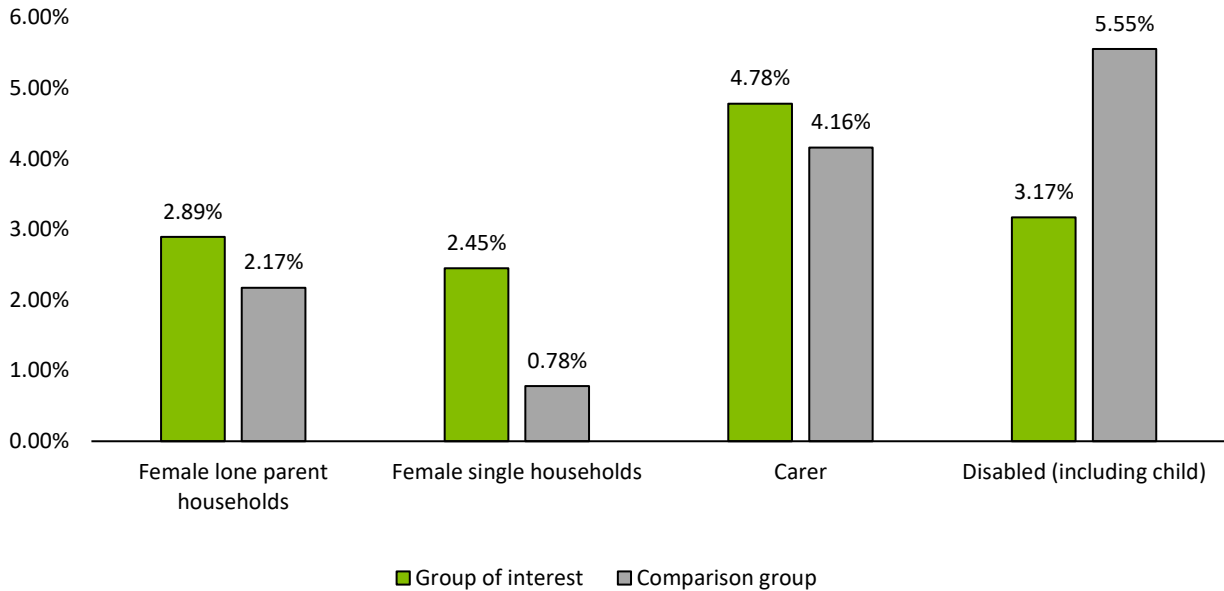
Female households and carer households are more likely to be over-represented in the worse off group. This is similar to under Model 1 but is less pronounced due to the 5% uplift under Model 2. The 5% uplift indirectly affects carer households (also more likely to be female households).

Of the 121 households that are lose more than £5/week or more, 24 are female lone parent households and 17 are female single households. The 24 lone parent households represent 2.89% of the overall female lone parent cohort and the 17 single female households represent 2.45% of the overall single female cohort, and contrast with the incidence for male households (2.17% and 0.78% respectively). For these households, the average reduction is £6.2/week and the maximum reduction is £9.3/week; lower compared to Model 1.

As with Model 1, households aged 35-44 are the only age group to be disproportionately likely to lose more than £5/week – 5.9% compared to the overall working-age cohort (4.2%). This is because a greater proportion of this group is placed in the bands 4-5 (or lose all support) due to their level of earnings.

