Policy Committee

16 September 2026

Reading Borough Council
Working better with you

Title	Council Tax Support Scheme
Purpose of the report	To make a decision
Report status	Public report
Statutory Officer Commissioning Report	Darren Carter, Director of Finance
Report author	Ian Savigar, Revenue and Benefits Manager
Lead Councillor	Cllr Ruth McEwan, Lead Councillor for Corporate Services and Resources
Council priority	Not applicable, but still requires a decision
Recommendations	1. That Policy Committee endorse the draft Council Tax Support Scheme as outlined in this report at Appendix 2. 2. That Policy Committee agrees to proceed with public consultation on the proposed scheme as soon as possible. 3. That a further report detailing the outcome of the consultation and any revisions to the draft scheme are considered by Members and, that a new scheme is approved by Council before the 31 January 2027.

1. Executive Summary

1.1. Since the abolition of the Council Tax Benefit Scheme in 2012, government legislation has required councils to review their Council Tax Support Scheme annually and consult with major preceptors and the public where any revisions are required to its working age scheme.

1.2. Reading Borough Council introduced a Scheme for working age charge payers in 2013 which was very similar to the previous Council Tax Benefit Scheme and over time it has made minor amendments to the Scheme.

1.3. Most working age, low-income households have now transitioned from legacy benefit systems on to Universal Credit as their main income source, which can result in fluctuating income levels and constantly changing Council Tax bills.

1.4. The current Council Tax Support Scheme is no longer fit for purpose, requiring regular changes to awards and the constant despatch of new bills, making it difficult for customers to understand or plan their finances as well as making administration and debt recovery complicated and expensive.

1.5. The final managed migration rollout of Housing Benefits concluded in June 2026 by the Department for Work and Pensions, making this an appropriate time to align the proposed changes to the current Council Tax Support Scheme.

1.6. Aligning assessments to the award of Universal Credit enables simplification of the assessment process.

1.7. This report proposes that the Council conducts public consultation on a new simplified banded income scheme to replace the current Scheme with effect from April 2027.

2. Policy Context

2.1. Council Tax Support for working age claimants is a discretionary power of the Council and it must follow strict process as documented in paragraph 10 of the report.

2.2. The scheme is aimed at supporting residents of working age who are financially vulnerable and on low incomes by enabling them to claim a reduction in their Council Tax liability.

2.3. The principles set out in paragraph 3.3 seek to make this process as simple and fair as possible for all residents and improve administration efficiency.

3. The Proposal

3.1. Council Tax Support helps people on a low income by reducing the amount of Council Tax they must pay.

3.2. Officers have reviewed the current working age scheme and are proposing further changes from April 2027. The proposed changes seek to implement a less complicated scheme, which will be easier for claimants to understand and for staff to administer.

3.3. Several scheme options have been considered and modelled with the following objectives in mind.

- The scheme should be cost neutral;
- Support those residents on the lowest incomes to afford their Council Tax liability;
- It is easier to understand;
- It will be easier to claim a reduction (automated where possible with no forms required);
- Make administration simpler and quicker;
- Reduce processing times (automated awards based on Department for Work and Pensions data);
- Fewer Council Tax Support bills and letters are required;
- A reduction in the cost of postage;
- Improve collection rates for all charge payers;
- Reduced recovery action and costs to the charge payer;
- Reduce the need for customer contact.

3.4. A study completed by a company called entitledto in May 2025 looking at national trends for Council Tax Support Schemes across England showed that an increasing number of councils have moved to income banded schemes (just over 40%) entitledtoctrreport2526-final.pdf

3.5. Across Berkshire, Wokingham, Bracknell Forest and Slough Councils are already using banded income schemes to assess eligibility for Council Tax Support.

3.6. As previously stated, our current scheme is an amended version of the original council tax benefit scheme, as is the case for Windsor & Maidenhead and West Berkshire Councils. With all schemes across the County having different criteria for assessing awards.

3.7. Details of our current scheme, which has remained unchanged since the 2022/23 financial year, can be found on our website at [Council Tax Support - Reading Borough Council]

3.8. Several options have been considered in developing the proposed new scheme, these are detailed at Appendix 1.

3.9. The Draft Scheme we are recommending for consultation is a banded income scheme which best meets the criteria set out in para 3.3 above. The details are set out in Appendix 2 attached.

