

Public
Key Decision – Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Council Tax Support Scheme 2025-26

Meeting/Date: Cabinet – 12 November 2024
Council – 11 December 2024

Executive Portfolio: Executive Councillor for Resident Services and Corporate Performance (Cllr S W Ferguson)

Report by: K Kelly – Revenues and Benefits Manager

Ward(s) affected: All

Executive Summary:

Since the abolition of Council Tax Benefit in 2013, Local Authorities in England have been required to administer their own Council Tax Support (CTS) schemes.

Whilst support for residents of pensionable age is determined by Central Government, schemes for working age residents are set locally. Local Authorities are required to review their CTS schemes annually and to decide to either maintain their existing scheme or replace it.

The Council agreed to make amendments to the CTS scheme for 2024-25, and the following report provides a summary of the operation of the new scheme alongside recommendations for 2025-26.

The Cabinet considered the report at their meeting on 12 November 2024 and endorsed the recommendations.

RECOMMENDATION:

The COUNCIL IS

RECOMMENDED

approve the recommendation that the scheme principles for 2025-26 remain unchanged, ensuring that the scheme continues to deliver support to low-income households across the district in line with our Corporate Priority to improve the quality of life for local people.

1. PURPOSE OF THE REPORT

- 1.1 Since 2013, the Council has been required to design and administer its own Council Tax Support (CTS) Scheme for residents of Working Age. The scheme for Pension Age residents is set by Central Government.
- 1.2 The Council is required to review the CTS scheme each year in accordance with schedule 1a (5) of the Local Government Finance Act 1992 and decide to maintain or amend the scheme.

2. BACKGROUND

- 2.1 CTS is a means-tested support scheme that reduces the amount of Council Tax payable by residents on low incomes. Whilst CTS rules for pension age residents are prescribed by Central Government, Local Authorities are required to design and administer their own schemes to support residents of working age.
- 2.2 When CTS was introduced in 2013, many Local Authorities opted to implement schemes that required working age residents to make a minimum contribution towards their Council Tax. Huntingdonshire District Council's scheme was largely based on the national Council Tax Benefit scheme and required a minimum contribution of 20% for most working age households.
- 2.3 A review of the scheme in 2023/24 found that the landscape had changed since the scheme was implemented. Caseload numbers had decreased over time, and the reactive nature of Universal Credit (UC) had increased the volume of changes required to be processed by Benefits teams.
- 2.4 The review also highlighted that Council Tax collection rates for residents in receipt of CTS was lower than those that were not, suggesting that the requirement for a minimum contribution did not always translate into those payments being received.
- 2.5 In December 2023 the Council amended the CTS scheme for 2024/25, offering a simplified scheme intended to provide greater levels of support for those most in need, in line with our Corporate Priority to keep people out of crisis and support those in crisis.

3. ANALYSIS

- 3.1 The redesigned CTS scheme launched in April 2024 with the intention of providing increased levels of support of up to 100% of Council Tax liability to low-income households across the district.
- 3.2 The new scheme was designed to be easier to understand, with levels of support determined by weekly income bands. Amendments to the scheme were also implemented to make it easier for residents to access support by removing the requirement for residents to make a separate claim for CTS when they made a claim for Universal Credit.

3.3 As a result of the changes implemented the following impacts have been achieved:

Intention	Outcome
To provide increased levels of support to low-income households	<p>Implemented with effect from 1st April 2024, the new CTS amounts appeared on Council Tax bills received in March 2024.</p> <p>The number of households receiving 100% CTS has increased under the revised scheme, from 1,307 in March 2024 to 3,893 in August 2024, following the removal of the requirement for a minimum Council Tax contribution of 20%.</p>
To ensure the scheme is easier to understand and access, with clear income bands to indicate likely award amounts and claims for UC being accepted as a claim for CTS	<p>As at the end of August 2024, an additional 708 households now receive support compared to March 2024.</p> <p>Most of these resulted from DWP notifications of new UC claims rather than CTS claims direct, ensuring that the Council is proactively providing support to those eligible to receive it.</p>
To reduce the number of Council Tax bills sent due to CTS changes, via the introduction of income bands	The period April – August 2024 saw a 10% reduction (640) in Council Tax bills being sent as a result of CTS, despite the increased caseload.
To ensure a simplified scheme provides opportunities for automation and improvements in processing times*	<p>In the period April – August 2024, the proportion of changes processed automatically rose from 30.6% in 2023 to 62.52% in 2024.</p> <p>This has enabled improvements in processing times, with the average number of days to process changes in circumstances reducing from 8.78 days in 2023 to 3.42 days for the same period in 2024.</p> <p>Improvements in processing have also enabled a 50% increase in new claims (508) to be processed over the same 5-month period with only small adjustment on processing times (2 days), with the time taken to process</p>

