

CABINET

23 July 2024

Title: Council Tax Support Scheme 2025/26 – Options and Consultation	
Report of the Cabinet Members for Finance, Growth and Core Services and Community Leadership and Engagement	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Summary <p>The Council has a statutory duty to consider annually whether to revise its Local Council Tax Support (CTS) scheme for working age recipients, replace it with another scheme or retain the current scheme. This excludes the scheme that exists for pension age recipients which is a nationally prescribed scheme and cannot be varied locally.</p> <p>At its meeting on the 31 January 2024 (Minute 57 refers) the Assembly agreed to support the implementation of the recommended ‘income banded discount’ CTS scheme as the Council’s proposed replacement CTS scheme for 2024/25.</p> <p>The Council previously made a significant investment into the 2023/24 CTS scheme increasing the maximum level of support from 75% to 85% resulting in a reduced minimum payment from 25% to 15% of the Council Tax bill as a way of supporting low-income residents specifically during the cost-of-living crisis and following on from the Covid-19 pandemic.</p> <p>This uplift was maintained into the 2024/25 CTS scheme, as part of the new replacement scheme, extending this increased core support provided by the scheme during a continued period of high inflation and cost-of-living. This uplift in support was intended to be a temporary measure and subject to ongoing review, taking account of changes to cost-of-living pressures and the wider challenging financial position of the Council.</p> <p>The budgetary challenges faced by the Council into 2025/26 requires a review of all expenditure, including the option to reduce the amount of support provided through the CTS scheme for working age households, to ensure it remains affordable to the Council, while continuing to provide sufficient levels of support to residents. Any reduction in support from the CTS scheme will support cost avoidance and is unlikely to be realised as a fiscal saving on current expenditure.</p> <p>This report sets out proposals to consider maintaining or reducing the current level of support provided through the CTS scheme for working age households only. Pension age households remain protected under the nationally prescribed scheme.</p>	

The Assembly has a legal duty to approve the CTS scheme by 11 March prior to the tax year in which the scheme is due to take effect.

The report seeks endorsement of the recommended CTS scheme and approval to consult on the proposals, the outcome of which will be included in a report to the Cabinet later in the year.

Recommendation(s)

The Cabinet is recommended to:

- (i) Endorse Model 2, as detailed in section 4 of the report, as the Council's draft proposed CTS scheme for 2025/26;
- (ii) Agree the commencement of public consultation on the proposed amendments to the CTS scheme for 2025/26; and
- (iii) Note that following the public consultation, the final proposed CTS scheme for 2025/26 shall be determined by the Assembly in early 2025.

Reason(s)

To support the Council in how it delivers and supports low-income residents with a fair and equitable approach to the management of their Council Tax costs through the core financial support provided by the CTS scheme balancing the need to support residents with a sustainable and balanced financial budget for the Council.

1. Introduction and Background

- 1.1 The Welfare Reform Act in 2012 abolished Council Tax Benefit (CTB) from April 2013 and, in its place, support took the form of a local Council Tax Support Scheme (CTS). For working age customers, the scheme is determined by the Billing Authority and for those of Pension age it is prescribed by legislation. The scheme that exists for Pension age recipients is a national scheme and this cannot be varied at a local level. Prescribed regulation changes to the Pension age scheme must be applied every financial year. The national Pension age scheme and the default CTS scheme very much mirrors the former means tested national Council Tax Benefit (CTB) scheme.
- 1.2 The Local Government Finance Act 2012 contains provisions for the setting up of local support schemes. The current scheme in Barking & Dagenham is based on an 'income banded discount scheme', replacing the previous means tested default scheme for 2024/25 and has been ratified by Assembly.
- 1.3 The Council must consider whether to revise or replace its CTS scheme each financial year, in accordance with requirements of schedule 1A of the Local Government Finance Act 1992, for working age recipients. However, it does not actually have to revise or replace its scheme and can choose to retain the scheme unchanged from the prior financial year.

- 1.4 In order to change its scheme the Council is required by law to:
- Consult with the major precepting authorities;
 - Consult with other persons it considers are likely to have an interest in the operation of the scheme including with the public on any draft scheme.
- 1.5 Local schemes must take account of and support the following principles:
- Work incentives and avoid disincentives for those moving into work;
 - The Council's duties to protect vulnerable people (under the Equality Act 2010, the Care Act 2014, the Child Poverty Act 2010 and the Housing Act 1996);
 - The Armed Forces Covenant.
- 1.6 The current CTS scheme for 2024/25 replaced the previous means tested approach under the default scheme with an 'income banded discount scheme'.
- 1.7 The income banded discount scheme provides support based on bands of income and provides a percentage discount off the Council Tax bill (the CTS award). The number of discount bands, the level of discount and income thresholds can all be varied. Income banded discount schemes can be designed to be as simple or as complex as desired, can be made more or less generous and designed to support protected groups if required. Re-assessment of cases will only be required if income crosses one of the income band thresholds.
- 1.8 Economic Context**
- 1.9 The Council has faced significant financial and operational challenges during 2023/24. The financial sustainability of the Local Government sector continues to be extremely challenging. There have been significant cuts over several years to the Revenue Support Grant from the Department for Levelling Up, Homes and Communities (DLUHC) and whilst headline core spending power has increased, in real terms, funding is still far below what it was over a decade ago.
- 1.10 Councils like Barking and Dagenham with high levels of deprivation have faced rising demand for services because of growing poverty. At the same time as this they have had to find significant savings as part of a wider squeeze on public finances.
- 1.11 The combination of these factors has led to significant challenges for the Council in setting a balanced budget for 2024/25 and planning for the future to ensure that it remains financially sustainable.
- 1.12 The Medium Term Financial Plan (MTFP) sets out a forecast budget gap of £8.8m for 2024/25 with a drawdown from reserves with a forecast gap of £11.69m into 2025/26.
- 1.13 At current service and cost levels the Council's budget will be unsustainable and new robust savings will need to be identified with urgency to deliver a longer-term sustainable budget.
- 1.14 To help residents with the cost-of-living crisis the Council agreed to temporarily increase the level of support through the CTS scheme in 2023/24, subject to continued review based on demand and affordability, by reducing the minimum

payment required from 25% to 15% to help its residents cope with this crisis. This level of support was retained in 2024/25 but consideration will need to be given to a reduction in support and cost for the remainder of the MTFs to ensure the Council has a sustainable budget.

- 1.15 The Council recognises the impact of Covid-19 and the cost-of-living crisis and this means any changes impacting residents may contribute further to this situation. Although inflation has reduced it is recognised that costs remain high and are affecting residents on a day to day basis. Any changes proposed to the CTS scheme will seek to balance cost avoidance proposals whilst protecting the most vulnerable, mitigating negative impacts as far as possible.
- 1.16 Any disadvantage from the proposed changes is justified by the legitimate aim for the Council to ensure it has a sustainable and balanced budget so that the Council can continue to deliver both statutory and non-statutory services.
- 1.17 It should be acknowledged that any reduction to the CTS scheme will require the collection of monies no longer granted as a discount through the scheme. This will increase the pressure on collection and is unlikely to see the full value of any cost avoidance realised. This may contribute to a reduced collection rate and an increase in recovery action and costs.
- 1.18 The CTS scheme is currently seeing growth in the 1st quarter of 2024/25 that has seen scheme costs increase by c£140k in year. Increased growth in the scheme is likely to result in scheme costs increasing into 2025/26 despite proposed reductions in support. Any reduction in support should be seen as a measure of cost avoidance.
- 1.19 This paper sets out an overview of the current CTS scheme, the impact of maintaining the current level of support, and the impact of proposals to reduce the current level of support provided through the scheme by reducing its expected cost as a matter of cost avoidance.

