

<b>This report is public.</b>	
<b>Council Tax Reduction Scheme 2025/26</b>	
<b>Committee</b>	<b>Budget Planning Committee</b>
<b>Date of Committee</b>	16 July 2024
<b>Portfolio Holder presenting the report</b>	Portfolio holder for Finance and Resources, Councillor Lesley McLean
<b>Date Portfolio Holder agreed report</b>	8 July 2024
<b>Report of</b>	Assistant Director of Finance Michael Furness

## **Purpose of report**

To enable members to consider the proposed banded scheme for Council Tax Reduction (CTR) for 2025/26.

### **1. Recommendations**

The Budget Planning Committee resolves:

- 1.1 To note the contents of the report, and any financial implications for the Council.
- 1.2 To recommend to Executive that the current scheme is retained for 2025/26.

### **2. Executive Summary**

To enable members to consider the proposed banded scheme for Council Tax Reduction for 2025-26.

The current scheme was introduced from April 2020 following a period of consultation and engagement. In general, it has been well received with limited contact from customers. It is proposed to continue with the current scheme updated for inflationary factors.

The scheme assesses the maximum level of Council Tax Reduction based on the net income of the applicant and household members; the main principles of the scheme remain unchanged. Pensioners are protected and continue to be eligible to receive 100% Council Tax Reduction.

If the applicant or partner is in receipt of a passported benefit such as Income Support Job Seekers Allowance (JSA), income based and income related Employment and Support Allowance (ESA) or receiving War widows or War disablement pensions they will be placed into the highest band and will receive 100% Council Tax Reduction. Working age households will receive a discount, depending on their level of income

and the band that they fall into. The current scheme is understood by customers and has enabled them to budget for their council tax payments, and this is reflected in the Council Tax collection rates with Cherwell being the highest performer across the county for 2023 -24. The current scheme reduces the number of changes that the customer will experience with less bills and notification letters generated and enables better personal budgeting. There is still a lot of financial uncertainty for many customers and in the current financial climate, it is therefore recommended that the existing scheme should be retained for 2025-26.

## Implications & Impact Assessments

Implications	Commentary		
<b>Finance</b>	<p>The MTFs has assumed the current scheme will be retained. Any changes to the existing caseload will be accommodated as part of the budget process with final estimates included in the annual council tax base calculation.</p> <p>Kelly Wheeler, Finance Business Partner, 19/06/2024</p>		
<b>Legal</b>	<p>Since 1 April 2013, local authorities in England have been responsible for running their own local schemes for help with council tax. These are called Council Tax Reduction schemes.</p> <p>Section 13A of the Local Government Finance Act 1992 requires the Council as the billing authority to make a localised council tax reduction scheme in accordance with section 1A of the Act. Each financial year the council must consider whether it wants to revise the scheme, leave as is or replace it. Consultation must occur on any options required to change the scheme prior to introduction and is set out in Schedule 1A (3) of the Local Government Finance Act 1992. No changes to the scheme are being considered in this report.</p> <p>The 1992 Act provides that a billing authority's Council Tax Reduction Scheme must include prescribed matters set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012. Therefore, the Council is required, without any exercise of discretion, to amend the CTR Scheme, to reflect any changes made to those regulations.</p> <p>Shahin Ismail, Interim Head of Legal Services, 18.06.2024</p>		
<b>Risk Management</b>	<p>There are no risk implications arising as a direct consequence of this report, if any arise, they will be managed through the service operational risk and escalated the leadership risk as and when deemed necessary.</p> <p>Celia Prado-Teeling, Performance Team Leader, 19 June 2024</p>		
<b>Impact Assessments</b>	Positive	Neutral	<p>Negative</p> <p>Commentary</p>

<b>Equality Impact</b>	x			<p>This report, and the proposal to continue the Council Tax Reduction Scheme have been developed with our most vulnerable residents in mind. Any equality and diversity concerns have been appropriately considered from the outset, if a new proposal arises this will be screened for relevance against our statutory duties to promote equality and an impact assessment will be completed.</p> <p>Celia Prado-Teeling, Performance Team Leader, 19 June 2024</p>
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?	x			
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
<b>Climate &amp; Environmental Impact</b>				<p>The reduction of bills and notification letters being issued because of the income bands is having a positive impact on the carbon footprint for Cherwell.</p> <p>Jo Miskin (he/him) Climate Action Manager 07900 227103</p>
<b>ICT &amp; Digital Impact</b>				N/A
<b>Data Impact</b>				None required. The scheme uses only existing data held. No further personal data will be requested, obtained, held, or published.
<b>Procurement &amp; subsidy</b>				N/A
<b>Council Priorities</b>				
<b>Human Resources</b>	N/A			
<b>Property</b>	N/A			
<b>Consultation &amp; Engagement</b>	There are no proposed changes therefore no consultation is required.			

