

## Decision Report - Executive Decision

Forward Plan Reference: FP/23/09/22

Decision Date - 20 December 2023

Key Decision - yes/no



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### Council Tax Reduction & Exceptional Hardship Scheme for 2024/25

Executive Member(s): Deputy Leader of the Council and Lead Member for Resources and Performance

Local Member(s) and Division: N/A

Lead Officer: Richard Sealy, Interim Revenues & Benefits Manager

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#### Summary / Background

1. Council Tax legislation requires the Council, as a billing authority, to formally agree a Council Tax Reduction (CTR) scheme for each financial year for working age people. (Nb. there is no requirement to change the scheme between years and Councils can simply roll-forward existing schemes).
2. No decision is required in respect of the scheme for pension age applicants as this element of the scheme is prescribed by Government. The Government will update this part of the scheme in December 2023 and we will make the necessary adjustments to our scheme document at that stage.
3. A significant project was undertaken last year to develop a new aligned CTR scheme to help facilitate the move to the new Somerset Council. This exercise involved aligning the different former district council schemes to a single income banded scheme, significant financial modelling and a full public consultation exercise. A cornerstone of the new scheme agreed by Members was the maximum award of 100% CTR to those on the lowest incomes.
4. In addition, we developed and Members agreed to a new Exceptional Hardship (EH) scheme, which forms part of the CTR scheme. This EH scheme supports the main CTR scheme by providing a mechanism to enable us to make additional discretionary payments to people in need. This was particularly important for this year, as it was recognised that a number of people would lose out as a result of

aligning the main CTR scheme, although the majority of existing recipients received either the same or more under the new scheme.

5. A light-touch review has been undertaken to look at the initial impact of the new scheme and to help to inform any potential changes for the coming financial year. This review has indicated that the new scheme appears to be working well and is within budget. The trend in recent years has been for caseload to reduce and this continues this year. To date we have seen small reductions in caseload for both pension and working age people. The reasons for this are varied. We considered, as part of the review, representations made by Citizens Advice to extend an element of the income disregards. However, having sought expert advice, considered the approach being undertaken by other councils and completed a full “due regard process”, we are not proposing any change.
6. The only change proposed is to update the income band thresholds in line with the anticipated inflationary uplift in state benefits when announced by the Department for Work and Pensions (DWP). Usually, state benefits are updated in line with the Consumer Price Index (CPI). Updating our income band thresholds will help to protect the amounts individual claimants will receive and is anticipated to be cost neutral, because state benefits will increase by the same percentage. The existing scheme rules provide for the inflationary uplift of the income bands and this change can be made without public consultation. Consequently, as no other changes are proposed to the scheme, we have not been required to carry out a public consultation exercise.
7. Attached to this report are the proposed CTR (Appendix 3) and EH (Appendix 4) scheme documents for the 2024/25 financial year. (NB. The income band thresholds shown in Schedule 1 of the CTR scheme document are still those for the current financial year as, at the time of preparing this report, we do not know the actual amount by which Govt. intend to increase state benefits. These figures will be adjusted once the Govt. have announced the state benefits increase in November 2023).
8. Corporate and Resources Scrutiny are requested to scrutinise and comment on the proposed approach to uplifting the income band thresholds prior to the report going forwards to Executive on 6 December 2023 and Full Council, for decision, on 20 December 2023.

## **Recommendations**

9. Full Council are asked to approve the proposed Council Tax Reduction and associated Exceptional Hardship scheme for the 2024/25 financial year including the uprating of the income band thresholds in line with the percentage increase in state benefits announced by the DWP for 2024/25. (NB. If Government decide not to uprate state benefits, then we will not uprate the income band thresholds).

## **Reasons for recommendations**

10. This recommendation is made in order to meet the Council's obligations in Council Tax legislation to set a Council Tax Reduction scheme for the coming financial year.

## **Other options considered**

11. No other options are available, as the setting of a Council Tax Reduction scheme is a legal requirement.
12. There are a number of alternative options available in relation to uplifting the income band thresholds, which are set out below:
  - *Not uprating* – we could leave the income band thresholds as they are. However, if, as normally happens, Government decides to uprate state benefits this could have the effect of reducing the amount of CTR we pay to existing claimants
  - *Uprating in line with CPI or another indices of inflation* – uprating in line with an indices of inflation other than that used by the DWP could have the result of our either paying more or less CTR to existing claimants depending on whether the percentage uplift was higher or lower than the uplift implemented by DWP
  - *Uprating in line with the DWP state benefits increase* – the majority of our working age CTR claimants will be in receipt of state benefits. Consequently, uprating our income band thresholds using the same indices of inflation applied to state benefits (usually CPI) should ensure that the majority continue to receive the same proportion of CTR thereby making the overall financial impact cost neutral

## **Links to Council Plan and Medium-Term Financial Plan**

13. The CTR and EH schemes and the proposed uplift in the income band thresholds provide key financial support to people on low incomes. This aligns with the council's key priorities around being a healthy and caring, fairer and flourishing and resilient Somerset.
14. In financial terms, not uprating the income band thresholds in line with the inflationary uplift applied to state benefits could result in our paying out less in CTR to claimants who are in receipt of state benefits. This could have a significant detrimental impact on claimants given that large numbers of them are in receipt of state benefits. The overall financial impact of increasing the income band thresholds in line with the inflationary uplift applied to state benefits should be cost neutral, as both incomes and the band thresholds are rising by the same rate.