2. Proposal and Issues

- 2.1 **An overview of the current CTS scheme 2024/25 (Income Banded discount scheme)**
- 2.2 The current CTS scheme is based on an income banded discount scheme and was first introduced for the 2024/25 financial year. This scheme applies to working age applicants only. The scheme for working age households can be modified and varied by the Council, ensuring key principles and legislative requirements are met.
- 2.3 The Pension age scheme remains nationally prescribed by the Government. This scheme must be retained by all Councils in respect of Pensioner households (prescribed scheme) and cannot be varied and replicates the previous Council Tax Benefit (CTB) scheme.
- 2.4 The key characteristics of the current CTS scheme for 2024/25 can be summarised as follows:

- Income band thresholds based on all household income with a set discount (%) reduction in the Council Tax bill (the CTS award).
- The maximum award is set at 85% requiring a 15% minimum payment for all applicants.
- The following incomes are disregarded in full from the assessment of total household income:
 - Housing Benefit
 - UC Housing costs
 - UC Childcare support
 - UC limited capacity for work
 - UC Carers element
 - UC disabled child element
 - Child Benefit
 - War Pensions
 - Personal Independence Payment (PIP) & Disability Living Allowance (DLA)
- All other household incomes are taken into account.
- Flat rate non-dependant adult deductions of £7.50 per week for all other adults in the household (maintaining no deduction for those in receipt of disability benefits) are applied.
- Household size allowance is restricted to 2 children (to mirror UC and welfare reform).
- The capital limit for eligibility to the scheme is £6,000

2.5 The scheme currently has the following income bands thresholds and discounts:

Band	Discount	Single (Weekly net income)	Couple (Weekly net income)	Single 1+ children addition	Single 2+ children addition	Couple 1+ children addition	Couple 2+ children addition
1	85%	£0-£96	£0-£164	£0 - £184	£0 - £284	£0 - £252	£0 - £352
2	70%	£96 - £140	£164 - £208	£184 - £228	£284 - £338	£252 - £296	£352 - £406
3	55%	£140 - £168	£208 - £238	£228 - £262	£338 - £382	£296 - £334	£406 - £456
4	40%	£168 - £188	£238 - £260	£262 - £296	£382 - £426	£334 - £370	£456 - £506
5	25%	£188 - £208	£260 - £282	£296 - £320	£426 - £460	£370 - £396	£506 - £542
6	15%	£208 - £240	£282 - £316	£320 - £376	£460 - £506	£396 - £452	£542 - £605

2.6 The current CTS case load (2024/25)

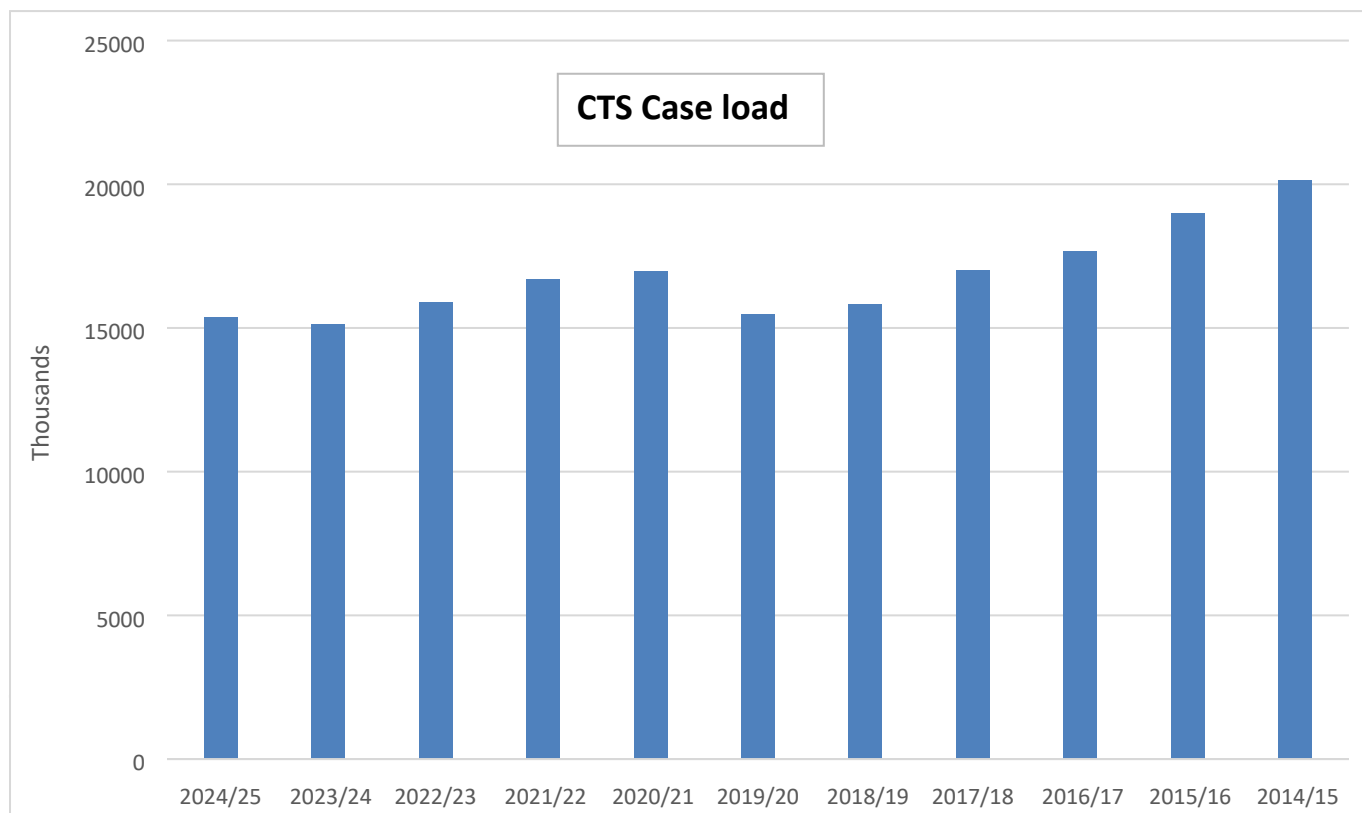
2.7 The current CTS scheme¹ caseload is as follows:

Case load count Combined	Working age	Pension age
15,367	10,865	4500

2.8 Case load extract is taken at a point in time (May 2024) and does not account for continued growth in the scheme.

¹ 03.05.2024 CTS case load

- 2.9 The CTS caseload has historically declined year on year with the exception of 2020/21 due to the impact of Covid-19.
- 2.10 Increases in caseload between 2023/24 and 2024/25 are an indicator of continued pressure on household finances within the borough.
- 2.11 Demand on the scheme has largely remained stable despite cost pressures around cost of living and previously the impact of Covid-19.



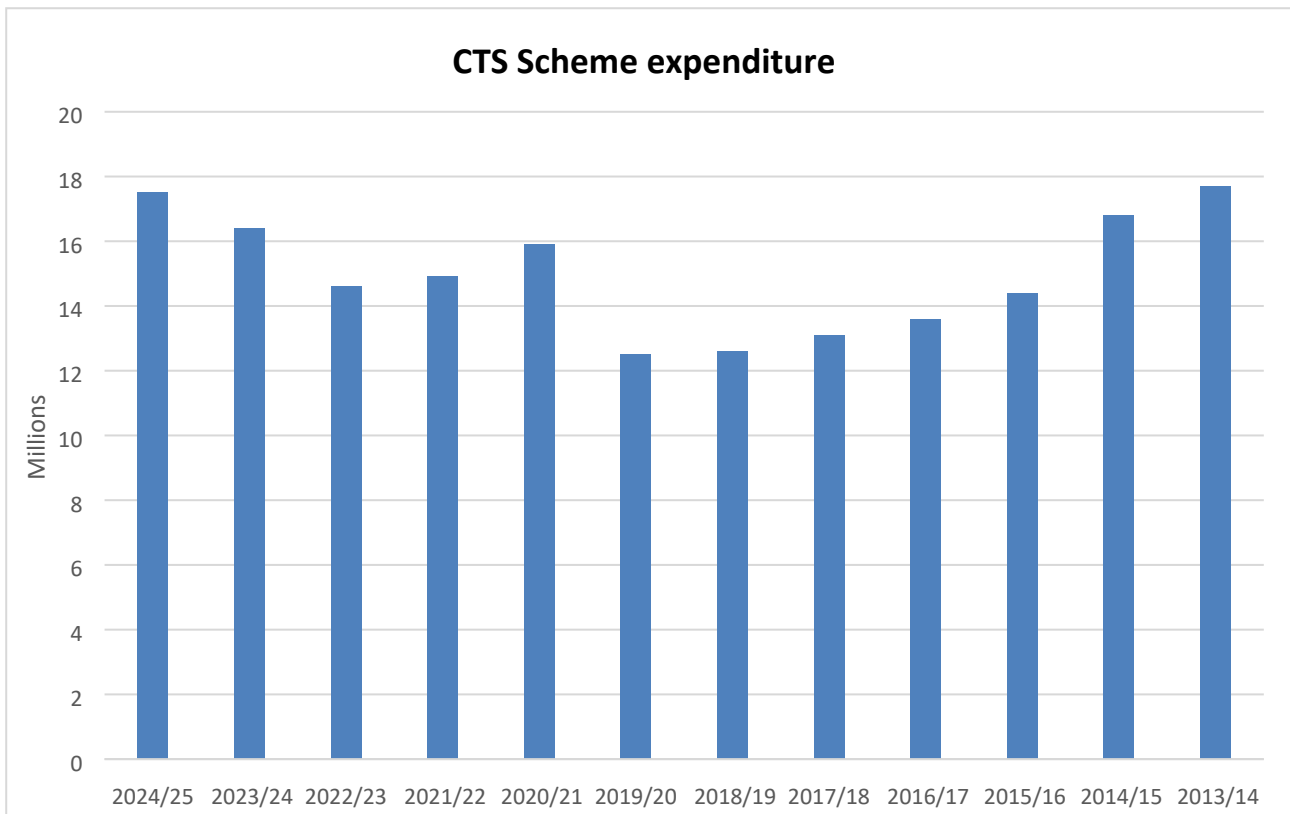
2.12 Current CTS expenditure (2024/25)

