

Overview Select Committee

Council Tax Support Scheme 2025/26 – Consultation Outcome

Date of Meeting: 12 December 2024

Lead director: Amy Oliver

Useful Information

- | | |
|---------------------------|--|
| ▪ Ward(s) affected: | All |
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| ▪ Report version number | 1 |

1. **Purpose of Report**

- 1.1 The purpose of this report is to provide an overview of the proposed simplified “banded” council tax support scheme and the consultation results. Any changes to the scheme would require a decision by full Council on 16 January 2025 and take effect from 1 April 2025.

2. **Summary**

- 2.1 The Council is required to maintain a Council Tax Support scheme (CTSS) in respect of dwellings occupied by persons we consider to be in financial need. Our scheme has remained unchanged since its introduction in 2013.

- 2.2 Our new proposed scheme adopting a simplified ‘banded’ approach is intended to:
- make it easier to apply for and understand support;
 - reduce the number of times we make changes to amounts awarded;
 - increase support to the most vulnerable households;
 - make the scheme easier to administer;
 - make the system work better for those receiving universal credit (UC); and
 - reduce the overall costs of the scheme to help the Council address future budget deficits.

- 2.3 A public consultation ran from 30 September to 10 November 2024 receiving 280 responses, and responses were also sought from the Fire & Police Services. All elements of the proposal received broad support (between 63% and 88% of respondents).

3. **Recommendations**

- 3.1 The OSC is recommended to consider the overall position presented within this report and make any observations it sees fit.

4. **Report / Supporting Information**

Background

- 4.1 CTSS was introduced in April 2013 as a replacement for the national Council Tax Benefit scheme. The Government placed the duty to create a local scheme for working age applicants with the Council and reduced government funding by the equivalent of 10%. Funding has subsequently decreased further insofar as it can be identified within mainstream funding.

- 4.2 Since 2013 CTSS is divided into two schemes, with pension age applicants receiving support under the rules prescribed by Central Government, and the scheme for working age applicants being determined solely by the Council.
- 4.3 Pensioners, subject to their income, can receive up to 100% support towards their council tax. The Council has no power to change the level of support provided to pensioners.

The current scheme for working age applicants

- 4.4 Since 2013 working-age CTS has operated with the following elements:
- Maximum award of 80% of a Band B property council tax liability.
 - Means testing based on household weekly income, compared against a set of allowances. If income exceeds the allowance any support is reduced accordingly.
 - Other adults (non-dependants) are treated as part of the household. With some exceptions, this reduces an award depending on their income (on average, between 14% and 44% of their liability).
 - Support is subject to a de minimis level, currently £4.65 per week.
 - Savings limit of £6,000, above which no support can be awarded.

The main issues with the current scheme

- 4.5 There are a number of issues with the current scheme that need addressing. The main ones are as follows, examined in detail below:
- make it easier to apply for and administer support;
 - make the system work better for those receiving UC by reducing the number of times we make changes to amounts awarded;
 - increase support to the most vulnerable households, and
 - reduce the overall costs of the scheme to help the Council address future budget deficits.

A simplified approach to CTSS

- 4.6 The existing scheme is based on an old-fashioned benefit-based scheme and requires updating because:
- The application process is complicated and requires a lot of information and evidence to make an assessment, including income details of all adult residents which significantly impact week-by-week entitlement.
 - UC customers are often required to reapply after their benefits cease, which has contributed to a gradual decline in the number of households receiving CTSS.
 - It is difficult for customers to understand and anticipate what their award will be, and how it is likely to change with their income and circumstances.
 - Staff have to undergo significant training to be proficient in processing claims and the timescales for processing applications can be lengthy, and

administration of the scheme is costly when compared to other discounts for Council Tax.

CTS and the roll out of UC

4.7 The introduction of UC within the City has brought several significant challenges to both the administration of CTS and the collection of Council Tax generally. In common with other authorities the Council has experienced:

- A reduction in households receiving support as households move to UC and drop in and out of entitlement due to income changes,
- A high number of changes to UC cases are received from the DWP requiring a change to CTS entitlement. In Leicester this currently stands at c130,000 per annum and is expected to rise to c160,000 changes per annum from the end of 2025. These changes may result in amendments to Council Tax liability, the recalculation of instalments, delays, the loss in collection and increase in postage costs; and
- The increased costs of administration through multiple changes with significant additional staff and staff time being needed. Customers may also be confused with frequent changes to the amount they are required to pay.

4.8 UC is assessed monthly and under the current system even very small changes will lead to CTSS being reassessed for the remainder of the financial year, resetting all instalments due. This makes it extremely difficult for low-income households to be able to budget and make payments. On average CTSS is recalculated eight times a year against a schedule of either 10 or 12 payments due. The existing means tested CTSS will not be viable in the longer term now that UC has been rolled out fully within the area and with the increase in UC claimants due to managed migration from legacy benefits (to be completed by the end of 2025).

Focussing assistance on the most vulnerable

4.9 Similar to other authorities, the Council currently requires all working age applicants to pay a minimum of 20% towards their Council Tax (80% maximum support of a Band B property) regardless of their income or ability to improve their household finances, for example by moving into full-time employment.

4.10 The proposals seek to extend support up to 100% for the most vulnerable households on the lowest income up to a Band C property, enhancing available protection and reducing unnecessary administration and recovery action.

The proposed approach for the 2025/26 CTSS

4.11 In view of the problems being experienced with the current scheme, it is proposed that an alternative approach be taken from 2025/26. The approach has been to fundamentally redesign the scheme to address all of the issues with the current scheme.

4.12 The proposed new scheme has several key features as follows:

- Vulnerable households will receive a maximum discount of 100% of a Band C property council tax liability, increased from 80% of a band B property.
- Other households (non-vulnerable) will receive a maximum discount of 75% of a band B property, reduced from 80%.
- The scheme remains a means tested based on household weekly income but is simplified, with household income defined within weekly income bands. This means small changes in income will not trigger a support recalculation. Most incomes would be included, with only Child Benefit and UC Housing Costs continuing to be disregarded.
- There will be a simplified calculation of non-dependant deductions with a proposed deduction of 20% (of any CTS award) where a non-dependant resides within the household. A 20% reduction shall be made for **every** non-dependant resident.
- Disregards for childcare costs and the capital limit of £6,000 would be unaffected.

4.13 The proposed scheme focusses help to the most vulnerable in our city (one-fifth of those currently supported) and defines vulnerable where the applicant or partner receives any of the following:

- Middle or higher rate care component of the Disability Living Allowance, or the enhanced rate of the Daily Living Component of Personal Independence Payments; or
- Carers' Allowance or the Carer's Element of UC; or
- Income-related Employment & Support Allowance; or
- The Support Component of contribution-based ('new style') Employment & Support Allowance; or
- UC with a Limited Capability for Work or Limited Capability for Work Related Activity Element; or
- Households where any dependant child or young person is in receipt of a disability benefit.

