

ASSEMBLY

31 January 2024

Title: Council Tax Support Scheme 2024/25	
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 17 October 2023 (Minute 47 refers) the Cabinet agreed to support the recommended 'income banded discount' CTS scheme (Model 1) as set out in sections 1.20 – 1.22.22 of this report, as the Council's draft proposed replacement CTS scheme for 2024/25 and agreed to the commencement of a public consultation on these proposals.</p> <p>Due to the changes proposed to the CTS scheme, it was necessary for a public consultation to be undertaken in advance, which was carried out between 23 October 2023 and 23 November 2023.</p> <p>This report updates on the outcome of the public consultation and provides final recommendations for the replacement of the CTS scheme 2024/25.</p> <p>A detailed analysis of the responses to the CTS consultation is set out at Appendix 1. This reflects support for the proposal to implement a replacement CTS scheme for 2024/25 as set out.</p> <p>The Assembly has a legal duty to approve the CTS scheme by 1 March 2024 each year.</p> <p>The Cabinet is to consider this report at its meeting on 23 January 2024 (the date of publication of this Assembly agenda). Any issues arising from the Cabinet meeting will be reported at the Assembly meeting.</p>	

Recommendation(s)

The Assembly is recommended to:

- (i) Agree, in light of the positive response to the public consultation, to adopt Model 1 as set out in sections 1.17 – 1.20 of the report as the Council's replacement Council Tax Support Scheme for 2024/25; and
- (ii) Agree the carry forward of £250,000 Council Tax Discretionary Hardship Funding, provided within the Welfare Reserve, from 2023/24 to 2024/25.

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 through the implementation of a replacement scheme ensuring its effective and efficient administration that is fit for purpose in future years.

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 benefit 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 has been based around the default CTS Scheme 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 in operation retains many of the core components of the former means tested national benefit scheme (CTB) and remains aligned with the remaining Housing Benefit (HB) caseload and its administration, with a number of local provisions applied:

- The support for claimants is based on each individual's ability to pay through a means tested approach.
- Pensioners are protected under the nationally prescribed pension age CTS scheme and must be able to receive up to a 100% reduction under the national scheme rules.
- A "minimum payment" of 15% of their Council Tax liability is required for all working age claimants in Barking & Dagenham irrespective of their financial circumstances. This means maximum support is limited to 85% of the Council Tax bill.
- Those who fall under the working age scheme and with capital in excess of £10,000 are not eligible for CTS under this scheme.
- Limiting CTS to 2 children born after 1 May 2017 for all Universal Credit (UC) claimants in line with welfare reform.
- Note the 2 children limit does not currently apply to claimants on older legacy benefits within the current CTS scheme which does not apply a restriction. This creates an inequitable approach dependant on the type of benefit received.
- Accepting a new application for Universal Credit (UC) as an application for CTS without the requirement for a separate application made to the Council.

1.7 The main benefits of keeping the scheme aligned with HB administration were:

- HB & CTS was processed from one application form.
- The rules and calculations between HB & CTS were similar for both staff and residents.
- Administration costs were shared and relied on the HB administration grant via the Department for Work & Pensions (DWP).
- Award notices were generated as one notification due to being processed together.

1.8 The Council went to live to 'Full Service Universal Credit' in December 2018. From this date no new claims for HB have been accepted from working age claimants (excludes temporary & specified accommodation). This means that the main benefits of keeping the scheme aligned to HB have increasingly been lost and the link with administration of HB broken.

1.9 New claimants and those who experience a 'triggering' change in circumstances must now apply for UC. This is administered by the DWP and includes an amount towards housing costs, and they must apply to the Council for CTS separately.

1.10 Managed migration of the remaining Legacy Benefit case load to UC is now scheduled to commence in April 2024. This will increasingly affect the administration of the CTS scheme.

