



Revising Council Tax Reduction Scheme (CTRS)

2020-2021

Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE



Current scheme

- Current scheme is based on the default scheme which is derived from the previous Council Tax Benefit scheme
- Based on a means tested assessment
- Maximum award for working age is 100%
- Scheme must be agreed each year.
- Those of pension age continue to be protected.



Why review the scheme?

- Landscape has changed hugely since the introduction of CTRS in 2013
- Reduction in Administration grant – around 37% by 2019
- Welfare reform changes – Housing Benefit scheme increasingly different from our CTR scheme
- Universal Credit – rolled out in CDC from November 2017
- Universal Credit is creating many changes to CTR leading to multiple demands and confusion



Any new scheme must:

- Continue to protect those of pensionable age and also our more vulnerable residents
- Remain affordable within reducing resources
- Be practical to administer
- Not generate multiple Council Tax bills
- Provide opportunity for better collection levels by reducing the rebilling of Council Tax for UC customers.

Income Banded Scheme

Main principles

- Those of pensionable age will continue to receive maximum help based on their circumstances.
- Any applicant who receives a 'passport' benefit will automatically be placed in the most generous band. This will include those on War Widows/War Disablement Pensions.
- For other working age applicants an assessment will be carried out using income and capital of household compared to a needs allowance as now.
- Look at any excess income figure and CTR will be awarded based band that the excess figure falls into.
- If fall into more than one band the most beneficial will apply
- Ongoing commitment to support those who are disabled.

Income Bands

Working Age on passported benefits

Group	Excess Income	CTR award
Working age passported claims		Up to 100%
Pension claims		Up to 100%

Income Bands Working Age Disabled

Excess Income	CTR award based on CT liability
£0 - £4.99	100%
£5 - £14.99	95%
£15.00 - £29.99	87%
£30.00 - £49.99	80%
£50.00 - £74.99	65%
£75.00 - £99.00	42%
£100 - £124.99	25%
£125 upwards	0%

Income Bands Working Age with children

Excess Income	CTR award based on CT liability
£0 - £4.99	100%
£5 - £14.99	93%
£15.00 - £29.99	83%
£30.00 - £49.99	78%
£50.00 - £74.99	59%
£75.00 - £99.00	32%
£100 - £124.99	25%
£125 upwards	0%