## **Financial and Risk Implications**

15. Amounts awarded in respect of CTR or EH claims are funded from the Council Tax Collection Fund. Consequently, they are funded by the Council and the other major precepting authorities.
16. We are recommending that the income band thresholds within the CTR scheme are increased in line with the inflationary uplift that is applied to state benefits. This is usually the October CPI figure, but will not be announced by Government until November 2023. Appendix 2 provides indicative figures for the income band threshold changes based on the August CPI figure of 6.7%. Obviously, these figures will need to be amended once Government have announced the actual state benefits increase in November 2023. The Chancellor has already announced his intention to raise the National Living Wage, which some of our CTR claimants will receive, to circa £11 per hour, which is broadly in line with inflation.
17. Most of our CTR claimants are in receipt of state benefits. Consequently, by using the same indices of inflation that the DWP will use to increase state benefits to also increase our income band thresholds, we should ensure a broadly cost neutral outcome. We have undertaken sample modelling in a number of different scenarios, which backs this up.

18. Government could potentially choose either not to increase state benefits or to apply a much lower inflationary uplift percentage (i.e. below that applied to the National Living Wage). In this instance and assuming we apply the same lower inflationary uplift to our income band thresholds, this could have a detrimental impact on CTR claimants in receipt of the National Living Wage. This is because their income would have increased by a greater percentage and potentially this could, in some instances, push them over the income band threshold and thereby see them qualify for less or no CTR. Unfortunately, there is no way of correcting this within our existing scheme without major changes, which would require full consultation. Consequently, should this become an issue, we would rely on the Exceptional Hardship Scheme to provide additional support on a case-by-case basis.
19. We have also, as part of the review of the new scheme, looked at the variance between this year and last in the amounts of CTR awarded. The actual amounts increase from year to year as the Council Tax charged rises by around five percent each year. Therefore, we look at the amount of CTR awarded as a proportion of the gross Council Tax debit raised for each year. The total cost of the scheme as a proportion of the gross debit is slightly lower this year than last year and we expect it to reduce further because the caseload continues to reduce year-on-year.

**Table 1: CTR awarded as a proportion of the gross Council Tax debit**

<b>Financial year</b>	<b>Gross Council Tax debit</b>	<b>Total CTR awarded</b>	<b>Proportion</b>
2022/23	£452,666,027	£32,830,685	7.25%
2023/24	£486,794,248	* £34,816,737	7.16%
2024/25 estimated cost**	** £511,133,961	*** £36,191,998	7.08%

\* Excludes awards from the Council Tax Support Fund for comparison purposes

\*\* Assumes a 5% increase in Council Tax

\*\*\* Year-on-year caseload is reducing which is resulting in the amount of CTR we are paying also reducing as a proportion of the gross debit. The estimated CTR spend for next year assumes a small reduction in overall caseload of 1%.

20. In addition, we have reviewed the number of Exceptional Hardship claims being received and amounts awarded. We anticipated an increase in EH claims this year, as a result of the detrimental impact of aligning to a new scheme for some claimants. The position as at 30 September 2023 is as detailed below.

**Table 2: Exceptional Hardship claim statistics for 2023/24 (30 Sep 2023)**

<b>No. of claims received</b>	<b>Claims awarded</b>	<b>Amount awarded</b>
724	454	£174,912

21. The above figures indicate that we are likely to spend £350k this year in total. Whilst this represents an increase on last years spend (£190k), it is less than the £500k we estimated for this year. Consequently, for next year it is prudent assume that we will spend up to £370k allowing for an estimated 5% increase in Council Tax. This cost is borne by the Council Tax Collection Fund and consequently will need to be built into the Council Tax precept calculations.

Where we are declining to award EH it is generally because either the claimants have not submitted sufficient evidence to support their claim, their income is too high or their expenditure is unreasonable.