1.11 The impact of UC on the administration of the current CTS scheme can be summarised as follows:

- Lower support (CTS award)
- A higher volume of changes (CTS award)
- Repeated changes to Council Tax instalments for payment

- 1.12 The requirement to consider a replacement CTS scheme means the Council should now consider the implementation of an income banded discount CTS scheme to address some of the issues that arise with the retention of the current CTS scheme.
- 1.13 An 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.
- 1.14 An income banded CTS scheme can be designed to assist households with low incomes and ensure that their Council Tax liability is manageable and fair varying support based on a targeted approach to residents in line with Council objectives and Borough manifestos.
- 1.15 The scheme will be reviewed annually to reflect changing levels of demand, changes in the wider welfare system and to ensure that it remains affordable to the Council.
- 1.16 This paper sets out an overview of the current scheme, the impact of retaining the current scheme, proposals to implement an income banded discount scheme and the impact of this replacement scheme.
- 1.17 **The proposed approach for the 2024/25 Council Tax Support scheme**
- 1.17.1 In view of the issues with the retaining of the current scheme into 2024/25 as set out in the October Cabinet paper and taking account of the drivers for change, it is proposed that an alternative approach be taken for a replacement scheme in 2024/25.
- 1.17.2 The main objectives of this scheme change can be summarised as follows:
- Is affordable and maintains a fiscally cost neutral position (within tolerance) from natural increases in the cost of retaining the current scheme into 2024/25.
 - Simplifies the scheme making it easy for residents to understand and access.
 - Provides and protects the maximum level of support for all low-income households.
 - Removes the requirement to continually make changes in awards making support more consistent and provides stability on managing household budgets.
 - Improves how the scheme works with the UC system.
 - Creates a scheme that remains fair and equitable to all residents, requiring a fair contribution towards Council Tax from those who can pay while protecting the most vulnerable.

- Encourages and incentivises employment.
- Builds in capacity to better manage an increase in demand for the scheme (increased automations and more efficient administration).

1.17.3 This approach will fundamentally redesign the scheme.

1.18 The proposed income banded discount scheme for 2024/25 (Model 1)

1.18.1 The key characteristics of the proposed income banded discount 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% (in line with the current scheme) 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)
 - Armed forces compensation payments
 - Child maintenance
 - Guardian/Fostering allowance
- All other household incomes are taken into account.
- Flat rate non-dependant adult deductions of £7.50 per week (maintaining no deduction for those in receipt of disability benefits to mirror the current scheme) are applied.
- Household size allowance is restricted to 2 children (to mirror UC and welfare reform). This aspect will be addressed in the Equalities Impact Assessment.
- The capital limit for eligibility to the scheme is reduced to £6,000 (currently £10,000).

1.18.2 The scheme proposes 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

- 1.18.3 Income band thresholds and discounts are balanced against scheme affordability and overall scheme objectives.
- 1.18.4 The current scheme applies a means tested approach to non-dependant (ND) adults in the household that requires significant administration.
- 1.18.5 The application of a flat rate non-dependant deduction of £7.50 per week, while maintaining the current exemptions due to receipt of disability benefits, will significantly simplify the administrative process required.
- 1.18.6 This change will increase the level of the deduction applied compared to the anticipated deductions from the current scheme into 2024/25. This represents a cost saving in expenditure on the scheme.
- 1.18.7 The capital limit threshold is reduced to £6,000. Any applicant with capital that exceeds £6,000 will not be eligible for the scheme. This simplifies the approach with the majority of applicants holding capital under the threshold and the £6,000 limit continues to protect applicants with low levels of capital that will not require verification. Calculations for assumed tariff incomes from capital held will no longer be required.

1.19 The impact of the proposed income banded discount scheme (Model 1)

- 1.19.1 Model 1 is a banded income discount scheme which takes into account all household income (excluding disregarded incomes) and size (restricted to 2 children).
- 1.19.2 Model 1 compared to the current scheme in 2023/24 (Internal modelling (Capita Academy modelling tool)):

