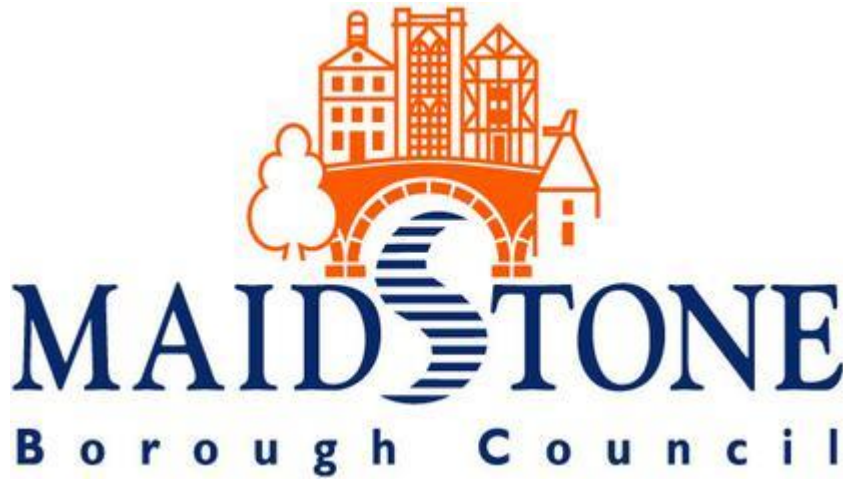


Maidstone Borough Council

Localised Council Tax Support



July 2020

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EXECUTIVE SUMMARY

Maidstone Borough Council has commissioned Policy in Practice to model three income-banded council tax support schemes. Model 1 is a simple scheme made up of five income bands with maximum support of 80%. Model 2 is the same as Model 1 except for an additional 5% uplift to council tax support for households in receipt of disability or illness benefits in respect of the claimant or their partner (subject to a maximum level of support of 80%) within bands 2-5. Model 3 follows from Model 2 by lowering the maximum support for non-protected households in band 1 from 80% to 70%. Households in receipt of disability or illness benefits who fall into band 1 retain the current 80% maximum.

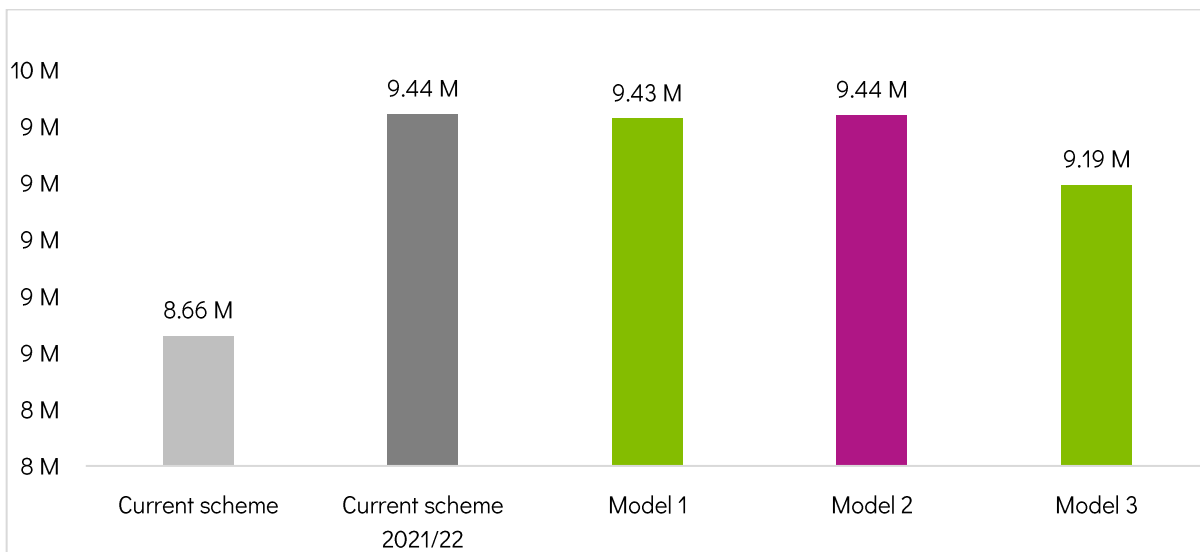
This report presents the findings that result from modelling these three council tax support schemes for 2021/22 on behalf of Maidstone Borough Council. Headline figures for a third provisional model have also been provided, ahead of confirmation of the final model.

In addition to the three main Models, the Council wants to capture the:

- The headline figures of a fourth model; including the total cost, average CTS award and change in support for working age households
- Loss in support for specific groups based on gender, disability and age group (ages 18-24 and ages 60-64), under Model 1, Model 2 and Model 3

The figures below show the annual cost of the current scheme, the cost of retention of the current scheme into 2021/22, and the three models agreed with Maidstone Borough Council.

Cost of schemes and models



Cost of current scheme, current scheme retained into 2021/22, Model 1, Model 2 and Model 3, £M/annum

Income-banded schemes

Income-banded schemes award different levels of discount based on set bands of income and help to contain administration costs against increased council tax support assessments under Universal Credit. This is because reassessment of cases will only be required if income crosses one of the income-band thresholds.

Income-banded schemes are simpler to understand than the current scheme. An income-banded scheme therefore allows the council to convey a relatively simple eligibility message to residents.

Findings:

The findings of the impact assessments and modelling are given in two tables within this executive summary:

- **The Key Findings** table (below) shows the cost and the main social and distributional impacts of the three main models.
- **The Comparison of Weekly Support (£/week)** table (below) shows the level of weekly council tax support for different types of household currently, if the current scheme was retained into 2021/22, and for the three main models.

Key Findings

	Model 1	Model 2	Model 3
Cost	<p>This model costs £9.43M.</p> <p>The model costs £768,039 more than the current scheme (2019/20) and is similar to costs if the current scheme were to be retained into 2021/22.</p>	<p>This model costs £9.44M.</p> <p>Similarly to Model 1, Model 2 costs £779,886 more than the current scheme (2019/20) and similar to if the current scheme were retained into 2021/22.</p>	<p>This model costs £9.19M.</p> <p>Model 3 costs £533,733 more than the current scheme (2019/20), which is £249,533 less than if the current scheme were retained into 2021/22. Where Models 1 and 2 kept costs close to the current scheme in 2021/22, Model 3 saves over £230,000 compared to each of the former models.</p>
Administration	<p>Administrative savings are expected compared to retention of current scheme into 2021/22. This is due to a reduction in the number of re-assessments as assessment is only required if income crosses an income-band threshold.</p>	<p>Administrative savings are expected compared to retention of current scheme into 2021/22. This is due to a reduction in the number of re-assessments as assessment is only required if income crosses an income-band threshold.</p>	<p>Administrative savings are expected compared to retention of current scheme into 2021/22. This is due to a reduction in the number of re-assessments as assessment is only required if income crosses an income-band threshold.</p>
Claim numbers	<p>25 households will lose all support. This is 0.5% of the current working-age caseload.</p> <p>76.2% of all households are placed in the highest band where their CTS is based on 80% of their liability.</p>	<p>Like Model 1, 25 households will lose all support (0.5% of the current working-age caseload).</p> <p>Again, 76.2% of households are placed in the highest band of 80%.</p>	<p>Like Models 1 and 2, 25 households will lose all support (0.5% of the current working-age caseload).</p> <p>76.2% of all households are placed in the highest bands, which awards 80% to protected households (41.6%) and 70% to remaining households (34.6%).</p>
Political and social impact	<p>286 households will see their support reduce by over £5/week – this is 5.3% of all working-age claimants.</p> <p>505 households will gain more than £5/week. This is 9.3% of working-age households. Lone parents</p>	<p>Slightly fewer households will see support reduce – while slightly more households will see support increase – by over £5/week in Model 2 compared to Model 1.</p> <p>268 households will see their support reduce by over</p>	<p>281 households will see their support reduce by over £5/week – this is 5.2% of households.</p> <p>471 households will see their support increase by over £5/week. This is 8.7% of working-age households.</p>

	<p>are especially likely to gain support.</p> <p>Both losers and gainers tend to be larger households which are employed or self-employed. However, legacy households are more likely to lose compared to their Universal Credit counterparts. This is due to the impact of earnings disregards that apply under the current scheme but not under Model 1.</p>	<p>£5/week – this is 4.9% of all working-age claimants.</p> <p>508 households will gain more than £5/week. This is 9.4% of working-age households. Lone parents are especially likely to gain support</p> <p>As with Model 1, both losers and gainers tend to be larger households which are employed or self-employed but legacy households are more likely to lose compared to their Universal Credit counterparts.</p>	<p>Fewer households gain under Model 3 than under either Model 1 or 2 because of the reduced maximum support for non-protected households in band 1.</p>
Distributional Impact	<p>This model re-distributes support primarily from households in receipt of legacy benefits to households in receipt of Universal Credit. This redistribution reduces the existing gap between awards.</p> <p>Change to weekly CTR varies across groups. The following groups will typically see an increase to their average weekly CTR:</p> <ul style="list-style-type: none"> - Employed households in receipt of UC (28.2%) - Lone parents in receipt of UC (13.8%) or lone parents with a child below 5 and in receipt of UC (12.4%) - Couples with children in receipt of UC (12.2%) <p>Groups that will typically see a decrease in weekly CTR include:</p> <ul style="list-style-type: none"> - Employed or self-employed households in receipt of legacy benefits (-17.6 % and -21.9% percentage reduction to weekly CTR, respectively) 	<p>Similar to Model 1, this Model 2 re-distributes support primarily from households in receipt of legacy benefits to households in receipt of Universal Credit. This redistribution reduces the existing gap between awards.</p> <p>Model 2 extends the effects seen under Model 1 in terms of those that gain support compared to retention of the current scheme. The groups affected include:</p> <ul style="list-style-type: none"> - Employed households in receipt of UC (29.2%) - Lone parents in receipt of UC (13.9%) or lone parents with a child below 5 and in receipt of UC (12.4%). - Couples with children in receipt of UC (12.8%) <p>Households will typically see a less pronounced reduction in weekly CTR compared to Model 1. Groups that see a decrease compared to retention of the current scheme include:</p> <ul style="list-style-type: none"> - Employed or self-employed households in receipt of legacy 	<p>Unlike the previous models, Model 3 reduces support across households in receipt of Universal Credit and households in receipt of legacy benefits. Universal Credit claimants remain less negatively impacted, however.</p> <p>Many groups see an increase in support, like under Model 2. These groups include:</p> <ul style="list-style-type: none"> - Employed households in receipt of Universal Credit (22.6%) - Couples with children in receipt of Universal Credit (6.2%) <p>However, more groups see a reduction in support. These include:</p> <ul style="list-style-type: none"> - Couples with no children in receipt of Universal Credit (-13.9%) - Couples with children in receipt of legacy benefits (-18.1%) - Households in receipt of out-of-work benefits (-7.4% under UC; -3.9% under legacy)

	<ul style="list-style-type: none"> - Couples with children in receipt of legacy benefits (-17.7%) 	<p>benefits (-15.6% and -21.1% respectively)</p> <p>Couples with children in receipt of legacy benefits (-16.8%)</p>	
Focus group impact	<p>Of the 25 households that lose support:</p> <ul style="list-style-type: none"> - 4 are single female households - 1 is aged 60-65 - 8 are disabled <p>Of the groups above, only female households are more likely to be worse off than the comparison group – 1.9% of female lone parent and single households (compared to only 0.8% of male single and lone parents).</p> <p>The reverse is true for disabled households – these tend to be under-represented in the losing group (2.7% compared to 3.6% among non-disabled).</p> <p><i>* Note: categories may overlap.</i></p>	<p>The same as under Model 1, of the 25 households that lose support:</p> <ul style="list-style-type: none"> - 4 are single female households - 1 is aged 60-65 - 8 are disabled <p>Of the groups above, only female households are more likely to be worse off than the comparison group – 1.8% of female single adult households (compared to only 0.6% of male single adult households)</p> <p>The reverse is true for disabled households – these tend to be under-represented in the losing group (2.1% compared to 3.6% among non-disabled), and to a greater extent compared to Model 1.</p> <p><i>* Note: categories may overlap.</i></p>	<p>The same as under Model 1 and 2, of the 25 households that lose support:</p> <ul style="list-style-type: none"> - 4 are single female households - 1 is aged 60-65 - 8 are disabled <p>Of the groups above, only female households are more likely to be worse off than the comparison group – 1.9% of female single adult households (compared to only 0.6% of male single adult households)</p> <p>The reverse is true for disabled households – these tend to be under-represented in the losing group (2.1% compared to 3.6% among non-disabled), and to a greater extent compared to Model 1.</p> <p><i>* Note: categories may overlap.</i></p>

Comparison of models

Comparison of weekly support (£/week)

Comparison of council tax support (£/week)					
	Current scheme in 2019/20	Current scheme in 2021/22	Model 1	Model 2	Model 3
All working age	£17.11	£18.57	£18.51	£18.56	£17.68
Legacy benefits	£17.34	£19.13	£18.38	£18.42	£17.84
Universal Credit	£16.54	£17.80	£18.70	£18.74	£17.47
CT band					
A	£13.82	£14.97	£15.00	£15.02	£14.38
B	£16.02	£17.28	£17.51	£17.53	£16.66
C	£17.62	£19.14	£19.20	£19.25	£18.34
D	£19.38	£21.04	£20.62	£20.70	£19.69
EFGH	£25.35	£27.96	£25.98	£26.08	£25.02
Tenure type					
Private tenant	£16.02	£17.41	£16.97	£17.03	£16.35
No HB	£17.58	£19.09	£19.61	£19.65	£18.12
Supported housing	£16.73	£18.10	£17.82	£17.87	£17.67
HA tenant	£17.29	£18.74	£18.61	£18.65	£17.93
Temporary accommodation	£17.43	£18.95	£18.10	£18.14	£17.30
Tenure Unknown	£15.32	£16.66	£18.83	£18.83	£17.01
Household type					
Single	£16.51	£17.93	£17.57	£17.59	£17.08
Lone Parent	£16.08	£17.45	£18.53	£18.54	£17.11
Couple no children	£21.84	£23.67	£21.70	£21.82	£21.46
Couple with children	£19.62	£21.23	£19.90	£20.06	£19.37

Continued overleaf

Economic status					
Employed	£11.82	£12.75	£13.51	£13.65	£13.21
Out-of-work benefits	£18.85	£20.41	£20.40	£20.40	£19.32
Self-employed	£16.54	£18.84	£14.90	£15.08	£15.06
Barriers to work					
DLA or Similar	£18.57	£19.96	£19.62	£19.76	£19.76
ESA or similar	£19.11	£20.60	£20.32	£20.36	£20.36
LP child under 5	£16.75	£18.05	£19.13	£19.13	£17.13
Carer	£21.22	£22.84	£22.85	£22.97	£22.02

Comparison of weekly support (£/week)

INTRODUCTION

Background and Objectives

This report presents an impact assessment of the current scheme, retention of the current scheme into 2021/22, and modelling of the three models in 2021/22.

