

**POLICY AND RESOURCES COMMITTEE**  
**29 JANUARY 2024**

**COUNCIL TAX SUPPORT SCHEME 2024/25**

(Director of Finance)

**1 Summary**

- 1.1 The purpose of this report is to recommend that the Council approves the implementation of a revised Council Tax Reduction Scheme with effect from 1st April 2024.
- 1.2 Each year the Council is required to review its Council Tax Reduction Scheme in accordance with the requirements of the schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme or replace it.
- 1.3 Council Tax Reduction (CTR) was introduced from 1 April 2013 when it replaced the Central Government funded Council Tax Benefit regime. From its inception, the funding available to the Council from government has reduced year on year.
- 1.4 It is now essential that the Council make changes to the CTR scheme for working age applicants in order to reduce the significant administrative burden placed on the Council by the introduction of Universal Credit and also to provide a scheme which is less reactive to change and provide more supportive to those households on the lowest incomes.
- 1.5 The changes proposed affect only applicants who are of working age and the scheme for pension age applicants is not affected in any way. The rules for all pension age applicants are prescribed by Central Government.
- 1.6 This report recommends that the Council adopts a new scheme for working age applicants with effect from 1 April 2024 in respect of the 2024/25 financial year.

**2 Details**

- 2.1 Council Tax Reduction (CTR) was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP).
- 2.2 The current Council Tax Reduction scheme administered by the Council is effectively divided into two, with pension age applicants receiving support under the rules prescribed by Central Government, and the scheme for working age applicants being determined solely by the local authority.
- 2.3 Pensioners, subject to their income, can receive up to 100 per cent support towards their Council Tax. The Council has no power to change the level of support provided to pensioners and therefore any changes to the level of CTR can only be made to the working age scheme.
- 2.4 When Council Tax Reduction was introduced in 2013, for working age applicants, the Council broadly adopted the previous means tested Council Tax Benefit scheme as the basis of awarding support. The current scheme allows up to 100% support but restricts any reduction to a Band D level (basically if an applicant lives in a premises which are in a Band E,F,G or H, the calculation is based on a Band D Council Tax level), the scheme also makes deductions for non-dependants.

- 2.5 Other than the change outlined in 2.5, slight changes have been made to bring the scheme into line with either Housing Benefit or Universal Credit. These have been relatively minor and a more fundamental change is now required.

### **The main issues with the current scheme**

- 2.6 There are a number of issues with the current scheme that will need addressing if the system is to continue to provide effective support to low-income taxpayers and also if the Council is able to provide the service in an efficient manner. The main issues are as follows:

- The introduction of Universal Credit for working age applicants which would mean an increased number of changes in entitlement per year – typically between eight and twelve under the current scheme;
- The desire for a much needed simplification of the scheme for claimants to understand, allowing claimants to estimate their entitlement and be clear on how the discount they receive will change with changes in income; and
- The opportunity to contain, or even, reduce the administrative burden caused by administration of multiple changes and the impact on collection rates.

- 2.7 It should also be noted that the DWP are also moving all existing Income Based Jobseeker's Allowance, Income Support and Tax Credit cases across to Universal Credit by 2024 with the remaining cases (Income Related Employment and Support Allowance) moving to Universal Credit by 2028. In effect, this move will increase the number of Universal Credit cases in the District by almost 30%.

### **The recommended approach for the 2024/25 Council Tax Reduction Scheme**

- 2.8 In view of the problems being experienced with the current scheme, it is recommended that a new approach be taken from 2024/25. The new approach fundamentally redesigns the scheme to address all of the issues highlighted and in particular;

- The targeting support available to the poorest households;
- The problems with the introduction of full-service Universal Credit; and
- The significant increase in administration costs due to the high level of changes received in respect of Universal Credit;

- 2.9 The new scheme has been completed and a full consultation has been completed with the public and the major precepting authorities in line with legislative requirements.

- 2.10 The Council has received favourable responses to the new approach from the major preceptors and in the case of the public consultation, a majority positive response has been received in respect of all of the changes proposed. In addition to the formal consultation meetings have been held with the Citizens' Advice Bureau and Watford and Three Rivers Trust.

