

## **APPENDIX 2 REVIEW OF WORKING AGE COUNCIL TAX REDUCTION SCHEME FOR 2025/26**

### **Context**

1. In order to adopt changes to the Council Tax Reduction Scheme (CTRS), these changes must be approved as part of the Council Taxbase for the forthcoming year which is presented to Council annually at the January meeting.
2. There are currently 12,637 households being supported through the working age element of CTRS at a gross cost of £12.2m, with no impact from any proposed changes on pension age claimants as they are subject to separate nationally defined rules. As CTRS operates as a discount on Council Tax bills, circa 25% of the total cost is borne by the GLA against their share of the overall bill.
3. Over the four years since 2020/21, the cost of the overall scheme has grown by 13% or £1.4m with increased caseloads within the 'vulnerable' category, in which eligible households receive a flat 90% discount regardless of income levels. Vulnerable status is determined by receipt of certain DWP benefits – (including Disability Living Allowance and Personal Independence Payments). The most significant proposals for reform of the CTRS are based around aligning levels of support for this group with those for other working age claimants which are pegged to income levels in order to better target support to the lowest income households.

### **Proposals for Reform**

4. Proposed reforms of the scheme are intended to meet two policy objectives, in the context of competing demands on finite funding available to support local services:
  - a. Improving the targeting of support to those households in greatest need, and;
  - b. Reducing the administrative burden of the scheme to deliver efficiency savings within the Revenues & Benefits Service.
5. The specific proposals being recommended by officers to meet these objectives are:
  - a. Align the vulnerable group percentage reduction with the rest of the scheme over a phased approach lasting 4 years (decreased cost £0.9m affecting 6,800 households, rising to £1.9m by year 4 once phased transition has completed);
  - b. Increase the minimum weekly award to £3 (decreased cost up to £0.1m affecting 72 households);
  - c. Increase the non-dependant deduction from £8 to £10 per week (decreased cost up to £0.2m affecting 1617 households)
  - d. Cap the amount of Council Tax liability to be used in the calculation to Band D (decreased cost of less than £0.1m affecting 436 households);
  - e. Introduce additional support for care leavers (increased cost of less than £0.1m);
  - f. Remove the war widow pension group from the scheme (administrative benefit only);
  - g. Remove Transitional Protection (decreased cost of less than £0.1m), and;
  - h. Reduce the absence abroad to 4 weeks in line with Pensioner CTR scheme change (primarily administrative benefit)

6. As a result of the proposed changes, the overall scheme framework for 2025/26 will be updated to remove the 'Band 1' grouping and see the support for 'Band 2' vulnerable stepped down to 80% as set out below:

Household type:	Single		Couples		Family 1 child		Family 2 or more children		
CTR Banding	Lower Limit	Upper Limit	Lower Limit	Upper Limit	Lower Limit	Upper Limit	Lower Limit	Upper Limit	CTR %
Band 2 (6800 customer)	£0.00	£180.00	£0.00	£250.00	£0.00	£330.00	£0.00	£500.00	80% (was at 90%)
Band 3	£0.00	£90.00	£0.00	£130.00	£0.00	£150.00	£0.00	£260.00	75%
Band 4	£90.01	£120.00	£130.01	£170.00	£150.01	£210.00	£260.01	£340.00	55%
Band 5	£120.01	£150.00	£170.01	£210.00	£210.01	£270.00	£340.01	£420.00	35%
Band 6	£150.01	£180.00	£210.01	£250.00	£270.01	£330.00	£420.01	£500.00	15%

### Impact Assessment

7. The proposals developed for consultation are projected to reduce the overall cost of the scheme by £1.2m in 2025/26, with circa £1.0m of the benefit accruing to Hillingdon and the remainder to the GLA. These projections are predicated on successful collection of the additional amounts to be billed from 1 April 2025.
8. Looking beyond 2025/26, transitioning the existing Band 2 cohort of claimants onto the stepped levels of support on the basis of income levels has been modelled over three years from 2026/27 to 2027/28 with the following impact on the overall cost of the scheme. Changes to scheme will require approval by Council on an annual basis and therefore the pace of future reforms could be accelerated or otherwise altered through this mechanism.

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Projected Change in CTR Awards	1,200	500	250	250	2,200
Of which: GLA Share	240	100	50	50	440
Of which: LBH Share	960	400	200	200	1,760
Provision for non-collection	TBC	TBC	TBC	TBC	TBC

9. It should be noted that the Section 13a discretionary relief mechanism, whereby households experiencing financial hardship can apply for exceptional relief from Council Tax payments will be in place as an ultimate safety net.

## Consultation Responses

### Background

Over the summer various changes to the Council Tax Reduction scheme were considered for April 2025. After some consideration and discussion, it was agreed that we would consult with the public on eight proposals. The Council Tax Reduction consultation went live on 31/10/24 for 6 weeks and closed at midnight on 11/12/24. During the 6 weeks we received 45 responses to our proposals. To promote the consultation, we contacted CAB and DASH so that they could discuss the consultation with their customers. We also put a banner on the Revenues and Benefits webpages with a link to the consultation and used social media to increase awareness. The Capita contact centre advertised the consultation through their initial greeting on the phone line and the customer advisors promoted it when speaking to residents. The GLA were also sent details of the consultation.

