

Slough Borough Council

Information needed	Details
Report To:	Corporate Improvement Scrutiny Committee
Date:	17 December 2024
Subject:	Review of the Council Tax Support scheme for 2025/26 Financial Year
Lead Member:	Cllr Shaik, IT, Customer Services, Revenues and Benefits, Procurement, and Performance
Chief Officer:	Annabel Scholes, Executive Director Finance and Commercial (S151)
Contact Officer:	Andy Jeffs, Director of Revenues and Welfare Services
Ward(s):	All
Exempt:	NO
Appendices:	Appendix A – Initial Equality Impact Assessment, P13 Appendix B – Council Tax Support scheme 2025/26 , P24 Appendix C – Consultation Document , P141

1. Summary and Recommendations

- 1.1 The Council has a responsibility to make a Council Tax Support scheme (CTS) specifying the reductions which are to apply in respect of dwellings by people or classes of people who are considered to be in financial need. For each financial year the Council must consider whether to revise its scheme or to replace it with another scheme. If proposing to revise or replace the scheme, the Council must follow a statutory process which includes consulting interested parties and considering what transitional arrangements should be in place if the new scheme has the effect of reducing or removing a reduction.
- 1.2 The Cabinet was recommended to:
 - I. Approve the draft Council Tax Support Scheme at Appendix B for the purposes of consultation (see Appendix C)
- 1.3 A final report will be submitted to Cabinet in January 2025 with a recommendation to be made to full Council to agree a scheme before 11 March 2025.

Recommendations

1.4 CISC members are invited to:

- i. Note the proposals for the Council Tax support scheme; and
- ii. Make any comments and/or recommendations they consider appropriate to be put to Cabinet in January 2025

Commissioner Review

.Commissioners are content for this report to be considered.

2 Report

Introductory paragraph

- 1.1. It is proposed that the Council consults on a new draft 2025/26 CTS scheme in order to deliver financial savings and have a scheme that is more in line with other local authorities with similar financial pressures to the Council. The Council has not made reductions to the support provided under its CTS scheme for many years and in 2023/24 it increased the level of support offered to offset the impact of the Council Tax increases. The Council is the only authority in Berkshire that offers a maximum discount of 100% to working age applicants.
- 1.2. The Council has a significant estimated budget gap for 2025/26, despite service reviews and additional savings being identified. It is still heavily reliant on exceptional financial support in order to close its estimated budget gaps in its medium-term financial strategy (MTFS). The current CTS scheme costs £11.490m, £7.782m of which relates to working age households.
- 1.3. Pensioners (of state pensionable age) will not see any changes as CTS scheme is set nationally. The Council is therefore not making any changes to the pensioner scheme.
- 1.4. The Council is proposing to make changes to its scheme which will deliver a net saving of £1.739m, before any allowance for non-collection, and align the scheme more with other local authorities. The Council is also considering how to utilise a hardship fund to support those who are in financial hardship for a period of time. The Council is planning to consult on the proposals to test its assumptions, identify impact and consider mitigations that would be put in place if the scheme is approved.

Options considered

Option 1 – do not propose amendments to the CTS scheme

The Council's financial situation and the fact it has a scheme which is more beneficial than many other local authorities, including all the other Berkshire authorities, means **this is not recommended**.

Option 2 – consult on proposed amendments that offer a lower level of savings.

The Council has benchmarked itself against other local authorities. Two other authorities in Berkshire already have a CTS scheme with a maximum discount of 70% despite having higher rates of Council Tax. The Council has modelled several alternative schemes all of which deliver a lower level of savings. **This is not recommended**.

Option 3 – consult on proposed amendments that offer a higher level of savings. The Council could consider further reductions in support; however, this is likely to impact on the collection rate and lead to increased levels of enforcement and write off of uncollectable debt. **This is not recommended**.

Option 4 – make savings from other service areas or utilise reserves. The Council is already having to make significant savings from service areas. It is already receiving exceptional financial support from MHCLG to balance its budget and even with this, it still has an estimated unfunded budget gap for 2025/26 which will require further difficult decisions around service priorities. The Council does not have sufficient reserves to utilise to avoid making savings decisions. **This is not recommended**.

