

# **Title of report: 2025/26 Council Tax Reduction Scheme**

**Meeting: Cabinet**

**Meeting date: Thursday 23 January 2025**

**Cabinet Member: Peter Stoddart, Finance and corporate services**

**Report by: Director of Finance**

## **Classification**

Open

## **Decision type**

Budget and policy framework

## **Wards affected**

All Wards

## **Purpose**

To recommend to Council the 2025/26 local Council Tax Reduction (CTR) scheme.

## **Recommendation(s)**

**That:**

- a) **The Council Tax Reduction Scheme for 2025/26, with the same parameters as the existing scheme, be recommended to Council for approval.**

## **Alternative options**

1. The local CTR scheme discount was increased to its maximum level in 2021/22 and this was maintained in 2022/23, 2023/24 and again in 2024/25. It cannot be increased further in 2025/26. A reduced discount scheme could be proposed for 2025/26 however this is not recommended as it would limit the support offered to residents; maintaining the maximum level of discount in 2025/26 will ensure that eligible households receive support as the impact of the rising cost of living continues.

## Key considerations

2. Council tax charges can be reduced if the bill payer meets certain set criteria contained in the CTR scheme. CTR is available to working age and pensioner claimants. The pensioner CTR scheme is set nationally. The working age CTR scheme is set locally by this council. More than 11,000 bill payers in Herefordshire are currently in receipt of CTR, with over 6,000 claims from working age applicants.
3. The existing local working age CTR scheme was approved by Council in February 2024 and is included at Appendix 1; with the maximum discount maintained in 2024/25 to mirror those available to eligible pensioners. This means that a 100% discount is awarded under CTR (unless their income breaches the threshold) irrespective of the council tax band the property falls into.
4. During recent years, the number of working age CTR claimants has increased; reflecting the national picture and the impact of increases in the cost of living and inflation on working age residents. Having a higher discount rate reduces potential debt recovery action where charges raised cannot be paid. The number of CTR claims for 2023/24 and the value of discount awarded is shown below.

Caseload Type	Number of claims	Discount value (£'000)
Working age	6,524	8,133
Pensioner	4,811	6,683
<b>Total</b>	<b>11,335</b>	<b>14,816</b>

## Community impact

5. In addition to the CTR scheme, the council provides other discounts and these are listed on the council's website. Maintaining the maximum discount in 2025/26 will have a positive impact on the community by minimising the debt burden on residents who struggle to pay their council tax charge.

## Environmental Impact

6. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

## Equality duty

7. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
8. The mandatory equality impact screening checklist has been completed for this decision and it has been found to have high impact for equality. A full equality impact assessment has been completed and this will be circulated as a supplementary paper to this agenda item.

## **Resource implications**

9. The 2025/26 budget proposals are being presented assuming the current CTR scheme continues in 2025/26. Should the local CTR discount be reduced then additional resources will be available however the resourcing of increased debt recovery action is also likely to be required.

## **Legal implications**

10. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 1992.
11. For each financial year a billing authority must consider whether to revise its scheme or to replace it with another scheme and this must take place in the financial year preceding that for which the revision or replacement scheme is to have effect.
12. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme. Public consultation to determine support for continuation of the discount took place, via an online survey, in November and December 2024.

## **Risk management**

13. By maintaining an increased discount, the risk that claimants may not pay their council tax charge and move further into debt if summons charges are levied, is reduced. The costs and time associated with collecting unpaid, overdue debts will not increase.

## **Consultees**

14. Public consultation is required before scheme changes are proposed. Public budget consultation took place during November and December 2024; the results report clear support for continuing discount for council tax for those most in need. Whilst no changes are proposed for 2025/26, the responses of the survey will support improvements and inform plans to increase participation in future rounds of consultation.

## **Appendices**

Appendix 1 Approved 2024/25 Council Tax Reduction Scheme.

## **Background papers**

None identified.