

## Council Tax Reduction Scheme Modelling

We help councils model different options for council tax support schemes, based on their local priorities.

With support for some areas ring fenced, funding reduced due to budget cuts and support needs increasing due to welfare reform policies, local authorities face big challenges when designing their best-fit CTR scheme.

They have to balance the need for cost reductions with the needs of their most vulnerable residents.

### SUMMARY OF SCHEME OPTIONS

	Baseline current scheme	70% support	70% with protection for vulnerable households	Banded scheme for Universal Credit
	Current scheme (max 85%) uprated by 3.99% for 2017/18	Maximum council tax support set to 70% for all working age households	Maximum council tax support set to 70% with protection for disabled households	An income banded scheme designed to control administration costs under UC
<b>YOUR LOCAL PRIORITIES</b>				
Total cost of scheme	£3,905,581	£3,109,242	£3,405,259	£2,891,593
Support to working age households	£1,396,046	£1,192,385	£1,304,554	£1,078,396
Estimated savings £	not applicable	- £203,662	- £91,492	- £317,650
Estimated savings %	not applicable	- 5.2%	- 2.3%	- 8.1%
Annual loss in support to working age households	not applicable	- £165.58	- £74.38	- £258.25
Number households losing more than £5 per week	5	246	195	427
Implications and impact	The Living Wage and personal tax allowance mean that the cost of support increases by less than the rise in liability	Households in receipt of higher levels of council tax support in higher banded properties, larger families and owner occupiers are impacted the most <b>OPTION 1</b>	Households in larger properties are impacted the most, unless in a protected group (lone parent with children under 5, disabled or a carer) <b>OPTION 2</b>	Assesses gross income from earnings and benefits, but doesn't take into account family size or other needs <b>OPTION 3</b>

Further impact assessment by band, tenure, household type and economic status on each scheme is available, ready for consultation

### Local authorities use our CTR modelling to:

- Compare proposed CTR schemes with their current scheme to understand:
  - Financial costs / savings from proposed schemes
  - Administration costs of proposed schemes
  - The impact of proposed schemes on vulnerable groups
  - The impact of proposed schemes on arrears and enforcement
- Understand the future cost of their CTR scheme
- Provide detailed information suitable for Members and public consultation
- Inform wider anti-poverty strategies such as how to engage residents in face to face support



## CTR Scheme Options

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We can provide guidance on different schemes you could consider, given your local priorities. We can also model entirely new schemes, or variants on those schemes listed below.

Most local authorities use the default / prescribed scheme with maximum support reduced from 100% of the charge to a lower level. Besides the maximum support for unprotected groups, local authorities commonly vary:

1. The taper rate (*the rate at which CTS is withdrawn for each £1 earned*)
2. The savings limit (*households with higher savings would not qualify*)
3. Band restrictions (*household at or above this band would not qualify*)
4. Minimum payment (*CTS below this level would immediately fall to zero*)
5. Changes to non-dependent deductions or family premium (*they have a technical impact on how much CTS is paid to some households*)
6. Protection for vulnerable groups (*for example, disabled households or carers would receive a higher level of support*)
7. Universal Credit schemes (*they model the impact of a given scheme under Universal Credit*)

Our analysis shows the impact of each of these schemes on council finances, and on low income households, so you can make an informed decision about the most suitable options for you.

Our CTRS modelling is offered as a stand alone service but more detailed insights are gained when it is carried out alongside a wider Welfare Reform Impact Analysis.

"Faced with a big funding gap Lambeth must make cost reductions. We asked Policy in Practice to give us clear, trustworthy information to evaluate proposed CTS scheme options and consult with affected groups. They've done this and more, by also showing us where our welfare support can be best targeted. "

Tim Hillman-Brown, Lambeth Council

"At North Herts we wanted to spend more on council tax support whilst making sure we factored in the effects of welfare reforms. Policy in Practice helped us to accurately model our best CTRS scheme and establish the ideal level of support."

Howard Crompton, North Hertfordshire District Council

### About Policy in Practice

Policy in Practice believes the welfare system can work more effectively. We help people and organisations by making government policy simple to understand. We show how government policy affects you and your residents, so you can make informed decisions and take control.

Our software tools use colour and visuals and are fast, simple and easy to use. Our Welfare Reform Impact Analysis and Council Tax Reduction scheme modelling help local authorities target resources, meet their statutory obligations and spend money more effectively.