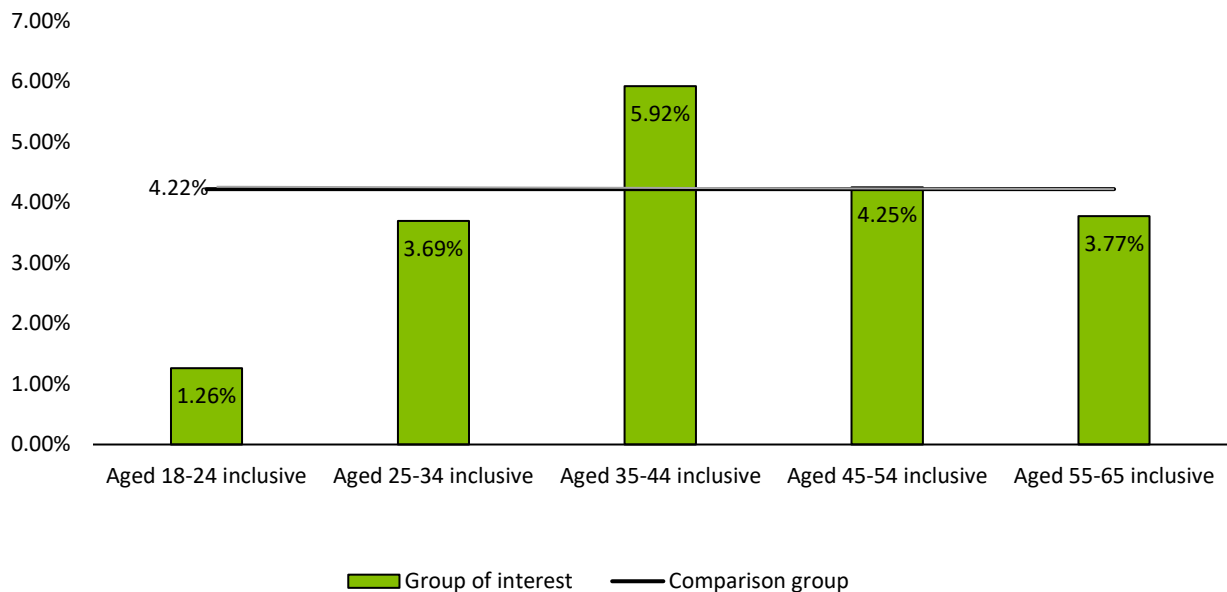
Again, this is the reverse for disabled households and age group 18-24. 3.2% of disabled households are likely to lose more than £5/week compared to 5.6% for the non-disabled cohort. This effect is more pronounced in Model 2 than under Model 1 due to the 5% uplift for households in receipt of disability benefits for adults or children.

## Percentage of households that lose more than £5/week for groups of interest: gender, carer and disability



Model 2: Percentage of households that lose more than £5/week for groups of interest: gender carer and disability

## Percentage of households that lose more than £5/week for groups of interest: age group



Model 2: Percentage of households that lose more than £5/week for groups of interest: by age group. Comparison group is calculated over the entire working-age cohort.

## MODEL 3: INCOME-BANDED

**Model 3 is an income-banded model in which discounts are awarded based on household income, with an uplift for households in bands 1-5 that are in receipt of disability or illness benefits in respect of the main claimant, their partner or their child.**

The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	70%
Band 1++				80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 2+				70%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 3+				55%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 4+				30%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%
Band 5+				15%

*Note: bands suffixed with a '+' relate to households subject to the 5% (+) or 10% (++) uplift due to disability or illness (claimant, partner or child is in receipt of DLA/PIP or ESA).*

As with previous models, under Model 3 net monthly earnings are made up of net employment earnings using the minimum income floor for legacy and UC households that are self-employed. Childcare costs are disregarded from the earnings of eligible households.

Working-age households with earnings above their respective thresholds, or with savings above £10,000, are not eligible for support.

The model also has the following characteristics:

- No tariff income
- Band D cap retained
- Introduction of lower-rate and higher-rate non-dependant deductions:
  - Lower non-dependant deductions of £5/week
  - Higher non-dep deductions of £10/week
- A 5% uplift to maximum award for bands 2-5 for households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of claimant, partner or child).
  - For example, households in band 2+ are households that fall into band 2 (maximum award 65%) but receive an uplift of 5% (taking them up to 70%).
- A 10% uplift to maximum award for band 1 households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of claimant, partner or child).

## Model 3: cost

### Annual Cost

Group	Model 3 cost	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£2,522,730	£87,193	3.58%	-£86,133	-3.54%
UC	£1,046,554	£461,395	78.85%	-£13,629	-1.29%
Legacy benefits	£1,476,177	-£374,202	-20.22%	-£72,503	-4.68%
Pension age	£2,775,775	£239,655	9.45%	£0	0.00%
<b>Total</b>	<b>£5,298,505</b>	<b>£326,848</b>	<b>6.57%</b>	<b>-£86,133</b>	<b>-1.60%</b>

Model 3: Total cost of model (£/annum)

This model will cost £5.30M per annum. This is £0.33M more than the current scheme in 2019/20, and £86,000 less than if the current scheme were retained into 2021/22.

