

Liberal Democrat Budget Amendment 2025/26

Oxford's Council Tax Reduction scheme was radically inflated this year in response to many people receiving a higher level of reduction in error.

This budget amendment returns the Council Tax Reduction scheme to its normal support level (saving hundreds of thousands of pounds a year), sells unneeded assets, and funds the development of smart parking charging to increase fees specifically for the most dangerous and damaging vehicles. This allows us to fund improved support for people in housing need and for people at risk of homelessness, boost work to return short-let properties to our housing stock, provide money to make our city more walkable by fixing our pavements, and back the development of city centre play space.

Oxford's Council Tax Reduction (CTR) scheme for working-age people offers relief from Council Tax ranging from 100% relief for people with an income below £9.5k/yr, to 25% relief for incomes up to £23.5k/yr, both figures being net amounts after tax and deductions (e.g., relating to childcare, Housing Benefit and the housing element of Universal Credit).

CTR payments have risen significantly since most people transitioned onto Universal Credit (UC). This was because UC claimants' earned income (e.g. from employment) was being ignored in error. That meant many people switching to UC received 100% relief even if they had previously received 75%, 50%, 25% or even zero relief due to their income level, and should have continued to do so were it not for this error.

Officers have fixed the issue, and going forward income and Council Tax Reduction eligibility will once again be calculated taking all relevant income into account. The total cost of the error to this Council was around £391k a year.

There is no sense in seeking to blame any one individual: mistakes happen, either for technical reasons or from ordinary human fallibility. The real question is how we improve our processes to catch errors faster in the future, and what we do now that the error is fixed.

The administration has responded by recovering only £90k/yr of the lost money, and pouring the rest into a CTR scheme that tops out at a net income of £36.4k/yr, over 50% higher than before.

While we accept a temporary measure to reduce 'bill shock' for people who have started receiving 100% CTR in error, we are concerned (a) that a CTR scheme with a much higher income cap may attract thousands more claimants, which could be very expensive for the Council, and (b) that such a major change to CTR eligibility ought to be a deliberate decision by councillors, not a response to a mistake, and councillors have not shown any will to do so.

We therefore propose that, after financial year 2025/26, the CTR scheme should return to its normal bandings (appropriately adjusted for inflation), offering the usual level of support that it has done for many years. Due to the large number of claims affected by this error, the Council will save an additional £300,000 a year, which can be re-invested in public services.

We intend to invest that money to bolster Discretionary Housing Payments, to boost the Council's homelessness prevention work, to increase housing availability by redoubling our work on short lets that lack planning permission, to invest in accessibility by fixing the city's pavements and otherwise improving walkability/wheelability, and to put money behind this Council's recent endorsement of city centre play space.

We invest £50,000 a year extra into the Discretionary Housing Payment (DHP) budget, beginning from 2026/27 at the same time as the CTR scheme returns to normal operation. This means that whereas the CTR scheme for 2025/26 gives extra money to people on moderate incomes while those on the lowest incomes see no change, in 2026/27 extra money can be specifically targeted via DHP to the people in the most severe housing need.

We invest £55,000 a year to hire a new permanent Homelessness Prevention Officer. This will allow this overstretched service to help more people at risk of homelessness to find alternative accommodation or regain security in their present home. Considering relief of homelessness costs this council a great deal it is very possible this will save money overall! However, we cautiously do not assume this in this budget amendment.

We invest £50,000 a year to hire a new permanent Planning Enforcement Officer, a post which we intend to address the backlog of known or suspected properties in use as full-time short lets without permission. This will help relieve the city's housing shortage by getting housing units back into use for residents.

We invest £50,000 a year to improve our city's accessibility by funding pavement and other walkability/wheelability improvements, such as fixing pavements that have been undermined, or which have a surface that is too difficult for wheelchair users or people with other mobility difficulties.

Finally, we invest £60,000 in providing city centre play space, putting concrete money behind this council's recent vote in favour of such a scheme to encourage young families to spend time in the city.

Income to fund these schemes besides that drawn from returning CTR to normal operation comes from selling unused assets, and developing smart parking charging that specifically increases fees for the most dangerous and damaging vehicles.

Assets owned by the city but currently unused include the FC1 number plate that was once displayed on the Mayor's car, as well as a wide array of moderately valuable items such as antique guns and minor pieces of silverware which are neither on public display, nor of significance to the city. We intend to sell these approximately £250,000 worth of such items to generate an ongoing income thanks to reduced borrowing, following the pattern of the Morrell Trophy, also stored in a basement out of public view, that was slated for sale last year.

We will also invest in developing smart car park charging. This would base parking fees on the height, weight, emissions or other vehicle attributes known to the DVLA in order to selectively increase fees for vehicles that damage our roads the most due to their weight, pose the greatest danger to pedestrians (particularly children) due to their height, or emit the most pollutants.

In summary, this budget amendment returns our CTR scheme to normal from year 2 yielding vast savings for public services, as well as selling unneeded assets and selectively increasing parking charges. This enables us to boost discretionary housing support for those in greatest need, redouble our work to prevent homelessness, get more short lets back into our housing pool, fix accessibility problems on our streets, and contribute to developing play space for the city centre.