

Slough Borough Council

Report To:	Cabinet
Date:	20 January 2025
Subject:	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
Key Decision:	YES
Exempt:	NO
Decision Subject To Call In:	No, decision is reserved to Full Council
Appendices:	Appendix A – Council Tax Support scheme 2025/26 Appendix B – Consultation feedback summary Appendix C – Equality Impact Assessment

1. Summary and Recommendations

- 1.1 Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as amended by Schedule 4 of the Local Government Act 2012, requires the council to review its localised Council Tax Support (CTS) scheme and whether to revise its scheme or to replace it with another scheme for each financial year. Following review of the scheme for 2025/26 financial year a consultation was carried out and a revised scheme is now recommended to Cabinet and Full Council.

Recommendations:

Cabinet is recommended to:

- I. Agree that if Full Council approves the new CTS scheme for 2025/26, there should be an increased CTS Hardship Fund and that a new CTS Hardship Fund Policy will be developed and brought back to Cabinet for approval in March 2025.
- II. Recommend for Full Council:
A new CTS scheme for 2025/26 as appended at Appendix A to come into effect on 1 April 2025.

Reason:

The Council remains under the intervention of the Secretary of State for Housing, Communities and Local Government due to it having failed to meet its best value duty or demonstrate that it can become sustainable and resilient without exceptional financial support. This requires the Council to live within its means and consider ways of driving down costs. The Council currently has the most beneficial CTS scheme within Berkshire and its scheme is more generous than many other councils in the local area and statistical neighbours. The Council has a duty to be responsible and provide a comparable contemporary offer. With the financial pressures to deliver a balanced budget in 2025/26, the Council must look at all options, including reducing support provided under the CTS scheme.

In compliance with legislation the council published a draft scheme and consulted stakeholders (being those persons considered to have an interest in the operation of the scheme) on proposed changes to the scheme and has considered the impact on current and future applicants. The proposal includes mitigations to manage these impacts and balances the Council's various legal duties.

Statutorily the scheme must be agreed by 11 March 2025 for the new scheme to take effect for the following financial year and to enable the Council to make the proposed estimated savings of £1.468m from a reduction in gross CTS expenditure of £2.144m for the year 2025/26. If the council does not meet this deadline and agree the changes to the scheme, the council will be required to continue to deliver the current CTS scheme and will need to find an alternative way to manage the budget gap created.

Commissioner Review

"It is a legal requirement for the Council to set an annual budget and for that budget to be 'balanced' or fully funded. The Council remains reliant on exceptional financial support from government for 2025/26 and beyond, in order to achieve this. In establishing a sustainable and resilient financial base to support delivery of Council policies and priorities, the difference between core funding the Council expects to receive and the estimated cost of delivering agreed services will need to be addressed.

The Council are looking at a range of ways that they could reduce Council spending, increase income or be more efficient, to ensure that they are able to continue providing the most essential services. The commissioners are content for this report to be considered, along with mitigations being proposed to support claimants who may experience financial hardship."

2. Report

Introduction

- 2.1 Slough Borough Council has consulted on changes to its CTS scheme to understand the views of stakeholders and the potential impacts should proposed changes be made. The council currently has the most beneficial CTS scheme within Berkshire and its scheme is more generous than many other councils in the local area and statistical neighbours.
- 2.2 The Council has not made reductions to the support provided under its CTS scheme for many years and in 2023/24 it significantly 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.

- 2.3 The Council's financial position means it must make significant savings to become financially viable and is unable to balance its budget without government exceptional financial support. Making savings on the CTS scheme will make a significant contribution towards the setting of a balanced budget for 2025/26 and there are no other identified options to deliver this level of saving. The Council remains heavily reliant on exceptional financial support to close its estimated budget gap in its medium-term financial strategy (MTFS). The current CTS scheme costs £11.490m (at the time of modelling), £7.782m of which relates to working age households.
- 2.4 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.
- 2.5 Following the consultation, the Council has listened to those who responded and is proposing to make changes to the scheme consulted on for 2025/26, which will deliver a net saving to the Council of £1.468m and align the scheme more with other neighbouring local authorities. This is £0.122m less than that consulted on and reflects the feedback received to protect the households in Band 1 – (non-working), where the maximum reduction in Council Tax from 1 April 2025 will be 80%, and not the 70% as consulted. This provides an additional 10% discount for these households. The impact of the change will be reviewed in 2025/26, alongside use of the household support fund and the Council will consider whether to introduce this change in 2026/27, however it commits to consulting on any future changes.
- 2.6 In addition, following feedback during consultation, the Council will also create a CTS Hardship Fund of £0.350m in 2025/26 to support those who are in receipt of CTS and find themselves in financial hardship. It will also plan to set aside £0.175m in 2026/27, however this will be kept under review and will inform a decision on the CTS scheme for 2026/27. The proposal consulted on was £0.175m for 2025/26. The change proposed increases the fund by 100% in 2025/26 and provides temporary support for those in the most need.

