

Report title	Council Tax Support Review
Report author	Ed Bowen Housing Benefit Technical Manager
Department	Digital & Customer Services
Exempt?	No

<p>Purpose of report:</p> <ul style="list-style-type: none"> To recommend to Full Council
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<p>Synopsis of report:</p> <p>To consider the results of consultation for changes to the Runnymede Borough Council working age Council Tax Support scheme and decide a local scheme for the financial year 2025/2026.</p> <p>Council Tax Support is the reduction available to Council Taxpayers to help them meet their Council Tax liability on the property they occupy as their sole or main residence.</p> <p>Pension age residents are regulated by national rules in England and are not affected by any changes proposed in this review.</p>

<p>Recommendation(s):</p> <ul style="list-style-type: none"> That the Committee recommends to Full Council the adoption of an Income Banded scheme for those in receipt of Universal Credit, with those not in receipt of Universal Credit to be assessed for Council Tax Support under the existing means tested scheme, and that the Committee determines the maximum eligible support to be provided under the revised scheme from 1 April 2025, for recommendation to Full Council, from the following options: <ul style="list-style-type: none"> (i) maximum entitlement of 80% support for those of working age and 90% for those classed as vulnerable (ii) maximum entitlement for all claimants of 90% (iii) maximum entitlement for all claimants of 100%

1. Context and background of report

1.1 Council Tax is collected on behalf of Runnymede Borough Council, Surrey County Council and Surrey Police. The cost of Council Tax Support is shared in proportion to the amount collected:

Preceptor	Runnymede 8.38%	Surrey County 77.38%	Police 14.24%	Council Tax Support
Current Cost 2024/25	£366,532	£3,384,521	£622,843	£4,373,896

- 1.2 This report presents the findings of the public consultation on the three proposed modifications to the working-age Council Tax Support scheme, for implementation in April 2025.
- 1.3 A sample of 10,223 residents in the borough were selected at random and contacted either by email or by letter advising them of the consultation and inviting them to complete the questionnaire.
- 7,598 emails were sent to a random sample of Runnymede residents
 - 625 emails were to residents known to be receiving Council Tax Support
 - 1,000 letters were to residents known to be receiving Council Tax Support
 - 1,000 letters sent to a random sample of Council Taxpayers
- 1.4 Surveys were also sent to Surrey County Council, Surrey Police, Citizens Advice and Surrey Welfare Unit and invited to respond.
- 1.5 Two drop-in sessions were also held in July and September for residents to ask questions and have support in filling in the survey.

2. Report and, where applicable, options considered and recommended.

- 2.1 80 responses were received and there was no clear consensus in support of any of the proposed options.
- 17% of respondents were in receipt of Council Tax Support
 - 53% of respondents were in support of an Income Banded scheme for those on Universal Credit
 - 76% were against a 100% Income Banded scheme
 - 66% were against a 90% Income Banded scheme
 - 58% supported changes to a more generous scheme to be funded through reductions in entitlement for some residents
 - 50% supported removing the additional earnings disregard for all working age residents
- 2.2 However, both preceptors supported a more generous scheme provided the increased costs to be limited to £100k which was positive response.
- 2.3 As a reminder, the Council consulted on three options:

Option 1	Retain the scheme in its current form.
Option 2	Make changes to the existing scheme to deliver increased or maximum entitlement whilst improving efficiency
Option 3	Move to an Income Banded scheme

2.4 **Option 1** was to retain the scheme in its current form. The current scheme is based on the original means tested Council Tax Benefit. It uses premiums and allowances as a measure of a claimant's financial need based on their household composition, age and if anyone in the household has a disability.

2.5 The spend for the current scheme is:

2024/25	Number of live claims	Amount of CTS
Pensionable	1,322	£1,961,878
Vulnerable	1,177	£1,727,381
Working Age other	552	£684,637
TOTAL	3,051	£4,373,896

2.6 **Option 2** was to make changes to the existing scheme to deliver efficiencies in administration and address the change to Limited Capability for Work and Limited Capability for Work Related Activity elements in Universal Credit.