3.10. The recommended scheme as set out at Appendix 2 will deliver the following benefits:

- The proposed Council Tax Support Scheme will be easier for residents and advisors to understand;
- Changes to backdating rules will help reduce debt and reduce the need for customer contact;
- An automatic reduction can be awarded if the charge payer is on Universal Credit;
- No need for form filling and faster processing times will improve customer service; Fewer recalculations and the need for revised billing will reduce the cost of postage;
- Fewer recalculation letters and billing changes mean less need for customer contact;
- Fewer bills will help improve the collection rate overall;
- Reduced administration costs;
- More time to support the most vulnerable residents.

3.11. These proposed scheme changes seek to achieve the objectives set out in para 3.3 of this report. However, with any change in a scheme such as this there are going to be gainers and losers.

3.12. Based on a snapshot of the live council tax support caseload in May 2026, analysis shows that of 4,174 live claims in the current scheme, 3,225 (77.2%) of them will see no change in their award; 477 (11.4%) will gain from the proposals; and 472 (11.4%) will lose as a result of the proposals.

3.13. All residents identified as losing out through these proposals will be contacted and invited to contribute to the consultation and invited to seek additional support to ensure they are maximising their income and offered debt advice. Access to the Crisis and Resilience Fund may be appropriate in some cases.

4. Contribution to Strategic Aims

4.1. The Council Tax Support Scheme indirectly supports all aspects of the Council's Corporate Plan Priorities, by supporting our most vulnerable residents.

5. Environmental and Climate Implications

5.1. A banded income scheme will reduce the number of letters and bills issued to residents and an automated application process should reduce customer journeys and contacts.

6. Community Engagement

6.1. The Council will have to fully adhere to the statement of intent previously issued by the Department for Communities and Local Government which specifies that it must:

- Consult any major precepting authority;
- Publish a draft scheme in such a manner as it thinks fit; and
- Consult other such persons as it considers are likely to have an interest in the operation of the scheme.

6.2. It is proposed that the Council will undertake a public consultation exercise on the recommended scheme set out at Appendix 2 to ensure it gives the best possible opportunity for interested parties to put forward their views. In addition, a listening and engagement session with key stakeholders is planned to discuss the options described and potential impacts.

6.3. Consultation will include writing/emailing to a representative sample of council tax payers, including those impacted by the scheme changes. We will also provide an online questionnaire using the Council's consultation portal to capture resident's views about the proposed changes.

7. Equality Implications

7.1. The implications for reducing inequalities will be considered and assessed as set out below.

7.2. Government has stated that Council Tax Support Schemes should provide support for the most vulnerable; however, they have not prescribed the protection that local authorities should provide for vulnerable groups other than pensioners.

7.3. In designing local schemes authorities are reminded of their responsibilities in relation to vulnerable groups and individuals and the Department for Communities and Local Government (now MHCLG) consultation response makes specific reference to the following Acts: (a) The Child Poverty Act 2010, which imposes a duty on local authorities and their partners to reduce and mitigate the effects of child poverty in their local areas; (b) The Disabled Persons (Services, Consultation and Representation) Act 1986; (c) the Chronically Sick and Disabled Persons Act 1970, which includes a range of duties relating to the welfare needs of disabled people; and (d) The Housing Act 1996, which gives local authorities a duty to prevent homelessness with special regard to vulnerable groups.

7.4. A full equality impact assessment will be completed, and consultation will take place with appropriate groups with protected characteristics that may be affected by changes to entitlement. We will also use the equality impact assessment to identify any unintended consequences for vulnerable groups to ensure that our local scheme is fair and equitable.

8. Health Implications

8.1. The Council Tax Support Scheme is intended to help those who are financially vulnerable and, by its nature, will inevitably have some health and wellbeing impact on residents who are struggling to pay outstanding debts due to low-income levels and/or high levels of expenditure.

8.2. Simplifying the system and automating the application process is intended to help residents access the council tax support they are entitled to quickly and easily. The banded income scheme should reduce the number of amended bills they receive under the current scheme and enable them to budget for payments with more certainty.

8.3. Reducing the administrative burdens should enable staff to spend more time supporting the most vulnerable customers working closely with the crisis and resilience team in the Council to ensure income maximisation and debt advice can be given quickly.

