

The background of the slide is a dense field of 3D-rendered numbers in various shades of blue and white. The numbers are of different sizes and are scattered across the entire frame, creating a sense of depth and complexity. Some numbers are prominent in the foreground, while others recede into the background.

Scrutiny Review: Council Tax Support Scheme

Overview Select Committee
Part 1 - June 2025

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In January 2025 the Council adopted a simplified “banded” council tax support scheme 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.



OSC would like to monitor the progress of the implementation and understand what the implications of the changes are.

Purpose, aims & scope



Monitor the new scheme as it is implemented

- ◇ Consider the data collected regarding the rollout of the new scheme



Make assessments from the data gathered on how well it is working

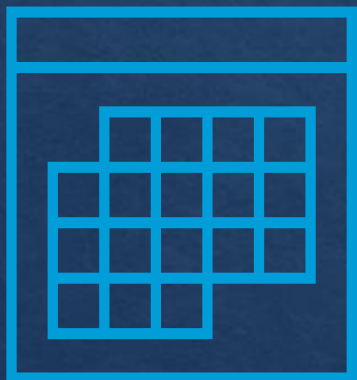
- ◇ How successful has the new scheme been?
- ◇ Which citizens have benefitted, and which have lost out relative to the previous scheme?



Consider if anything needs to be changed

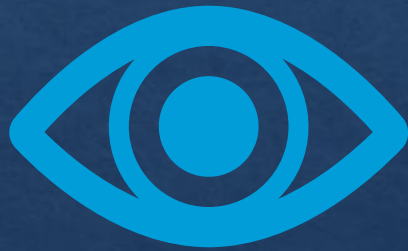
- ◇ How can the scheme be monitored?
- ◇ What recommendations can be made as to how the scheme could be amended?

Timetable

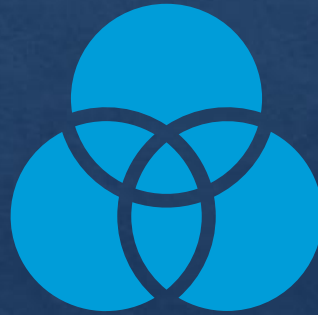


- ◆ **Part 1: June 2025** meeting will provide members with an overview of the new system and how it compares to the previous system and alternative models.
- ◆ **Part 2: July 2025** meeting will provide members with updated statistics and to analyse the data to ascertain how the new scheme has affected citizens.
- ◆ **Part 3: August 2025** meeting will allow members to digest the data and make recommendations on how those who have lost out could be helped, and whether any alternatives could be explored.
- ◆ **January 2026 - 2026/27** CTSS must be adopted by full Council to coincide with the setting of the council tax base.

OSC Task Group – Part 1 session



**Overview of the new
system**



**Comparison to the
previous system**



Alternative models

Overview of the Previous System

- ◇ Introduced in 2013 after government abolished Council Tax Benefit (CTB). Initially subsidised at 90% of CTB expenditure and subsequently folded into core funding and eroded by cuts. Unchanged since before Universal Credit was introduced.
- ◇ Complex means-tested discount to council tax bills closely related to Housing Benefit. Over 80% of claimants received maximum 80% support, despite income varying between £72 and over £1,000 per week.
- ◇ Changes were only made for working-age households – pensioners council tax support is unchanged.



Someone with more than £6,000 in capital and savings.



Someone entitled to less than £4.65 per week (less than 14-20% of their bill)



Someone whose household income is higher than their calculated needs.



Someone with additional adults living in the household, particularly if they earn money.



Someone in a Band C or higher property – awards are capped at Band B.

