

Model 1 Banded scheme on excess income

Key changes	
Minimum award £1 per week	A resident will have to be entitled to at least £1 per week in Council Tax Support to qualify. If a resident is entitled to less than £1 a week, they will receive no Council Tax Support under this scheme.
Treat a claim for Universal Credit as a claim for Council Tax Support	Anyone who applies for Universal Credit will be automatically assessed for Council Tax Support. This will get money to people faster and result in less paperwork for residents and the council to process.
Remove Second Adult Rebate	<p>The current Second Adult Rebate is awarded to sole Council Taxpayers regardless of their income and has been removed by many councils nationwide. By removing it, anyone who currently receives up to 25% off their Council Tax bill because they have a non-dependent adult living with them on a low income will no longer receive this reduction. This proposal is based on the suggestion that even if a second adult is on a low income, they should still contribute something towards the household's Council Tax bill.</p> <p>If a Council Taxpayer is on a low income, they will still be entitled to Council Tax Support based on their own financial circumstances.</p>
Standardise Non-Dependent Deductions <i>- Appendix 1 shows the impact of this on claims</i>	<p>Currently people who have non-dependents living with them have their maximum Council Tax Support reduced by between £4.05 and £12.45 a week, based on the income of the non-dependent.</p> <p>This scheme proposes to standardise the deduction to £5 which would reduce costly administration. Doing so would also see around 150 Council Taxpayers have a Non-Dependent Deduction for the first time.</p>
Do not require people on the lowest incomes to pay 8.5% or 10% towards their Council Tax bill	<p>Unlike the current scheme, people on the lowest incomes would not be required to pay a minimum of 8.5% or 10% towards their Council Tax before any discount is applied.</p> <p>For example, those in receipt of Income Support with no excess income, would fall into band 0 which allows 100% Council Tax Support.</p>
Calculate support entitlement based on excess income bands – <i>Appendix 1 details how the models are calculated differently</i>	<p>To award a fixed % of Council Tax Support based on the amount of excess income someone receives that is above their needs allowance (i.e., what the Government says someone needs to live on).</p> <p>The scheme proposes to maintain current disregarded income (such as Personal Independence Payments), and earnings disregards, so does not disproportionately affect vulnerable groups.</p>

Will the model cost more?	
Yes	Moving all cases with no excess income into the lowest band and awarding 100% discount and removing the 8.5%/10% minimum payment will increase the cost of the scheme. Removing the second adult rebate and standardising Non-Dependent Deductions reduces the overall cost of the scheme. Overall combined the model would cost approximately £100,000 - £120,000 extra overall. Any additional cost would be shared by all precepting authorities (County, Police, Fire) in line with their share of the precept.
Who will the model affect?	
Important note: The below impacts are based on a data extract from the live Council Tax database on 17 August 2021 and will always be subject to change as the number/nature and circumstances of claimants changes. It is important to note that as the furlough scheme has come to an end, more people may now claim Council Tax Support. The cost of this would need to be borne in any scheme and could alter the figures quoted below.	
Negative impact Those who claim Second Adult Rebate would no longer get 25% off their Council Tax bill.	This will affect 38 Council Taxpayers based on current cases and may change. Anyone who is still entitled to help based on their own financial circumstances, instead of based on a second adult living in their home, would still be able to claim support.
Negative impact Those who only receive a small weekly award of less than £1 would no longer receive any Council Tax Support.	This will affect 18 Council Taxpayers based on current cases and may change.
Positive and negative impact Anyone with a non-dependent would have a standard £5 deducted from their support – those who currently receive a deduction greater than £5 each would be better off, whereas those who receive a deduction less than £5 would be worse off.	<p>Anyone who currently receives the lowest Non-Dependent Deduction (£4.05 a week) would receive 95p less Council Tax Support each week. Anyone with two non-dependents on the lowest deduction, would receive up to £1.90 less Council Tax Support each week.</p> <p>Based on the data extract, approximately 73 cases would negatively affect, 64 of which would be by 95p per week.</p> <p>Those who currently have the highest Non-Dependent Deduction (£12.45 a week) would receive up to £7.45 more Council Tax Support each week. Eligible Council Taxpayers with two non-dependents on the highest deduction would receive up to £14.90 more Council Tax Support each week.</p> <p>Based on the data extract, 78 cases would be positively affected by between £0.40 and £14.90 a week, with the average being £4.86 per week.</p>