4.14 All forms of income will form part of the assessment, with the exception of the following:

- Child Benefit and their equivalents (Fostering Allowance, Child's Guardian's Allowance, Special Guardianship Allowance)
- The Housing Costs element of UC
- War Widows & War Disablement Pensions

4.15 We will also offset disability-related income for second and subsequent household members (after the first), to ensure that multiply-disabled households are not disproportionately disadvantaged.

How the new scheme will address the problems with the current CTSS

4.16 With the simplicity of the proposed new scheme and by taking an approach closer to that already used for other Council Tax discounts, it will address the problems associated with the increased administration caused by failings in the current scheme and UC as follows:

- **The scheme will require a simplified claiming process.** All applicants will see a significant reduction in the bureaucracy associated with making a claim and, where possible, CTS will be awarded automatically.
- **Speed of processing.** All claims will be able to be calculated promptly and largely automatically without the need to request further information. Processing days could be reduced from 30 days to 15 days.
- **Maximising entitlement to every applicant.** There will no requirement for UC applicants to apply separately for CTS, and for all other applicants, the claiming process will be simplified significantly.
- **Maintenance of collection rates.** The new scheme will avoid constant changes in discount, the need for multiple changes in instalments and therefore assist in supporting collection rates. However, it should be noted that the decreased level of support for non-vulnerable working age cases may have a corresponding negative effect on collection levels.
- **The income bands are sufficiently wide to avoid constant changes in support.** The new scheme, with its simplified income banding means only significant changes in income will affect the level of discount awarded. Council Taxpayers who receive CTS will not receive multiple Council Tax bills and adjustments to their instalments.

The effect of proposed scheme on individual households

- 4.17 The proposed changes will have a significant effect on households within the Council's area especially those on the lowest of incomes. Current modelling allows us to project the likely outcomes for typical households given their individual circumstances.
- 4,200 households would be better off (this will primarily be the vulnerable group);
 - 13,500 would be worse off, including 1,900 households who would cease to receive CTS (income too high and currently receiving only partial support);
 - Households better off (as a result of the protection) would benefit by an average of £250 per household per annum, or £4.80 per week; and
 - Households worse off would lose an average of £325 per household per annum, or £6.25 per week
- 4.18 In order to mitigate some of the losses, it is proposed that the Council Tax Discretionary Relief (CTDR) scheme will be increased from £0.5m to £0.75m per year for two years to protect individuals who experience exceptional hardship. The Council will consider all applications for exceptional hardship on an individual basis, considering available income and essential outgoings. Where appropriate further support will be given to the applicant.
- 4.19 This approach will enable individual applicants to be dealt with in a fair and equitable manner. Recovery of outstanding debt will be considered under the fair debt policy.

Alternative Options

- 4.20 The alternatives to introducing a banded CTSS from 2025/26 is to leave the existing scheme in place, or decreasing the maximum award only. This would be a short-term option and lead to increasing scheme costs and administration costs, and collection costs if payments were increased for all CTSS households regardless of means.
- 4.21 If the Council wished to consider adopting a scheme with a lower savings profile, it could consider the following options:
- Adding more bands, e.g. 100/80/60/40/20% for vulnerable and 80/60/40/20% for non-vulnerable households. This would reduce by £850,000 per annum.
 - Adding more categories, e.g. more generous allowances for households with three or more children. This would reduce savings by £350,000 per annum.
 - Reintroducing income disregarded from assessment in the current scheme, such as Personal Independence Payments. This would reduce savings by £1.3m.

5. Consultation

- 5.1 A full consultation was undertaken in line with statutory requirements with:
- Leicestershire Police and Crime Commissioner;
 - Leicestershire Combined Fire Authority; and
 - The public.
- 5.2 Consultation material and questions were shared with the precepting authorities on 3 September 2024. No objections were made by either of the major preceptors, and the Fire Service provided a written response confirming their support for the proposals.
- 5.3 A consultation exercise was undertaken with the public for six weeks between 30 September and 10 November 2024. Communications promoting the consultation including emailing or writing to all current CTSS households, briefings to frontline staff, holding telephone messages hosted by Customer Services, and promotion through Council publications.
- 5.4 Of 280 responses received, 5 were from out of the Leicester area and 7 were from residents not liable for Council Tax, leaving 268 evaluated responses. A summary of the responses for each of the question relating to the key changes are shown below. It should be noted that most responses received from the public agreed with all of the proposed changes.

Question	Agree (%)	Disagree (%)	Don't know (%)	Agree disregarding non-responses (%)
Do you support the introduction of a banded income scheme?	0.52	0.21	0.27	0.71
Do you support the measures to support vulnerable applicants?	0.76	0.11	0.13	0.87
Do you think the bands in the table are fair?	0.42	0.27	0.31	0.61

Do you agree with the simplification of the way we calculate support when “non-dependent” adults (adults other than the applicant and their partner) reside in the household	0.46	0.27	0.27	0.63
Do you agree that we disregard housing benefit and some elements of UC when we place applicants into an income band	0.67	0.14	0.19	0.83
Do you agree that we support families by continuing to disregard child benefit when we place applicants into an income band, and make allowance for child-care costs when we calculate spending needs	0.69	0.12	0.19	0.86
Do you agree that we continue to protect war pensioners by disregarding war pensions and war disablement pensions when we place applicants into an income band	0.77	0.07	0.16	0.92
Do you agree that we remove the “extended payment” provisions which apply when an applicant ceases to be entitled to support, to be consistent with the way UC works	0.59	0.19	0.22	0.76

6. Scheme Costs

- 6.1 The current costs of the scheme are £26.6m of which £11.7m is related to the pension age scheme (which will not change) and £14.9m for the working age scheme.
- 6.2 The costs of the scheme are met by the City Council in line with its share of the Council Tax. Any savings accruing would be shared with the Major Preceptors. Around 84% is met by the City Council and 16% by police/fire.
- 6.3 Based on the proposed scheme in Appendix 3, the forecast cost impact would be:

	25/26 £,000	26/27 £,000	27/28 £,000
Revenue savings	2,400	2,400	2,400
Less one-off revenue costs (IT)	(76)	0	0
Less additional discretionary relief	(250)	(250)	0
Net Saving / (Cost)	2,074	2,150	2,400

- 6.4 Table 1 shows only the savings attributable to the City Council. Additionally, the changes would unlock administrative savings (through reduced staffing) estimated at some £0.4m per year.
- 6.5 Other authorities implementing banded schemes experienced an initial increase in caseload, which may be due to people who are in receipt of UC starting to claim for the first time (some old schemes – not ours – required an additional application from UC claimants). Any such cost has been disregarded in the table as it is not possible to estimate – we believe it would not be significant. Overall, the caseload will reduce due to a fall in the number of eligible claimants.

7. **Proposed timetable**

7.1 The following is proposed as compliant with our legal obligations outlined in section 7.

Mayor decision to proceed with recommendation to Council	19 th December 2024
Council decision	16 th January 2025
New scheme live as part of council tax billing 2025/26	1 st April 2025

8. **Financial implications**

8.1 The decision to undertake the consultation carries minimal financial commitments; any costs will be met within existing service budgets.

