

Decision Report

Committee: Scrutiny Corporate and Resources

Meeting Date – 25 November 2024

Key Decision – Yes



Report Title

Executive Member(s): Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance.

Local Member(s) and Division(s) affected: All

Executive Director: Maria G. Christofi, Interim Chief Finance Officer (Section 151 Officer)

Executive Summary

The Council, in its capacity as a Council Tax 'billing authority', is required by law to set a Council Tax Reduction (CTR) scheme in advance of each financial year. The scheme for 2025/26 needs to be agreed in December 2024 to allow time for any changes to be implemented and tested within the Revenues and Benefits IT systems prior to running the annual billing processes in February 2025.

Following a full consultation exercise earlier this year, the CTR scheme and Exceptional Hardship (EH) scheme have been amended to include the following recommended changes:

1. Reduction in the discount bands to 100%, 50%, 25% and 10%
2. Introduction of non-dependant deductions of £10.00 a week for each non-dependant
3. Limit eligible Council Tax charges to Band D equivalents in the calculation of CTR entitlement.
4. Reduce the period of backdating a CTR claim to one calendar month
5. Increase income bands by the September 2024 rate of CPI (1.7%)
6. The funding for Care Leaver, Foster Carers and Special Guardianship discounts to be funded through the EH scheme

The report explains why these changes have been proposed as new criteria for the scheme.

Recommendations

That Executive:

1. Agree and recommend that Full Council approve the CTR and associated EH scheme for 2025/26 as set out in this paper.
2. Agree and recommend that Full Council approve the increase to income band thresholds by the September 2024 CPI rate of 1.7% in line with the percentage increase to state benefits as implemented by the Department for Work and Pensions (DWP).

Reasons for Proposals

The Council is required by law to set a CTR scheme in advance of each financial year.

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Background and purpose of report

1. The Council, in its capacity as a Council Tax 'billing authority', is required by law to set a Council Tax Reduction (CTR) scheme in advance of each financial year. The scheme for 2025/26 needs to be agreed in December 2024 to allow time for any changes to be implemented and tested within the Revenues and Benefits IT systems prior to running the annual billing processes in February 2025.
2. The CTR scheme is divided into two parts and provides for a scheme for pension age applicants, where the rules are set by Central Government, and for working age applicants where the rules are set locally. The scheme also incorporates an Exceptional Hardship (EH) scheme, which allows the council to make discretionary awards to people experiencing financial difficulty, regardless of whether they are entitled to CTR or not.
3. The scheme for 2024/25 currently costs a total of £37.1m. (The pension age element is £17.1m and the working age element is £20m). This cost is split proportionately between the three major Council Tax precepting authorities, Police, Fire and Somerset Council. The cost to Somerset Council is £28.3m (£13.1m pension age and £15.2m working age).
4. When setting the scheme for the current financial year on 20 December 2023, Council agreed to a full review of the scheme during 2024/25. This decision was driven by the financial emergency declared in 2023 and the need to find cost savings.
5. The scheme was reviewed earlier this year and a number of proposed changes to the scheme for 2025/26 were identified.
6. As required under Council Tax legislation, a full public consultation exercise was carried out. The Executive agreed at their meeting on 15 July 2024 to consult on four proposed changes to the scheme. These changes and the associated consultation questions are set out in **Appendix 3**. Full details of the background to the development of the proposed changes are included within agenda item six of the [Executive Agenda 15 July 2024](#).
7. Further information relating to the consultation and its outcomes can be found in the Consultation and Feedback section of this report.
8. The background to the CTR scheme and to the development of the proposed changes for consultation is detailed at length in the report that went to the Executive on 15 July 2024 and has not been repeated here. This report can be viewed at agenda item 6 in the [Executive Agenda 15 July 2024](#). In addition,

the report to Scrutiny for Corporate and Resources provides more detail relating to the proposed changes and can be viewed at [Scrutiny Committee - Corporate and Resources, 28/08/2024](#)

9. The following is set out below:

- An overview of the key elements of the changes proposed to the CTR scheme for 2025/26
- A summary of the anticipated impact of the proposed changes to the scheme
- A summary of the proposed changes to the EH scheme for 2025/26

Key elements of the proposed working age scheme, including changes

10. The full proposed new scheme is detailed at **Appendix 5**. The key elements are summarised below:

- Income Banded Scheme –
 - I. This allows for small fluctuations in a claimant's income without requiring the team to reassess their award every 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
 - II. The scheme allows for variation in household size with the levels of income allowed for each band increasing where an applicant has a partner, and / or dependants
- Income disregards – the scheme disregards certain types of income
 - I. To encourage work, a standard £25 a week disregard is provided against all earnings
 - II. Income from disability benefits such as Disability Living Allowance and Personal Independence Allowance is not counted
 - III. Where any applicant, their partner or dependant child(ren) are disabled, a disregard for a further £30 a week from their household income
 - IV. Carer's Allowance and the Support Component of Employment and Support Allowance is not counted
 - V. Child Benefit and Child Maintenance are not counted as income
 - VI. An amount of the housing element, within Universal Credit, is not counted
 - VII. All war pensions and war disablement pensions are not counted
 - VIII. 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 and 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.
- Simplified claims process – approximately 50% of claimants receive Universal Credit (UC). The DWP automatically notify of any new UC awards. In most cases, the notifications include enough information for the council to make an award without the need for a Council Taxpayer to make a separate claim
- Maximum award of 100% -
 - I. The most vulnerable taxpayers and those on the lowest incomes receive a 100% discount
 - II. The Council no longer has to recover small outstanding balances from those unlikely to afford their bills, which should help to reduce administration costs and improve collection rates
- Non-dependant deductions –
 - I. For each non-dependant in the property, a £10.00 a week deduction from the award of CTR will be taken
 - II. This ensures other adults living in the property contribute towards the Council Tax charge
 - III. a flat rate deduction as opposed to a tiered deduction, makes it easier for the Council Taxpayer to establish the value of the non-dependant deduction that will be made.
- Restriction of entitlement to Band D charge –
 - I. All CTR awards made will not pay more than a 100% charge of an equivalent Band D property
- One month backdate of claims –
 - I. Claims for CTR can be backdated for one month from the date a request to backdate is received
 - II. This ensures claims can start for periods prior to a taxpayer contacting the council

Impact analysis of the proposed changes

11. Work has been undertaken to understand the potential impact for both individual claimants and the council of implementing the proposed changes to the scheme. The results are summarised below and also within:

- **Appendix 1** which provides a full Equalities Impact Assessment

- **Appendix 4** which provides a more detailed impact analysis of the proposed changes

12. Summarised below are the key points from the data that will need to be considered when determining whether to implement each proposed change:

Part 1 – reducing the level of discount in bands 2, 3 and 4 to 50%, 25% and 10% respectively but retaining the maximum level in band 1 at 100% - £2.300m Saving

- The consultation asked the question of reducing Band 1 from 100% to 75%, following feedback and the responses received to the consultation, the reduction in the discount bands has been restricted to bands 2,3 and 4 to protect the most vulnerable taxpayers in Somerset. Therefore, Somerset Council will continue to pay a maximum of 100% through CTR towards a taxpayer's Council Tax charge.
- It is anticipated that this option will have an impact on working age claimants in bands 2, 3 and 4

Part 2 – introducing standard non-dependant deductions - £1.500m Saving

- Modelling data indicates the impact of the change would be proportionately greater on couples with either no child or a single child and on Passported and Disabled households
- The comparison in-year data with the other authorities indicates the vast majority currently apply non-dependant deductions. It is not known as to what other Local Authorities are planning for their respective CTR schemes for 2025/26.