NO SUPPORT

REDUCED SUPPORT

Why we were making the changes

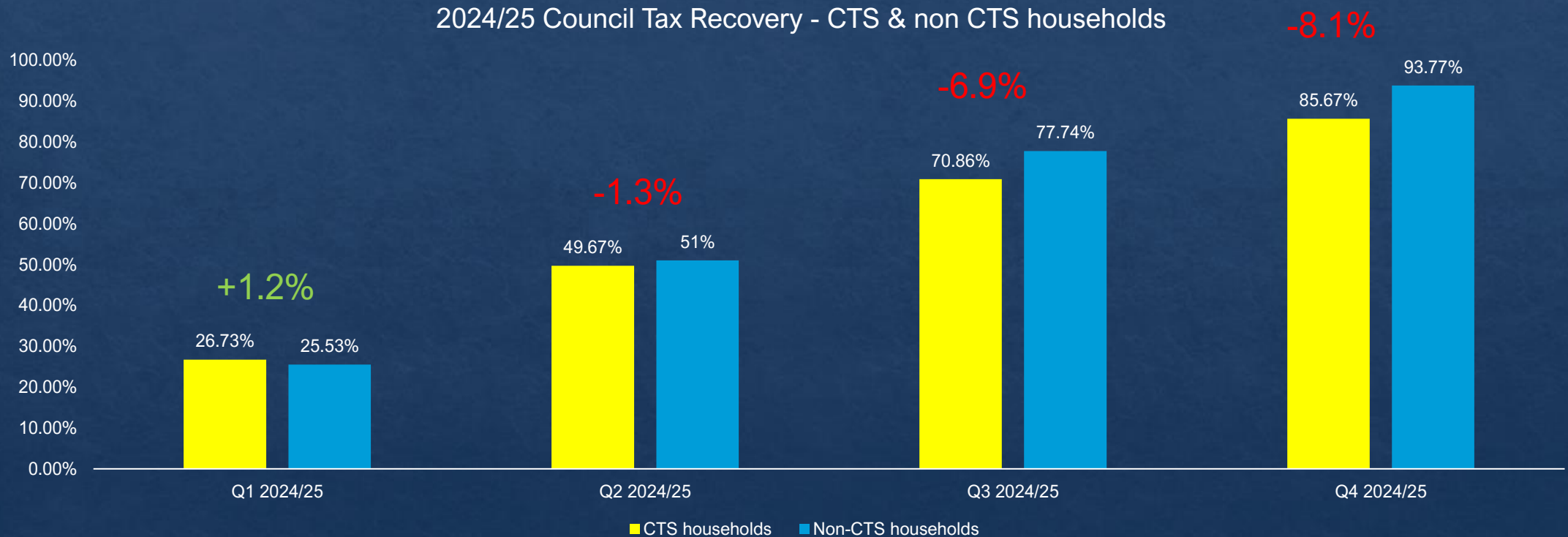
It was complex both for residents and staff, particularly following the introduction of Universal Credit.

Entitlement was recalculated regularly, leading to multiple tax bills showing different discounts, making it difficult for households to budget. The scheme was putting taxpayers in to debt through no fault of their own.

The scheme was not targeted towards the most vulnerable, who are least able to find work.

The Council's financial position means we needed to find ways to save money, as many other local authorities are also having to. The scheme was costly to administer and inflexible when considering savings opportunities.

Bill recalculations – why they matter



Previously, CTS households fell into arrears late in the year as a result of repeated recalculations and changing payment dates leaving unsustainably high bills due by the final quarter.

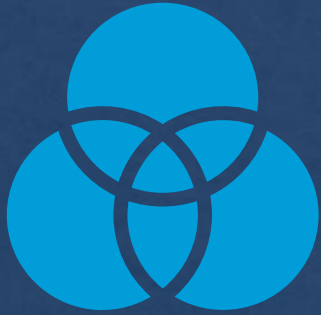


Overview of the new system

- ◆ The assessment is **simple**, with household income put into **income bands**. This means small changes will no longer trigger a recalculation.
- ◆ Almost all incomes taken into account including disability-related income. The only incomes disregarded are:
 - ◆ Child Benefit & Childcare Costs
 - ◆ Housing Benefit & Universal Credit Housing Costs
- ◆ **Vulnerable** households (receiving a disability benefit or a full-time carer) receive a maximum discount of **100%** of a **Band C** property tax. One in five households is considered “vulnerable”.
- ◆ Other households receive a maximum discount of **80%** of a **band B** property.
- ◆ The calculation of deductions for **additional adults** in a household is simplified, applying either 20% or no deduction.
- ◆ The capital limit of £6,000 is unaffected.

| Vulnerable | | | | | | |
|--|----------|-----------------|-------------------------|---|---|--|
| Income 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 | Couple/Lone Parent with three or more children/young persons |
| Weekly Net Income (after tax and N.I.) | | | | | | |
| 1 | 100% | £0 to £150 | £0 to £150 | £0 to £150 | £0 to £200 | £0 to £250 |
| 2 | 80% | £150.01 to £225 | £150.01 to £225 | £150.01 to £300 | £200.01 to £350 | £250.01 to £400 |
| 3 | 60% | £225.01 to £275 | £225.01 to £275 | £300.01 to £350 | £350.01 to £400 | £400.01 to £450 |
| 4 | 40% | £275.01 to £325 | £275.01 to £325 | £350.01 to £400 | £400.01 to £450 | £450.01 to £500 |
| 5 | 20% | £325.01 to £375 | £325.01 to £375 | £400.01 to £450 | £450.01 - £500 | £500.01 to £550 |
| 6 | 0% | £375.01+ | £375.01+ | £450.01+ | £500.01 + | £550.01 |

| Other | | | | | | |
|--|----------|-----------------|-------------------------|---|---|--|
| Income 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 | Couple/Lone Parent with three or more children/young persons |
| Weekly Net Income (after tax and N.I.) | | | | | | |
| 1 | 100% | N/A | N/A | N/A | N/A | N/A |
| 2 | 80% | £0 to £150 | £0 to £150 | £0 to £150 | £0 to £200 | £0 to £250 |
| 3 | 60% | £150.01 to £225 | £150.01 to £225 | £150.01 to £300 | £200.01 to £350 | £250.01 to £400 |
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Comparison to previous system