8.2 If a new scheme is implemented following consultation, the future costs will clearly depend on the detailed parameters of the new scheme, as well as changes in caseload from wider demographic and economic changes. Under legislation, the costs of the CTS scheme are shared with the Police and Crime Commissioner and the Fire Authority; whereas discretionary relief and administration costs fall entirely to the city council as the billing authority.

8.3 Based on current caseloads and the scheme as set out in Appendix 3, the forecast cost is lower than the current scheme as set out in paragraph 5.3 above. This will be re-evaluated for any changes to the proposed scheme following consultation.

Catherine Taylor, Financial Strategy Manager, Ext 374056

9. **Legal implications**

9.1 Schedule 1A (3) of the Local Government Finance Act 1992, states that before making a scheme, the authority must:

- consult any major precepting authority which has power to issue a precept to it,
- publish a draft scheme in such manner as it thinks fit, and
- consult such other persons as it considers are likely to have an interest in the operation of the scheme.

9.2 In addition, in order to set a new scheme, the City Council is obliged to make a resolution by 11th March of the year prior to the scheme coming into place.

Kamal Adatia, City Barrister, Ext 371401

10. **Equality implications**

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who

don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Act therefore imposes a duty on the Council, which is separate from the general duty not to discriminate. When a Council carries out any of its functions, including deciding the Council Tax Support scheme to be adopted, the Council must have due regard to the matters within the section of the Act outlined above.

The purpose of this report is to provide an overview of the proposed simplified "banded" council tax support scheme and the consultation results. An Equalities Impact Assessment (EIA) has been conducted for this specific piece of work and has been updated following the consultation. The EIA has identified that there will be a negative impact on some households that will no longer be in receipt of support and mitigating actions have been identified across the relevant protected characteristics.

Sukhi Biring and Surinder Singh, Equalities Officers
27 November 2024

11. Climate Change implications

There are no significant climate change implications arising from this report.

Duncan Bell, Energy & Sustainability Service, Ext 372249

12. Summary of appendices

Appendix 1: Equality Impact Assessment (EIA)

Appendix 2: Full Consultation Outcomes

Appendix 3: Proposed CTS Scheme

13. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)

No.

14. Is this a "key decision"?

Yes.

15. If a key decision please explain reason

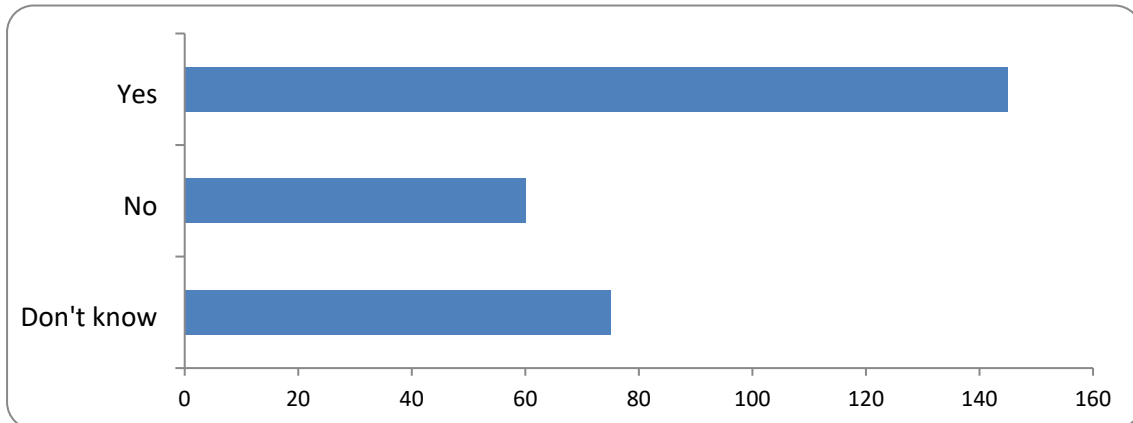
Significant impact on over 15,000 households requiring a statutory public consultation.

Appendix 1: CTSS 25/26 Consultation Outcomes

<https://consultations.leicester.gov.uk/communications/council-tax-support-scheme-2025-26>

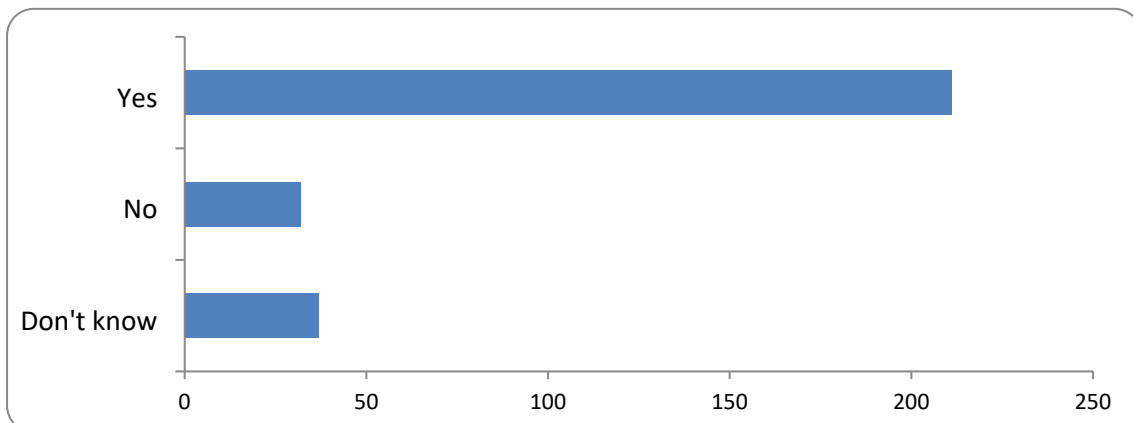
There were 280 responses.

Do you support the introduction of a banded income scheme?



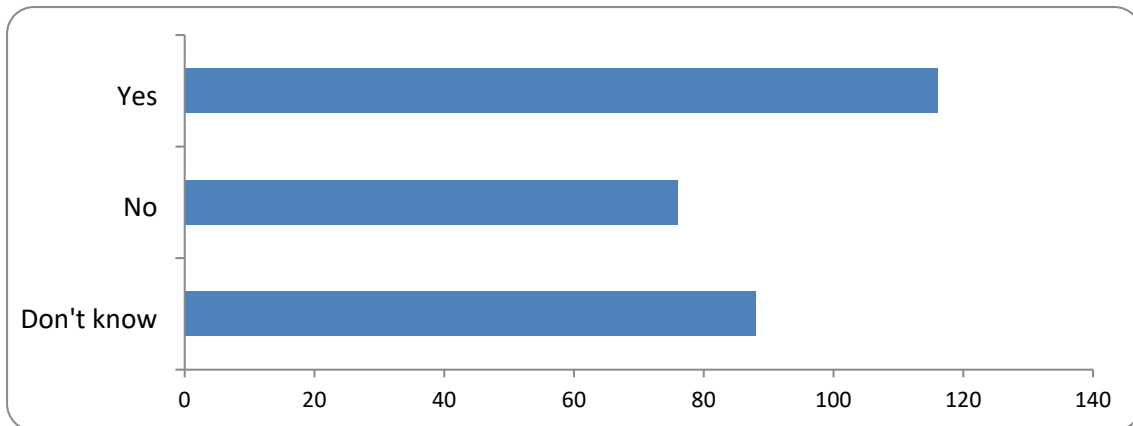
Option	Total	Percent
Yes	145	51.79%
No	60	21.43%
Don't know	75	26.79%
Not Answered	0	0.00%

Do you support the measures to support vulnerable applicants?