22. Set out below are the key risks in relation to the proposed CTR scheme.

<b>Risk</b>	<b>Mitigating actions / comments</b>	<b>Score</b> <b>L =</b> <b>Likelihood</b> <b>I = Impact</b>
The scheme costs more than anticipated	<ul style="list-style-type: none"> <li>We're essentially proposing to operate the same scheme as is currently in operation. The current scheme is costing slightly less than that for last year</li> <li>Using the same rate of inflation to uprate the income bands as is used by Govt. to increase state benefits, should ensure a broadly cost neutral outcome</li> </ul>	L2 x I3 = 6

The scheme rules have a significant detrimental impact on existing claimants	The new scheme has been introduced without a significant detrimental financial impact. We are essentially proposing to continue with this scheme, but with an uplift for inflation in line with the uplift implemented by DWP	L2 x I3 = 6
Legal challenge to the scheme	Full public consultation was undertaken in respect of the scheme last year. In addition, we have undertaken a full Equalities Impact assessment in respect of the proposed uprating of the income band thresholds for next year	L3 x I3 = 9

### **Legal Implications**

23. A CTR scheme must be agreed by the Council for each financial year to comply with the requirements of Schedule 1A of the Local Government Finance Act 1992.

### **HR Implications**

24. There are no HR implications related to this report.

### **Other Implications:**

### **Equalities Implications**

25. The scheme proposed for 2024/25 is essentially the same scheme that is currently in operation. The only change recommended is to increase the income band thresholds in line with the inflationary uplift to state benefits to be announced by Government in November 2023. Consequently, the equalities impact assessment (EIA) has focussed on the changes proposed to the income band thresholds. The EIA can be viewed at Appendix 1 below.
26. We recognise that the scheme does impact on people within protected groups, specifically:

- Age – the scheme for pension age people is mandated by Government and is unchanged by the proposed change to the income band thresholds. The working age scheme provided for in these proposals is open to all people of working age;
  - Disability – the income disregard of £30 per week together with a disregard of any Personal Independence Payments or Disability Living Allowance received (to recognise the additional costs for households containing people with a disability) remains unchanged in the proposed scheme and is unaffected by the proposed increase in the income band thresholds;
  - Marriage and civil partnership – the scheme is designed to take into account the higher living costs of couples and allows for these higher living costs in the determination of the claim;
  - Sex – claim data identifies that we have more female recipients of support than male recipients. These are made up of single people, lone parents or those who are claiming as part of a couple. Sex is not a factor used to determine the amount of support awarded. We have designed the scheme to maximise awards of support to those on the lowest incomes and also to minimise the impact of aligning the districts schemes across the different demographics. The proposed changes to the income band thresholds will have no specific affect in this area; and
  - Other e.g. carers, veterans – specific disregards have been built in for carers and veterans to disregard specific allowances or pensions and are unaffected by the change to the income band thresholds.
27. We have considered the other protected groups when developing the scheme and the proposed increase to the income band thresholds, but did not identify any specific additional criteria in respect of these groups. The characteristics of the other protected groups are not taken into account in the assessment of claims for Council Tax Reduction. The scheme is open to all of working age to apply for and, subject to the specific provisions for the groups outlined above, ensures that claims are assessed and determined fairly.
28. The Exceptional Hardship scheme provides a mechanism for us to make discretionary awards to people who need financial assistance where they either do not qualify under the CTR scheme rules or need additional financial support.



### **Community Safety Implications**

29. The CTR and EH schemes provide financial support to people on low incomes to help them pay their Council Tax. The proposed increases to the income band thresholds will help to maintain the level of support provided by taking into account the impact of inflation. This should have a positive impact on quality of life and wellbeing.

### **Climate Change and Sustainability Implications**

30. The new scheme is simpler to administer than a number of the schemes run by the former districts. It removes the need for claimants on Universal Credit to separately claim for the Council Tax Reduction and results in less frequent changes in Council Tax liability. Collectively this results in far fewer letters and paper forms and less activity in terms of making changes to accounts.

### **Health and Safety Implications**

31. This proposal has no Health & Safety implications.

### **Health and Wellbeing Implications**

32. The CTR and EH schemes provide financial support to people on low incomes to help them pay their Council Tax. The proposed increases to the income band thresholds will help to maintain the level of support provided by taking into account the impact of inflation. This should have a positive impact on things such as wellbeing, mental health and reducing inequality.

### **Social Value**

33. There are no social value implications associated with this report.

### **Scrutiny comments / recommendations:**

34. Not applicable.

## Background

### *General background*

35. Council Tax Reduction (CTR) provides financial assistance to help people on low incomes to pay their Council Tax. This can be for up to 100% of their Council Tax liability.
36. CTR was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government:
  - Placed the duty to create a local scheme for **Working Age** applicants with billing authorities;
  - Reduced initial funding by the equivalent of ten per cent from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme; and
  - Prescribed that persons of **Pension age** would be dealt with under regulations set by Central Government and not the authorities' local scheme.
37. Since that time, funding for the Council Tax Reduction scheme has been amalgamated into other Central Government grants paid to Local Authorities and into the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Government sources.

### *The legal requirements*

38. Council Tax legislation and specifically Schedule 1A of the Local Government Finance Act 1992 requires the Council to agree its local CTR scheme for each financial year in relation to working age claimants.
39. The scheme for pension age claimants is prescribed by Government and we have no powers to change these rules. Government usually adjusts the pension age rules each year and we will simply incorporate these changes into our scheme when we are notified of them (usually in December).