2.13 The current scheme expenditure² is as follows:

Total CTS expenditure Combined	Working age	Pension age
£17,508,007.52	£11,781,917.89	£5,726,089.63

- 2.14 CTS expenditure is taken at a point in time (May 2024) and does not account for continued growth in the scheme.
- 2.15 CTS expenditure reduced year on year from the commencement of a localised CTS scheme in 2012/13 up until 2020/21 (impact of Covid-19) and will vary based on demand throughout the financial year.

² 03.05.2024 CTS expenditure



- 2.16 The impact of Covid-19 within the 2020/21 financial year saw significantly increased demand for access to the scheme resulting in an increase in expenditure reversing the pressure trend of a reduction in expenditure.
- 2.17 The Council made a significant investment into the CTS scheme for 2023/24 by increasing the maximum award from 75% to 85% reducing the minimum payment from 25% to 15%.
- 2.18 This increased the scheme costs from 14.6m (2022/23) to 16.6m (2023/24) and ended year on year decreases in expenditure (excluding 2020/21).
- 2.19 Increased expenditure into 2024/25 is in part attributed to an increase in Council Tax of 4.99%. This increased scheme costs by c£900k and is not a reflection of demand on the scheme. Continued increases in Council Tax of 4.99% year on year will continue to drive up the cost of the scheme.
- 2.20 **The Current CTS scheme (2024/25)**
- 2.21 The current CTS scheme has a very high proportion of claims and expenditure in Band 1 (maximum award). This highlights the low income demographic of residents currently in receipt of CTS. The table below relates to the working age part of the scheme only.

Bands	Expenditure annual Working age only	Expenditure weekly	Number of claimants	Claimant %	Average Award
1	£9,955,608.66	£190,929.47	8478	78.03%	£22.52
2	£756,261.59	£14,503.65	742	6.83%	£19.55
3	£622,548.53	£11,939.29	753	6.93%	£15.86
4	£333,194.55	£6,390.03	535	4.92%	£11.94
5	£77,676.69	£1,489.69	199	1.83%	£7.49
6	£36,627.88	£702.45	158	1.45%	£4.45
Total	£11,781,917.89	£225,954.58	10865	100%	£20.80

2.22 Universal Credit migration

2.23 Managed migration of the remaining old style legacy Benefits to UC has now commenced. The scheduling of the first wave of migration is due to complete by December 2024 with the remaining case scheduled to complete by December 2025.

2.24 UC migration will affect the CTS caseload and will have a variable effect on the level of CTS awards depending on the type of Benefits being replaced by the migration.

2.25 There are currently estimated to be 3638 (33%) current CTS cases that will migrate to UC. 2887 of the cases are currently in Band 1 and are expected to be retained in this band therefore having no impact on expenditure from the change in Benefit type.

2.26 The impact on the remaining cases cannot be accurately forecasted due to limitations in modelling but may increase expenditure with awards being higher under the scheme which is as an average more generous to those applicants on UC.

2.27 Unclaimed CTS (income maximisation) and growth

2.28 There is currently a significant amount of unclaimed CTS for residents on UC that can be identified on the existing caseload.

2.29 Approximately 2800 claims have been identified as being entitled to CTS without a current live claim with an annual sum value of c£1.8m annually.

2.30 Unclaimed CTS puts pressure on collection by requiring collection from those residents unable to pay. It also highlights the potential for significant growth in the expenditure of the CTS scheme.

2.31 A targeted CTS take up campaign run by the Homes & Money Hub this financial year is likely to result in further increased growth and the overall expenditure of the scheme into 2025/26.

- 2.32 Successful welfare take up campaigns have on average a maximum of 25-35% success rates. It is not possible to forecast the success rate of any take up initiative at this stage.
- 2.33 For the in-year period to date (April-June) the CTS scheme has seen continued natural growth that has resulted in an additional £140k in expenditure. This has been caused by a high volume of applications to the scheme.
- 2.34 If this level of growth were to be maintained throughout the financial year, the cost of the scheme would continue to increase.
- 2.35 Projections and forecasts for expenditure into 2025/26 cannot account for natural growth or take up work and therefore may not accurately forecast the cost of the scheme.

3 Model 1 CTS scheme for 2025/26

- 3.1 In order for the CTS scheme to provide the same level of support in 2025/26 as it does currently the income band thresholds must be increased and uprated. This is because both income related Benefits and earnings (National Minimum wage) are automatically uprated in April. As a consequence, applicant incomes will increase year on year. Failing to uprate the income bands would result in a cut to the scheme.
- 3.2 Projections for income uprating are currently predicted at 3.5% for Benefit uprating (based on projected CPI inflation figures) and an increase of 3.9% in the National Minimum wage (NMW).³
- 3.3 Model 1 proposes retaining all aspects of the scheme the same as set out in paragraph 2.4 above, with uprating of the income banding table only.
- 3.4 Model 1 proposes the following income banding table:

Band	Discount	Single (Weekly net income)	Couple (Weekly net income)	Single 1+ children addition	Single 2+ children addition	Couple 1+ children addition	Couple 2+ children addition
1	85%	£0 - £105	£0 - £175	£0 - £193	£0 - £313	£0 - £270	£0 - £388
2	70%	£100 - £156	£175 - £228	£193 - £249	£313 - £374	£270 - £326	£388 - £453
3	55%	£156 - £189	£228 - £256	£249 - £288	£374 - £420	£326 - £367	£453 - £503
4	40%	£189 - £203	£256 - £288	£288 - £326	£420 - £462	£367 - £411	£503 - £552
5	25%	£203 - £226	£288 - £304	£326 - £349	£462 - £488	£411 - £422	£552 - £589
6	15%	£226 - £266	£304 - £325	£349 - £402	£488 - £553	£422 - £442	£589 - £641

- 3.5 All band discounts are retained at the current level with the maximum 85% award maintained.
- 3.6 The income band thresholds proposed in Model 1 ensure that the impact of Benefit and NMW uprating is accounted for. This will ensure that applicants will remain in

³ The National Minimum Wage in 2024 and forecast National Living Wage in 2025 (March 2024) – Low Pay Commission

the same income band as currently, ensuring consistency in their award and avoiding drops between bands causing large reductions in support.

3.7 Model 1 replicates closely the level of support currently provided in the 2024/25 scheme in so far as possible.

3.8 **Retaining the current CTS scheme into 2025/26 (Model 1) and projected costs**

3.9 The Council has undertaken both internal and external modelling on the impact of retaining the current level of support provided by the current CTS scheme into 2025/26.

3.10 The Council have worked with a specialist provider ‘EntitleTo’ to model the impact of retaining the current CTS scheme into 2025/26.

