

Local Council Tax Support – options modelling

Option 1	Model 1	Model 2	Model 3
<p>Restriction of Maximum Support</p> <p>Principles Everyone will be liable to pay something (excluding protected groups) Restricts maximum support Simplified administration arrangements</p>	<p>Locally protection will only be afforded to pensioners , vulnerable claimants or partners who have a disability, those entitled to a widows war pension or War Disability Pension</p> <p>This scenario is the most equitable as it shares the amount of support available across the affected groups.</p> <p>At 80%, there is the following impact.</p> <p>Council Tax Collection rate is assumed at 75%</p> <p>Number of claimants affected 13,230</p> <p>Annual Savings = £2,261,000</p> <p>Average additional claimant cost per week/annum £4.38/£228</p>	<p>Locally protection will only be afforded to pensioners , vulnerable claimants or partners who have a disability, ,those entitled to a widows war pension or War Disability Pension</p> <p>This scenario is the most equitable as it shares the amount of support available across the affected groups</p> <p>At 85%, there is the following impact.</p> <p>Council Tax Collection rate is assumed at 75%</p> <p>Number of claimants affected 13,230</p> <p>Annual Savings = £1,701,000</p> <p>Average additional claimant cost per week/annum £3.29/£171</p>	<p>Locally protection will only be afforded to pensioners , vulnerable claimants or partners who have a disability, those entitled to a widows war pension or War Disability Pension</p> <p>This scenario is the most equitable as it shares the amount of support available across the affected groups</p> <p>At 90%, there is the following Impact.</p> <p>Council Tax Collection rate is assumed at 75%</p> <p>Number of claimants affected 13,230</p> <p>Annual Savings = £1,137,000</p> <p>Average additional claimant cost per week/annum £2.22/ £115.44</p>

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Option2	Model 1	Model 2	Model 3
<p>Capping Payments by Band</p> <p>Principles Does not meet any of the principles and is not means tested therefore not providing a 'fair' assessment of the household ability to pay. Likely to impact on families with children. Older working age customers may have to downsize, making an economic choice that is regularly made by low income workers.</p>	<p>Cap at Band D</p> <p>This means that all claims would be worked out using a max liability of Band D (£1,419.65) and would exclude bands E, F, G and H</p> <p>Would not affect pensioners but would impact on families.</p> <p>Number of claimants affected 1,166</p> <p>Annual Savings =£379,000</p> <p>Average additional cost per week/annum =£6.25/ £325.04</p>	<p>Cap at Band E</p> <p>This means that all claims would be worked out using a max liability of Band E (£1,735.13) and would exclude bands F, G and H</p> <p>Would not affect pensioners but would impact on families.</p> <p>Number of claimants affected 218</p> <p>Annual Savings =£68,531</p> <p>Average additional cost per week/annum =£6.04/£314.36</p>	<p>Cap at Band F</p> <p>This means that all claims would be worked out using a max liability of Band F (£2,050.61) and would exclude bands G and H</p> <p>Would not affect pensioners but would impact on families.</p> <p>Number of claimants affected 35</p> <p>Annual Savings = £10,112</p> <p>Average additional cost per week/annum = £5.55/£288.91</p>

Option 3	Model 1	Model 2	Model 3
<p>Re alignment of working age Capital Restrictions</p> <p>Principles Everyone liable to pay something and If people have sufficient/excess savings is additional CTS required? Would lead to more money available to support those with greater need.</p>	<p>Decrease maximum capital level to £8,000 and the minimum level to £6,000 (from the current £16,000/£6,000)</p> <p>All capital would be disregarded under £6,000 but if the customer's capital exceeds £8,000 they no longer qualify.</p> <p>Number claimants affected 48</p> <p>Annual Savings = £38,301</p> <p>Average additional cost per week/annum = £15.34/ £797.94</p>	<p>Decrease maximum capital level to £10,000 and the minimum level to £6,000 (from the current £16,000/£6,000)</p> <p>If the customer's capital exceeds £10,000 they no longer qualify.</p> <p>Number claimants affected 38</p> <p>Annual Savings = £32,627</p> <p>Average additional cost per week/annum = £16.51/£858.60</p>	<p>Increase minimum capital level to £10,000 and leave maximum capital at £16,000, with support reduced to £1 in every £500 to be in line with pensioners.</p> <p>Number of claimants affected 62</p> <p>Annual additional Costs = - £5,910</p> <p>Average saving per week per week/annum = £1.83/ 95.32</p>