### *Background to the existing Somerset scheme*

40. The four legacy district councils each operated different CTR schemes. There were some similarities between the schemes i.e. two ran income banded

schemes and two ran more traditional schemes. The total amounts of support provided ranged from 80% to 100% of the Council Tax liability.

41. Consequently, a significant project was undertaken last year in the lead up to the creation of Somerset Council to align the former district schemes to a new single scheme for Somerset. This exercise involved a review of the legacy district schemes, significant financial modelling, extensive public consultation all leading up to the proposed new scheme going through the then Somerset County Council's member decision making processes in the Autumn of 2022. Full Council agreed to the new scheme on 23 November 2022.
42. We identified early in the process of aligning four different schemes the risk of claimants ending up worse off as a result of implementing new rules. We had to balance this consideration against the need to ensure that the overall cost of the new scheme was affordable to the Council given the very challenging financial environment.
43. Consequently, a significant amount of effort was put into developing and refining the specific detail of the scheme to both minimise any detrimental impact on individual claimants whilst ensuring overall financial affordability. Clearly there were going to be winners and losers, but the scheme was developed in such a way that it minimised the number of people who lost out and maximised those who either retained the same level of support or were better off. This was achieved without increasing the overall cost of the scheme. The new scheme included provision to pay those on the lowest incomes a maximum of 100% and provided for an Exceptional Hardship Scheme to allow us to provide discretionary support on a case-by-case basis to people who were detrimentally impacted by the change in rules.

#### *Key elements of the Somerset scheme*

44. Detailed below is a summary of the key elements of the Somerset scheme. The full scheme rules are detailed at Appendix 3.
  - *Income Banded Scheme* –
    - This allows for small fluctuations in a claimant's income without requiring us to reassess their entitlement each time their income varies. This reduces administration, re-billing costs, the volume of new bills being issued to claimants and helps to improve collection rates

- The scheme allows for variation in household size with the levels of income per band increasing where an applicant has a partner, and / or dependents
- *Income disregards* – the scheme disregards certain types of income e.g.
  - To encourage work, a standard £25 a week disregard is provided against all earnings
  - Disability benefits such as Disability Living Allowance and Personal Independence Allowance will continue to be disregarded
  - Where any applicant, their partner or dependant child(ren) are disabled, a further disregard of £30 a week is given
  - Carer’s Allowance and the Support Component of Employment and Support Allowance is disregarded.
  - Child Benefit and Child Maintenance is disregarded as income;
  - An amount in respect of the housing element, within Universal credit is disregarded
  - All war pensions and war disablement pensions are disregarded
  - Extended payments will be removed
  - A capital limit of £6,000 with no tariff (or assumed income) is applied, which aligns with the approach taken by DWP
- *Easier to understand & administer* - the income band grid allows claimants to easily see how much they can get or how a change to their income will affect their discount. No charges are made where an applicant has non-dependants living with them. This makes the scheme more straightforward and protects low-income families where adult sons and daughters, for example, remain at home.
- *Simplified claims process* – approximately 50% of our claimants receive Universal Credit (UC). We are automatically notified by the DWP of new UC awards. In most cases, the notifications include enough information for us to make an award without the need for a Council Taxpayer to make a separate claim.
- *Maximum award of 100%* -
  - The most vulnerable taxpayers and those on the lowest incomes will get a 100% discount
  - No restriction is applied to higher banded properties

- The Council no longer has to recover small outstanding balances from those unlikely to afford their bills – this improves administration and collection rates and reduces the cost of collection.
- *Exceptional Hardship Scheme* – this gives us the ability to provide discretionary help to Council Taxpayers, whether they receive CTR or not, to assist them in meeting their Council Tax bills. It provides us with a flexible mechanism to provide support in abnormal circumstances where people are suffering hardship as a result.

#### *Light-touch review of the existing scheme*

45. The Council is, as stated above, required to agree a CTR scheme for each financial year, although there is no requirement to change the rules from year-to-year. Any significant changes require full public consultation before they can be agreed and implemented.
46. Because this is a new scheme, albeit one that has only been in operation for a short period, it made sense to undertake a light touch review of the scheme before proceeding to make recommendations for next year.
47. This light touch review exercise was undertaken earlier this year. (NB. At the point the review was undertaken the scheme had only been in place for a few months. We do not yet have sufficient data to fully understand the impact of the new scheme across a longer period of time and consequently have only undertaken a light touch review at this stage). The areas considered and a summary of the findings are detailed below:
  - *Initial observations & feedback from customers on the impact of implementing the new aligned scheme* – the majority of claimants either continue to receive the same amount or more under the new scheme than they previously received. We did however receive a number of initial contacts from customers who had been detrimentally impacted by the changes to the scheme. These have been dealt with and, where relevant, these customers have been advised to make applications under the Exceptional Hardship Scheme. Overall the scheme appears to have been well received. We have only received a very small number of actual ‘appeals’ in respect of claims where people are receiving less than in previous years. (NB. We did write to people who were going to be worse off prior to issuing the bills to invite them to claim Exceptional Hardship)