### Weekly council tax support

Average weekly support for working-age households under this model is £16.91/week. This is slightly less than under the current scheme retained into 2021/22, as well as less than under previous models, which all had average awards of approximately £17.50/week.

Compared to the current scheme there is a similar increase for both Universal Credit and legacy benefit households (3.78% and 3.44% respectively).

Compared to levels of support into 2021/22, both households in receipt of Universal Credit and households in receipt of legacy benefits see a decrease, on average. However, this reduction is greater for households on legacy benefits (£0.85, or 4.68%) than for households on Universal Credit (£0.21, or 1.29%). Like earlier models, households in receipt of legacy benefits retain higher support levels at £17.39/week compared to £16.27/week for households in receipt of Universal Credit.

Group	Average household support	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/week	Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£16.91	£0.58	3.58%	-£0.58	-3.30%
UC	£16.27	£0.59	3.78%	-£0.21	-1.29%
Legacy benefits	£17.39	£0.58	3.44%	-£0.85	-4.68%
Pension age	£24.19	£2.09	9.45%	£0.00	0.00%
<b>Total</b>	<b>£20.07</b>	<b>£1.24</b>	<b>6.57%</b>	<b>-£0.33</b>	<b>-1.60%</b>

Model 3: Average weekly council tax support £/week

## IMPACT ANALYSIS

### Claim numbers

Band	Household type								Maximum Award
	No children		1-2 children		3+ children		Total		
	Count	%	Count	%	Count	%	Count	%	
Band 1	315	11.0%	339	11.8%	97	3.4%	<b>751</b>	<b>26.2%</b>	70%
Band 1++	1,131	39.4%	277	9.7%	89	3.1%	<b>1,497</b>	<b>52.2%</b>	80%
Band 2	19	0.7%	13	0.5%	7	0.2%	<b>39</b>	<b>1.4%</b>	65%
Band 2+	3	0.1%	8	0.3%	2	0.1%	<b>13</b>	<b>0.5%</b>	70%
Band 3	86	3.0%	135	4.7%	44	1.5%	<b>265</b>	<b>9.2%</b>	50%
Band 3+	16	0.6%	21	0.7%	13	0.5%	<b>50</b>	<b>1.7%</b>	55%
Band 4	31	1.1%	67	2.3%	29	1.0%	<b>127</b>	<b>4.4%</b>	25%
Band 4+	8	0.3%	12	0.4%	7	0.2%	<b>27</b>	<b>0.9%</b>	30%
Band 5	24	0.8%	28	1.0%	8	0.3%	<b>60</b>	<b>2.1%</b>	10%
Band 5+	9	0.3%	3	0.1%	1	0.0%	<b>13</b>	<b>0.5%</b>	15%

Model 3: Number and percentage (of total working-age cohort) of households in each income band.

The characteristics that sort households into uplifted bands are the same in Model 3 (in receipt of DLA/PIP or ESA in respect of the claimant, their partner, or child). However, an uplift of 10% is awarded to households that would otherwise be placed in band 1.

52% of households in the working-age cohort are in receipt of out-of-work benefits and meet the criteria for the 10% uplift. These households receive support equal to 80% of their liability and will receive the same support under Model 3 as under previous models. However, 751 households placed in band 1 do not receive an uplift and have support calculated on 70% of their liability. This represents 26% of the working-age cohort.

As with Model 2, 3.6% of total working-age households fall into bands that are subject to the 5% uplift (103 households) and receive more support under Model 3 compared to Model 1. Again, the majority (61%) fall into bands 2+ or 3+, which means they get support based on 70% or 55% of their council tax liability. The majority (67%) are also in receipt of legacy benefits, rather than Universal Credit.

As with earlier models, 13 households are no longer eligible for support. This is 0.5% of the current working-age caseload. These households no longer qualify for support due to their non-benefit income being higher than the upper threshold (£1263.99/week, £1550.99/week or £1766.99/week depending on the number of children present in the household). The majority of these households already receive low levels of support – 8 households (61.5%) receive less than £5/week under the current scheme.

