

Somerset West and Taunton Council

SWT Full Council – 3 December 2019

Council Tax Support scheme for 2020/21

This matter is the responsibility of Executive Councillor Ross Henley

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1 Executive Summary / Purpose of the Report

1.1 Executive summary

- 1.1.1 Council Tax Support (CTS) is an income-related local discount scheme that helps people on low incomes to pay their Council Tax.
- 1.1.2 Local arrangements have been in place since 1 April 2013 following the abolition of the former nationally prescribed scheme known as Council Tax Benefit (CTB).
- 1.1.3 The rules for pension age people are set in regulations prescribed by the Government (the 'prescribed regulations'). The Council is responsible for designing a CTS scheme for working age people.
- 1.1.4 The prescribed regulations are updated each year to take into account change to the Department for Work and Pensions (DWP) Housing Benefit regulations and wider policy measures. Apart from including the amended prescribed regulations each year, there is **no statutory obligation** for a billing authority to revise or replace its local CTS scheme.

1.2 Purpose of the report

1.2.1 To advise and update members on the current CTS scheme.

1.2.2 To propose no changes to the CTS scheme for working age customers for 2020/21 other than to ensure continued alignment and uprating with national allowances and regulations for pensioners.

2 Recommendation

2.1 That the current CTS scheme for working age customers is retained for 2020/21.

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
Risk: Potential growth in the number of claimants.	4	4	16
<i>Mitigation: Realistic assumption on caseload growth based on trends.</i>	3	4	12
Risk: Council incurs an unacceptably high level of debt because of people's inability to pay their Council Tax bill	3	3	9
<i>Mitigation: Ensure adherence to robust recovery timetable. Maximise take-up of all discounts/exemptions/ hardship relief. Monthly monitoring of performance against targets.</i>	3	2	6

Risk Scoring Matrix

Likelihood	5	Very Likely	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Feasible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Very Unlikely	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			Impact				

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Unlikely	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and full details of the report

- 4.1 Local Council Tax Support (CTS) came into effect on 1 April 2013, as one of the measures brought in under the Local Government Finance Act 2012. CTS replaced the means-tested Council Tax Benefit (CTB) with local schemes, designed by local billing authorities, and was accompanied by a 10% reduction in central government funding.
- 4.2 Government has ensured local authorities provide CTS for the most vulnerable in society. The localisation of CTS took place within a wider programme of welfare reform that helped move people back into work. Low income pensioners are protected from any reductions, so that they would pay no more towards their Council Tax under local CTS.
- 4.3 The Council has an obligation, under paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as inserted by Schedule 4 to the Local Government Finance Act 2012 to **consider** whether to revise or replace its scheme. The same scheme (with the exception of any changes to the prescribed regulations) could therefore remain in place for multiple years, as long as the authority considers each year whether to revise or replace it.
- 4.4 Both Taunton Deane Borough Council (TDBC) and West Somerset Council (WSC) adopted local CTS schemes largely based on the former CTB scheme, while reducing support but taking into account customer's ability to pay and the collectability of the resulting Council Tax liability.
- 4.5 A summary of the key elements of our CTS schemes since 2013/14 can be found in Appendix 1.
- 4.6 Appendix 2 provides a summary of the current CTS scheme in operation for 2019/20.
- 4.7 Appendix 3 provides comparative data for each year since the introduction of CTS on 1 April 2013. The table provides information on caseloads and expenditure.
- 4.8 As at 17 September 2019, 10,799 customers were in receipt of reduced Council Tax charges through CTS discounts.

Claimant type	Caseload	% of total caseload	CTS costs	% of total spend
Working age	6,199	57.4%	£4,020,130	43%
Pension age	4,600	42.6%	£4,627,634	57%
Total	10,799	100%	£8,647,764	100%

- 4.9 Costs for 2019/20 were forecast at £8,198,601 in the report to full Shadow Council on 17 December 2018. The same report recommended a notional budget estimate of £8,780,342.
- 4.10 Actual expenditure to date is £8,647,764 (£449,163 over the original forecast). This is largely due to a significant increase in the working age caseload from 4,760 on 31 March 2018 to 6,199 (an increase of 1,439 or 30%). However, the current expenditure is £132,578 under budget.
- 4.11 In summary, expenditure is difficult to accurately forecast due to the many variables however, despite expenditure being higher than forecast, we still anticipate this being within the notional budget by year end.

5 Links to Corporate Strategy

- 5.1 The provision of a CTS scheme is a statutory duty and helps the Council meet its objectives for the strategic themes of 'a transparent and customer-focused Council' and 'homes and communities'.

