

Cabinet Report



Listening Learning Leading

Report of Head of Finance

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To: CABINET on 28 November 2024

To: COUNCIL on 12 December 2024

Council tax reduction scheme 2025/26

Recommendation(s)

Cabinet recommends to Council that for the 2025/26 financial year onwards the council continues to adopt the previous 2024/25 Council Tax Reduction (CTR) Scheme but with the following amendment:

- (a) Extend the period in which a new claim for CTR can be backdated from six months to twelve months, where good cause has been demonstrated.

Implications (further detail within the report)	Financial	Legal	Climate and Ecological	Equality and diversity
	Yes	Yes	No	Yes
Signing off officer	SIMON HEWINGS		N/A	

Purpose of Report

1. The purpose of this report is to enable the council to adopt and implement a modified council tax reduction scheme for the financial years 2025/2026 onwards.

Corporate Objectives

2. The council is required by statute to adopt a scheme to help those on low incomes to meet their council tax liability. In accordance with the strategic objective “running an efficient council” by having a scheme we meet this objective.

Background

3. Since the Government brought in the localised Council Tax Reduction (CTR) scheme the council has tried to continuously enhance its scheme so that it best supports the residents of the district. It has always been the aim to assist residents on low incomes to reduce their council tax liability to a level they can afford. Currently the scheme allows for CTR to be backdated where good cause has been shown, for up to a maximum of six months.

Proposals for 2025/26 onwards

4. It is proposed to extend the current period of backdating from six months to 12 months where good cause can be demonstrated.

Why changes are being proposed

5. The current CTR scheme allows (in most cases) a reasonable period for applicants to make a claim and gain the financial assistance with their council tax payments that they are entitled to. However, the council has seen a slight increase in cases where the most vulnerable are not making a claim within that six-month period. Cost-of-living pressures has increased the number of people requiring assistance from the council and third-party organisations, such as Citizens Advice, Age UK and Connections. At times we have seen vulnerable applicants not reaching out for support in a timely manner or have struggled to understand what is required. It is only once recovery action has significantly advanced that these people seek help and is when much needed support can be provided.

This additional six-month backdating window would mean we have further flexibility to help the most vulnerable with their council tax arrears, whether it be the customers that are unable to ask for assistance in a timely manner or those that fail to reach out for support due to certain barriers or difficulties.

6. It is worth noting that applicants still need to provide evidence that they qualify for assistance, thus meaning had they applied at the time they would have been entitled to CTR from that given date.

Options

7. Based on the current situation Cabinet recommends to Council to proceed with the modification detailed below. Therefore, in view of the foregoing, the scheme that is recommended to adopt for 2025/26 onwards is the 2024/25 scheme but with the following amendment:

- Increase the period of backdating from six months to twelve months, to allow a greater award of council tax support to those most vulnerable.

8. The other option is to do nothing and leave the backdating period at six months.

Financial Implications

9. If the proposal is accepted there would be a very small increase to the CTR cost.

10. For each of the last two financial years, the cost of backdating CTR claims the full six months has been less than £20,000. Mopping up those that fall outside the six months, i.e. between six and 12 months, is likely to be considerably less and low in number:

SODC	2022/2023	2023/2024
CTR Caseload	5014	4951
Number of claims that needed to be backdated the full six months	26	25
Total extra CTR awarded by backdating claims the full six months	£19,518.00	£17,711.00
Impact at district level (SODC - 6 per cent)	£ 1,171.08	£ 1,062.66

Legal Implications

11. The current CTR scheme was adopted in 2024/25. There is a statutory duty to adopt a 2025/26 scheme by 11 March 2025. If this deadline is not adhered to, the council's 2024/25 scheme will automatically be rolled over as a consequence.

Climate and ecological impact implications

12. None – climate impact assessment not required.

Equalities implications

13. There are no equalities implications.

14. In making decisions the council has given regard to its equalities duties. As this modification to the current scheme is designed to increase CTR awards for the most vulnerable groups then no other considerations are deemed necessary. No Equality Impact Assessment for the proposed change has been conducted, as by its nature, the proposal gives further assistance to the most vulnerable residents in our district.

Risks

15. There is a low risk that the additional period of backdating could exceed the small volumes and values estimated and it becomes unmanageable. However, considering the small number of backdating awards we currently make this is extremely unlikely.

Other implications

16. None.

Conclusion

17. The council must adopt a local council tax reduction scheme for 2025/26 by 11 March 2025 and it is proposed that this be based on a scheme which intends to support all residents on low incomes with help towards paying their council tax. The proposal by the Cabinet Member for Finance, is to enhance the current scheme to ensure it continues to help residents during cost-of-living pressures, continues to be fair on all residents and protects and supports the vulnerable.

Background Papers

18. None