Household Type	Number of cases	Current scheme Expenditure 2023/24	Proposed income banded scheme Expenditure 2023/24	Saving	Saving %
Elderly	4503	£5,362,681.46	£5,370,851.26	£8,170.02	0.15%
Couple	419	£480,286.19	£446,603.01	-£33,683.20	-7.01%
Couple & 1 Child +	290	£274,670.87	£314,399.96	£39,729.08	14.46%
Couple & 2 Child +	1102	£1,158,991.53	£1,159,386.69	£395.15	0.03%
Single	2300	£2,156,829.67	£2,098,220.49	-£58,609.22	-2.72%
Single & 1 Child +	1292	£1,174,619.68	£1,182,138.84	£7,519.13	0.64%
Single & 2 Child +	2171	£2,069,571.99	£2,080,318.67	£10,746.62	0.52%
Passported	3047	£3,404,175.48	£3,423,135.89	£18,960.38	0.56%
Grand Total	15124	£16,081,826.87	£16,075,054.80	-£6,772.04	-0.04%

- 1.19.3 The income banded scheme has been modelled against a balanced cost neutral Position (within a tolerance) based on a comparison with current scheme expenditure.
- 1.19.4 This has been modelled at an approximate cost saving of £6,772.04 were the Scheme to have been implemented within the current financial year.
- 1.19.5 This provides a breakdown of the current CTS expenditure by household type as a comparison against the proposed income banded scheme.
- 1.19.6 The 'passported' household type refers to those claimants in receipt of old-style legacy benefits such as Employment Support Allowance or Income Support which 'passport' the claim award to the maximum amount of 85% automatically.
- 1.19.7 The proposed scheme has a fiscally neutral cost against the current scheme expenditure within the current financial year and this would be expected to be replicated into the 2024/25 financial year balanced against the expected expenditure if the current scheme were to be retained, taking account of natural variations in expenditure due to demand.
- 1.19.8 External modelling by our third party partner Policy & Practice has been used to forecast the anticipated cost of retaining the current scheme into 2024/25 as this cannot be modelled internally, and is set out at Appendix 4.
- 1.19.9 This forecast modelling has also been used to model the impact of implementing the proposed income banded discount scheme into 2024/25.

	Model 1 cost 2024/25	Current scheme projected cost 2024/25	Comparison to current scheme 2024/25	Change
All working age	£11,371,562.00	£11,334,081.00	+£37,481.00	0.33%
Pension age	£5,677,251.00	£5,677,251.00	£0	0%
Total	£17,048,813.00	£17,011,332.00	+£37,481.00	0.22%

All working age (breakdown)	Model 1 cost 2024/25	Current scheme projected cost 2024/25	Comparison to current scheme 2024/25	Change
Group	£/annum	£/annum	Change (£/annum)	Change (%)
UC	£6,635,703.00	£6,556,492.00	+£79,211	1.21%
Legacy Benefits	£4,735,860.00	£4,777,590.00	-£41,730	-0.87%
Total	£11,371,562.00	£11,334,081.00	+£37,481	0.33%

- 1.19.10 Model 1 increases total scheme costs by £37,481 in comparison to the projected current scheme expenditure in 2024/25. This is 0.22%.

- 1.19.11 This sets the implementation of the proposed scheme within a tolerance of the cost neutral position against anticipated expenditure were the current scheme to be retained.
- 1.19.12 Internal modelling has demonstrated a fiscally neutral position for model in comparison with current expenditure 2023/24. This position is expected to be maintained into 2024/25 and is substantiated by the external modelling.
- 1.19.13 Variances in external modelling due to the type of modelling engine used and interpretation of data sets are an accepted risk and may result in actual expenditure being higher or lower than projected.
- 1.19.14 Increased demand and expenditure on the scheme into 2023/24 may also result in higher than forecasted expenditure figures.
- 1.19.15 Expenditure figures and forecasting for 2024/25 are based on June 2023 CTS caseload and expenditure.
- 1.19.16 Further analysis on the impact of the proposed replacement scheme is contained in the Policy & Practice report (Appendix 4) and Equalities Impact Assessment (Appendix 3)
- 1.19.17 The overall impact of the proposed new scheme increases support as an average for 94% of the existing caseload. Legacy benefits on average will see slightly lower levels of support (-0.18%) however the scheme will provide greater support than the current scheme for UC claimants (+1.21%)
- 1.19.18 An average reduction in support for existing legacy benefit claimants should be considered in light of planned migration to UC that will reduce and end receipt of these benefits during 2024 (with some exemptions for ESA claimants).
- 1.19.19 A scheme that better supports claimants on UC, while protecting the most vulnerable is recommended.
- 1.19.20 The simplicity of the proposed new scheme approach will help to address some of the problems associated with the administration of the current scheme as set out in the October Cabinet paper.
- 1.20 Transition to the new scheme and the exceptional hardship scheme (Council Tax Discretionary Relief - CTDR)**
- 1.20.1 The Council must acknowledge that any scheme changes and transition to a new scheme will result in changed awards for some applicants.
- 1.20.2 The Council must consider with any revision to the scheme that has the effect of reducing or removing a deduction for claimants whether any transitional protection is applicable as it sees fit. This is a statutory obligation under schedule 1A of the Local Government Finance Act 1992.
- 1.20.3 A CTDR scheme supports the Council position that no transitional protection is required for the scheme changes proposed as an option to support applicants affected by the change is available.