In commissioning this report, the council has the following objectives;

- Maintain the maximum basis of award of 80% of liability and protect disabled households
- Simplify assessments and reassessments
- Maintain costs in line with the current scheme in 2021/22
- To understand the differential impact on specific groups based on gender, disability and age

The models that are under consideration are described below:

Model 1 is an income-banded model in which discounts are awarded based on household size and net monthly earnings. The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%

Net monthly income is made up of net employment earnings only. Childcare costs are disregarded from the earnings of eligible households.

The model also has the following characteristics:

- No tariff income
- Introduction of lower-rate and higher-rate non-dependant deductions:
 - Lower non-dependant deductions of £5/week
 - Higher non-dep deductions of £10/week

Currently, Maidstone Borough Council uses the default income-banded non-dependant deductions. With the introduction of non-dependant deductions of £5/week some households that were previously exempt (notably those with non-dependant on out-of-work benefits) will be subject to a non-dependant deduction for the first time.

Model 2 is another income-banded scheme. It is the same as Model 1 except for an additional 5% uplift to the maximum award of households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of claimant or partner). The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 2+				70%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 3+				55%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 4+				30%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%
Band 5+				15%

Note: bands suffixed with a '+' relate to households subject to the 5% uplift due to disability or illness (in receipt of DLA/PIP or ESA in respect of claimant or partner).

As with Model 1, under Model 2 net monthly income is made up of net employment earnings. Childcare costs are disregarded from the earnings of eligible households.

The model also has the following characteristics:

- No tariff income
- Introduction of flat-rate non-dependant deductions:
 - Lower non-dependant deductions of £5/week
 - Higher non-dep deductions of £10/week
- A 5% uplift to maximum award for Bands 2-5 for households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of the claimant or partner).
 - For example, households in Band 2+ are households that fall into Band 2 (maximum award 65%) but receive an uplift of 5% (taking them up to 70%).

Model 3 is another income-banded scheme. It is the same as Model 2 except for in band 1, where there is a 10% reduction in support for the majority of passported households. A 10% uplift is introduced to maintain the maximum award of households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of claimant or partner). The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	70%
Band 1+				80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 2+				70%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 3+				55%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 4+				30%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%
Band 5+				15%

As with Models 1 and 2, under Model 3 net monthly income is made up of net employment earnings. Childcare costs are disregarded from the earnings of eligible households.

The model also has the following characteristics:

- No tariff income
- Introduction of flat-rate non-dependant deductions:
 - Lower non-dependant deductions of £5/week
 - Higher non-dep deductions of £10/week
- A 5% uplift to maximum award for Bands 2-5 for households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of the claimant or partner).
 - For example, households in Band 2+ are households that fall into Band 2 (maximum award 65%) but receive an uplift of 5% (taking them up to 70%).
- A 10% uplift to maximum award for Band 1 for households in receipt of disability or illness benefits (DLA/PIP or ESA in respect of the claimant or partner).

METHODOLOGY & APPROACH

Modelling is at household level. Household data on current claimants has been supplied to Policy in Practice in the form of the CTS extract with personal data excluded. Policy in Practice converts this data to a format that can be used by their software, the Benefits and Budgeting Calculator (BBC). The calculation engine enables global changes in benefit formulations, and modelled changes to be applied to each household within the dataset. These are then summed up to arrive at the aggregate cost and Impacts of each scheme.

To enable comparison of modelled schemes against the current scheme in 2021/22, an agreed annual increase in council tax has been included. The rate of council tax increase used is 4% for both 2020/21 and 2021/22.

An agreed level of migration to Universal Credit is also included. Modelling will include an expected migration of 20% of claimants to Universal Credit by 2021/22. This migration level has been agreed with the council and is in line with the council's knowledge of migration rates for different types of household.

In light of the current economic climate and the impacts of Covid-19, Maidstone Borough Council is likely to see fluctuations in the CTS caseload over the following months. The analysis in this report is based on the caseload prior to the economic changes brought by Covid-19. We have also assumed that the current policy responses to Covid-19 will be removed by the year of future modelling (2021/22). Our uprating measures are in line with CPI against figures from 2019/20.

For each model, the following Impacts are shown:

- Social impact compares support to current levels in order to inform monetary loss and gain of support.
- Distributional impact provides a comparison to retention of the current scheme in the year that is being modelled. This informs an understanding of those groups that would gain or lose support if the model were to be adopted. This takes account of changes in the National Living Wage and personal tax allowances, Council Tax increases and Universal Credit migration.
- Households that will be worse off, considering particular groups of interest according to age, gender and disability. Maidstone Borough Council has asked Policy in Practice to consider the following working-age groups:

Group of interest	Comparison group
Aged 18-24 inclusive	Aged 25 and older
Aged 60-64 inclusive	Aged 59 and younger
Female lone parent households	Male lone parent households
Female single households	Male single households
Disabled (in receipt of DLA/PIP or ESA)	Non-disabled

CURRENT SCHEME

Currently, Maidstone Borough Council provides council tax support based on the default scheme, with maximum Council Tax Support set at 80%.

In 2019/20, 8,740 households received council tax support in Maidstone. Changes in council tax support will affect the 5,430 working-age households working-age. The 3,310 pension-age households will continue to be provided with maximum protection offered by the default council tax support scheme.

Cost of current scheme by age group			
Age group	Number of households	CTR (£/annum)	CTR (£/week)
All working age	5,430	£4,832,486	£17.11
Pension age	3,310	£3,826,568	£22.23
Total	8,740	£8,659,054	£19.05

Current council tax support cost and level of weekly support

The average council tax support for working-age households in 2019/20 was £17/week. Pension-age households receive a higher average award of £22/week.

Average Weekly CTR		
Age group	Number of households	CTR (£/week)
All working age	5,430	£17.11
<i>UC households</i>	1,520	£16.54
<i>non-UC households</i>	3,910	£17.34
Pension age	3,310	£22.23
Total	8,740	£19.05

Level of weekly support: UC and non-UC households

Working-age households in receipt of Universal Credit receive slightly lower weekly support (£16.54/week) than households in receipt of legacy benefits (£17.34/week). This is due to the higher retention of earned income under Universal Credit and removal of earnings disregards for these households under the current CTR scheme.

MAINTAINING CURRENT SCHEME INTO 2021/22

Maintaining the current scheme into 2021/22 would increase costs from £8.7M in 2019/20 to £9.4M in 2021/22. This is an increase in cost of £0.8M or 9.1%.

Annual CTS in current scheme retained into 2021/22, compared to current scheme			
Group	£/annum	Change (£/annum)	Change (%)
All working age	£5,242,015	£409,529	8.47%
Pension age	£4,200,305	£373,737	9.77%
Total	£9,442,320	£783,266	9.05%

Maintaining current system into 2021/22: Annual cost

Costs would increase by 8.5% for working-age households compared to 9.8% for pension-age households. The lower increase for working-age households is due to the planned increases in the national minimum wage and personal tax allowance, as well as the end to the benefits freeze, by 2021/22. These changes will increase earnings and so reduce council tax support awards for some working-age claimants. In addition, claimants receive low levels of council tax support as they migrate to Universal Credit, reflecting the higher retention of earned income and the removal of earnings disregards within the scheme.

Average weekly CTS awarded in current scheme retained into 2021/22, compared to current scheme			
Group	Upated current scheme (£/week)	Change (£/week)	Change (%)
All working age	£18.57	£1.45	8.49%
UC	£17.80	£0.98	5.81%
Legacy benefits	£19.13	£1.79	10.33%
Pension age	£24.40	£2.17	9.77%
Total	£20.78	£1.72	9.05%

Maintaining current system into 2021/22: weekly support levels.

*Changes in Universal Credit average awards compares to the average awards of those who migrate prior to doing so. This means it is not a simple comparison between the Universal Credit claimants of 2019/20 to 2021/22, which would be influenced by demographic changes.

Average weekly support for working-age households in 2021/22 is £1.45/week more than 2019/20 levels.

Households in receipt of legacy benefits see a 10.3% rise in support (£1.79/week). By comparison, households in receipt of Universal Credit see a 5.8% rise (£0.98/week). This difference is due to the higher retention of earnings under Universal Credit and the increase in Universal Credit caseload; households who migrate to Universal Credit have more of their award reduced by the taper rate than households in receipt of legacy benefits due to the removal of earnings disregards.

Social and political impacts of maintaining the current scheme into 2021/22

If the current scheme were maintained into 2021/22, working-age households would see a slight increase in support of 8.5%. This takes account of the expected council tax increase in 2020/21 and 2021/22 (4% each year; 8.2% over the two years) and so represents a small increase in average support. In general, a reduction in support is expected due to the increase in the minimum wage and personal tax allowances, which will increase earnings by 2021/22. In addition, as claimants move to Universal Credit, those with earnings retain more of their benefit award and so receive reduced council tax support.

Breaking down the Impacts of maintaining the current scheme into 2021/22, there are notable differences between groups.

Differences in impact by economic status

Working households would see an average increase in support of 9.4%. This overall increase is made up of a slight decrease (-1.2% or £0.58/week) for employed households in receipt of Universal Credit, compared to a larger increase for households in receipt of legacy benefits (19.0% or £2.18/week). This is due to the higher retention of earnings under Universal Credit and the removal of earnings disregards.

Self-employed households in receipt of Universal Credit is a small group made up of 71 households. These see an increase in support of 12.97% as they move over to Universal Credit. This is because income from Universal Credit is low due to the application of the Minimum Income Floor by DWP. As Maidstone does not apply the Minimum-Income Floor within their CTR scheme, the reduced DWP benefit leads to an increase in CTR. Self-employed households in receipt of legacy benefits also see an increase in support of 14.2%.

Households in receipt of out-of-work benefits, whether in receipt of legacy benefits or Universal Credit, see increases in support roughly in line with CT increases.

% Change in Council Tax Support - current scheme in 2021/22			
	Universal Credit	Legacy benefits	Average - all employed
All working			9.39%
Employed	-1.21%	18.95%	
Self-employed	12.97%	14.16%	
Out of work	7.90%	8.47%	

Percentage change in council tax support from current to 2021/22, by economic status

Differences by household composition

Households in employment see the greatest loss of support as they move to Universal Credit. Households with children are more likely to be in-work than households without children. Therefore, couples with children in receipt of Universal Credit see the smallest average increase in support of (1.9%). For many of these households, their relatively low CTS award will be offset by higher income from Universal Credit.

% Change in Council Tax Support - current scheme in 2021/22			
	Universal Credit	Legacy benefits	Average - all employed
All Working Age			8.49%
Single	7.62%	9.15%	
Lone parent	5.33%	11.19%	
Couple no children	7.44%	8.76%	
Couple with children	1.86%	12.55%	

Percentage change in council tax support from current to 2021/22, by household type

Differences in impact by disability status

By 2021/22, most households in which a person is classed as too ill to work and to prepare for work will, on average, see a slight increase to their current level of support. However, this increase is generally below the 8.2% increase to council tax over the same period. The change in support varies across groups, with households in work and in receipt of PIP/DLA seeing decreased support (-3.3%). This is because under the current UC scheme, these households will not have any disability premiums included in their assessment for council tax support. They will also retain more income from work under Universal Credit, and so have more income tapered away during the CTS calculation.