Background

- 2.7 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 made the difficult decision to consult on an option to reduce the scheme's expenditure by £2.306m per annum from the 1 April 2025 as part of a wider variety of savings options. Due to 17% of savings being passed onto preceptors, this would result in a saving of approximately £1.590m for the Council.
- 2.8 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. As referenced in 2.2, the annual review has not resulted in changes to the CTS for some time.
- 2.9 The working age CTS caseload as of October 2024 is 6,504 households. A decision to reduce the level of funding of CTS these households receive is recognised as being a difficult decision to make.

2.10 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.

2.11 The Council consulted on the following proposal:

Table 1 – Proposal 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

2.12 The consultation ensured all stakeholders are aware of the proposals and had an opportunity to feed in and shape a revised CTS scheme. The consultation engaged 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.

2.13 All 6,504 households currently in receipt of CTS were contacted by post and invited to share their views in the consultation. The online consultation was promoted through corporate channels and shared with the media. A total of 280 responses were received between when the consultation was opened on 18 November 2024 and when it was closed on closed 29 December 2024. More details follow below.

Options considered

2.14 In the development of the proposed changes to the CTS scheme, various options were considered. Factors included ability to pay; the ability for households to enter work/increase working hours to become financially independent; other pressures the household may experience such as additional costs that may arise in relation to disablement; implications of changes for the most vulnerable; and ensuring any changes proposed did not act as a disincentive to work.

2.15 The following principles were developed to shape changes to the scheme:

- To retain the current higher level of support provided to those claimants that are most vulnerable
- Ensuring that CTS entitlement reflects the income and circumstances of other adult residents in the household thereby facilitating an appropriate contribution towards funding local services via Council Tax
- Slough Borough Council will provide targeted support for those experiencing the greatest impacts of any agreed changes to the existing scheme.

2.16 Considerations were also given to seeking higher levels of saving under the CTS scheme, but it was determined that the impact would be significant for many more claimants, and that any required higher CTS scheme savings anticipated would potentially be offset by an increase in costs of collection or foregone income due to potentially lower collection rates being achieved.

2.17 It was recognised that the level of strain a higher savings level would put households under was also unacceptable, particularly if the required outcomes could also not be achieved.

2.18 The following are the options considered:

Option 1 – do not propose amendments to the CTS scheme.

The Council's financial situation is such that this is not a reasonable approach. Many other local authorities have reduced support under their CTS scheme, leaving the Council with one of the most beneficial schemes. The Council has a legal obligation to balance its budget and to deliver best value. The Council is under statutory intervention and has had to seek exceptional financial support from central Government. The Council must balance the needs of its taxpayers and service users when making decisions on the level of support to offer. For this reason, **this is not recommended.**

Option 2 – propose amendments that offer a lower level of savings than that consulted on.

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. In response to feedback, it is proposed that the discount for those in Band 1 is increased to 80% from 70% reducing the estimated saving for the Council to £1.468m. This in conjunction with an increased hardship fund will provide mitigation to the impact in response to the Council's responsibility to consider transitional arrangements. This will allow the Council to monitor the impact of the new scheme and consider whether to make further changes in 2026/27 (which will be fully consulted on). **This is recommended.**

Option 3 – propose amendments that offer a higher level of savings.

The Council could consider further reductions in support; however, this is likely to impact the most vulnerable households in Slough and on the Council Tax collection rate and lead to increased levels of enforcement and write off of uncollectable debt.

