	<b>Cabinet</b> 14 October 2024
	<b>Report from the Corporate Director  of Partnerships, Housing and  Resident Services</b>
	<b>Lead Member – Cabinet Member for  Resident Services and Culture  (Councillor Fleur Donnelly-Jackson)</b>
<b>Review of working age Council Tax Support Scheme for  2025/26</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>List of Appendices:</b>	Two Appendix A: Appendix A: Option 2 - scheme details, impact and cost savings with income bands Appendix B: Option 2 - scheme details, impact and cost savings for non-dependant deductions
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Thomas Cattermole, Director of Resident Services 020 8937 5446 <a href="mailto:Thomas.Cattermole@brent.gov.uk">Thomas.Cattermole@brent.gov.uk</a>  Peter Cosgrove, Head of Revenues & Debt Service 020 8937 3453 <a href="mailto:peter.cosgrove@brent.gov.uk">peter.cosgrove@brent.gov.uk</a>  Asha Vyas, Head of Customer Services & Assessments 020 8937 2705 <a href="mailto:asha.vyas@brent.gov.uk">asha.vyas@brent.gov.uk</a>

## 1.0 Executive Summary

- 1.1. This report is to present to members proposals for changes to the local Council Tax Support (CTS) Scheme, effective from 1 April 2025. The proposed changes are to mitigate the rising costs of the scheme and the associated administrative burden.

- 1.2. The report seeks approval from Cabinet to consult on the proposed changes to the CTS Scheme with residents and key stakeholders for working age households alongside an option to do nothing and retain the current scheme. This will allow Cabinet to decide whether to recommend the proposed changes as part of the 2025/26 Budget Setting process for Full Council to adopt in February 2025.
- 1.3. The changes to the current CTS scheme being considered will only apply to those of working age as support for pensioners is determined by Government.
- 1.4. These recommendations are being made because:
  - a. Brent faces a significant challenge setting the budget for 2025/26 with a budget gap of c£16m, rising to c£30m by 2027/28. This is to be addressed through identifying further savings, efficiencies, and income generation options. The changes being proposed will provide an option for Cabinet in addressing this budget gap.
  - b. During 2024/25, additional working age households will be transferred to Universal Credit (UC). There is an opportunity to simplify the administration of the CTS scheme.
  - c. The costs of providing CTS under the current working age scheme is forecast to be £19.9m in 2024/25 rising to £21.2m in 2025/26. The proposed scheme options would be expected to reduce this by £8m, which would deliver savings of £5m. The remaining £3m will be utilised for a hardship fund of £1.5m and £1.5m to make a mandatory contribution to the Greater London Authority through the Mayor of London for their precept for 2025/26.
- 1.5. As well as proposals to make changes to the CTS scheme, the Council is also proposing to continue to use its policy under section 13A of the Local Government Finance Act 1992 to further support residents with their council tax bills, where justified.

## **2.0 Recommendation to consult residents and key stakeholders with the following options:**

### **Option 1**

- 2.1 'Do nothing' – No changes are made to the existing scheme. If this is the preferred option, members will need to identify £5m of savings elsewhere within the Council's budget. This may have a detrimental impact on other services given the significant savings that are already planned.

### **Option 2**

- 2.2 Cabinet are asked to approve public consultation with residents and key stakeholders including the Greater London Authority on the following package of proposals which include technical administrative proposals in order to reduce

the costs to the Council's working aged local CTS Scheme and to implement the scheme with effect from 1 April 2025:

- 2.2.1 Introduce a standard 35% minimum payment for working age households and apply a percentage reduction to each of the income bands. This means all CTS claimants will be expected to contribute a minimum of 35% towards their Council Tax liability. Their CTS will then be calculated based on their income and this will determine which income band they fall into. If this proposal was adopted, the cost of the scheme would reduce by £7.6m. Detailed explanations and calculations, number of residents impacted and the proposed weekly reduction in CTS are shown in **Appendix A**.
- 2.2.2 Simplify the non-dependant charges and have just two flat rate non-dependant deductions for most households with other adults living in the property, £8 per week for non-dependants "out of work" and £20 per week for non-dependants "in work". This would remove the need to verify income for non-dependants for CTS claims and reduce the administration burden. Adopting this proposal would reduce the cost of the scheme by £0.7m. Detailed explanation and calculations of the proposed non-dependant deduction, number of households affected and proposed weekly reduction in CTS support are shown in **Appendix B**.