The average change for all working-age households in receipt of Universal Credit in which a person is too ill to work, or is in receipt of disability benefit, will be an increase of 5.86%. This is below the working-age average (8.47%). It should also be noted that since January 2019, no households in receipt of a severe disability premium within their legacy benefits has been able to make a claim for Universal Credit until transitional protection is available and will remain in receipt of legacy benefits, so that the Council is unlikely to see very many of these cases.

% Change in Council Tax Support - current scheme in 2021/22, households receiving UC	
All disabled working-age	5.86%
Out of work: DLA and ESA	7.92%
Out of work: ESA only	8.39%
Working: DLA only	-3.29%

Percentage change in council tax support from current to 2021/22, by disability status

MODEL 1: INCOME-BANDED

Model 1 is an income-banded model in which discounts are awarded based on household income.

The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%

Net monthly earnings are made up of net employment earnings using the minimum income floor for legacy and UC households that are self-employed. Childcare costs are disregarded from the earnings of eligible households.

The model also has the following characteristics:

- No tariff income
- Introduction of flat-rate non-dependant deductions (these are deducted from CT liability):
 - Lower non-dependant deductions of £5/week
 - Higher non-dep deductions of £10/week

Model 1: cost

Annual Cost

Group	Model 1 cost	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£5,226,788	£394,302	8.16%	-£15,228	-0.29%
UC	£2,225,636	£918,402	70.26%	£106,967	5.05%
Legacy benefits	£3,001,152	-£524,100	-14.87%	-£122,194	-3.91%
Pension age	£4,200,305	£373,737	9.77%	£0	0.00%
Total	£9,427,092	£768,039	8.87%	-£15,228	-0.16%

Model 1: Total cost of model (£/annum)

This model would cost £9.4M per annum. This is £0.77M more than costs in 2019/20 and similar to the current scheme retained into 2021/22.

Weekly council tax support

Average weekly support for working-age households under this model is £18.51/week. This is the same as if the current scheme were retained into 2021/22.

Households in receipt of Universal Credit see an increase of £0.90/week on average compared to current levels of support. In contrast, households in receipt of legacy benefits would see their level of support decrease by £0.75/week on average. This redistribution brings average support for households in receipt of Universal Credit (£18.70/week) above that of households in receipt of legacy benefits (£18.38/week).

Group	Average household support	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/week	Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£18.51	£1.40	8.18%	-£0.05	-0.29%
UC	£18.70	£1.88	11.15%	£0.90	5.05%
Legacy benefits	£18.38	£1.04	6.01%	-£0.75	-3.91%
Pension age	£24.41	£2.17	9.73%	£0.00	0.00%
Total	£20.74	£1.69	8.87%	-£0.03	-0.16%

Model 1: Average weekly council tax support £/week

Impact analysis

Claim numbers

Band	Household type								Maximum Award
	No children		1-2 children		3+ children		All		
	Count	%*	Count	%*	Count	%*	Count	%*	
Band 1	2,203	84%	1,464	70%	433	6%	4,100	76.2%	80%
Band 2	96	4%	120	6%	54	0%	270	5.0%	65%
Band 3	183	7%	336	16%	142	2%	661	12.3%	50%
Band 4	92	4%	130	6%	46	1%	268	5.0%	25%
Band 5	34	1%	27	1%	19	0%	80	1.5%	10%

Model 1: Number and percentage of households in each income band.

* All percentages are expressed relative to total working-age cohort.

76% of households eligible for support under Model 1 are in receipt of out-of-work benefits. These households receive support based on 80% of their CT liability. Only 2% have non-benefit income below the specified thresholds (£316/week, £387/week or £441/week depending on the number of children present in the household) and receive support based on 65% of their CT liability.

Only 6% of households fall into the lowest two bands which receive support based on 25% or 10% of their CT liability.

Under this model, 25 households are no longer eligible for support. This is 1% of the current working-age caseload. These households no longer qualify for support due to their non-

benefit income being higher than the upper earnings threshold (£1263.99/week, £1550.99/week or £1766.99/week depending on the number of children present in the household).

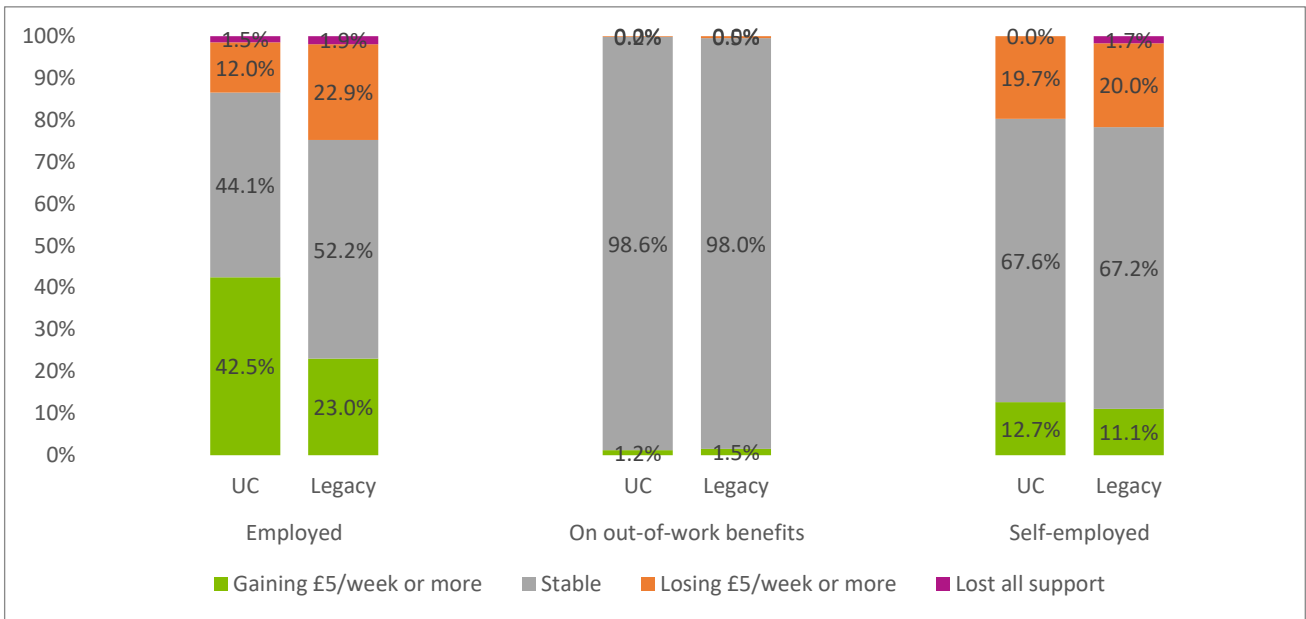
Characteristics of households gaining and losing more than £5/week

286 households see support reduce by more than £5/week compared to current awards. This is 5.3% of the working-age caseload. At the same time, 505 households see support increase by more than £5/week. This is 9.3% of the current working-age caseload.

This model generally redistributes support from households in receipt of legacy benefits to households in receipt of Universal Credit. Therefore, employed households in receipt of legacy benefits are more likely to lose support than similar households in receipt of Universal Credit. Legacy self-employed households that lose tend to lose slightly more than their employed counterparts but it is important to note that the self-employed group is comparatively small. Legacy employed households tend to lose more than their self-employed counterparts. These households are more likely to be placed in bands 4 and 5 while legacy employed households tend to be placed in bands 1-3.

Some employed and self-employed households also gain more than £5/week. These tend to be higher earning households, for whom the discount provided by this model (the lowest being 10%) will be higher than the award based on tapering away support as income increases, as happens under the current scheme.

Households in receipt of out-of-work benefits see little change because these households all fall into the first band and receive support based on 80% of their CT liability. For many of these, their award under Model 1 will be similar to the current scheme in 2021/22 (where their award is based on 80% of their CT liability). The minority of households on out-of-work benefits that lose support do so as a result of having increased non-dependant deductions.

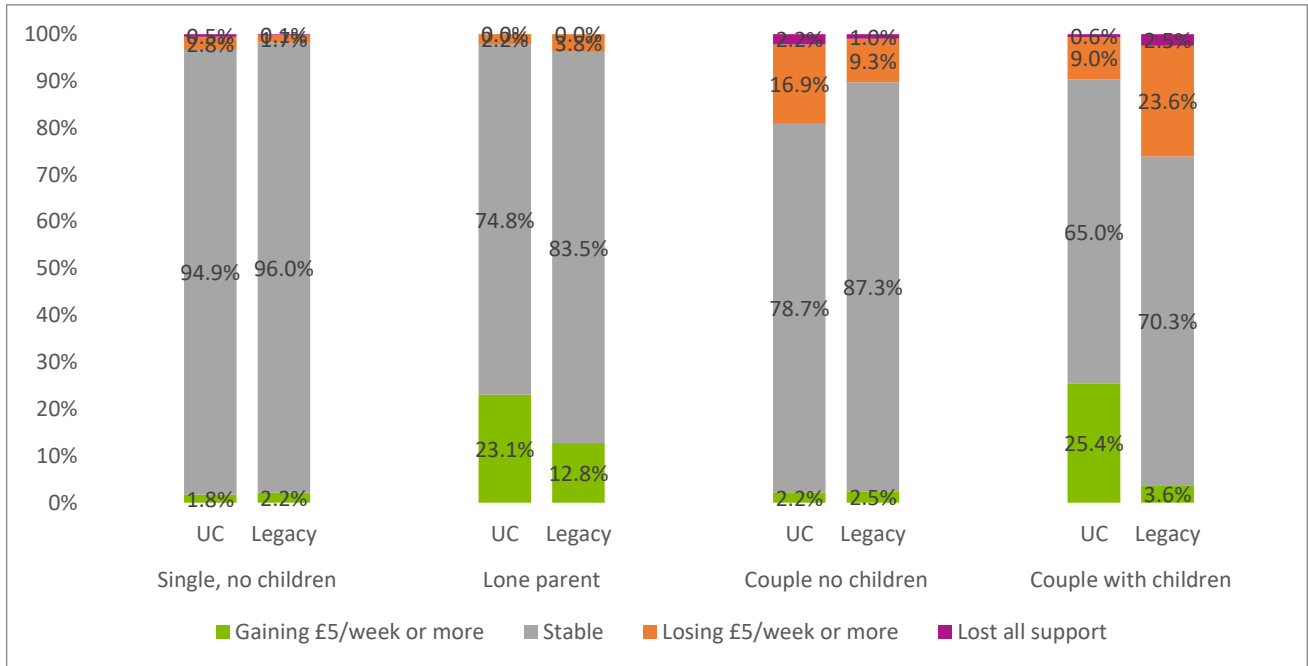


Model 1: households losing and gaining more than £5/week by economic status

Larger households are most likely to lose more than £5/week. This is due to a couple of reasons. Firstly, households with children are more likely to be in work; secondly, the removal of a 'needs' element from assessment when moving from the current scheme to an income-banded scheme will affect larger households to a greater extent – in particular, couple households without children.

For the same reason, lone parents in general, and especially lone parents in receipt of Universal Credit, are likely to gain support by more the £5/week. This is because the presence of children means their applicable earnings threshold will be higher than if they were single or a couple without children. Lone parents are also the least likely to be affected by the lower non-dependant deductions of £5/week.

Couples with children are the most likely to lose more than £5/week due to their greater likelihood of having higher levels of earned income. This means they are more likely to be concentrated in the bands with lower levels of support. Differences between legacy and Universal Credit are discussed in the next section.



Model 1: households losing and gaining more than £5/week, by household composition

Distributional impact

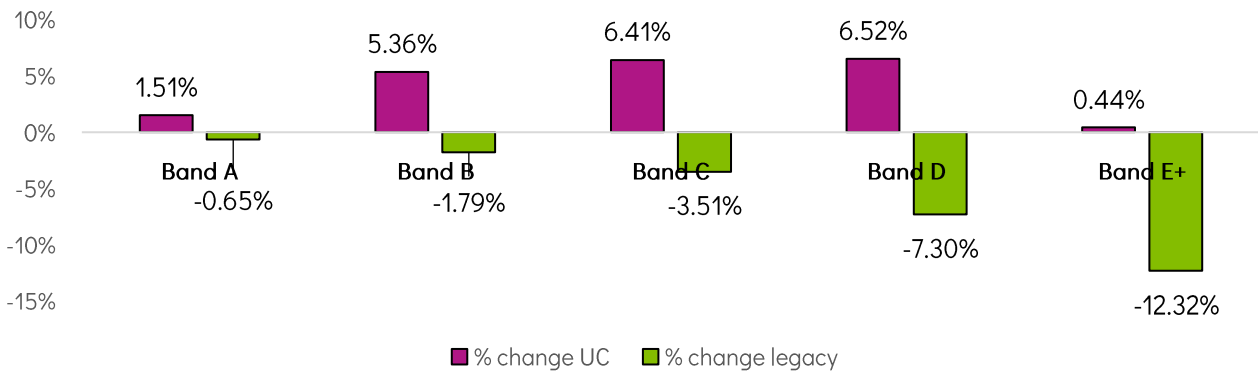
This section examines the groups that would be better or worse off **compared to retaining the current system into 2021/22**.

Council tax band

There are no significant trends across CT bands and households see small changes to weekly support on average. Universal Credit households see increases that range between 1.5% and 6.5% while those in receipt of legacy benefits see a maximum decrease of 12.3%.

