

# Somerset West and Taunton Council

## Full Council – 15 December 2020

### Council Tax Support scheme for 2021/22

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) scheme is an income-related local discount scheme that helps people on low incomes to pay their Council Tax.

1.1.2 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.

1.1.3 The prescribed regulations are updated each year by Government to take into account changes 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.

1.1.4 The regulations do however require that the Council formally considers whether it wants to review or revise its scheme for each new financial year.

1.1.5 In view of the Covid 19 crisis this year we have not had the capacity and the time to undertake a review of our scheme for working age people, which would include the need for significant consultation for any proposed changes. To ensure that we have an agreed scheme for the 2021/22 financial year, we are recommending we extend the existing scheme for working age CTS claims. Consequently as no changes are proposed (or feasible at this stage in the year) we are bringing this recommendation directly to Full Council.

1.1.6 It is our intention during the 2021/22 financial year to review the working age CTS scheme and undertake a full consultation exercise for any changes proposed. We will seek to undertake this review in conjunction with the other Somerset districts, as, logically, we will need to align in due course in preparation for any unitary changes.

1.1.7 The report also outlines a provisional budget cost for next year of £9,198,976. (our proportion is £1,057,882). The final estimates for 21/22 will be determined in December 2020 based on the actual caseload data position as at 30 November 2020.

##### 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 2021/22 other than to ensure continued alignment and uprating with national allowances and regulations for pensioners.

## 2 Recommendation

2.1 To formally agree that the current CTS scheme for working age customers be retained for 2021/22.

## 3 Risk Assessment

### Risk Matrix

Description	Likelihood	Impact	Overall
Risk: Potential growth in the number of claimants.	5	4	20
<i>Mitigation: Caseload Monitoring and realistic budgeting</i>	5	3	15
Risk: Council incurs an unacceptably high level of debt because of people's inability to pay their Council Tax bill	4	4	16
<i>Mitigation: Increased use of 'Nudge theories' Maximise take-up of all discounts/exemptions/hardship relief. Monthly monitoring of performance against targets. Build increase capacity, resilience and efficiencies within the benefits team to minimise the risk of backlogs occurring</i>	4	3	12

### Risk Scoring Matrix

<b>Likelihood</b>	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
			<b>Impact</b>				

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 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.
- 4.2 A summary of the key elements of our CTS schemes since 2013/14 can be found in Appendix 1.
- 4.3 Appendix 2 provides a summary of the current CTS scheme in operation for 2020/21.
- 4.4 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.
- 4.5 As at 21 October 2020, 11,318 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	6,855	60.57%	£4,631,842	49.86%
Pension age	4,463	39.43%	£4,657,596	50.14%
<b>Total</b>	<b>11,318</b>	<b>100%</b>	<b>£9,289,428</b>	<b>100%</b>

- 4.6 Costs for 2019/20 were forecast at £8,628,545 in the report to full Council on 3 December 2019. The 2020/21 Council Tax Base approved in December 2019, based on updated data at 30 November 2019, included a budget estimate of £8,850,200 for LCTS costs in 2020/21.
- 4.7 As at 21 October 2020 our expenditure to date for 20/21 is £9,289,428, which is £439,228 above the budget estimate. This is largely due to a significant increase in the working age caseload following the impact of Covid. We have seen an increase in our CTS caseload from 10,799 before Covid to a current caseload of 11,307. Following measures to support working age customers in employment with furlough payments many of our existing customers have seen an increase in their weekly award following reductions in their income. It is difficult to predict how the future of Covid will affect our current CTS scheme as our customers face an uncertain future with increased unemployment and lower future job prospects. Given these conditions, there is a risk that the final costs for the year will exceed the current estimate. As the costs are expected to exceed the budget estimate, this is likely to result in a deficit in the Collection Fund in 2020/21, which will need to be reflected in the 2021/22 budget. SWTC will be liable for 11.5% of any such deficit.

## 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 The costs of the CTS scheme are shared between Council Tax precepting authorities through the Tax Base calculation. Council Tax income is credited to the Collection Fund which is then distributed to local authorities based on their approved precept. Any surplus or deficit on the Collection Fund – if tax collected is more or less than the precepts paid for the year – is recovered from local authorities in subsequent years. Town and parish councils are not liable for any surplus or deficit, with their share of risk borne instead by SWTC.
- 6.2 The table below summarises the relative share of collection fund total income for 2020/21. This shows that the majority of the risk on the other local preceptors.

Preceptor	2020/21 share of Collection Fund
Somerset West and Taunton Council	9.08%
Parishes	2.42%
Somerset County Council	71.08%
Police and Crime Commissioner for Avon and Somerset	12.56%
Devon and Somerset Fire & Rescue Authority	4.86%
<b>Total</b>	<b>100%</b>

- 6.3 The costs of the scheme in 2021/22 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.
- 6.4 The estimated total costs for CTS next year that has been included in the provisional tax base calculation for 2020/21 is £9,198,976. The final tax base for 2020/21 will be calculated in December, based on the actual caseload data position as at 30 November 2020, and reflected in the calculations for the Council's draft 2021/22 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 in 2018/19 when we updated and consulted on the Council Tax Support Scheme and an action plan was produced and formed part of the report to full council last year on the CTS scheme for 2020/21. With the recommendation to continue with the current scheme for 2021/22, this EIA is still valid.
- 10.2 Within the original EIA it was highlighted that care leavers would receive additional

support to meet their Council Tax shortfall. Within the Revenues team we have now addressed this to provide a full exemption for care leavers.

10.3 Due to changes made to our CTS scheme we have seen a significant increase in the support we give to our working age claimants. In 2017/18, 49% of our CTS caseload were of working age compared to 61% in 20/21. The impact of Covid-19 has also seen an increase in our current caseload, largely due to reductions in salaries through furlough payments, more customers making Universal credit claims, the impact of our self-employed customers and overall increase in unemployment. This will need to be considered when we look to consult in 2021 to update our scheme for 2022/23.

10.4 Overall the public are satisfied with the Council Tax Support Scheme and we have received very few complaints or criticisms of the scheme.

## **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 Council and the major precepting authorities. We will also promote greater collaborative working with our Local Authority partners to prepare for any future unitary changes.

## **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 / Committees – No**
- **Executive – No**
- **Full Council – Yes**

**Reporting Frequency:**  **Annually**

**List of Appendices (delete if not applicable)**

Appendix 1	The evolution of the CTS scheme since 1 April 2013
Appendix 2	The 20/21 CTS income band scheme for working age customers
Appendix 3	Comparative data on caseload and expenditure
Appendix 4	Equalities Impact Assessment 2018/19

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