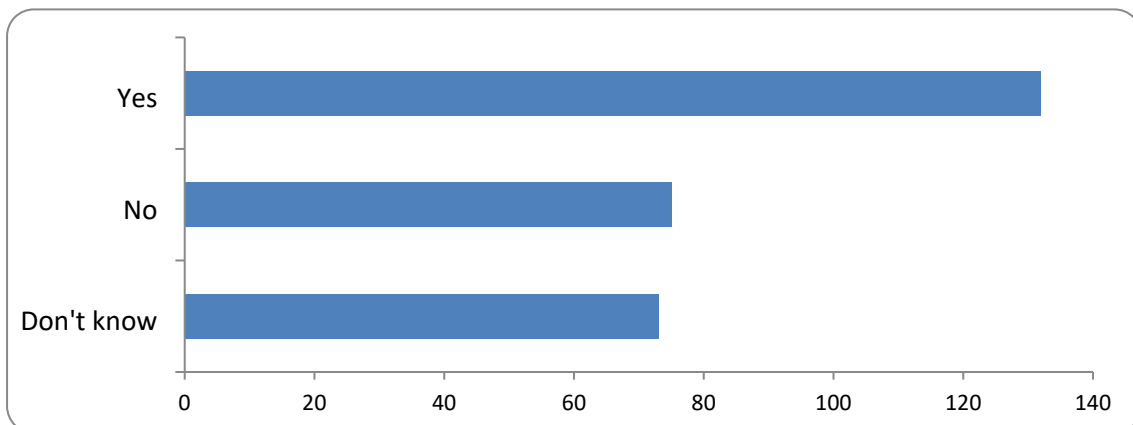
Option	Total	Percent
Yes	211	75.36%
No	32	11.43%
Don't know	37	13.21%
Not Answered	0	0.00%

Do you think the bands in the table are fair?



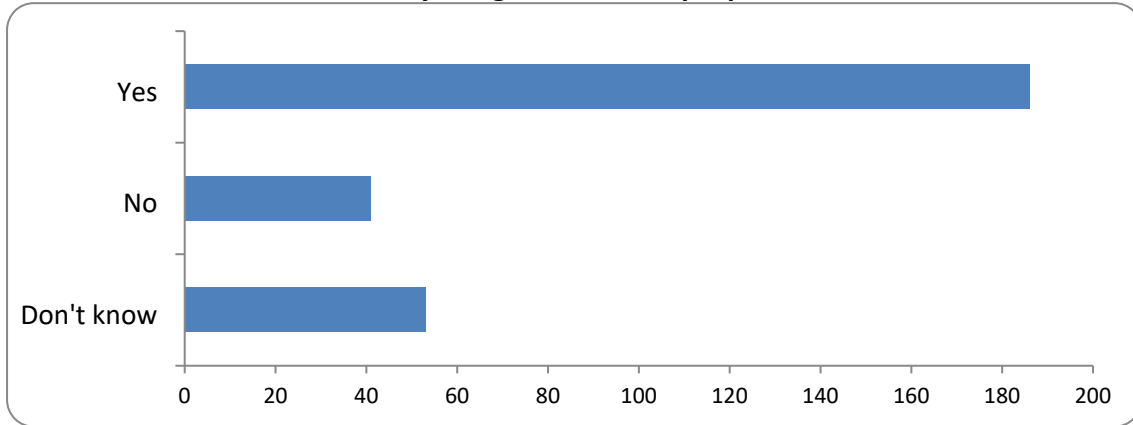
Option	Total	Percent
Yes	116	41.43%
No	76	27.14%
Don't know	88	31.43%
Not Answered	0	0.00%

Non Dependants - Do you agree with this proposal?



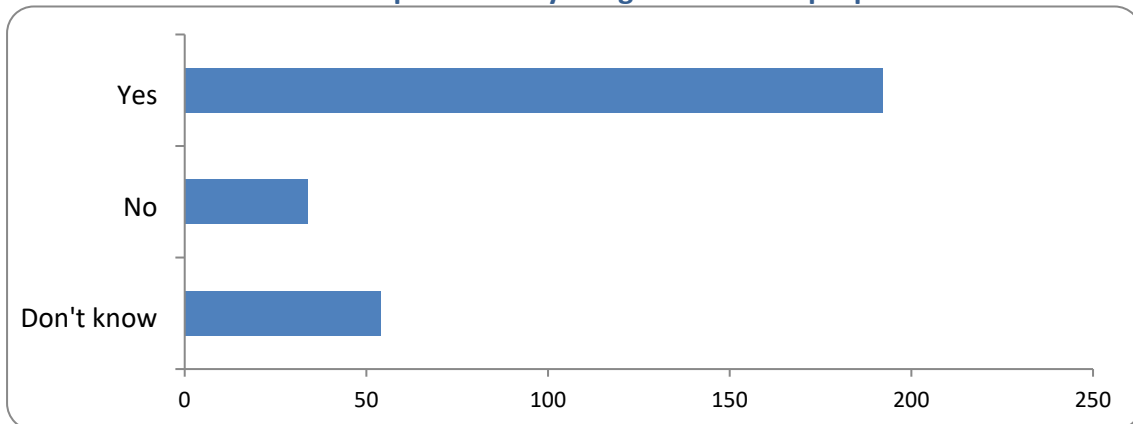
Option	Total	Percent
Yes	132	47.14%
No	75	26.79%
Don't know	73	26.07%
Not Answered	0	0.00%

Universal Credit elements - Do you agree with this proposal?



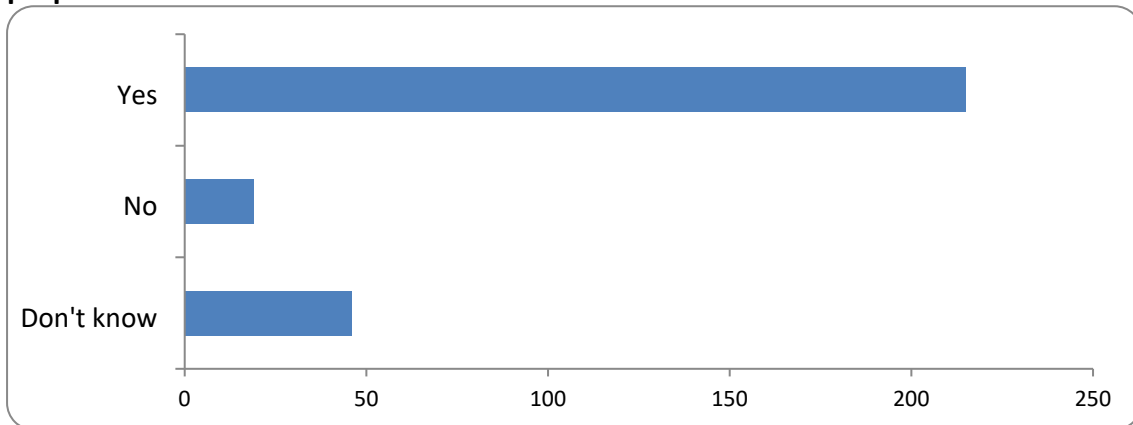
Option	Total	Percent
Yes	186	66.43%
No	41	14.64%
Don't know	53	18.93%
Not Answered	0	0.00%

Child Care and Child Care Proposals - Do you agree with this proposal?