Who will the model affect?	
<p>Negative impact To enable the Council to simplify the processing of non-dependents, and prevent detailed assessment of each claim, approximately 150 Council Taxpayers who have a non-dependent living with them but have not had a Non-Dependent Deduction from their Council Tax Support to date, will have a deduction moving forwards.</p>	<p>A Non-Dependent Deduction reduces the maximum amount of Council Tax Support a claimant can receive. Around 150 Council Taxpayers would have a Non-Dependent Deduction for the first time. This would include claimants who have a non-dependent who is under 25 and works under 16 hours a week, receives Universal Credit, or is a pensioner.</p> <p>A non-dependent who is under 25, who is in receipt of welfare benefits, receives a basic weekly income of £59.20 (compared to £74.70 if they are 25 or over). A pensioner has a basic weekly income of £117.10. These are the same basic rates as a Council Taxpayer receives if they were on the lowest income level, yet a Council Taxpayer would also be responsible for water rates, fuel bills etc. Whilst the Council has no power to make a non-dependent contribute to household expenses, it seems reasonable to create a system that encourages those with non-dependents aged 18 or over, to contribute towards the Council Tax where the Council Taxpayer is in receipt of Council Tax Support.</p> <p>Claimants who are exempt from non-dependent charges, including people who have someone living with them to support their registered needs, such as those who receive the Personal Independence Payment (PIP) daily living rate and those who are registered blind, would not be affected as they would continue to be exempt from the Non-Dependent Deduction.</p>
<p>Positive impact All residents with no excess income would receive maximum Council Tax Support (unless they have non-dependents).</p>	<p>All residents with no excess income (who historically would have had to pay either 8.5% or 10% towards their Council Tax) will fall into the lowest income band and have to pay £0 towards their Council Tax until they earn excess income.</p> <ul style="list-style-type: none"> • Based on the data extract, there are currently 3,571 working age claimants of Council Tax Support. • 1,723 do not pay a minimum towards their Council Tax because they are classed as vulnerable*. • Not requiring those on the lowest incomes to pay a minimum of 8.5% or 10% towards their Council Tax will directly benefit approximately 281 claimants who would be placed into band 1 and pay £0 toward their Council Tax. Claimants placed in other lower bands would also benefit by varying amounts. <p>Equally Council Taxpayers who have not been able to pay historically and have ended up with summons charges will no longer enter the debt recovery process due to the minimum payment.</p>

Who will the model affect?

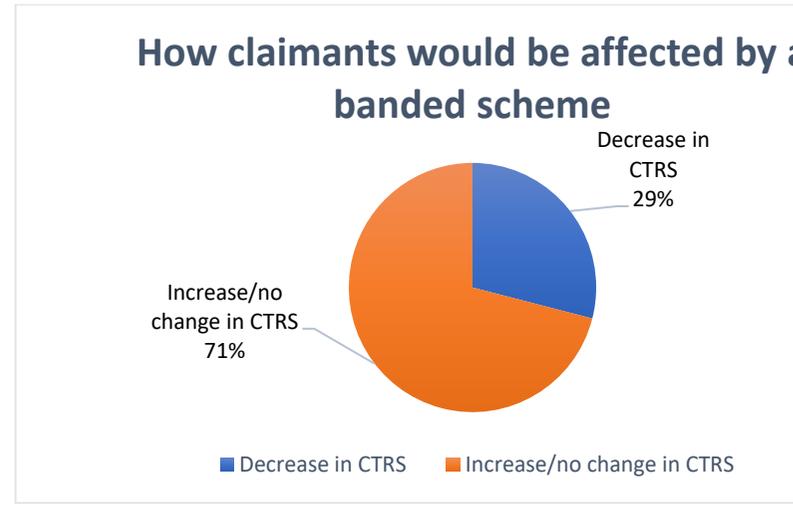
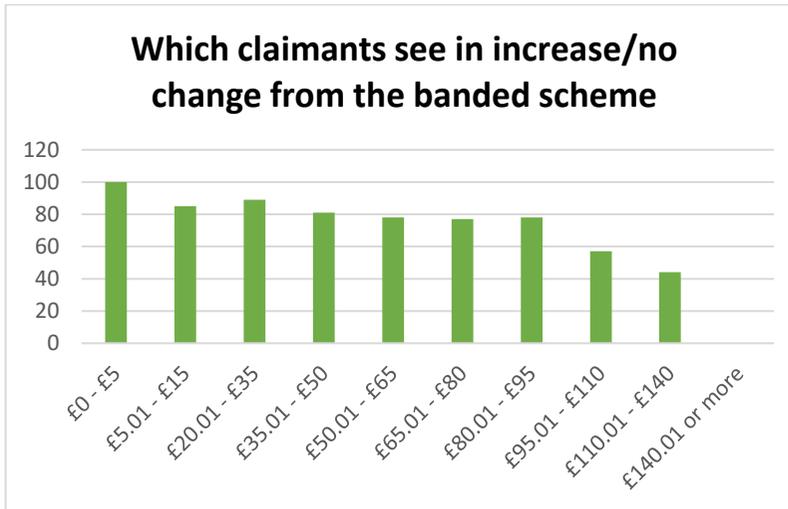
Positive and negative impact

Those who are earning and **have excess income** will have their entitlement calculated based on a series of income bands.