- 1.20.4 Although the new scheme has been designed to protect the most vulnerable there will be some applicants who gain support, and some who lose support.
- 1.20.5 Agreement will be required on any level of funding for the DCTR scheme.
- 1.20.6 A loss of funding for the CTDR scheme will result in the Council having less available means to mitigate issues that arise for applicants who suffer a loss of award from the change in scheme.
- 1.20.7 The Council has determined that no transitional protection is required for the scheme change.
- 1.20.8 It is recommended that the Council agree a provision of funding for the CTDR scheme to ensure mitigations are available through the scheme to support affected applicants during the 2024/25 financial year.
- 1.20.9 The Council made a significant investment into the CTDR fund for 2023/24 from the welfare reserve fund. It is proposed that a % of this fund is ring fenced and utilised in 2024/25.
- 1.20.10 This will ensure sufficient support is available to support applicants affected by the scheme change while ensuring support also remains available for other residents struggling with their Council Tax costs.

2. Consultation Process

- 2.1 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.
- 2.2 There is also a duty to consult with the major precept authorities who are statutory consultees.
- 2.3 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.

- 2.4 A consultation on proposed changes to the CTS scheme was run between 23 October 2023 and 24 November 2023.
- 2.5 The consultation was run through an online survey form and was available and open to all Barking & Dagenham residents and stakeholders with an interest in the operation of the CTS scheme. Paper forms were also available on request.
- 2.6 The survey provided residents with an overview of the proposals to change the scheme and provided a separate policy document with further detail. It asked residents and stakeholders their opinions and views on replacing the current scheme with an income banded discount scheme for 2024/25 (Model 1).
- 2.7 The consultation covered the following:
- **Part 1:** The introduction of an income-based banded discount scheme (the income bands)
 - **Part 2:** Disregarding certain benefits, incomes and elements of Universal Credit.
 - **Part 3:** The household size will be limited to a maximum of two dependent children allowances for all applicants within the scheme when calculating the CTS award.
 - **Part 4:** Introducing one deduction amount of £7.50 per week for all adults in the household removing different levels of deductions.
 - **Part 5:** Reducing the capital and savings limit to £6,000 and removing the assumed income from capital (tariff income) from the calculation of CTS.
 - **Part 6:** Sending notification letters.
 - **Part 7:** Making the Council Tax Discretionary Relief fund available for residents to apply for additional financial support if they are affected by the change in the scheme.
 - **Part 8:** Alternative options to changing the CTS scheme.
 - **Part 9:** Final comments and suggestions on the proposed CTS scheme
- 2.8 The survey was run through the Citizens Alliance website.
- 2.9 The consultation was widely promoted on the Citizens Alliance Network website alongside the main Council website. Social media was used to promote and advertise the consultation on Council Facebook and Twitter pages with additional paid promotions to increase the reach. Promotion was also undertaken on the BD collective to ensure that other organisations were aware of the proposals. E-newsletters and press releases were issued.
- 2.10 Direct engagement was sought with key voluntary sector partners CAB & DABD and their responses are available in Appendix 1 & 2. This ensured their engagement in the consultation process.
- 2.11 Key internal teams such as Homes & Money Hub were consulted on the proposals.
- 2.12 All CTS claimants were written to directly (including Pensioners) to explain possible changes to their CTS award due to the proposed scheme change for 2024/25. This provided a basic overview of the proposed changes and a before/after CTS calculation to show how their actual award might change under

the new scheme. The letter invited consultation and feedback on the proposed changes.

