

Appendix 1 – Options for Scheme

The report to Cabinet on 19th April identified three broad approaches to scheme design:

- Minimum payment
- Changes to means testing
- Maximum discount

The emerging software designs from the council's supplier suggest that any of these would be feasible to implement, including combining a range of features. The draft scheme is designed to replicate as closely as possible the mechanics of the current Council Tax Benefit scheme, while providing a means to reduce expenditure in the new model. This is both for practical implementation reasons and also because the national Council Tax Benefits system has well developed approaches to assessing the financial requirements of vulnerable groups and accounting for them in the calculation of entitlement.

Financial modelling of multiple variations of schemes (approximately 20) has been undertaken to narrow down feasible options. The consultation undertaken so far has also helped to understand the impact that those options may have on particular households and enable further refinements to be made. The following key findings have emerged from that modelling and testing:

- tightening of means testing criteria affect a small number of households disproportionately, particularly working households and only results in a relatively small reduction in expenditure
- changes to means testing criteria quickly distort the balance that exists within the current Council Tax Benefits system across the hugely varied range of household circumstances in the caseload
- current uncertainty over other welfare benefit reforms mean that tightening of means testing criteria could lead to unanticipated perverse incentives or benefit cliff edges
- restricting the amount of discount that can be received based on council tax band or household size tends to have the undesirable effect of either restricting the impact to a small number of households and/or leaving some groups with significant amounts of financial loss relative to the current scheme. It also requires quantity of alternative housing supply to be available to enable households to move to smaller occupation if necessary.
- the greater the number of households who are protected from changes in council tax support (for example those in work, those with disabilities, those with children), the higher the impact on those who are not protected
- while a council tax discount scheme can have a role in incentivising work, Universal Credit will play a much larger part because of its far greater contribution to household income