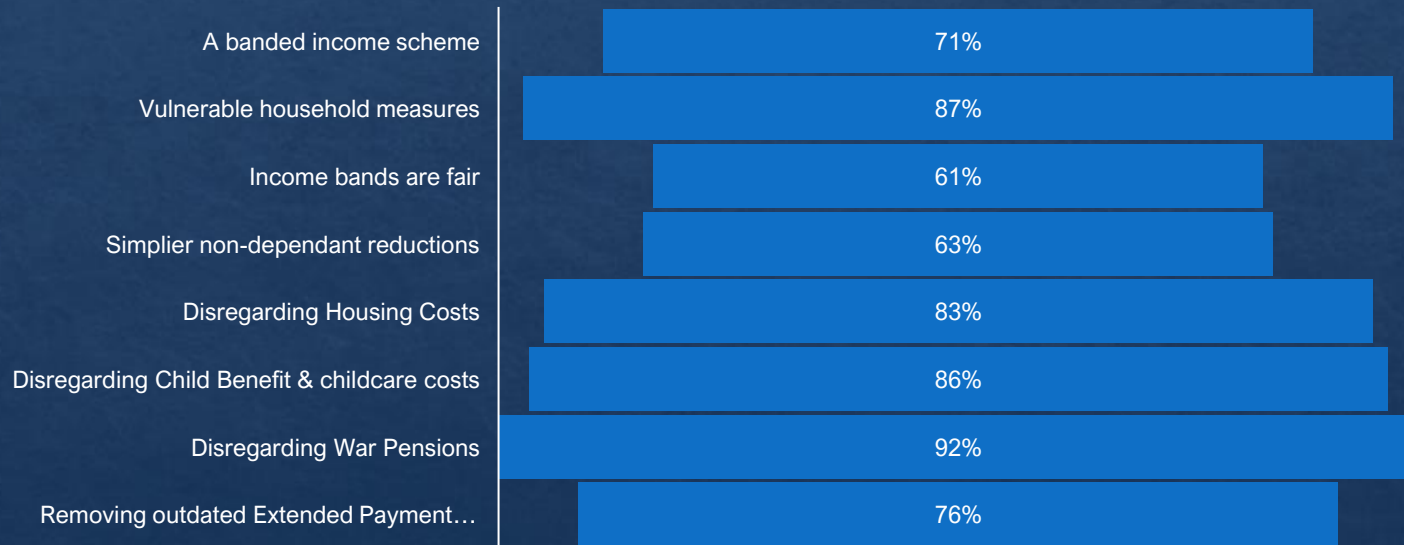
- ◆ **Simpler** - Simplified CTS letters & bills, UC notifications adopted as applications, website redesigned and online forms updated
- ◆ **Less changes** – significantly less changes now expected to lead to new bill and instalments issued
- ◆ **Increased support for most vulnerable** – 15% of households receive 100% support, £2m more support for the lowest incomes
- ◆ **Easier to administer** – more than 50% of changes will be automated in 25/26 (up from less than 30%), including most UC changes
- ◆ **Reduce overall scheme costs** – reliable projected figure not yet known, but savings are anticipated

Improved support for vulnerable households

- ◆ As noted, the lowest income households are receiving £2m in extra support
- ◆ Council Tax Discretionary Relief increased by 50% to £750,000 for 25/26 and 26/27
 - ◆ over 500 have now received £175,000 in support
- ◆ £500k of HSF funding also used to clear Council Tax debts of 1,400 vulnerable CTS households

Feedback and changes post-consultation

Our 2024 consultation indicated broad support, although weakest around issues of the fairness of income and bands.



The scheme adopted reflected these concerns by **increasing the number of bands** (from 100/75/50/25% to 100/80/60/40/20%) and **increasing support available** to households with **three or more children**.

Early feedback so far

- No more complaints about CTSS than in 24/25
- 48 queries received from Members and officers
- Early signs of improved collection for those receiving CTS



Alternative models

◆ The three main methods of amending the scheme would be:

◆ **Changing the number of bands** (the percentage 'steps' based on income),

Advantages – arguably 'fairer' – more sensitive to change and reduces 'cliff edge' effect of large changes in award following small changes for some households

Disadvantages – increases the number of changes that lead to bill recalculations, increasing instalments later in the year

◆ **Changing the number of categories** (the columns based on household composition)

Advantages – could provide additional support to the 'most' vulnerable (e.g. large families)

Disadvantages – increases scheme complexity and potentially cost

◆ **Adding more income disregards** (in addition to child benefit etc)

Advantages – higher awards for households receiving certain incomes (e.g. PIP)

Disadvantages – increases scheme complexity and scheme with both large income bands and significant amounts of disregards would be open to a much larger cohort of households

At the next meeting we propose to present

Full data analysis will be provided at the next session – the caseload remains ‘in flux’ and over 800 new CTS claims were processed in the first three weeks of May alone.

- ◆ Provide updated statistics and to analyse the data to ascertain how the new scheme has affected citizens.
- ◆ Establish which groups have on average seen entitlement increased or decreased.
- ◆ Update on the recovery of Council Tax debt for CTS and non-CTS households.

Any questions?