- 2.7 **Option 3** was to introduce an Income Banded Council Tax Support scheme. This is a scheme which calculates entitlement based upon which 'band' a claimant's income falls within. The advantage of an Income Banded scheme is that minor changes in the claimant's income would not necessarily change their Council Tax Support entitlement. This is assuming that their income fell within the same band.
- 2.8 An Income Banded scheme is more transparent, easier to administer and reactive to residents' changes in Universal Credit payments. By disregarding a claimant's additional needs and the income they receive from Universal Credit, the assessment would be based purely on whether they were in employment and how much they were earning.
- 2.9 If the maximum eligible weekly council tax is 80% and 90% of Band D or 90% of Band D for all, then those residents would be contributing at least 20% or 10% of their annual council tax and paying for the services provided.
- 2.10 The table below shows the Income Bands and additional contributions over that 10% or 20% for a scheme where the maximum weekly eligible Council Tax charge is £39.23 - 90% of Council Tax Band D in the current year 2024/25:

Earnings	The amount you will contribute towards weekly Council Tax
Income £0 - £59.99 per week	£0.00
Income £60.00 - £144.99 per week	£8.00
Income £145.00 - £206.99 per week	£16.00
Income £207.00 - £309.09 per week	£23.00
Income £310.00 - £413.99 per week	£29.00
Income £414.00 - £619.99 per week	£34.00
Income above £620.00 per week	No Council Tax Support

- 2.11 For a 100% scheme the maximum eligible weekly Council Tax would be £43.58 per week. This would mean some residents would not be asked to contribute anything towards the Council Tax.
- 2.12 The upper-band contributions have been adjusted to reflect the increased support available to those on the lowest incomes while not making the scheme overly generous

Earnings	The amount you will contribute towards weekly Council Tax
Income £0 - £59.99 per week	£0.00
Income £60.00 - £144.99 per week	£8.00
Income £145.00 - £206.99 per week	£16.00
Income £207.00 - £309.09 per week	£24.00
Income £310.00 - £413.99 per week	£31.00
Income £414.00 - £619.99 per week	£38.00
Income above £620.00 per week	No Council Tax Support

- 2.13 While the consultation results are inconclusive, with the ongoing migration to Universal Credit for many residents, the number of individuals claiming Housing Benefit will decline significantly over the next 18 months. This reduction will inevitably impact the resources required to deliver the Housing Benefit and Council Tax Support service. Therefore, the Council must take proactive steps to streamline its administration during this transitional period. Adopting an Income Banded scheme will facilitate this process and free up much-needed capacity to focus on administering the Household Support Funds and promoting other benefit uptake through the Council's Financial Inclusion strategies.
- 2.14 The Additional Earnings Disregard, introduced as part of Tax Credits, was removed from the schemes for those receiving Universal Credit, as UC is replacing Tax Credits. It is proposed to withdraw this from all working age schemes and the modelling has been based on that recommendation, so the schemes are consistent and fair.

2.15 Taking the best elements of our current scheme and introducing an Income Banded assessment for those on UC will continue to provide the most support to the vulnerable, while being simpler to administer and explain.

3 Policy framework implications

3.1 Council Tax Support can influence the Corporate Business Plan in the following ways:

- Responding to climate change – reducing the number of letters and Council Tax bills issued to residents.
- Supporting the health and wellbeing of local people: providing the most vulnerable residents with a safety net to ensure their Council Tax liability is met
- Encouraging residents' ability to effect change locally; any changes would require consultation with residents, Preceptors, Surrey Welfare Rights Unit and Citizens Advice.
- Driving economic development in the Borough: maximising the household income of our residents helps pump money back into the local economy.
- Organisational development; working collaboratively with colleagues in Revenues and Customer Services to deliver a scheme fit for the future.

4 Resource implications/Value for Money

4.1 All the figures contained in this report have been modelled using 2024/25 Council Tax Bands and caseload.

4.2 We need to assess the financial feasibility of the proposed schemes. This includes determining whether the Council can afford to implement either an equalised entitlement for an Income Banded scheme or an increased maximum entitlement and Income Banded scheme.