- 2.11 If the recommendations are accepted by the Council, the new scheme will take effect from 1 April 2024.

2.12 The recommended new scheme has a number of key features as follows:

- Targeted support shall be given to those households on the lowest of incomes than in the current scheme; and
- The current means - tested schemes will be replaced by a simple income grid model as shown below:

Reduction %	Single	Single plus 1 dependant	Single plus 2 dependants	Couple	Couple plus 1 dependant	Couple plus 2 dependants
	Weekly Income levels					
100%*	£0.00 to £110.00	£0.00 to £220.00	£0.00 to £275.00	£0.00 to £165.00	£0.00 to £220.00	£0.00 to £275.00
75%	£110.01 to £165.00	£220.01 to £275.00	£275.01 to £300.00	£165.01 to £220.00	£220.01 to £275.00	£275.01 to £300.00
50%	£165.01 to £220.00	£275.01 to £330.00	£300.01 to £385.00	£220.01 to £275.00	£275.01 to £330.00	£300.01 to £385.00
25%	£220.01 to £275.00	£330.01 to £385.00	£385.01 to £440.00	£275.01 to £330.00	£330.01 to £385.00	£385.01 to £440.00
0%	Over £275.00	Over £385.00	Over £440.00	Over £330.00	Over £385.00	Over £440.00

2.13 The following paragraphs provide more detail on the operation of the new scheme:

- The highest level of discount will be at a maximum level of liability (100%), Band 1, and all current applicants that are in receipt of a ‘\*passport benefit’ such as Income Support, Jobseeker’s Allowance (Income Based) and Employment and Support Allowance (Income Related) will receive maximum discount;
- The Band D restriction will remain as at present;
- All other discount levels are based on the applicant’s and partner’s, (where they have one) net weekly income;
- The scheme allows for variation in household size with the levels of income per band increasing where an applicant has a partner, and / or dependants;
- There will be no charges made where an applicant had non-dependants living with them. This is a significant change and means that the administration of the scheme will be more straightforward whilst also protecting low-income families where adult sons and daughters for example remain at home;
- Where applicants or their partner (if they have one) are working, allowing an earnings disregard. This will be a standard disregard of up to £25 for a single applicant and £50 for couples or lone parents.

- g) Disability benefits such as Disability Living Allowance and Personal Independence Allowance will continue to be disregarded;
- h) Where any applicant, their partner or dependant child (ren) are disabled, a further disregard of £60 per week will be given, thereby maintaining the current level of support to those with disabilities;
- i) Carer's Allowance and the Support Component of Employment and Support Allowance will be disregarded;
- j) Child benefit and Child Maintenance will be disregarded;
- k) An amount in respect of the housing element, limited capability for work / work related element, child care element, disabled child element. and carer's element within universal credit will be disregarded;
- l) The total disregard on war pensions and war disablement pensions will continue;
- m) Extended payments will be removed;
- n) The capital limit of £8,000 will be retained but with no tariff (or assumed income) being applied. Any applicant who has capital above that level will not qualify; and
- o) Allowing for backdating of reduction up to a maximum of 12 months.

#### **How the new scheme will address the problems with the current Council Tax Reduction**

- 2.14 With the simplicity of the proposed new scheme and by taking a more 'Council Tax discount approach', it will address the problems associated with the increased administration caused by failings in the current scheme and Universal Credit as follows:
- 2.15 The scheme will require a simplified claiming process. All applicants will see a significant reduction in the claiming process and, where possible, Council Tax Reduction will be awarded automatically. For Universal Credit applicants any Universal Credit data received from the Department for Work and Pensions (DWP) will automatically be treated as a claim for Council Tax Reduction. Where information is received from DWP, the entitlement to Council Tax Reduction will be processed automatically without the need to request further information from the taxpayer.
- 2.16 The new scheme will avoid constant changes in discount, the need for multiple changes in instalments and therefore assist claimants by avoiding constant changes in instalments that can lead to them falling behind with payments. A side impact of this will be to assist the Council in maintaining the high collection rates.