3.11 The analysis on this paper is based on internal Council modelling and has been verified for accuracy by external modelling. Results from external modelling will be provided in future papers to verify the proposed scheme and expenditure.

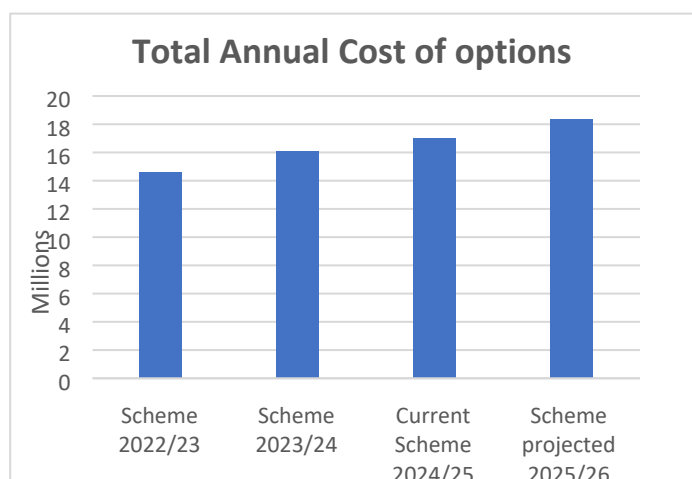
3.12 Fluctuations in the caseload and demand on the scheme (growth & take up initiatives) mean any modelling undertaken is subject to change once the scheme is implemented. **Costs are likely to be underestimated in this projection.**

3.13 Projections are assumed that Council Tax will increase by the maximum 4.99% into 2025/26.

3.14 Maintaining the current scheme into 2025/26 would increase scheme costs from £17.5m (2024/25) to an estimated £18.37m (2025/26). Circa a £870K increase in expenditure.

Group	£/annum (2025/26)
All working age	£12.36m
Pension age	£6.01M
Total	£18.37m

3.15 This assumes the CTS caseload remains the same as currently with no forecasted increase. Any growth or take up work for unclaimed CTS will add further expenditure to this forecast.



3.16 The impact analysis of retaining the CTS scheme 2025/26 (Model 1)

3.17 Model 1 has been designed to maintain the same overall level of support as the current scheme projected into 2025/26 with income uprating applied. Income band thresholds have been updated to take account of increases in applicant incomes.

3.18 The current caseload can be broken down into the income bands. This demonstrates the high level of poverty and deprivation that is evident in the demographic of the CTS scheme. Currently 77.78% of the caseload has income which results in applicants being placed into band 1 with a maximum award.

3.19 Model 1 maintains the majority of applicants in the same income band ensuring that the level of support is maintained compared to the current scheme.

Group	Number of claimants	Percentage of band droppers	Down 1 band	Down 2 bands	Up 1 band	Up 2 bands	% of band changes
Single	2577	1.40%	36	0	10	0	0.39%
Single 1 child	1364	3.01%	41	0	18	0	1.32%
Single 2+ children	2367	2.28%	54	0	33	0	1.39%
Couple	447	10.74%	48	0	8	0	1.79%
Couple 1 child	312	10.58%	32	1	3	0	0.96%
Couple 2+ children	1089	2.94%	32	0	57	0	5.23%
Passport Benefit	2709	-	-	-	-	-	-
Totals	10868	2.99%	243	1	129	0	1.58%

3.20 The average CTS award in Model 1 is projected as follows:

Group	Caseload count	2024/25 average CTS award	Model 1 average CTS award
All working age	10865	£20.80	£21.83
UC	7246	£20.55	£21.50
Legacy benefit	3619	£21.28	£22.51

3.21 The average CTS award by income band is projected as follows:

Income Band	2024/25 average CTS award	Model 1 average CTS award
Band 1	£22.52	£23.69
Band 2	£19.55	£20.54
Band 3	£15.86	£16.71

Band 4	£11.94	£12.58
Band 5	£7.49	£7.82
Band 6	£4.45	£4.66

3.22 Average awards can also be broken down by the type of Benefit received taking account of those applicants with Disability Benefits and barriers to work. This demonstrates that the scheme provides greater levels of support to those with barriers to work or disability protecting the most vulnerable.

Group	Caseload count	2024/25 average CTS award	Model 1 average CTS award
Disability Living Allowance (DLA) & Personal Independence payment (PIP)	3845	£23.11	£24.25
Employment Support Allowance (ESA)	541	£20.64	£21.80
UC Limited capacity for work (UC-LCW)	743	£20.53	£21.60
Totals	5129		

3.23 Although Model 1 retains the same levels of support some claimants will be better/worse off. This is because the scheme cannot be replicated exactly to the current scheme.

3.24 97.76% would see an increase in their award which is expected due to a projected increase in Council Tax costs. The average increase in the award is £1.03 Per week.

3.25 2.24% would see a reduction on their current CTS award under Model 1. The breakdown of claimants who lose support under Model 1 is as follows:

Household Type	Number of claimants	Percentage who lose out	Average weekly loss
Passported Benefit	0	0	0
Single	48	10.74%	£2.14
Single 1 child	33	10.58%	£2.35
Single 2+ children	32	2.94%	£2.35
Couple	36	1.40%	£1.39
Couple 1 child	41	3.01%	£1.67
Couple 2+ children	54	2.28%	£1.57

Income Band	Number of claimants	Percentage who lose out	Average weekly loss
Band 1	0	0	0
Band 2	41	5.31%	£1.52
Band 3	39	5.19%	£1.47
Band 4	39	7.69%	£1.56
Band 5	52	28.73%	£1.57
Band 6	49	27.53%	£1.54
Band 7	24		£5.05

Barriers to work	Number of claimants	Percentage who lose out	Average weekly loss
DLA/PIP claimant	3845	1.01%	-£4.69
ESA claimant	541	1.08%	£0
UC-LCW claimant	743	0.95%	-£4.47

3.26 This demonstrates a small percentage who lose out from retaining the level of support in Model 1.

3.27 Overall impact analysis Model 1

3.28 The overall impact of Model 1 will provide largely the same level of support as the current scheme projected into 2025/26.

3.29 This model will provide the highest level of support for residents but will not deliver any cost avoidance and will not support the Council in delivering a sustainable budget.

3.30 As model 1 maintains the same level of expected expenditure as the current scheme projected into 2025/26 (excluding growth and take up initiatives) there is no expected impact to Council Tax collection as there is no reduction in support contributing to delayed/unpaid Council Tax beyond any current issues.

4. Model 2 CTS scheme for 2025/26 (Recommended)

4.1 In order for the Council to retain a balanced and sustainable budget a reduction in support provided through the CTS scheme is recommended that takes account of the temporary increase in the maximum level of support implemented for 2023/24 while acknowledging continued cost of living pressures for residents in the borough.

4.2 Model 2 proposes a 5% cut to support for all the income bands (working age). This will result in a maximum award of 80%, a reduction of 5% on the current maximum of 85% and will apply to all bands 1-6.

4.3 A minimum payment of 20% would be required in all cases.

4.4 An increase in the flat rate non-dependant deduction amount from £7.50 to £10.00 is proposed for all adults in the property while maintaining the current exemptions for receipt of disability benefits. This will reflect increases in non-dependant income.

4.5 This represents a cost saving in expenditure on the scheme of £203,684 per annum. All other aspects of the scheme will remain the same as set out in paragraph 2.4 above. No further changes to the household income disregards or capital limit are proposed.

4.6 The income band thresholds will remain uprated in line with Model 1 to ensure that the impact of Benefit and income uprating is accounted for. This will ensure that applicants will remain in the same income band ensuring consistency in their award and avoiding drops between bands causing large reductions in support. This is especially important when considering a reduction in the level of the award.

4.7 Model 2 recommends the following income banding table:

Band	Discount	Single (Weekly net income)	Couple (Weekly net income)	Single 1+ children addition	Single 2+ children addition	Couple 1+ children addition	Couple 2+ children addition
1	80%	£0 - £105	£0 - £175	£0 - £193	£0 - £313	£0 - £270	£0 - £388
2	65%	£100 - £156	£175 - £228	£193 - £249	£313 - £374	£270 - £326	£388 - £453
3	50%	£156 - £189	£228 - £256	£249 - £288	£374 - £420	£326 - £367	£453 - £503
4	35%	£189 - £203	£256 - £288	£288 - £326	£420 - £462	£367 - £411	£503 - £552
5	20%	£203 - £226	£288 - £304	£326 - £349	£462 - £488	£411 - £422	£552 - £589
6	10%	£226 - £266	£304 - £325	£349 - £402	£488 - £553	£422 - £442	£589 - £641

4.8 A maximum award of 80% or a minimum payment of 20% (Band 1) is held to continue to provide a sufficient level of support for low income households in the borough.