### Characteristics of households losing and gaining more than £5/week

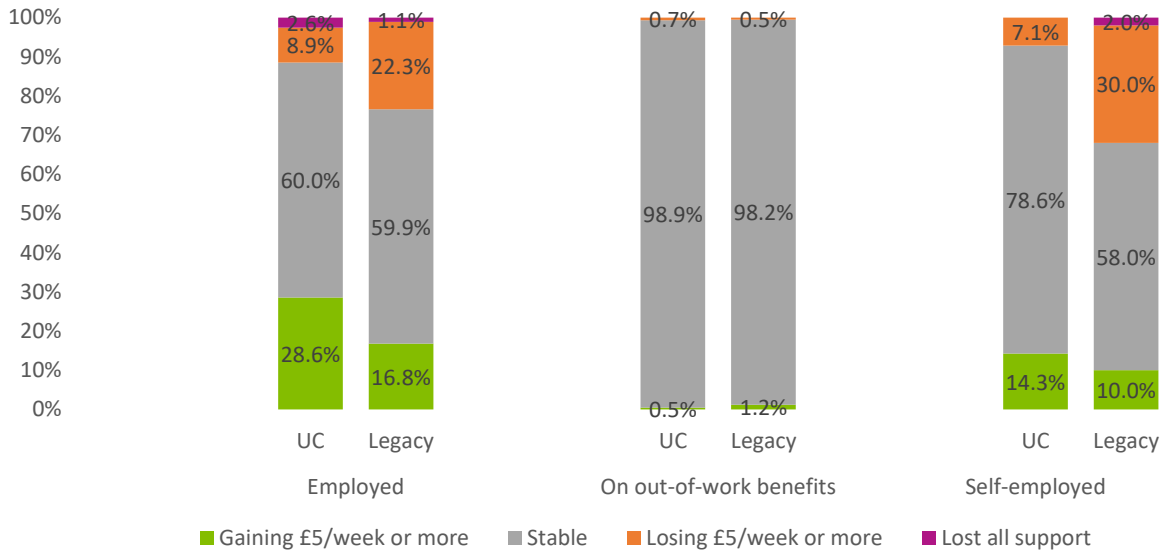
121 households see support reduce by more than £5/week compared to current awards. These are the same households that lose support under Model 2 and represents 4.2% of the working-age caseload. Again, as with Model 2, a small number of disabled households continue to lose under Model 3 because they are affected by new non-dependant deductions.

173 households see support increase by more than £5/week compared to current awards. This represents 6% of the working-age caseload, and is lower than the number of households that gain under previous models (189 and 193 under models 1 and 2 respectively). This is because support for some households in band 1 is based on 70% of their liability.

The effects across groups are very similar to Model 2. Overall, the number of households that lose remain similar to Model 2 while the number of households that gain reduces. This is partly because a relatively small number of households are in band 1 and do not receive the 10% uplift and partly because these households see small reductions in support (less than £5/week), meaning they fall into the stable group.

