

**FINAL COUNCIL TAX SUPPORT SCHEME 2025/2026**

Relevant Portfolio Holder	Cllr Ian Woodall – Executive Member for Finance
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Debra Goodall
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Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Council Priority	An effective and sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATIONS**

**The Executive Committee RECOMMEND that:-**

- 1) The council tax reduction scheme is retained for 2025-26 tax year, subject to uprating of income bands by 1.7% in-line with increases to national benefits as set out in the table at appendix a.**

**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 and more closely integrated with universal credit.

- 2.4 In the years from 2022 onwards the council has amended the scheme to adjust the level of support in-line with available funding available; to amend income bands and tapers to adjust for the impact of inflation; and to aid administration by simplifying elements of the scheme.
- 2.5 The existing scheme includes a provision for the uprating of income bands by an inflation factor decided by the council. The scheme will usually be uprated by an inflation factor in-line with the increases to national welfare benefits.
- 2.6 The benefit and pension rates for 2026 are increasing 1.7% and it is recommended that the income bands within the council's scheme are adjusted by this amount.

**3. OPERATIONAL ISSUES**

- 3.1 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.
- 4.3 Uprating is essential to ensure that support is provided to residents in financial need, and that ordinary increases in national benefits and wages do not remove eligibility for support.

**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 Council Priority**

- 6.1 The council tax reduction scheme supports residents in financial need and it is a requirement that the design of the scheme incentivises work.
- 6.2 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.
- 6.3 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 continues to incentivise employment.

**Climate Change Implications**

- 6.4 There are no specific climate change implications.

**Equalities and Diversity Implications**

- 6.5 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 The relevant risk management considerations are summarised in the tabulation – “Risk Management CTS Scheme”.

<b>Risk</b>	<b>Mitigations</b>
Loss of support for residents in financial need.	Revision of income bands as provided for within the council’s scheme will ensure that lowincome residents are not phased out of the existing scheme

	through general inflationary increases in their income.
Increased financial costs of CTR scheme	The scheme reduces the council tax collected by the authority. Increases in the level of incomebands can increase the amount of support provided to residents and the costs of the CTR scheme. 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.

Risk Management CTS Scheme

**8. APPENDICES and BACKGROUND PAPERS**

Appendix A – Income Band Table

**9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Cllr Ian Woodall	12/12/24
Lead Director / Assistant Director	Pete Carpenter – Director of Resources / Deputy Chief Executive	12/12/24
Financial Services	Debra Goodall – Head of Finance and Customer Services	12/12/24
Legal Services		
Policy Team (if equalities implications apply)		
Climate Change Team (if climate change implications apply)		

**Appendix A**

Discount Band	Discount	Single Person	Single Person with one Child	Single Person with two or more children	Couple	Couple with one child	Couple with two or more children
Income Band 1	100%	£0.00 to £125	£0.00 to £195	£0.00 to £266	£0.00 to £179	£0.00 to £250	£0.00 to £320
Income Band 2	80%	£125.01 to £153	£195.01 to £234	£266.01 to £304	£179.01 to £206	£250.01 to £288	£320.01 to £358
Income Band 3	55%	£153.01 to £179	£234.01 to £272	£304.01 to £342	£206.01 to £234	£288.01 to £325	£358.01 to £397
Income Band 4	30%	£179.01 to £206	£272.01 to £309	£342.01 to £380	£234.01 to £260	£325.01 to £364	£397.01 to £434
Nil Award	0%	Over £206	Over £309	Over £380	Over £260	Over £364	Over £434