### Details of respondents

Out of the 45 responses 22 were from females, 17 were from males and 6 preferred not to state their sex:

Sex	
Male	17
Female	22
Prefer not to say	6

The majority of responses were from the 45-54 age range:

Age range	
25-34	6
35-44	10
45-54	14
55-64	8
65+	4
Prefer not to say	3

Most of the responses were from within Hillingdon with only 1 being out of borough (and 3 not providing their postcode):

Postcode	
HA4	9
HA5	4
HA6	2
TW19	1
UB10	4
UB3	6
UB4	2
UB7	4
UB8	10
Blank	3

Out of the 45 responses 13 confirmed they had a disability:

<b>Disability Yes/No</b>	
Yes	13
No	29
Prefer not to say	3

The majority of respondents were from a white group or background:

<b>Ethnicity group or background</b>	
Asian or Asian British	5
Black, Black British, Caribbean or African	3
Mixed or multiple ethnic group or background	3
Other ethnic group or background	1
Prefer not to say	11
White group or background	22

Only 10 customers that responded to the consultation confirmed they were in receipt of Council Tax Reduction:

<b>CTR Yes/No</b>	
Yes	10
No	27
Don't know	8

One third of the responses were from customers who had a non-dependant living with them:

<b>Non-dependant Yes/No</b>	
Yes	15
No	30

### Responses to each Proposal

The 8 proposals that we consulted on were to

1. Align the vulnerable group percentage reduction with the rest of the scheme over a phased approach lasting 4 years.
2. Remove the war widow pension group from the scheme.
3. Remove Transitional Protection.
4. Increase the minimum weekly award to £3.
5. Reduce the absence abroad to 4 weeks in line with Pensioner CTR scheme change.
6. Cap the amount of Council Tax liability to be used in the calculation to Band D (non-vulnerable households only).
7. Increase the non-dependant deduction from £8 to £10 per week.
8. Introduce additional support for care leavers.

Table 1 - Breakdown of responses

Response	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Total
Align the vulnerable group	11	9	10	3	12	45
Remove the war widow pension group	11	14	11	3	6	45
Remove transitional protection	11	18	6	3	7	45
Increase the minimum weekly award to £3.00	9	13	10	6	7	45
Reduce the absence abroad to 4 weeks	14	14	4	4	9	45
Cap the amount of CTAX liability to Band D	8	12	10	3	12	45
Increase the non dep deduction to £10.00	8	19	10	1	7	45
Introduce additional support for carers	16	15	7	1	6	45
<b>Total</b>	<b>88</b>	<b>114</b>	<b>68</b>	<b>24</b>	<b>66</b>	<b>360</b>
<b>Percentage</b>	<b>24%</b>	<b>32%</b>	<b>19%</b>	<b>7%</b>	<b>18%</b>	<b>100%</b>

The table above reports that the response to all proposals was mostly positive with strongly agree and agree being the combined highest score.

Table 2 - Breakdown of responses from the 10 residents in receipt of Council Tax Reduction

Response	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree	Total
Align the vulnerable group	2	3	1	1	3	10
Remove the war widow pension group	2	3	3	2	0	10
Remove transitional protection	2	4	2	1	1	10
Increase the minimum weekly award to £3.00	2	4	2	2	0	10
Reduce the absence abroad to 4 weeks	3	4	1	0	2	10
Cap the amount of CTAX liability to Band D	3	3	1	0	3	10
Increase the non dep deduction to £10.00	2	6	2	0	0	10
Introduce additional support for carers	3	6	1	0	0	10
<b>Total</b>	<b>19</b>	<b>33</b>	<b>13</b>	<b>6</b>	<b>9</b>	<b>80</b>
<b>Percentage</b>	<b>24%</b>	<b>41%</b>	<b>16%</b>	<b>8%</b>	<b>11%</b>	<b>100%</b>

As in Table 1 the overall response to the proposals is still positive with strongly agree and agree being the combined highest score amongst the Council Tax Reduction customers.

### GLA response

The GLA sent an email on 11/12/2024 in response to our consultation. The GLA understand that the final scheme design is a local decision for Hillingdon but considers any changes to the scheme should be based on a comprehensive analysis of household capability to pay increased obligations. They advise that changes to the scheme should be designed to safeguard against non-collection, minimise household debt and ensure optimal revenue generation. They recommend that we consider the impact on various socio-economic populations and that this could assist us with identifying household most vulnerable to increases in household debt.

The GLA note that proposals 1 and 6 could result in significant increases in bills for a limited number of households and that if implemented would need to be monitored. They express their specific support for proposal 8 which is the additional support for care leavers up to age 21.

The GLA welcomes the fact we have published scenarios setting out the impact of the changes and advise it is important that this is replicated when we publish our final scheme. They have advised that we should also publish a clear analysis of additional costs and savings we expect to materialise from the final scheme.

### Recommendation

As we only had 45 people respond to the consultation and out of those only 10 are in receipt of Council Tax Reduction the findings cannot be viewed as a clear representation of the views of the people that could be affected by these proposals. However, due to the lack of interest in people having their say despite the consultation being advertised through various methods we cannot know how other people would have responded to the proposals. Therefore, the recommendation is for all 8 proposals to be introduced in April 2025 to allow the Council to reduce the cost of the scheme and better target limited resources to those households in most need.

An Equalities Impact Assessment has been carried out and is included in Appendix 2a to this report.