4.3 In determining any changes, members need to be mindful of the impact on the Council Tax Base.

4.4 The Council Tax Base is used to calculate the total amount of Council Tax estimated to be raised in the year ahead for Runnymede Borough Council and its preceptors (Surrey County Council and Surrey Police) by multiplying the tax base by the total proposed Band D charge set by each preceptor as part of their budget process. The tax base is an assessment of the number of dwellings liable to council tax, adjusted for the effect of any discounts and premiums, and the effect of the Council Tax Support Scheme. The amount estimated to be awarded via the Support Scheme is expressed as an equivalent number of Band D dwellings and is deducted from the tax base. Therefore the higher the cost of the Support Scheme, the lower the tax base, resulting in a lower level of funding to include in budget plans.

4.5 It is important to understand that as Council Tax Support increases the less Council Tax revenue becomes available and the shortfall must be made up by the remaining Council Taxpayers.

4.6 Over the past few years the Council has chosen to increase the Council Tax by around £5.00 on Band D. For every £5 increase in the Council Tax liability, 37 pence went to covering that increase in Council Tax Support, leaving £4.63 to be spent on other services.

4.7 The 2024/25 council tax raises £190.45 on each Band D for all our services, £9.91 of that goes towards the cost of Council Tax Support. Therefore, to provide a more generous Council Tax Support scheme, more of that revenue would be drawn away from other services.

4.8 If the Council moved to 100% entitlement this may reduce the cost of recovery of Council Tax for small value bills. Although, there was little support from the public to move to such a scheme, the Council acknowledges that some residents may be vulnerable and require extra assistance managing their finances.

4.9 Last year (2023/34) we issued

- 4,801 Council Tax summons
- 1,968 liability order were obtained

- 4.10** We are unable to distinguish between those who are in receipt of Council Tax Support as it is the outstanding Council Tax liability that we recover. We currently have 599 cases either at attachment of benefit or awaiting an attachment of benefit, but this is in total so can be for previous years rather than current year.
- 4.11** We have 39,428 taxpayers of which around 1,700 are working age claimants in receipt of Council Tax Support and contributing some level of Council Tax.
- 4.12** A consideration has been the Council Tax collection rate. For 2023/24 year, the Council Tax collection rate was 98%, and in 2023/24 we issued 1,968 liability orders in total irrespective of whether the resident was in receipt of Council Tax Support or not.
- 4.13** The increased cost of an Income Banded scheme is shown below in the next two tables, and the effect changes to the maximum eligible weekly Council Tax has on the collection funds for the Council, County Council and Police precepts

Option	Summary	No of working age claimants affected	No of claimants better off	No of claimants worse off	Increase in costs	Total CTS expenditure
Option 1 No change	Means test, applies minimum £5 and 80% Band D with vulnerable category	Pensioners 1,322 Working Age 1,729 Total 3,051	0	0	No change 2024/25	£4,373,896
Option 3 Banded Scheme	Banded scheme 80% maximum for the majority and 90% for vulnerable residents.	Pensioners 1,322 Working Age 1,729 Total 3,051	288	95	+£41,210	£4,415,106
	Banded scheme 90% maximum all	Pensioners 1,322 Working Age 1,729 Total 3,051	861	73	+£135,594	£4,509,490
	Banded scheme 100% maximum for all	Pensioners 1,322 Working Age 1,729 Total 3,051	1,695	34	+£428,893	£4,802,789

Preceptor	Current Scheme	80% & 90%	90%	100%
Total Cost	£4,373,896	£4,415,106	£4,509,490	£4,802,789
Increase	£0.00	£41,210	£135,594	£428,893
Surrey County Council (77.38%)	£3,384,521	£3,416,409	£3,489,444	£3,716,398

Increase	£0.00	£31,888	£104,923	£331,877
Surrey Police Authority (14.24%)	£622,843	£628,711	£642,151	£683,917
Increase	£0.00	£5,868	£19,308	£61,074
Runnymede Borough Council (8.38%)	£366,532	£369,986	£377,895	£402,474
Increase	£0.00	£3,454	£11,363	£35,942

