

APPENDIX 4

Detailed impact analysis of the proposed changes

Detailed below are estimates in respect of the potential impact upon our existing caseload of implementing the proposed changes to the Council Tax Reduction scheme, namely:

- Reducing the level of discounts currently offered from 100%, 75%, 40% and 25% to 100%, 50%, 25% and 10% (see income band grid below)
- Introducing a flat rate non-dependant deduction of £10 a week for each non-dependant living in the home
- Restricting support for taxpayers in Council Tax bands E, F, G and H to the equivalent Band D level
- Reducing the time we can backdate an award of CTR from 12 months to 3 months

Band	Current discount (%)	Proposed discount from 1 April 2025 (%)	Single person	Single person with one child	Single person with two children	Couple with no children	Couple with one child	Couple with two children
1*	100	100	£0-104	£0-£174	£0-£239	£0-153	£0-£218	£0-£283
2	75	50	£104.01-£169	£174.01-£239	£239.01-£316	£153.01-£229	£214.01-£283	£283.01-£360
3	40	25	£169.01-£207	£239.01-£278	£316.01-£402	£229.01-£283	£283.01-£321	£360.01-£446
4	25	10	£207.01-£256	£278.01-£316	£402.01-£522	£283.01-£337	£321.01-£360	£446.01-£565
	0	0	Over £256	Over £316	Over £522	Over £337	Over £360	Over £565

*you will automatically receive a band 1 discount if you or your partner receive Income Support, Income-Based Jobseeker's Allowance or Income-Related Employment and Support Allowance.

The income values shown in the bands is income net of all disregards that can be applied to income and earnings as detailed in paragraph 10 of this report.

The Revenues and Benefits service is currently still running on the four separate legacy district IT systems, although a project is currently underway to consolidate these systems. Our ability to produce modelling data varies in the different systems and the resource available to do so is extremely limited at the moment due to the demands of the system consolidation project. The below data has been produced from one of the legacy systems and the results extrapolated across the other areas. Consequently, the results are estimates and are not precise. However, we have identified that the breakdown of the caseload between the different family group types is very similar across the four legacy areas, which will increase the accuracy of the estimates.

Estimated impact of this option on the affected caseload only

Household type	Average loss £ a week	Estimate numbers getting the same support	Estimate numbers getting less support	Percentage getting less support
Single person	-£8.16	3,497	5,224	60%
Lone parent with 1 child	-£8.69	734	1,758	71%
Lone parent with 2 children	-£6.14	891	3,329	79%
Couple with no children	-£10.63	269	970	78%
Couple with 1 child	-£11.14	82	304	79%
Couple with 2 or more children	-£8.14	208	1,048	83%
All households	-£7.99	5,681	12,633	69%
Passported households	-£13.36	2,523	741	23%
Disabled households	-£9.03	2,585	5,606	68%

Individual claim impact example(s)

Example One

Claimant A is a single person who receives Personal Independence Payments (PIP) of £101.35 per week and Universal Credit (UC) of £142.61 per week, £93.97 per week of which is in relation to a Housing Element, Employment and Support Allowance (ESA) of £138.20, £47.70 of which is in relation to a Support Component. Their total gross income is £382.16 per week.

The scheme allows PIP to be disregarded in full as an income, the housing element of UC to be disregarded in full, the Support Component of ESA as well as deducting a £30.00 per week disability disregard from their income. The disregarded income totals £273.02.

Following these disregards and deductions, their income for CTR purposes is £109.14 per week and means they currently receive a 75% discount on their Council Tax bill of £1201.19, reduced by £900.89, leaving £300.30 to pay.

Under this proposal, they will qualify for a 50% discount and would have to pay an additional £300.30 a year (£5.78 a week) to pay their bill.

Example Two

Claimant B lives with their partner and two children. Claimant B's income is from Universal Credit (UC) of £420.06 per week, of which £196.15 is in relation to a Housing Element, Child Benefit of £42.55 per week and earnings of £205.92 per week. Their total gross income is £668.53 per week.

The scheme allows the housing element of UC to be disregarded in full, Child Benefit to be disregarded in full and £25.00 per week of their earnings to be disregarded. The disregarded income totals £263.70

Following these disregards and deductions, their income for CTR purposes is £404.83 per week and means they currently receive a 40% discount on their Council Tax bill of £1,601.59, reduced by £640.64, leaving £960.95 to pay.

Under this proposal, Claimant B will qualify for a 25% discount and would have to pay an additional £240.24 a year (£4.62 a week) to pay their bill.

Example Three

Claimant C is a single person who receives Employment and Support Allowance (ESA) of £118.52 per week, which includes a Support Component (SC) of £47.70 per week. They also receive an early released occupational pension of £122.44 per week and Personal Independence Payments (PIP) of £148.40 per week. Their total gross income is £389.36.

The scheme allows PIP to be disregarded in full and the ESA support component to be disregarded in full, along with a £30 per week additional disabled disregard. The disregarded income totals £226.10 per week.

Following these disregards and deductions, their income for CTR purposes is £163.26 per week and means they currently receive a 75% discount on their Council Tax Bill of £1401.08, reduced by £1050.81, leaving £350.27 to pay.

Under this proposal, Claimant C will qualify for a 50% discount so would have to pay an additional £350.27 a year (£6.74 a week) to pay their bill.

Conclusions

- All existing working age applicants in discount bands 2, 3 and 4 will see a reduction in the amount of support they receive.
- On average each claimant losing out would be asked to pay an additional £7.99 a week, the equivalent of £415.48 a year in Council Tax.
- Disabled households will lose higher amounts than the average and are less likely to be able increase their income
- Couples are seeing on average a far higher reduction than any of the other categories
- Implementing this change is likely to result in a significant increase in applications for Exceptional Hardship and is likely to detrimentally affect collection rates