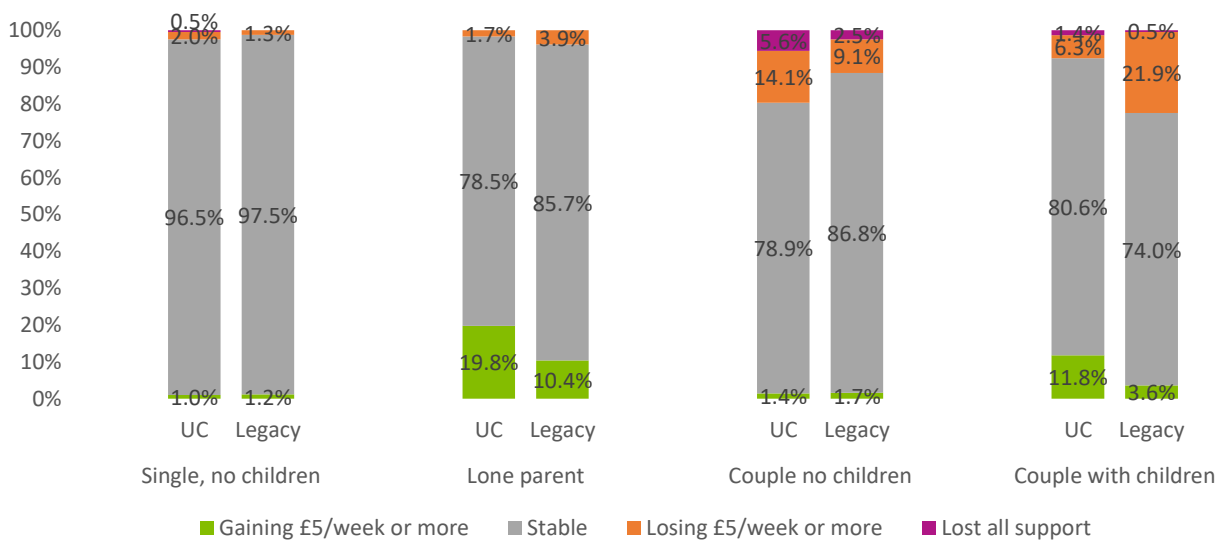
As with Model 2, in-work households in receipt of Universal Credit are the most likely to see an increase of £5/week or more, while in-work households in receipt of legacy benefits are more likely to lose by £5/week or more. Model 3 continues to re-distribute support from households in receipt of legacy 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 and therefore receive an uplift of 5% or 10%.



Model 3: households losing and gaining more than £5/week by economic status

Similarly, under Model 3 lone parents continue to be the group most likely to see an increase to support of £5/week or more while larger households are more likely to see a reduction of £5/week or more, especially couples with children in receipt of legacy benefits. Again, this is because these households are more likely to be in work compared to those without children and because of the removal of a 'needs' element from assessment.



Model 3: households losing and gaining more than £5/week, by household composition

## Distributional impact

This section examines the groups that would be better or worse off **compared to retaining the current system into 2021/22**.

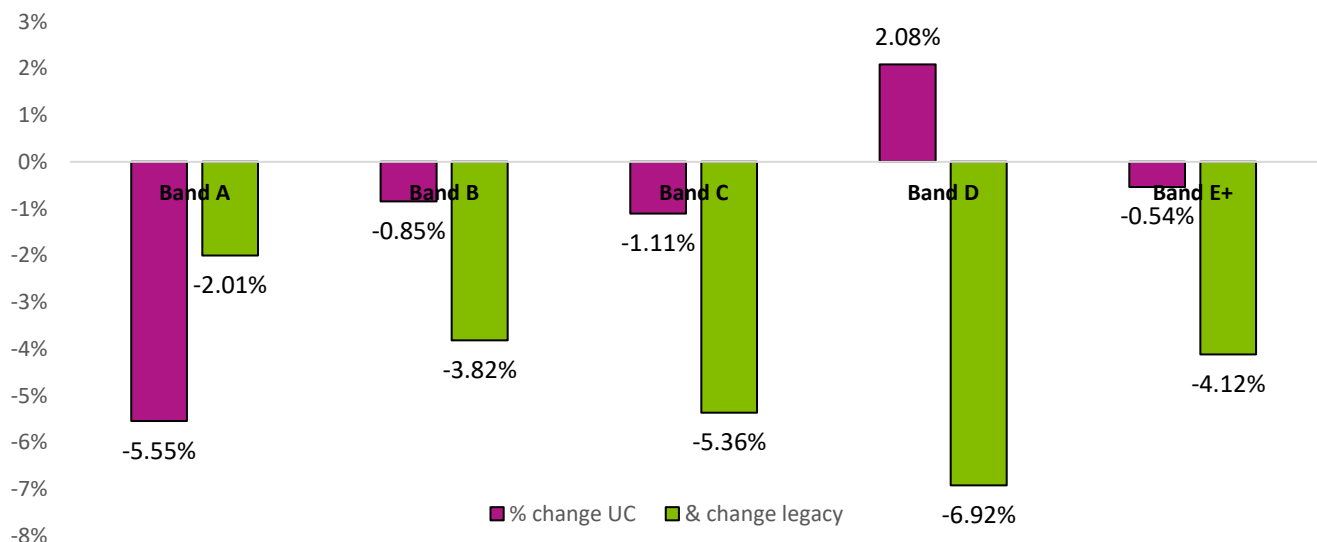
### Council tax band

In contrast to Model 2, Universal Credit households in council tax bands A-C see small reductions to weekly support, but this does not exceed 5.55% (£0.80/week, tax band A) and remains stable overall. This is because the distribution of households that are placed in income band 1 is not uniform across council tax bands – over 85% of households placed in income band 1 are in council tax bands A-C.

