

Council Tax Support Scheme 2020/21

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Purpose of the Report

1. To request that the District Executive recommend the proposed Council Tax Support scheme for the 2020/21 financial year to Full Council for approval.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 09 January 2020.

Public Interest

3. From April 2013 the Government changed the way in which financial help is given to working age residents to pay their Council Tax. The national Council Tax Benefit scheme was replaced with a local Council Tax Support scheme for working age people to help with the costs of Council Tax for those with low incomes. For those residents who have reached the qualifying age for a state pension continue to have support assessed under a national scheme. The Council is required to review and set a Council Tax Support scheme for each financial year.
4. In setting the scheme each year the Council has to balance the needs of those who need help towards paying their Council Tax with the Council Tax payers who help to pay for the scheme. The Council also looks to see if there are any ways the scheme can be simplified to make it easier for customers and reduce the cost of administering the scheme. The administration grant provided by the Ministry of Housing, Communities and Local Government to help pay for the administration of the scheme reduces each year.

Recommendations

5. That District Executive is requested to recommend to Council:
 - (a) that personal allowances and premiums are uprated in line with those for Housing Benefit;
 - (b) that non-dependent deductions are uprated in line with the annual percentage increase in Council Tax;
 - (c) that the non-dependent income bands are increased by the same percentage as those applied to the national Council Tax Support scheme for pensioners;
 - (d) that the hardship scheme budget be set at £30,000 for the 2020/21 financial year;
 - (e) to note the recommendations of the Scrutiny Task and Finish Group attached at Appendix 1;
 - (f) to note the scheme has been amended to reflect changes to the Prescribed Requirements;

- (g) that the 2020/21 Council Tax Support Scheme attached at Appendix 2 (to follow) is adopted;
- (h) to note that the proposed Council Tax Support Scheme has been reflected within the overall Council Tax Base.
- (i) that officers investigate a move to an income banded Council Tax Support scheme for the 2021/22 financial year

Background

- 6. The South Somerset Council Tax Support scheme (CTS) was introduced on 1 April 2013 and has now been running for almost seven years. Councils are required to review and set their CTS scheme each financial year. Applications to the CTS hardship scheme are monitored, along with the Council Tax collection rate and reported to members each quarter.
- 7. We carried out an extensive consultation process prior to the introduction of CTS in April 2013 and the scheme proposals were carefully and fully considered by the Scrutiny Task and Finish Group. Each year so far we have carried out further consultation and some additional changes have been made to the scheme. It was the view of the Scrutiny and Overview Task and Finish Group that all previously adopted proposals be retained.
- 8. The SSDC Council Tax Support scheme states that certain elements of the needs assessment may be uprated each financial year but does not specify the level of that uprating.

The Scrutiny Task and Finish Group originally considered what would be the most appropriate method of uprating certain figures used in calculating CTS awards and recommended the following:

- That while Housing Benefit (HB) still exists it would be appropriate for the CTS applicable amount figures (basic need allowance) to mirror those in the HB scheme
- That non-dependent deductions are uprated in line with the annual percentage increase in Council Tax
- That the non-dependent income bands are increased by the same percentage as those in the national CTS scheme for pensioners

These methods were adopted in the original scheme and have been retained.

Equality Impact Assessment

- 9. Councils have a legal responsibility to have due regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 when setting a Council Tax Support scheme. There has been a High Court ruling that there was insufficient evidence that members making the decision to implement a CTS scheme had given due regard to the Equality Impact Assessment (EIA) that had been attached to the council report in order that they could discharge their statutory obligation.

It is important that members have due regard to the PSED when making their decision on the various scheme proposals.

An equalities assessment was carried out prior to the scheme being introduced and this has been updated each year to consider any revisions to the scheme.

As we are not proposing any revisions to the scheme for 2020/21 there are no new equalities issues associated with this report.

Cost of CTS scheme

Caseload trajectory

10. The number of recipients of CTS had fallen consistently year on year in both the working age and pensioner groups until 2017/18. This had the effect of reducing the overall cost of the scheme. Details of the caseload reduction since the introduction of CTS are shown in the following table.