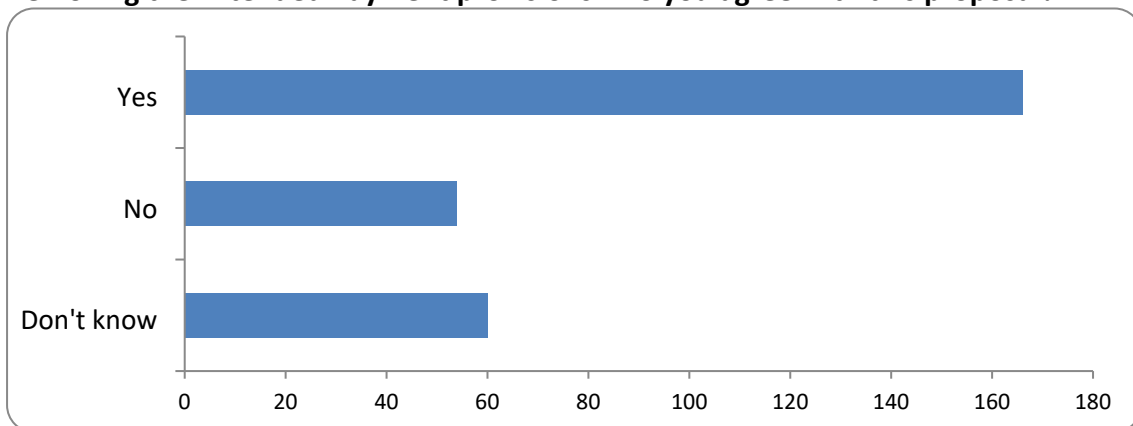
Option	Total	Percent
Yes	192	68.57%
No	34	12.14%
Don't know	54	19.29%
Not Answered	0	0.00%

Disregarding War Pensions and War Disablement Pensions - Do you agree with this proposal?



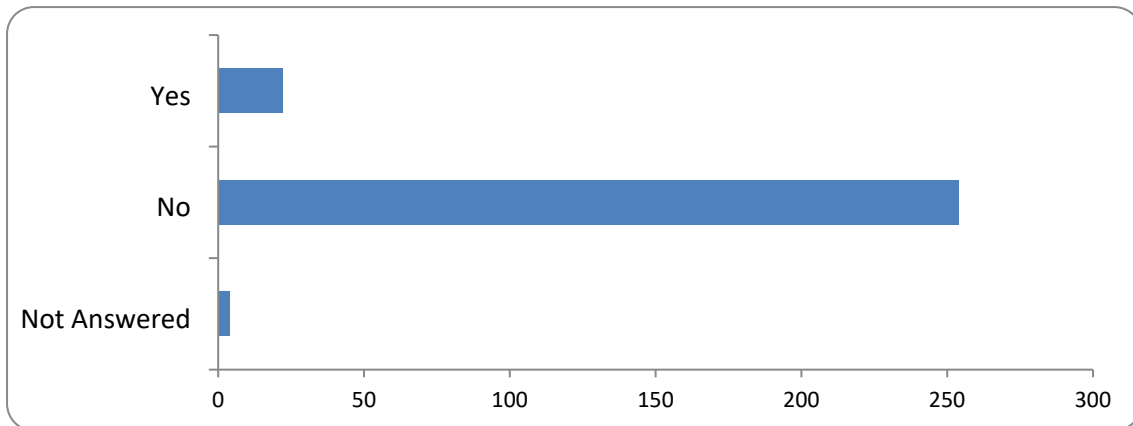
Option	Total	Percent
Yes	215	76.79%
No	19	6.79%
Don't know	46	16.43%
Not Answered	0	0.00%

Removing the Extended Payment provisions - Do you agree with this proposal?



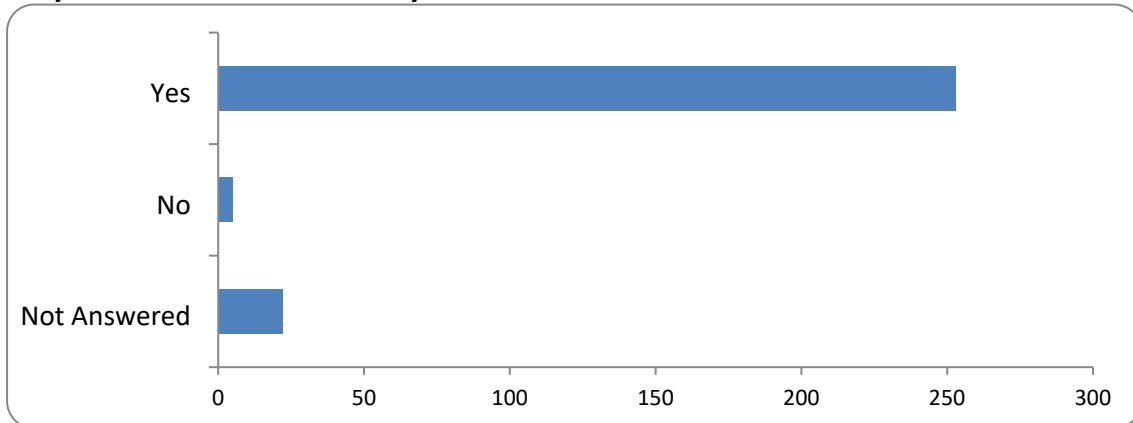
Option	Total	Percent
Yes	166	59.29%
No	54	19.29%
Don't know	60	21.43%
Not Answered	0	0.00%

**Are you completing this form on behalf on an organisation / group?
organisation / group**



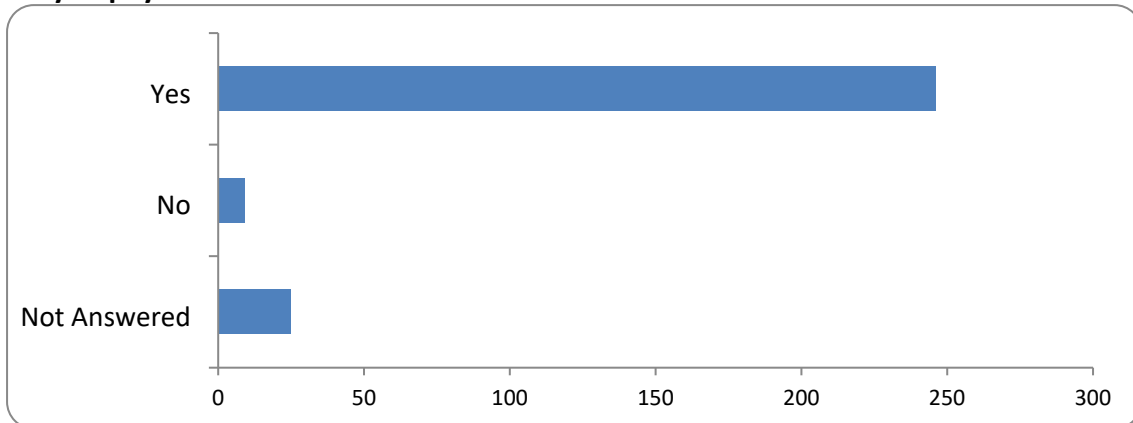
Option	Total	Percent
Yes	22	7.86%
No	254	90.71%
Not Answered	4	1.43%

Do you live in the Leicester City Council area?