- 4.13** The Medium-Term Financial Strategy approved at Full Council in October included the potential for additional costs to arise from the review of the Council Tax Support Scheme, following consideration of the results of the consultation exercise. While recognising that this was a decision to be made subsequently, the financial forecast included within the report, incorporated the highest estimate available at that time for the potential changes to the scheme, of approximately £43,688. (Further modelling has refined this figure as set out in the previous table).
- 4.14** The estimated budget gap presented within the MTFs amounted to £4.1m by the close of 2027/28. While this gap included the potential effect of an increase in council tax support, the Council still has a significant challenge ahead in identifying and delivering this level of savings within the appropriate timeframe. The ability to achieve this savings target should form part of the consideration of this report, balanced with the need to provide an appropriate level of support to residents.

5 Legal implications

- 5.1** Section 13A of the Local Government Finance Act 1992, substituted by section 10 of the Local Government Finance Act 2012, requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes or persons, whom the authority considers are in financial need. The Ministry for Housing, Communities & Local Government (MHCLG), are responsible for The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012. This statutory instrument prescribes the rules for calculating entitlement for pension age Council Tax Reduction.
- 5.2** Amendments in respect of pensioners must be incorporated into any local scheme. Whether these amendments need to be included in a local scheme for working age residents are for each local authority to decide. Delegated Authority to the Chief Financial Officer was approved in December 2022 to enable any legislative changes to be reflected in the current scheme.
- 5.3** Schedule 1A, paragraph 5 of the Local Government Finance Act 1992 states: For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.
- 5.4** In addition to any local variations, each year the Government issues regulations amending the default scheme.
- 5.5** Where local authorities decide to amend/revise their local scheme, as part of that review, formal consultation with stakeholders must be undertaken.

6 Equality implications

- 6.1** An Equality Impact Assessment has been carried out and can be found in the appendices.

7 Environmental/Sustainability/Biodiversity implications

7.1 The stabilisation of CTS entitlement will lead to a reduction in printing and postage costs, as will the use of Universal Credit data which will mean less need to contact customers and ask for additional information and evidence.

8 Risk Implications

8.1 A risk is to any agreed limit on the cost of the scheme The migration to Universal Credit is due to complete by December 2025 and there remains 400 residents currently entitled to Council Tax Support who will migrate onto Universal Credit when their Employment Support Allowance is ended.

8.2 This final cohort are not working and so will be entitled to full Council Tax Support. With a more generous scheme of 100% maximum of Band D, could also lead to an increase caseload.

8.3 Any increase to the annual council tax charge for Band D will also increase the support scheme costs beyond the figures shown in the modelling

8.4 To understand these risks we have conducted modelling using 2024/25 Council Tax and Council Tax Support data to determine what impact changes would have on the overall spend on the scheme, and on individual households, as if we had applied those changes from 1st April 2024.

8.5 We are under a duty to adopt a scheme for each year. A potential risk is from a Judicial Review. To mitigate any adverse decision from a Juridical Review either by preceptors or residents, we have conducted a consultation with the public and our preceptors and have considered the options available.

8.6 To further limit the risk, modelling has been conducted to assess the potential spend and impact on our preceptors and residents.

8.7 Any increase in the generosity of the Council Tax Support scheme may result in reduced programme capacity. Less funding could result in fewer resources, limiting the RBC's ability to support participants and deliver comprehensive services.

9 Council Tax Rules

9.1 See appendices

10 Conclusions

10.1 This report outlines the rationale for considering changes to the Council Tax Support (CTS) scheme for the 2025/26 financial year. It highlights the need for a formal consultation process to gather feedback from all stakeholders, commencing in July 2024.

10.2 The consultation explored the various options for delivering Council Tax Support, taking into careful consideration the Council's current financial constraints and the potential budgetary impact of any proposed modifications.

10.3 To continue with the existing means test scheme for those in receipt of Universal Credit, while affordable, would continue to require manual intervention by the Benefit Assessors on each claim and would not unlock further automation of the data received from DWP.

10.4 The rollout of Universal Credit will continue to erode the Housing Benefit caseload throughout 2025 until the planned final notices are issued in December 2025.

