

Appendix A – Financial Modelling for New Scheme

The Council Tax Reduction Scheme (CTRS) consists of two parts. The first part makes provision for 2,663 non-working age claimants which is prescribed on a national basis and cannot be amended by local authorities. The second part of the scheme makes provision for 6,606 working age claimants. CTRS expenditure in 2022/23 is estimated at £8.815m. This costs £3.250m for non-working age claimants and £5.565m for working age claimants.

As a direct result of the proposed changes to the scheme for 2023/24, 5,357 current working age claimants will pay less in Council Tax. Of these **3,552 of the most vulnerable working age households currently paying 20% towards their Council Tax would not have to pay any in 2023/24.**

The financial modelling for the proposed 2023/24 CTRS is based on an uplift in current expenditure by 9.99% for the proposed increase in Council Tax and then to add an additional £1.200m of revenue funding to the scheme out of the additional 5% Council Tax increase. The objective of the updated scheme is to ensure additional help is targeted to the most vulnerable residents on lower incomes.

The increase in Council Tax and the additional funding proposed will increase the estimated CTRS spend by £2.084m to £10.900m in 2023/24. When test billing is undertaken in late February 2023 more accurate estimates will be able to be made.

Table 1 below shows the breakdown of CTRS expenditure by group description comparing the proposed 2023/24 scheme with that of the current scheme. All groups will see an overall increase in funding. This increase is broken down to £0.363m for the 2,663 non-working age cases and £1.721m for the 6,606 working age cases.

Table 1 – Households Receiving CTRS by Type and Current and Future Expenditure

Group Description	Case Count	£000 Current Expenditure	£000 23/24 with 9.99% CTax Increase	£000 Change in Award	% Change in Award
Elderly - Non-Passported - Other	829	875.8	992.5	116.7	13.3%
Elderly - Non-Passported - Severe Disability	166	183.9	204.5	20.6	11.2%
Elderly - Non-Passported - War Pensioners	2	1.2	1.4	0.2	19.3%
Elderly - Non-Passported - Working	40	41.4	46.1	4.7	11.3%
Elderly - Passported - Disabled Child Premium	1	1.2	1.3	0.1	9.9%
Elderly - Passported - Enhanced Disability	1	1.8	2.0	0.2	9.9%
Elderly - Passported - Other	1,174	1,583.0	1,747.1	164.1	10.4%
Elderly - Passported - Severe Disability	449	560.3	616.6	56.3	10.1%
Elderly - Passported - War Pensioners	1	1.1	1.2	0.1	9.9%
Working Age - Non-Passported - 1 Child	1,510	1,162.1	1,430.8	268.7	23.1%
Working Age - Non-Passported - 2 Child +	2,472	1,914.7	2,351.2	436.5	22.8%
Working Age - Non-Passported - Couple	182	156.2	242.7	86.5	55.3%
Working Age - Non-Passported - Working	1,179	983.6	1,414.9	431.3	43.8%
Working Age - Passported - Disabled Child Premium	55	58.9	80.6	21.7	36.8%
Working Age - Passported - Enhanced Disability	505	592.4	807.5	215.1	36.3%
Working Age - Passported - Other	288	299.5	418.0	118.5	39.6%
Working Age - Passported - Severe Disability	415	398.0	541.1	143.1	36.0%
Grand Total	9,269	8,815.1	10,899.5	2,084.4	23.6%

As a direct result of the proposed changes to the scheme for 2023/24:

- 3,552 of the most vulnerable working age households currently paying 20% towards their Council Tax will now not have to pay any in 2023/24.
- 1,805 working age households will be better off under the new simpler and easy to maintain scheme.
- 1,249 cases that would be worse off under the proposed changes will receive funding in 2023/24 to ensure that they will be no worse off from the changes, utilising the Council Tax Support Fund (CTSF).

A full breakdown on those who will pay less and those who will pay more in 2023/24 is shown in Table 2 below.

We will consult on further revisions to the CTRS scheme in 2024/25.