The Council will monitor the impact of the new scheme and consider whether any further changes can be made in 2026/27 (which will be fully consulted on). **This is not recommended at this stage.**

Option 4 – approve a new CTS scheme based on the one consulted on.

Whilst this will deliver higher savings than Option 2, the consultation feedback and equality impact assessment indicate that this will have a significant impact on very low-income households and that planned mitigating measures may not be sufficient to support those households. Approving Option 2 will allow the Council to monitor the new scheme and the impact of further support services before considering any further changes. **This is not recommended at this stage.**

Option 5 – 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 and the reserves it has are required to manage the risks of emergencies and service pressures. Reserves can only be used once and therefore even if the Council did have sufficient reserves, this would only be a temporary solution. **This is not recommended.**

Transitional provisions considerations

2.19 The Local Government Finance Act 1992, Schedule 1A, para 5(4) (as amended) states:

“If any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit”.

2.20 Due consideration has been given to what appropriate transitional provision may be applied. It was considered whether the proposed changes to the scheme could be phased in over a two-year period. This would have meant the reductions to awards was applied 50% in 2025/26 and 100% from 2026/27. However, this approach would result in the level of net savings achieved in year one being reduced from £1.468m to the Council to £0.734m. This reduced rate of savings is considered not viable considering the Council would need to identify further savings to cover this gap in 2025/26.

2.21 Following due consideration, it is therefore considered that such a transitional provision within the scheme would not be appropriate. However other proposals will help over a transitional period. This includes the proposal to allow back-dating for 3 months instead of 1 month and in exceptional circumstances, for a longer period. In addition, funding of £0.350m has been allocated to the CTS Hardship Fund for 2025/26, which will provide temporary support to households whilst they access advice and support. As part of reviewing the impact of this new scheme, the Council will consider the need for this funding in future years. The Hardship Fund will give the opportunity for households most affected by the change to apply for additional assistance to support them while they adapt to the revised rate of payment.

Current CTS scheme

- 2.22 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.
- 2.23 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 2 below:

Table 2 – 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

- 2.24 The current scheme is the most generous across Berkshire with a maximum 100% reduction. The current Berkshire maximum discounts are shown in Table 3 below:

Table 3 – Current Berkshire Maximum Reductions

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

Consultation

Scrutiny feedback

- 2.25 The Council's Corporate Improvement Scrutiny Committee considered the proposal at its meeting in December 2024. Members raised serious concerns about the initial equality impact assessment and that this may be based on inaccurate information. The committee recommended that a more comprehensive equality impact assessment be carried out using data available from previous years of the scheme, ward profile deprivation data and other relevant information held by the Council.

Officers have now carried out a more detailed assessment, which is appended to this report and summarised in the equality implications section below.

Public consultation

2.26 To ensure all stakeholders were given the opportunity to respond to the consultation, a far-reaching consultation was carried out from 18 November to 29 December 2024.

2.27 It was recognised that the CTS proposals being consulted on were a complex subject matter which would potentially impact upon 6,504 working age households in the borough. The consultation therefore ensured that all stakeholders could access the consultation in a format that met their needs.

2.28 The 6,504 working age households were sent a letter providing them with details of the proposals being consulted on and providing them with the details on how to respond to the consultation.

2.29 In total 280 responses to the consultation were received of which, 90% were receiving CTS, and 10% were not. The split between respondents not in support of the CTS changes and those in favour was also 90% and 10%.

2.30 Of the 280 responses received, the outcomes from the questions were as follows:

Table 4 – Consultation question outcomes

Question	Definitely agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Definitely disagree
The Council should reduce the rate of Council Tax Support for households based on the table above.	9.3%	3.6%	8.9%	8.9%	69.3%
Question	Very positive	Fairly positive	No effect	Fairly negative	Very negative
What do you think the impact may be on your household if we did this?	5.7%	3.2%	5.0%	12.9%	73.2%
Question	Definitely agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Definitely disagree
Do you think that Council Tax Support should be awarded where the Department for Works and Pensions has notified us that a customer has made a Universal Credit	49.6%	12.5%	25.7%	2.9%	9.3%