The main effect that can be seen across CT bands is the difference between households in receipt of legacy benefits and households in receipt of Universal Credit. This is due to the comparison with retention of the current scheme into 2021/22. By 2021/22, households in receipt of Universal Credit have lower levels of support than households in receipt of legacy benefits if the current scheme were to be retained. This is due to the higher retention of earnings under Universal Credit.

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by council tax band

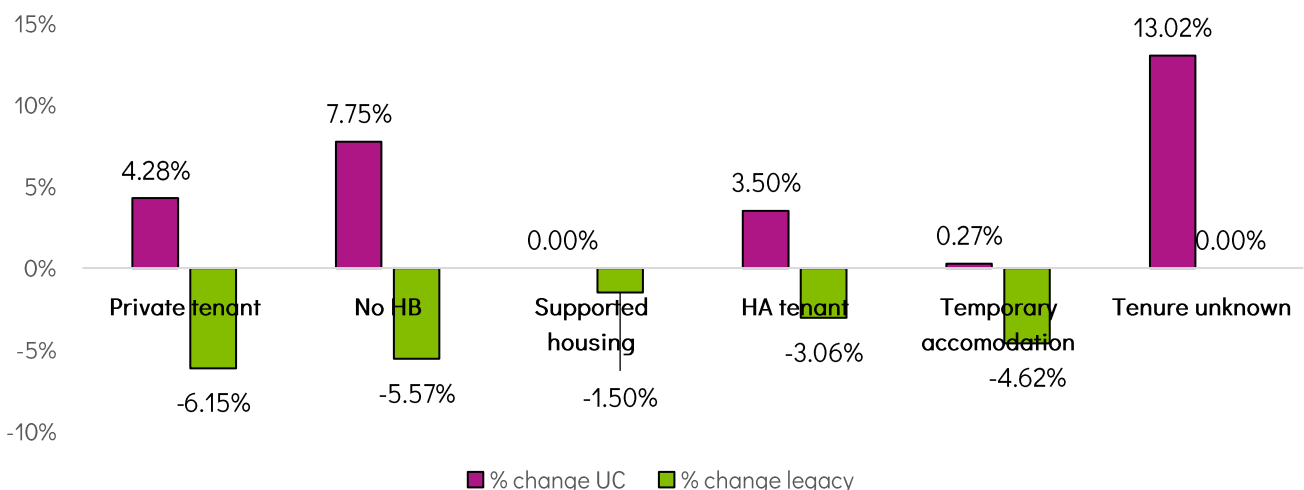


Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by CT band.

Tenure

As with CT bands, there are no significant trends across tenure types. Households in receipt of Universal Credit see an increase in support of up to 4% among private tenants and up to 13% for those where tenure is unknown. Households in receipt of legacy benefits generally see decreases in support.

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by tenure type



Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by tenure.

Household composition

The greatest distributional impact is among households with children. Lone parents in receipt of Universal Credit see the largest average increase in support across groups, of

13.8%. Couples with children in receipt of Universal Credit also see increases in support, of 12.2%.

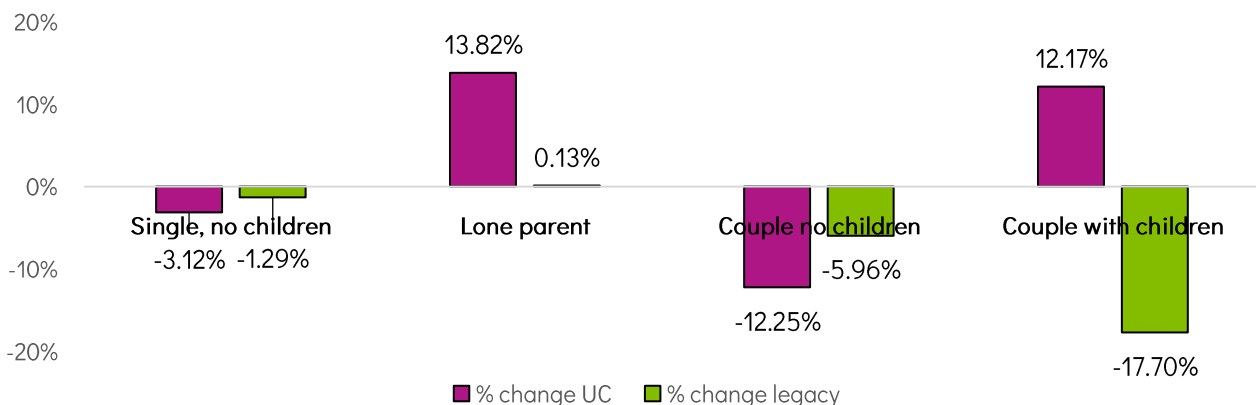
In contrast, couples with children in receipt of legacy benefits see the largest average decrease of 17.7%. This reflects the group's higher earnings (thereby exhibiting the distributional effect from legacy benefits to Universal Credit mentioned earlier in this report). This model therefore supports families as they move to Universal Credit and redistributes support back to those that would lose out if the current scheme were retained into 2021/22.

Couples without children see a reduction ranging from 12.3% (Universal Credit) to 6.0% (legacy benefits). This is due to the definition of household size under Model 1, which protects some households with children by increasing the earnings thresholds according to the number of children. This means that a couple without children where both members receive employment earnings will be more likely to fall in the higher bands, compared to a similar household with children.

Support among single adult households is similar to under the current scheme retained into 2021/22.

Across all demographic groups, the impact among legacy households is a reduction. This is due to earnings disregards for in-work households under the current scheme which no longer apply under Model 1. Couples with children see the greatest reduction in support. This is due to their higher average earnings which are no longer balanced by higher premiums, as under the current scheme.

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by household type



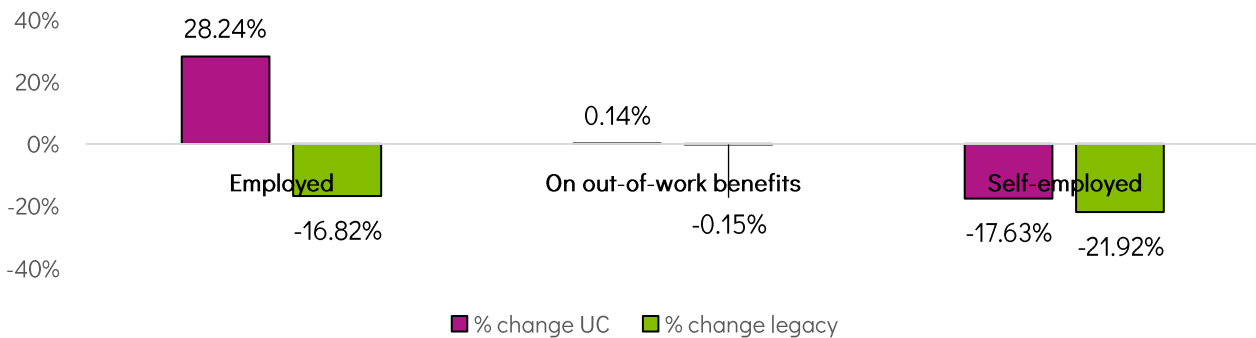
Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by household composition.

Economic status

The largest differences in support is seen across groups by economic status. Compared to retaining the current scheme into 2021/22, employed households in receipt of Universal Credit see an increase of 28.2%. This is because these households lose support if the current scheme is retained. In comparison, employed households in receipt of legacy benefits see a reduction in support of 16.8%. This model therefore redistributes support from working households in receipt of legacy benefits to those in receipt of Universal Credit.

Out-of-work households do not see a change to their level of support, on average. This is because their support is based on 80% of their CT liability and is changed only when there are non-dependants present in the household.

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by economic status

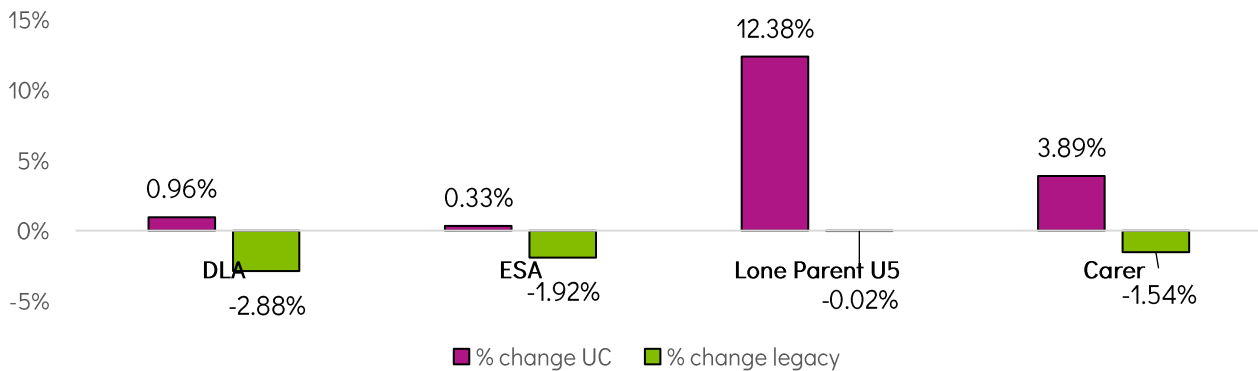


Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by economic status.

Barriers to work

Lone parents in receipt of Universal Credit will see the most substantial increase, while other groups with barriers to work will see smaller changes, compared to the current scheme in 2021/22. This is due to reasons mentioned earlier: 93% of lone parent households are placed in the more generous bands (1, 2 and 3) and the majority are not subject to the lower-rate non-dependant deductions. For households in receipt of Universal Credit, who receive lower support under the current scheme than their legacy claiming counterparts, this represents a significant increase in support. Households in receipt of legacy benefits and disability benefits (DLA or ESA) see small decreases in support of up to 2.58% compared to the current scheme in 2021/22. This is due to the effect of earnings disregards under the current scheme for disabled households on legacy benefits that are in work.

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by barriers to work



Model 1: Percentage change in support compared to retention of the current scheme into 2021/22, by household types with barriers to work

Households that are worse off: age, gender and disability

This section examines the groups that would be worse off **compared to retaining the current system into 2021/22**. Specifically it considers whether particular groups of interest will be over-represented among those that are worse off or those that lose all support.

Households that lose all support

Of the 25 households that lose all support:

- 8 are disabled households
- 4 are female single households
- 1 is a household in which the main claimant is aged between 60-65 inclusive

These households lose their support due to falling outside of their applicable earnings threshold.

MODEL 2: INCOME-BANDED

Model 2 is an income-banded model in which discounts are awarded based on household income, with an uplift for households in receipt of disability or illness benefits.

The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 2+				70%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 3+				55%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 4+				30%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%
Band 5+				15%

Note: bands suffixed with a '+' relate to households subject to the 5% uplift due to disability or illness (in receipt of DLA/PIP or ESA).

As with Model 1, under Model 2 net monthly income is made up of net employment earnings. Childcare costs are disregarded from the earnings of eligible households.

The model also has the following characteristics:

- No tariff income
- Introduction of flat-rate non-dependant deductions:
 - Lower non-dependant deductions of £5/week
 - Higher non-dep deductions of £10/week
- A 5% uplift to maximum award for Bands 2-5 for households in receipt of disability or illness benefits (DLA/PIP or ESA).
 - For example, households in Band 2+ are households that fall into Band 2 (maximum award 65%) but receive an uplift of 5% (taking them up to 70%).

Model 2: cost

Annual Cost

Group	Model 2 cost	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£5,238,635	£406,149	8.40%	-£3,380	-0.06%
UC	£2,230,502	£923,268	70.63%	£111,833	5.28%
Legacy benefits	£3,008,133	-£517,119	-14.67%	-£115,213	-3.69%
Pension age	£4,200,305	£373,737	9.77%	£0	0.00%
Total	£9,438,939	£779,886	9.01%	-£3,380	-0.04%

Model 2: Total cost of model (£/annum)

This model will cost £9.4M per annum. This is £0.78M more than the current scheme in 2019/20, and very similar to if the current scheme were retained into 2021/22.

Weekly council tax support

Average weekly support for working-age households under this model is £18.56/week. This similar to Model 1 (£18.51).

Compared to the current scheme in 2021/22 there is an increase for Universal Credit of 5.28% and a decrease for legacy benefit of 3.69%. For both groups, this model is more generous than model 1, which distributes a 5.05% increase for Universal Credit claimants and a 3.91% reduction for those in receipt of legacy benefits.

As under Model 1, households in receipt of Universal Credit receive slightly higher support levels at £18.74/week compared to £18.42/week for households in receipt of legacy benefits.