- 2.13 All CTS award notification letters were amended to promote the consultation.
- 2.14 Two public workshops were held at Barking & Dagenham Learning Centre to enable residents to engage with the proposals in person and these sessions were widely promoted to ensure visibility and attendance. A total of 57 residents were seen at these workshops. The workshops provided a good opportunity to engage with residents to explain the proposals and discuss how the changes affected them individually.
- 2.15 Outreach support was available to support any residents with the completion of the survey who were digitally excluded and unable to complete the survey online.
- 2.16 The welfare Service was also open for any other enquiries or support that was required to complete the survey.

3. Consultation Feedback

- 3.1 A total of 368 completed surveys were received.
- 3.2 Appendix 1 the 'Council Tax Support Scheme 2024/25 Consultation Report' provides a detailed analysis of the responses to the consultation.
- 3.3 The consultation had:
 - 7,550 visits
 - 5,772 visited at least 1 page.
 - 1,059 visited multiple pages.
 - 12,238 page views
 - 305 downloaded the policy document.
 - 725 visited the policy section.
- 3.4 The outcome of the consultation survey results can be summarised as follows:
 - 72% of respondents were in receipt of CTS
 - 56% of respondents identified as disabled or having a health issue
 - 66% of respondents were female
 - 38.5% of respondents were from an ethnic background
 - 79% of respondents read the background information on the change proposed
 - **Part 1:** 44% of respondents agreed with the income thresholds for the income bands. The remaining % did not know or disagreed.
 - **Part 2:** 63% of respondents agreed with disregarding certain benefits and incomes. The remaining % did not know or disagreed.
 - **Part 3:** 51% of respondents agreed with limiting the household size to a maximum of 2 children. The remaining % did not know or disagreed.
 - **Part 4:** 53% of respondents agreed with introducing a flat rate non-dependant deduction. The remaining % did not know or disagreed.
 - **Part 5:** 49% of respondents agreed with reducing the capital limit to £6,000. The remaining % did not know or disagreed.

- **Part 6:** 65% of respondents agreed with sending less notification letters. The remaining % did not know or disagreed.
- **Part 7:** 73.1% of respondents agreed with making a DCTR fund available. The remaining % did not know or disagreed.
- **Part 8:** 50.5% of respondents agreed with the implementation of the replacement CTS scheme. The remaining % did not know or disagreed.

- 3.5 A significant number of comments were made by respondents. Those who completed the survey and agreed with the proposals tended to make less comments than those who disagreed.
- 3.6 Questions were raised against the overall level of the income band thresholds with concern that these were too low and would not sufficiently support low income and vulnerable residents.
- 3.7 The proposed scheme makes significant provision to disregard elements of Universal Credit to support vulnerable residents, including the Carer Element, no further disregards are applied for Carers Allowance and the impact on Carers received several comments expressing concern at support for this demographic.
- 3.8 A removal of disability premiums present within the current scheme (means testing) which may reduce the award under the proposed scheme was raised and will affect some claimants with protected characteristics.
- 3.9 The simplification of the scheme received positive comments.
- 3.10 As part of the feedback received from the consultation it is recommended that further household income disregards be applied.
- 3.11 It is proposed that child maintenance payments, guardian allowances, fostering allowances and military compensation payments are now disregarded as household income. This will mirror UC rules and further support households in receipt of these incomes.
- 3.12 109 cases were identified as currently in receipt of child maintenance. the cost of disregarding this income is costed at £8,734.12.
- 3.13 13 cases were identified as currently in receipt of fostering/guardianship allowances. The cost of disregarding the income is costed at £5,920.02.
- 3.14 No cases were identified with military compensation payments. There is no current financial implication.
- 3.15 As the cost of implementing these further disregards is low as part of consultation feedback it is recommended this be adopted as part of the proposed scheme.
- 3.16 Feedback was received from our key voluntary sector partners. DABD were supportive of the proposals as a whole but raised concern over the 2-child and capital limits. CAB provided feedback on the online form and also in a separate document. This raised significant concerns over the detail and impact of the scheme on those who may lose support. CAB disagreed with the loss of the means tested approach (the current scheme) and did not recognise the reasons to

change the scheme as set out. A response on behalf of the Council has been issued and is awaiting further feedback.