- *The maximum award of 100% for working age claimants* - unsurprisingly, this appears to have been well received. In terms of the impact of the increase to 100% on the overall spend, the total cost of the scheme as a proportion of the gross debit is actually slightly lower this year than last year (see Table 1).
- *The impact on claimants who have been detrimentally impacted* – to date we have paid out £175k in Exceptional Hardship payments and we anticipate paying up to £350k for the full year. This is higher than the total spent last year (£180k), but is within the £500k anticipated potential cost for this year. This is indicative of the new scheme rules not having caused a significant detrimental impact. (NB. We have in fact received additional one-off funding from Government this year to support people on low incomes to pay their Council Tax, which is being used in part to fund the EH claims).

We are keeping the EH scheme under close review across the four legacy district teams to ensure the consistency of our approach to assessing claims and to promoting the scheme.

- *The income band thresholds* – the conclusion, as outlined above, is that we should increase the income band thresholds in line with the inflationary uplift in state benefits for next year. Doing so will ensure that the majority of claimants, most of whom receive state benefits, will continue to receive the same proportion of CTR as they currently receive.
- *Stakeholder feedback* - as part of the consultation exercise last year we engaged directly with the public and key stakeholders. Since the scheme came into operation in April 2023 we have received feedback from Citizens Advice regarding elements of the scheme, including a suggested change in relation to the treatment of the Limited Capability for Work Element of Universal Credit for income disregard purposes. We have considered the proposed change, sought expert advice, reviewed how other councils deal with this element, and have concluded that no change is required following the completion of a due regard process.
- *National trends* – around 13% of local authorities have changed their CTR schemes for the current financial year. The most common changes were to:
  - Make the schemes more generous in view of the economic climate and the squeeze on household finances; and to

- Implement income banded schemes, which are now operated by 30% of local authorities.
  - *The overall cost of the scheme to date* – Table 1 above details the overall cost of the scheme to date this year both in financial terms and as proportion of the overall gross Council Tax debit. We are spending broadly the same proportion of the overall Council Tax debit (circa 7%) on CTR, as was spent last year, although the proportion has reduced very slightly. This reduction is in large part driven by the ongoing trend in caseload reduction and we anticipate a further slight reduction next year.
48. We have not considered as part of the light touch review things such as the anticipated longer-term improvement in collection rates because it is too early at this stage to properly analyse any impact from the data. In addition, the delay in posting cash resulting from the implementation of the new finance system has impacted on our ability to chase unpaid amounts in certain areas.

#### *Conclusions & recommendations for 2024/25*

49. The light touch review indicates that the scheme is working well, has not had any significant detrimental impact on the majority of claimants and that overall spend remains, as anticipated, proportionately the same as for the previous year, despite the change in the scheme rules.
50. Consequently, other than looking to uprate the income band thresholds in line with the DWP increase in state benefits (a change which can be made within the existing scheme rules), no major changes are required to the scheme.

#### **Background Papers**

- 51 [Meeting of SCC County Council on Wednesday, 23rd November, 2022, 10.00 am - Modern Council \(somerset.gov.uk\)](#) (see agenda item 6, Paper B & Paper B App D)

#### **Appendices**

- Appendix 1 – Equalities Impact Analysis
- Appendix 2 – Indicative income bands for 2024/25
- Appendix 3 – Proposed CTR scheme for 2024/25
- Appendix 4 – Proposed EH scheme for 2024/25




**Report Sign-Off (if appropriate)**

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	21 Oct 2023
Communications	Peter Elliott	24 Oct 2023
Finance & Procurement	Nicola Hix	25 Oct 2023
Workforce	Alyn Jones	26 Oct 2023
Asset Management	Oliver Woodhams	14 Oct 2023
Executive Director / Senior Manager	Nicola Hix	25 Oct 2023
Strategy & Performance	Alyn Jones	26 Oct 2023
Executive Lead Member	Cllr Liz Leyson	21 Oct 2023
<b>Consulted:</b>	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Cllr Mandy Chilcott	13 Oct 2023
Scrutiny Chair	Cllr Bob Filmer	13 Oct 2023



## Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or [www.somerset.gov.uk/impactassessment](http://www.somerset.gov.uk/impactassessment)