Part 3 – Restricting support to a Band D Council Tax level - £0.086m Saving

- Modelling suggests this will only impact on a very small proportion of the existing caseload (263 out of approximately 18,000 cases), with the biggest impact being on lone parents with two or more children
- The comparison data indicates the majority of the other authorities do not currently apply a threshold. It is not known as to what other Local Authorities are planning for their respective CTR schemes for 2025/26.

Part 4 – Reducing the time a CTR award can be backdated

- This data is not currently collected in relation to the backdating of claims. However, it is estimated that this is a small proportion of the total new claims received.
- The comparison data with other councils indicates on average they currently limit backdating to a far shorter period. It is not known as to

what other Local Authorities are planning for their respective CTR schemes for 2025/26.

Implementing ALL of the proposed changes - £3.886m Saving

- Approximately 69% of working age claimants could be impacted by the proposed changes
- On average each claimant would be asked to pay an additional £415.48 a year in Council Tax

13. As stated above, the comparison data with other authorities indicates this would potentially have a increased impact on Council Tax collection rates.

14. The Council currently offers assistance to Council Taxpayers who find themselves in challenging circumstances with regard to paying their bill, some of which apply even if CTR is not in payment, all the while trying to distinguish between those who can't pay and those who won't pay.

- Creating affordable payment plans to suit both the taxpayer and the Council to either avoid arrears building or to collect arrears
- Checking a taxpayer's possible entitlement to DWP benefits to maximise their income
- Working closely with the Council Tax team to identify vulnerable residents who are in arrears to ensure details of their benefit claims remain correct and that those who aren't already in receipt of CTR are advised to claim.
- Reviewing CTR claims frequently to ensure the taxpayer is receiving the correct reduction
- Continued use of and referral to the Household Support Fund (HSF) to assist those most vulnerable with their finances. The Autumn Statement has confirmed the continuation of the HSF into 2025/26 and so this will continue to be built into plans
- Ensuring that Single Person Discounts are awarded to those who are eligible
- Financial assistance through Exceptional Hardship payments for those in most need.
- Signposting to agencies such as Citizen's Advice or financial assistance agencies for help so financial sustainability can be achieved

The proposed Exceptional Hardship (EH) scheme for 2025/26

15. The proposed scheme for 2025/26 is detailed at **Appendix 6**.
16. A summary of the amount spent on EH since 2023/24 is included in paragraph 41. Whilst the figures indicate a significant value in spend during 2023/24, they need to be treated with caution. Government provided additional one-off funding for 2023/24 of £0.872m, which was paid out through the EH scheme and which entirely covered the cost of the scheme for 2023/24. This included automatic one-off grants of £25 to each existing CTR claimant.
17. The changes proposed to the main CTR scheme means there is potential that an increase in EH applications during 2025/26 will be received. However, processes are in place to award an EH payment only where there are no other means of assistance available to the taxpayer. More details are given in paragraphs 44 to 46 of this report.
18. The only change proposed to the EH scheme is to move the Council's existing local discretionary provisions for providing discounts to Care Leavers, Foster Carers and Special Guardianships (as agreed by Somerset County Council on 23 November 2022) into the EH scheme effective from 01 April 2025. This replaces the arrangement agreed in 2022.
19. These discounts are currently provided for under Section 13A 1(c) of the Local Government Finance Act 1992, as amended, and as such are funded entirely by Somerset Council. Moving this provision into the EH scheme allows for this to be funded under Section 13A 1(a) of the Local Government Finance Act 1992 and thereby falls to be funded proportionally by all of the major precepting authorities.
20. This will result in a saving of 23.77% to Somerset Council in comparison to prior year awards. Below is a table showing expenditure on Care Leavers, Foster Carers and Special Guardianships discounts since 2023/24:

| Type of Discount | 2023/24 | 2024/25 (as at October 2024) |
|---|----------------|-------------------------------------|
| | £m | £m |
| Care Leavers | 0.183 | 0.262 |
| Foster Carers and Special Guardianships | 0.159 | 0.171 |
| Total | 0.342 | 0.433 |

21. The cost to Somerset Council of providing these discounts, had they been awarded through EH payments S13a(1)(a), would have been as follows:

| Type of Discount | 2023/24 £m | Savings Via Payment Through S13a(1)(a) £m | 2024/25 (as at October 2024) £m | Savings Via Payment Through S13a(1)(a) £m |
|---|---------------|--|------------------------------------|--|
| Care Leavers | 0.139 | 0.044 | 0.200 | 0.062 |
| Foster Carers and Special Guardianships | 0.121 | 0.039 | 0.130 | 0.040 |
| Total | | | | |

22. Therefore, a total saving of £0.184m could have been achieved had the discounts been paid via S13a(1)(a) rather than S13a(1)(c)

23. Specialist advisors have been consulted regarding the ability to amend the funding of these discounts. It has been confirmed that where the payments for these discounts are being provided through the EH scheme and not as a separate class within the CTR scheme itself, no consultation is required on this amendment.

Income Band Increases

24. The CTR scheme allows for the Council to increase the income bands used in the calculation of CTR by the appropriate level of inflation as decided by the Council.

25. For 2023/24, the decision was taken by full Council to increase the income bands for 2024/25 by the September 2023 rate of CPI (6.7%) which was the rate the Department for Work and Pensions (DWP) used when increasing state benefits for 2024/25.

26. Uprating the income band thresholds within the scheme by the same amount helps to protect the proportion of CTR received by existing claimants the majority of whom receive state benefits. The ability to uprate the income band thresholds is already provided for within The scheme and does not require consultation.

27. The September 2024 CPI rate is 1.7% and it was announced in the Autumn Statement on 30 October 2024 that the DWP will increase state benefits by 1.7% for 2025/26.

28. There are two main options to consider regarding this item:

- Option 1 – To retain the 2024/25 income band thresholds for 2025/26 – this option cannot be modelled under existing arrangements but as a result of state benefits increasing and income band thresholds not increasing, savings (which cannot be estimated) to the Council could be achieved. However, this could have a further impact on the most vulnerable working age claimants on top of the recommended policy changes
- Option 2 (recommended) – To increase the 2025/26 income band thresholds by the same increase applied by Government to state benefits (1.7%) – this option essentially protects existing working age claimants who are in receipt of state benefits from the impact of income inflation on their CTR entitlement. However, working age claimants who are in receipt of the National Living Wage, which Government have announced in the Autumn statement will rise by 6.7%, could see a reduction in the amount of CTR they receive (depending on their circumstances). Overall, with this option, the estimated cost of CTR, as a proportion of the gross debit would not rise and may reduce due to the impact of the increase in the National Living Wage on some existing claimants.

Links to Council Plan and Medium-Term Financial Plan

29. The CTR scheme represents a significant amount of the Council's spend each year and currently costs a total of £37.1m for both the working age and pension age schemes. An element of this cost is borne by the other major preceptors and the net cost to Somerset Council is £28.3m.