- 3.17 A greater majority of respondents agreed with each part of the consultation than disagreed with the proposals.
- 3.18 50.5% agreed with implementing the proposed scheme with only 21.2% disagreeing. 28.3% did not know.
- 3.19 The consultation has confirmed that overall a majority of those residents / organisations who completed the survey were supportive of the Council's proposal to implement a replacement scheme as set out. Opposition to implementing the scheme was significantly less.
- 3.20 The Cabinet is to consider this report at its meeting on 23 January 2024 (the date of publication of this Assembly agenda). Any issues arising from the Cabinet meeting will be reported at the Assembly meeting.

4. Options Appraisal

- 4.1 The options appraisal now considers the following options for the CTS scheme for 2024/25.
- Maintain the current scheme with no changes.
 - Implement a replacement income banded discount scheme (Model 1).
- 4.2 The retention of the current scheme in to 2024/25 is not held to address the administrative issues with the scheme as outlined in the October Cabinet report.
- 4.3 A retention of the current scheme will not provide as an efficient and effective scheme for residents of the borough into 2024/25.
- 4.4 Model 1 is held to address the administrative issues with the retention of the current scheme, while maintaining the levels of support provided for the lowest income residents by protecting the majority of applicants in band 1 at an 85% discount comparable to the current scheme. The model provides better levels of support for UC claimants in employment, incentivising employment. This is balanced against the financial cost to the Council, against the anticipated cost of retaining the current scheme into 2024/25.
- 4.5 The implementation of a banded scheme has been designed to safeguard & support our most vulnerable residents. The scheme will be reviewed annually to reflect changing levels of demand, changes in the wider welfare system and to ensure that it remains affordable to the Council.
- 4.6 For the reasons outlined above, Model 1 is the recommended proposal.

5. Financial Implications

Implications completed by: Nurul Alom – Finance Manager

- 5.1 The Council is required to maintain a CTS Scheme. This is now funded as part of the Council's overall funding settlement and so any increases or decreases in take up or cost fall upon the Council's budget (rather than being provided for by a grant) and becomes a cost to the authority's budget in the following financial year.
- 5.2 The Council made a significant investment into the CTS scheme for 2023/24 by reducing the minimum payment from 25% to 15%. This increased the scheme costs from £14.6m (2022/23) to £16.01m (2023/24), an additional cost of £1.5m. Overall, the Scheme cost has increased. The modelling was completed by Policy & Practice (specialist external advisor) as outlined in the above report.
- 5.3 The Council identified c£1.3m from reserve to fund the increase in cost for 2023/24, this estimated was based on a 2.99% Council Tax increase for 2023/24. However, the increase was 4.99% and the Welfare Reserve was reprofiled and the Council updated its estimate to £1.5m. There is no in-year pressure associated with the current scheme in 2023/24. However, the forecast cost of the scheme has increased from £16.01m to £16.46m and the deficit on Council Tax into 2024/25 will now increase by a further £0.45m, due to increase in CTRS caseload in 2023/24.
- 5.4 As part of the 2023-2027 MTFS process Community Solutions proposed a new methodology for the application of the CTRS scheme, to achieve a more flexible and administratively suitable model to accommodate the cost-of-living crisis and the move nationally to Universal Credit. The cost of the proposed model was submitted in the MTFS cycle and is contained in the below table. This was based on a 2.99% Council Tax increase as was known at the time.

Growth requests approved	2024/25	2025/26	2026/27
CTS 2.99%	2,072,052	503,162	518,256
CTS 4.99%	2,572,052	803,162	818,256
Additional pressure on MTFS (estimated on 4.99% uplift, not 2.99% previously assumed)	500,000	300,000	300,000

- 5.5 The modelling above was completed on 2.99%. If we apply an assumed uplift of 4.99% instead then we would require an additional estimated £0.5m in 24/25, and an estimated £0.3m in 25/26 and 26/27. This is all subject to Council Tax uplifts and therefore is subject to change.
- 5.6 There is no funding identified to fund the additional 2%. This would need to be subject to growth in the MTFS. Although, it should be noted that the impact of the scheme would not be a direct cost to the service but a direct impact on the Collection rate of the Collection Fund and the reduced collections.