8.4. These proposals should help reduce inequalities in health and wellbeing between different groups.

9. Other Relevant Considerations

9.1. Whilst there are no immediate changes planned nationally for Council or Council tax Support Schemes, it has been suggested that these may be reviewed by government soon, with the possibility of a national scheme being re-introduced for Council Tax Support

9.2. These changes could lead to an increase in Council Tax Support awards and therefore increase the cost of the scheme, we will need to regularly monitor the position and potentially review the scheme in subsequent years.

10. Legal Implications

10.1. A Council Tax Support Scheme for working age charge payers is made under Section 13A of the Local Government Finance Act 2012, which introduced the council tax reduction scheme.

10.2. The Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 contain the mandatory elements for any local scheme and details the scheme that must be adopted for pensioners.

10.3. The Council must ensure that it follows the correct statutory process for consulting upon any changes to its Council Tax Reduction Scheme and the scheme must be approved by Full Council as part of the charge setting process.

11. Financial Implications

11.1. The cost of the Scheme is funded through the Collection Fund, and it is therefore important to have regard to all council tax charge payers when determining the amount of spend incurred. The estimated cost of the scheme must be considered when fixing the Council Tax Base and the cost is met by Reading Borough Council as well as the major precepting bodies.

11.2. This proposal has been modelled as a cost neutral scheme, although by its nature costs can fluctuate during the year depending on local and national factors impacting residents' income.

11.3. Based on data extracted in May 2026. current scheme and proposed scheme costs are estimated as follows: -

	No.	**Current**	**Banded Scheme**	**Difference**	
Working Age - Single	2291	£2,439,373.08	£2,478,008.86	-£38,635.78	-1.58%
Working Age - Couple	244	£341,163.50	£331,520.73	£9,642.77	2.83%
Working Age - 1 Child +	676	£781,215.03	£769,920.91	£11,294.12	1.45%
Working Age - 2 Child +	515	£602,551.77	£596,261.17	£6,290.60	1.04%
Working Age - 3 Child +	274	£326,620.43	£327,342.71	-£722.28	-0.22%
Working Age - 4 Child +	101	£119,857.82	£120,102.02	-£244.20	-0.20%
Working Age - 5 Child +	56	£71,019.28	£67,138.87	£3,880.41	5.46%
Working Age - Passported	17	£22,039.12	£22,039.12	£0.00	0.00%
		£4,703,840.03	**£4,712,334.39**	**-£8,494.36**	

11.4. The proposal offers value for money savings through reduced cost of administration and automation of the process; these savings should include reduced print and postage costs because of fewer bills and letters being issued. Last year we issued around 8,500 council tax support adjustment notices during the year against a caseload of 7,200 claimants, with just over 4,000 of these being working age claimants. A modest reduction in the number of notices issued should deliver around £5,000 reduction in print and postage cost.

11.5. Spending more time supporting vulnerable residents with debt advice and income maximisation opportunities could improve collection rates and ultimately reduce the cost of the scheme.

11.6. The work of modelling, consultation and development of the scheme is being undertaken in-house and should be funded within existing budget, although there will be some costs associated with the process.

12. Timetable for Implementation

12.1. The scheme must be approved as part of the budget setting process and there are several activities that are required before this can be finalised. A timetable of events is set out below; -

Aug/Sept	Ongoing discussions with staff and key stakeholders and major preceptors.
August	Prepare and review full Equality Impact Assessment.
16/09/2026	Public consultation on proposed Council Tax Support Scheme approved. (17th September to the 19th November 2026)
Aug/Sept/Oct/Nov	System testing and constant review of model data.
Oct/Nov/Dec	Conduct Public Consultation and analyse results and make direct contact with residents identified as potentially at risk of losing support under these proposals to offer advice and support.
Dec	Agree any changes to proposed scheme based on consultation outcomes.
Dec	Approve taxbase calculation taking account of the proposed scheme.
Feb	Scheme details approved as part of charge setting process at Full Council.

13. Background Papers

13.1. There are none

Appendices

1. Council Tax Support Scheme Options
2. Council Tax Support Scheme recommended for consultation

Appendix 1

Working Age - Council Tax Support Scheme Options (Considered but not preferred)

Before deciding on a preferred scheme officers considered several options.