Option 4	Model 1	Model 2	
<p data-bbox="185 359 607 387">Remove 2nd Adult Rebate</p> <p data-bbox="185 432 344 461"><u>Principles</u></p> <p data-bbox="185 505 629 943">Expectations that other adult occupiers within the household will contribute. The claimant could have significant income/savings but currently receive up to 25% reduction based on the second adult's low income. If the claimant has moderate income based household circumstances they could have an entitlement under the main scheme.</p>	<p data-bbox="663 359 1084 429">No second adult rebate payable including pensioners.</p> <p data-bbox="663 474 1106 981">Residents can currently claim Second Adult Rebate based on the income of any other adult in the household to compensate them from the loss of 25% Single Person Discount caused by the presence of another adult on a low income. It is the income of the other adult that is used to calculate the reduction. In some cases the income of the main occupant is known. It is worth up to 25% of the CT liability.</p> <p data-bbox="663 1026 1077 1096">Number of claimants affected 82</p> <p data-bbox="663 1141 1037 1169">Annual Savings = £27,967</p> <p data-bbox="663 1214 1099 1284">Average cost per claimant per week/annum = £6.55/£341.06</p>	<p data-bbox="1133 359 1464 429">No second adult rebate excluding pensioners.</p> <p data-bbox="1133 474 1576 981">Residents can currently claim Second Adult Rebate based on the income of any other adult in the household to compensate them from the loss of 25% Single Person Discount caused by the presence of another adult on a low income. It is the income of the other adult that is used to calculate the reduction. In some cases the income of the main occupant is known. It is worth up to 25% of the CT liability.</p> <p data-bbox="1133 1026 1547 1096">Number of claimants affected 62</p> <p data-bbox="1133 1141 1507 1169">Annual Savings = £20,468</p> <p data-bbox="1133 1214 1570 1284">Average cost per claimant per week/annum = £6.34/£330.13</p>	

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Option5	Model 1	Model 2	Model 3
<p>Applying a minimum award for working claimants</p> <p>Principles Making work pay Having applied a 'means tested' process which assigned a level of need (less than £2 weekly) the Council then determines not to award this could be perceived as unfair. Leads to unequal treatment for entitlements.</p>	<p>Minimum award £2</p> <p>This limits the minimum award to £2. Currently we have to pay a claim if the claimant is entitled to 1p. It is uneconomical to pay claims at very low levels.</p> <p>Number claimants affected 80</p> <p>Annual Savings = £5,101</p> <p>Average additional cost per week/annum =£1.23/£63.76</p>	<p>Minimum award £1</p> <p>This limits the minimum award to £1. Currently we have to pay a claim if the claimant is entitled to 1p. It is uneconomical to pay claims at very low levels.</p> <p>Number claimants affected 24</p> <p>Annual Savings = £757</p> <p>Average additional cost per week/annum =£0.61/£31.54</p>	<p>Minimum award 50p</p> <p>This limits the minimum award to £.50. Currently we have to pay a claim if the claimant is entitled to 1p. It is uneconomical to pay claims at very low levels.</p> <p>Number claimants affected 9</p> <p>Annual Savings = £159</p> <p>Average additional cost per week/annum =£0.33/£17</p>

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Option 6	Model 1	Model 2	Model 3
<p>Increase the excess Income withdrawal rate with income greater than DWP applicable amount</p> <p>Principles Does not make work pay but more people liable to pay something : Still means testing claimant but asking them to contribute more of their excess income. The working disregards within Universal Credit are more generous therefore the customer could reasonably contribute more.</p>	<p>Where income is higher than a person's needs allowance currently 20% of the excess is used to meet council tax liability. The calculation will be increased to 30% of the excess.</p> <p>Example: A couple with 2 children with an income of £350pw have an applicable amount of £248.01. They have £91.99 income above their applicable amount, 20% of this is £18.40 and 30% is £27.60 which would be paid towards their Council Tax.</p> <p>Number of claimants affected 2,542 (469 taken out of entitlement) Annual Savings = £504,759 Average additional claimant cost per week/annum = £3.82/198.56</p>	<p>Where income is higher than a person's needs allowance currently 20% of the excess is used to meet council tax liability. The calculation will be increased to 27.5% of the excess.</p> <p>Example: In the same scenario as Option 1 Council Tax Support would decrease to £2.46 per week.</p> <p>Number of claimants affected 2,542 (340 taken out of entitlement) Annual Savings = £401,562 Average additional claimant cost per week/annum = £3.04/157.97</p>	<p>Where income is higher than a person's needs allowance currently 20% of the excess is used to meet council tax liability. The calculation will be increased to 25% of the excess.</p> <p>Example: In the same scenario as Option 1 Council Tax Support would decrease to £4.76 per week.</p> <p>Number of claimants affected 2,542 (219 taken out of entitlement) Annual Savings =£284,296 Average additional claimant cost per week/annum =£2.15/111.84</p>