### **Proposed Changes - Technical Administrative**

- 2.3 To align the backdating rules for new CTS claim in line with the Housing Benefit and Universal Credit regulations i.e. for a maximum of one calendar month. The backdating request is made at the time of submission of new claim. This proposal will reduce the overall cost of the scheme because we would not be required to automatically go back to the beginning of the financial year, as per the current scheme.
- 2.4 Review the section 13A policy for hardship fund for Council tax.
- 2.5 Cabinet may consider increasing/decreasing the income bands for customers and non-dependant charges depending on the Consumer Pricing Index (CPI) from September of previous year and DWP uprating of welfare support received in January of the new financial year.
- 2.6 Amend CTS scheme to include the Universal Credit notification received from DWP for Council tax, as start date of claim for Council tax reduction if there is entitlement to it.

### **3.0 Cabinet Member Foreword**

- 3.1 As we navigate the ongoing challenges of delivering essential services amidst rising costs and growing financial pressures, Brent Council continues its commitment to supporting our most vulnerable residents while ensuring that everyone contributes fairly to the funding of our community. The Council Tax Support (CTS) Scheme, which provides financial relief for many, faces growing costs. With a forecasted increase to £21.2 million in 2025/26.

- 3.2 This year, we are proposing changes to the working-age CTS Scheme that will not only alleviate the administrative burdens but also deliver significant cost savings for the Council. Our aim is to consult residents and key stakeholders on these proposed changes.
- 3.3 These changes reflect our broader priorities as a borough: ensuring financial sustainability, targeting support where it is needed most, and fostering a sense of collective responsibility. While pensioners remain protected by national schemes, the proposals for the working-age population include options such as a standard 35% minimum payment and simplified non-dependant charges. These reforms are expected to save up to £8 million, of which £1.5 million will be reinvested into a hardship fund for those in the greatest need.

#### **4.0 Background**

- 4.1 As part of 2010 Spending Review the Government announced its intention to localise support for Council Tax from 2013/14 and reduce expenditure by 10%. This would replace Council Tax Benefit, a nationally funded scheme which allowed households in receipt of out of work benefits to receive 100% council tax benefit and therefore not have to pay council tax. The Local Government Finance Act 2012 introduced Council Tax Support. Since this time, Council funding levels have reduced by a third and at the same time the total cost of the scheme has grown to £32.8m (estimated in 2024/25). This means that unlike other universal benefits which are funded by Central Government, CTS is financed by Councils, through a combination of council tax, business rates and the balance of the original government grant. The delays in reviewing the way authorities are funded, called the Fair Funding Review, means that funding levels do not reflect the current population demographic needs.
- 4.2 CTS is awarded as a reduction against council taxpayer's gross liability, like a discount or exemption, so the customer pays less. The scheme has two parts, a statutory scheme for pensioners and a non-statutory scheme that covers working age population. These proposals impact on the non-statutory element of the scheme.
- 4.3 The authority's scheme must be reviewed each year and any revisions to the scheme made by Full Council by 11<sup>th</sup> March immediately preceding the financial year in which it is to take effect.
- 4.4 Following Cabinet approval Brent moved to a CTS income banding scheme from April 2020, whereby the level of support provided to a household is assessed based on weekly income against a series of income band.
- 4.5 Currently, the amount of CTS awarded for 2024/25 totals £32.8m, paid to 16,833 working-age and 8,428 pension-age claimants. (Total caseload 25,261).

#### **5.0 Stakeholder and ward member consultation and engagement**

- 5.1 This report is seeking permission to consult on proposed changes to the CTS arrangements to be implemented from April 2025. Section 16 provides more

detail on the approach to the consultation. In addition, member briefing sessions were delivered on 2 September 2024 and 16 September 2024.