CTS Scheme	2024/25
15% Contribution scheme (existing Scheme)	£17.5m
Banded Scheme (Model 1)	£17.5m

5.7 The cost of either scheme will increase by £1m into 2024/25 against the current expenditure for 2023/24, in-line with the wider increase in Council Tax (estimated at 4.99%).

5.8 Risks to Financial Assumptions of cost:

- Assumed CTAX increase of 4.99%
- LBBD Modelling
- Outcome of Public Consultation
- Increase in caseload.
- Impact of Cost of Living
- Impact inflation/interest
- Impact of transition to Universal Credit
- Government Policy (General Election 2024/25)

5.9 Council Tax Discretionary Hardship Funding of £500k was earmarked from the Welfare Reserve for 2023/24. It is proposed to carry forward £250k into 2024/25 to support the transition from the current scheme to Model 1.

6. Legal Implications

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

6.1 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. Approval of the Council Tax Support Scheme is an Assembly function.

6.2 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.

6.3 As the CTS scheme is being proposed to be replaced with a new 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.

6.4 This paper sets out the consultation and responses in the final decision-making process regarding the proposed change to implement a replacement CTS scheme.

6.5 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.

- 6.6 With regard to the recommended proposal the outcome is to maintain the level of support for the lowest incomes. However, due to the wider impact of replacing the scheme, potentially some claimants will gain support, and some claimants may lose support. Some claimants will see their awards unchanged. There is therefore an adverse outcome for some claimants.
- 6.7 Schedule 1A to the Local Government Finance Act 1992 (revisions to and replacement of scheme) also requires the Council to consider providing transitional protection whereby the scheme change has the effect to reduce or remove entitlement from any class of person entitled as the Authority sees fit.
- 6.8 The provision of a DCTR fund provides mitigation for those classes of persons entitled who may see a reduction in their award due to the scheme change by providing an option to apply for additional financial assistance to support their increased Council Tax costs through the fund.

7. Other Issues

7.1 Risk Management

- 7.1.1 The Council has now procured the software required through the Capita Academy system, used to administer the current CTS scheme, for the implementation of an income banded discount scheme.
- 7.1.2 User acceptance testing will be required for the new scheme/system and will require planned time and resources to undertake.
- 7.1.3 The end of year process must be commenced on time and will require support on testing, implementation, and time frames to ensure the new scheme is correctly installed for end of year processing. A decision to retain the current scheme, after consultation, and not implement the proposed Model 1 may jeopardise the completion of the end of year process. Due to timings end of year testing must commence in December 2023 and must be done on the proposed banded scheme and the current scheme pending ratification of the final agreed scheme. This may require additional planned time and resources to undertake.
- 7.1.4 The Council has relied on its external partner Policy & Practice (who have national expertise in modelling CTS schemes) to model both the projected expenditure on retaining the current CTS scheme into 2024/25, and the projected costs for a replacement discount income banded scheme. Their report is at Appendix 4.
- 7.1.5 A fiscally neutral cost for the replacement discount income banded scheme has been based upon projected costs for retaining the current scheme into 2024/25, with a natural increase in cost due to Council Tax increases, Benefit uprating and variance in demand. This has not been modelled through the Capita Academy system due to system limitations and therefore a risk is raised that the projected cost of the scheme is more or less than anticipated.