Group	Average household support	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/week	Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£18.56	£1.44	8.42%	-£0.01	-0.06%
UC	£18.74	£1.92	11.40%	£0.94	5.28%
Legacy benefits	£18.42	£1.09	6.26%	-£0.71	-3.69%
Pension age	£24.41	£2.17	9.73%	£0.00	0.00%
Total	£20.77	£1.72	9.01%	-£0.01	-0.04%

Model 2: Average weekly council tax support £/week

IMPACT ANALYSIS

Claim numbers

Band	Household type								Maximum Award
	No children		1-2 children		3+ children		Total		
	Count	%	Count	%	Count	%	Count	%	
Band 1	2,203	84%	1,464	70%	433	6.5%	4,100	76.2%	80%
Band 2	84	3.6%	103	0.5%	47	0.3%	234	4.4%	65%
Band 2+	12	0.1%	17	0.1%	7	0.0%	36	0.1%	70%
Band 3	153	6.5%	313	15%	135	1.8%	601	11.2%	50%
Band 3+	30	0.6%	23	0.1%	7	0.2%	60	0.1%	55%
Band 4	79	3.5%	113	0.5%	44	1.1%	236	4.4%	25%
Band 4+	13	0.1%	17	0.1%	2	0.2%	32	0.1%	30%
Band 5	27	1.2%	23	0.1%	15	0.3%	65	0.1%	10%
Band 5+	7	0.3%	4	0.01%	4	0.0%	15	0.0%	15%

Model 2: Number and percentage of households in each income band

The characteristics that sort households into bands are the same in Model 2 as in Model 1 except for a 5% uplift awarded to households in receipt of illness or disability benefits (DLA/PIP or ESA in respect of the claimant or partner). The uplift applies to bands 2-5.

As with Model 1, 78% of households are in receipt of out-of-work benefits. These households receive support equal to 80% of their liability. These households will receive the same support under Model 2 as under Model 1.

Only a total of 0.6% (335 households) of total working-age households fall into bands that are subject to the 5% uplift. These households receive more support under Model 2 compared to Model 1.

Like under Model 1, 25 households are no longer eligible for support. This is 0.5% of the current working-age caseload. These households no longer qualify for support due to their non-benefit income being higher than the upper threshold (£1263.99/week, £1550.99/week or £1766.99/week depending on the number of children present in the household). The majority of these households already receive low levels of support.

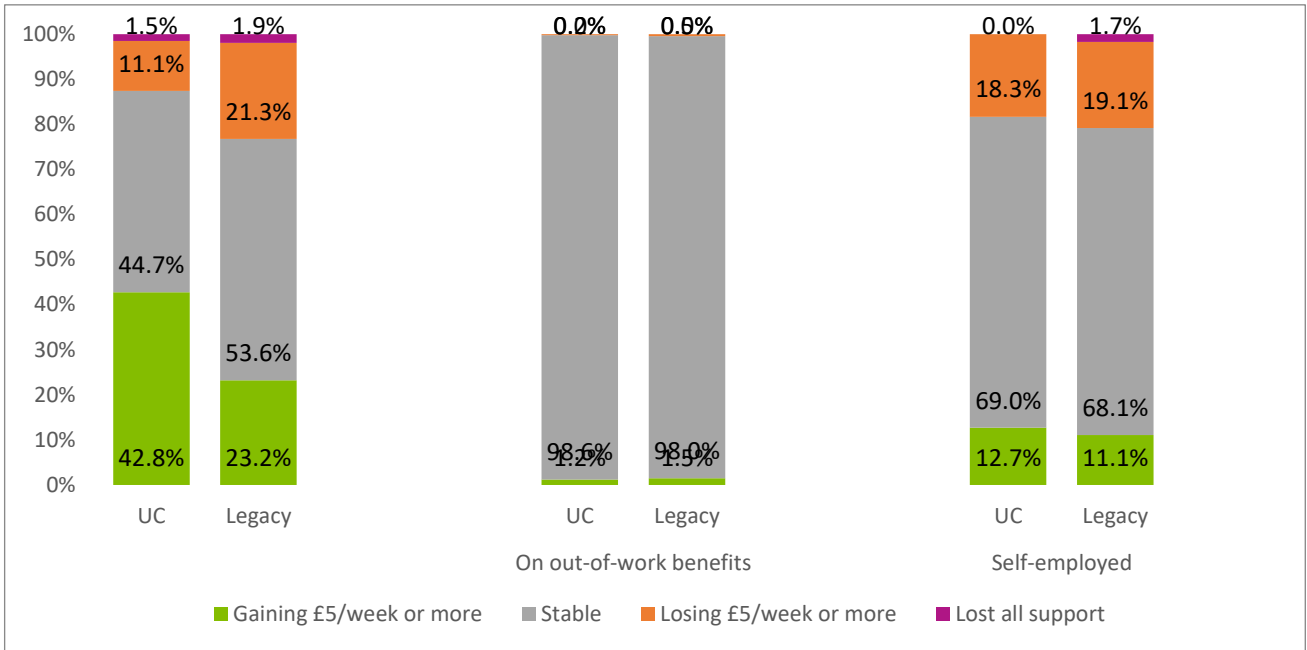
Characteristics of households losing and gaining more than £5/week

268 households see support reduce by more than £5/week compared to current awards. This is 4.9% of the working-age caseload, and is lower than the 286 households that lose more than £/week under Model 1. This is because households in receipt of disability or illness benefits that lose more than £5/week in support under Model 1 are protected by the 5% uplift under Model 2. A small number of disabled households continue to lose under Model 2 because they are placed in band 1 and do not receive a 5% uplift. This is due to the presence of two or more non-dependants resulting non-dependant deductions of £5/week.

508 households see support increase by more than £5/week compared to current awards. This is 9.4% of the working-age caseload, and is higher than the 505 households that gain more than £/week under Model 1. As with households that lose support, this is because of the effect of the 5% uplift.

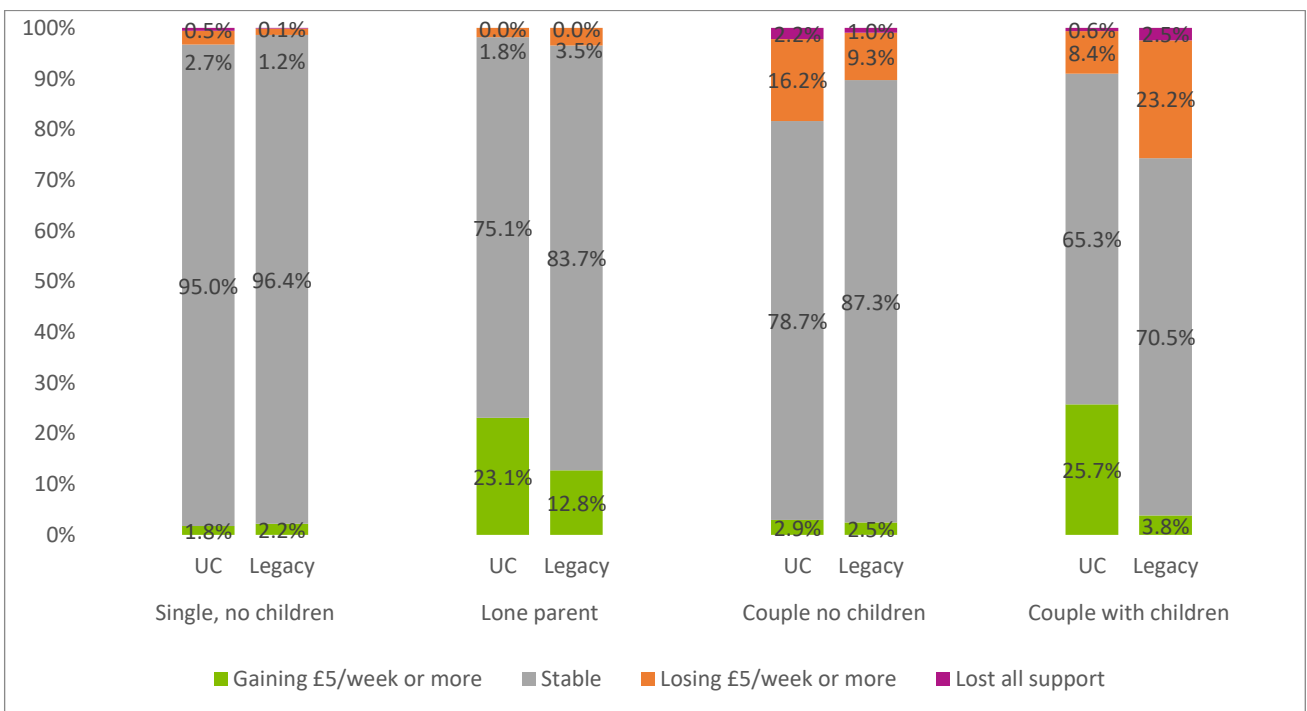
As this model awards maximum support in the same way as Model 1 except for the uplift, the effects across groups are similar to those seen under Model 1. However the distributional effect from legacy households to Universal Credit households is less pronounced than under Model 1.

As with Model 1, in-work households in receipt of legacy benefits are the most likely to see an increase of £5/week or more, while in-work households in receipt of legacy benefits are more likely to lose by £5/week or more. Model 2 continues to re-distribute support from households in receipt of legacy benefits to households in receipt of Universal Credit, but to a slightly lesser extent than Model 1. This is because households in receipt of disability benefits are more likely to be in receipt of legacy benefits and therefore receive the 5% uplift.



Model 2: households losing and gaining more than £5/week by economic status

Similarly, under Model 2 lone parents continue to be the group most likely to see an increase to support of £5/week or more while larger households are more likely to see a reduction of £5/week or more, especially couples with children in receipt of legacy benefits. As with Model 1 this is because these households are more likely to be in work compared to those without children and because of the removal of a 'needs' element from assessment.



Model 2: households losing and gaining more than £5/week, by household composition

Distributional impact

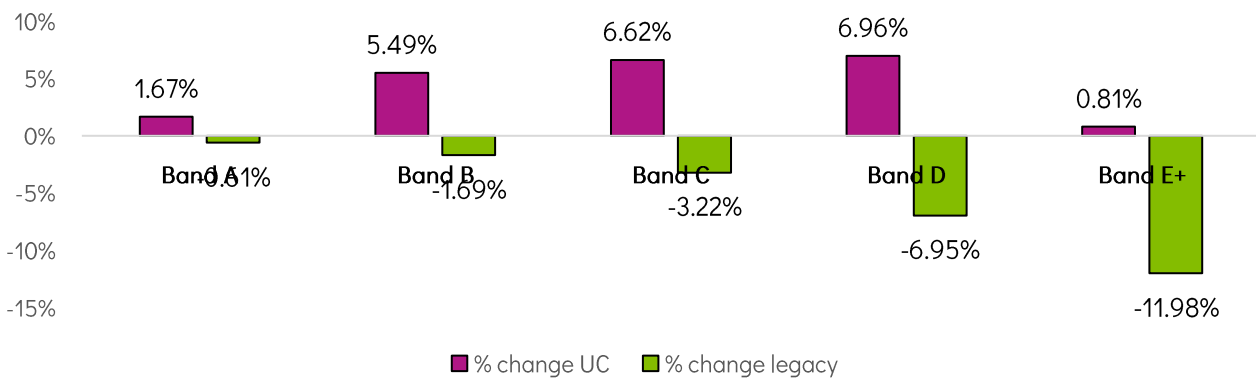
This section examines the groups that would be better or worse off **compared to retaining the current system into 2021/22**.

Council tax band

As under Model 1, there is no distinct pattern across CT bands under Model 2. The main effect is that of a redistribution from households in receipt of legacy benefits to households on Universal Credit: the greatest distribution of support relates to Band D and range from an average increase of 7.0% among households on Universal Credit and 7.0% among households in receipt of legacy benefits.

As with Model 1, the difference in the pattern of change between households in receipt of legacy benefits and Universal Credit is due to comparison with the retention of the current scheme into 2021/22. By 2021/22 households in receipt of Universal Credit would expect to see lower support than those in receipt of legacy benefits. Therefore, in comparison, households in receipt of Universal Credit gain support under these income-banded models.

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by council tax band

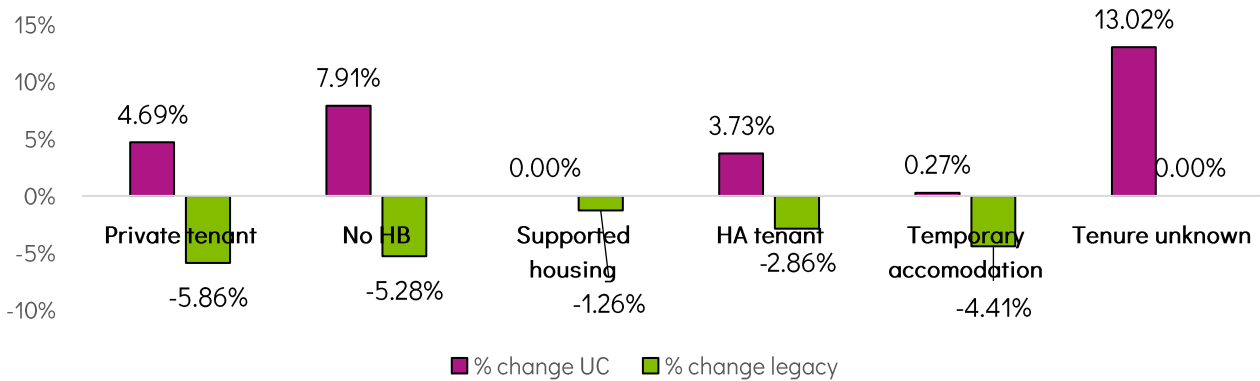


Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by CT band.