claim, reducing the need for a separate application for Council Tax Support to be completed?					
Question	Definitely agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Definitely disagree
Do you think that backdating for working age customers should be extended from 1 month to 3 months if continuous good cause for failing to apply sooner can be shown.	43.2%	13.2%	31.4	5.0%	7.2%
Question	Definitely agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Definitely disagree
Do you think that 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.	48.9%	14.7%	28.9%	6.4%	1.1%
Question	Definitely agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Definitely disagree
Do you think that the period that working age customers can receive Council Tax Support if they are temporary absent from Great Britain	30.7%	11.8%	28.2%	9.3%	20.0%

should be reduced from 13 weeks to 4 weeks.					
Question	Definitely agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Definitely disagree
If the changes are introduced, the council should allocate a hardship fund of £175,000 to help those most affected for the first year.	55.7%	13.9%	18.9%	0.0%	11.4%
Question	Definitely agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Definitely disagree
If these changes are implemented, the council should provide additional financial advice to help those affected.	66.4%	13.2%	11.4%	2.5%	6.4%

2.31 In addition to the options provided for the questions, respondents were invited to add additional comment to each question as well as to give comment on the following three questions:

- If the proposals are agreed, and the support options above are implemented, are there any groups of people that you think the council should particularly provide support for?
- Are there any other things you think the council could do to reduce the impact on affected households of these proposed changes to Council Tax Support?
- Are there any other comments you wish to make about the proposed changes or is there anything else you would like to tell us?

2.32 Major Preceptors and partner groups were also consulted. The response from the Office of the Police and Crime Commissioner for Thames Valley was “the PCC takes the view that local government is best placed to consider such matters for local residents”.

2.33 A more detailed summary of consultation feedback is contained in Appendix B.

2.34 The key themes of the consultation are as follows, together with the Council’s response to each of these.

Views about reducing the discounts across the bands

- 2.35 Most respondents were in receipt of CTS and were opposed to the changes. This is not surprising given that the proposed changes will impact them personally. Open text comments provided more detail on the concerns which included concern that respondents would be unable to pay other essential bills, and this could have significant consequences. Many respondents commented that their finances are already being affected by the cost-of-living crisis and rising energy costs, with concerns the proposed changes to the CTS could add more pressure.
- 2.36 **Council response:** The Council understands that the proposed changes will impact low-income households, and this is the reason for proposing a CTS Hardship Fund to provide transitional support for those most in need. Information from other local authorities indicate that similar discounts are in place and collection rates are still high, indicating that households are managing to find the funds to make payments. The Council will ensure it publicises services offering debt, welfare, and other advice. The Council also has an enforcement policy which considers the individual needs of a debtor and will consider delaying collection or writing off a debt in appropriate circumstances. The Council proposes to increase the discount for Band 1 (not working) to 80% instead of 70% consulted on which will reduce the impact on those households that are not working.

Views about the potential impact the changes would have

- 2.37 Comments received in the additional text to this question provide an overview of respondents' views on the potential impact of the changes, including views from people with disabilities and long-term illness including mental health, people with care responsibilities, working parents on low income, single parent families, those in receipt of benefits, and older residents.
- 2.38 The key impact is due to financial hardship arising from the changes. This could be exacerbated due to existing hardship and poverty because of the cost-of-living crisis and austerity measures. Financial hardship could result in households making decisions about whether to pay Council Tax or pay for other bills such as rent, heating or food, or going into debt. Non-payment of other bills can have a detrimental effect on people such as increasing the risk of homelessness, impacting on health due to mould in a cold, damp home, or poor diet.
- 2.39 Some responses to the consultation raised concerns about how financial hardship could result in them deciding between paying Council Tax and medical costs or costs to support their disability.
- 2.40 Comments were made that larger families may be managing a combination of other restrictions to benefits such as two-child limit or Benefit Cap so may have a proportionately lower income than households with 1 or 2 children.
- 2.41 Feedback from the consultation also identified that households were managing with other impacts on their income such as benefits not increasing at the same rate as other costs.
- 2.42 Self-employed people may have a Minimum Income Floor applied to the income used in the Universal Credit calculation. This means the DWP apply a higher rate of self-employed earnings than the claimant/partner may actually receive. It is this rate that is used in the CTS assessment. These households could be asked to pay more towards their Council Tax from income that they potentially do not have.

