

## Appendix A1: Consultation options: Household and council impact assessment

### Current scheme caseload

The CTR scheme currently supports almost 33,000 households with the cost of their council tax, of which almost 23,000 are working age. As support is for households who are on low income, the areas of the city with the highest numbers of households receiving CTR are also amongst the most deprived. These areas also have higher numbers of households receiving support from state benefits.

A full equalities impact assessment has been completed which illustrates those households that benefit from the current scheme and would be affected by any changes to it. Changes to the scheme would disproportionately affect households containing people with the following protected characteristics:

- Black, Asian, Minority Ethnic communities
- Disabled people
- Women
- Certain faith groups

Changes must have due regards to any impact on those with protected characteristics and vulnerable households. The council is also required to consider possible transitional protection if entitlement is reduced. Vulnerability is not defined but guidance suggests should local authorities consider the Equality Act 2010.

### Proposed main scheme options

The options presented below show a range of savings against the forecast scheme cost in 2024/25. This would involve the withdrawal of support to working age households already on a low income. These are shown in the table below with the same trends and sensitivities as for the current (control) scheme.

The first four examples are for means tested schemes that replicate the allowances, premiums and treatment of capital and income that is used under Bristol's current CTR scheme. The only change is where there is an introduction of a minimum charge that is a percentage of net council tax liability that is taken off before any further assessment takes place.

#### Option 1: No change to the current scheme

	Static caseload (£m)	Current trend (£m)	2.5% increase	2.5% decrease
Current scheme cost	31.6	30.0	32.4	30.8
Gross saving	0	0	0	0
Gross saving (BCC)	0	0	0	0

This would mean 23,000 households would continue to get the same levels of support as they currently do, but other budgets/public services would be impacted, to find the agreed £3m saving elsewhere.

**Option 2a). Standard means tested scheme – 10% minimum payment**

	Static caseload (£m)	Current trend (£m)	2.5% increase	2.5% decrease
New scheme cost	28.1	26.7	28.8	27.4
As is scheme cost	31.6	30.0	32.4	30.8
Gross saving	3.5	3.3	3.6	3.4
Gross saving (BCC)	3.0	2.8	3.0	2.9
Net saving (BCC) 75%	2.2	2.1	2.3	2.2
Net saving (BCC) 65%	1.9	1.8	2.0	1.9

This would affect 22,628 households, paying an average of £154.83 in additional council tax per annum (£12.90 per month), with 119 households no longer entitled to CTR. A household currently receiving full CTR in a band B property would be expected to pay £191.51 per annum (£15.96 per month). Other budgets/public services would be impacted, to find the residue of the agreed £3m saving elsewhere.

**Option 2b). Standard means tested scheme – 17% minimum payment**

	Static caseload (£m)	Current trend (£m)	2.5% increase (£m)	2.5% decrease (£m)
New scheme cost	25.7	24.4	26.3	25.0
As is scheme cost	31.6	30.0	32.4	30.8
Gross saving	5.9	5.6	6.1	5.8
Gross saving (BCC)	5.0	4.8	5.2	4.9
Net saving (BCC) 75%	3.8	3.6	3.9	3.7
Net saving (BCC) 65%	3.2	3.1	3.4	3.2

This would affect 22,628 households, paying an average of £262.31 in additional council tax per annum (£12.90 per month), with 351 households no longer entitled to CTR. A household currently receiving full CTR in a band B property would be expected to pay £325.57 per annum (£27.13 per month)

**Option 2c). Standard means tested scheme – 20% minimum payment**

	Static caseload (£m)	Current trend (£m)	2.5% increase (£m)	2.5% decrease (£m)
New scheme cost	24.7	23.4	25.3	24.0
Control cost	31.6	30.0	32.4	30.8
Gross saving	6.9	6.6	7.1	6.8
Gross saving (BCC)	5.9	5.6	6.1	5.8
Net saving (BCC) 75%	4.4	4.2	4.6	4.3
Net saving (BCC) 65%	3.9	3.7	3.9	3.8

This would affect 22,628 households, paying an average of £307.98 in additional council tax per annum (£25.67 per month), with around 471 households no longer entitled to CTR. A household currently receiving full CTR in a band B property would be expected to pay £383.02 per annum (£31.92 per month).