Other options considered

30. The alternative option is to simply renew the same scheme rules as are in use for the current financial year. This would deliver some savings as a result of not uprating the income band thresholds in line with inflation.

31. However, the appropriate level of required outcomes by full Council were not delivered through this option and so it was not considered a viable option.

Key considerations for the Council

Scrutiny comments / recommendations:

32. Scrutiny for Corporate and Resources considered the proposed changes and associated consultation questions at their meeting on 28 August 2024. The following comments were made:

- *Consideration should be given to setting a flat rate reduction, rather than a percentage of the Council Tax, as it may reduce the cost to administer the scheme.*
- *There is a risk that by reducing CTR it may result in an increased number of exceptional hardship claims.*
- *It should be incumbent on Councils to try to find savings within their own spending, rather than take it from residents, where possible.*
- *Grave concerns were raised for those people on low incomes that receive benefits that if the reduction is reduced from 100% to 75% it would result in some of the benefits they receive having to go on paying their Council Tax.*
- *The level of bad debt is likely to rise as a result.*
- *The Council Tax Reduction scheme needs to be more than “Adequate”*
- *It is important for the consultation that residents are aware that the figures quoted are based on the current level of Council Tax and not the likely level of Council Tax following the next years likely rise of 5%.*

33. Following these comments and discussion, Scrutiny for Corporate and Resources subsequently did not support option 1 (reduction in discount bands) with 7 in favour, 1 against and 1 abstention. However, options 2, 3 and 4 (introduction of a non-dependant deduction, restriction to Band D and restriction of backdating claims to one month) were supported by a majority of the Committee Members. These decisions can be viewed at [Decisions 28th-Aug-2024 Scrutiny Committee - Corporate and Resources](#), part A9.

34. This report is due to be considered by Scrutiny for Corporate and Resources on 25 November 2024. Due to the timings of report submittals, a verbal update will be provided at the Executive on 02 December 2024 regarding any comments made by Scrutiny at their meeting of 25 November 2024.

Consultation and feedback

35. Under Council Tax legislation a full public consultation exercise is required in respect of any major changes to the scheme. The Executive agreed at their meeting on 15 July 2024 to consult on four proposed changes to the scheme. These changes and the associated consultation questions are set out in **Appendix 3**. Full details of the background to the development of the proposed changes are included within agenda item six of the [Executive Agenda 15 July 2024](#)

36. The consultation exercise was run between 24 July 2024 and 1 October 2024. More information outlining the approach taken is detailed below. In total 1,720 responses were received to the consultation through the online portal, 2 letters, 7 e-mails and 43 comments on social media. Responses have been received from individual claimants, residents, stakeholders and preceptors. In addition, Scrutiny for Corporate and Resources considered the proposed changes at their meeting on 28 August 2024, as detailed in paragraphs 8, 32 and 33 of this report.

37. A response from Citizen's Advice was also received after the consultation period had ended. However, in agreement with the consultation team, the response has been included within Appendix 3 for completeness. Their response is based on the original paper that was presented to the Executive on 15 July 2024 and not the consultation questions that went live on 24 July 2024. As such, their response refers to 2 options for change that were removed from being consulted on.

38. A detailed summary of the consultation responses is outlined below and in **Appendix 3**. In summary the responses indicate that:

- 61% of the respondents did not think changes should be made to the CTR scheme to help balance the budget,
- 27% of the respondents supported the introduction of reduced level of discounts within the scheme,
- 45% supported the introduction of a non-dependant deduction,
- 63% supported the introduction of a limit on the amount of support available to those living in properties in Council Tax bands E, F, G and H,
- 55% supported reducing the amount of time a claim for CTR could be backdated, and
- 62% of the total survey respondents were currently in receipt of CTR.

Financial and Risk Implications

Financial implications

39. The current total spend on CTR is £37.1m across both the pension and working age schemes. The other major preceptors receive a proportion of this cost, the net total cost to Somerset Council is £28.3m. Of this £15.2m relates to the working age element of the scheme, which is the only area over which we have any control.

| 30 September 2024 | Caseload | Total cost £m | Cost to Somerset (76.23%) £m |
|-------------------------------|-----------------|--------------------------|---|
| Main CTR scheme (Pension Age) | 13,431 | 17.1 | 13.1 |
| Main CTR scheme (Working Age) | 18,314 | 20.0 | 15.2 |
| TOTAL | 31,745 | 37.1 | 28.3 |

40. It is estimated the proposed changes, if implemented, would have the following impact on the working age caseload and costs. (These figures are calculated using the current financial years Council Tax amounts and have been estimated based on the impact on the caseload for one of the legacy districts, which has then been extrapolated across the other legacy district areas.) Previous analysis of the caseloads across the 4 former districts IT systems gives confidence this extrapolation is accurate.

| | Caseload | Total cost £m | Cost to Somerset (76.23%) £m |
|--|----------|------------------|------------------------------------|
| Main CTR scheme (Working Age) – EXISTING RULES | 18,314 | 20.0 | 15.2 |
| Main CTR scheme (Working Age) – PROPOSED NEW RULES | 18,314 | 14.8 | 11.3 |
| REDUCTION | - | (5.2) | (3.9) |

Please note the modelling assumes the caseload will remain the same.

41. The expenditure on Exceptional Hardship is shown below:

| Financial Year | Payments Made £m |
|--------------------------|---------------------|
| 2023/24 | 0.804 |
| 2024/25 (as at 31/10/24) | 0.148 |

42. In 2023/24, Somerset Council received a payment of £0.872 from Central Government to assist people with their Council Tax bills and this was administered through the EH scheme.

43. Although it appears expected EH funds are increasing, it is important to note paragraphs 18 - 23 confirm the reasons for this increase and that funds for the Care Leavers, Foster Carers and Special Guardianships are being moved to the fund rather than being newly created expenditure.

Support and Help

44. In addition to the EH scheme, the Council remains committed to assisting taxpayers through all means to help in financial situations. This includes, but is not limited to:

- Creating payment plans with a frequency to suit both the taxpayer and the Council to either avoid arrears building or to address arrears that have built
- Maximising incomes by establishing possible entitlement to DWP benefits to achieve financial sustainability
- Working closely with the Council Tax team to identify vulnerable residents who are in arrears to ensure details of their benefit claims remain correct and that those who aren't already in receipt of CTR are advised to claim.

- Reviewing CTR claims frequently to ensure the most up to date information is being used to ensure the taxpayer is receiving the correct level of entitlement
 - Continued use of and referral to the Household Support Fund to assist those most vulnerable with their finances. The Autumn Statement has confirmed the continuation of the Household Support Fund into 2025/26 and so this will continue to be built into plans
 - Ensuring that Single Person Discounts are awarded to those who are eligible
 - Working closely with agencies such as the Department for Work and Pensions to identify forthcoming changes and the effects they will have on our residents so that mitigations can be considered.
 - Signposting to agencies such as Citizen's Advice for holistic debt help so that financial sustainability can be achieved
45. It is recognised that the circumstances of each individual taxpayer are not the same and so a 'one-size fits all' approach is not taken. Discussion will take place with each individual taxpayer and the most appropriate advice will be given to that person. Where it is appropriate to do so, the account of assisted individuals will be monitored to ensure that advised action has been taken. For example, a Council Tax Reduction claim has been made by the taxpayer where advised to do so, an agreed payment plan is being kept to by the taxpayer etc.
46. The service is continuing to change and improve and we will always look for additional ways of assisting the taxpayer to meet their commitments.