Option	Total	Percent
Yes	253	90.36%
No	5	1.79%
Not Answered	22	7.86%

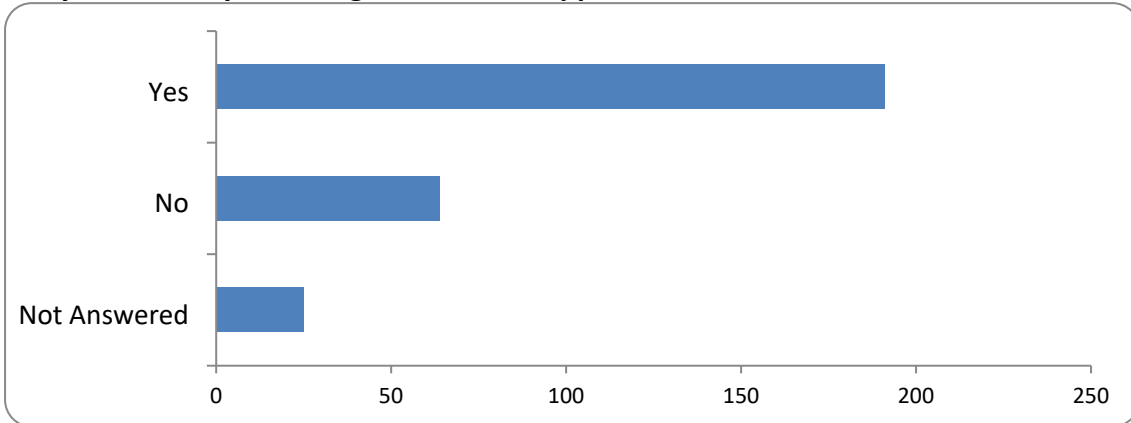
Do you pay Council Tax?



Option	Total	Percent
Yes	245	81.67%
No	10	3.33%
Not Answered	45	15.00%

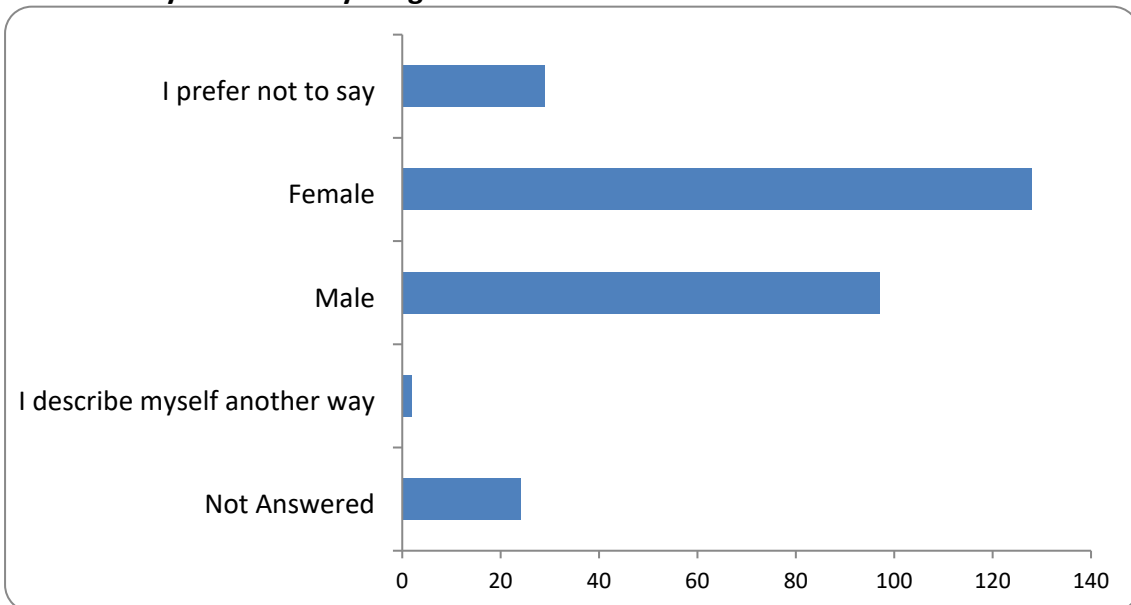
Yes	246	87.86%
No	9	3.21%
Not Answered	25	8.93%

Are you currently receiving Council Tax support?



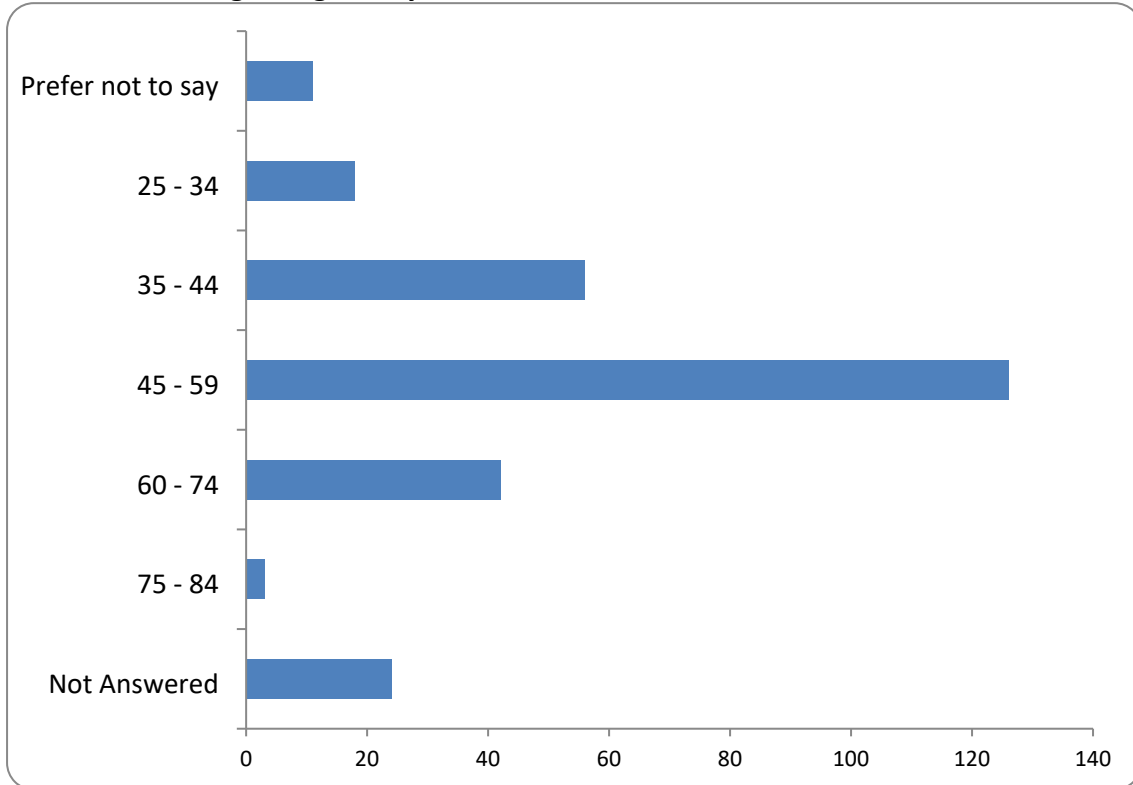
Option	Total	Percent
Yes	191	68.21%
No	64	22.86%
Not Answered	25	8.93%

How would you describe your gender?



