



Policy in Practice

eBook: How to Future  
Proof Your CTRS scheme  
for Universal Credit

# Introduction

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Despite greater flexibility to raise income, councils still have to make savings and ensure their budgets are spent as efficiently as possible. In many councils the spotlight is on Council Tax to raise income and on the Council Tax Reduction Scheme (CTRS) to make savings.

CTRS have been locally designed since April 2013. While many still reflect the nationally administered Council Tax Benefit, we're starting to see greater innovation locally. The driver of this innovation is the backdrop of the cumulative impact of past and future welfare reforms, the introduction of Universal Credit and ever tighter budgets.

CTRS schemes are intended to keep the most vulnerable citizens safe from poverty. Identifying who those people are is a huge challenge.

Policy in Practice has modelled options for future Council Tax Support schemes in detail for various councils. The impact assessments are used to make informed policy decisions by officers and members. We considered policy changes including a higher council tax liability, the impact of a higher minimum wage and personal tax allowance and multiple policy options for each local CTRS scheme devised.

Our analysis looks not only at the financial cost, but also the administrative cost, who is impacted and the impact on work incentives. We can model CTRS schemes to help local authorities forecast expenditure in upcoming years, account for UC roll-out and welfare reform, model higher take-up as result of changes, break down the effects on households, calculate administrative costs and model effect on arrears levels

This eBook looks at the impact Universal Credit will have on Council Tax Reduction Support (CTRS) schemes. It contains a number of short case studies detailing the CTRS modelling work we have done for some of our local government clients.



# Policy in Practice's approach

Your Housing Benefit /  
Council Tax data



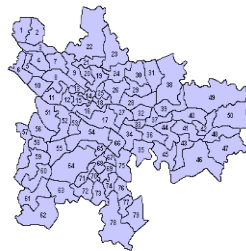
1. Use local data and insights to inform better decision making

Our Universal Benefit  
Calculator



2. See the impact of different models together with ongoing welfare reforms

Rich, detailed impact  
assessment: who is  
impacted and what are  
the Council-wide effects?



3. Inform decisions about your Council Tax Support schemes



# Client examples of re-modelled CTRS schemes



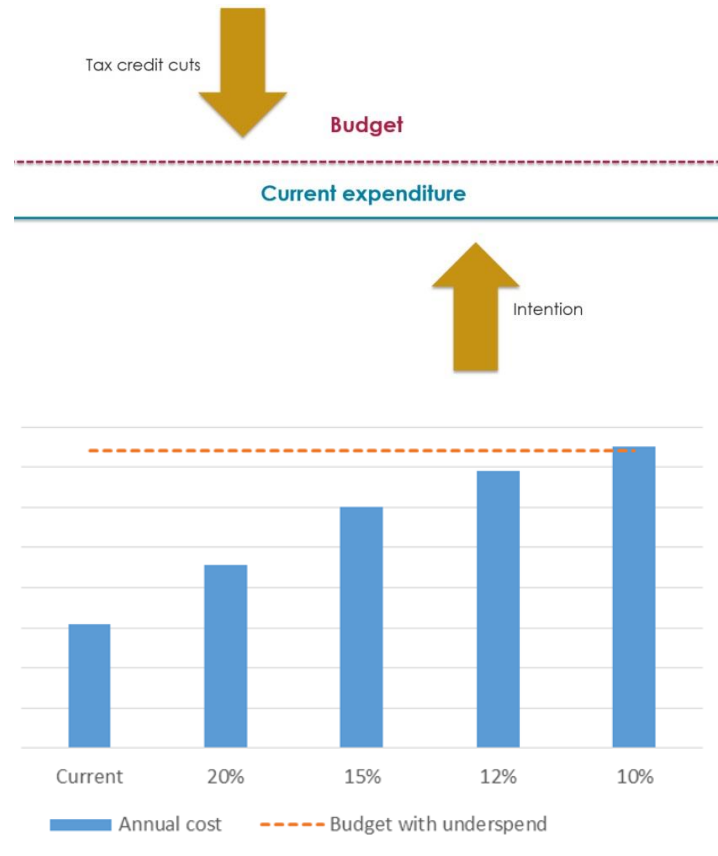
# The challenge facing North Herts

North Hertfordshire is a small local authority which had predicted an underspend of £500,000 in its CTRS budget.

Whilst being generally happy with the design of their scheme the team wanted to spend more, while making sure tax credit cuts did not drive demand up.

North Hertfordshire were also aware that more people would apply for support if the scheme was more generous – this had to be modelled.

Policy in Practice accurately modelled the Council's scheme and found that effects of cuts on scheme were limited. We established the ideal level of support.