#### **Transition to the new scheme and the Exceptional Hardship Scheme**

- 2.17 The council will need to instigate a full communications strategy to ensure all applicants are aware of the changes. This will use all channels available including a letter in council tax bills. The council will also engage with third parties such as the CAB and W3RT as well as offering face to face opportunities to discuss changes either through the visitor centre at Three Rivers House or sessions delivered through the Healthy Hubs.

2.18 Inevitably, with any change in scheme, there will be some winners and losers although the proposed scheme has been designed to protect the most vulnerable. From modelling based on current values approximately 2,109 applicants will receive either the same or more support and only 177 will receive a reduced level of assistance.

2.19 To mitigate this, the new scheme will contain additional provisions to protect individuals who experience exceptional hardship. Where any applicant is likely to experience exceptional hardship, they will be encouraged to apply for an exceptional hardship payment. The Council will consider all applications for exceptional hardship on an individual basis, taking into account available income and essential outgoings. This approach will enable individual applicants to be dealt with in a fair and equitable manner. The Exceptional Hardship Scheme will form part of the Council Tax Reduction Scheme and fall to be paid through the Collection Fund.

### **3 Options and Reasons for Recommendations**

3.1 The alternative to introducing a new scheme for Council Tax Reduction from 2024/25 is to leave the existing scheme in place. This would be a short-term option; lead to continuation of increasing costs of administration; and in the longer term, significantly affect the collection of Council Tax and the effectiveness of the scheme to support households within the Council's area.

### **4 Policy/Budget Reference and Implications**

4.1 The recommendations in this report amend the Council's Council Tax Support Scheme to allow the Council to better support the most vulnerable residents within the district. The changes outlined will help the Council maintain its council tax collection rates.

#### **Financial, Legal, Staffing, Equal Opportunities, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications**

None specific.

#### **Financial Implications**

4.2 The new scheme has been designed to be budget neutral and the financial implications are included within the revenue budget report contained within this agenda. The council tax support scheme impacts on the council tax base set by the council each year.

### **5 Legal Implications**

5.1 It is a legal requirement for the council to agree a Council Tax Reduction Scheme before the start of each new financial year.

### **6 Staffing Implications**

6.1 There are no direct staffing implications of these proposals but they are expected to allow the service to achieve the reduction in its agency staff budget within the revenue budget for 2024/25 and beyond

## **7 Equal Opportunities Implications**

7.1 **The move to the new scheme will either have a neutral or positive affect to the** majority of working age claimants. From initial modelling 377 applicants will receive more support than under the previous scheme.

7.2 As with all changes however there will be up to 177 applicants who may receive less support than previous. In all those cases, further support will be available through the Council's Exceptional Hardship Fund.

7.3 A full EIA is included at item 8 with the budget recommendations..

## **8 Climate Change and Sustainability Implications**

8.1 There are no climate change implications.

## **9 Community Safety Implications**

9.1 none

## **10 Public Health implications**

10.1 none

## **11 Customer Services Centre Implications**

11.1 Customer services staff will be trained in the new scheme and assist in dealing with queries relating to the implementation of the new scheme.

## **12 Communications and Website Implications**

12.1 A full communications strategy will be implemented making use of all media channels to publicise the change to the scheme,

## **13 Risk and Health & Safety Implications**

13.1 The subject of this report is covered by the Revenue and Benefits service plan(s). Any risks resulting from this report will be included in the risk register and, if necessary, managed within this/these plan(s).

## **14 Recommendation**

14.1 This report allows the recommendations in Item 11 to be made in respect of adi=opting the new CTSS scheme. This allows for the introduction of a new income banded / grid scheme for working age applicants with effect from 1 April 2024

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### **Data Quality**

Data sources:

[Revenues and Benefits system](#)

Data checked by:

[Jane Walker, Head of Revenues & Benefits.](#)

Data rating: Tick

<b>1</b>	<b>Poor</b>	
<b>2</b>	<b>Sufficient</b>	
<b>3</b>	<b>High</b>	<b>x</b>

**Background Papers**

**APPENDICES / ATTACHMENTS**

**Appendix A – consultation analysis**