Using our test data extracted in May 2026 we tested several different schemes, with the objectives detailed in para 3.3 of this report.

Types of Schemes modelled: -

- Could we retain or enhance current scheme
- Simple Discount Scheme (No zero limit, i.e. all current applicants would qualify)
- Simple Discount Scheme exempting/excluding Childcare costs and Housing Costs.
- Banded Scheme by household two household types, single or couples.

The review of these options has been an iterative process. At each stage it was evident that there were issues that needed resolving.

All schemes modelled excluded incomes such as Personal Independent Payments/Disability Living Allowance, Child Benefit, and War Pensions, as well as certain elements of universal credit payments.

The table below gives a snapshot of the schemes that are being discounted as options for consultation because they do not meet all the success criteria set down.

INITIAL OPTIONS CONSIDERED BUT DISCOUNTED

	Current	Simple Banded – Income scheme BASIC 1	Simple Bands – Some Additional Income Excluded – 100% Max BASIC 2	Single/Couple max – Further Income exemptions Household Bands 100%	Single/Couple– Further Income exemptions Household Bands 70% max
Claimants	4174	4174	3969	4094	4173
Cost of scheme	£4,703,840	£3,075,596	£4,845,226	£4,535,947	£4,686,848
Winners		830	2809	1683	197
Losers		3344	1365	2491	364
No change		0	0	0	3612
	Does Not fully meet principles although could do some automation	Too many losers	Losers reduced but still too high	Too many losers	More Balanced, meets principles but concerns over cliff edge and 2 child cap

The single/couple scheme in the previous table did deliver most of the requirements set out in paragraph 3.3 of the report and this was structured as follows: -

	Council Tax Support Discount					
	70%	**56%**	**42%**	**28%**	**14%**	**0%**
Single	£0 - £160	£161 - £240	£241 - £320	£321 - £400	£401 - £480	£481+
Couple	£0 - £240	£241 - £320	£321 - £400	£401 - £480	£481 - £560	£561+
Single +1 child	£0 - £240	£241 - £320	£321 - £400	£401 - £480	£481 - £560	£560+
Couple +1 child	£0 - £320	£321 - £400	£401 - £480	£481 - £560	£561 - £640	£640+
Single +2 child	£0 - £320	£321 - £400	£401 - £480	£481 - £560	£561 - £640	£640+
Couple + 2 child	£0 - £400	£401 - £480	£481 - £560	£561 - £640	£641 - £720	£720+

This was eventually discounted because: (a) it did not recognise the issues created by the child cap; and (b) it was felt the spacing of the bands created too many cliff edges. A cliff edge being where a claimant sees their income increase resulting in a big change in their discounted award.

To address the two remaining issues a proposed scheme to be consulted upon is shown at Appendix 2.

Appendix 2

Council Tax Support Scheme for Consultation

The following table illustrates the proposed scheme Income Bands and Claimant Type.

	Discount to be awarded against Council Tax Liability								
	70%	**65%**	**60%**	**50%**	**40%**	**30%**	**20%**	**10%**	**0%**
Working Age - Single	£0-£160	£160.01 - £180	£180.01 - £200	£200.01- £240	£240.01- £280	£280.01- £320	£320.01- £360	£360.01- £400	£400.01+
Working Age - Couple	£0-£200	£200.01- £220	£220.01- £240	£240.01- £280	£280.01- £320	£320.01- £360	£360.01- £400	£400.01- £440	£440.01+
Working Age - 1 Child +	£0-£200	£200.01- £220	£220.01- £240	£240.01- £280	£280.01- £320	£320.01- £360	£360.01- £400	£400.01- £440	£440.01+
Working Age - 2 Child +	£0-£260	£260.01- £280	£280.01- £300	£300.01- £340	£340.01- £380	£380.01- £420	£420.01- £460	£460.01- £500	£500.01+
Working Age - 3 Child +	£0-£320	£320.01- £340	£340.01- £360	£360.01- £400	£400.01- £440	£440.01- £480	£480.01- £520	£520.01- £560	£560.01+
Working Age - 4 Child +	£0-£380	£380.01- £400	£400.01- £420	£420.01- £460	£460.01- £500	£500.01- £540	£540.01- £580	£580.01- £620	£620.01+
Working Age - 5 Child +	£0-£440	£440.01- £460	£460.01- £480	£480.01- £520	£520.01- £560	£560.01- £600	£600.01- £640	£640.01- £680	£680.01+

Income figures relate to weekly income.