Tenure

Again, there is no discernible trend across tenure types. Households in receipt of Universal Credit see an increase in support of 4.7% among private tenants (slightly higher than the 4.3% increase seen in Model 1). Households in receipt of legacy benefits see a reduction in average awards across all tenures, as seen under Model 1.

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by tenure type



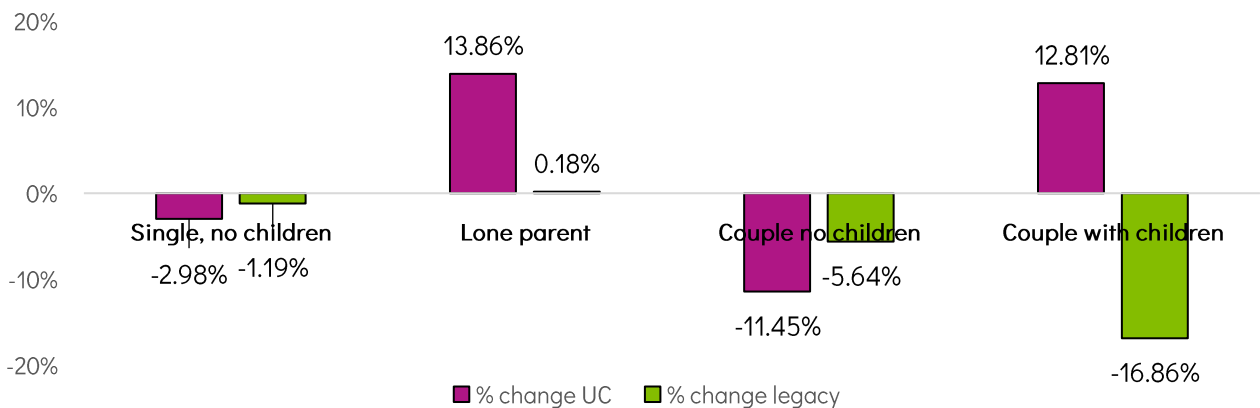
Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by tenure.

Household composition

As with Model 1, households with children see the greatest redistribution. Lone parents in receipt of Universal Credit see the largest average increase in support, of 13.86%. The increase in support for couples with children is also slightly greater than under Model 1 (12.81% compared to 12.17%), reflecting that some of these households now benefit from the 5% uplift. Again, couples with children in receipt of legacy benefits will on average see reductions in support similar to Model 1 (-16.86%, compared to -17.70%).

Although the general pattern of redistribution from legacy households to Universal Credit households remains, the reduction among households in receipt of legacy benefits is generally smaller.

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by household type

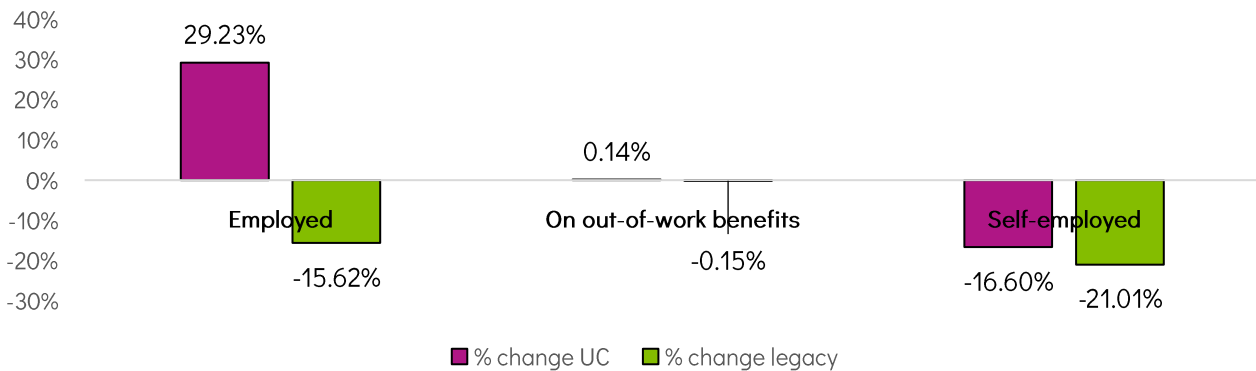


Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by household composition.

Economic status

Patterns among economic groups are in the same direction as Model 1 but they tend to be slightly more positive; there are smaller reductions among self-employed households and a larger average increase among employed households in receipt of Universal Credit (29.23% compared to 28.24%). Average reduction reaches 21.01% among self-employed households in receipt of Universal Credit, compared to 21.92% under Model 1.

Percentage change in weekly CTR compared to current scheme retained into 2020/21, by economic status

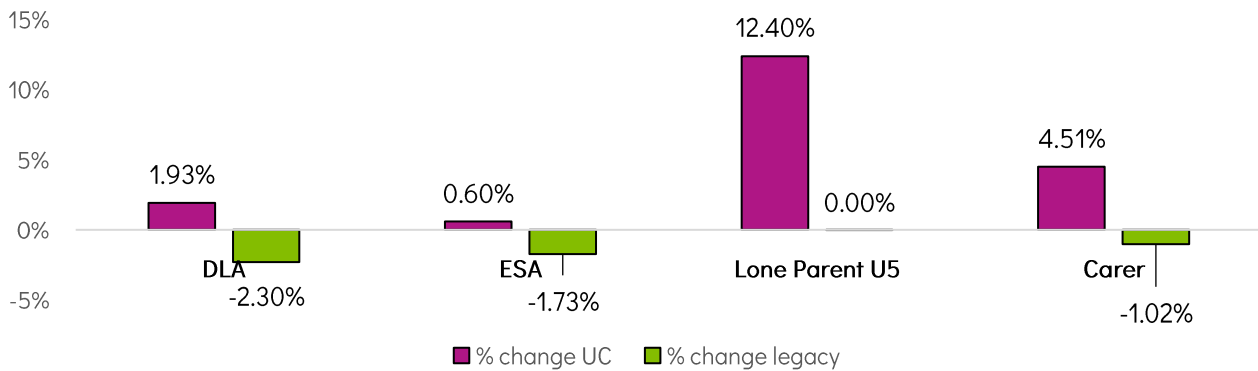


Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by economic status.

Barriers to work

Redistribution among households with barriers to work is similar to Model 1, but with more positive change. Lone parents with children under 5 that are in receipt of Universal Credit remain the group that see support increase by the largest proportion (the same as under Model 1).

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by barriers to work



Model 2: Percentage change in support compared to retention of the current scheme into 2021/22, by household types with barriers to work

Households that are worse off: age, gender and disability

This section examines the groups that would be worse off **compared to retaining the current system into 2021/22**. Specifically, it considers whether particular groups of interest will be over-represented among those that are worse off or those that lose all support.

Households that lose all support

Of the 25 households that lose all support:

- 8 are disabled households
- 4 are female single households
- 1 is a household in which the main claimant is aged between 60-65 inclusive

These households lose their support due to falling outside of their applicable earnings threshold.

MODEL 3: INCOME-BANDED

Model 3 is an income-banded model in which discounts are awarded based on household income, with an uplift for households in receipt of disability or illness benefits.

The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	70%
Band 1+				80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 2+				70%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 3+				55%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 4+				30%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%
Band 5+				15%

Note: bands suffixed with a '+' relate to households subject to the 5%-10% uplift due to disability or illness (in receipt of DLA/PIP or ESA).

As with Model 1 and 2, under Model 3 net monthly income is made up of net employment earnings. Childcare costs are disregarded from the earnings of eligible households.

The model also has the following characteristics:

- No tariff income
- Introduction of flat-rate non-dependant deductions:
 - Lower non-dependant deductions of £5/week
 - Higher non-dep deductions of £10/week
- A 5-10% uplift to maximum award for Bands 1-5 for households in receipt of disability or illness benefits (DLA/PIP or ESA).
 - For example, households in Band 2+ are households that fall into Band 2 (maximum award 65%) but receive an uplift of 5% (taking them up to 70%).

Model 3: cost

Annual Cost

Group	Model 3 cost	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£4,992,482	£159,997	3.31%	-£249,533	-4.76%
UC	£2,079,350	£772,116	59.06%	-£39,320	-1.86%
Legacy benefits	£2,913,132	-£612,119	-17.36%	-£210,214	-6.73%
Pension age	£4,200,305	£373,737	9.77%	£0	0.00%
Total	£9,192,787	£533,733	6.16%	-£249,533	-2.64%

Model 3: Total cost of model (£/annum)

This model will cost £9.2M per annum. This is £0.5M more than the current scheme in 2019/20, and £0.25M less than if the current scheme were retained into 2021/22.

Weekly council tax support

Average weekly support for working-age households under this model is £17.68/week. This is lower than under Model 1 (£18.51) and Model 2 (£18.57).

Compared to the current scheme in 2021/22 there is a decrease for Universal Credit of 1.86% and for legacy benefit of 6.73%. For both groups, this model is less generous than Models 1 and 2.

Unlike under Models 1 and 2, households in receipt of Universal Credit receive slightly lower support levels at £17.47/week compared to £17.84/week for households in receipt of legacy benefits.

Weekly council tax support

Group	Average household support	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/week	Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£17.68	£0.57	3.33%	-£0.88	-4.76%
UC	£17.47	£0.65	3.85%	-£0.33	-1.86%
Legacy benefits	£17.84	£0.50	2.90%	-£1.29	-6.73%
Pension age	£24.41	£2.17	9.73%	£0.00	0.00%
Total	£20.23	£1.17	6.16%	-£0.55	-2.64%

Model 3: Average weekly council tax support £/week

Impact analysis

Claim numbers

Band	Household type								Maximum Award
	No children		1-2 children		3+ children		Total		
	Count	%	Count	%	Count	%	Count	%	
Band 1	537	20.6%	1,041	50.1%	285	41.1%	1,864	34.6%	70%
Band 1+	1,664	63.9%	423	20.4%	148	21.3%	2,236	41.6%	80%
Band 2	84	3.6%	103	0.5%	47	0.3%	234	4.4%	65%
Band 2+	12	0.1%	17	0.1%	7	0.0%	36	0.1%	70%
Band 3	153	6.5%	313	15%	135	1.8%	601	11.2%	50%
Band 3+	30	0.6%	23	0.1%	7	0.2%	60	0.1%	55%
Band 4	79	3.5%	113	0.5%	44	1.1%	236	4%	25%
Band 4+	13	0.1%	17	0.1%	2	0.2%	32	0.1%	30%
Band 5	27	1.2%	23	0.1%	15	0.3%	65	0.1%	10%
Band 5+	7	0.3%	4	0.01%	4	0.0%	15	0.0%	15%

Model 3: Number and percentage of households in each income band, by household type

The characteristics that sort households into bands are the same in Model 3 as in Model 2 except for a change in band 1. There is a reduction in support for most households in band 1 from 80% to 70% but households in receipt of illness or disability benefits (DLA/PIP or ESA in respect of the claimant or partner) maintain support at 80%.

As with Models 1 and 2, 78% of households are in receipt of out-of-work benefits. These households receive support equal to 70% of their liability if they do not receive disability or illness benefits, which is 10% less than under Models 1 and 2.

0.6% (335 households) of total working-age households fall into bands 2-5, which are subject to a 5% uplift. These households receive the same support under Model 3 as under Model 2, which is higher than under Model 1.

Like under Models 1 and 2, 25 households are no longer eligible for support. This is 0.5% of the current working-age caseload. These households no longer qualify for support due to their non-benefit income being higher than the upper threshold (£1263.99/week, £1550.99/week or £1766.99/week depending on the number of children present in the household). Most of these households already receive low levels of support.

