

Leicester City Council

Scrutiny Review

**A review of the changes to the Council
Tax Support Scheme**

**A Review Report of the Overview
Select Committee**

June-August 2025

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Overview Select Committee

Committee Members:

Councillor Joel (Chair)
Councillor March
Councillor Batool
Councillor Waddington
Councillor Pickering
Councillor Zaman
Councillor O'Neill
Councillor Rae Bhatia
Councillor Osman
Councillor Dave
Councillor Kitterick
Councillor Porter

Evidence Presented by:

Amy Oliver
James Rattenberry
Cory Laywood
Councillor Bonham (Case Study)

Chair's Foreword

It is of importance when significant changes are made to Council policies, like the Council Tax Support Scheme that thorough scrutiny is undertaken to ensure the proposed changes have the impact anticipated. This then allows recommendations to be made to the Executive on areas of improvement.

This task group has been able to review the impact of the new Council Tax Support Scheme that came into place from April 2025 and look at areas of potential improvements and model alternatives.

To enable this the group was presented with a range of information about the previous scheme, the new scheme and individual case studies. This has enabled us to make the recommendations for improvements to the new scheme. I would like to thank the members for being active in this group, putting forward ideas where warranted, and I would also like to thank the officers involved for providing detailed and comprehensive evidence and information that has allowed our members to provide optimal scrutiny.

I very much hope that the recommendations made by the group are considered carefully by the Executive.

Councillor Joel

Chair, Overview Select Committee

1 Executive Summary

1.1 Background to the Review

- 1.1.1. In January 2025 Council approved changes to the Council Tax Support Scheme (CTSS) following a consultation and scrutiny at Overview Select Committee. The changes to the scheme came in affect from the 1st April 2025.
- 1.1.2. The new CTSS impacted households of working age where the policy is determined by the Council. Pensioners were not impacted by the changes to the scheme as the support provided is under the rules prescribed by Central Government.
- 1.1.3. A task group was convened to better allow Councillors to understand the effects of the new scheme and to consider alternatives and potential changes to the proposed scheme.
- 1.1.4. It was recognised the previous scheme was no longer fit for purpose following the introduction of Universal Credit. The previous scheme was complicated and often led to regular reassessments regularly resetting instalments due and leading to households getting into arrears.
- 1.1.5. The intended key features of the new scheme were:
 - To support vulnerable households with them receiving 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) continue to receive a maximum discount of 80% of a band B property.
 - The scheme remained 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.
 - 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 who would have attracted a deduction under the previous scheme, which included exemptions for households with disability and students.
 - Disregards for childcare costs and the capital limit of £6,000 would be unaffected.

- There are additional allowances to protect the incomes of households with three or more children, beyond the “two child cap” which previously applied.

1.1 Review Approach

1.1.1 The review took place in 3 parts:

- Part 1 – Councillors were provided an overview of the new system and how it compares to the previous system and alternative models. (Appendix 1)
- Part 2 –Councillors were provided with updated statistics and analysis of the data to ascertain how the new scheme has affected citizens, this included a review of the communications with those impacted by the changes to the scheme. Councillors asked for alternatives to be modelled and to be presented at the final meeting. (Appendix 2)
- Part 3 – Councillors considered potential changes to the scheme including information provided on a case study and made recommendations. Appendix 3 considers the alternative models considered.

1.2 Recommendations

The Executive are asked to consider the following recommendations:

- 1.2.1 For a household where both partners receive a PIP to exclude 50% of PIP from the income calculation.
- 1.2.2 For households with four or more children, the first income band is increased from the current £250 to a proposed £300. This would provide support at 100% for vulnerable households or up to 80% for non-vulnerable.
- 1.2.3 The additional £250k of the discretionary support scheme be extended beyond two years.