<b>Organisation prepared for (mark as appropriate)</b>	 <b>Somerset</b> Council	Yes	 <b>NHS</b> <b>Somerset</b>	No	 <b>NHS</b> <b>Somerset</b> NHS Foundation Trust	No
<b>Version</b>	0.2 Draft		<b>Date Completed</b>	11/9/2023		
<b>Description of what is being impact assessed</b>						
The uprating of the income band thresholds within the proposed Council Tax Reduction scheme for 2024/25 in line with the inflationary uplift to state benefits for 2024/25 to be announced by Govt. in November 2025.						
<b>Evidence</b>						
<b>What data/information have you used to assess how this policy/service might impact on protected groups?</b> Sources such as the <a href="#">Office of National Statistics</a> , <a href="#">Somerset Intelligence Partnership</a> , <a href="#">Somerset’s Joint Strategic Needs Analysis (JSNA)</a> , Staff and/ or <a href="#">area profiles</a> , should be detailed here						
<ul style="list-style-type: none"> <li>Information relating to actual claims from individuals and their families held within the various back-office processing systems operated by Somerset Council, which includes information on age, sex and disability.</li> <li>The proposed approach is to uprate the income band thresholds in line with the increase in state benefits to be announced by Govt. in November 2023. Govt. usually uprate in accordance with the Consumer Price Index or CPI (the rate at which the</li> </ul>						

prices of 700 various goods and services has changed over the previous 12 months) for September 2023, as compiled by the Office for National Statistics. Consequently, we have used the August 2023 CPI figure, to provide indicative figures for the potential increase in the income band thresholds. However, these will be adjusted in due course to set out the actual proposed increases once the Govt. increase in state benefits has been announced.

**Who have you consulted with to assess possible impact on protected groups and what have they told you?** If you have not consulted other people, please explain why?

We have not formally consulted on the proposed changes to the income bands. However, we undertook an eight-week consultation on the introduction of the current CTR scheme during the Summer of 2022. We received feedback from members of the public, in particular, Council Tax payers, CTR claimants, major preceptors (Avon and Somerset Police, Devon and Somerset Fire & Rescue Service) and key stakeholders, such as Citizens Advice, parish, town and city councils.

**Analysis of impact on protected groups**

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	The scheme for pension age people is mandated by Government and is unchanged by the proposed change to the income band thresholds. The working age scheme provided for in these proposals is open to all people of working age. Increasing the income band thresholds in line with the rate of inflation applied to state benefits will help to protect the proportion of CTR received by existing claimants.	☐	☐	☒

<b>Disability</b>	<p>The income disregard of £30 per week together with a disregard of any Personal Independence Payments or Disability Living Allowance received (to recognise the additional costs for households containing people with a disability) remains unchanged in the proposed scheme and is unaffected by the proposed increase in the income band thresholds. In addition, by aligning the increase in the income band thresholds to the increase in state benefits, including disability benefits, we should ensure that claimants continue to receive the same proportion of CTR as they currently receive.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>• The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants.</li> <li>• No data is currently available on the numbers of people in this protected group who are getting CTR.</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Marriage and civil partnership</b>	<p>The scheme is designed to take into account the higher living costs of couples and allows for these higher living costs in the determination of the claim. This approach is unaffected by the proposed increase to the income band thresholds..</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>• The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants.</li> <li>• No data held at case level on pregnancy.</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>• Race and ethnicity is not a factor used to work out CTR.</li> <li>• The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants.</li> <li>• No data held at case level.</li> </ul>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>Religion or belief is not a factor used to work out CTR.</li> <li>The proposed change is not specifically targeted at this group or at anyone holding a specific belief but will help to protect the proportion of CTR received by all existing claimants.</li> <li>No data held at case level.</li> </ul>	□	⊗	□
<b>Sex</b>	<p>Claim data identifies that we have more female recipients of CTR than male recipients. These are made up of single people, lone parents or those who are claiming as part of a couple. Sex is not a factor used to determine the amount of CTR awarded. We have designed the scheme to maximise awards of support to those on the lowest incomes and also to minimise the impact of aligning the districts schemes across the different demographics. The proposed changes to the income band thresholds will help to protect the proportion of CTR received by existing claimants.</p>	□	□	⊗
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>Sexual orientation is not a factor used to work out CTR.</li> <li>The proposed change is not specifically targeted at this group, but will help to protect the proportion of CTR received by all existing claimants</li> <li>No data held at case level.</li> </ul>	□	⊗	□
<b>Armed Forces (including serving personnel, families and veterans)</b>	<p>The scheme provides for specific disregards for veterans and will continue to do so. These disregards are unaffected by the proposed increase to the income band thresholds. Increasing the income band thresholds in line with the rate of inflation applied to state benefits will help to protect the proportion of CTR received by existing claimants.</p>	□	□	⊗

<b>Other, e.g. carers, low income, rurality/isolation, etc.</b>	The scheme is specifically targeted at those on low incomes and contains income disregards in relation to carers. Increasing the income band thresholds in line with the rate of inflation applied to state benefits will help to protect the proportion of CTR received by existing claimants.	❑	❑	☒
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**Negative outcomes action plan**  
 Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.

Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
We will promote the availability of the Exceptional Hardship scheme when the Council Tax bills are issued for the 2024/25 financial year	30/04/2024	Richard Sealy	Through the year-end project team & plan	❑
	Select date			❑
	Select date			❑
	Select date			❑
	Select date			❑
	Select date			❑
	Select date			❑
	Select date			❑

**If negative impacts remain, please provide an explanation below.**

No protected groups should be negatively impacted. If an applicant is adversely affected by the changes to the income band thresholds, additional support can be applied for through the council's Exceptional Hardship scheme.