Appendix 2 demonstrates how people's claims would be calculated under each model.

The proposed bands (see Appendix 4) have been created so that their implementation will be relatively cost neutral to the scheme.

As a result of the bands, based on the data extract, approximately 71% of residents would see an increase/no change in their Council Tax Support, whilst 29% would see a decrease. The Council Taxpayers who would benefit the most are those in the lower excess income brackets. The Council Taxpayers who would lose the most in Council Tax Support are the higher excess income brackets, in particular those in higher band properties with excess income of more than £140 per week. This would currently affect approximately 30 claimants, based on the data extract.



In terms of customers, the bands have been designed with a £15 upper and lower limit (in most bands) to ensure that the impact of any cliff-edge is minimised. From the Council's statistics, it is clear that a substantial number of changes are within this £15pw/£65pcm bracket. Having 10 smaller bandwidths reduces the impact where a customer's income change results in a change of bands yet achieves the objective of providing greater stability for those whose income changes a little on a month-by-month basis.

Neutral impact

A hardship fund would be created to support negatively impacted claims.

Many councils that have implemented bands have found they need amending ongoing to ensure they are not disadvantaging customer groups that the testing prior to launch did not highlight (i.e., those with unique circumstances).

As such bands can have hidden disadvantages and the creation of a hardship fund to support the introduction of a banded scheme would be advised to help target support to anyone who faces disproportionate financial hardship whilst the scheme is embedded.

Will the model reduce administration costs – if so, why?
Universal Credit changes notifications will be automated, so minimising manual handling of these cases.
Reduced re-issue of bills and letters where income changes are within the band.
Likely reduction in attachment of benefits, where the Council recovers Council Tax debts from benefits recipients at a very small amount each month.
Reduced time and cost on for non-dependents as verification of income will no longer be required. The administrative gain from a standard non-dependent rate is the saving on verification and checking unmatched UC records for potential non-dependent information. The Council cannot introduce a £5 flat rate for some and not others, otherwise there is no administrative gain.
Reduced activity on Council Tax accounts on collecting small debts in respect of the baseline reduction (Direct Debit/taking payments, arrangements, and enforcement).

Does it affect any non-vulnerable groups? If so, who and how?
All groups are affected the same in respect of each of the changes.
Those moving into Band 0 who previously did not receive 100% support will no longer be subject to a minimum payment of 8.5% or 10%.

Does it affect any vulnerable groups? If so, who and how?
All groups are affected the same in respect of each of the changes.
Vulnerable groups were not subjected to a baseline reduction, so already receive up to 100% of their Council Tax liability under the current scheme, so moving to band 0 will not affect them.

**A vulnerable resident is anyone who receives a war pension, Disability Living Allowance, Personal Independence Payments, mobility or care benefits, registered blind, or anybody with children where the child is in receipt of any of Disability Living Allowance, Personal Independence Payments, and anyone who receives a support component of Employment & Support Allowance (or the equivalent of UC - Limited Capability for Work LCWRA). It does not include those in receipt of Industrial Injuries benefits, unless they also claim Disability Living Allowance.*