Option 5 – consult on a new draft scheme at appended at Appendix B. This provides an opportunity for the Council to seek views from taxpayers, service users and current applicants on the balance to be struck between support for taxpayers who are in financial need and support for service users and wider taxpayers and to identify the impact of the changes on particular groups and any mitigations that could be considered. **This option is recommended.**

Background

- 1.1. The Council is currently facing severe financial pressures, and the CTS scheme for working age claimants is a discretionary scheme. As such, following careful consideration of a variety of savings proposals council wide, the Council proposes to consult on a draft scheme to reduce the top level of support to a maximum of 70% with an estimated gross reduction in scheme's expenditure of £2.306m a year from 1 April 2025. Due to 17% of savings being passed onto preceptors, this would result in a gross saving of £1.914m.
- 1.2. Legislation requires the Council to consider annually whether the Council's CTS scheme should be revised or replaced. The Council must consider whether the scheme requires changing and must do this in time to ensure it has sufficient time to consult and determine the scheme prior to the deadline set out in legislation.
- 1.3. The following scheme principles will apply:
 - To provide support to those who are most vulnerable;
 - Ensuring everyone in the household makes a fair contribution towards funding local services via Council Tax;
 - Retain a hardship fund to ensure those experiencing the greatest impacts of the introduction of any new scheme can receive additional support.
- 1.1. The working age CTS caseload as of October 2024 is 6,504 households. A decision to reduce the level of funding from CTSS these households receive is recognised as being a difficult decision to make. The consultation will therefore ask about impacts and mitigations that can be put in place.
- 1.2. A range of options to amend the CTS scheme have been considered and modelled. These have included changing the level of discount for each income band from a maximum discount of 90% to 70% for those in Band 1 (non-working) and from 70% to 50% for those in Band 1 (working). Whilst all these modelled schemes would deliver savings, only one would bring the Slough scheme in line with two other Berkshire councils.
- 1.3. The consultation will seek to ensure all stakeholders are aware of the proposals and have opportunity to feed in and shape the revised CTS scheme. The consultation will intend to engage with the Voluntary and Community Sector both to capture their and their service users' views of the proposals, but also to identify barriers people may have to be able to engage with the consultation and how these barriers may be reduced.
- 1.4. The report is asking for the authority to consult. Any decision on approval of the scheme after consultation will need to be referred back to Members in a report to January 2025 Cabinet for onward approval by Council in the same month. If a new

scheme is approved, this will provide sufficient time to implement it and communicate any transitional support and mitigations.

Current CTS scheme

- 1.5. The current CTS scheme has 8 Bands and in each of those bands the reduction in Council Tax increases with those in Band 1 with the lowest incomes not having to pay any Council Tax.
- 1.6. In addition, to reduce the amount of administration all income bands are the same for all household types, making the scheme less confusing for residents. The current Bands are shown in Table 1 below:

Table 1 – Current CTS scheme

Income Band	Discount off CT	Earnings threshold
	liability	(weekly)
1	100.00%	Not working
-	-	-
1	75.00%	Earnings <£115.38
2	60.00%	£115.39 - £184.61
3	40.00%	£184.62 - £253.84
4	30.00%	£253.85-£323.07
5	20.00%	£323.08-£392.30
6	10.00%	£392.31-£461.53
7	0.00%	£461.54 and above

- 1.7. The current scheme is the most generous across Berkshire with a maximum 100% reduction. The current Berkshire maximum discounts are shown in Table 2 below:

Table 2 – Current Berkshire Maximum Reductions

Authority	Maximum Discount
Slough	100%
RBWM	80%
Reading	70%
West Berks	70%
Wokingham	78%
Bracknell	80%

Proposed CTS scheme for 2025/26

- 1.8. The proposed CTS scheme for 2025/26 reduces all the current percentage reductions in Council Tax across the 8 Bands.

- i. Officers modelled six different scenarios with different percentage reductions. These are shown in Table 3 below:

Table 3 – 2025/26 CTS scheme modelling

Options	Current	1	2	3	4	5	6
Income Band	Discount off CT	Discount off CT	Discount off CT	Discount off CT	Discount off CT	Discount off CT	Discount off CT
	liability	liability	liability	liability	liability	liability	liability
1	100.00%	70.00%	70.00%	80.00%	80.00%	90.00%	85.00%
-	-	-	-	-	-	-	-
1	75.00%	50.00%	70.00%	70.00%	70.00%	70.00%	60.00%
2	60.00%	40.00%	50.00%	50.00%	50.00%	50.00%	40.00%
3	40.00%	30.00%	30.00%	40.00%	30.00%	30.00%	20.00%
4	30.00%	20.00%	20.00%	30.00%	20.00%	20.00%	15.00%
5	20.00%	10.00%	10.00%	20.00%	10.00%	10.00%	10.00%
6	10.00%	5.00%	5.00%	10.00%	5.00%	5.00%	5.00%
7	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Reduction	-	£2,305,555	£2,008,603	£1,442,687	£1,182,200	£876,768	£1,536,559
% Reduction	-	30%	26%	19%	15%	11%	20%
Band 1 Avg Reduction in Discount	-	£468	£462	£308	£306	£149	£230
Other Bands Avg Reduction in Discount	-	£279	£218	£206	£23	£133	£244