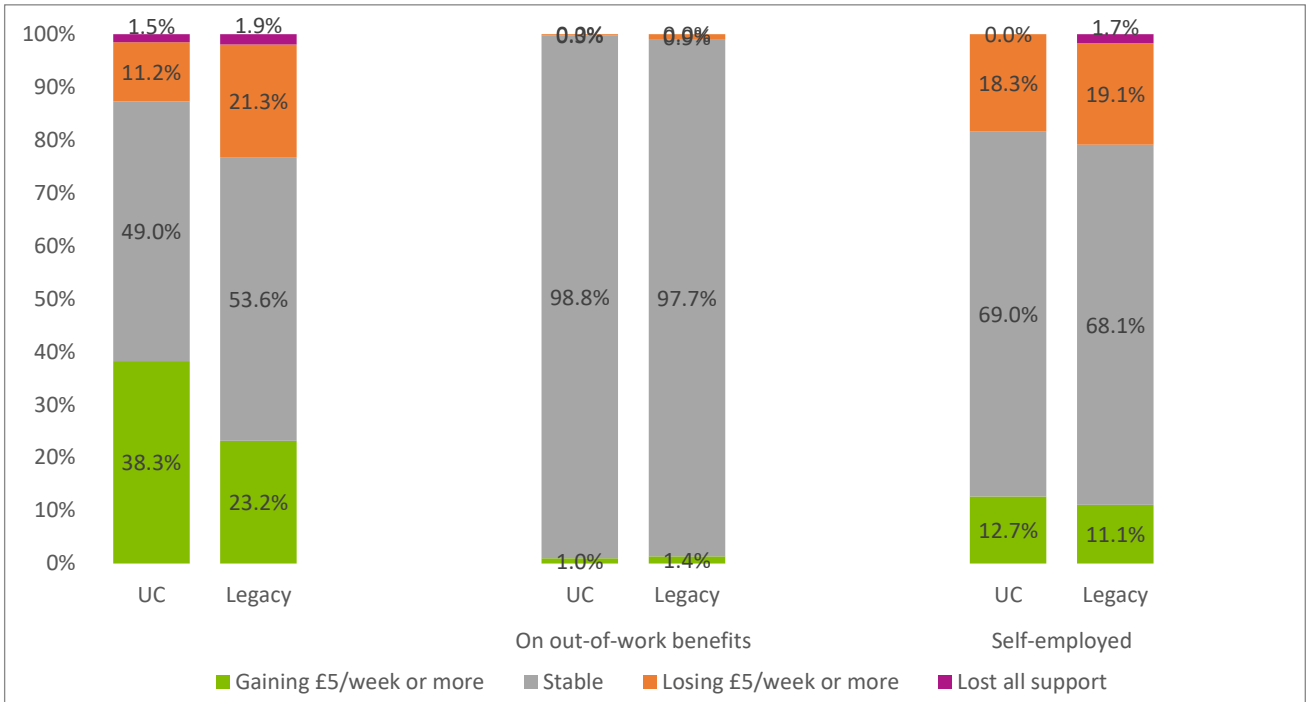
Characteristics of households losing and gaining more than £5/week

281 households see support reduce by more than £5/week compared to current awards. This is 5.2% of the working-age caseload. It is similar to the 286 households that lose more than £/week under Model 1 but slightly higher than the 268 under Model 2. This is because households in receipt of disability or illness benefits that lose more than £5/week in support under Model 1 are protected by the 5% uplift under Model 2 and 3. However, non-protected households in band 1 lose support at a higher rate under Model 3 than the previous models.

471 households see support increase by more than £5/week compared to current awards. This is 8.7% of the working-age caseload, and is lower than under Model 1 and 2.

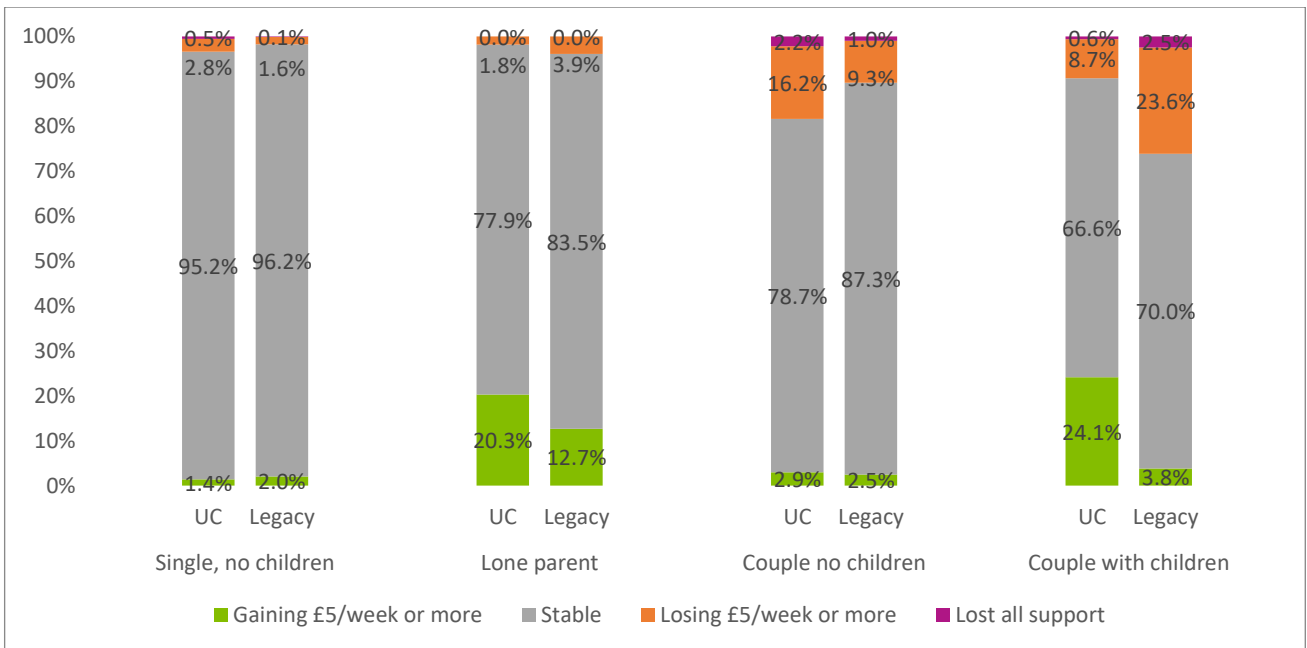
As this model awards maximum support in the same way as Model 2 except for under band 1, the effects across groups are similar. The distributional effect from legacy households to Universal Credit households is less pronounced than under Model 1.

As with Model 1 and 2, in-work households in receipt of Universal Credit are the most likely to see an increase of £5/week or more, while in-work households in receipt of legacy benefits are more likely to lose by £5/week or more.



Model 3: households losing and gaining more than £5/week by economic status

Similarly, under Model 3 lone parents continue to be the group most likely to see an increase in support of £5/week or more while couples are more likely to see a reduction of £5/week or more, especially couples with children in receipt of legacy benefits. As with Model 1 this is because these households are more likely to be in work compared to those without children and because of the removal of a 'needs' element from assessment.



Model 3: households losing and gaining more than £5/week, by household composition

Distributional impact

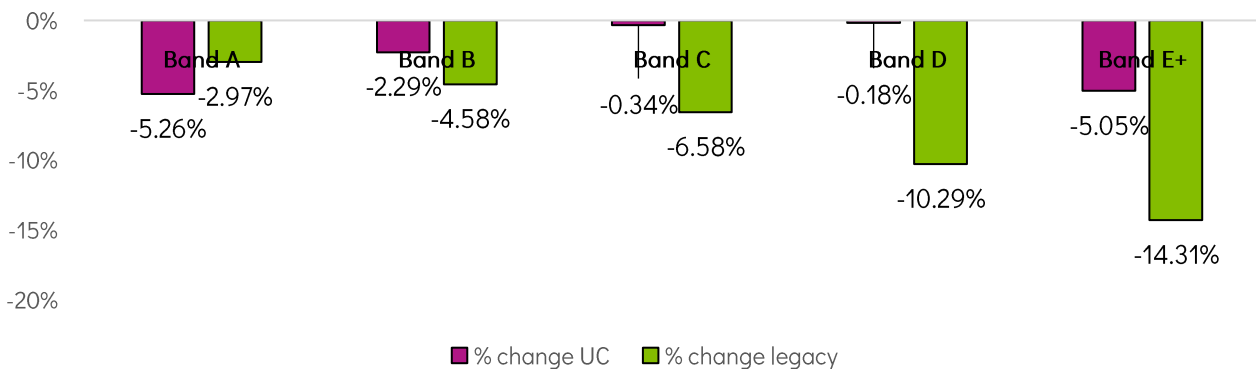
This section examines the groups that would be better or worse off **compared to retaining the current system into 2021/22**.

Council tax band

Among households in receipt of legacy benefits, there is a clear pattern of reduced support which deepens as council tax band increases. There is no discernible pattern among Universal Credit claimants, though those in the highest bands (E+) are among the most impacted. There is a clear overall pattern that Universal Credit claimants lose less support than those in receipt of legacy benefits.

As with Models 1 and 2, the difference in the pattern of change between households in receipt of legacy benefits and Universal Credit is due to comparison with the retention of the current scheme into 2021/22. By 2021/22 households in receipt of Universal Credit would expect to see lower support than those in receipt of legacy benefits. Therefore, in comparison, households in receipt of Universal Credit see a lower reduction in support under this income-banded model.

Percentage change in weekly CTR compared to current scheme retained into 2021/22, by council tax band



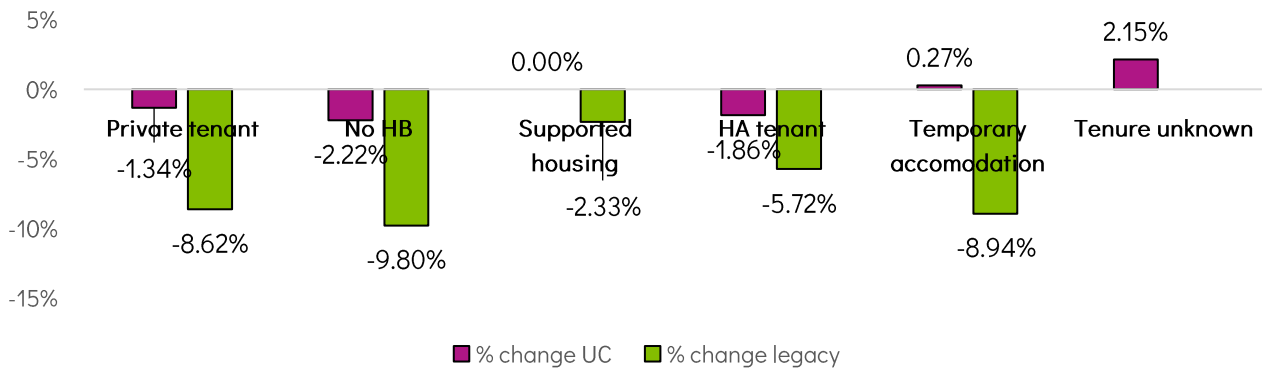
Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by CT band.

Tenure

As in Models 1 and 2, there is no discernible trend across tenure types. However, under this model Universal Credit claimants for whom tenure is unknown are the only tenure group to gain support.

Again, households in receipt of legacy benefits reflect a greater loss in support across all tenure types than those in receipt of Universal Credit.

Percentage change in weekly CTR compared to current scheme retained into 2020/21, by tenure type

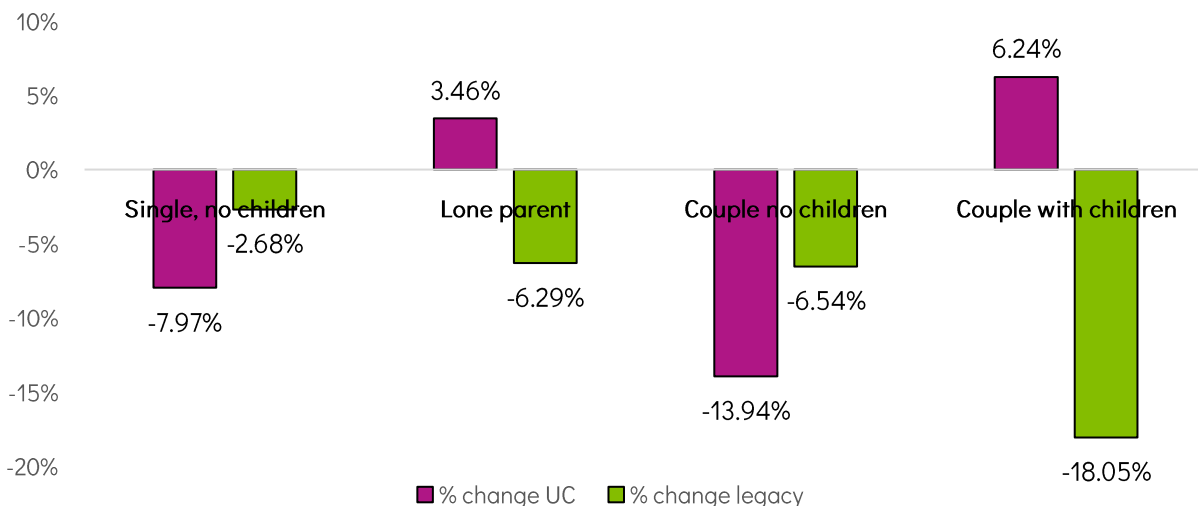


Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by tenure type.

Household compositions

As with Model 1, households with children see the greatest redistribution. Couples with children in receipt of Universal Credit see the largest average increase in support, of 6.24%, while couples with children in receipt of legacy benefits see the greatest decrease, of 18.05%.

Percentage change in weekly CTR compared to current scheme retained into 2020/21, by household type



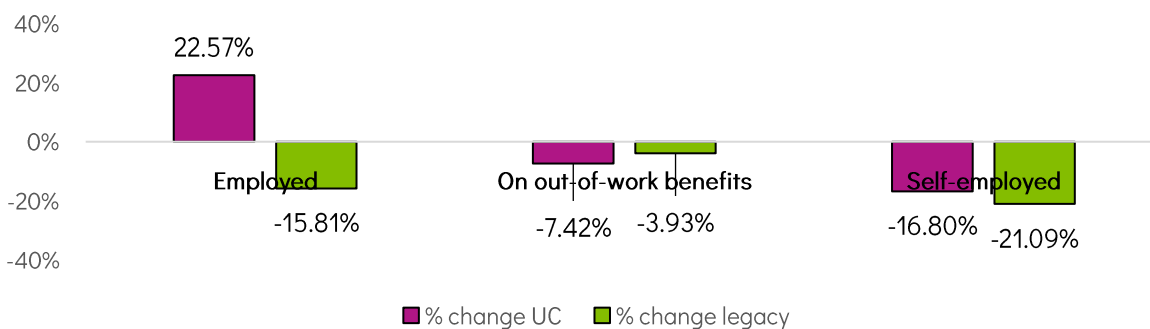
Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by household composition.