Model 2 Existing scheme with simplifications and no baseline reduction

Key changes	
Minimum award £1 per week	A resident will have to be entitled to at least £1 per week in Council Tax Support to qualify. If a resident is entitled to less than £1 a week, they will receive no Council Tax Support under this scheme.
Treat a claim for Universal Credit as a claim for Council Tax Support	Anyone who applies for Universal Credit will be automatically assessed for Council Tax Support. This will get money to people faster and result in less paperwork for residents and the council to process.
Remove second adult rebate	<p>The current Second Adult Rebate is awarded to sole Council Taxpayers regardless of their income and has been removed by many councils nationwide. By removing it, anyone who currently receives up to 25% off their Council Tax bill because they have a non-dependent adult living with them on a low income will no longer receive this reduction. This proposal is based on the suggestion that even if a second adult is on a low income, they should still contribute something towards the household's Council Tax bill.</p> <p>If the Council Taxpayer is on a low income, they will still be entitled to Council Tax Support based on their own financial circumstances.</p>
Standardise Non-Dependent Deductions	<p>Currently people who have non-dependents living with them have their Council Tax Support reduced by between £4.05 and £12.45 based on the income of the non-dependent.</p> <p>This scheme proposes to standardise the deduction to £5 which would reduce costly administration. Doing so would also see around 150 Council Taxpayers have a Non-Dependent Deduction for the first time.</p>
Remove the current baseline reduction - <i>Appendix 1 shows the impact of this on claims</i>	<p>Unlike the current scheme, Universal Credit claimants on the lowest incomes would not be required to pay a minimum of 8.5% or 10% towards their Council Tax before any discount is applied.</p> <p>For example, those in receipt of Income Support with no excess income, would benefit from 100% Council Tax Support.</p>
Retain the existing income taper - <i>Appendix 1 details how the models are calculated differently</i>	The existing income taper looks at what excess income a claimant has above the needs allowance (i.e., what the Government says someone needs to live on). It calculates 20% of this income (i.e., if they have £20 excess income, 20% is £4) which is then taken off the Council Tax Support they are entitled to. By retaining the current taper, fewer people will have an overall change to their Council Tax Support awards, but constantly reprofiling people's awards would continue to be an issue – both confusing/destabilising to customers and admin heavy (see overleaf).

Key changes	
<p>Introduce a tolerance so that the Council only alters a residents Council Tax Support payment only where the change is more than £65 a month</p>	<p>One way to address the constant reprofiling of claims within a tapered scheme would be to introduce a tolerance that would mean a claimant's award would only be reassessed if their excess income changes by more than £15 per week or £65 per calendar month. This would help prevent the constant reassessment of cases. This could only be applied to UC cases as the software does not support application of a tolerance to legacy benefits.</p> <p>The £15 per week reflects the excess income bandwidths in the banded scheme proposed in Model 1, so the level of reprofiling customers would experience would be similar to that in the banded scheme.</p> <p>One drawback of this option is that due to system capabilities, any revised income less than £15 per week would not be reflected in the customer's online account and could lead to confusion when reporting changes. That said, no additional software would be required to deliver the scheme, unlike the banded scheme.</p>
Will the model cost more (based on current case load)?	
<p>Yes</p>	<p>Moving all cases with no excess income into the lowest band and awarding 100% discount and removing the 8.5%/10% minimum payment will increase the cost of the scheme. Removing the second adult rebate and standardising Non-Dependent Deductions reduces the overall cost of the scheme. Overall combined the model would cost approximately £100,000 - £120,000 extra overall. Any additional cost would be shared by all precepting authorities (County, Police, Fire) in line with their share of the precept.</p>
Who will the model affect?	
<p>important note: The below impacts are based on a data extract from the live Council Tax database on 17 August 2021 and will always be subject to change as the number/nature and circumstances of claimants changes. It is important to note that as the furlough scheme has come to an end, more people may now claim a Council Tax reduction. The cost of this would need to be borne in any scheme and could alter the figures quoted below.</p>	
<p>Negative impact Those who claim Second Adult Rebate would no longer get 25% off their Council Tax bill.</p>	<p>This will affect 38 Council Taxpayers based on current cases and may change. Anyone who is still entitled to help based on their own financial circumstances, instead of based on a second adult living in their home, would still be able to claim support.</p>
<p>Negative impact Those who only receive a small weekly award of less than £1 would no longer receive any Council Tax Support.</p>	<p>This will affect 18 Council Taxpayers based on current cases and may change.</p>