- ii. In most scenarios the maximum percentage level of support reduces from the current levels across the Bands.
- iii. In addition, we are proposing to make the following changes to the current scheme:
- 2.iii.1 CTS can be awarded where a customer has made a claim for Universal Credit and we are notified by the Department for Works and Pensions, reducing the need for a separate application form to be completed by the resident
- 2.iii.2 Backdating for working age customers will be extended from 1 month to 3 months if continuous good cause for failing to apply sooner can be shown. In exceptional circumstances the Council can treat the application as being made at any time back to the beginning of the financial year in which the application is made. Exceptional circumstances would be Universal Credit delays or failures by the local authority to act when notified by the DWP that a customer is receiving Universal Credit.
- iv. All other parts of the existing scheme will remain unchanged, including:
- For customers who are working their Council Tax Support will be calculated based on which of the 7 Income Bands their level of earnings places them in. These income bands will be the same for all household types.

- Non dependant deductions will still apply but will remain at the current levels of £11.00 per week where they are working 16 hours or more on average and their Gross income is greater than or equal to £200.00 per week. A £5.00 deduction will apply where they are working less than 16 hours per week or if working 16 hours or more per week their gross income is less than or equal to £199.99 per week. This will apply also to non-dependants not in receipt of any income or in receipt of any other income regardless of what that income is.
- The maximum capital limit will remain at £6000.00.
- Disability Benefits such as Personal Independence Payment (PIP) and Disability Living Allowance (DLA) will continue to be disregarded.
- No Non dependant deduction will apply where the customer or partner is in receipt of Disability Benefits such as Personal Independence Payment (PIP) and Disability Living Allowance (DLA).
- No non dependant deduction will apply where the Non dependant is either a Full Time Student or is aged under 18 years.
- The minimum income floor for a self-employed person declaring less income than the national living wage will have their Council Tax Support calculated on a notional income equal to that of the national living wage.

v. To achieve the gross saving target of £2.306m scenario 1 is the option that we are seeking authority to consult on. The option is shown in Table 4 below:

Table 4 – Option to be Consulted on

Options	Current	Proposed
Income Band	Discount off CT	Discount off CT
	liability	liability
1	100.00%	70.00%
-	-	-
1	75.00%	50.00%
2	60.00%	40.00%
3	40.00%	30.00%
4	30.00%	20.00%
5	20.00%	10.00%
6	10.00%	5.00%
7	0.00%	0.00%
Total Reduction	-	£2,305,555
% Reduction	-	30%
Band 1 Avg Reduction in Discount	-	£468
Other Bands Avg Reduction in Discount	-	£279

Impacts

- vi. The consultation intends to engage with stakeholders to capture the potential impacts of the proposed changes. This information will feed into an Equality Impact Assessment to inform the decision when the revised scheme is submitted to Cabinet for consideration.
- vii. However, there are some potential impacts that can be identified at this stage based on the proposal included in this report and set out in the attached Equality Impact Assessment.
- viii. The modelling that has been carried out is a reasonable indicator which households may potentially be impacted. It should however be recognised that it is modelling so the impacts are only estimates based on caseload as it is when the modelling was completed. The caseload is expected to change by the time the scheme goes live in April 2025.
- ix. Table 5 below sets out the number of households who will be impacted by the proposal set out in this report:

Table 5 – Households Impacted by the Proposal

Working Age CTS Household by Type	Number of Households	Current CTS Expenditure	Estimated CTS Expenditure	Reduction in Expenditure	% Reduction
Working Age - Non-Passported – Other	2,628	£4,033,087	£2,828,601	£1,204,486	30%
Working Age - Non-Passported – Working	2,857	£2,133,728	£1,509,491	£624,237	29%
Working Age - Passported - Other	1019	£1,615,213	£1,138,389	£476,824	30%
Total	6,504	£7,782,027	£5,476,481	£2,305,546	30%

- x. Only limited data is held in respect to some protected characteristics. The consultation will therefore seek to understand whether there are potentially groups with protected characteristics who could be adversely impacted and what these impacts might be.

- xi. Under the above proposal all 6,504 working age CTS households will have to pay more toward their Council Tax than they do currently. It is recognised that this could be difficult for some households, so consideration is being given to potential mitigations for the most in need:
- A hardship fund to provide additional financial assistance to households who experience extreme financial difficulty and are unable to pay their full Council Tax charge;
 - Look to utilise an element of the Tranche 7 Household Support Fund for 2025/26 to support those impacted by this proposal;
 - Welfare advice to assist households in managing their finances e.g., through a benefit check.

Consultation Strategy

- xii. A consultation strategy will be developed to ensure the consultation is inclusive and gives all stakeholders an opportunity to give their views.
- xiii. The Local Government Finance Act 1992 sets out the following requirement in respect to CTS review in Schedule 1A Para 3 (1):
- a) Consult any major precepting authority which has power to issue a precept to it
 - b) Publish a draft scheme in such a manner as it thinks fit, and
 - c) Consult such other persons as it considers are likely to have an interest in the operations of the scheme.

