



# 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%



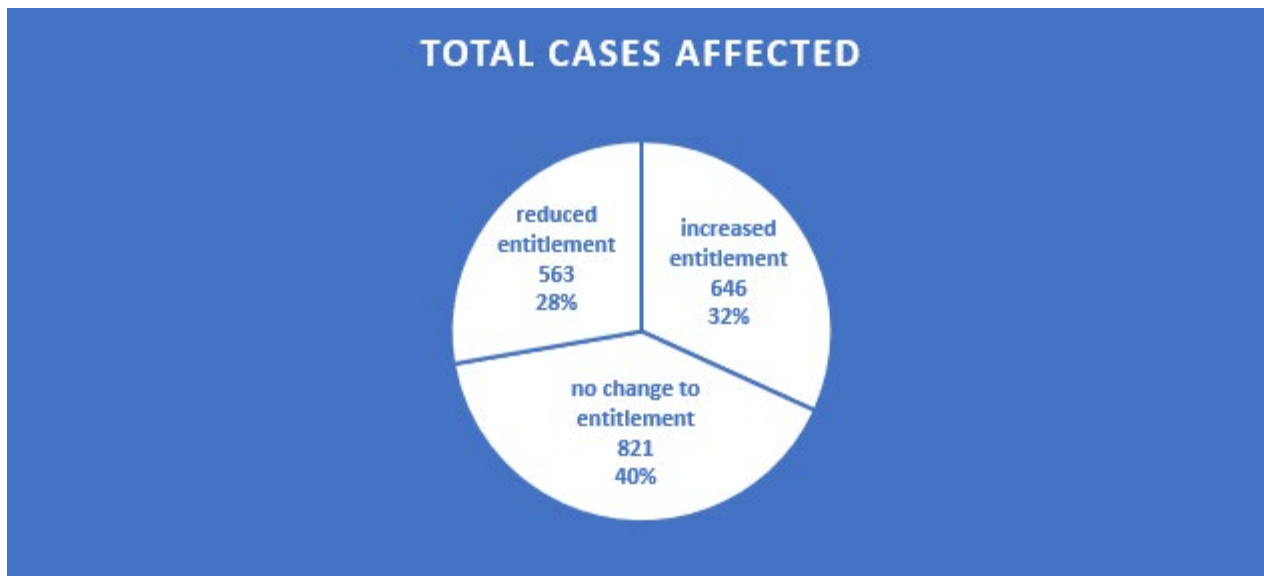
## Income Bands Working Age other

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%

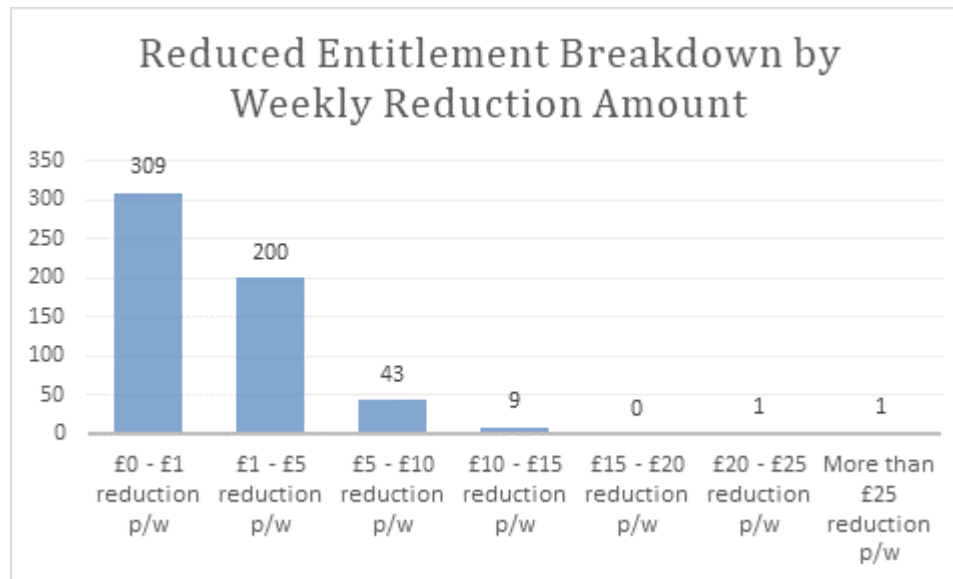
## Summary of impact

- 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%

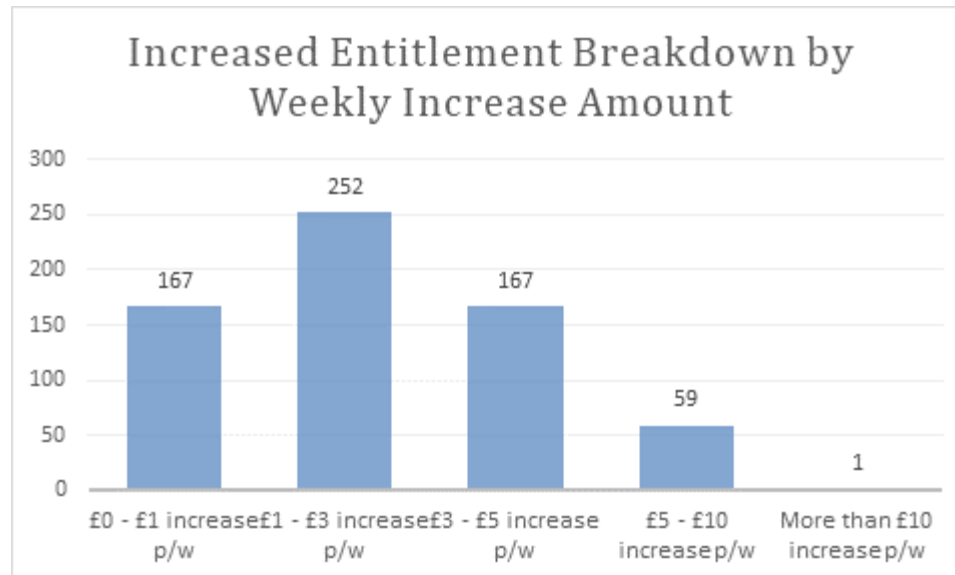
# Summary of impact (Based on data as at June 2019)



# Breakdown of reductions in entitlement



# Breakdown of increases in entitlement



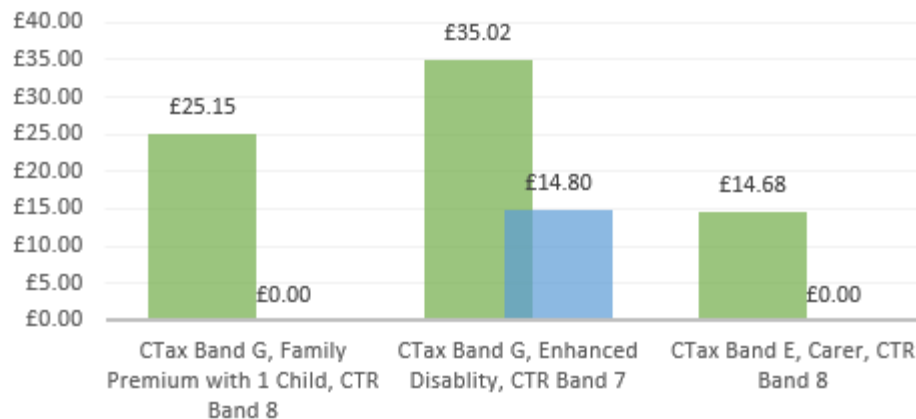
# Summary of impact (weekly figures as at June 19)

## 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