
COUNCIL TAX REDUCTION SCHEME 2024-25

Relevant Portfolio Holder	Councillor Charles Hotham
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell Head of Finance and Customer Services
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Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Aspiration, Work and Financial Independence
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Cabinet RESOLVE that:-

- 1) The current council tax reduction scheme is retained for 2024-25 tax year, subject to uprating of income bands as provided for within the existing scheme.**
- 2) Options for uprating of the income bands to be modelled and presented to cabinet for approval and recommendation of new income grid to council.**

2. BACKGROUND

- 2.1 The council is required by section 13A(2) of the Local Government Finance Act 1992 (LGFA '92) to make a council tax reduction (CTR) scheme specifying the reductions in council tax that will be provided to people who are in financial need, or to classes of people who are in general in financial need.
- 2.2 When a scheme has been made the council must, for each tax year, consider whether to revise or replace its scheme. If the council intends to revise or replace the scheme, then there is a requirement to undertake a formal consultation before making a new scheme.

- 2.3 The council introduced a new income banded scheme for working age applicants with effect from 1st April 2021. The rationale for the new scheme was to ensure that it was future proofed, and it reduced the administrative burden placed on the council by the introduction of universal credit.
- 2.4 The council has amended the scheme in the years since April 2021 to adjust the level of support in-line with funding available; to amend income bands and tapers to adjust for the impact of inflation; and to aid administration.
- 2.5 The existing scheme includes a provision for the uprating of income bands by an inflation factor decided by the council. Changes to income bands would be made in accordance with the existing scheme and would not require consultation but would be subject to approval of council.
- 2.6 Were the scheme to be revised so that the number of income bands changed, or there was a reduction to the percentage level of support, or to make changes to the general administration of the scheme then this would be a revision of the scheme and would require consultation.
- 2.7 Where support a revision to the scheme reduces or removes support for a group then the council would also need to consider including within the new scheme a relevant transitional protection for claimants subject to that reduction in support.
- 2.8 This report asks cabinet to resolve that the scheme is retained for 2024-25 subject to the uprating of income bands - as provided for within the existing scheme - and that options for a relevant inflationary increase are modelled for recommendation by cabinet to council.

3. OPERATIONAL ISSUES

- 3.1 The existing income based CTR scheme was designed to ensure that it remained relevant following the roll-out of universal credit. We have taken advice as to whether changes to welfare benefits mean that there are areas within the existing scheme which require amendment.
- 3.2 The advice received has confirmed that all relevant changes to the council's scheme have been made. The only matters which could be added to the scheme are the addition of a minimum income floor (MIF).
- 3.3 MIF is a feature of universal credit which assumes a minimum level of income for self-employed claimants. If a self-employed person earns

less than the MIF, then their entitlement is calculated as if they had earned the MIF amount.

- 3.4 Recent case law considered, within a council tax reduction scheme, the imposition of the MIF for a claimant who was disabled and was unable to achieve earnings at the level of the MIF. The respondent council had ceased to apply MIF to disabled persons and it was said that it had “basically surrendered in that it no longer subjected disabled self-employed persons to the test”.
- 3.5 The amendment of the CTR scheme to include a MIF would result in a requirement for the assessment of a self-employed persons ability to work and to achieve the MIF. This would increase the administration of the scheme and would open the council to challenge if the assessment was flawed. It is not recommended that this amendment to the scheme is made.
- 3.6 Retaining the existing scheme and uprating the income bands will have no additional operational implications.

4. FINANCIAL IMPLICATIONS

- 4.1 Changes to the income bands will impact the amount of council tax reduction provided to claimants. The change may result in an increase in the total cost of council tax reduction.
- 4.2 The intention of uprating to income bands is to protect claimants from the impact of inflation and to ensure that inflationary increases to universal credit or wages do not remove their eligibility for CTR.
- 4.2 Modelling of the options for the inflationary increases to income bands and the approval of a final report on those options will ensure that the financial implications of any change in the levels of support are considered.

5. LEGAL IMPLICATIONS

- 5.1 The council is required by paragraph 5 of Schedule 1A to the LGFA '92 to consider whether to revise or replace its CTR scheme. Where a council makes a revision or replacement there is a requirement to carry out a formal consultation which consists of three steps:
- a) consultation with major precepting authorities; and
 - b) publication of a draft scheme; and

c) consultation with persons who are likely to have an interest in the operation of the scheme.

5.2 Where a revised scheme reduces or removes a reduction the new scheme must include such transitional provision as the council sees fit.

5.3 The existing scheme includes a provision to uprate income bands by the appropriate level of inflation in each tax year; therefore, changes that increase the income bands in each tax year can be carried out without consultation.

5.4 Changes to the scheme which reduce the income bands are not provided for within the existing scheme. Any changes that reduce the % discount provided under the scheme would constitute a revision to the scheme and would require full consultation and approval of full council.

6. OTHER - IMPLICATIONS

Relevant Strategic Purpose

6.1 The council tax reduction scheme supports residents in financial need and is required to incentivise work. The scheme supports the strategic purpose of Aspiration, Work and Financial Independence through the provision of a council tax reduction to people on low income and people transitioning to work.

6.2 Uprating of income bands will ensure that low-income residents do not lose support through general inflationary increases to their income and will ensure that the scheme continue to incentivise employment.

Climate Change Implications

6.2 There are no climate change implications.

Equalities and Diversity Implications

6.3 When the existing income band based CTR scheme was introduced a full equalities impact assessment was completed. The uprating of income bands has no further equalities and diversity implications.

7. RISK MANAGEMENT

7.1 Please explain any risks and any mitigating action that will be taken to address those risks.

BROMSGROVE DISTRICT COUNCIL

Cabinet
2023

18th October

Risk	Mitigations
Loss of support for residents in financial need.	Revision of income bands as provided for within the council's scheme will ensure that low-income residents are not phased out of the existing scheme through general inflationary increases in their income.
Increased financial costs of CTR scheme	<p>The scheme reduces the council tax collected by the authority. Increases in the level of income-bands can increase the amount of support provided to residents and the costs of the CTR scheme.</p> <p>Options for revision of the scheme will be modelled so that the costs of the scheme can be considered when increases to the income bands are agreed.</p>

8. APPENDICES and BACKGROUND PAPERS

None

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Charles Hotham	
Lead Director / Head of Service	Michelle Howell Head of Finance and Customer Services	
Financial Services	Michelle Howell Head of Finance and Customer Services	

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Department	Name and Job Title	Date
Legal Services		
Policy Team (if equalities implications apply)	Not Applicable	
Climate Change Team (if climate change implications apply)	Not Applicable	