10.5 The consultation looked at options that increased the maximum entitlement to 90% and 100% of Band D, while keeping the existing means tested scheme. This would not deliver any savings in assessors' time and effort.

10.6 Following a thorough analysis of the consultation results, and considering the potential efficiencies that could be delivered by the proposal, officers recommend moving to a scheme .where those in receipt of Universal Credit would be assessed using an Income Banded Scheme that would allow

further automation of the DWP data feed and allow for more emphasis on financial inclusion, Household Support Fund and analysis of supported housing costs to protect the remaining Housing Benefit subsidy.

- 10.7 Members are asked to consider the maximum level of support to be awarded under the revised scheme from the following options:
- (i) maximum entitlement of 80% support for those of working age and 90% for those classed as vulnerable
 - (ii) maximum entitlement for all claimants of 90%
 - (iii) maximum entitlement for all claimants of 100%

11. Appendices

Appendix A – Glossary of Terms

Appendix B – Surrey Benchmarking

Appendix C – RBC Council Tax Support Scheme Survey Report

Appendix D – Runnymede CTR Scheme 2025-6

Appendix E - CTS EIA 2024

Appendices

Appendix A - Glossary of terms

Council Tax - Council Tax is a local taxation system used in England, Scotland and Wales. It is a tax on domestic property, which was introduced in 1993 by the Local Government Finance Act 1992.

Council Tax Support – Council Tax Support (also known as Council Tax Reduction) is a benefit to help people who are on a low income or claiming certain benefits to pay their Council Tax bill. Since April 2013 in England, each local authority must adopt its own scheme for working age residents.

De minimis - Within the context of Runnymede Council Tax Support scheme it is the mechanism to ignore changes of £3.25 or less in weekly Council Tax Support entitlement.

Income Banded Scheme – Based on income and/or household composition claimants are entitled to have their council tax annual liability reduced either by a % or an amount, depending on which band of income they are placed.

Universal Credit (UC) – is a means-tested social security payment. It is replacing and combining six benefits, for working-age households with a low income: income-related Employment and Support Allowance, income-based Jobseeker's Allowance, and Income Support; Child Tax Credit and Working Tax Credit; and Housing Benefit. An award of Universal Credit is made up of different elements, which become payable to the claimant if relevant criteria apply: a standard allowance for singles or couples, child elements and disabled child elements for children in the household, housing cost element, childcare costs element, as well as elements for being a carer or having an illness or disability and therefore having limited capability to work.

Non-dependant Deductions - refer to reductions in Council Tax Support for certain adults who reside in the claimants' home, such as friends or family members. These individuals are considered non-dependants and are expected to contribute toward household bills including Council Tax, regardless of whether a payment is made, the council still makes a deduction based on their income before tax.

Appendix B - Surrey Benchmarking

The table below shows the current Council Tax Support schemes in operation across the 11 District & Boroughs of Surrey

Authority	Minimum Weekly Award	Capital Limit	Max Award Level	Restricted to Band D	Restricted to Band E	Band F - H Excluded	Band G - H Excluded	Banded Scheme
Elmbridge	N/A	£16,000	90% (95% if child under 5 or working 16hrs+)	Yes	No	Yes	Yes	No
Epsom & Ewell	N/A	£6,000	80%	No	No	No	No	Yes
Guildford	£10.00	£6,000	100%	Yes	N/A	Yes	Yes	No
Mole Valley	N/A	£16,000	100%	No	No	No	No	No
Reigate & Banstead	N/A	£10,000	100%	No	No	No	No	No
Runnymede	£5.00	£16,000	80% (90% for 'vulnerable')	Yes	No	Yes	Yes	No
Spelthorne	N/A	£16,000	75% (90% if disabled)	No	No	No	No	No
Surrey Heath	N/A	£6,000	95%	Yes	No	No	No	Yes
Tandridge	N/A	£16,000	100%	No	No	No	No	No
Waverley	£5.00	£16,000	100%	Yes	No	No	No	No
Woking	£5.00	£10,000	100%	Yes	No	No	No	No
Kingston	N/A	£16,000	100%	No	No	No	No	No