**Option 3a). Standard means tested scheme – 20% minimum payment with protection for those receiving disability benefits or war pensions**

	Static caseload (£m)	Current trend (£m)	2.5% increase (£m)	2.5% decrease (£m)
New scheme cost	27.9	26.5	28.6	27.2
Control cost	31.6	30.0	32.4	30.8
Gross saving	3.7	3.5	3.8	3.6
Gross saving (BCC)	3.1	3.0	3.2	3.1
Net saving (BCC) 75%	2.4	2.2	2.4	2.3
Net saving (BCC) 65%	2.0	1.9	2.1	2.0

Those households where the following conditions apply will be protected from any reduction in support:

- Disability premium applies for the applicant, partner or a dependent child or young person
- Support component is in payment as part of an Employment and Support Allowance award
- Limited capability for work and work-related activity component is in payment as part of a Universal Credit award
- Disability Living Allowance, Personal Independence Payment, or Armed Forces Independence Payment is in payment for applicant, partner or a dependent child or young person
- A war pension or payment is in payment for the applicant or partner

Over 10,000 working age households would be protected from paying a minimum amount of Council Tax. Around 12,000 working age households would start paying at least 20% of their Council Tax bill.

The estimated average annual change for each of those 12,000 households would be £303.29 (£25.27 per month).

**Option 3b). Standard means tested scheme – 34% minimum payment with protection for those receiving disability benefits or war pensions**

	Static caseload (£m)	Current trend (£m)	2.5% increase (£m)	2.5% decrease (£m)
New scheme cost	25.5	24.2	26.1	24.9
Control cost	31.6	30.0	32.4	30.8
Gross saving	6.1	5.8	6.3	5.9
Gross saving (BCC)	5.2	4.9	5.3	5.1
Net saving (BCC) 75%	3.9	3.7	4.0	3.8
Net saving (BCC) 65%	3.4	3.2	3.5	3.3

Those households where the following conditions apply will be protected from any reduction in support:

- Disability premium applies for the applicant, partner or a dependent child or young person
- Support component is in payment as part of an Employment and Support Allowance award
- Limited capability for work and work-related activity component is in payment as part of a Universal Credit award
- Disability Living Allowance, Personal Independence Payment, or Armed Forces Independence Payment is in payment for applicant, partner or a dependent child or young person

- A war pension or payment is in payment for the applicant or partner

Over 10,000 working age households would be protected from paying a minimum amount of Council Tax. Around 12,000 working age households would start paying at least 34% of their Council Tax bill.

The estimated average annual change for each of those 12,000 households would be £503.47 (£41.96 per month).

**Option 3c). Standard means tested scheme – 41% minimum payment with protection for those receiving disability benefits or war pensions**

	Static caseload (£m)	Current trend (£m)	2.5% increase (£m)	2.5% decrease (£m)
New scheme cost	24.6	23.4	25.2	24.0
Control cost	31.6	30.0	32.4	30.8
Gross saving	7.0	6.7	7.2	6.8
Gross saving (BCC)	6.0	5.7	6.1	5.8
Net saving (BCC) 75%	4.5	4.2	4.6	4.4
Net saving (BCC) 65%	3.9	3.7	4.0	3.8

Those households where the following conditions apply will be protected from any reduction in support:

- Disability premium applies for the applicant, partner or a dependent child or young person
- Support component is in payment as part of an Employment and Support Allowance award
- Limited capability for work and work-related activity component is in payment as part of a Universal Credit award
- Disability Living Allowance, Personal Independence Payment, or Armed Forces Independence Payment is in payment for applicant, partner or a dependent child or young person
- A war pension or payment is in payment for the applicant or partner

Over 10,000 working age households will be protected from paying a minimum amount of Council Tax. Around 12,000 working age households would start paying at least 41% of their Council Tax bills.

The estimated average annual change for each of those 12,000 households would be £585.36 (£48.78 per month).

**Option 4a). Standard means tested scheme – 13% minimum payment with protection for those we are not working and have a child under 5 years of age**

	Static caseload (£m)	Current trend (£m)	2.5% increase (£m)	2.5% decrease (£m)
New scheme cost	28.1	26.7	28.8	27.4
Control cost	31.6	30.0	32.4	30.8
Gross saving	3.5	3.3	3.6	3.4
Gross saving (BCC)	3.0	2.8	3.0	2.9
Net saving (BCC) 75%	2.2	2.1	2.3	2.2
Net saving (BCC) 65%	1.9	1.8	2.0	1.9

Automatic protection from a reduction in support would be introduced for households where there is a child under five years old and both the applicant and cohabiting partner (registered as living at the same address) are not working.

Over 2,500 working age households would be protected from paying a minimum amount of Council Tax. Around 20,000 working age households would start paying at least 13% of their Council Tax bill.

The estimated average annual change per household affected would be £174.81 (£14.32 per month).