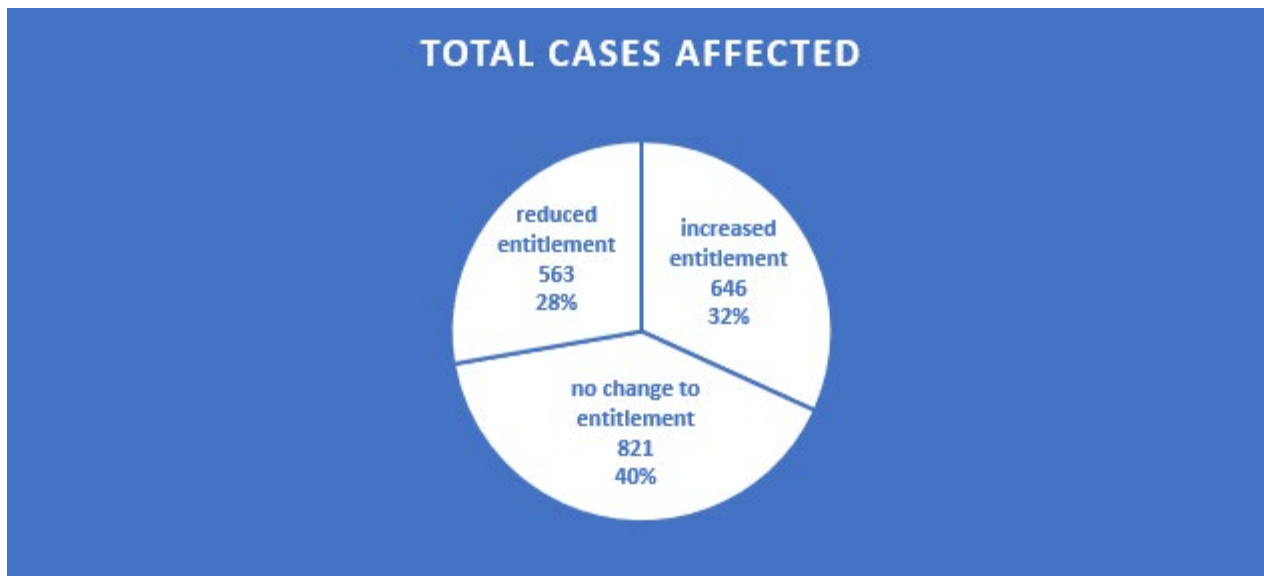
Income Bands Working Age other

Excess Income	CTR award based on CT liability
£0 - £4.99	96%
£5 - £14.99	85%
£15.00 - £29.99	73%
£30.00 - £49.99	66%
£50.00 - £74.99	42%
£75.00 - £99.00	28%
£100 - £124.99	18%
£125 upwards	0%

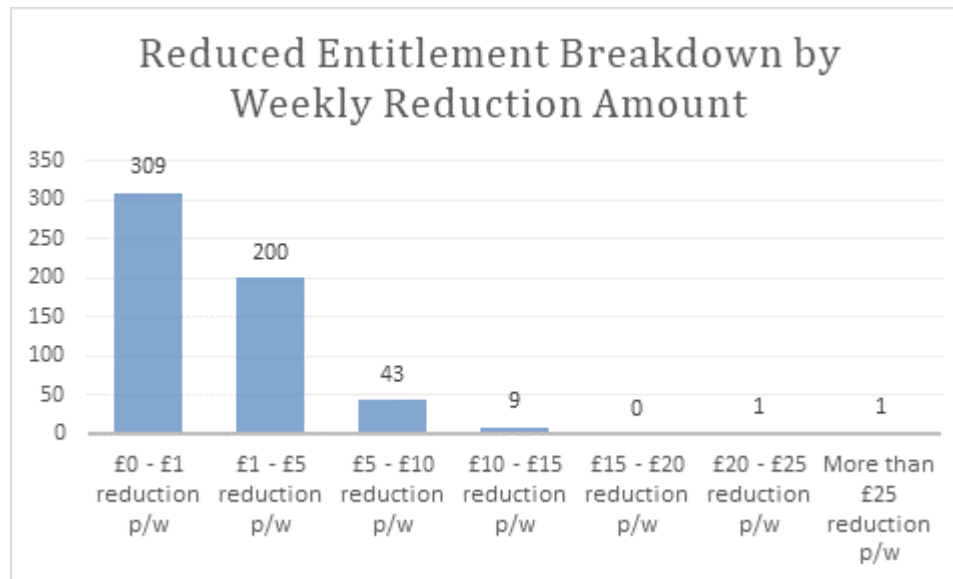
Summary of impact

- There are currently 2,619 CTR from those of pension age at a total cost of £2.8m. This will remain unchanged by the banded scheme proposal (normal caseload changes will happen)
- There are currently 1,724 residents on CTR based on passported benefits at a total cost of £2.1m. This will remain unchanged by the banded scheme (allowing for normal caseload changes)
- There are currently 2,071 other working age residents on CTR at a cost of just over £2,068,423.
- Under the banded scheme this expenditure will reduce very slightly with a saving of 0.06%

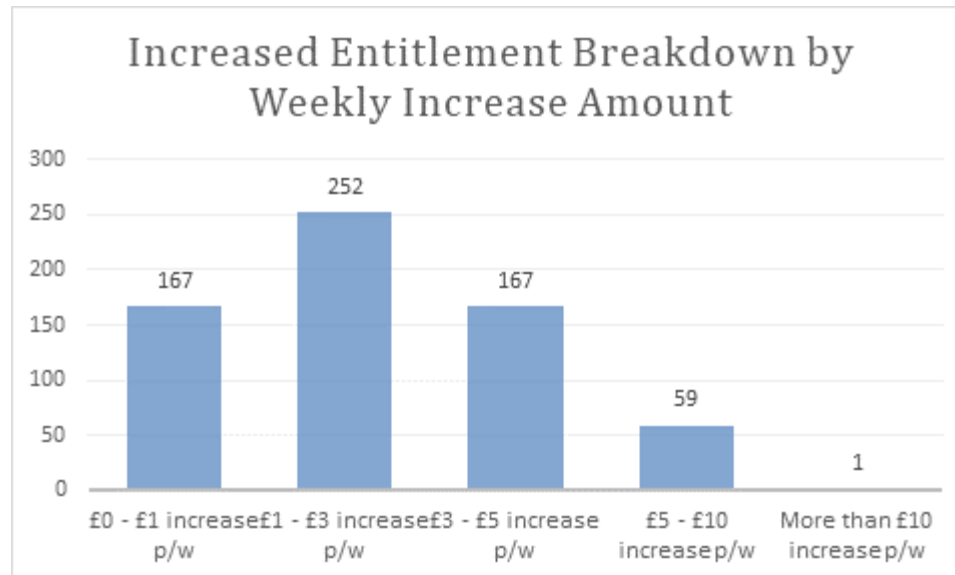
Summary of impact (Based on data as at June 2019)