- 7.1.6 This risk has been partly mitigated by internal modelling for the replacement scheme against the current scheme in 2023/24. This has demonstrated a fiscally neutral expenditure position within the current financial year and supports the extension of this position into 2024/25.
- 7.1.7 With the costs of the CTS scheme determined by demand, there remains a risk that future fluctuations in demand could place an additional financial burden on the Council. The expenditure figures and modelling were based on a CTS caseload extract from June 2023. Current expenditure figures to date (November 2023) show an increase in current scheme expenditure of c£0.45m caused by an increased demand on the scheme and welfare take up initiatives. As a consequence, the expected cost of the CTS scheme into 2024/25 is expected to be higher than originally forecast.
- 7.1.8 Changes to the CTS scheme will result in changes to the level of some CTS awards, with some residents receiving higher awards, some residents receiving lower awards and some residents seeing their award unchanged. This is because the replacement scheme will not exactly match the current scheme and will apply different levels of discount compared to household and income.
- 7.1.9 The Council is protecting the maximum level of the discount at 85% to ensure the most vulnerable low-income residents in the borough remain protected however modelling has demonstrated that 14% of current applicants may be worse off under the new scheme. A total of 1501 claims have been identified as at risk of receiving lower support in 2024/25 if the scheme is implemented.
- 7.1.10 A total of 169 claims were identified as losing all support (100%) of their current award. This represents a small percentage of the overall case load. This is raised as a risk due to the significant impact on some applicants during a period of high cost of living however is balanced against 1501 claims identified as receiving higher support and 7631 claims remaining unchanged. The EIA will also identify negative impacts on applicants with protected characteristics. Claims with disability benefits, Carers, and those with ill health and sickness benefits may in some cases receive lower awards and be adversely affected by the scheme change.
- 7.1.11 The proposed scheme has been modelled to take account of the future full migration of the remaining legacy benefit case load to UC. Consequently, the scheme has been designed to provide greater support to these claimants than would have been afforded if the current scheme was retained. However, modelling has demonstrated the proposed new scheme may see reductions in support for some legacy benefit claimants. Managed migration is now scheduled to commence in April 2024 mitigating this risk. Should the timetable for the commencement of managed migration be delayed the proposed scheme change may detrimentally affect some existing legacy benefit claimants pending the final migration to UC and is raised as a risk.
- 7.1.12 The timetable for managed migration also exempts certain categories of legacy benefit claims from the migration process, such as certain Employment & Support Allowance claims. These cases will remain as legacy benefit claims.

- 7.1.13 To support applicants adversely affected by the scheme change the Council has contracted a voluntary sector partner (DABD) to work with identified high loss and disabled claims who have been adversely affected by the scheme change. Additional support will be provided on income maximisation, benefit checks, income and expenditure and debt advice.
- 7.1.14 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. A significant loss of funding available will affect the support the Council can provide to mitigate the losses experienced by some applicants as we transition between schemes. This is raised as a considerable risk given the number of affected applicants who may lose as part of the change.
- 7.1.15 The outcome of the consultation has been majority supportive of the proposed scheme change however this was not unqualified with concerns being raised over key component parts of the proposed scheme.

7.2 Corporate Policy and Equality Impact

- 7.2.1 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.
- 7.2.2 An Equality Impact Assessment (EIA) of the proposal to replace the CTS scheme for 2024/25 has been undertaken and reviewed by the Strategy team and is attached in Appendix 3.
- 7.2.3 The report has identified there is potential for adverse impact on some protected characteristics from Model 1. There will be a positive impact on some and a negative impact on other working age claimants. 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.
- 7.2.4 A reduction in funding for the CTDR scheme will affect mitigations available against any potential issues that may arise from the EIA. The Council will have reduced means to mitigate against any potential issues that arise from the scheme change on applicants who may lose part or all of their award, who hold protected characteristics.

Public Background Papers Used in the Preparation of the Report:

- “Council Tax Support Scheme 2024/25 – Options and Consultation” report to Cabinet 17 October 2023
(<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=180&MId=12957&Ver=4>, Minute 47)
- “B&D Joint Health and Wellbeing Strategy 2019-23” report to Assembly 30 January 2019

(<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=179&MID=10014>,
Minute 48)

- “B&D Joint Strategic Needs Assessment” report to Health & Wellbeing Board 13 September 2022

(<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=669&MID=12758>,
Minute 19)

List of appendices:

- **Appendix 1:** Council Tax Support scheme 2024/25 – Full consultation report
- **Appendix 2:** CAB response to the consultation
- **Appendix 3:** Equality Impact Assessment (EIA)
- **Appendix 4:** Policy & Practice localised CTS Final Report