<b>Completed by:</b>	<b>Simon Doyle, Benefits Specialist</b>
<b>Date</b>	<b>11/9/2023</b>
<b>Signed off by:</b>	<b>Richard Sealy, Interim Revenues &amp; Benefits Manager</b>
<b>Date</b>	<b>11 Oct 2023</b>
<b>Equality Lead sign off name:</b>	<b>Tom Rutland, Public Health Promotion Manager / Equalities</b>
<b>Equality Lead sign off date:</b>	<b>27 Oct 2023</b>
<b>To be reviewed by:</b> (officer name)	<b>Richard Sealy, Interim Revenues &amp; Benefits Manager</b>
<b>Review date:</b>	<b>30 Sep 2024</b>

## APPENDIX 2

### Indicative income bands for 2024/24 based on August CPI figure of 6.7%

Band	Discount (%)	Single person		Single person with one child		Single person with two children		Couple with no children		Couple with one child		Couple with two children	
		2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
1	100	£0 - £95	£0-102	£0 – £160	£0-£171	£0 - £220	£0-£235	£0 - £140	£0-150	£0 - £200	£0-£214	£0 - £260	£0-£278
2	75	£95.01 - £155	£102.01-£166	£160.01 - £220	£171.01-£235	£220.01 - £290	£235.01-£310	£140.01 - £210	£150.01-£225	£200.01 - £260	£214.01-£278	£260.01 - £330	£278.01-£353
3	40	£155.01 - £190	£166.01-£203	£220.01 - £255	£235.01-£273	£290.01 - £370	£310.01-£395	£210.01 - £260	£225.01-£278	£260.01 - £295	£278.01-£315	£330.01 - £410	£353.01-£438
4	25	£190 - £235	£203.01-£251	£255.01 - £290	£273.01-£310	£370.01 - £480	£395.01-£513	£260.01 - £310	£278.01-£331	£295.01 - £330	£315.01-£353	£410.01 - £520	£438.01-£555
	0	Over £235	Over £251	Over £290	Over £310	Over £480	Over £513	Over £310	Over £331	Over £330	Over £353	Over £520	Over £555

## **APPENDIX 3**

PLACEHOLDER FOR NEW CTR SCHEME



**Council Tax Exceptional  
Hardship Scheme  
2024-25**

## **1 Summary**

- 1.1 Since April 2013 each billing Authority has in place its own Council Tax Reduction (CTR) scheme. Unlike the previous Council Tax Benefit scheme, this local Council Tax Reduction scheme is not fully funded by Central Government and billing Authorities are responsible for implementing their own schemes for working age people. (NB. The CTR scheme for people of pension age is defined by Government).
- 1.2 Our CTR scheme also makes provision for a discretionary Exceptional Hardship Scheme. Therefore, both schemes are provided for under the provisions of S13A 1(a) of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) and are in addition to the general power to reduce Council Tax liability under S13A 1(c) of the act.
- 1.3 This document sets out the Council's Exceptional Hardship Scheme for assisting people who are experiencing financial difficulty in paying their Council Tax.
- 1.4 The Exceptional Hardship Scheme is targeted to those taxpayers who either apply for Council Tax Reduction but fail to qualify or those taxpayers who receive Council Tax Reduction but who are of the opinion that they require more support.
- 1.5 The Exceptional Hardship Fund is financed through the Council's Collection fund and is available to those households facing exceptional hardship.

## **2 Objectives of the scheme**

- 2.1 The Exceptional Hardship Scheme aims to support local people experiencing financial hardship who are struggling or unable to pay their Council Tax by providing short term financial assistance.

## **3 Eligibility**

- 3.1 To be eligible for a Council Tax Exceptional Hardship payment the taxpayer must be resident at the address for which they have a Council Tax liability in the Somerset Council area.
- 3.2 Each application will be considered on its own merits and any payment made will be at the discretion of the Council. Exceptional Hardship is not defined in this policy. However, it is useful to refer to the dictionary definitions of each word.
  - 'Exceptional' – unusual, extraordinary, not typical

- 'Hardship' – a condition that is difficult to endure; suffering; deprivation

### 3.3 Awards for Exceptional Hardship cannot be used:

- for any other reason, other than to reduce Council Tax Liability;
- where an authorised officer from the Council considers the Taxpayer has not taken reasonable steps to reduce unnecessary expenses or the outstanding amount of Council Tax is as a result of wilful refusal or culpable neglect;
- to cover a shortfall caused by a Department for Work and Pensions sanction or suspension which has been applied because the Council Taxpayer has turned down work / interview / training opportunities; and
- to offset any penalties, court costs or enforcement agency costs.