4.9 A maximum award of 80% remains comparable to other Greater London Authority CTS schemes based on a comparison in 2024/25.

4.10 Local London Borough CTS scheme comparison 2024/25 (Maximum CTS awards):

- Redbridge – 78%
- Havering – 75%
- Newham – 90%
- Greenwich – 100%
- Hackney – 85%
- Bexley – 80%
- Waltham Forest – 85%
- Haringey – 100%
- Enfield – 50% unless protected

4.11 **Projected CTS scheme costs 2025/26 (Model 2)**

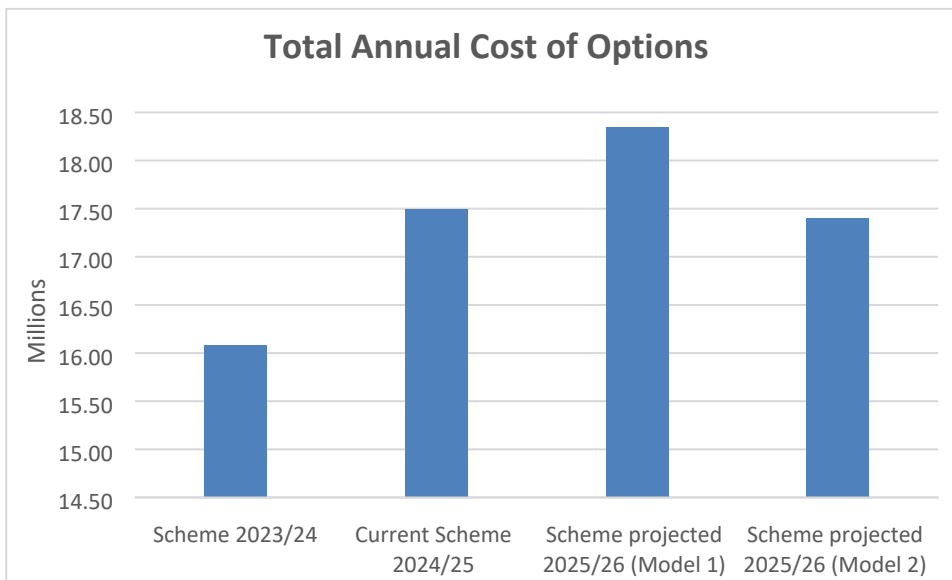
4.12 Maintaining the current scheme into 2025/26 while retaining the current level of support is projected to cost £18.35m (Model 1).

4.13 Model 2 is projected to cost £17.4m (exclusive of any growth or take up initiatives).

Group	£/annum (2025/26) Model 1	£/annum (2025/26) Model 2	Saving %
All working age	£12.36m	£11.41m	7.68%
Pension age	£6.01m	£6.01m	-
Total	£18.35m	£17.40m	5.18%

4.14 This is projected to provide cost avoidance of c£950k on the cost of retaining the current scheme into 2025/26. This is a 7.68% saving on the working age scheme.

4.15 This assumes the CTS caseload remains the same as current with no forecasted increase. Any growth or take up work for unclaimed CTS will add further expenditure to this forecast.



4.16 The expenditure on the Pension age scheme cannot be varied as the scheme is nationally prescribed and provides a maximum award of up to 100%.

4.17 Increased Council Tax costs of 4.99% will drive an increase in expenditure on both the Pension and working age components of the scheme. Further costs are likely to be added due to natural growth and take up initiatives.

4.18 The impact analysis of the proposed CTS scheme 2025/26 (Model 2)

4.19 Model 2 has been designed to reduce the overall level of support from the scheme by reducing the income band % (the CTS award) by 5% for all income bands.

4.20 Income band thresholds are replicated to Model 1 and maintain the majority of applicants in the same income band as shown in paragraph 3.19 above.

4.21 The average CTS award compared to Model 1 is projected as follows:

Group	Caseload count	Model 1 average CTS award	Model 2 average CTS award
All working age	10865	£21.83	£20.15
UC	7246	£21.50	£19.83
Legacy benefit	3619	£22.51	£20.80

4.22 The average CTS award by income band is projected as follows:

Income Band	Model 1 average CTS award	Model 2 average CTS award
Band 1	£22.52	£22.00
Band 2	£19.55	£18.80
Band 3	£15.86	£15.04
Band 4	£11.94	£10.91
Band 5	£7.49	£6.18
Band 6	£4.45	£3.07

4.23 Average awards can also be broken down by the type of Benefit received taking account of those applicants with Disability Benefits and barriers to work. This demonstrates that Model 2 will cut support to those with barriers to work or disability.

Group	Caseload count	Model 1 average CTS award	Model 2 average CTS award
Disability Living Allowance (DLA) or Personal Independence payment (PIP)	3845	£21.83	£20.15
Employment Support Allowance (ESA)	541	£21.50	£19.83
UC Limited capacity for work (UC-LCW)	743	£22.51	£20.80
Totals	5129		

4.24 Model 2 reduces support for all applicants by reducing the % award for bands 1-6.

4.25 Of the 10,850 current claimants 100% would see a reduction in support. The average decrease in the award is £1.68 per week.

- 250 claimants would experience a decrease in their award of up to £1.
- 8895 claimants would experience a decrease in their award of between £1 and £2.
- 1471 claimants would experience a decrease in their award of between £2 and £5.
- 189 claimants would lose more than £5 per week.

4.26 The breakdown of claimants who lose support under Model 2 compared to Model 1 is as follows:

Household Type	Number of claimants	Percentage who lose out	Average weekly loss
Passported Benefit	2709	100%	-£1.68
Single	447	100%	-£2.00
Single 1 child	312	100%	-£1.86
Single 2+ children	1089	100%	-£1.64
Couple	2577	100%	-£1.63
Couple 1 child	1364	100%	-£1.57
Couple 2+ children	2367	100%	-£1.86

Income Band	Number of claimants	Percentage who lose out	Average weekly loss
Band 1	8451	100%	-£1.68
Band 2	772	100%	-£1.74
Band 3	752	100%	-£1.68
Band 4	507	100%	-£1.68
Band 5	181	100%	-£1.64
Band 6	178	100%	-£1.59

Barriers to work	Number of claimants	Percentage who lose out	Average weekly loss
DLA/PIP claimant	3845	100%	-£1.51
ESA claimant	541	100%	-£1.91
UC-LCW claimant	743	100%	-£1.90

4.27 Although all cases with Disability Benefits will lose support, the loss of support can be modelled to be less than the average loss across the whole caseload.

4.28 The illustrated cash value impact of Model 2 on a Band D property (2024/25 charge) in receipt of the maximum CTS award (Band 1) compared to Model 1 is as follows:

Model 1:

- Band D Council Tax charge 2024/25 - £2002.75
- CTS cash value £1702.33 (Band 1 at 85% maximum award)
- Left to pay £300.42
- 10 x Monthly instalment £30.04

Model 2:

- Band D Council Tax charge 2024/25 - £2002.75
- CTS cash value £1602.20 (Band 1 at 80% maximum award)
- Left to pay £400.55
- Annual loss £100.13
- 10 x Monthly instalment £40.05

4.29 **Non-dependent adult deductions**

4.30 Model 2 recommends an increase in non-dependent deductions from £7.50 per week to £10 per week. This will account for increases in income and is considered to be a fair contribution from other adults in the household.

4.31 There are currently 1566 non-dependent adults in the working age caseload. Cases with Disability Benefits are exempt from a deduction. 1566 cases currently have a non-dependent deduction applied across 1267 households. 1006 deductions are for 1 adult in the household and is the most common deduction.