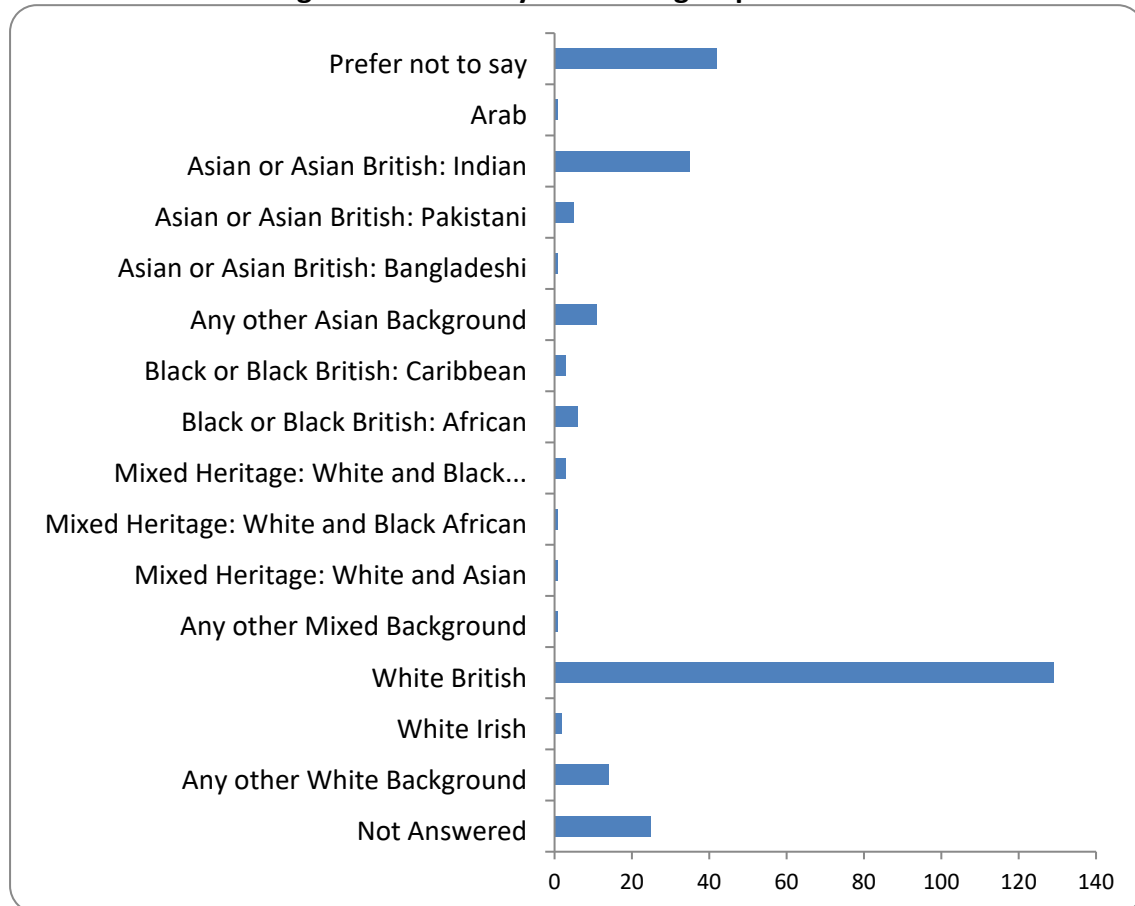
Option	Total	Percent
I prefer not to say	29	10.36%
Female	128	45.71%
Male	97	34.64%
I describe myself another way	2	0.71%
Not Answered	24	8.57%

Which of these age ranges do you fall into?



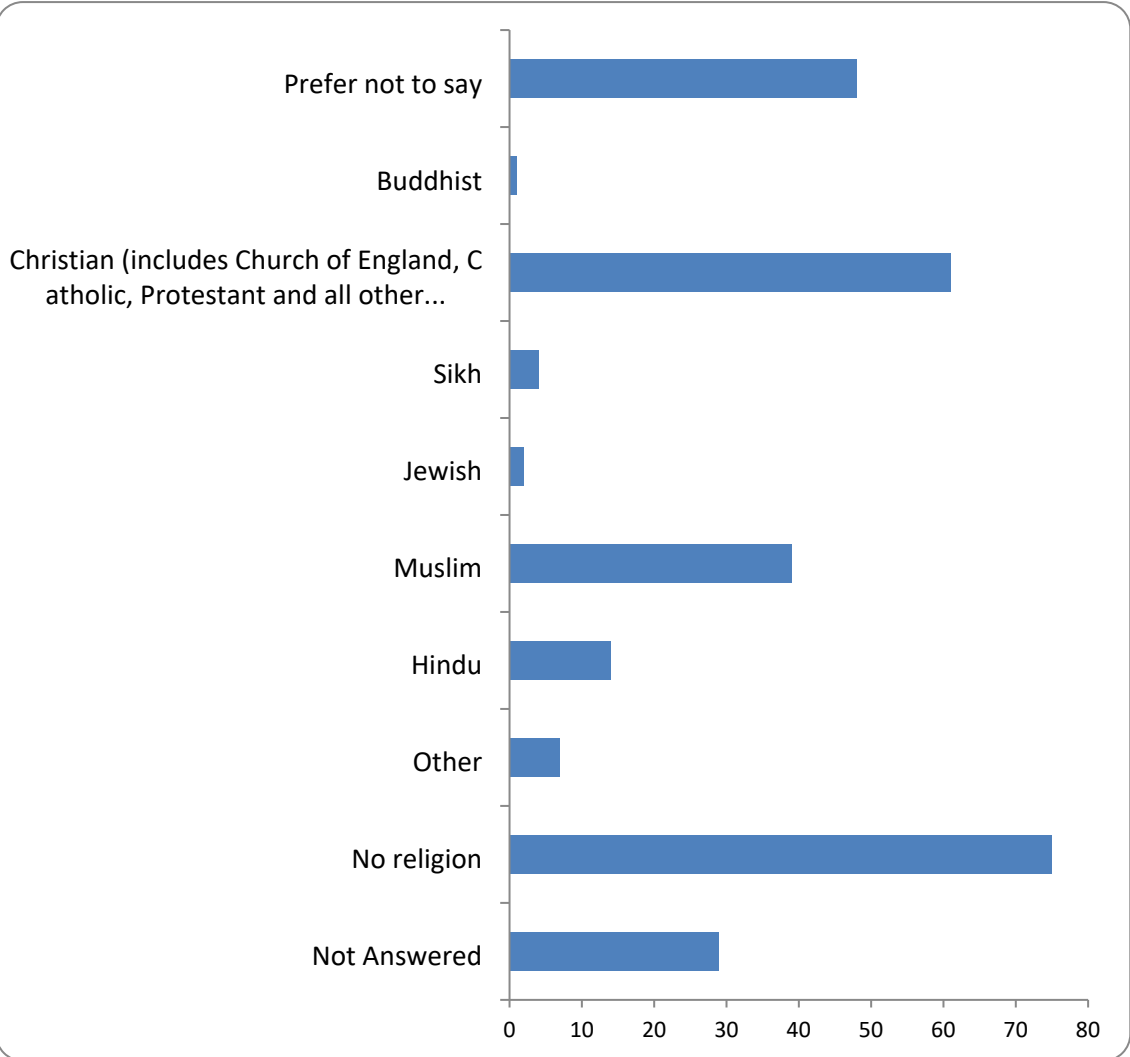
Option	Total	Percent
Prefer not to say	11	3.93%
16 - 24	0	0.00%
25 - 34	18	6.43%
35 - 44	56	20.00%
45 - 59	126	45.00%
60 - 74	42	15.00%
75 or over	0	0.00%
75 - 84	3	1.07%
85+	0	0.00%
Not Answered	24	8.57%