Risk Implications

47. The key risks associated with implementing the proposed scheme are detailed below.
48. a) Legal challenge to any changes introduced to the scheme for 2025/26. This has been mitigated through:
- Specialist external advice being taken to ensure compliance with Council Tax legislation
 - A full equalities impact assessment being completed
 - A detailed planning and extensive communication to publicise the consultation exercise
 - A full consultation being run over a 10-week period

Current Risk Score:

| | | | | | |
|-------------------|----------|---------------|----------|-------------------|-----------|
| Likelihood | 3 | Impact | 4 | Risk Score | 12 |
|-------------------|----------|---------------|----------|-------------------|-----------|

Projected risk score if recommended actions are agreed and delivered:

| | | | | | |
|-------------------|----------|---------------|----------|-------------------|----------|
| Likelihood | 2 | Impact | 4 | Risk Score | 8 |
|-------------------|----------|---------------|----------|-------------------|----------|

b) Implementing the proposed changes results in significant hardship, reduced collection rates and increased applications for EH payments. Whilst the ability to mitigate the impact would in practice be very limited as resource is limited, the team are able to:

- Request a significantly increased budget provision (within the collection fund) for EH payments

Current Risk Score:

| | | | | | |
|-------------------|----------|---------------|----------|-------------------|-----------|
| Likelihood | 5 | Impact | 4 | Risk Score | 20 |
|-------------------|----------|---------------|----------|-------------------|-----------|

Projected risk score if recommended actions are agreed and delivered:

| | | | | | |
|-------------------|----------|---------------|----------|-------------------|-----------|
| Likelihood | 4 | Impact | 4 | Risk Score | 16 |
|-------------------|----------|---------------|----------|-------------------|-----------|

c) Implementing the proposed changes results in increased customer complaints and adverse publicity for the Council. We will mitigate this through:

- Detailed planning and extensive communications to all customers affected by the changes
- Renewed and increased publicity of EH payments

Current Risk Score:

| | | | | | |
|-------------------|----------|---------------|----------|-------------------|-----------|
| Likelihood | 4 | Impact | 4 | Risk Score | 16 |
|-------------------|----------|---------------|----------|-------------------|-----------|

Projected risk score if recommended actions are agreed and delivered:

| | | | | | |
|-------------------|----------|---------------|----------|-------------------|----------|
| Likelihood | 2 | Impact | 2 | Risk Score | 4 |
|-------------------|----------|---------------|----------|-------------------|----------|

Legal and Procurement Implications

49. A Council Tax Reduction 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.

50. The Council is obliged, at the latest, to make a resolution by 11 March of the financial year prior to the scheme coming into place. Where the council does not do so, then the existing scheme rules would continue to operate by default. In practice the resolution needs to be made well in advance of 11 March to allow time for the required IT system changes to be implemented and tested prior to running the annual billing processes in February.

HR / Workforce Implications

51. There are no HR implications resulting from this proposal. This is because the recommendation refers to a policy change only and the processes of calculating CTR.

Equalities Implications

52. The CTR scheme provides support to Council Tax payers who are on low incomes. Any changes proposed to the scheme, particularly where they will result in reductions to the support provided, can have significant detrimental implications. Many of the claimants have protected characteristics. Consequently, a full Equalities Impact Assessment (EIA) has been carried out in respect of the proposed new scheme. This is set out at **Appendix 1**.

53. The EIA has identified the proposed changes will have either a neutral or negative impact on all CTR recipients. This is because the changes proposed will reduce awards of CTR, not increase them.

54. In particular, the EIA, set out at **Appendix 1**, identifies there are potential disproportionate impacts on the following groups with protected characteristics:

- Age – these changes can only apply to the working age scheme and consequently will impact disproportionately on that group
- Disability - whilst precise data is not held on the impact, it is known that a large number of claimants receive disability benefits. Whilst disregards will continue to apply to a number of these benefits, there will be cases where people with a disability will receive a reduction in their CTR. The impact of any such reduction is likely to be proportionately higher for a disabled claimant due to increased living costs and because this group is also more likely to have a non-dependant living with them to provide care and support
- Race and ethnicity – a proportion of those that responded who were not White British and in receipt of CTR said that the introduction of a non-dependant deduction would negatively impact them. The Office of National Statistics (ONS) in 2021 suggests that Asian or Asian British residents are more likely to live in a multi-generational household, and as such are more likely to be impacted by these changes.
- Sex – the greater proportion of claimants are females. Therefore, it is reasonable to assume that reducing the amount of CTR payable will have a disproportionate impact on this group
- Others e.g. carers, low income, rurality/isolation etc - as CTR is based on a claimant's income, the changes will impact people on low incomes. All working age taxpayers currently getting CTR in discount bands 2, 3 and 4 will see a reduction in the amount of CTR they get.

55. Mitigation actions have been identified and are outlined in the EIA at **Appendix 1**. These will largely be reliant on greater use of the EH scheme and this report identifies where greater budget provision will need to be made for this.

Community Safety Implications

56. There are no direct implications for community safety. However, CTR provides support for people on low incomes.

Climate Change and Sustainability Implications

57. There are no significant climate change and sustainability implications resulting from this proposal. This is because the recommendation refers to a policy change only and the processes of calculating CTR.

Health and Safety Implications

58. The proposed changes, if implemented in full, are likely to see significant cuts in the amount of support provided to people on low incomes. This in turn is likely to increase the amount of debt enforcement action that will need to be undertaken and could lead to increased contact from customers who are struggling to pay.

59. Debt enforcement contact and conversations are inherently not easy because payment is being sought from people who in many instances may have some difficulty. A proportion of these conversations can result in staff being verbally abused and in extreme cases being threatened or assaulted. There could be an increase in the work pressure for the staff.

60. Staff are trained to deal with difficult situations and there are escalation measures in place to deal with such situations, including but not limited to referral to senior officers.

61. Reference to Somerset Council's Health and Safety Manual – Work Related Violence HS 011 has also been made to ensure the safety of officers. The policy can be found here: [Somerset Council Health and Safety Manual - Work Related Violence](#)

Health and Wellbeing Implications

62. The changes recommended to the CTR scheme, if implemented in full, could result in a significant reduction in the amount of support provided to people on low income. This could have significant implications for the health and wellbeing of those detrimentally affected by these changes.

63. The impact analysis that has been undertaken, which is detailed at **Appendix 4**, provides information about how these changes will potentially impact on the different claimant groupings.