- 2.43 Comments were made about households with children being more likely to have additional costs if they are in work due to childcare.
- 2.44 Impacts stated in the consultation included potential impacts on people's physical health for example if they could not afford to put the heating on which may result in damp or mould which can result in illnesses such as chronic lung conditions such as COPD.
- 2.45 Risk of mental health issues if there are worries in the household relating to finances and debt.
- 2.46 **Council response:** The Council accepts that the proposed changes will impact all current recipients of support and that recipients are by definition on low incomes. The Council also accepts that the impact of decisions made at a national level and factors such as inflation have an impact on household income and that this will lead to decisions needing to be made about what to prioritise. As stated in this report, the Council has put forward several measures to respond to the potential impact of the changes and needs to balance decisions to reduce services and increase income in order to set Council Tax at a level that ensures income meets expenditure commitments.

Views about providing a CTS Hardship Fund to help those most affected

- 2.47 Most respondents clearly agreed with this with some indicating that the proposed £0.175m was not sufficient to help those who needed support and that one-year was not enough time.
- 2.48 **Council response:** Following feedback during consultation, the Council will also create a CTS Hardship Fund of £0.350m in 2025/26 to support those who are in receipt of CTS and find themselves in financial hardship. It will also plan to set aside £0.175m in 2026/27, however this will be kept under review and will inform a decision on the CTS scheme for 2026/27. The proposal consulted on was £0.175m for 2025/26. The change proposed increases the fund by 100% in 2025/26 and provides temporary support for those in the most need. A CTS Hardship Policy will be written and taken to Cabinet in March 2025.

Views about other proposed changes

- 2.49 Respondents were in general supportive of the proposals in relation to universal credit claimants not having to apply separately and the proposed back-dating arrangements. There was a more mixed response in relation to temporary absence.
- 2.50 Comments were made about those who have not yet migrated to Universal Credit needing to adjust to managing a monthly budget paid in full to the claimant when they migrate over in the next 18 months, while also potentially budgeting for an increase in the amount of Council Tax they pay.
- 2.51 **Council response:** The Council notes there is general support to the reduced administration for those claiming universal credit and notes the concerns raised about the transfer process from housing benefit to universal credit. The Council will ensure that advice is available for those who are transitioning.

Views about potential mitigations

2.52 The consultation responses included concerns that the type of enforcement action used to recover Council Tax is of great concern and places additional pressure on affected households.

2.53 **Council response:** The Council's enforcement arrangements already consider hardship and circumstances when determining the most appropriate method of enforcement and whether to write off debts on the basis they are uncollectable.

Proposed CTS scheme for 2025/26 following consultation

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

Table 5 – 2025/26 CTS scheme modelling

Income Band	Discount off CT Liability	Earnings threshold
		(weekly)
1	80%	Not working
-	-	-
1	50%	Earnings <£115.38
2	40%	£115.39 - £184.61
3	30%	£184.62 - £253.84
4	20%	£253.85-£323.07
5	10%	£323.08-£392.30
6	5%	£392.31-£461.53
7	0%	£461.54 and above

2.55 In addition, we are proposing to make the following changes to the current scheme:

- 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.
- 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.
- The period that working age customers can receive CTS if they are temporary absent from GB should be reduced from 13 weeks to 4 weeks.

2.56 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.

Impacts

- 2.57 The consultation engaged with stakeholders to capture the potential impacts of the proposed changes. This information fed into an Equality Impact Assessment which is set out in Appendix C to this report.
- 2.58 The modelling that has been carried out is a reasonable indicator of 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 in October 2024. The caseload is expected to change by the time the scheme would go live in April 2025 with the most notable change being that most working age households in receipt of means tested benefits will have migrated to Universal Credit. The modelling is also based on current Council Tax and Benefit rates. Any future changes to CTS households such as income or Council Tax are not currently known and therefore cannot be factored into the modelling.
- 2.59 Table 6 below sets out the number of households who will be impacted by the proposal set out in this report. Households will only see a reduction to the amount of CTS they receive, none will see an increase because of the proposed changes:

Table 6 – Households Impacted by the Proposal by Band

Working Age CTS Household by Type	Number of Households	Annual Reduction in CTS	Weekly Reduction
Working Age - Non-Passported – Other	2,628	£306.06	£5.89
Working Age - Passported - Other	1,019	£308.34	£5.93
Working Age – Non-Passported – Working income band 1	532	£392.25	£7.54
Working Age – Non-Passported – Working income band 2	739	£245.87	£4.73
Working Age – Non-Passported – Working income band 3	720	£208.52	£4.01
Working Age – Non-Passported – Working income band 4	456	£210.93	£4.06
Working Age – Non-Passported – Working income band 5	279	£244.95	£4.71
Working Age – Non-Passported – Working income band 6	131	£159.61	£3.07
Total	6,504		

2.60 Only limited data is held in respect to some protected characteristics within the Benefits processing system. The consultation therefore sought to understand whether there are potentially groups with protected characteristics who could be adversely impacted and what these impacts might be.

Mitigations

2.61 Under the 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 has been given to mitigations for the most in need:

- The Council proposes a CTS Hardship Fund of £0.350m in 2025/26 to provide additional financial assistance to households who experience extreme financial difficulty and are unable to pay their full Council Tax charge. It will also plan to set aside £0.175m in 2026/27, however this will be kept under review and will inform a decision on the CTS scheme for 2026/27. The Hardship Fund Policy will be developed to target support to those most affected by the proposals. Accessibility to the fund will be considered in the development of the policy to ensure that households experiencing severe financial difficulties, including those disproportionately impacted protected characteristics, have equality of access to the fund.
- Debt and Welfare advice to assist households in managing their finances e.g., through a benefit check.

- The Council also has an enforcement policy which considers the individual needs of a debtor and will consider delaying collection or writing off a debt in appropriate circumstances.
- The government has announced that the Household Support Fund into 2025/26 to support households who may be impacted by the cost of living. Many of these households will be in receipt of CTS and could therefore receive additional support such as towards food or energy costs through vouchers.
- The Discretionary Housing Payment fund will be available in 2025/26 and will continue to support people in receipt of housing costs who are struggling to manage a shortfall in their rent or housing support. These households may be impacted by restrictions to benefits such as the Benefit Cap and therefore find it more challenging to pay additional Council Tax. Assessment of DHP applications consider the income and expenditure for the household so will take into consideration any extra Council Tax charge resulting from the proposed changes.

3. Implications of the Recommendation

3.1 Financial implications

- 3.1.1 The Council remains under the intervention of the Secretary of State for Housing, Communities and Local Government due to it having failed to meet its best value duty or demonstrate that it can become sustainable and resilient without exceptional financial support. This requires the Council to live within its means and consider ways of driving down costs. The Council currently has the most beneficial CTS scheme within Berkshire and its scheme is more generous than many other councils in the local area and statistical neighbours. The Council has a duty to be responsible and provide a comparable contemporary offer. With the financial pressures to deliver a balanced budget in 2025/26, the Council must look at all options, including reducing support provided under the CTS scheme.
- 3.1.2 Reducing the cost of the CTS scheme is one of several options to close the budget gap for the coming year as outlined in the MTFs/Budget report also being considered by Cabinet on 20 January 2025. The proposed CTS scheme will result in an estimated gross reduction in scheme's expenditure of £2.144m a year from 1 April 2025. Due to 17% of savings being passed onto preceptors, this would result in a gross saving of £1.779m.
- 3.1.3 To mitigate the impact a hardship fund will be created in 2025/26 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, along with £0.175m of the Household Support Fund, so a total of £0.350m in 2025/26. This is an increase of 100% on the proposal consulted on. It will also plan to set aside £0.175m in 2026/27, however this will be kept under review and will inform a decision on the CTS scheme for 2026/27.
- 3.1.4 The net saving before any allowance for non-collection would be £1.604m. After including an allowance for non-collection, the net saving is estimated as £1.468m.