6 Finance / Resource Implications

- 6.1 In 2013/14, the first year of CTS, TDBC and WSC received a grant towards CTS, equivalent to 90% of their spend on CTB in 2012/13.
- 6.2 Funding for CTS was incorporated into Revenues Support Grant (RSG) funding allocated through the Finance Settlement in 2013/14. In subsequent years the funding amount was not separately identified, but annual reductions in the Finance Settlement since that time mean that SWTC's share of the costs are fully funded from local resources with Revenue Support Grant reduced to nil. Whilst the amount received through the RSG has reduced to nil, our caseload and costs is increasing.
- 6.3 By running the CTS scheme as a discount, we share the risk of financing the costs with the other precepting authorities through the Tax Base calculation. The first financial impact is on the collection fund that is used to manage all Council Tax income, before that funding is shared between the various preceptors.
- 6.4 In 2019/20, Somerset West and Taunton Council's share of the collection fund is 9.17%, the major element of the risk falls on the other preceptors. (Note: if there is a surplus/deficit in the Collection Fund at the end of the year SWTC receives or pays for the town and parish surplus/deficit share also).

Preceptor	2019/20 share of Collection Fund
Somerset West and Taunton	9.17%
Parishes	2.15%
Somerset County Council	71.20%
Police and Crime Commissioner for Avon and Somerset	12.51%
Devon and Somerset Fire & Rescue Authority	4.97%
Total	100%

- 6.5 The costs of the scheme in 2020/21 will be affected by the rate at which the preceptors increase their Council Tax charges next year, as well as volatility in customer entitlement to discounts under the scheme.
- 6.6 The estimated total costs for CTS next year that has been included in the provisional tax base calculation for 2020/21 is £8,628,545, which is based on the current policy and caseload. This will be reflected in the calculations for the Council's draft 2020/21 Budget and Medium Term Financials Plan.

7 Legal Implications

- 7.1 Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as inserted by Schedule 4 to the Local Government Finance Act 2012, requires the authority to consider whether, for each financial year, the CTS scheme is to be revised or replaced.

8 Climate and Sustainability Implications

8.1 There are no direct carbon/environmental impacts arising from the recommendations.

9 Safeguarding and/or Community Safety Implications

9.1 There are no safeguarding or community safety implications arising from the recommendations.

10 Equality and Diversity Implications

10.1 An Equality Impact Assessment (EIA) was carried out last year and an action plan was produced and formed part of the report to full shadow council last year on the CTS scheme for 2019/20. With the recommendation to continue with the current scheme for 2020/21, this EIA is still valid.

11 Social Value Implications

11.1 There are no social value implications arising from the recommendations.

12 Partnership Implications

12.1 Changes to the CTS scheme will need collaborative working between Somerset West and Taunton and the major precepting authorities.

13 Health and Wellbeing Implications

13.1 There are no health and wellbeing implications arising from the recommendations.

14 Asset Management Implications

14.1 There are no asset management implications arising from the recommendations.

15 Data Protection Implications

15.1 There are no data protection issues arising from the recommendations.

16 Consultation Implications

16.1 If the Council wishes to revise or replace its current scheme, it must consult with precepting authorities (Somerset County Council, Avon and Somerset Police, and Devon and Somerset Fire and Rescue Authority), publish a draft scheme and then consult with such persons as are likely to have an interest in the operation of that scheme prior to determining the scheme. If any proposed revision is to reduce or remove a reduction to which a class of person was entitled, the revision must include such transitional provision as the Council sees fit.

16.2 Case law has confirmed that consultation must

- be undertaken when proposals are at a formative stage;
- include sufficient reasons for particular proposals to allow those consulted to give intelligent consideration and an intelligent response;
- give consultees sufficient time to make a response; and
- be conscientiously taken into account when the ultimate decision is taken.

16.3 We last carried out a public consultation between 16 July 2018 and 10 September 2018 before the adoption of the current CTS scheme. As well as the public, we sought views from the major preceptors, welfare support agencies and advisory groups.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes / No** (delete as appropriate)
- **Cabinet/Executive – Yes / No** (delete as appropriate)
- **Full Council – Yes / No** (delete as appropriate)

Reporting Frequency: **Annually**

List of Appendices (delete if not applicable)

Appendix 1	The evolution of the CTS scheme since 1 April 2013
Appendix 2	Summary of the 2019/20 CTS income band scheme for working age customers
Appendix 3	Comparative data

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