Social Value

64. See above comments under Health and Wellbeing.

Background Papers

65. Agenda item 6, Paper B in the [Full Council Agenda 20 December 2023](#)

66. Agenda item 6 in the [Executive Agenda 15 July 2024](#)

67. Agenda item 9 in the [Scrutiny Committee - Corporate and Resources report 28 Aug 2024](#)

Appendices

- **Appendix 1** - Equalities Impact Assessment
- **Appendix 2** - Somerset Scheme Headline Data 2022/23 to 2024/25
- **Appendix 3** - Consultation exercise response and conclusions summary
- **Appendix 4** - Detailed impact analysis of the proposed changes
- **Appendix 5** - Proposed CTR scheme for 2025/26
- **Appendix 6** - Proposed Exceptional Hardship Scheme for 2025/26

Report assurance checklist ahead of report publication (for Audit, Executive, Full Council and Scrutiny Committees)

| | Officer Name | Date Completed |
|---------------------------------|------------------------|----------------|
| Legal & Governance Implications | David Clark/Jill Byron | 19/11/2024 |
| Finance & Procurement | Nicola Hix | 13/11/2024 |
| Workforce (*) | Dawn Bettridge | N/A |
| Asset Management (*) | Simon Lewis | N/A |
| Executive Director | Maria G Christofi | 14/11/2024 |
| Executive Lead Member | Cllr Liz Leyshon | 14/11/2024 |
| Consulted: | Councillor Name | |
| Local Division Members | | N/A |
| Opposition Spokesperson(s) | Cllr Diogo Rodrigues | 20/11/2024 |
| Relevant Scrutiny Chair(s) | Cllr Bob Filmer | 20/11/2024 |

Note:

Directors may nominate additional officers to act on their behalf




(*) – these areas only need to be consulted on proposals if the proposals have workforce or asset management implications

Reports will not be published if assurance checklist has not been adequately completed – report author to liaise with Democratic Services well ahead of publication deadlines

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

| | | | | | | |
|--|---|-----|--|------------------------|--|----|
| Organisation prepared for (mark as appropriate) |  Somerset Council | Yes |  NHS Somerset | No |  NHS Somerset NHS Foundation Trust | No |
| Version | 1.0 | | Date Completed | 6 November 2024 | | |
| Description of what is being impact assessed | | | | | | |
| <p>Council Tax Reduction (CTR) is an income-related local discount scheme operated by Somerset Council to help people on low incomes pay their Council Tax bill. Local arrangements have been in place since 1 April 2013 following the abolition of the former nationally prescribed scheme known as Council Tax Benefit.</p> <p>The CTR rules for people who have reached state pension age are set by central Government. Somerset Council is responsible for designing a CTR for working-age people. The current scheme is an income banded discount scheme where a discount is awarded to a taxpayer based on their weekly income and their family composition.</p> <p>This assessment looks at the impact of reducing the support available through CTR to working-age people by:</p> <ul style="list-style-type: none"> • Reducing the discounts available from 100%, 75%, 40% and 25% to 100%, 50%, 25% and 10% respectively; • Introducing a flat-rate non-dependant deduction of £10 a week for each non-dependant living in the home (such as a grown-up son or daughter or other adult family member who could be contributing to the household income, such as paying 'house-keeping') • Limiting the amount of support for those living in properties banded E, F, G or H for Council Tax to the maximum equivalent of a Band D property (this means those living in such properties will get their discount based on a percentage of what their bill would be if they lived in a Band D property and so would have to pay more Council Tax as a result) • Reducing the amount of time we can backdate a claim for CTR from 12 months to one-month | | | | | | |

Evidence

What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the [Office of National Statistics](#), [Somerset Intelligence Partnership](#), [Somerset's Joint Strategic Needs Analysis \(JSNA\)](#), Staff and/ or [area profiles](#), should be detailed here

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.

Evidence from the Office of National Statistics (ONS) has also been referenced.

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?

A ten-week public consultation was undertaken on the proposed changes, which included proposals to reduce the maximum discount available for those on the lowest incomes from 100% to 75%. Each of the 18,000 customers getting working-age CTR was written to, as well as major preceptors and key stakeholders and invited them to respond. 1,720 responses were received to the formal consultation questionnaire.

In summary:

- 62% of respondents were getting CTR
- 61% did not think the Council should make changes to the CTR to help it balance their budget
- 27% of the respondents supported the introduction of reduced level of discounts within the scheme
- 45% supported the introduction of a non-dependant deduction
- 63% supported the introduction of a limit on the amount of support available to those living in properties in Council Tax bands E, F, G and H
- 55% supported reducing the amount of time a claim for CTR could be backdated

Analysis of impact on protected groups

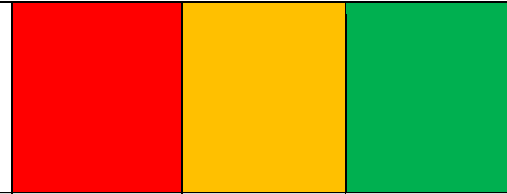
The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail 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 (including Care Experienced) | <ul style="list-style-type: none"> The CTR scheme for people who have reached state pension credit age is set by central Government; as such these proposals will not affect pensioners. An estimated 12,633 working age customers currently getting CTR (69% of the working age caseload) will see a reduction in the amount of CTR they get and will have to pay more Council Tax (on average £7.99 a week or £415 a year) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Disability | <ul style="list-style-type: none"> These proposals will disproportionately affect claimants with this characteristic. 45% of working age claimants (8,194) are either disabled or live with someone with a disability. <ul style="list-style-type: none"> 68% of these (5,606) will see a reduction in their CTR through these changes (losing on average £9.03 a week or £470 a year) 20% will have a weekly non-dependant deduction applied, where the non-dependant(s) living with them may be there to provide support and help with the general needs of that person. 83% of respondents to the consultation who classed themselves as disabled and in receipt of CTR said the proposals to introduce a non-dependant deduction would negatively impact them. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | |
|---------------------------------------|--|-------------------------------------|-------------------------------------|--------------------------|
| Gender reassignment | <ul style="list-style-type: none"> • CTR is based on income and family make-up. Data is not held on the numbers in this protected group claiming CTR. The changes don't specifically target this group and there is no evidence currently to suggest they will disproportionately disadvantage claimants with this characteristic. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Marriage and civil partnership | <ul style="list-style-type: none"> • CTR is based on income and family make-up. The changes don't specifically target this group and there is no evidence currently to suggest they will disproportionately disadvantage claimants with this characteristic. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Pregnancy and maternity | <ul style="list-style-type: none"> • Data is not held on the numbers of claimants with this characteristic. • Pregnancy is not relevant in the assessment of CTR. Once a child is born, the claimant's income allowance will increase if it is their first or second child. There is no evidence currently to suggest they will disproportionately disadvantage claimants with this characteristic. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Race and ethnicity | <ul style="list-style-type: none"> • Data is not held on the numbers of claimants with this characteristic. • According to ONS, a multi-generational household is a household where people from more than two generations of the same family live together. This includes households with grandparents and grandchildren, even if the intervening generation doesn't live in the household. • Asian or Asian British claimants are more likely to live in multi-generational households (ONS, 2021) and are therefore more likely to have a non-dependant living in the household. Therefore, the introduction of the non-dependant deduction could disproportionately disadvantage claimants with this characteristic. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | | |
|--|---|---|---|---|
| | <ul style="list-style-type: none"> 32% of respondents to the consultation who were not white-British and getting CTR said the proposals to introduce a non-dependant deduction would negatively impact them. | | | |
| Religion or belief | <ul style="list-style-type: none"> Data is not held on the numbers in this protected group. The proposals do not target this specific group. The impact identified above for race and ethnicity could apply to claimants with this characteristic (multi-generational households). | ☒ | ☐ | ☐ |
| Sex | <ul style="list-style-type: none"> The majority of CTR claimants are female (either single, a lone parent or part of a couple). Consequently, more females will be impacted by the changes than males. | ☒ | ☐ | ☐ |
| Sexual orientation | <ul style="list-style-type: none"> Data is not held on the numbers in this protected group. There is no evidence to suggest the changes will disproportionately disadvantage claimants with this characteristic. | ☐ | ☒ | ☐ |
| Armed Forces (including serving personnel, families and veterans) | <ul style="list-style-type: none"> Data is not held on the numbers in this protected group getting CTR. The current scheme provides for specific disregards of certain incomes for veterans and will continue to do so. No evidence suggests the changes will disproportionately disadvantage claimants with this characteristic. | ☐ | ☒ | ☐ |
| Other, e.g. carers, low income, rurality/isolation, etc. | <ul style="list-style-type: none"> As CTR is based on a claimant's income, the changes will impact people on low incomes. 69% of those of working age currently getting CTR will see a reduction in the amount of CTR they get and will have to pay more Council Tax (on average £7.99 a week or £415 a year) 70% of respondents to the consultation who said they cared for someone said the proposals would negatively impact them. | ☒ | ☐ | ☐ |

- 32% of respondents to the consultation who said they did not live in a town or city said the proposals would negatively impact them.



