

## Appendix Two - Impact of 2018/19 changes to Council Tax Reduction Scheme

Table 1 below lists the changes and associated costs or savings that have been made to the council's Council Tax Reduction(CTR) Scheme in 2018/19. Items 2, 3 and 6 are based on known costs and item 5 is not quantifiable. As such no new information is available in relation to these changes. This appendix considers item 1 (which was an estimated cost), and item 4 (for which data is now available to compare against 2017/18 figures).

Table 1

Option No.	Description of change	Cost/Saving in £'s
1	Create an income band scheme for Universal Credit customers	£33,535
2	Remove second adult reduction provision	-£8,370
3	Limit backdating to one month	-£3,896
4	Introduce a minimum income floor for self-employed claims	Not known
5.	Reduce period where someone can claim whilst abroad	Not known
6	Remove family premium for new claims	-1,508
	<b>Total</b>	<b>£19,761</b>

### Income band scheme for Universal Credit customers

The estimated costs of a new income band scheme were modelled on the council's CTR caseload in April 2018. Household and income details were used to calculate the equivalent income in the Universal Credit scheme, in order to determine which bands households were likely to fall into.

The model showed that if all working age claimants were to migrate to Universal Credit, the CTR scheme would cost an additional £33,535 to the council. This model assumed that all other factors were constant, whereas the reality of any benefit caseload is that there is constant change, as people's circumstances change, some claims end, and others start. As such it is not possible to run a report to show how the income band scheme has impacted on household's CTR awards for the current year.

In order to assess the impact, a random sample of claims has been investigated, comparing the CTR award in March 2018, with the CTR award in April 2018. Claims which had seen a significant change in circumstances were excluded from the sample. This would include claims which had come to an end, where people had started or finished working, or where there had been changes to the household.

Table 2 below shows 30 claims which have been reviewed, and compares the percentage discount received on their CTR award for the periods referenced above, showing how the support they have received has changed. 30 claims represent 5% of the number of claims subject to the income band scheme in April 2018. Two thirds of the sample contains cases receiving 100% support, which reflects the proportion of such cases in the whole CTR caseload.

Table 2.

Claim	Income Band	Earnings Present	% CTR award April 18	% CTR award March 18	% Difference
80018500	1	no	100	100	0
80072284	1	no	100	100	0
80142507	1	no	100	100	0
80167410	1	no	100	42	58
80179971	1	no	100	100	0
80186085	1	no	100	100	0
80191292	1	no	100	100	0
80191471	1	no	100	100	0
80194167	1	no	100	100	0
80197767	1	no	100	100	0
80215672	1	no	100	100	0
80227038	1	no	100	100	0
80231919	1	no	100	100	0
80235005	1	no	100	100	0
80303915	1	no	100	100	0
80310901	1	no	100	100	0
80316162	1	no	100	100	0
80322838	1	no	100	100	0
80331107	1	no	100	100	0
80333870	1	no	100	100	0
80201313	2	Yes	75	45	30
80218198	2	yes	75	46	29
80201184	3	Yes	50	66	-16
80202401	3	Yes	50	49	1
80208943	3	yes	50	9	41
80227517	3	yes	50	68	-18
80329438	3	yes	50	97	-47
80225218	4	yes	25	0	25
80226901	4	yes	25	14	11
80322832	4	yes	25	0	25
	<b>Average change for cases where there is a change</b>				<b>12.6</b>
			<b>Average change overall</b>		<b>4.6</b>

The changes seen in the sample cases are in line with the modelling carried out last year. This is supported by looking at the overall increase in cost of Council Tax support, which was 5.4% more in April 2018 compared to March 2018, despite a 5.6% increase in the Council Tax charge.

### Minimum Income Floor for self-employed claimants

The minimum income floor is only applied to claims at the point they are reviewed. This usually happens on an annual basis. At the time of writing too few claims had been reviewed to make any analysis a useful exercise. As such the impact of the

MIF has been estimated using the earnings declared by self-employed CTR claimants in 2017/18. The MIF is a weekly figure and is calculated by multiplying the national minimum wage by 35 hours. For most people, this is £274.05.

A range of factors determine the amount of CTR that a household receives. Income is one, but the size of household, and circumstances of people in the household are also taken into account. When a household's earnings are the same as the MIF, their CTR award may still be up to 50% of their Council Tax. Where no earnings are present, a 100% CTR award may be made. As such, the impact of introducing a MIF will reduce the amount of support received by between 0 and 50% of the Council Tax charged.

In March 2018, there were 317 claims with self-employed earnings declared as the main income. Of these, 10 had earnings above the level of the MIF. The remaining 307 claimants declared an average of £106.25 per week. This correlates to an average loss in support of 30.6% of the Council Tax charge.

Although the average Council Tax band is Band D, lower income households tend to occupy properties in lower bands. This can be seen in that 40% of CTR recipients live in Band C properties, and a further 42% in Band A or B properties. As such the Band C charge has been used to calculate the impact of the MIF. A Band C charge in an unparished area is £1,697.59, so the average reduction in support for households affected by the MIF is £519.46.

The total impact on the 307 households will be an increase in Council Tax of £159,527. This would result in a saving to the Council of £25,349.

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