The key changes between this scheme and the current scheme are that:

- This scheme introduces income bands rather than using applicable amounts, enabling fluctuations in income without the need to re-calculate awards and issue additional letters and bills;
- A £25 income disregard is introduced for those who have earned income;
- Backdating of late claims will increase from 1 to 3 months;
- We will use Department for Work and Pensions (DWP) data notifications of universal credit as an application and change of circumstances rather than waiting for the charger payer to apply.

Most of our working age claimants receive Universal Credit, which is administered by the DWP, so using the notifications we receive, the following assessed elements will be treated as follows:

Universal Credit Elements	**Treat as income in proposed scheme?**	
	Yes	**No**
Standard Allowance	✓	
Child Element	✓	
Disabled Child Element		✓
Housing Cost Element		✓
Capability for Work Element		✓
Carer Element		✓
Childcare Costs Element		✓
Transitional Protection Element	✓	

In addition, we propose disregarding the following income types:

- Child Benefit;
- Child maintenance/support for children;
- Personal Independence Payments;
- Disability Living Allowance;
- War Pensions;
- Fostering payments.

All other income (e.g. wages, self-employed income) will continue to be used to calculate income.

Capital income will remain capped at £6,000 and awards will be made up to a maximum of 70% of Band D council tax charges for properties that are Band D & above.

Based on the above criteria and using live data extracted in May 2026, the new scheme awards will be allocated in the following Bands.

Council Tax Support Scheme	**Band 1**	**Band 2**	**Band 3**	**Band 4**	**Band 5**	**Band 6**	**Band 7**	**Band 8**	**Band 9**
Groups	**70%**	**65%**	**60%**	**50%**	**40%**	**30%**	**20%**	**10%**	**0%**
Working Age - Single	2,152	55	32	37	10	2	1	1	1
Working Age - Couple	177	7	21	21	9	4	4	1	
Working Age - 1 Child +	488	42	87	30	22	3	3	1	
Working Age - 2 Child +	395	13	56	30	13	6	1		1
Working Age - 3 Child +	227	5	10	20	9	1	1	1	
Working Age - 4 Child +	66	12	2	19	1	1			
Working Age - 5 Child +	40	6		3	3	2	1	1	
Working Age - Passported	17								
Total	3,562	140	208	160	67	19	11	5	2

The above table shows that only 2 of the existing claims will no longer qualify under the new scheme.

This table below shows how many cases will gain and stay the same as under the current scheme.

Council Tax Support Scheme	**Increase in CTS awarded**						**No Change**
Group Description	**£1000+**	**£750+**	**£500+**	**£250+**	**£100+**	**£1+**	**£0**
Working Age - Single	1	7	30	44	120	15	1970
Working Age - Couple	1	3	11	4	9		164
Working Age - 1 Child +		1	15	20	50	8	426
Working Age - 2 Child +			10	25	32	4	355
Working Age - 3 Child +		2	6	8	22	2	202
Working Age - 4 Child +	2		4	3	7	3	56
Working Age - 5 Child +	1		1	1	3	2	35
Working Age - Passported							17
Total	**5**	**13**	**77**	**105**	**243**	**34**	**3225**

477 claimants will gain between £1 and £1,000 + as a result of these proposals with 3,225 claimants seeing no change in their award.

Council Tax Support Scheme	**Decrease in CTS awarded**							
Group Description	**£1+**	**£100+**	**£250+**	**£500+**	**£750+**	**£1000+**	**£1250+**	**£1500+**
Working Age - Single	38	30	28	8				
Working Age - Couple	4	20	11	9	3	4	1	
Working Age - 1 Child +	29	86	25	11	4	1		
Working Age - 2 Child +	12	45	22	6	3			1
Working Age - 3 Child +	2	11	13	5	1			
Working Age - 4 Child +	10	4	9	2		1		
Working Age - 5 Child +	3	1	3	3	2			1
Working Age - Passported								
Total	**98**	**197**	**111**	**44**	**13**	**6**	**1**	**2**

472 claimants will see a reduction in their awards based on these proposals.