The above actions will therefore be carried out in the order stated. The consultation will run for 6 weeks, 18 November 2024 to 29 December 2024.

- xiv. The consultation is expected to include:
- Event with Voluntary and Community Sector groups
 - Engagement with all elected Members
 - Public events for the public to attend including VCS user groups
 - Mailshot to all impacted working age CTS claimants
 - Online questionnaire through Citizen View
 - Hardcopy questionnaire for anyone unable to use the online service
 - Easy read version of the consultation document
 - Publicity e.g., posters in libraries
 - Media articles
 - Consultation email box for queries

- xv. The consultation will ask respondents for their views on proposed options, what they believe the potential impacts might be and what they want to see done to help address impacts.
- xvi. Events will be held in areas of the borough where higher numbers of potentially impacted households reside to ensure the consultation is accessible.

Timetable for Consultation

Date	Action
14/11/2024	Cabinet
18/11/2024	Consultation begins
29/12/2024	Consultation ends
20/01/2025	Cabinet
23/01/2025	Council

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 Reducing the cost of the CTS scheme is one of a number of options to close the budget gap for the coming year. It is essential that the consultation takes place in order for any savings from changes to the scheme to be able to be considered as part of the Council Tax setting process. The proposed CTS scheme will result in an estimated gross reduction in scheme's expenditure of £2.306m a year from 1 April 2025. Due to 17% of savings being passed onto preceptors, this would result in a gross saving of £1.914m.

3.1.2 To mitigate the impact a hardship fund will be created in 2025/26 as a one-off mitigation to support claimants who may experience financial hardship. It is proposed that £0.175m of the gross saving will be used to fund this in year one.

3.1.3 The net saving before any allowance for non-collection would be £1.739m.

3.2 Legal implications

3.2.1 Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, (the '1992 Act') as inserted by Schedules 4 to the Local Government Finance Act 2012, requires the authority to consider whether, for each financial year, the CTS scheme is to be revised or replaced.

3.2.2 Where the scheme is to be revised or replaced the procedural requirements in paragraph 3 of schedule 1A of the 1992 Act applies. Any revision/replacement must be determined by 11 March in the preceding year to the year which the changes are to apply.

3.2.3 Having decided that the scheme needs to be changed, the Council must consult with preceptors, publish a draft scheme and the consult with such persons

who are likely to have an interest in the operation of that scheme prior to determining the scheme before 11 March. This report recommends that authority to consult is granted.

3.2.4 If any proposed revision to the scheme is to reduce or remove a reduction to which a class of person is entitled, paragraph 5 of Schedule 1A of the 1992 Act requires that the revision must include such transitional provision as the Council sees fit.

3.2.5 Pursuant to section 67(2)(aa) of the 1992 Act, the making or revision of a CTS scheme is a function to be discharged only by the authority, i.e., by full Council.

3.3 Risk management implications

3.3.1 The following key risks should be considered when agreeing the recommendations to this report:

Risk Description	Mitigations	RAG
Proposed changes do not deliver level of financial savings	Benchmarking has taken place and assumptions made on collection levels. Additional funding put into support fund to support with transitional arrangements and provide temporary support.	Amber
Cabinet/Council does not agree policy change	Members to be briefed to understand the impact and risks to MTFS and overall Council finances.	Amber
Consultation not carried out in fair manner regarding CTS scheme changes	Consultation scheduled, legal and communications staff involved in advising on consultation methodology.	Green
Risk of successful challenge to SBC CTS scheme following changes agreed	Consultation will be inclusive with all impacted stakeholders and the feedback shared with Members to inform any decision before it is made. Advice sought from Legal on consultation process and scheme design to reduce or mitigate risk of any potential challenge via Judicial Review.	Green
Risk to Council Tax collection rates and impact on Council Tax payers	Hardship fund in place to help mitigate impact for those experiencing financial hardship and unable to pay and assumptions made to reduced collection rate for certain households.	Green

3.4 Environmental implications

3.4.1 There are no direct environmental impacts anticipated from the recommendations contained within this report.

3.5 Equality implications

3.5.1 An initial EQIA has been carried out, which is attached as Appendix A to this report. There is limited data held on applicants to allow analysis by protected characteristic, although as the proposals relate to working age claimants, there will be a negative impact by age in relation to this group, compared to pension age claimants.

3.5.2 Monitoring information will be included in the consultation survey, and this will be used, alongside existing data, to inform a final Equality Impact Assessment. This will provide analysis of how the protected characteristics are impacted and will be presented back to Cabinet and Full Council to inform the final decision on the scheme.

4. Background Papers