The average reduction among households in receipt of legacy benefits is slightly higher than under Model 2, reaching 6.92% (£1.42/week) among households in council tax band D.

In addition, reductions in support among Universal Credit households are smaller than that for households in receipt of legacy benefits because, as with previous models, the comparison is made to retaining the current scheme into 2021/22. By 2021/22 households in receipt of Universal Credit would expect to see lower support than those in receipt of legacy benefits. Therefore, in comparison, households in receipt of Universal Credit lose less support under Model 3 than households in receipt of legacy benefits.

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by council tax band



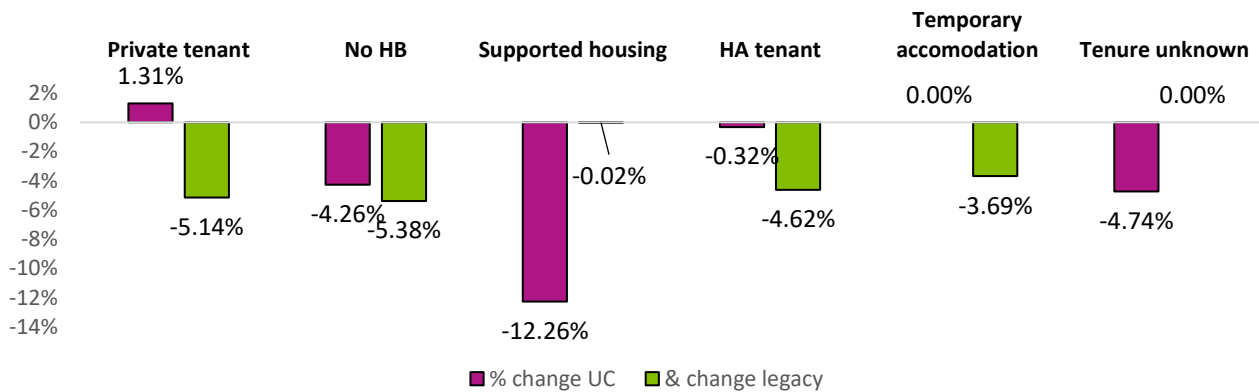
Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by CT band.

### Tenure



As with Model 2, there is no discernible trend across tenure types. There is a decrease in support of 12.26% (£1.83/week) among supported accommodation but this is based on one household that is placed in band 1.

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by tenure type



Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by tenure.