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Option 7	Model 1	Model 2	Model 3
<p>Reduce or remove working tax credits income disregards:</p> <p>Policy Will not make work pay and will not make everyone liable to pay something</p>	<p>Remove Working Tax Credit disregard of £17.10.</p> <p>Government want us to incentives work so this would be against their policy intentions. However, the Working Tax Credit income disregards in UC are sufficiently generous as to allow for a reduction in the earned income disregards applied to local CTS. 2,217 claimants are awarded WTC.</p> <p>Number of claimants affected 2,217</p> <p>Annual Savings =£361,173</p> <p>Average additional claimant cost per week/annum = £3.13/£162.91</p>	<p>Working Tax Credit disregard of £17.10 reduced by 75%.</p> <p>Government want us to incentives work so this would be against their policy intentions. However, the Working Tax Credit income disregards in UC are sufficiently generous as to allow for a reduction in the earned income disregards applied to local CTS. 2,149 claimants are awarded WTC</p> <p>Number of claimants affected 2,149</p> <p>Annual Savings = £269,243</p> <p>Average additional claimant cost per week/annum = £2.41/£125.29</p>	<p>Working Tax Credit disregard of £17.10 reduced by 50%.</p> <p>Government want us to incentives work so this would be against their policy intentions. However, the Working Tax Credit income disregards in UC are sufficiently generous as to allow for a reduction in the earned income disregards applied to local CTS. 2,099 claimants are awarded WTC</p> <p>Number affected 2,099</p> <p>Annual Savings = £178,303</p> <p>Average additional claimant costs per week/annum = ££1.63/ £84.95</p>

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Option 8	Model 1	Model 2	Model 3
<p>Removing child benefit disregard</p> <p>Principles Restrictions on Maximum support The working disregards within Universal Credit are more generous therefore the customer could reasonably contribute more.</p>	<p>Include 100% child benefit in calculation.</p> <p>Claimants in receipt of child benefit have this disregarded from their net income.</p> <p>Child benefit will be included in the total benefit cap, but we await guidance on whether it will be counted as income in Universal Credit.</p> <p>Number of claimants affected 2,471</p> <p>Annual Savings = £723,473</p> <p>Average additional claimant cost per week/annum = £5.63/£292.79</p>	<p>Include 50% of child benefit in calculation.</p> <p>Claimants in receipt of child benefit have this disregarded from their net income.</p> <p>Child benefit will be included in the total benefit cap, but we await guidance on whether it will be counted as income in Universal Credit.</p> <p>Number of claimants affected 2,198</p> <p>Annual Savings = £343,367</p> <p>Average additional claimant cost per week/annum = £3.00/£156.22</p>	<p>Include 25% of child benefit in calculation.</p> <p>Claimants in receipt of child benefit have this disregarded from their net income.</p> <p>Child benefit will be included in the total benefit cap, but we await guidance on whether it will be counted as income in Universal Credit.</p> <p>Number of claimants affected 2,065</p> <p>Annual Savings = £166,262</p> <p>Average additional claimant cost per week/annum = £1.55/£80.51</p>

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Option 9	Model 1	Model 2	Model 3
<p>Non working Claimants contribution</p> <p>Principles Restrictions on Maximum support Everyone will be liable to pay something.</p>	<p>Charge every non working claimant £3.55 per week equivalent to the maximum attachment of benefit rate used to recover overpayments.</p> <p>Number of claimants affected 9204</p> <p>Annual Savings = £1,274,293</p> <p>Average additional claimant cost per week/annum = £3.55/£184</p>	<p>Charge every non working claimant £2.00 per week similar to an attachment of benefit rate used to recover overpayments.</p> <p>Number of claimants affected 9204</p> <p>Annual Savings = £717,912</p> <p>Average additional claimant cost per week/annum = £2.00/£104</p>	<p>Charge every non working claimant £1.00 per week similar to an attachment of benefit rate used to recover overpayments.</p> <p>Number of claimants affected 9204</p> <p>Annual Savings = £358,956</p> <p>Average additional claimant cost per week/annum = £1.00/£52</p>

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Option 10	Model 1	Model 2	Model 3
<p>All claimants with non dependents</p> <p>Principles Restrictions on Maximum support</p> <p>.</p> <p>Equalities</p>	<p>Set a flat rate non dependent contribution of £5 per week. (this is currently means tested as part of Council Tax Benefit)</p> <p>Number of claimants affected 959</p> <p>Annual Savings = £187,000</p> <p>Average additional claimant cost per week/annum = £5.00/£260</p>	<p>Set a flat rate non dependent contribution of £2 per week. (this is currently means tested as part of Council Tax Benefit)</p> <p>Number of claimants affected 959</p> <p>Annual Savings = £74,802</p> <p>Average additional claimant cost per week/annum = £2.00/£104</p>	<p>Set a flat rate non dependent contribution of £1 per week. (this is currently means tested as part of Council Tax Benefit)</p> <p>Number of claimants affected 959</p> <p>Annual Savings = £37,401</p> <p>Average additional claimant cost per week/annum = £1.00/£52</p>