

## Appendix A - Council Tax Reduction Scheme 2021-22

### 1. Income Banded Schemes

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

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

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

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

The following objectives were considered:

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

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

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

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

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

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

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

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

|   |     |       |     |    |     |    |     |    |     |    |   |
|---|-----|-------|-----|----|-----|----|-----|----|-----|----|---|
| 3 | 80% | 1,497 | 70% | 13 | 55% | 50 | 30% | 27 | 15% | 13 | ) |
|---|-----|-------|-----|----|-----|----|-----|----|-----|----|---|

## 5. Comparison of weekly support for Models 1, 2 and 3 to current scheme

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

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

## **6. How these models meet the Council's objectives**

### **6.1 Maintain maximum level of protection**

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

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

### **6.2 Protect disabled households**

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

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

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

### **6.3 Simplify assessments and reassessments**

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

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

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

Model 2 costs are £5.39 million.

Model 3 costs are £5.30 million.

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

Female households are over-represented compared to male households.

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

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

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

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