Breakdown of reductions in entitlement



Breakdown of increases in entitlement



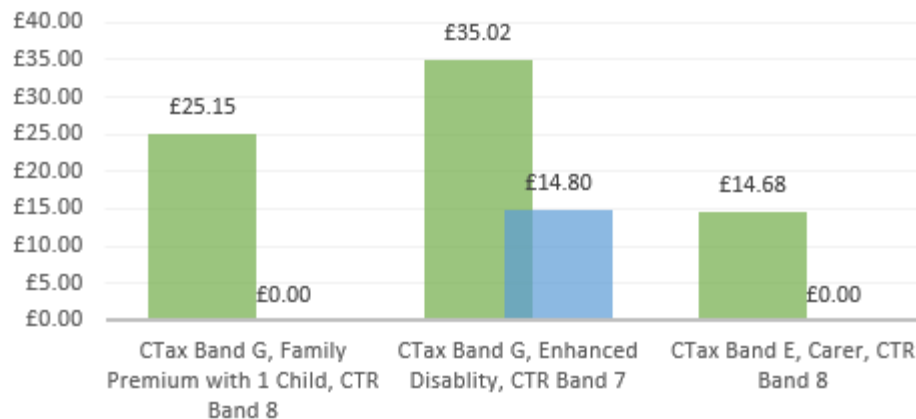
Summary of impact (weekly figures as at June 19)

MOST AFFECTED INCREASED ENTITLEMENT



Summary of impact (weekly figures as at June 2019)

MOST AFFECTED DECREASED ENTITLEMENT



Other banded schemes

- Income banded schemes have been introduced in a number of Local Authorities across the country.
- Barnet Council introduced a banded scheme in 2019-2020 having had the default scheme since 2013. The main objectives for Barnet included creating savings, reducing work created by UC, creating a simpler scheme for residents. This is the first year of the scheme so no clear impacts as yet.
- South Gloucestershire Council also have a banded scheme. They have 5 income bands starting at £0.00 to £120.00. All working age applicants have to pay at least 20% even if they are on passported benefits. Collection rates for CT 98.2% for last two years.
- Luton have a banded scheme and the driver was financial savings and ensuing that support was provided to the most vulnerable residents. Collection rates were 97% in 17-18 and 97.2% in 18-19.

Case Study 1

Miss A lives in Adderbury with her partner and 2 children. She lives in a Band B property and her Council Tax liability is £27.37 per week.

- The household has income of earnings of £397.32, Child Benefit (fully disregarded) and Child Tax Credit of £27.56. Total £424.88.
- With a needs allowance of £333.00 she has excess income of £91.88.
- Based on the current Council Tax Reduction Scheme Miss A has Council Tax Reduction award of £8.99 per week.
- Under the banded scheme she will be in band **£75.00 - £99.00**
32% (of £27.37) and entitled to £8.75

Case Study 2

Mrs C lives in Banbury in a band A property with a Council Tax liability of £18.42 per week. She has income of Universal Credit of £160 per week including housing costs of £87.38. She also receives Disability Living Allowance and higher rate DLA Mobility both of which are fully disregarded.

Under the current CTR scheme she receives 100% support at £18.42

Under the banded scheme she has no excess income and she would also receive 100% support at £18.42