# The challenge facing Leeds

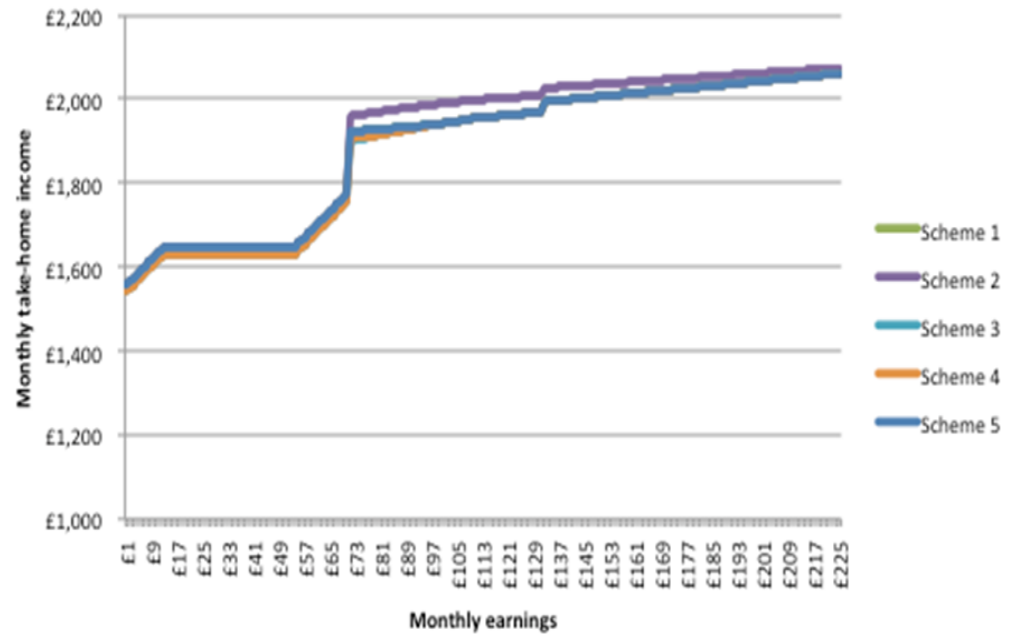
As part of their work on tackling poverty Leeds City Council wanted to ensure that their Council Tax Support scheme was fair to everyone.

As well as welfare reform and Universal Credit, work incentives were an area of focus.

The team wanted to cut costs so that they could provide better face-to-face support for residents instead.

We modelled five different CTRS schemes, grading them on work incentives, financial cost, political costs, and administrative burden.

Financial work incentives are minimal in each scheme.



# The challenge facing Newcastle

Newcastle City Council want to cut expenditure on payments to be able to support residents in other ways. A fast roll-out of Universal Credit was challenging the current scheme whilst administrative complexity, as well as arrears, were other concerns.

The team asked Policy in Practice to model 6 schemes, accounting for next year's rate increase. We analysed each scheme in terms of work incentives, financial cost to the Council, administrative complexity, political risk, and arrears

No scheme is perfect although hybrids (option 7) can get around some weaknesses. The scheme of choice is largely a political decision

	NO CHANGE	HIGHER SUPPORT	PROTECTIONS	SELF-EMPLOYED	SIMPLE	UC
WORK INCENTIVES	-	-	-	-	-	✓
FINANCIAL COST	-	✗	✓	-	-	✓
ADMIN COST	-	-	-	-	✓	-
POLITICAL RISK	-	✓	✗	-	✓	✗
ARREARS	-	✓	✗	-	✗	✗



# How others are using their analysis

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Birmingham City Council	Identified households most vulnerable to welfare reforms Mapped local support onto local needs
North Hertfordshire Council	Accurately forecast cost of CTRS Helped eliminate £500,000 underspend
Leeds City Council	Developed innovative approach to local support Introduced targeted conditionality and justified his decision to cabinet
Melton Council	Used analysis on the most heavily impacted households Combined with strategic intervention activity
Newcastle City Council and Your Homes Newcastle	Detailed impact assessment now Big data hub to track the impact of reforms and effectiveness of interventions

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# About Policy in Practice

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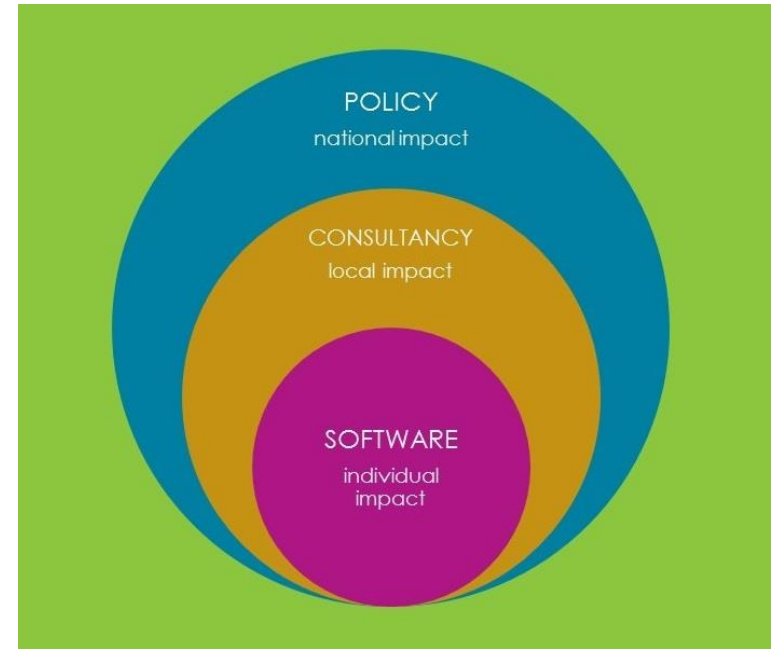
We believe that change happens on the frontline. Our mission is to reduce poverty. We do this through simplifying the delivery of the welfare system.

Our CEO and founder, Deven Ghelani, was a member of the team at Centre for Social Justice who developed Universal Credit and, when the policy was adopted by government, he left to set up Policy in Practice. He was keen to ensure that the policy intent was actually put into practice.

Policy in Practice has facilitated conversations between leading local authorities and the Prime Minister's office to ensure frontline feedback about welfare reform policy has been heard.

We also help local organisations to understand the aggregate and cumulative impact of welfare reform changes on their customers so that they can accurately target support programmes.

And finally, to close the loop, the software that Policy in Practice has developed simplifies the conversations that frontline advisors can have with customers by clearly showing what benefits they can get under the current system and when they move to Universal Credit, comparing the two side-by-side using data visualisation.



# Contact us

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