Financial year	Caseload count at beginning of year	Caseload count at end of year	Reduction in caseload
2013/14	11925	11568	357
2014/15	11568	11023	545
2015/16	11023	10411	612
2016/17	10411	9997	434
2017/18	9997	9939	48
2018/19	9939	9898	41
2019/20	9898	9710 (30/11/19)	188

11. The scale of caseload reduction for 2017/18 and 2018/19 was smaller. With effect from 1 June 2017 we removed the requirement for recipients of Universal Credit to make a separate claim for Council Tax Support. It is likely that this contributed to the smaller reduction in caseload as fewer people are missing out on Council Tax Support.
12. Some customers who receive a small amount of support often cease to receive it when re-calculating their entitlement where their income increases. This can happen at any time in the year but frequently occurs at the beginning of new financial year where there is an increase in benefits, pensions and tax allowances and when the national living wage increases. This has the effect of reducing the caseload.
13. The caseload figure at the end of November 2019 shows a larger reduction for this financial year. However, there are a number of CTS application forms yet to be processed which will increase the caseload count potentially beyond the opening count for the year. This will mean that we are providing support to an increased number of households.
14. We promote our Council Tax Support Scheme through a link on the Council's website homepage, and on the back of Council Tax bills. In addition to this we promote the scheme when dealing with customers who are in arrears with their Council Tax and tell us they are struggling to pay.

Effect of increases in Council Tax

15. The cost of the scheme will increase where SSDC and other preceptors put up their share of the Council Tax.

Legislation Changes – Prescribed requirements

16. At the time of writing we are awaiting details of any changes to the prescribed requirements – these are elements of the scheme that are set by central government. Confirmation of any such changes

will be sent to members along with a revised version of the scheme document once announced by government.

Hardship Scheme

17. A Hardship Scheme was set up as a safety net for households who could demonstrate they could not afford to pay their Council Tax contribution following the introduction of the SSDC Council Tax Support Scheme. The level of demand in 2019/20 suggests that a Hardship Scheme budget of £30,000 for 2020/21 should be sufficient. At the end of November 2019 we had allocated £12,684 with 71 of the 81 applications being successful. This spend is monitored monthly and reported to members each quarter.

Council Tax Collection Rate

18. It was anticipated that the in-year Council Tax collection rate would fall as a result of the introduction of the CTS scheme in April 2013. There were also a number of changes to Council Tax discounts and exemptions introduced from April 2013 which impacted on the in-year collection rate.

Financial Year	Collection rate	Change on previous year
2012/13	97.80%	
2013/14	97.40%	-0.40%
2014/15	96.88%	-0.58%
2015/16	97.24%	+0.36%
2016/17	97.73%	+0.49%
2017/18	97.80%	+0.07%
2018/19	97.11%	-0.69%

19. The in-year collection rate fell in 2013/14 and again in 2014/15. However, collection performance improved in 2015/16, 2016/17 and 2017/18 returning to pre CTS levels.
20. The 2018/19 collection figure was impacted by the loss of resources resulting from the transformation programme rather than any aspect of the Council Tax Support scheme design.

Risks

21. The continued risk is that demand could rise with a downturn in the economy and the cost of the scheme would also rise. There is also a risk that reductions in other welfare support might result in an increase in entitlement to Council Tax Support.
22. Universal Credit (UC) awards are updated monthly where there is a change in the recipient's income. This happens on a regular basis for many UC recipients. The consequence of this is that as our current CTS scheme requires we recalculate their CTS entitlement this leads to frequent revised Council Tax bills being issued. This frequent recalculation can lead to fewer instalments being available to the CTS recipient which makes budgeting more difficult and risks late or non-payment. It also creates high demand for administration resources.

Income band scheme

23. An income band scheme typically has a number of bands and which one a customer falls in to depends on their income and household make up. Each band has a discount value, for example, 25%, 50%, 75% or 100%. This is distinctly different to the council's current scheme which where entitlement is means tested and calculated to the nearest penny.

