

Cabinet

21 November 2024

Council

10 December 2024

Report of the Leader of the Council

Local Council Tax Reduction Scheme 2025/26

Exempt Information

Not applicable

Purpose

The purpose of this report is to recommend that Cabinet and Council approves the Council Tax Reduction scheme from the 1 April 2025.

Recommendations

It is recommended that:

- 1. Council consider and endorse the proposed recommended changes detailed below:**
- 2. The continuation of the income banded/grid scheme for working age applicants to reduce the administrative burden placed on the Council by the introduction of Universal Credit and to increase the overall level of support for the lowest income families.**
- 3. Should material amendments be required to the scheme, Cabinet authorise the Chief Executive, Executive Director Finance, in consultation with the Leader of the Council, to make such required amendments as necessary.**

Executive Summary

Each year the Council is required to review its Council Tax Reduction Scheme in accordance with the requirements of schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme or replace it.

Local Council Tax Reduction is a way the Council can redistribute the financial burden on Council Taxpayers and provide additional support to those in financial need.

The retention of the current scheme would help to ensure that already protected claimants will not be further disadvantaged and pays due regard to the challenging financial climate.

In the first year of the revised scheme the Council has made changes to the CTR scheme for working age applicants reducing the significant administrative burden placed on the Council by the introduction of Universal Credit. This has also helped to provide support to those households on the lowest incomes. As at 1st October 2024 Tamworth has awarded £5.6m for the financial year of Council Tax Support to its residents.

Options Considered

Alternative options have not been considered for the financial year 2025/2026.

Resource Implications

The current banded scheme provides a modern, more efficient scheme which is far more straightforward for staff to administer.

A review of the scheme is carried out annually to assess the financial cost of the scheme and to ensure it remains operationally and financially viable, taking into account ongoing changes in legislation and financial requirements.

Initial financial modelling estimated a cost of £5.6m for the first year of the scheme which is borne by the Council's Collection Fund, costs are shared between the Council and the Major Precepting Authorities. This estimate has so far proven to be accurate.

Financial effectiveness and the cost of the scheme will continue to be undertaken during the coming year. The scheme has helped to provide additional support to households on low incomes.

Caseload and staffing required for Revenues and Benefits has been analysed and it is anticipated that reductions will be made for the next financial year. Staffing costs saved via natural wastage and efficiencies will be £59.8k per annum, which is an increase as initial estimates predicted a reduction of £28k per annum.

Legal/Risk Implications Background

Ministry of Housing, Communities and Local Government (MHCLG) have confirmed that consultation on the scheme is not required annually if it is not amended. Other than the early alignment of applicable amounts to those of Benefits and increasing the banding widths by the increase in Council Tax there are no other proposed changes to the LCTR Scheme for 2025/26 and therefore no consultation has been required.

Section 13 A (2) and Schedule 1A of the Local Government Finance Act 1992, as well as Schedule 1A, paragraph 16 of the Local Government Finance Act 2012 legislates that the scheme must be agreed annually by full Council.

The current scheme is performing well and is proving to provide support to the most vulnerable Council Tax payers. A copy of the current scheme is available in Appendix 1. The scheme for 2025/2026 will be updated once figures become available later on in the year.

Equalities Implications

The move to the banded scheme has had a positive effect on the majority of working age claimants.

There has been a transitional protection scheme in place for those large losers in the first year of the scheme to lessen the initial effects of these changes. Whilst this will now cease in the second year, support will be available through the Council's Exceptional Hardship Fund where applicable.

The continuation of the scheme is likely to have a positive impact on child poverty and helps our most vulnerable residents. As most of our current claimants are likely to financially benefit from the scheme it is probable that it would reduce the financial burden on such groups.

A full Community Impact Assessment has been considered is attached in Appendix 2.

Environment and Sustainability Implications (including climate change)

There are no environmental implications. However, the Council must be aware that there is an additional cost to itself and its Preceptors with this scheme.

Background Information

Following extensive consultation with the public and preceptors during 2023/24, and approval by Corporate Scrutiny, Cabinet and Council, Tamworth implemented a revised, banded Council Tax Reduction Scheme with effect from 1st April 2024, which provides support to residents who need help to pay their Council Tax. The scheme provides a modern, more efficient system which is more straightforward for staff to administer.

The current cost is £5.6 m which is borne by the Council's Collection Fund, costs are shared between the Council and the Major Precepting Authorities in the following proportions. The cost to the Council for implementing a banding scheme have been factored into the Medium-Term Financial Plan.

- Borough Council (10%);
- County Council (73%);
- Police and Crime Commissioner (13%);
- Fire and Rescue Service (4%);

The overall intention is that we will continue to provide additional support to those households on the very lowest incomes.

The simplicity of the scheme has enabled us to reduced administration costs and create more efficiencies. In addition, there is no requirement for Universal Credit applicants to apply separately for Local Council Tax Reduction. It has contributed greatly to the maintaining of high collection rates and stabilises entitlement for residents by simplifying what happens when a working age resident's income changes by a small amount during the financial year.

Report Author

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List of Background Papers

Local Council Tax Reduction Scheme 2024/25, Corporate Scrutiny Committee 27 July 2023 & 8 August 2023, Cabinet 17 August 2023, Cabinet 30 November 2023, Council 12 December 2023

Appendices

Appendix 1 LCTR Scheme for 2024/25
Appendix 2 Community Impact Assessment

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