Total number of non-dependant deductions	Total number of claims with non-dependant deductions	Total number of claims with an increased NDD	NDD charge total under Model 1 (weekly)	NDD charge total under Model 2 (weekly)
1566	1267	1267	£11,748	£15,665

4.32 The total saving on expenditure is approximately £203,684.

4.33 **Overall impact analysis Model 2**

4.34 The overall impact of the reduction in support proposed by Model 2 is considered to balance the need to deliver financial savings as part of the MTFS and wider economic context while continuing to provide sufficient levels of support to applicants.

4.35 The design of the scheme will result in a consistent reduction in support for all working age applicants. By ensuring that 77.68% of the caseload remains in the same income band the Council can mitigate against both a reduction in support through a change in the income band and the % of the award contained in the band. However, as a consequence of this approach 100% of the working age caseload will lose support. This approach is recommended as the most effective way to reduce expenditure while mitigating this impact.

4.36 **The impact on Council Tax collection 2025/26 (Model 2)**

4.37 It is difficult to forecast the impact of reducing support from the CTS scheme on Council Tax collection.

4.38 Citizens Advice Bureau (CAB) research has found that areas with a minimum payment in their CTS scheme are 57% more likely to see Council Tax arrears. As minimum payments increase so does the proportion of clients with Council Tax debt.

4.39 Universal Credit migration will also affect the type of income related benefits received and the level of the CTS award and may also affect collection rates. In 2023/24 13.9% of the total Council Tax base charged was paid by CTS. This is forecasted to drop to 13.6% for 2024/25.

4.40 In 2023/24 collection rates against taxpayers in receipt of CTS was 87.6%. For taxpayers in receipt of UC this figure drops to 82.9%. This resulted in a total of

£1,117,245 in delayed/unpaid Council Tax for 2023/24. Based on the same collection rates it is estimated that for 2024/25 a total of £1,195,222 will be in delayed/unpaid Council Tax for those taxpayers in receipt of CTS.

- 4.41 Model 2 forecasts a cost avoidance of approx. c£950k by reducing the level of support which will reduce the percentage of the charge paid by CTS by 0.7%.
- 4.42 The projected delayed/unpaid amount forecasted into 2025/26 is estimated at between a range of £140k - £280k based on previous collection rates for taxpayers in receipt of CTS.
- 4.43 A forecasted increase in delayed/unpaid Council Tax of c£ into 2025/26 would reduce the projected cost avoidance from a reduction in CTS scheme expenditure as the balance would remain uncollected in-year.
- 4.44 UC migration may also contribute to further delayed/unpaid collection as is evidenced by reduced collection rates for UC claims against CTS.

5. Model 3 CTS scheme 2025/26

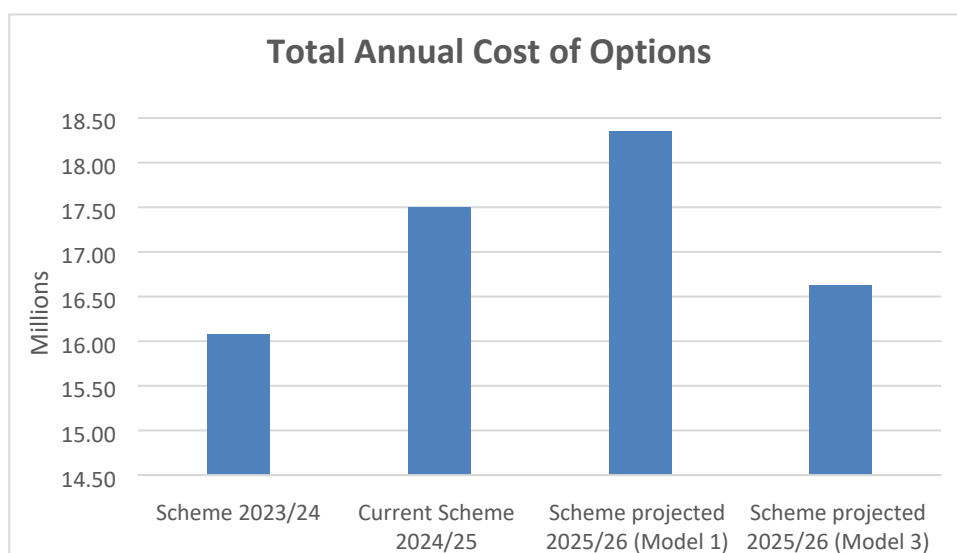
- 5.1 Model 3 proposes a 10% cut to support for income band 1 and a 5% reduction to all remaining bands 2-6. This will result in a maximum award of 75%, a reduction of 10% on the current maximum of 85%. A minimum payment of 25% would be required in all cases.
- 5.2 This will return the level of support to the 2022/23 scheme prior to the investment into the scheme in 2023/24 as part of a cost-of-living support package.
- 5.3 An increase in the flat rate non-dependant deduction amount from £7.50 to £10.00 for all adults in the property is proposed as set out in Model 2. All other aspects of the scheme will remain the same as set out in paragraph 2.4 above. No further changes to the household income disregards or capital limit are proposed.
- 5.4 The income band thresholds will remain uprated in line with Model 1 to ensure that the impact of Benefit and income uprating is accounted for as set out in Model 2.
- 5.5 Model 3 recommends the following income banding table (in-line with Models 1 & 2):

Band	Discount	Single (Weekly net income)	Couple (Weekly net income)	Single 1+ children addition	Single 2+ children addition	Couple 1+ children addition	Couple 2+ children addition
1	75%	£0 - £105	£0 - £175	£0 - £193	£0 - £313	£0 - £270	£0 - £388
2	65%	£100 - £156	£175 - £228	£193 - £249	£313 - £374	£270 - £326	£388 - £453
3	50%	£156 - £189	£228 - £256	£249 - £288	£374 - £420	£326 - £367	£453 - £503
4	35%	£189 - £203	£256 - £288	£288 - £326	£420 - £462	£367 - £411	£503 - £552
5	20%	£203 - £226	£288 - £304	£326 - £349	£462 - £488	£411 - £422	£552 - £589
6	10%	£226 - £266	£304 - £325	£349 - £402	£488 - £553	£422 - £442	£589 - £641

- 5.6 A maximum award of 75% or a minimum payment of 25% (Band 1) is not held to provide a sufficient level of support for low income households in the borough and is therefore not recommended.
- 5.7 A maximum award of 75% is low as a comparable to other Greater London Authority CTS schemes based on a comparison into 2024/25.
- 5.8 **Projected CTS scheme costs 2025/26 (Model 3)**
- 5.9 Maintaining the current scheme into 2025/26 while retaining the current level of support is projected to cost £18.35m (Model 1).
- 5.10 Model 3 is projected to cost £16.82m (exclusive of any growth or take up initiatives).

Group	£/annum (2025/26) Model 1	£/annum (2025/26) Model 3	Saving %
All working age	£12.36m	£10.81m	12.59%
Pension age	£6.01m	£6.01m	-
Total	£18.38m	£16.82m	8.47%

- 5.11 This is projected to provide cost avoidance of c£1.55m on the projected cost of retaining the current scheme into 2025/26. This is an 8.47% saving on the working age scheme.
- 5.12 This assumes the CTS caseload remains the same as current with no forecasted increase. Any growth or take up work for unclaimed CTS will add further expenditure to this forecast.



- 5.13 The expenditure on the Pension age scheme cannot be varied as the scheme is nationally prescribed and provides a maximum award of up to 100%.
- 5.14 Increased Council Tax costs of 4.99% will drive an increase in expenditure on both the Pension and working age components of the scheme.
- 5.15 Further costs are likely to be added due to natural growth and take up initiatives.

5.16 **The impact analysis of the proposed CTS scheme 2025/26 (Model 3)**

5.17 Model 3 has been designed to reduce the overall level of support from the scheme by reducing the income band 1 by 10 % and by 5% for all remaining income bands (2-6).

5.18 Income band thresholds are replicated to Model 1 and maintain the majority of applicants in the same income band as shown in paragraph 3.19 above.