Table 2 – Breakdown of Cases Better or Worse Off

Group Description	Count	Reduction in Council Tax Payment	Increase in Council Tax Payment
Working Age - Non-Passported - 1 Child	1,510	1,100	410
Working Age - Non-Passported - 2 Child +	2,472	1,689	783
Working Age - Non-Passported - Couple	182	159	23
Working Age - Non-Passported - Working	1,179	1,148	31
Working Age - Passported - Disabled Child Premium	55	55	0
Working Age - Passported - Enhanced Disability	505	505	0
Working Age - Passported - Other	288	286	2
Working Age - Passported - Severe Disability	415	415	0
Grand Total	6,606	5,357	1,249

Examples of cases where under the proposed new scheme some households will pay more Council Tax and the reasons for this are shown below:

Working Age – Non-Passported – 1 Child – 410 Cases

Example 1 - A single parent with one child and two non-dependents. Their previous entitlement was £20.50 per week, £1,066 for the year as they were income band 2 (65% - £163.44 to £232.75 per week). As they have capital above the new £6,000 limit (reduced from £16,000) they lose their entitlement under the proposed scheme but £1,066 will be paid from the CTSF. The Council Tax band is E.

Example 2 - A single parent with one child whose income consisted of Universal Credit, Child Benefit and Earnings. Their previous entitlement was £6.21 per week, £323 for the year as they were in income band 4 (35% - £267.42 to £336.72 per week). The new entitlement reduces to £3.87 per week, £201 for the year as they are now in income band 6 (20% - £323.08 to £392.30 per week). A reduction of £122. This will be paid from the CTSF. The Council Tax band is A.

Working Age – Non-Passported – 2 Child+ - 783 Cases

Example 3 - A single parent with three children whose income is Universal Credit, Child Benefit and Earnings. Their previous entitlement was £11.04 per week, £574 for the year as they were in income band 4 (35% - £336.73 to £406.05 per week). The new entitlement is £6.88 per week, £357.76 as they are now in income band 6 (20% - £323.08 to £392.30 per week). A reduction of £216.32. This will be paid from the CTSF. The Council Tax band is C.

Example 4 - A couple with two children whose income is Universal Credit, Child Benefit and Earnings. Their previous entitlement was £9.66 per week, £502.32 for the year as they were in income band 4 (35% - £379.99 to £449.31). The new entitlement is £6.01 per week, £312.52 as they are now in income band 6

(20% - £323.08 to £392.30 per week). A reduction of £189.80. This will be paid from the CTSF. The Council Tax band is B.

Working Age – Non-passported – Couple – 23 Cases

Example 5 - A couple with three non-dependants on the claim. The couple's income is Earnings for the claimant and DLA for the partner. The three non-dependents are working. The previous entitlement was £15.77 per week, £820.04 for the year as they were in income band 3 (50% - £150.39 to £181.47). The new entitlement is £13.76 per week, £715.52 as they are in income band 4 (40% - £184.62 to £253.84). A reduction of £104.52. This will be paid from the CTSF. The Council Tax band is C.

Example 6 - A couple with one non-dependent, a student on the claim. The couple's income was Earnings for the claimant. The previous entitlement was £15.77 per week, £820.04 for the year as they were in income band 3 (50% - £150.39 to £181.47 per week). The new entitlement is £13.76 per week, £715.52 for the year as in income band 4 (40% - £184.62 to £253.84). A reduction of £104.52. This will be paid from the CTSF. The Council Tax band is C.

Working Age – Non-passported – Single – 31 Cases

Example 7 - A single person whose income is Universal Credit and PIP. Their previous entitlement was £16.56 per week, £861.12 as they were in income band 1. The new entitlement is £0.00 as they have capital that exceeds the new £6,000 limit. A reduction of £861.12. This will be paid from the CTSF. The Council Tax band is B.

Example 8 - A single person whose income in Universal Credit. Their previous entitlement was £14.19 per week, £737.88 for the year as in income band 1. The new entitlement is £0.00 as they have capital that exceeds the new £6,000 limit. A reduction of £737.88. This will be paid from the CTSF. The Council Tax band is A.

Working Age – Passported – Other – 2 Cases

Example 9 - An Income Support case where the household is made up of a couple with two non-dependents. The non-dependents income is one on Universal Credit and one is Working. The previous entitlement was £10.92 per week, £567.84 for the year as in income band 1 (80% - No Earnings). A £10 per week non-dependent deduction was taken for the one that was working. The new entitlement is £9.80 per week, £509.60 for the year as still in income band 1 (100% - No Earnings) but we now make a £11.00 non-dependant deduction for the one who is working and a £5.00 non-dependent deduction for the one receiving Universal Credit. A reduction of £58.24. This will be paid from the CTSF. The Council Tax band is A.