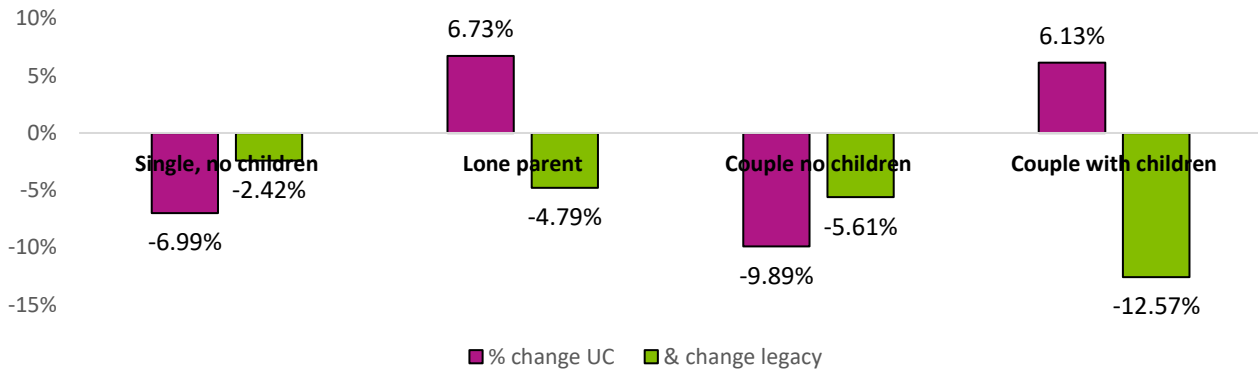
### Household composition

The impact across household groups is similar to Model 2 – couples and particularly couples with children in receipt of legacy benefits see the largest average reduction to weekly support of 12.57% (£2.48), a slight increase compared to Model 2. This is because under the current scheme, their applicable amount included elements for their children, whereas under this model, a household with children receives no more support than a similar household without children.

In contrast, the impact of Model 3 on lone parents is less substantial than that under Model 2. This is because lone parents are the group most likely to be in receipt of out-of-work benefits and not be subject to an uplift due to disability (the latter being more common with single households). As a result, compared to Model 2, lone parents in receipt of Universal Credit see a less substantial increase – 6.73% (£1.03/week) – while lone parents in receipt of legacy benefits see a small decrease of 4.79% (£0.82/week).

The general pattern of redistribution from legacy households to Universal Credit households remains under Model 3.

## Percentage change in weekly CTR compared to current scheme retained into 2020/21, by household type



Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by household composition.

### Economic status

Patterns among economic groups are again in the same direction to Model 2 but reflect that some households see reductions in support due to being placed in band 1, resulting in smaller increases among in-work households in receipt of Universal Credit. The average increase reaches 24.51% (£2.37/week) among employed households and 17.48% (£1.28/week) among self-employed households in receipt of Universal Credit, a slight reduction to Model 2 (27.65% and 23.18% respectively).

For in-work households in receipt of legacy benefits, the average reduction is similar to Model 2 and reaches 26.09% among self-employed households and 17.31% among employed households.

Out-of-work households in receipt of Universal Credit see average support remain stable, with an average reduction of 6.56% (£1.27/week) among those in receipt of Universal Credit.

As with previous models, the increase in support among Universal Credit households is partly due to the comparison to the current scheme in 2021/22, in which average support for Universal Credit reduces.

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by economic status



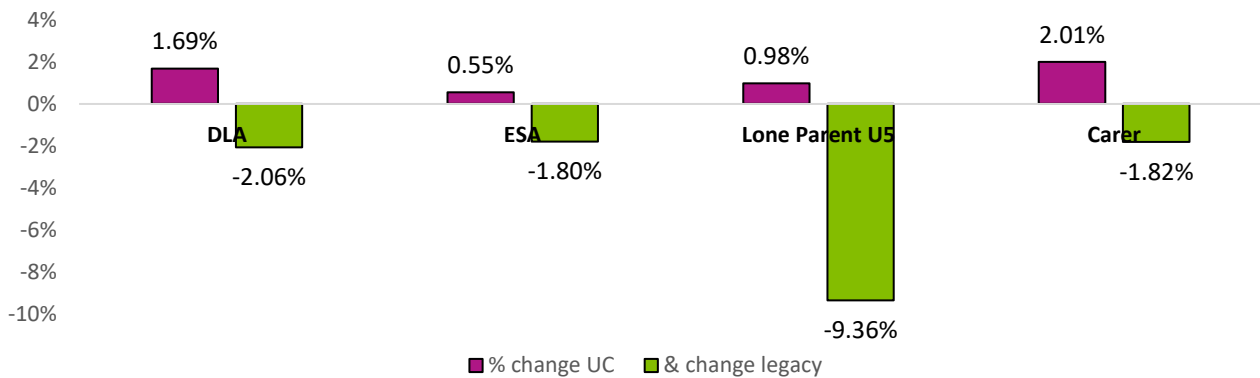
Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by economic status.

### Barriers to work

Lone parents with a young child that are in receipt of legacy benefits see the largest reduction to weekly support, of 9.36% (£1.73/week). This contrasts with Model 2, under which the average change for this group is close to zero. This is because lone parents – and especially lone parents with a child aged below 5 – are more likely to be in receipt of out-of-work benefits and not receive the 10% uplift due to disability.