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 |
|--|------------|----------------------------|--|--------------------------|
| All claimants who will see a reduction in their CTR from 1 April 2025 as a result of these changes will be written to at least 4 weeks before they receive their Council Tax bill for 2025-26 to explain the changes and promote our Exceptional Hardship scheme | 09/02/2025 | Shaun Warren / Simon Doyle | Will form part of year end project plan to create new year bills | <input type="checkbox"/> |
| Monitor uptake of Exceptional Hardship scheme to identify if those losing out from the proposals have made claims for additional relief. | 30/06/2025 | Shaun Warren / Simon Doyle | Monthly reporting | <input type="checkbox"/> |
| Monitor impact of changes on Council Tax collection rates and report if the proposals are having a detrimental effect on collection and cashflow, as well as costs associated with collection and administration. | 30/06/2025 | Shaun Warren / Simon Doyle | Monthly reporting | <input type="checkbox"/> |

If negative impacts remain, please provide an explanation below.

The Council will continue to operate its Exceptional Hardship scheme to provide additional relief from Council Tax for those individuals who are struggling to pay their Council Tax bill and who meet the criteria set out in the scheme.

Completed by:

Simon Doyle, Benefits Specialist

| | |
|--|--|
| Date | 6 November 2024 |
| Signed off by: | Shaun Warren, Interim Head of Revenues and Benefits |
| Date | 6 November 2024 |
| Equality Lead sign off name: | Tom Rutland, Public Health Promotion Manager - Equalities |
| Equality Lead sign off date: | 6 November 2024 |
| To be reviewed by: (officer name) | Shaun Warren |
| Review date: | 31 August 2025 |

APPENDIX 2

Somerset Scheme Headline Data 2022/23 to 2024/25

| Area | 2022/23 ¹ | | 2023/24 | | 2024/25 ² | |
|---|----------------------|----------|-------------|----------|----------------------|----------|
| | £ / % | Caseload | £ / % | Caseload | £ / % | Caseload |
| Pension age scheme | £16,176,012 | 13,928 | £16,039,685 | 13,444 | £17,049,529 | 13,431 |
| Working age scheme | £16,654,673 | 19,627 | £18,790,962 | 18,286 | £19,957,422 | 18,314 |
| Combined pension & working age | £32,830,685 | 33,555 | £34,830,647 | 31,730 | £37,006,951 | 31,745 |
| Overall CTR (i.e. pension & working age) as a percentage of gross debit | 7.25% | | 7.34% | | 7.37% | |
| Working age only CTR as a percentage of gross debit | 3.68% | | 3.96% | | 3.96% | |
| In-year collection rate | 96.85% | | 96.68% | | Not available yet | |

¹ The scheme for the 2022/23 financial year preceded the unitary council, so we have used data from the former district councils where available.

² The 2024/25 is obviously ongoing so not all of the data is available yet. In addition, it should be noted that caseload volumes fluctuate during the year and we anticipate that they will reduce over the course of the full year. Data supplied as at 01/09/24.

| Area | 2022/23 ¹ | | 2023/24 | | 2024/25 ² | |
|--|----------------------|----------|-------------|----------|----------------------|----------|
| | £ / % | Caseload | £ / % | Caseload | £ / % | Caseload |
| Exceptional Hardship applications ³ | £190,125.94 | 849 | £804,413.16 | 923 | £97,540.13 | 217 |

³ We received additional one-off Council Tax Support funding from Govt. for 2023/24 of £872k. £363k was used, as required by Govt. to make one-off payments of £25 to each CTR claimant. The balance was used to fund Exceptional Hardship applications.

Consultation exercise response & conclusions summary

Consultation exercise response & conclusions summary.

In November 2023, Somerset Council declared a financial emergency due to increasing costs of providing key services and agreed to a number of actions to reduce spending.

This included a commitment to consult with the public on potential changes to the Council Tax Reduction (CTR) scheme. Council Tax Reduction is a discount offered for Council Taxpayers on low incomes. The proposed changes would only apply to working age adults – the support provided for pensioners would not be affected as the rules for pensioners are set by Government.

The consultation was launched on 24 July 2024 and ran until 01 October 2024. This was promoted through a variety of online and offline channels and by writing to all current service users.

The consultation received 1720 responses from the online survey. In addition to this, comments were also received via 2 letters, 7 emails and 43 comments on social media.

Of the responses submitted:

- 1665 (96%) were residents of Somerset,
- 1065 (62%) were Council tax payers currently receiving some CTR
- 627 (36%) were Council tax payers not receiving CTR
- 7 (0.4%) were from organisations, groups or businesses
- 21 (1%) from councillors/Somerset Council employees.

Communications and promotion.

To reach as many residents as we could and secure a high response the consultation was promoted through the following channels:

- Press release.
- Dedicated page of Somerset Council website.
- Multiple posts on all Council social media platforms.
- Somerset libraries.
- Cascaded through elected members, staff and partner organisations.

Analysis.

The survey explained the following proposals and gave examples of how CTR recipients could be affected by them. Respondents were also asked to rate the impact of each proposal on their household and the wider community.

| Recommendations for change: |
|--|
| <p>Part 1 - Reducing the level of discount available within the working age Council Tax Reduction Scheme. CTR recipients can currently receive 100%, 75%, 40% or 25% discount based on household income. Under the proposal the level of support would reduce to 75%, 50%, 25% and 10%.</p> |
| <p>Part 2 - Introducing standard non-dependant deductions. Currently no deduction is made for a non dependant adult resident. Under this proposal a rate of £10 a week deduction per non dependant would be introduced.</p> |
| <p>Part 3 - Restricting support to Band D Council Tax levels. Under the proposal the level of support would be limited to the council tax charge for a Band D property. Therefore, anyone living in Band E F G or H would have their support limited to the amount for Band D.</p> |

