

### **Appendix 3 - Impact on Households**

The tables below illustrate the estimated numbers of households of working age affected by the change from Council Tax Benefit to the proposed draft Brighton & Hove Council Tax Low Income Discount scheme and the financial impact.

These are best estimates drawn from the draft software we have been supplied with, tested against our own independently generated financial model. There are complexities in the order in which some of the calculations could be undertaken (for example variants in how the single person discount is taken into account, as explained below) and therefore there are risks attached to these projections but they have been undertaken on the basis of the best available information at this stage and using current caseload figures.

It shows how the numbers of households affected will vary by the amount of the % that eligibility is assessed on and the proposed £3 per week transitional cap. It is not clear at this stage whether the software will be able to cope with the proposed £3 cap in detriment in the transition period. In the draft Scheme it would only apply to an estimated 208 households and this number is low enough for manual interventions to be possible to ensure this outcome. In other scenarios and at other levels of cap this may not be feasible if numbers affected are significantly higher. The reduction in the cost of the scheme is shown net of the £100,000 per annum allowance for the discretionary fund and is compared with current council tax benefits expenditure in Brighton & Hove. The additional cost of applying the extra £5 earnings disregard is approximately £45,000 in each scenario

There are two options for calculating the combined effect of Single Person Discounts and Means Tested Discounts in the new scheme. The Single Person discount of 25% is not changing and will always be calculated on the full 100% Council Tax liability. Eligibility for a means tested discount can either be calculated before or after the Single Person discount has been applied.. The preferred option for the Brighton & Hove scheme is for the means tested discount to be calculated before the Single Person discount has been applied as the alternative effectively means a further enhancement to the discount for single people in comparison to other claimants. However the emerging software doesn't currently allow the calculation to be undertaken in this order, although the final version may. The financial difference is significant both to households and to the council's budget. Therefore two sets of financial modelling have been undertaken and the financial implications in the report have been assessed on the basis of the lower spend reduction figures driven by the current software calculation.

## Assessment of impact on working age households of the draft Scheme – shown in bold

Table assuming liability assessed applied **after** Single Person Discounts

Eligibility assessed on the basis of % liability	Households Better off (due to extra £5 disregard)	Households with reduced support (per week)				Total Households	Reduction in cost of scheme pa £'000	Total cost of Scheme £'000	One off cost of £3 cap £'000
		£0 - £1.00	£1.01 - £2.00	£2.01 - £3.00	More than £3.00				
95%	827	11,516	5,006	39	0	17,388	690	24,310	0
<b>90%</b>	<b>80</b>	<b>1,734</b>	<b>10,545</b>	<b>4,821</b>	<b>208</b>	<b>17,388</b>	<b>1,519</b>	<b>23,481</b>	<b>7</b>
85%	15	167	2,109	10,099	4,998	17,388	2,345	22,655	176
80%	1	64	1,022	5,562	10,739	17,388	3,164	21,836	662

Table assuming maximum discount applied **before** Single Person Discounts

Eligibility assessed on the basis of % liability	Households Better off (due to extra £5 disregard)	Households with reduced support (per week)				Total Households	Reduction in cost of scheme pa £'000	Total cost of Scheme £'000	One off cost of £3 cap £'000
		£0 - £1.00	£1.01 - £2.00	£2.01 - £3.00	More than £3.00				
95%	291	8,064	8,976	57	0	17,388	926	24,074	0
<b>90%</b>	<b>46</b>	<b>974</b>	<b>7,324</b>	<b>8,741</b>	<b>303</b>	<b>17,388</b>	<b>1,896</b>	<b>23,104</b>	<b>10</b>
85%	7	242	1,278	6,762	9,099	17,388	2,862	22,138	308
80%	1	139	537	1,025	15,686	17,388	3,817	21,183	1,148