## Supporting Information

### 3. Background

- 3.1 The Council Tax Reduction caseload has been monitored and there has been a reduction in the number of live cases from 6,109 in June 2023 to 6,035 in June 2024.
- 3.2 As customers transition onto Universal Credit customers are not always advised by the Department for Work and Pensions (DWP) that in order to make a claim for Council Tax Reduction (CTR), they will need to make this directly with the local authority, so in these circumstances we do see the caseload fluctuate when backdated requests for CTR are received throughout the year.
- 3.3 The in-year Council Tax collection rate for the 2021/22 financial year was 98.07% compared to 98.05% in 2022/23 and 98.02% for 2023/24, which remains the highest rate within the Oxfordshire authorities. In considering the CTR Scheme for 2025/26 members should be mindful that any changes to the scheme that reduce entitlement to CTRS could have an adverse impact on collection rates.

### 4. Details

- 4.1 Since the introduction of the CTRS the benefits landscape has drastically changed. Universal Credit (UC) is based on real time information which means that any change in income generates a change in CTR through data files received directly from the DWP. Residents were therefore, receiving multiple bills and letters during the year making the process a poor user experience and making budgeting for individuals very difficult.
- 4.2 In December 2019 the Council agreed to move to an income banded scheme for customers that were of working age. The scheme assesses the maximum level of CTR based on the net income of the applicant and household members, the main principles of the scheme are as follows:
- If the applicant or partner is in receipt of one of the passported benefits (Income Support, Job Seeker's Allowance Income Based and Income Related Employment and Support Allowance or receiving War Widows or War Disablement Pensions they will automatically be placed in the highest band of the scheme and will receive 100% support.
  - Working age households will receive a discount, depending on their level of income and the band that they fall into.
  - Under this scheme, as part of our ongoing commitment to support disabled people, we will continue to disregard Disability Living Allowance, Personal

Independence Payments, War Disablement Benefits and will also continue to disregard Child Benefit and child maintenance.

- As highlighted earlier in this report the introduction of Universal Credit and Real Time Information files means that customers can experience frequent changes in their Council Tax Reduction which in turn impacts on the amount of Council Tax payable. This makes budgeting for households more of a challenge and is impacting on our ability to collect Council Tax. The banded scheme is simpler for residents to understand and any future changes to the value of awards can be achieved by simply adjusting the banding thresholds.
- Residents experience less change in their CTR, and the scheme reduces the number of letters and Council Tax demands issued. The Council has seen an overall reduction in printed mail and dispatch of 27% over the 4 years since the introduction of the CTR scheme when comparing the last quarter of 2019 to the last quarter of 2023 and in April and May 2024 the printed mail packs have reduced further by 2164 packs.

4.3 The current scheme was introduced from April 2020 following a period of consultation and engagement. In general, it has been well received with limited contact from customers affected by the change.

4.4 There is a requirement to consult with the public, major preceptors, and other parties, who may have an interest in the CTR Scheme on any material changes to the scheme. If members would like to consider a change to the current banded scheme, then a full consultation will need to be undertaken.

4.5 Any amendments proposed to the scheme (other than uprating thresholds for inflation) would require significant consultation to take place. If any changes were made to the scheme, it is unlikely to generate significant additional resources to the Council.

## **5. Alternative Options and Reasons for Rejection**

5.1 The alternative option is to undertake a review of the current CTRS scheme but 6.1 and 6.2 explains the rationale for not taking this course of action.

## **6 Conclusion and Reasons for Recommendations**

6.1 The current scheme is understood by customers and has enabled them to budget for their council tax payments. One of the main advantages of the banded scheme is that it reduces the number of changes that the customer will experience enabling more effective personal budgeting.

6.2 There is still a lot of financial uncertainty for many customers and in the current financial climate with the ongoing cost of living crisis it is therefore recommended that the existing scheme should be retained for 2025/26.

## Decision Information

<b>Key Decision</b>	N/A
<b>Subject to Call in</b>	N/A
<b>If not, why not subject to call in</b>	N/A
<b>Ward(s) Affected</b>	All

## Document Information

<b>Appendices</b>	
<b>Appendix 1</b>	None
<b>Background Papers</b>	None
<b>Reference Papers</b>	None
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