

LCTRS Appendix 1

This scheme is a fundamental change to the existing scheme, it is a sliding discount award based on income bands, household size and make-up.

The income bands relate to weekly income and are based on universal credit basic need then incremented in each category by £30.00 to a maximum.

Income is calculated based on net income with certain income types being disregarded

Maximum discount awards for all groups would be 75% with a sliding scale based on assessed income.

Where non-dependants are resident in a property the assessed award will be reduced by £10 per week for those in work and £5 per week for those not in work. Specified non-dependants such as students will not be counted. This is different to the current scheme which is based on actual income bands for working non dependants.

The proposed discount, income bands and household types are as follows:-

Discount	Couple with 2 Or more children	Couple with one child	Couple
75%	£0.00 - £292.52	£0.00 - £223.92	£0.00 - £137.67
65%	£292.53 - £322.52	£223.93 - £253.92	£137.68 - £167.67
55%	£322.53 - £352.52	£253.93 - £283.92	£167.68 - £197.67
45%	£352.53 - £382.52	£283.93 - £313.92	£197.68 - £227.67
25%	£382.53 - £412.52	£313.93 - £343.92	£227.68 - £257.67
0%	£413.53 and above	£343.93 and above	£257.68 and above

Discount	Single with 2 Or more children	Single with one child	Single
75%	£0.00 - £249.81	£0.00 - £181.21	£0.00 - £94.96
65%	£249.82 - £279.81	£181.22 - £211.21	£94.97 - £124.96
55%	£279.82 - £309.81	£211.22 - £241.21	£124.97 - £154.96
45%	£309.82 - £339.81	£241.22 - £271.21	£154.97 - £184.96
25%	£339.82 - £369.81	£271.22 - £301.21	£184.97 - £214.96
0%	£369.82 and above	£301.22 and above	£214.97 and above

Child being a dependent child.

All passported cases receive the maximum award of 75%

Passported cases include households where the following awards are received:-

- Income Support
- Income Related Job Seekers Allowance
- Income Related Employment Support Allowance

A number of options for income deductions have been modelled based on these schemes and the following have been used in order to protect vulnerable households and maintain a cost neutral scheme.

- Universal credit basic income is included as claimant income as are child care costs and limited capability to work costs. Housing costs are disregarded from the income calculation as they are in the current scheme.

- Child benefit income is disregarded for all but the the first child in this scheme whereas in the current scheme all child benefit payments are included as income and only child benefit for the first child is disregarded.
- Personal independent payments and Disability Living Allowances are disregarded
- Carers allowance is disregarded
- An extra income disregard has been modelled in this scheme of £45 per week where the following premiums are awarded
 - *DP (disabled premium for claimant or partner)*
 - *SDP (severe disabled premium for claimant or partner)*
 - *EDP (enhanced disabled premium for claimant or partner)*
 - *CDP (child disabled premium for any dependant)*

Introducing this Banded income scheme would remove the differential between under 35's and over 35's and would enable a maximum award of 75% discount to all those on low incomes as defined by the scheme.

Modelled data as at the beginning of September 2021 shows the following changes in awards to apply across the current working age caseload if the scheme were adopted:-

As at September 2021	Households	New scheme Value
Over £10 Losers	616	£55,854.08
£5.00 - £10.00 Losers	1242	£462,827.35
£0.01 - £5.00 Losers	3096	£1,877,132.41
No Change	801	£540,657.00
£0.01 - £5.00 Gainers	12296	£10,748,720.22
£5.00 - £10.00 Gainers	884	£667,865.49
Over £10 Gainers	195	£173,888.12
	19130	£14,526,944.66

This is now updated as at November and the reduction in current awards is reflected in the new model data and this analysis reflects the scheme which is being recommended.

As at November 2021	Households	New scheme Value	Current scheme Value
Over £10 Losers	718	£67,350.67	£631,521.44
£5.00 - £10.00 Losers	1168	£423,596.03	£844,554.73
£0.01 - £5.00 Losers	3557	£2,219,062.14	£2,636,383.53
No Change	648	£421,513.26	£421,469.15
£0.01 - £5.00 Gainers	11097	£9,780,458.47	£8,980,904.78
£5.00 - £10.00 Gainers	1095	£786,273.06	£400,080.67
Over £10 Gainers	111	£99,729.48	£32,268.09
	18394	£13,797,983.12	£13,947,182.38

Analysis of cases that are gaining from this scheme but can't be modelled show that deductions from UC which need to be added back in to income, will reduce awards in some cases, mainly those where there are large gains, (*managed payments to landlords will be ignored but all other payment deductions included as income*) .

Many of the cases where they are showing as large losers under the scheme relate to cases where no income is showing on the system and these will need to be reviewed and may well come back in to an award.

Main areas where cases are losing is due to their income exceeding the banding thresholds, this is due to the treatment of dependant and non-dependant deductions from income as well as additional income other than basic universal credit being taken in to account as income whereas under the current scheme it may lead to the claimant getting the maximum award.

The majority of cases in this analysis show a small increase in their weekly awards and this is largely due to the maximum award increasing from 70% to 75%.

Currently applications for Council Tax Reduction can only be backdated for a period of 1 month and only when good cause is proven. This is too restrictive and relates to old legacy benefit rules. The ability to backdate up to one year, at the Council's discretion, would allow the scheme to assist low income applicants who failed to claim when they were potentially entitled to support.

There will be occasions where applicants may need more support than the scheme provides. Where they are experiencing exceptional hardship, the Council will maintain an exceptional hardship fund. Each case will be assessed on a case by case basis. The scheme will form part of the main Council Tax Reduction scheme and will be paid through the collection fund under S13A1A Local Government Finance Act 1992.

In response to consultation further modelling has been conducted on two further options where additional deductions for Child Benefit and Disability Premium cases have been considered. However, these are not cost neutral and are not recommended.

Example 1 is where Child Benefit is deducted in full

As at November	Households	New scheme Value	Current scheme Value
Over £10 Losers	585	£54,445.03	£515,858.15
£5.00 - £10.00 Losers	990	£380,640.87	£733,351.74
£0.01 - £5.00 Losers	3168	£2,024,532.96	£2,398,306.02
No Change	652	£418,054.11	£418,010.51
£0.01 - £5.00 Gainers	11270	£10,026,273.43	£9,228,725.18
£5.00 - £10.00 Gainers	1406	£1,054,569.24	£528,124.76
Over £10 Gainers	323	£278,838.01	£79,110.10
	18394	£14,237,353.64	£13,901,486.46

Example 2 is where Child Benefit is fully deducted and Disability Premium Reductions are increased from £45 to £55

As at November			
	Households	New scheme Value	Current scheme Value
Over £10 Losers	559	£54,935.89	£493,081.63
£5.00 - £10.00 Losers	958	£364,813.87	£707,297.00
£0.01 - £5.00 Losers	3148	£2,031,741.17	£2,392,376.86
No Change	653	£418,846.27	£418,802.56
£0.01 - £5.00 Gainers	11326	£10,077,094.42	£9,273,297.41
£5.00 - £10.00 Gainers	1422	£1,067,560.87	£535,257.90
Over £10 Gainers	328	£285,034.54	£81,373.10
	18394	£14,300,027.03	£13,901,486.46

The reason these are not recommended is due to the fact that they are not cost neutral and would not allow for