## 6.0 New Scheme Principles

6.1 The proposed 2025/26 scheme will be based on the principles below:

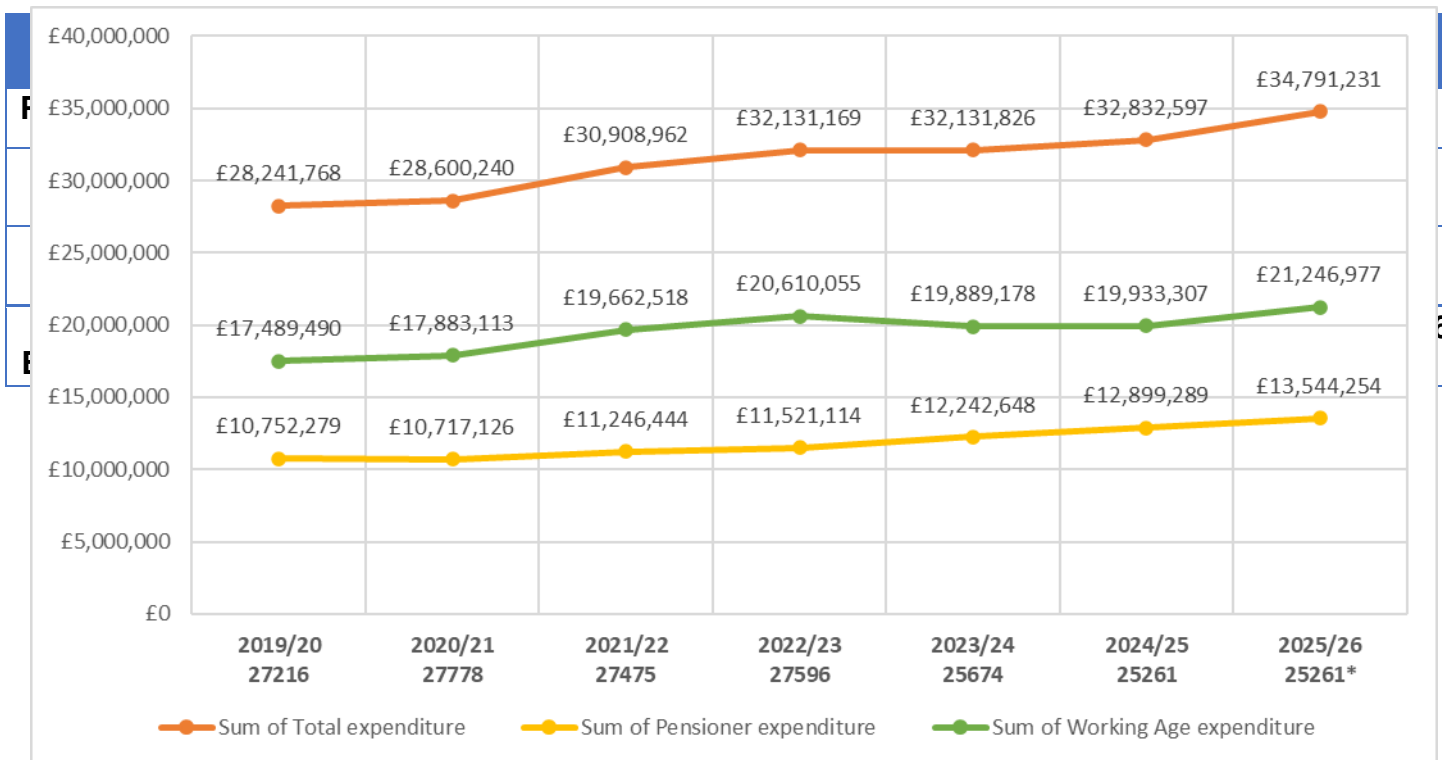
- Ensuring everyone in a household makes a fair contribution towards funding local services via Council Tax, thereby ensuring everyone has a stake in the borough.
- Universal – Asking all those in receipt of working-age CTS to pay a contribution.
- Reduced administration costs by removing the need to request payslips or income information for non-dependants.
- Minimal changes and easy to understand.
- Providing targeted, transitional support for those in hardship

6.2 The Council proposes to review the caseload and expenditure every year.

## 7.0 Current trend in CTS claims

7.1 The cost of the CTS scheme for 2025/26 is forecast to be £34.8m of which £21.2m relates to the working age claimants.