*please note the processing times quoted relate to CTS only, rather than the combined Housing Benefit and CTS performance that is reported as part of KPIs

	<p>new claims standing at an average of 22.7 days.</p> <p>The advances in automation have enabled the team to tolerate the increased caseload with no additional budget pressure. In addition, the extra resource secured to support the implementation of the scheme, funded by the Transformation fund and in-year salary savings, has also been released.</p>
To provide support for those negatively impacted by the new scheme design	<p>Households that were likely to be negatively impacted by the amended scheme were invited to apply for discretionary support via an Exceptional Hardship Scheme.</p> <p>49 invitations to apply were issued and 8 applications received. 3 cases were provided with additional support, with 5 applications being rejected due to no evidence of affordability issues.</p>
To reduce recovery action taken in relation to small debts	<p>An overall reduction in the number of Reminders and Summons has been noted in the first few months of the year, with 615 less reminders (5%) being issued and 527 (14%) less court summonses.</p>

3.4 The analysis of the CTS scheme to date shows that it is performing as expected, with no unintended consequences being realised. No complaints have been received in relation to the amended scheme.

3.5 As such, it is recommended that no changes are made to the local CTS scheme for 2025/26.

4. COMMENTS OF OVERVIEW & SCRUTINY

4.1 The Overview and Scrutiny Panel (Environment, Communities and Partnerships) discussed the Council Tax Support Scheme 2025/26 Report at its meeting on 7th November 2024.

4.2 Councillors Kerr and Hassall expressed support for the Scheme and following a question from Councillor Kerr relating to the costs associated with recovering unpaid Council Tax where it was hoped that this would be reduced due to residents no longer being liable for the bill under the new scheme, the Panel heard that the financial impact of the scheme was being tracked against the prediction. The Panel were advised that a more

detailed update could be brought once the scheme had been in place for 12 months.

- 4.3 Following the discussion, the Panel were informed that their comments would be added to the Cabinet report in order for an informed decision to be made on the report recommendations.

5. KEY IMPACTS / RISKS

- 5.1 The cost of CTS is calculated as a reduction to the Council taxbase. That is, the number of band D equivalent dwellings across the district from which Council Tax can be generated.
- 5.2 A forecast of the impact of CTS is included within the tax base forecast each year. As well as CTS, the taxbase forecast also includes an estimate of new properties that are likely to be brought into the Council Tax list during the year, along with adjustments for other discounts and exemptions. Following the decision to adopt the new Council Tax Support Scheme, the taxbase for 2024/25 was set at 66,095.9 band D equivalent dwellings.
- 5.3 Regular monitoring of the taxbase is conducted, with the trend indicating that the forecast will be met in year.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

- 6.1 The Corporate Plan for 2023-2028 outlines our commitment to:
1. Improve the quality of life for local people
 2. Create a better Huntingdonshire for future generations
 3. Deliver good quality, high value-for-money services
- 6.2 The CTS scheme directly supports points 1 and 3, by ensuring that the requirement to pay Council Tax continues to be proportionate to financial circumstances by reducing or even eliminating the requirement to pay for low-income households across the district.
- 6.3 By accepting a claim for UC as a claim for CTS without requiring a separate application, support has been provided to an additional 708 eligible households across the district. This ensures that some of the most vulnerable residents who may not have otherwise sought help are supported with the cost of Council Tax.
- 6.4 Changes to the scheme have also enabled improvements in administration performance, ensuring that residents receive decisions in a timely manner whilst reducing the risk of overpayments.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 Following a review of the CTS scheme, it is evident that the scheme is performing as intended, with additional support being provided to low-income households in line with our Corporate Priorities whilst also delivering improved processing times and efficiency savings.

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