Which of the following best describes your ethnic group?



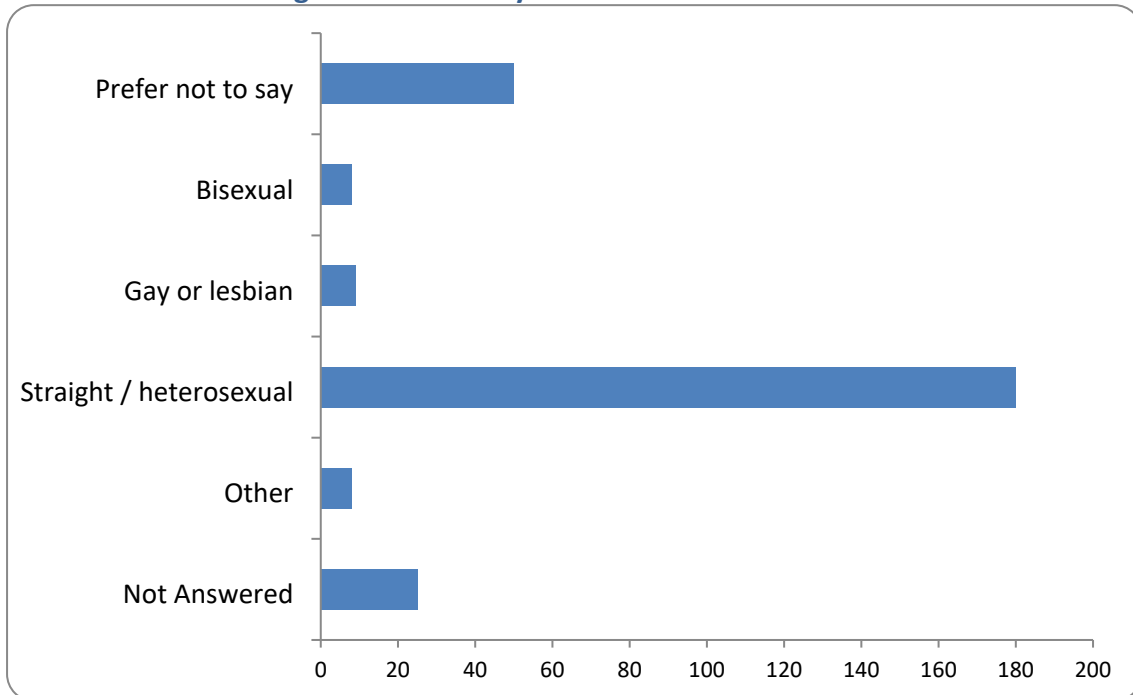
Option	Total	Percent
Prefer not to say	42	15.00%
Arab	1	0.36%
Asian or Asian British: Indian	35	12.50%
Asian or Asian British: Pakistani	5	1.79%
Asian or Asian British: Bangladeshi	1	0.36%
Asian or Asian British: Chinese	0	0.00%
Any other Asian Background	11	3.93%
Black or Black British: Caribbean	3	1.07%
Black or Black British: African	6	2.14%
Any other Black Background	0	0.00%
Mixed Heritage: White and Black Caribbean	3	1.07%
Mixed Heritage: White and Black African	1	0.36%
Mixed Heritage: White and Asian	1	0.36%
Any other Mixed Background	1	0.36%
White British	129	46.07%
White Irish	2	0.71%
Any other White Background	14	5.00%
Not Answered	25	8.93%

What is your religion/belief?



Option	Total	Percent
Prefer not to say	48	17.14%
Buddhist	1	0.36%
Christian (includes Church of England, Catholic, Protestant and all other Christian Denominations)	61	21.79%
Sikh	4	1.43%
Jewish	2	0.71%
Muslim	39	13.93%
Hindu	14	5.00%
Other	7	2.50%
No religion	75	26.79%
Not Answered	29	10.36%

Which of the following best describes your sexual orientation?



Option	Total	Percent
Prefer not to say	50	17.86%
Bisexual	8	2.86%
Gay or lesbian	9	3.21%
Straight / heterosexual	180	64.29%
Other	8	2.86%
Not Answered	25	8.93%

Appendix 3 – Proposed Scheme and Examples of the Impact on Different Households

		Vulnerable				Other			
Band	Discount	Single Person	Couple with no children	Couple or Lone Parent with one child/young person	Couple or Lone Parent with two or more children/young persons	Single Person	Couple with no children	Couple or Lone Parent with one child/young person	Couple or Lone Parent with two or more children/young persons
		Weekly Net Income							
1	100%	£0 to £150	£0 to £150	£0 to £150	£0 to £225	N/A	N/A	N/A	N/A
2	75%	£150.01 to £225	£150.01 to £225	£150.01 to £300	£225.01 to £375	£0 to £150	£0 to £150	£0 to £150	£0 to £225
3	50%	£225.01 to £300	£225.01 to £300	£300.01 to £450	£375.01 to £450	£150.01 to £225	£150.01 to £225	£150.01 to £300	£225.01 to £375
4	25%	£300.01 to £375	£300.01 to £375	£450.01 to £525	£450.01 to £525	£225.01 to £300	£225.01 to £300	£300.01 to £450	£375.01 to £450
5	0%	£375.01+	£375.01+	£525.01+	£525.01+	£300.01 +	£300.01 +	£450.01 +	£450.01 +

