

Potential Options for changes to the Council Tax Support Scheme

Scope of Options

When designing the CTS scheme, there are several options which could achieve a reduction in the resource spent on administration and/or the impact of change in circumstances on Council Tax collection. Below is a summary of some of the options available and their potential advantages and disadvantages.

Scheme Change	Summary	Advantages	Disadvantages
Option 1: Income Banded Scheme	<p>Income bands are set to determine the percentage of CTS that is awarded to the claimant.</p> <p>(See example below)</p>	<p>Income bands can be set by the Council as deemed appropriate.</p> <p>Transparent and clear – simple for claimant to understand.</p> <p>Simple for officers to administer.</p> <p>Tried and tested by councils across the country.</p> <p>Results in fewer changes in Council Tax liability.</p>	<p>Potential for ‘cliff edges’. Claimants whose income is one penny higher than an income band could receive significantly less CTS, depending on the width of CTS bands.</p> <p>Significant change which will require training for officers, changes to system parameters and thorough testing.</p>
Option 2: Increase to the tolerance for changes in circumstances.	<p>The current scheme has an income tolerance of £30 per week. This means that if the cumulative change of income is less than £30, the CTS award is unchanged. This tolerance could be increased by a determined amount.</p>	<p>Only a simple change to system parameters required.</p> <p>Little training needed for officers.</p> <p>Fewer changes in Council Tax liability and therefore instalment dates etc.</p>	<p>The concept of income tolerances have been difficult for some customers to understand.</p> <p>Limited impact. No decrease in the administration of CTS claims. Though the award may not change, any change in circumstances will still need to be reviewed by an officer.</p>

ANNEX

<p>Option 3: Tax Credit-like scheme</p>	<p>The amount of CTS awarded can be based on a claimant's total annual income from the previous financial year. This would result in a single assessment for the current financial year and would not be recalculated during the financial year.</p>	<p>Only one assessment required per year, significantly reducing administration.</p> <p>Clear criteria which leave little room for error.</p> <p>Fewer changes in Council Tax liability.</p>	<p>Does not reflect the claimant's current financial circumstances. Could result in residents who are currently in financial hardship being unable to claim support due to having received higher income in previous years, or in claimants receiving support they currently do not require. Potentially not supporting our residents when they need it the most.</p> <p>Potential for a large number of claims needing to be reviewed at one time.</p>
<p>Option 4: Snapshot Scheme</p>	<p>CTS is calculated as per the existing, complex scheme, but then set for a determined period of time and reviewed periodically, ignoring any changes in circumstances. Reviews could be set, for example, by the date of application or date of birth.</p>	<p>The period of the award can be set depending on risk factors (for example, income or household composition).</p> <p>More control over the review period than a Tax Credit-like scheme, avoiding bottlenecks of work.</p> <p>Fewer changes in Council Tax liability.</p>	<p>Does not allow for significant changes in the claimants' circumstances such a pay increase / decrease or starting / losing employment.</p> <p>Unlikely to significantly reduce the amount of administration required.</p>
<p>Option 5: Maintain current scheme</p>	<p>Broadly in line with the default 2013 scheme. Continue to award CTS based on the factors listed earlier including household</p>	<p>No changes in system parameters.</p> <p>Scheme is known by officers and claimants.</p>	<p>No reduction in the amount of administration required.</p> <p>No reduction in the number of changes to Council Tax liability.</p>

ANNEX

	makeup, income and allowances.	Similar to the scheme administered for pension age customers.	
--	--------------------------------	---	--

Example Income Banded Scheme (illustrative only, not costed or based on our caseload)

Income figures are weekly.

Discount Band	CTS Discount	Single person	Single person with one or more children	Couple	Couple with one or more children
Band 1	100%	£0-£100	£0 - £226.00	£0 - £140.00	£0 - £276.00
Band 2	75%	£100.01 - £180.00	£226.01 - £316.00	£140.01- £228.00	£276.01 - £364.00
Band 3	45%	£180.01 - £245.00	£316.01- £381.00	£228.01 - £293.00	£364.01 - £429.00
Band 4	25%	£245.01 - £310.00	£381.01 – £446.00	£293.01 - £358.00	£429.01 - £494.00
	0%	Over £310.00	Over £446.00	Over £358.00	Over £494.00