**Option 4b). Standard means tested scheme – 19% minimum payment with protection for those we are not working and have a child under 5 years of age**

	Static caseload (£m)	Current trend (£m)	2.5% increase (£m)	2.5% decrease (£m)
New scheme cost	25.7	24.4	26.3	25.1
Control cost	31.6	30.0	32.4	30.8
Gross saving	5.9	5.6	6.0	5.8
Gross saving (BCC)	5.0	4.8	5.1	4.9
Net saving (BCC) 75%	3.8	3.6	3.9	3.7
Net saving (BCC) 65%	3.3	3.1	3.3	3.2

Automatic protection from a reduction in support would be introduced for households where there is a child under five years old and both the applicant and cohabiting partner (registered as living at the same address) are not working.

Over 2,500 working age households would be protected from paying a minimum amount of Council Tax. Around 20,000 working age households would start paying at least 19% of their Council Tax bills.

The estimated average annual change for each of those 20,000 households would be £294.68 (£24.56 per month).

**Option 4c). Standard means tested scheme – 25% minimum payment with protection for those we are not working and have a child under 5 years of age**

	Static caseload (£m)	Current trend (£m)	2.5% increase (£m)	2.5% decrease (£m)
New scheme cost	24.7	23.5	25.3	24.1
Control cost	31.6	30.0	32.4	30.8
Gross saving	6.9	6.6	7.1	6.7
Gross saving (BCC)	5.9	5.6	6.0	5.7
Net saving (BCC) 75%	4.4	4.2	4.5	4.3
Net saving (BCC) 65%	3.9	3.6	3.9	3.7

Automatic protection from a reduction in support would be introduced for households where there is a child under five years old and both the applicant and cohabiting partner (registered as living at the same address) are not working.

Over 2,500 working age households would be protected from paying a minimum amount of Council Tax. Around 20,000 working age households would start paying at least 25% of their Council Tax

bills.

The estimated average annual change for each of those 20,000 households would be £344.62 (£28.72 per month).

### **Additional features/options**

These options are in addition to the large-scale scheme changes shown above.

#### **a) Minimum payment of £3 per week**

All households receiving less than £3 per week will no longer be entitled to CTR, resulting in their awards being reduced to zero. This means these households will receive a full council tax bill. The gross saving from this measure would be £42k per annum.

This would affect 503 households based on a 17% minimum payment scheme. The average annual loss per household would be £83.72 (£6.98 per month), plus the minimum payment levied as a percentage of net council tax liability.

#### **b) Abolishing 2<sup>nd</sup> Adult Discounts**

2<sup>nd</sup> Adult Discounts are paid in respect of low income second adults who live with an applicant who has an income that is otherwise too high to qualify for the main CTR scheme. It effectively acts as a replacement for a Single Adult Discount for the applicant. A percentage discount is applied according to the income of the second adult in bands from 25% to 5%. This provision could be removed from the working age CTR scheme with a gross saving of £58k per annum.

This would affect 200 households. The average annual loss per household would be £289.64 (£24.14 per month).

#### **c) Reducing the capital limit to £6,000**

The current CTR scheme has a capital limit of £16,000. This allows households to hold capital up to this value and retain entitlement to CTR (with a small weekly income included in respect of this capital for households who have between £6,000 and £16,000). This limit could be reduced to £6,000 (the point at which capital affected entitlement under the current scheme).

This would affect 171 households if applied to all working age households who are not receiving income replacement benefits (not including UC). The average annual loss would be £1,287.00 (£107.25 per month). A high proportion of these households are in receipt of a disability benefit, premium or band reduction.

#### **d) Tolerances (standard means tested scheme only)**

A tolerance that ignores small changes in income can be introduced to the standard means tested scheme. This would reduce the requirement to recalculate entitlement on a regular basis and rebill. This would reduce the administrative burden on revenues teams and provide some stability to applicants receiving CTR, as they will not pay a differing amount every time their income changes slightly. This is most applied to UC as this is where fluctuating income is a more common issue.

This measure replicates the main administrative advantage of introducing a banded scheme whilst retaining the advantage of a means tested assessment at the outset of a CTR award. The most

common tolerance used in authorities that have introduced this is +/- £15.00 change in income per week (the equivalent of a £3 change in CTR entitlement). It is anticipated that this would reduce working age changes in circumstances by around 30%.

**e) Discretionary Fund**

All authorities must consider requests to reduce a council tax liability under section 13A(1)(c) of the Local Government Finance Act 1992 (as amended). There is a requirement to advertise this and outline the procedure for application within the CTR scheme under the prescribed requirements regulations.

As a separate fund could be set aside to make such awards as well as staff to administer this and could be used to target support to households who are unable to pay the additional charge, based on their household income and expenditure. This would come at an additional cost/reduce saving.