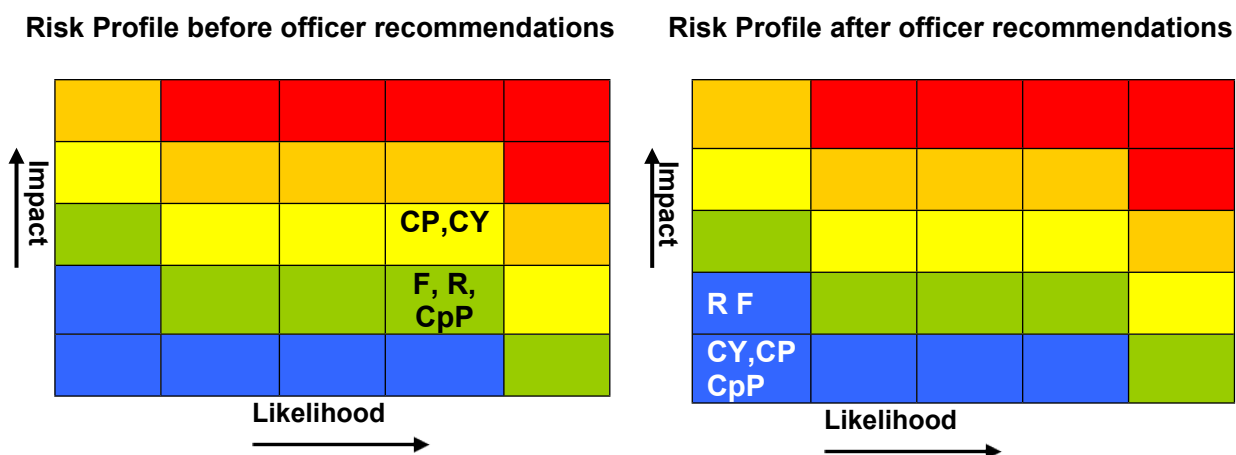
24. A scheme can have more than four bands with different percentages applicable. An income band scheme means that a customer's income can change by any amount within a band and not affect how much support they receive. This means fewer changes and more stability of the instalments they need to pay which helps with customers budgeting, reducing the risk of them falling in to arrears and entering the recovery and enforcement process. This in turn reduces the amount of administration for the council.
25. A number of councils have already, or are planning to introduce income banded schemes which give a much wider variation in income change before it effects a recalculation of CTS. It is estimated that there will be more than 100 such schemes in place by April 2020. The managed migration of current Housing Benefit cases to Universal Credit is planned to begin in 2020, and the natural migration (where a person has a relevant change in their circumstances) is on-going. This means that increasing numbers of CTS recipients are having their entitlement recalculated on a frequent and sometimes monthly basis. This means more demand on resources to administer these changes and frequent changes to council tax liability and instalment amounts for customers. This risks them falling in to arrears which is undesirable for those customers and leads to further demands on resources in making arrangements and dealing with arrears.

Financial Implications

26. If members agree the recommendations set out in this report there will be minimal financial implications associated with this report since no changes to the scheme design are being proposed. The risk is that costs will ultimately be affected by any increase in council tax charges in 2019/20. We have made assumptions in this respect, and any differences between our assumptions and the preceptors' ultimate tax setting decisions will affect the surplus or deficit on the Collection Fund.

Risk Matrix

The risk matrix shows risk relating to the Council Plan 2016-21 headings.



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	

	Blue = Insignificant impact and insignificant probability
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Council Plan Implications

27. Health and Communities - Support residents through national benefit changes including universal credit

Carbon Emissions and Climate Change Implications

28. None associated with this report.

Equality and Diversity Implications

29. None associated with this report - The current EIA is unchanged as there are no design changes proposed this year.

Privacy Impact Assessment

30. None associated with this report

Background Papers

31. The following background papers can be viewed on the council's website www.southsomerset.gov.uk

- Report to District Executive – January 2019 – item 10
 - Report to District Executive – January 2018 - Item 7
 - Report to District Executive – January 2017 - Item 8
 - Report to District Executive – January 2016 - Item 6
 - Report to District Executive – January 2015 - Item 8
 - Report to District Executive – December 2013 - Item 10
 - Report to District Executive – January 2013 – item 8
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