Economic status

Patterns among economic groups are similar to both Model 1 and 2. However, unlike the previous models, we see a reduction in support for those in receipt of out-of-work benefits, 7.4% among Universal Credit claimants and 3.9% among legacy claimants. This is due to the reduction for passported and maximum Universal Credit claimants who are not in receipt of disability or illness benefits.

As seen in each model, self-employed households lose support, 16.8% among Universal Credit and 21.1% among legacy households. This is very similar to Model 2 (16.6% and 21.0%) and slightly less negative than under Model 1.

Percentage change in weekly CTR compared to current scheme retained into 2020/21, by economic status



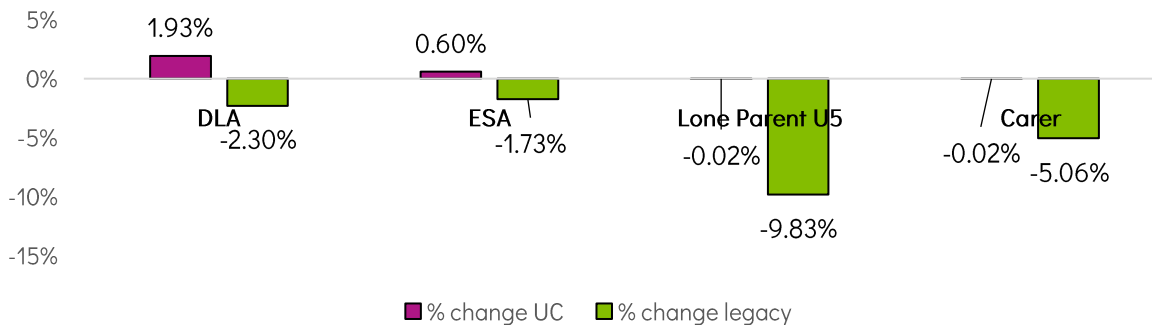
Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by economic status.

Barriers to work

Redistribution among households with disability or illness benefits remains the same as Model 2, as the maximum support for these households has not changed.

Outcomes are more negative than Models 1 and 2 for lone parents with a child under 5 and households with caring responsibilities. Those in receipt of legacy benefits see a greater reduction in support (9.8% for lone parents and 5.01% for carers). Those in receipt of Universal Credit see very similar support to the current scheme in 2021/22, whereas they had gained under Model 1 and 2.

Percentage change in weekly CTR compared to current scheme retained into 2020/21, by barriers to work



Model 3: Percentage change in support compared to retention of the current scheme into 2021/22, by household types with barriers to work

Households that are worse off: age, gender and disability

This section examines the groups that would be worse off **compared to retaining the current system into 2021/22**. Specifically, it considers whether particular groups of interest will be over-represented among those that lose all support.

Households that lose all support

Of the 25 households that lose all support:

- 8 are disabled households
- 4 are female single households
- 1 is a household in which the main claimant is aged between 60-65 inclusive

These households lose their support due to falling outside of their applicable earnings threshold.

MODEL 4 HEADLINE FIGURES: INCOME-BANDED

Model 4 is an income-banded model in which discounts are awarded based on household income, with an uplift for households in receipt of disability or illness benefits.

The bands are as follows:

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	70%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 2+				70%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 3+				55%
Band 4	£632-£947.99	£775-£1162.99	£883-£1324.99	25%
Band 4+				30%
Band 5	£948-£1263.99	£1163-£1550.99	£1325-£1766.99	10%
Band 5+				15%

Note: bands suffixed with a '+' relate to households subject to the 5%-10% uplift due to disability or illness (in receipt of DLA/PIP or ESA).

As with the three previous models, under Model 4 net monthly income is made up of net employment earnings. Childcare costs are disregarded from the earnings of eligible households.

The model also has the following characteristics:

- No tariff income
- Introduction of flat-rate non-dependant deductions:
 - Lower non-dependant deductions of £5/week
 - Higher non-dep deductions of £10/week
- A 5% uplift to maximum award for Bands 2-5 for households in receipt of disability or illness benefits (DLA/PIP or ESA).
 - For example, households in Band 2+ are households that fall into Band 2 (maximum award 65%) but receive an uplift of 5% (taking them up to 70%).

Model 4: cost

Annual Cost

Group	Model 4 cost	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£4,692,168	-£140,318	-2.90%	-£549,847	-10.49%
UC	£1,996,515	£689,281	52.73%	-£122,154	-5.77%
Legacy benefits	£2,695,652	-£829,599	-23.53%	-£427,694	-13.69%
Pension age	£4,200,305	£373,737	9.77%	£0	0.00%
Total	£8,892,472	£233,419	2.70%	-£549,847	-5.82%

Model 4: Total cost of model (£/annum)

Weekly council tax support

Group	Average household support	Comparison to cost of current scheme		Comparison to current scheme retained into 2021/22	
	£/week	Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£16.62	-£0.49	-2.89%	-£1.95	-10.49%
UC	£16.77	-£0.05	-0.29%	-£1.03	-5.77%
Legacy benefits	£16.51	-£0.83	-4.78%	-£2.62	-13.69%
Pension age	£24.41	£2.17	9.73%	£0.00	0.00%
Total	£19.57	£0.51	2.70%	-£1.21	-5.82%

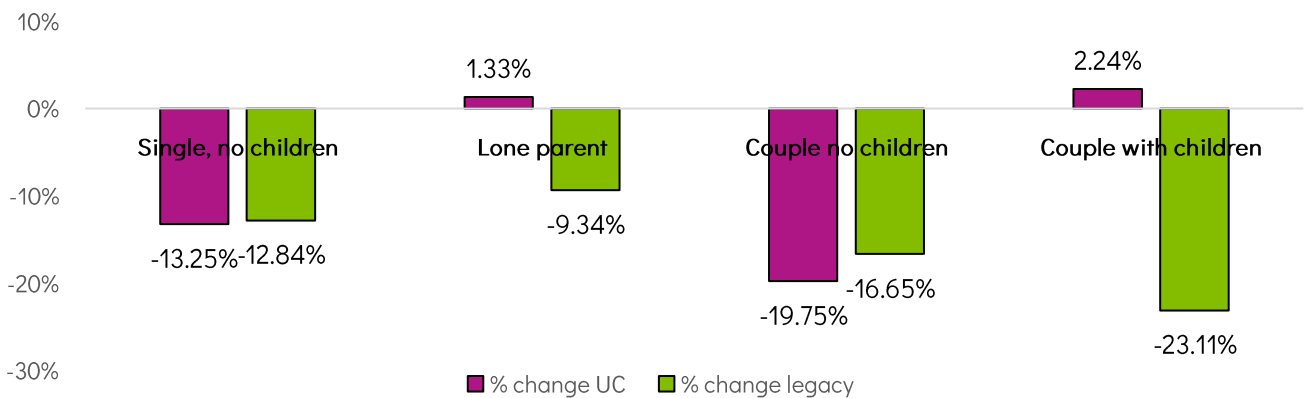
Model 4: Average weekly council tax support £/week

Distributional impact

This section examines the groups that would be better or worse off **compared to retaining the current system into 2021/22**.

Household compositions

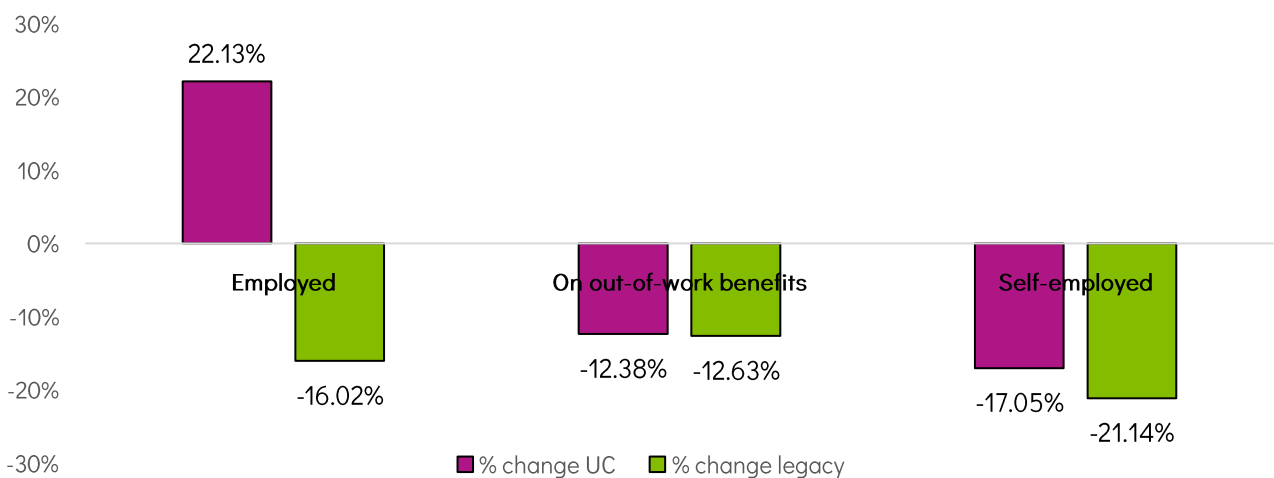
Percentage change in weekly CTR compared to current scheme retained into 2020/21, by household type



Model 4: Percentage change in support compared to retention of the current scheme into 2021/22, by household composition.

Economic status

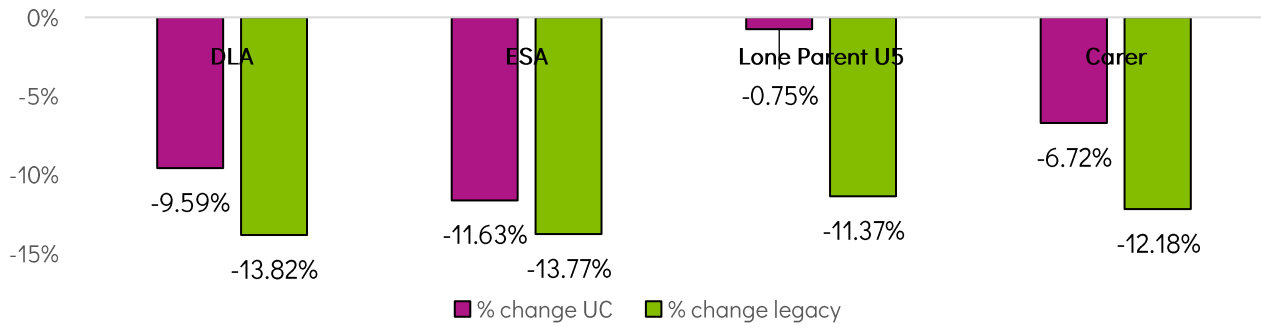
Percentage change in weekly CTR compared to current scheme retained into 2020/21, by economic status



Model 4: Percentage change in support compared to retention of the current scheme into 2021/22, by economic status.

Barriers to work

Percentage change in weekly CTR compared to current scheme retained into 2020/21, by barriers to work



Model 4: Percentage change in support compared to retention of the current scheme into 2021/22, by household types with barriers to work

DO THESE MODELS MEET THE COUNCIL'S OBJECTIVES?

Maidstone Borough Council provided scheme objectives for impact assessment and any future council tax support scheme. The council's objectives, together with an evaluation of how the models meet these objectives, is given below.

Objective: To maintain maximum level of protection and protect disabled households

Models 1 and 2 maintain the maximum level of support in line with the current scheme by making sure that support is based on 80% of CT liability for households in receipt of out-of-work benefits. Model 2 protects households living with an illness or disability in bands 2-5 by uplifting the basis of support by an additional 5% for households in which the claimant or partner receives DLA/PIP or ESA.

Model 3 reduces maximum level of support for non-protected households. However, disabled and sick households continue to receive maximum support in line with the current scheme (80%).

Objective: To simplify assessments and reassessments

All models will simplify assessments as they both require only basic household information to calculate the initial award compared to a more in-depth needs assessment. The 5% uplift under Model 2 increases support for households in receipt of disability benefits by means of a simple increase to maximum support.

All models also imply simplified re-assessments. This is because income-banded schemes only require reassessments when income crosses income-band thresholds.

Objective: To maintain costs in line with the current scheme into 2021/22

Model 1 keeps costs very much in line with the cost of the current scheme in 2021/22 (£9.43M compared to £9.44). Model 2 costs are also very similar; this time incurring an annual cost of £9.44M.

Model 3 reduces costs against the current scheme in 2021/22 from £9.4M to £9.19M.

Objective: To understand the impact on specific groups (age, gender and disability)

Female households are over-represented among the worse-off compared to male households. This is the same across all models, as only 25 households lose support in each case.

Disabled households and households aged 18-24 are under-represented in the worse-off group across models. This is because of the 5% uplift for disabled households and due to underlying demographics of households aged 18-24 (who have low earnings or are in receipt of out-of-work benefits). For disabled households this effect is stronger under Models 2 and 3 than under Model 1.

CONTACT

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