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. The Council has consulted interested parties, including those currently in receipt of CTS and representative bodies. Case law has confirmed that when determining whether to change policy, the Council must be receptive to reasonable arguments against the proposals, however this does not simply involve a head count of those for and against the proposals. In the case of withdrawal of support, it will not be surprising if several respondents are against the proposal. The Council must take these views into account and must balance this with other relevant information to decide whether to approve a change in the scheme.
- 3.2.4 When making policy decisions, the Council must consider all relevant material, including financial resources, consultation responses and potential equality impacts in order to reach a decision. This report presents a recommended new scheme, alongside alternative options, with reasons why these are not recommended. This does not preclude members from recommending or deciding that another option is the most appropriate way forward but if this reduces the savings to be made, members will need to consider an alternative way of delivering these savings.
- 3.2.5 As the proposed revision to the scheme reduces 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. Whilst the Council has not proposed any transitional provision in the scheme itself, it has proposed other support which is intended to support some applicants as a means of mitigating the impact of the changes.
- 3.2.6 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 budget setting and MTFS and legal duties in relation to budget setting and best value.	Amber
Risk of successful challenge to SBC CTS scheme following changes agreed	Advice sought from Legal on fair decision-making process, including 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 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. Consideration of the duties should proceed any decision. It is important that Cabinet and Full Council has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at Section 149 of the Equality Act 2010 and are as follows:

3.5.2 A public authority must, in the exercise of its functions, have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.

- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take into account of disabled persons' disabilities.
- Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - Tackle prejudice, and
 - Promote understanding.

3.5.3 Compliance with the duties in this section may involve treating some persons more favourably than others, but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil Partnership

3.5.4 An EQIA has been carried out, which is attached as Appendix C to this report. The highlighted findings of the EQIA are set out below. The impacts are mitigated against by the proposals in this report.

3.5.5 The Council will keep the impact under review during the implementation of the scheme and use this information to inform whether revisions should be made to the scheme in future years.

3.5.6 The people who are directly impacted by the changes to the Council Tax Support scheme are the 6,504 working age households who are currently supported by the scheme, and those who are dependents in their households, including children. The scheme offers different levels of support, depending on income levels. All groups who receive Council Tax Support will receive lower levels of support. 3,315 of those households receiving support have children, this is 50% of all claimants.

3.5.7 Detailed equality analysis of those in receipt of Council Tax Support is not available. However, as those impacted are either not working or on a low income, it is

possible to use national data to understand the equality groups who are most likely to fall into this group.

3.5.8 According to national profiling of those whose income was persistently low or in poverty, those who are on low incomes are more likely to fall in the following groups (the reports used to evidence this analysis is provided in the EQIA):

- Age and sex:
Single parents with children, noting women are more likely than men to be single parents (90%)
- Age:
Children in families where no one was working
Children in families with 3 or more children
Children under 5, especially in larger families
- Ethnicity:
Asian/ Asian British head of household and Black/ African/ Caribbean/ Black British head of household
- Disability:
Adults with limiting health conditions or who are disabled
Families living with disabled children
Unpaid carers were 50% higher more likely to be in poverty
- Gender identity:
There is less research on people whose gender is different from that assigned at birth, but there is research that people may struggle with housing and (based on London data) live in deprived areas
- Pregnancy
earnings are impacted negatively during and after pregnancy
- Religion or belief:
People who identified as "Muslim" had the lowest percentage of people aged 16 to 64 years in employment; this resulted from the high percentages of people who were students or looking after home or family in this group.
- Sexual orientation:
Recent longitudinal research highlights the ways that Lesbian, Gay and Bisexual people may be more likely to face income inequalities
- Other groups:
Those in social housing

3.5.9 To understand how impacts would affect those on Council Tax Support, a consultation exercise was undertaken. 280 people responded, 90% of whom were in receipt of Council Tax Support and equality information was collated. Whilst this sample is too small to use to form a profile of those on Council Tax support, it does provide valuable insight into the views of respondents by equality group. Not all groups responded to all equality questions. The response rates are provided in the EQIA.

3.5.10 The analysis of impacts has informed the mitigating actions which are going to be taken. In order to ensure these actions reach all of the diversity of groups who are most likely to fall into low income groups, actions will also be taken to work collaboratively with other services and community partners to ensure support reaches all groups.

3.5.11 Further analysis of the lived experience of groups who responded to the consultation will be undertaken to ensure that support continues to be revised in line with the issues raised.

4. Background Papers

None