

Council Tax Reduction Scheme Modelling

DISTRIBUTE YOUR LIMITED SUPPORT AS FAIRLY AS POSSIBLE

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 must balance cost reductions with supporting 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
YOUR LOCAL PRIORITIES				
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 OPTION 1	Households in larger properties are impacted the most, unless in a protected group (lone parent with children under 5, disabled or a carer) OPTION 2	Assesses gross income from earnings and benefits, but doesn't take into account family size or other needs OPTION 3

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

4 reasons why local authorities use our CTR modelling

- To compare their current scheme with proposed CTR schemes to understand:
 - Financial costs / savings
 - Administration costs
 - The impact on vulnerable groups
 - The impact on arrears and enforcement
- To understand the future cost of their CTR scheme
- To get detailed information suitable for Members and public consultation
- To inform wider anti-poverty work such as how to engage people in face to face support





Policy in Practice

Council Tax Reduction Scheme Options

We can advise you on different schemes options, based on your local priorities. We can also model entirely new schemes, or variants on the scheme options below.

Most local authorities use the default 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:

<p>1. Taper rate the rate at which support is withdrawn for each £1 earned</p>	<p>2. Savings limit households with higher savings would not qualify</p>	<p>3. Band restrictions household at or above a set band would not qualify</p>	<p>4. Minimum payment Council tax support below a set level would fall to zero</p>
<p>5. Protection for vulnerable groups Such as disabled households or carers who would receive a higher level of support</p>	<p>6. Changes to non-dependent deductions or family premium they have a technical impact on how much council tax support is paid to some households</p>		<p>7. Universal Credit schemes they model the impact of a given scheme under Universal Credit</p>

We model the impact of each of these schemes on your council finances and your low income households, so you can make informed decisions about what your best CTR scheme is. Our CTRS modelling is stand alone but more detailed when done with our Policy 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



Find out more

For customer stories, examples of what we deliver or to book a discussion call 0330 088 9242 or email hello@policyinpractice.co.uk.