5.19 The average CTS award compared to Model 1 & 2 is projected as follows:

Group	Caseload count	Model 1 average CTS award	Model 2 average CTS award	Model 3 Average CTS award
All working age	10865	£21.83	£20.15	£19.08
UC	7246	£21.50	£19.83	£18.79
Legacy benefit	3619	£22.51	£20.80	£19.68

Income Band	Model 1 average CTS award	Model 2 average CTS award	Model 3 average CTS award
Band 1	£23.69	£22.00	£20.63
Band 2	£20.54	£18.80	£18.80
Band 3	£16.71	£15.04	£15.04
Band 4	£12.58	£10.91	£10.91
Band 5	£7.82	£6.18	£6.18
Band 6	£4.66	£3.07	£3.07

5.20 Average awards can also be broken down by the type of Benefit received taking account of those applicants with Disability Benefits and barriers to work. This demonstrates that Model 3 will cut support to those with barriers to work or disability.

Group	Caseload count	Model 1 average CTS award	Model 2 average CTS award	Model 3 average CTS award
Disability Living Allowance (DLA) or Personal Independence Payment (PIP)	3845	£21.83	£20.15	£21.42
Employment Support Allowance (ESA)	541	£21.50	£19.83	£18.68
UC Limited capacity for work (UC-LCW)	743	£22.51	£20.80	£18.56
Totals	5129			

5.21 Model 3 reduces support for all applicants by reducing the % award for bands 1-6. Of the 10,850 current claimants 100% would see a reduction in support.

5.22 The breakdown of claimants who lose support under Model 3 is as follows:

Household Type	Number of claimants	Percentage who lose out	Average weekly loss
Passported Benefit	2709	100%	-£3.09
Single	2577	100%	-£2.68
Single 1 child	1364	100%	-£2.58
Single 2+ children	2367	100%	-£2.59
Couple	447	100%	-£2.95
Couple 1 child	312	100%	-£3.02
Couple 2+ children	1089	100%	-£2.47

Income Band	Number of claimants	Percentage who lose out	Average weekly loss
Band 1	8451	100%	-£3.04
Band 2	772	100%	-£1.65
Band 3	752	100%	-£1.79
Band 4	507	100%	-£1.55
Band 5	181	100%	-£1.86
Band 6	178	100%	-£1.91
Totals	10865		-£2.75

Barriers to work	Number of claimants	Percentage who lose out	Average weekly loss
DLA/PIP claimant	3845	100%	-£2.86
ESA claimant	541	100%	-£3.10
UC-LCW claimant	743	100%	-£3.11

5.23 Although all cases with Disability Benefits will lose support the loss of support can be modelled to be less than the average loss across the whole caseload.

5.24 The Cash value impact of Model 3 on a Band D property in receipt of the maximum CTS award (Band 1) if implemented in 2024/25 compared to Model 1 & 2 is as follows:

Model 1:

- Band D Council Tax charge 2024/25 - £2002.75
- CTS cash value £1702.33
- Left to pay £300.42
- 10 x Monthly instalment £30.04

Model 2:

- Band D Council Tax charge 2024/25 - £2002.75
- CTS cash value £1602.20 (Band 1 at 80% maximum award)
- Left to pay £400.55
- Annual loss £100.13
- 10 x Monthly instalment £40.05

Model 3:

- Band D Council Tax charge 2024/25 - £2002.75
- CTS cash value £1502.06
- Left to pay £500.69
- Annual loss £200.14
- 10 x Monthly instalment £50.06

5.25 **Non-dependent adult deductions** - As set out in point 4.19.

5.26 **Overall impact analysis Model 3**

5.27 The overall impact of the reduction in support proposed by Model 3 is not considered to balance the need to deliver financial savings as part of the MTFS and wider economic context while continuing to provide sufficient levels of support to applicants.

5.28 A further reduction in support for applicants in Band 1 to a 75% maximum award is the only way to achieve significant further cost avoidance in the scheme due to the number of cases that are placed into Band 1 in the scheme.

5.29 A 10% reduction in support for Band 1 claimants, combined with projected increases in Council Tax costs, alongside continued cost-of-living pressures is unlikely to provide sufficient support to low income residents of the borough and is therefore not recommended.

5.30 **The impact on Council Tax collection 2025/26 (Model 3)**

5.31 A further reduction in support is likely to increase delayed/unpaid Council Tax as set out in point 4.25.

5.32 The projected delayed/unpaid amount forecasted into 2025/26 for Model 3 is estimated at between a range of £280k - £420k based on previous collection rates for taxpayers in receipt of CTS.

6. **Options appraisal**

6.1 The options appraisal considered the following options for the CTS scheme for 2025/26.

- Maintain the current scheme with the same level of support (Model 1)
- Reduce the level of support across all income bands by 5% (Model 2) (Recommended)
- Reduce the level of support for income band 1 by 10% and all remaining bands by 5% (Model 3)

6.2 The implementation of a replacement CTS scheme requires the following:

- Engagement with members, residents & voluntary sector groups to obtain feedback on potential changes.
- Engagement of an external third party to undertake scheme & financial modelling.
- Cabinet and assembly approval.

- Public consultation.
- ICT engagement for implementation.

- 6.3 A replacement scheme can either increase the level of support (expenditure increase), retain the current level of support (cost neutral) or can reduce the level of support (expenditure decrease).
- 6.4 Due to the economic context, this options appraisal does not recommend an increase in the level of support as it is not currently financially sustainable for the Council.
- 6.5 Retaining the current scheme with the same level of support (Model 1) will build on the investments made into the scheme over the last two financial years and will provide the greatest level of support to residents of the borough. It will however not provide any financial saving to the Council and is not currently financially sustainable to the Council due to the current economic context as outlined. On this basis Model 1 is not recommended.
- 6.6 Model 2 is held to sufficiently balance the need to continue to support residents at a time of high cost of living maintaining the support provided by the CTS scheme for the lowest income residents by protecting them against increases in income from Benefit uprating and NMW changes, while implementing a reduced overall award by reducing each band by a maximum of 5%, alongside an increase in non-dependant adult deduction charges reflecting increases in their incomes.
- 6.7 Model 2 will provide a maximum award of 80% which is comparable to many Greater London Authorities and is held to be sufficient support for residents considering a projected improvement in the overall costs of living and reduction in inflation, whilst balanced against the financial costs to the Council.
- 6.8 Consideration should however be given despite this context to the ability of residents to pay any additional costs associated to a reduction in support from the scheme, with increased pressure on the Council Tax collection and recovery process as a consequence.
- 6.9 Model 3 is not held to sufficiently support residents with their Council Tax costs considering the socio-economic demographics and poverty indicators of the borough.
- 6.10 A maximum award of 75% with 10% reductions in the level of support for all bands, with the removal of band 6 completely will not provide a sufficient level of support and risks an increase in bad debt provision, increasing Council Tax recovery and collection actions and an inability to pay the increase for many low income residents in the borough.
- 6.11 A maximum 75% scheme would not be widely comparable with many Greater London Authorities and would leave the Council with a scheme that is considered to be providing inadequate support as a comparison.
- 6.12 For the reasons outlined above Model 2 is the recommended proposal.

7. Consultation

- 7.1 Prior to the implementation of any change to the CTS scheme the Council is required to consult with the residents of the borough. The guiding principles that have been established through case law for fair consultation are as follows:
- The consultation must be carried out at an early stage when the proposals are still at a formative stage.
 - Sufficient information on the reasons for the decision must be provided to enable the consultees to carry out a reasonable consideration of the issues and to respond.
 - Adequate time must be given for consideration and responses to be made.
 - The results of the consultation must be properly taken into account in finalising any decision.
- 7.2 There is also a duty to consult with the major precept authorities who are statutory consultees.
- 7.3 The aims of any consultation should be to:
- Inform residents and help them understand the impact of the proposals.
 - Confirm why the proposals are being made.
 - Detail any alternative proposals.
 - Give purposeful consideration to realistic alternative proposals presented.
 - Obtain feedback on whether residents support the proposals.
- 7.4 The Council will be required to consult extensively on the proposals to change the CTS scheme due to the reduction in support proposed (Model 2).
- 7.5 It is recommended that as a reduction in support through the scheme will form part of the consultation that a 6-week consultation timeframe is undertaken to ensure that sufficient time for respondents to share their views is held.
- 7.6 A retention of the scheme unchanged will not require public consultation however as all the proposed models will change the scheme a consultation will be required.
- 7.7 The consultation will be primarily web based through an online survey form. The survey will inform residents of the proposals to change the scheme and ask residents and stakeholders their opinions and views on:
- Retaining the current level of support (Model 1)
 - Reducing the level of support (Model 2)
 - Reducing the level of support (Model 3)
 - Any other comments and views on the proposed changes
- 7.8 The survey will be run through the Citizens Alliance website and will require promotion across the Council webpages, social media channels, E-newsletter, press releases & CTS award notification letters.
- 7.9 Current CTS claimants affected by the proposals will be contacted directly to explain possible changes to their award due to the changed scheme for 2024/25, to invite consultation and feedback on the proposed changes.