7.2 The working age caseload has continued to steadily drop since 2023/24 whilst the pensioner age caseload has remained by largely static.



## **8.0 Pension age claims**

8.1 Pensioners (of state pensionable age) will not be impacted by the proposed changes. Pensioners are protected as CTS is still controlled nationally for this age group and can cover up to 100% of their CTS bill depending on the circumstances of the resident. Therefore, CTS for Pensioners is outside of the scope of this consultation.

## **9.0 Other Councils' CTS schemes**

9.1 Almost all Councils' current CTS schemes are variations on the former CTB scheme and banding scheme, with the most now having widely adopted variation as being the "minimum contribution". Contributory amounts currently range from 0% to 50% in London.

9.2 We are aware that 4 other boroughs are in the process of reviewing the CTS schemes for 2025/26 and the range of minimum charge currently is 20% and 50%.

9.3 Option 2 proposing to charge a minimum 35% along with increasing non dependant charges will mean Brent is overall expenditure is likely to be in the median across London.

## **10.0 Implications for Council Tax collection**

10.1 With the proposed changes to the scheme a rise in Council Tax arrears and associated bad debt is expected. If the changes to the scheme are implemented, it will result in claimants that currently receive 100% support becoming liable to pay at least 35% in Council Tax. The assumptions made are that we will collect 80% of these additional charges in year. This is in line with collection for existing working aged residents for Council Tax Support.

10.2 There are processes in place to initiate early interventions to reduce the likelihood of the arrears growing larger when they arise. Legal action is used only when all other avenues for collection have been exhausted. Residents are encouraged to make early contact in respect of debt-related matters. There is a strong emphasis on plain English in written communication with proactive contact with residents when arrears triggers are reached to identify opportunities to provide support and reduce the likelihood of residents getting into further debt.

## **11.0 Financial Considerations**

11.1 An update to the Medium-Term Financial Strategy was taken to Cabinet in July 2024, which set out the medium-term risks and uncertainties with regards to the current financial position. These primarily relate to exceptional factors such as high levels of inflation, high interest rates, increased demand for key services and uncertainty in government funding.

11.2 Based on current budget assumptions the estimated budget gap is £16m in 2025/26, rising to a cumulative £30m by 2027/28. The Council must therefore continue to assess all aspects of its expenditure in order to maintain its financial resilience and sustainability. Since 2019/20, the overall cost of CTS has grown significantly by £4.5m. The proposed changes while addressing the need to update the eligibility criteria, also take account of the overall cost trajectory within the overall budget envelope.

## **12.0 Legal Considerations**

12.1 Section 13A(1)(a) and (2) of the Local Government Finance Act 1992 (the 1992 Act) introduced a duty on every billing authority in England to make a scheme specifying the reductions which are to apply to amounts of Council Tax payable, in its area, by: Person whom the authority considers to be in financial need, or Persons in classes consisting of persons whom the authority considers to be, in general, in financial need.

12.2 Schedule 1A of the 1992 Act sets out the requirements in relation to adoption or revision of a scheme. Paragraph 2 confirms a scheme must state the classes of person entitled to a reduction and that this may be reference to income, capital a combination of income and capital, number of dependents and whether an application has been made. Different reductions may be set for different classes. A reduction may be a discount calculated as a percentage, a set amount, expressed as an amount of council tax to be paid or the whole amount of council tax. The scheme must comply with prescribed matters set out by the Secretary of State in regulations.

12.3 Paragraph 5 of Schedule 1A confirms a billing authority must consider whether to revise its scheme or to replace it with another scheme for each financial year. Any revisions or replacements must be made no later than 11th March in the financial year preceding that for which the revision or replacement is to have effect. If any revision or replacement has the effect of reducing or removing reduction to which any class of person is entitled, the revision or replacement must include such transitional provision as the authority thinks fit. In accordance with s 67 of the 1992 Act only Full Council has the power to make or amend a Council Tax Support Scheme.