Patterns for households in receipt of DLA, ESA or Carers Allowance remain similar to Model 2.

### Percentage change in weekly CTR compared to current scheme retained into 2020/21, by barriers to work



Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by household types with barriers to work. DLA relates to households where the claimant or partner are in receipt of DLA.

## Households that are worse off: age, gender, disabled and carers

The same households that lose more than £5/week (or lose all support) under Model 3 **compared to retaining the current system into 2021/22**, do so under Model 2.

To consider whether groups of interest will be over-represented among those that are worse off or those that lose all support under Model 3, refer to the corresponding sections for Model 2.

## DO THESE MODELS MEET THE COUNCIL'S OBJECTIVES?

Tunbridge Wells Borough Council provided scheme objectives for impact assessment and any future council tax support scheme. The council's objectives, together with an evaluation of how the models meet these objectives, is given below.

### **Objective: To maintain maximum level of protection and protect disabled households**

Models 1 and 2 maintain the maximum level of support in line with the current scheme by making sure that support is based on 80% of CT liability for households in receipt of out-of-work benefits. Model 2 protects households living with an illness or disability in bands 2-5 by uplifting the basis of support by an additional 5% for households in which the claimant or partner receives DLA/PIP or ESA.

Model 3 maintains the maximum level of support at 80% of liability for households affected by a disability (claimant, partner or child in receipt of DLA/PIP or ESA). Households that do not meet the criteria for the 10% uplift, however, have support based on 70% of CT liability.

### **Objective: To simplify assessments and reassessments**

All models will simplify assessments as they both require only basic household information to calculate the initial award compared to a more in-depth needs assessment. The 5% uplift under Model 2 increases support for households in receipt of disability benefits by means of a simple increase to maximum support.

All models also imply simplified re-assessments. This is because income-banded schemes only require reassessments when income crosses income-band thresholds. This report has not sought to capture the exact impact on reassessments, which will depend on the interaction between changes in household income and the size of the income bands. However, analysis undertaken in 2019 on behalf of a Welsh Council found that introducing a £5/week de-minimis scheme would reduce reassessments for 8% of households on Universal Credit and 15% of households in receipt of legacy benefits that experienced a change in income. The council may wish to consider these findings in their evaluation of their chosen model, noting that models in this report require more substantial income changes to trigger a reassessments.

### **Objective: To maintain costs in line with the current scheme into 2021/22**

Model 1 keeps costs very much in line with the cost of the current scheme in 2021/22 (just £155 less per annum). Model 2 costs are also similar; this time incurring an annual cost of £5.39M (£7,700 more than the current scheme in 2021/22 – an increase of 0.1%). Model 3 results in savings of £86,000 compared to the current scheme retained into 2021/22.

**Objective: To understand the impact on specific groups (age, gender, disabled and carers)**

Any negative impact on particular groups of interest is slightly more pronounced in Model 1 compared to Model 2 and, by extension, Model 3 (since the same households are affected in Model 3).

Female and carer households tend to be over-represented among the worse-off compared to male households and non-carer households, respectively, across models. However it is slightly less pronounced under models 2 and 3 – in particular for carers that benefit from the 5% uplift indirectly. Age group 35-44 is also more likely to lose compared to the overall working-age cohort across both models.

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 and due to underlying demographics of households aged 18-24 (who have low earnings or are in receipt of out-of-work benefits). For disabled households this effect is stronger under Model 2 than under Model 1.

## CONTACT

This report was produced by Policy in Practice for Tunbridge Wells Borough Council.

**Policy and data analysis:**

Fabiana Macor

Policy Analyst

fabiana@policyinpractice.co.uk

## Policy in Practice believes the welfare system can work better.

We were founded to help people towards financial independence. We're a policy led software and analytics business and we've built three core services to make the welfare system simple to navigate and understand.

Our award winning Benefit and Budgeting calculator is used by over 10,000 people every day. Our analytics services are used to design local support schemes and show the combined impact of different policies on individual households. Our LIFT Dashboard finds trends and relationships in data sets to uncover and visualise the drivers of poverty. We use our policy expertise to drive change via publications, media coverage and blog posts.

[www.policyinpractice.co.uk](http://www.policyinpractice.co.uk)