- 7.10 Public workshops will be held at various sites throughout the borough to enable residents and stakeholders to engage with the proposals in person and these sessions will need to be widely promoted to ensure visibility and attendance.
- 7.11 Direct engagement with voluntary partners and stakeholders will be required with the support of the relevant internal teams to ensure a broad section of these partners are engaged in the consultation process.
- 7.12 CTS scheme consultations historically have poor response rates from residents and the Council will need to ensure it widely promotes the consultation to ensure engagement in the proposals.
- 7.13 This will include a communication strategy for inclusion to ensure all residents have equal access and uptake taking account of digital exclusion, non-English speakers, those engaged with community groups but not statutory authorities.

8. Financial Implications

Implications completed by: Yinka Ehinfun, Interim Chief Accountant

- 8.1 The Council Tax Support Scheme ultimately reduces Council tax Income available to fund Council's expenditure. Not changing the scheme for the 2025-26 financial year is bound to increase the scheme by another £1m when the scheme has already increased in the current year by about £1m.
- 8.2 The proposed Model 2 scheme for 2025-26 financial year addresses this concern and reduces the amount of support that will be awarded to residents. It will provide a maximum award of 80% to recipients of the award. However, the total savings is not all attributable to the council as Greater London Authority, the precepting authority bears a share of these costs. The council would only get 76.5% (based on the 2024-25 split) of the benefits of the savings.
- 8.3 The headline cut to the council tax support scheme expenditure is likely to raise the risk of bad debt provision which may cause the amounts saved in the proposed scheme to be lost to bad debt provision if the relevant council tax bills are not paid.

9. Legal Implications

Implications completed by: Dr Paul Feild Principal Standards and Governance Lawyer

- 9.1 The Council is required to maintain and annually review its CTS scheme in accordance with Section 13A and schedule 1A of the Local Government Finance Act 1992.
- 9.2 Schedule 1A to the Local Government Finance Act 1992 requires the Council to make any revision to its scheme or any replacement scheme no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.

- 9.3 As the CTS scheme is being proposed to be replaced with a revised scheme it is a statutory requirement for the Council to carry out consultation on the changes as set out by the Local Government Finance Act 1992 Schedule 1A paragraph 5 and that paragraph 3 of the said Act.
- 9.4 Before making a scheme the Council is required to:
- Consult any major precepting authority which has a power to issue a precept to it.
 - Publish a draft scheme in such a manner as it thinks fit.
 - Consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 9.5 This paper sets out the proposals to change the CTS scheme the three options and reason for preference and the required need for consultation.
- 9.6 Since the introduction of CTS schemes there have been a number of legal challenges in relation to the consultation undertaken. Most of these challenges have been in relation to the consultation undertaken in the sense of it being meaningful and to have due regard to equality impact assessments. As determined by a Supreme Court ruling in 2014 in the case R (Moseley) v London Borough of Haringey, consultation is critical when there is a possibility of an adverse outcome. Consultation needs to be with sufficient information and data to support the consultee's ability to understand what the changes are likely to be and how that might affect them.
- 9.7 While the Council may have a preferred option, it must not determine its choice until it has considered the representation made during the consultation process which will need to be presented to the Cabinet in due course.
- 9.8 The proposed schemes subject to consultation may be subject to further change through the ongoing modelling process.

10. Other Implications

- 10.1 **Risk Management** - This paper recommends a reduction in support provided by the CTS scheme to ensure the scheme remains affordable to the Council in light of the economic context.
- 10.2 The modelling of projected costs is based on a point in time that is projected into 2025/26. Modelled costs may not be realised due to the impact of natural growth in the scheme and targeted take up work which are likely to increase expenditure on the scheme in-year. Modelling cannot account for ongoing changes to scheme expenditure. Costs may exceed the projected expenditure of maintaining the scheme unchanged despite a reduction in support and is raised as a financial risk to the Council.
- 10.3 The costs to the CTS scheme are determined by demand. There remains a risk that future fluctuations in demand could place an additional financial burden on the Council.

- 10.4 The current collection rates for residents in receipt of CTS for 2023/24 was 87.6%. This drops to 82.4% for UC claimants. Any reduction in support will require the collection of monies previously awarded as a discount. Projected delayed/unpaid Council Tax in 2025/26 suggests an increase in uncollected Council Tax. This will result in lower than projected cost avoidance and is raised as a significant risk. A further risk is raised due to the migration to UC with a lower collection rate for these claimants.
- 10.5 Increased collection against low-income residents may also result in an increase in recovery actions due to delayed/unpaid Council Tax.
- 10.6 Any reduction in support will affect the most financially vulnerable residents in the borough. 77% of the caseload currently sits in band 1. This demonstrates that a significant majority of the caseload is very low income and the most financially disadvantaged within the borough. There is a risk that reducing core support through the CTS scheme contributes to further financial hardship for these residents.
- 10.7 Take up of CTS in the borough is significantly underclaimed. Currently the Welfare Service has identified 2794 cases that hold UC as their income that are likely to be entitled to a CTS award. The sum value of this unclaimed CTS for this cohort is c£1.8m annually. This estimation likely underestimates the total value of unclaimed CTS in the borough.
- 10.8 Underclaimed CTS undermines Council Tax collection by requiring collection from those with low incomes who cannot pay and should be in receipt of CTS.
- 10.9 A targeted approach to support a CTS take up campaign would result in increased scheme costs and is raised as a risk to increased expenditure.
- 10.10 UC migration will change the income type for approximately 33% of the current caseload. This may impact the level of some awards and is predicted to increase the value of some awards. This cannot be accurately forecast but is raised as a possible risk to increased expenditure.
- 10.11 As the link between claiming Housing Benefit and Council Tax Support is broken by income and housing related elements now being awarded through UC a fully migrated working age caseload to UC will continue to present challenges on CTS take up.
- 10.12 The Council Tax Discretionary Relief (CTDR) fund may be used to mitigate some of the impacts of the scheme change on applicants who lose support. A loss of funding for this scheme will reduce the available mitigation. If no CTDR funding is available, the Council will have no financial means to mitigate the losses experienced by some applicants as we transition between schemes.
- 10.13 As the recommended scheme is proposed to reduce support a public consultation will be required. The outcome of the consultation may not be supportive of the proposed scheme change and must be taken into account before a final decision is made.

11 Corporate Policy and Equality Impact

- 11.1 There is a requirement under the Public Sector Equality Duty (section 149 of the equality act 2010) to have due regard to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
 - Advance equality of opportunity between people from different groups.
 - Foster good relations between people from different groups.
- 11.2 An Equality Impact Assessment (EIA) of the proposal to revise the CTS scheme for 2025/26 has been undertaken and reviewed by the Strategy team and is attached in Appendix 3
- 11.3 The report has identified there is potential for adverse impact on some protected characteristics from Model 2. This is because a reduction in support will affect all recipients of CTS regardless of their income or demographic. No specific mitigation for claimants with protected characteristics are proposed. Pension age claimants, who also have protected characteristics will not be affected as they are protected under the prescribed pension age scheme. This is demonstrated in the EIA.
- 11.4 The proposals are considered to be proportionate in light of the budgetary pressures given the steps taken to ensure reductions to the support provided in the scheme are kept to a minimum to mitigate their impact on residents.
- 11.5 The Council has given due regard to equality needs contained within the Equality Act 2010. Reasonable adjustments to the proposed scheme have been made considering disadvantages suffered by residents with protected characteristics that are balanced against the requirement to make savings and support a balanced budget.
- 11.6 If no CTDR scheme is available, or the amount available is significantly reduced, the Council will have no available financial means to mitigate against any potential issues that arise from the EIA from the proposed scheme change on applicants who will lose part of their award, who hold protected characteristics.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- **Appendix 1: Equality Impact Assessment**