

# Council Tax Support Scheme 2025/26

Report of the Head of Finance and Revenues

## Recommended:

1. That options related to a review of the Council's Council Tax Support Scheme for 2025/26, be considered.
2. That a panel be established to develop potential options for any new scheme.

### SUMMARY:

- The report sets out the background to the Council's Council Tax Support scheme and considers options for making changes to the way that the support is calculated for the 2025/26 financial year.

## 1 Introduction

- 1.1 The Council is required to have a Council Tax Support (CTS) scheme to assist residents with their liability to pay Council Tax. The scheme must meet the prescribed requirements published by central government for pension-age residents.
- 1.2 Since 2013, the Council has had significant control over the design of what is now a local scheme in respect of working-age residents.
- 1.3 The purpose of CTS is to assist residents on a low income to meet their Council Tax liability. Though it is means-tested, it is a Council Tax discount rather than a welfare benefit.
- 1.4 CTS is a discount to Council Tax and so changes to entitlement can increase or reduce the Council Tax payable. CTS is not a payment that is made to households.

## 2 Background

- 2.1 Council has recently approved a scheme for 2024/25 that is largely similar to the current scheme. Changes from the last full review of the scheme came into effect in April 2019.
- 2.2 Our current CTS scheme broadly follows the central government designed Council Tax Benefit scheme which was in place prior to 2013. The scheme is complex for customers to understand and requires significant officer resource to input the details into a specialist software system for the assessment and calculation of the following:

- Household composition and assessment of the household's 'applicable amount' (a standard national figure which the government believes reflects the basic living needs of an individual). There are rules around who is and is not considered a member of the household for this purpose, and the applicable amount is based on age and family make-up, with additional premiums for those on qualifying disability benefits.
- Household income. Earned and unearned income is assessed differently. Different types of income may be disregarded in part (based on household composition, number of hours worked per week, and disability or lone-parent status) or in full (for child benefit and qualifying disability benefits).
- Household capital. Different forms of capital are assessed differently and some capital may be disregarded, either permanently or for a period of time, or can be converted to income for the purpose of the CTS assessment.
- The applicable amount is compared to income to calculate entitlement to CTS. Maximum entitlement is given to those with income equal to or below their applicable amount. A tapered award is given to those with excess income.
- Maximum entitlement is capped at 90% of the claimant's Council Tax bill for most working-age claimants. There is no cap for those who receive qualifying disability benefits.
- Claimants must report changes in their circumstances so CTS may be reassessed. To prevent weekly or monthly recalculations in CTS, where there is a change in income of less than £30 per week, there is no change to CTS entitlement until such time as any further changes cumulatively amount to £30 per week or more.
- There are complex rules around start dates for new claims for CTS, and for the dates from which a change in circumstances takes effect.

### **3 Drivers for change**

#### Impact on recipients

- 3.1 Change of income is often reported monthly for claimants who are employed or in receipt of Universal Credit. For each change in income, the current scheme requires a reassessment of entitlement. Where a change affects the amount of CTS entitlement, the Council Tax account is recalculated and instalments are amended.
- 3.2 Due to the requirements in the notice period we must give customers to changes in instalments for Council Tax, regular reassessments can cause difficulty in collection of amounts owed, in effect delaying payment due dates and potentially shortening the amount of time households have to pay, depending on the months remaining in the financial year. This can also be confusing for customers to understand with regularly changing bills.

- 3.3 There is an opportunity to simplify the CTS scheme with an objective of making the calculation easier to understand and requiring fewer changes to bills to be processed.

#### Universal Credit

- 3.4 A further factor affecting CTS is whether the claimant is on Housing Benefit or Universal Credit (UC). The current CTS scheme is similar to Housing Benefit, so both schemes are administered at the same time by the same team. As more of the Housing Benefit caseload transfers across to UC, there is more scope (and benefit) from introducing a simpler CTS scheme.
- 3.5 In December 2023, the government set out plans to take forward the managed migration of households in receipt of Housing Benefit across to UC throughout the 2024/25 financial year. This makes the timing of changes to the CTS scheme relevant for consideration at this time.
- 3.6 The current working-age CTS caseload is approximately 2,600, split as 1,600 on Universal Credit and 1,000 on Housing Benefit.

### **4 Corporate Objectives and Priorities**

- 4.1 The Corporate Plan sets out how we want to help our communities to thrive.
- 4.2 A clearer, more easily understood scheme would support this goal and could help our residents manage their finances and financial welfare more effectively. It would also make it easier for residents to apply for what they are entitled to and know in advance what their discount is likely to be.

### **5 Consultations/Communications**

- 5.1 Any material changes to the CTS scheme will require a minimum 8-week public consultation period. A potential timetable is set out below, though there is some opportunity to amend some of the dates.

Feb-May	Officers and OSCOM panel to review and develop options for recommended new scheme.
05/06/2024	OSCOM - discuss options and consider scheme to consult on
10/07/2024	Cabinet - agree draft scheme to consult on
22/07/2024 to 27/09/2024	Consultation on possible options (minimum of 8 weeks) This allows 10 weeks
Week commencing 30/09/2024	Review of consultation responses and update Equalities Impact Assessment (EQIA)

27/11/2024	OSCOM - present findings from consultation, EQIA, proposed new scheme and agree recommendations to Cabinet
From 28/11/2024	Finalise new scheme document
15/01/2025	Cabinet - recommend scheme to Council
29/01/2025	Council - approve final scheme
February 2025	Publicity of scheme
February / March 2025	System testing to ensure accuracy of billing

## 6 Options

- 6.1 There is an opportunity to review the basis on which the scheme is calculated and administered. OSCOM's views on this are being sought to consider the parameters of any such review and to assist in the developing a new scheme.
- 6.2 There are numerous ways that the CTS scheme could be updated. A summary of several of these, together with some of the advantages and disadvantages are shown in the annex to the report.
- 6.3 When changes were last made to the scheme in 2019, a panel of OSCOM was established, led by Cllr Baverstock. This was an effective method of involving OSCOM throughout the policy development stages which allowed progress on the different options to be made at an efficient speed. A similar approach could be adopted for any changes to be made from 2025/26. The committee's views are sought on how best to take this forward for this review.

## 7 Resource Implications

- 7.1 The full impact of the current CTS scheme is built into the Council's budget. The total forecast cost of this in 2024/25 is estimated to be £5.62M, of which the Council's share is approximately £550,000.
- 7.2 Any new scheme that is developed could;
- Retain a similar net cost and be budget neutral
  - Become more generous to residents and create a budget pressure
  - Becomes less generous to residents and create a budget savings.
- 7.3 These options would be discussed in more detail as part of the development of potential new scheme designs.
- 7.4 If it is recommended that a new scheme be consulted on, there would be cost associated with that consultation exercise. Those costs are expected to be contained within existing resources and will be discussed in more detail later in the review process.

## 8 Legal Implications

8.1 Schedule 1A of the Local Government Finance Act 1992, when preparing or revising a CTS scheme the Council must (in the following order):

- consult the major precepting authorities
- publish a draft scheme
- consult such other persons as the Council considers are likely to have an interest in the operation of the scheme (such as CTS claimants and council taxpayers)
- approve the scheme by no later than 11 March in the financial year preceding that for which the replacement scheme is to have effect
- publish the approved scheme

## 9 Equality Issues

9.1 A full equalities impact assessment would need to be prepared as part of the development of any new scheme.

## 10 Conclusion

10.1 The current CTS scheme has been in place since 2019. The report presents options for OSCOM to consider to review how the scheme is calculated from the start of the 2025/26 financial year.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1		
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