Who will the model affect?	
<p>Positive impact All residents with no excess income (who historically would have had to pay either 8.5% or 10% towards their Council Tax) will fall into the lowest income band and have to pay £0 towards their Council Tax until they earn excess income.</p>	<p>Based on the data extract, there are 3,571 working age claimants of Council Tax Support.</p> <ul style="list-style-type: none"> • 1,723 do not currently have to pay a minimum towards their Council Tax because they are classed as vulnerable*. • The amount the remaining 1,848 claimants have to pay towards their Council Tax is between £0.01 and £5.31 a week. • The average people on the lowest income have to pay is £1.77 a week or £92.29 a year. • This would positively Council Tax Support claimants to varying degrees. <p>Equally Council Taxpayers who have not been able to pay historically and have ended up with summons charges will no longer enter the debt recovery process due to the baseline.</p>
<p>Neutral impact The Council Tax Support provided to anyone who has excess income is tapered away at a rate of 20 per cent which is deducted from the maximum Council Tax Support award.</p> <p>Appendix 2 demonstrates how people's claims would be calculated under each model.</p>	<p>This will not affect any claimants however the introduction of the tolerance would mean fewer Universal Credit (only) claimants' support would be impacted by slight changes in excess income.</p>
<p>Positive and negative impact Anyone with a non-dependent would have a standard £5 deducted from their support – those who currently receive a deduction greater than £5 each would be better off, whereas those who receive a deduction less than £5 would be worse off.</p>	<p>Anyone who currently receives the lowest Non-Dependent Deduction (£4.05 a week) would receive 95p less Council Tax Support each week. Anyone with two non-dependents on the lowest deduction, would receive up to £1.90 less Council Tax Support each week.</p> <p>Based on the data extract, approximately 73 cases would be negatively affected, 64 of which would be by 95p per week.</p> <p>Those who currently have the highest Non-Dependent Deduction (£12.45 a week) would receive up to £7.45 more Council Tax Support each week. Eligible Council Taxpayers with two non-dependents on the highest deduction would receive up to £14.90 more Council Tax Support each week.</p> <p>Based on the data extract, 78 cases would be positively affected by between £0.40 and £14.90 a week, with the average being £4.86 per week.</p>

Who will the model affect?	
<p>Negative impact To enable the Council to simplify the processing of non-dependents, and prevent detailed assessment of each claim, approximately 150 Council Taxpayers who have a non-dependent living with them but have not had a Non-Dependent Deduction from their Council Tax Support to date, will have a deduction moving forwards.</p>	<p>A Non-Dependent Deduction reduces the maximum amount of Council Tax Support a claimant can receive. Around 150 Council Taxpayers would have a Non-Dependent Deduction for the first time. This would include claimants who have a non-dependent who is under 25 who is working under 16 hours a week, receiving Universal Credit or is a pensioner.</p> <p>A non-dependent who is under 25, who is in receipt of welfare benefits, receives a basic weekly income of £59.20 (compared to £74.70 if they are 25 or over). A pensioner has a basic weekly income of £117.10. These are the same basic rates as a Council Taxpayer receives if they were on the lowest income level, yet a Council Taxpayer would also be responsible for water rates, fuel bills etc. Whilst the Council has no power to make a non-dependent contribute to household expenses, it seems reasonable to create a system that encourages those with non-dependents aged 18 or over, to contribute towards the Council Tax where the Council Taxpayer is in receipt of Council Tax Support.</p> <p>Claimants who are exempt from non-dependent charges, including people who have someone living with them to support their registered needs, such as those who receive the Personal Independence Payment (PIP) daily living rate and those who are registered blind, would not be affected as they would continue to be exempt from the Non-Dependent Deduction.</p>
Will the model reduce administration costs – if so, why?	
Universal Credit changes notifications will be automated, so minimising manual handling of these cases.	
Reduced re-issue of bills and letters for UC cases.	
Likely reduction in attachment of benefits, where the Council recovers Council Tax debts from benefits recipients at a very small amount each month.	
Reduced time and cost on for non-dependents as verification of income will no longer be required. The administrative gain from a standard non-dependent rate is the saving on verification and checking unmatched UC records for potential non-dependent information. The Council cannot introduce a £5 flat rate for some and not others, otherwise there is no administrative gain.	
Reduced activity on Council Tax accounts on collecting small debts in respect of the baseline reduction (Direct Debit/taking payments, arrangements, and enforcement).	
Does it affect any non-vulnerable groups? If so, who and how?	
All non-vulnerable groups are affected the same in respect of each of the changes except for the removal of the baseline reduction.	
Removing the baseline reduction allows both vulnerable and non-vulnerable groups to receive up to 100% off their Council Tax charge where no excess income is earned/received.	

Does it affect any vulnerable groups? If so, who and how?

All vulnerable groups are affected the same in respect of each of the changes, except for the removal of the baseline reduction.

Vulnerable groups* were not subjected to a baseline reduction, so could already receive up to 100% of their Council Tax liability under the reduction scheme.

**A vulnerable resident is anyone who receives a war pension, Disability Living Allowance, Personal Independence Payments, mobility or care benefits, registered blind, or anybody with children where the child is in receipt of any of Disability Living Allowance, Personal Independence Payments, and anyone who receives a support component of Employment & Support Allowance (or the equivalent of UC - Limited Capability for Work LCWRA). It does not include those in receipt of Industrial Injuries benefits, unless they also claim Disability Living Allowance.*