1.3 Summary of the Working Group Findings

- 1.3.1 The working group considered the data presented by officers and communications sent to taxpayers in relation to CTSS. In addition, we considered advice on the requirements to complete a consultation and any potential equality implications of changes to the scheme.
- 1.3.2 Following the work of the task group it is positive to note that the communications to taxpayers have been changed to ensure that they are clear and concise, and assurance was provided around the advertising of the discretionary scheme and support for those struggling to pay their Council Tax.

- 1.3.3 This report does propose some changes to the scheme to reduce the impact on those that have been adversely impacted and an extension of the discretionary support beyond the current two years. Details on the proposals are provided below:

Recommendation 1 - For a household where both partners receive a PIP to exclude 50% of PIP from the income calculation.

Less than 200 households were identified where two people received PIP. Of those 75 would have been identified to be entitled to CTS if only one member received PIP. Within the current scheme each of these households were automatically awarded Council Tax Discretionary Relief, this is at a cost of £28,000.

To include this as part of the scheme would come at nil cost to the authority but would require consultation and a decision of Council. Alternatively officers can continue to review applications and awards to award the equivalent award of Council Tax Discretionary Relief, which would not require a change to the scheme.

Recommendation 2 - For households with four or more children, the first income band is increased from the current £250 to a proposed £300. This would provide support at 100% for vulnerable households or up to 80% for non-vulnerable.

The adoption of this change would benefit approximately 2,775. The cost of implementing this proposal would be a total of £375k a year. This is broken down in to £325k in the increased support provided and £50k for the increased administration. To amend the scheme to include this change would require consultation and a decision of Council.

Recommendation 3 - The additional £250k of the discretionary support scheme be extended beyond two years.

The Council increased the budget by £250k for the first two years of the scheme to support households adversely impacted by the changes in the Council Tax Support Scheme. As much as there is a budget for Council Tax Discretionary Relief, it was noted that even if the budget is fully allocated anyone eligible under the scheme would still receive the relief.

2 Financial, Legal and Other Implications

2.1 Financial Implications

The Council Tax Support scheme was introduced from April 2025 to ensure a simplified scheme and generated savings of £1.6m a year. The impact of each recommendation is provided below.

Recommendation 1

To exclude 50% of PIP for a household where a couple both receive PIP from the income calculation, would have nil impact on the budget as this is already provided through Council Tax Discretionary Relief.

Recommendation 2

To increase the weekly income to £300 for households with four or more children would cost the Council £375k a year.

Recommendation 3

The extend additional discretionary relief beyond the two years would come at an additional cost of £250k a year. It is important to note as much as there is a budget for discretionary relief, if the budget was fully committed but a household was entitled under the policy, we would not be able to refuse the relief due to the budget being fully committed.

If all the recommendations were implemented the total cost to the Council by 2027/28, is estimated to be circa £625k

Amy Oliver, 16th September 2025

2.2 Legal Implications

The procedural considerations, by way of the likely need for consultation and a fresh decision by Council are covered in the main body of the report. Continuation of the Discretionary Scheme is also an option because, in law, it cannot be capped by a nominal cash limit if qualifying applicants come forward.

Kamal Adatia, City Barrister
11 September 2025

2.3 Equality Implications

An Equality Impact Assessment was undertaken on the Council Tax Support Scheme which was introduced in April 2025.

If changes are proposed to the scheme based on the three recommendations, a full EIA will need to be undertaken prior to any consultation taking place, this is to ensure that equality impacts have been considered in the development of the proposals and as an integral part of the decision-making process.

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, 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, sexual orientation.

Sukhi Biring, Equalities Officer
9 September 2025

2.4 Climate Change Implications

There are no direct climate emergency implications associated with this report.

Phil Ball, Sustainability Officer, Ext 372246
9 September 2025

3 Summary of Appendices

Appendix 1 – Presentation at first meeting.
Appendix 2 – Summary of first meeting.
Appendix 3 – Presentation at second meeting.
Appendix 4 – Summary of second meeting.
Appendix 5 – Summary of third meeting.

4 Officers to Contact

Amy Oliver – Director of Finance
Ed Brown – Senior Governance Officer