## 4 Award criteria

### 4.1 When considering an application for Exceptional Hardship, the Council will take into account:

- whether the applicant receives Council Tax Reduction, the shortfall between the award of CTR and their Council Tax liability;
- the steps taken by the applicant to reduce their Council Tax liability (ensuring all discounts, reliefs and reductions are granted) or affordability (for example changing payment methods and making arrangements to pay their Council Tax over 12 months or setting an alternative payment arrangement to make them more affordable);
- the steps taken by the applicant to establish whether they are entitled to other welfare benefits and if so whether they have claimed them;
- whether the applicant has considered and identified, where possible, the most economical tariffs for utilities (electricity, gas, broadband, telephone, water) and cancelled non-essential contracts;
- whether a Discretionary Housing Payment has been made to help meet their rent liability;
- where the applicant has debt, the steps taken to seek debt and money advice from relevant agencies;
- the personal circumstances, age and medical circumstances of the applicant, their partner and any dependants in the household;
- any non-dependants, boarders or lodgers in the property and the financial contributions they make or could make to the income of the household;
- the income and expenditure of the applicant and their partner, including any income not considered in calculating their CTR;
- how much reasonable household expenditure exceeds income;

- the exceptional nature of the applicant's circumstances and the length of time these circumstances are likely to last;
- whether the situation and reason for the application is out of the taxpayer's control;
- any savings or capital held by the applicant, their partner, or their dependants; and
- any negative impact on the applicant following a change to the CTR scheme made by the Council that has resulted in a significant loss of CTR.

4.2 This list detailed in 4.1 above is not exhaustive and we will consider other relevant factors and special circumstances.

4.3 An award of Exceptional Hardship does not guarantee a further award will be made at a later date, even if the customer's circumstances have not changed. We will expect applicants to make efforts to either increase their income, reduce expenditure or improve their circumstances.

4.4 An award may be less than the shortfall between the CTR award and the applicant's Council Tax liability.

4.5 Awards will normally only be made in respect of the Council Tax due for the current financial year i.e. not for previous years arrears.

## **5 Making a claim**

5.1 An application for Exceptional Hardship must be made in writing on an application form provided by Somerset Council. Application forms can be completed on the Council's website. If a customer cannot make a claim in writing, we can support a telephone application. We will also provide signposting to Citizens Advice or other support networks who can offer help in completing an application or offering debt and benefit advice.

5.2 Applicants will need to provide evidence about their circumstances, income and expenditure.

5.3 In most cases the person who claims Exceptional Hardship will be the person liable for Council Tax. However, the Council will accept a claim from someone acting on another's behalf, such as an appointee, if it is considered reasonable.

5.4 The applicant must tell us of any changes in circumstances that may be relevant to their claim.

## **6 Decision making process and payments**

- 6.1 Both the amount and duration of the award are determined at our discretion and the decision will be made based on the evidence supplied and the circumstances of the claim.
- 6.2 The start of any award and the amount will be determined by the Council. The maximum award will be for a period of up to twelve months and subject to 6.3 below, awards will not span more than a single financial year.
- 6.3 In exceptional cases the Council may consider backdating a claim based on the individual circumstances of the case. In such instances the claim can only be considered for backdating to the previous financial year.
- 6.4 Any award will be made directly to the Council Tax account to reduce the amount of Council Tax payable.
- 6.5 If the Council becomes aware that the information contained in an application was incorrect or information has not been declared, the Council may seek to recover the value of any award. Excess (overpaid) awards will be recovered directly from the taxpayers Council Tax account, increasing the amount of Council Tax due.
- 6.6 The Council will notify the outcome of each application in writing. The notification will include the reason for the decision, the amount and duration of any award and will advise the taxpayer of their appeal rights.
- 6.7 The Council will aim to process and respond to applications for Exceptional Hardship within 1 month. Ordinarily action to recover any outstanding Council Tax for the period to which the claim relates will be suspended until the claim has been processed and a response issued.

## **7 Review**

- 7.1 Decisions are subject to an appeals process. If the applicant is not satisfied with the decision, they may request a review in writing within one calendar month of the decision.
- 7.2 The request must state the reasons why the taxpayer disagrees with the decision. Additional evidence may be required to support a review.

- 7.3 The Council will provide a response within one month or as soon as practicable thereafter.
- 7.4 The outcome of the review will be given in writing, detailing the reasons for changing or upholding the original decision.
- 7.5 If the applicant remains dissatisfied with the outcome of any review, certain appeals against the Council's decision can be made to the Independent Valuation Tribunal Service. Further information about how to make an appeal can be found on the Council's website.
- 7.6 An applicant can also seek a judicial review of any decision.

## **8 Fraud**

- 8.1 We are committed to protecting public funds and to ensuring that funds are awarded to the people who are rightly eligible to them. An applicant who tries to fraudulently claim a discretionary discount or Exceptional Hardship payment by falsely declaring their circumstances, providing a false statement or evidence in support of their application may have committed an offence under The Fraud Act 2006 or the Theft Act 1968. Where we suspect that fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.