Example 10 - A Employment Support Allowance IR case where the claimant is a single person and has three non-dependents on the claim, two receiving Universal Credit and the other with the lowest deduction applied. The previous entitlement was £14.92 per week, £775.84 for the year as they were in income band 1 (80% - No Earnings). There was a non-dependent deduction of £5 per week for the one with the lowest deduction applied. No non-dependent deductions were taken for the two in receipt on Universal Credit. The new entitlement is £10.80 per week, £561.60 for the year as they are still in band 1 (100% - No Earnings) but we now make three non-dependent deductions of £5 for each non-dependent. A reduction of £214.24. This will be paid from the CTSF. The Council Tax band is A.

Financial Impact on Households with more Council Tax to pay

Table 3 below breaks the 1,249 cases with more to pay into bandings of £100 annual increased Council Tax payments up to £1,000 and then £1,000 and above.

To get to this figure we have calculated the total award for 2022/23 and then subtracted it from their total CTS award that will be awarded using the new scheme 2023/24.

Table 3 – Banded Increase in Council Tax payments for 2023/24

Group Description	Count	£0 to £99.99	£100 to £199.99	£200 to £299.99	£300 to £399.99	£400 to £499.99	£500 to £599.99	£600 to £699.99	£700 to £799.99	£800 to £899.99	£900 to £999.99	£1000 & above
Working Age - Non-Passported - 1 Child +	410	168	103	69	31	9	14	1	2	3	4	6
Working Age - Non-Passported - 2 Child +	783	241	133	175	152	23	35	5	6	2	4	7
Working Age - Non-Passported - Couple	23	6	2	5	0	2	3	0	1	1	1	2
Working Age - Non-Passported - Working	31	2	4	1	1	0	2	4	3	7	5	2
Working Age - Passported - Disabled Child Premium	0	0	0	0	0	0	0	0	0	0	0	0
Working Age - Passported - Enhanced Disability	0	0	0	0	0	0	0	0	0	0	0	0
Working Age - Passported - Other	2	1	0	1	0	0	0	0	0	0	0	0
Working Age - Passported - Severe Disability	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	1,249	418	242	251	184	34	54	10	12	13	14	17
Mid-point Estimate		£20900	£36300	£62750	£64400	£15300	£29700	£6500	£9000	£11050	£13300	£25500

It is not possible with the modelling tool to accurately calculate the total additional Council Tax of those 1,249 households who would pay more before additional support. So, by taking the mid-point of each banding and multiplying that number by the total number of households in that band we can estimate the total additional Council Tax. The estimated total mid-point increase in Council Tax for the 1,249 households is approximately £0.295m.

The additional funding that is available above that £1.2m already placed in the scheme is £0.293m so, we can off-set in full the estimated total increase for these households in 2023/24.

We will consult on further revisions to the CTRS scheme in 2024/25.

Financial Impact on Households with less Council Tax to pay

Table 4 below breaks the 5,357 cases with less to pay into bandings of £100 annual increased Council Tax payments up to £1,000 and then £1,000 and above.

To get to this figure we have calculated the total award for 2022/23 and then subtracted it from their total CTS award under the new scheme for 2023/24.

Table 4 – Banded Reduction in Council Tax payments for 2023/24

Group Description	Count	£0 to £99.99	£100 to £199.99	£200 to £299.99	£300 to £399.99	£400 to £499.99	£500 to £599.99	£600 to £699.99	£700 to £799.99	£800 to £899.99	£900 to £999.99	£1000 & above
Working Age - Non-Passported - 1 Child +	1,100	229	141	125	322	123	67	15	32	10	16	20
Working Age - Non-Passported - 2 Child +	1,689	333	230	191	323	208	152	42	88	20	32	70
Working Age - Non-Passported - Couple	159	8	15	20	14	33	11	7	13	4	1	33
Working Age - Non-Passported - Working	1,148	45	84	155	529	121	63	36	46	24	20	25
Working Age - Passported - Disabled Child Premium	55	1	0	2	29	17	4	2	0	0	0	0
Working Age - Passported - Enhanced Disability	501	1	11	27	147	192	106	13	2	0	1	1
Working Age - Passported - Other	282	3	6	28	123	65	21	5	19	3	2	7
Working Age - Passported - Severe Disability	409	0	1	0	324	71	11	1	0	0	0	1
Grand Total	5,343	620	488	548	1,811	830	435	121	200	61	72	157
Mid-point Estimate		£31000	£73200	£137000	£633850	£202500	£239250	£78650	£150000	£51850	£68400	£235500

By taking the mid-point of each banding and multiplying that number by the total number of households in that band we can estimate the total additional reduction in Council Tax to the household. The estimated total mid-point reduction in Council Tax for the 5,343 households is £1.901m.