12.4 As the proposed Council Tax Support Scheme for 2025/26 will be a revision or replacement of the current scheme there is an obligation to follow the statutory requirements to consult. The Local Government Finance Act 2012 states that the Council must consult with the GLA, which is a precepting authority, when amending a Council Tax Reduction Scheme and that thereafter, the Council must publish a draft amended Council Tax Reduction Scheme and then consult with other such persons who are likely to have an interest in the operation of such a scheme. This report sets out that the plans to undertake this consultation.

12.5 The four basic requirements of consultation are set out in the case of R v Brent LBC ex parte Gunning: (i) consultation must be at a time when proposals are at a formative stage; (ii) the proposer must give sufficient reasons for any

proposal to permit intelligent consideration and response; (iii) adequate time must be given for consideration and response; (iv) the product of consultation must be taken conscientiously taken into account in finalising any proposals.

- 12.6 In the 2014 Supreme Court case of R (on the application of Moseley) v London Borough of Haringey, the Court confirmed in its judgment that the demands of fairness in the consultation process are likely to be greater when an authority proposes to deprive someone of an existing benefit than when considering a potential future benefit and that fairness may require that interested persons should be consulted not only on the preferred option but also on discarded options. In that specific case, the Supreme Court ruled that Haringey Council's consultation process regarding its Council Tax Reduction scheme was unlawful as it failed to outline alternative options and methods of dealing with the shortfall and cuts to funding. Requirements for a Council Tax Reduction Scheme
- 12.7 Under the Equality Act 2010, the Council has a duty to have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act; advance equality of opportunity between people who share a protected characteristic and people who do not share it; and foster good relations between people who share a protected characteristic and people who do not share it.
- 12.8 The public sector equality duty ("PSED"), as set out in section 149 of the 2010 Act, requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who have a "protected characteristic" and those who do not share that protected characteristic. There is no prescribed manner in which the equality duty must be exercised, though producing an Equality Impact Assessment is the most usual method through which a Local Authority can demonstrate that due regard has been paid to the PSED.
- 12.9 The PSED is not to achieve the objectives or take the steps set out in section 149 of the Equality Act 2010. The duty on the Council is bring these important objectives relating to discrimination into consideration when carrying out its public functions (in this case, approving a new Council Tax Reduction Scheme for designing a localised scheme for Council tax support within Brent). The phrase "due regard" means the regard that is appropriate in all the particular circumstances in which the Council is carrying out its functions. There must be a proper regard for the goals set out in section 149 of the 2010 Act. At the same time, when the Members of the Council make their decision on what scheme to adopt for localised council tax support, they must also pay regard to countervailing factors which it is proper and reasonable for them to consider. Budgetary pressures and economic and practical factors will often be important. The amount of weight to be placed on the countervailing factors in the decision-making process will be for Members of the Council to decide when it makes its final decision.

### **13.0 Equity, Diversity & Inclusion (EDI) Considerations**



13.1 An Equalities Impact Assessment will analyse the impact on the proposed options for the new CTS scheme on vulnerable groups and protected groups as defined in the Equality Act 2010. The final Cabinet paper in January 2025 will have the Equality Impact Assessment along with outcomes of the consultation.

#### **14.0 Climate Change and Environmental Considerations**

14.1 No implications

#### **15.0 Human Resources/Property Considerations (if appropriate)**

15.1 No implications

#### **16.0 Communication Considerations**

16.1 The Council is required to consult with the GLA, and then to conduct a consultation, with such persons as it may determine, regarding its proposed scheme.

16.2 The Council followed best practice guidelines by undertaking a 8-week public and stakeholder consultation, between 19 October and 13 December 2024. Consultation activities included: -

- Questionnaire on Council website promoted via email and letter to all claimants, and more generally to all other residents.
- Stakeholder forums to obtain feedback and input from voluntary sector and community organisations.
- Direct engagement by email and letter with partners with offer to attend dedicated meetings with each organisation.
- Mailbox set up for CTS-related comments and queries.
- Social media (Facebook and Twitter)
- JCDecaux advertisement boards located in the borough.
- Press release – taken up by the Brent & Kilburn Times
- Leaflets
- Banners in Customer Service Centre and at events
- Face to face engagement in the Customer Service Centre
- Customer panel
- Staff engagement sessions

**Report sign off:**

***Peter Gadsdon***

Corporate Director of Partnerships, Housing and Resident Services