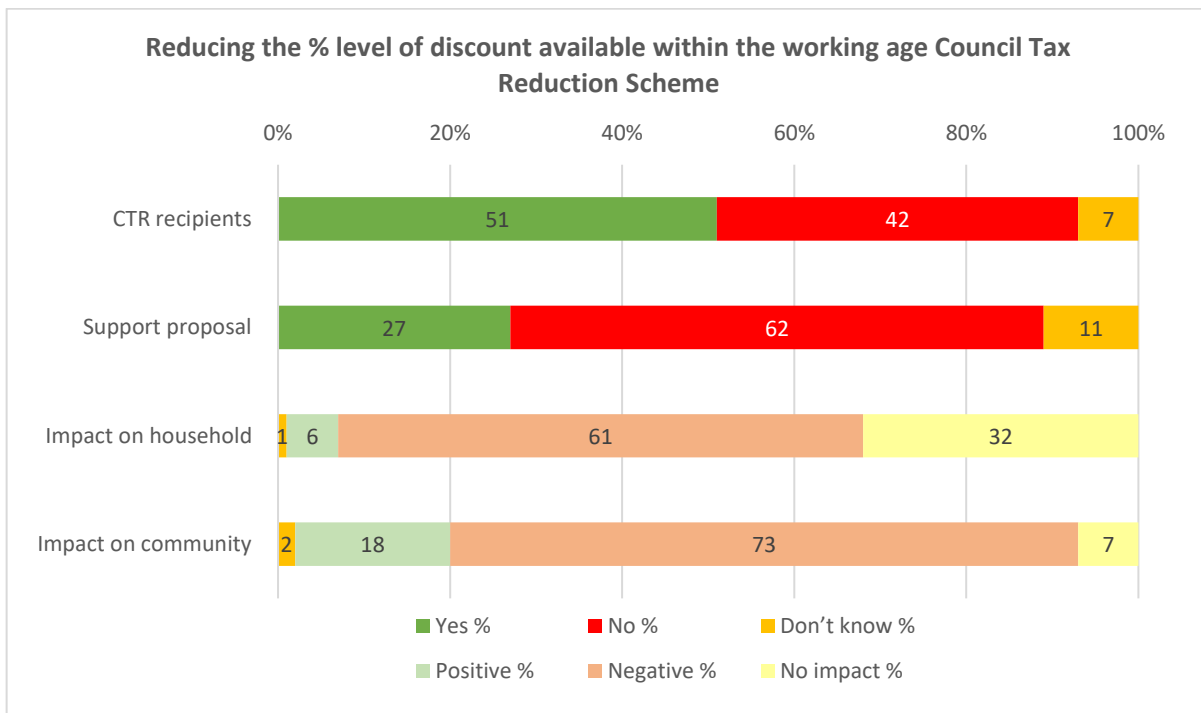
Part 4 - Reducing the length of time the Council can backdate an award of Council Tax Reduction.

Currently a claim for CTR can be backdated for up to 12 months from the date it was made. Under this proposal the period of backdating would be reduced to 1 month.

| Overall results | % in support of proposal |
|---|--------------------------|
| Part 1 - Reducing the level of discount available within the working age Council Tax Reduction Scheme. | 27 |
| Part 2 - Introducing standard non-dependant deductions. | 45 |
| Part 3 - Restricting support to Band D Council Tax levels. | 63 |
| Part 4 - Reducing the length of time the Council can backdate an award of Council Tax Reduction. | 55 |
| 61% of the respondents did not think changes should be made to the CTR scheme to help balance the budget | |

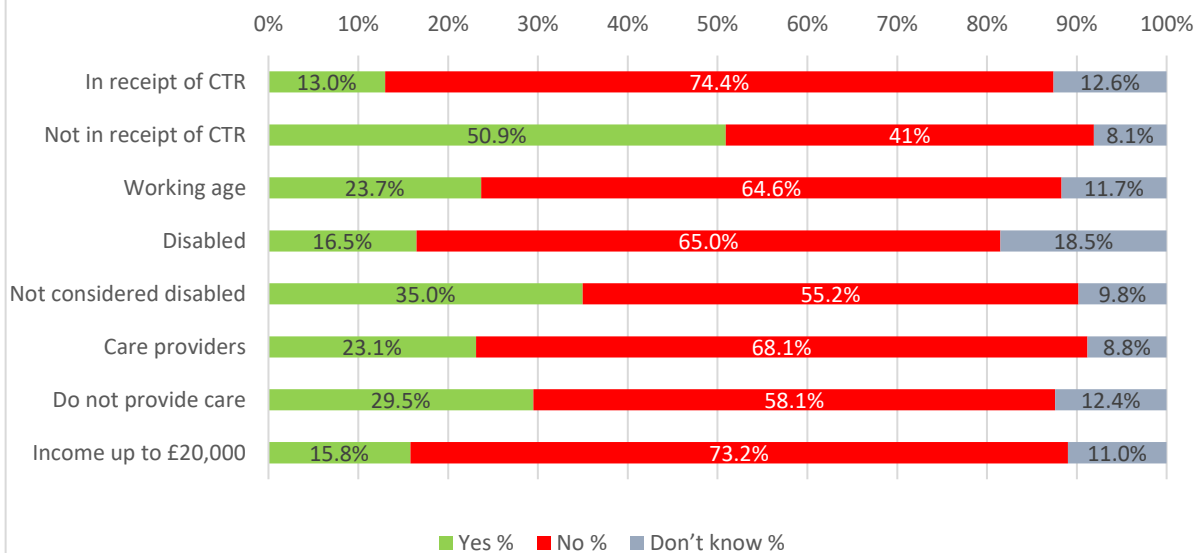
Part 1 - Reducing the % level of discount available within the working age Council Tax Reduction Scheme

This graph shows a breakdown of the responses to Part 1 and details how recipients feel the proposal would impact them and the community.



This chart highlights the support for proposal 1 from various groups of respondents. Overall, the majority did not support this proposal, this is particularly evident from those considered most vulnerable in the community – those that are considered to have a disability, provide care or have a low household income.

Support part 1 - Reduce the % level of discount responses



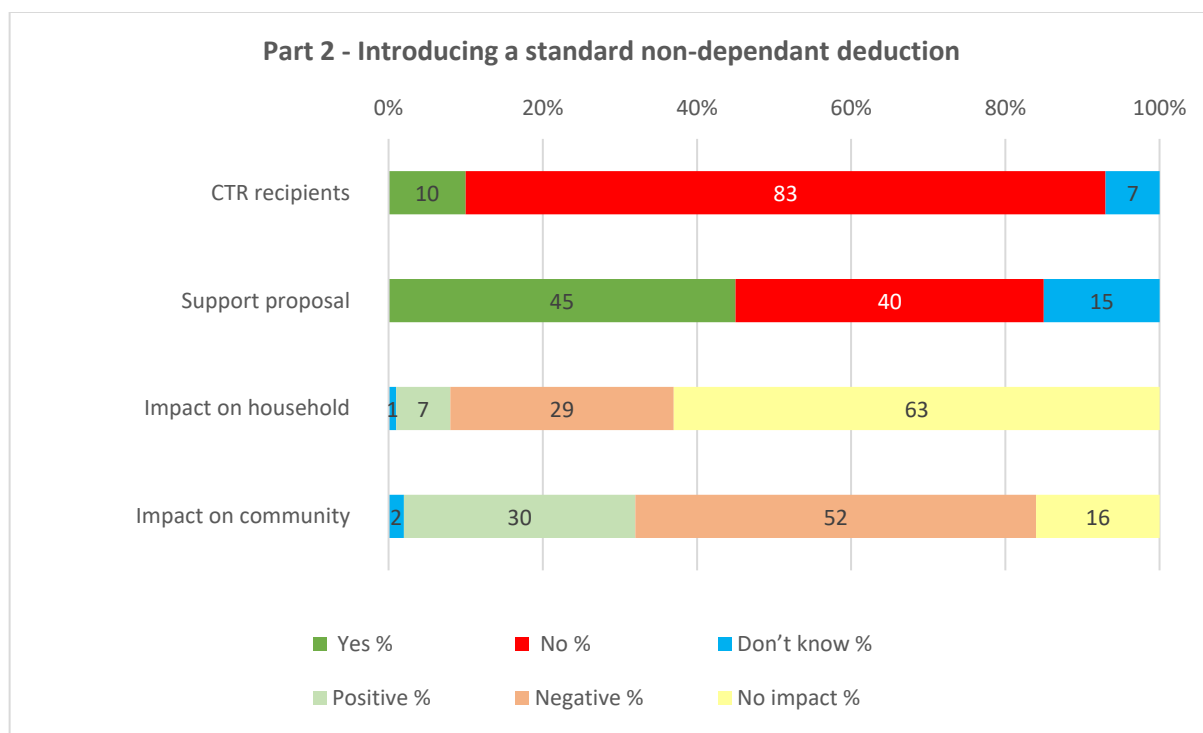
Key themes from those that disagree include:

- Taking more money from the poorest is “quite shocking” “unbelievable” “not fair” “not morally right” “shameful”
- Reducing the amount of support on the lowest paid in the community would only mean an increase in arrears
- Reducing the support for those on low incomes will lead to more children going hungry, increased used of food banks, increased debts and potentially homelessness
- Many respondents confirmed they are already struggling to pay their council tax and do not know what they would do if their support was reduced or stopped
- Single parents and disabled people need more protection
- The 100% band should remain and protect the lowest incomes

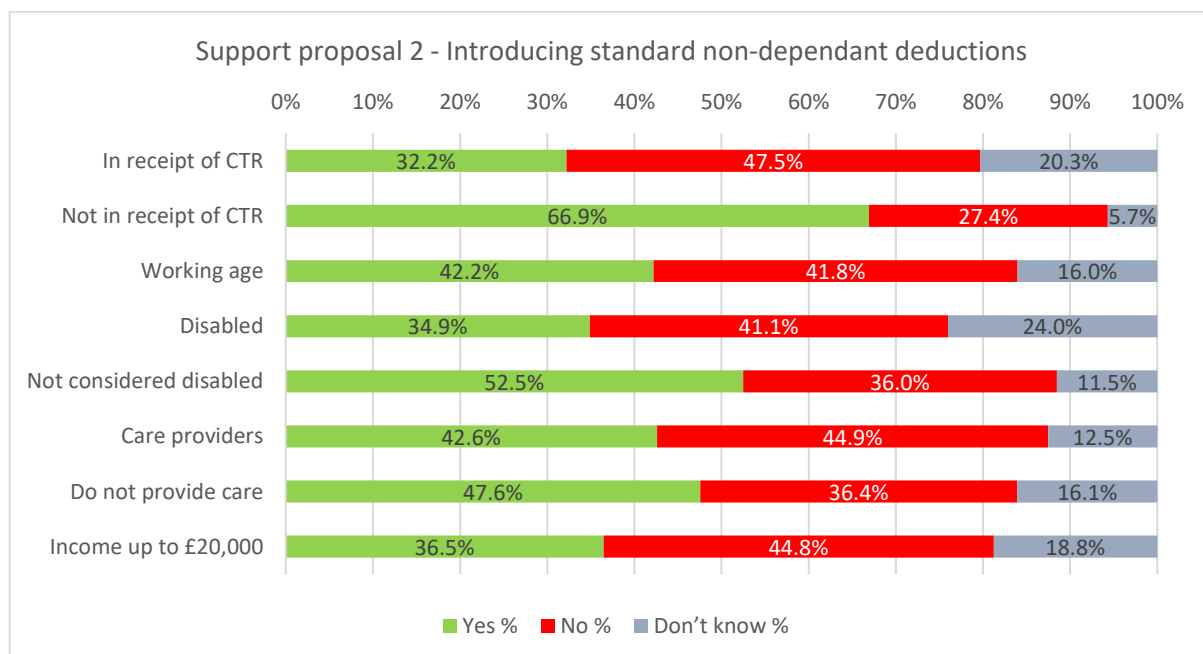
A few respondents were in support of everyone paying something and others agreed but suggested the percentage reductions were too steep and should be reconsidered.

Part 2 - Introducing standard non-dependant deductions

This graph shows a breakdown of the responses to Part 2 and details how recipients feel the proposal would impact them and the community.



This chart highlights the support for proposal 2 from various groups of respondents. Overall, those that were not currently in receipt of CTR and those that were not considered disabled supported this proposal.



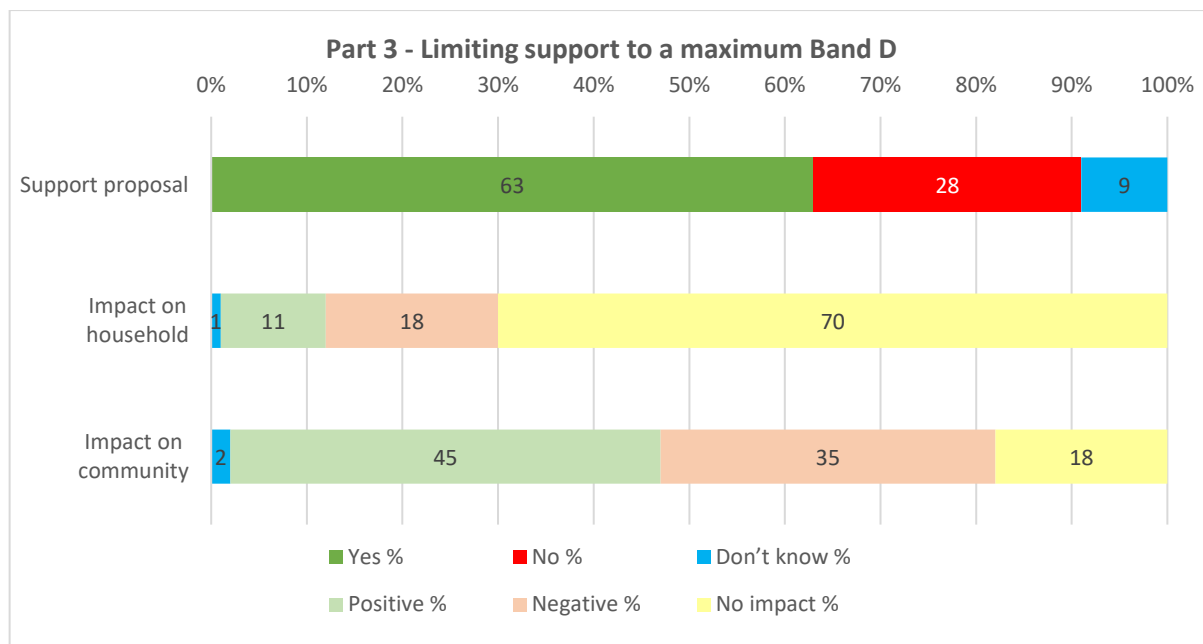
Key themes from those that support the proposal include:

- **Having a flat rate deduction would be a good idea**
- **Its fair that resident adults should all contribute**

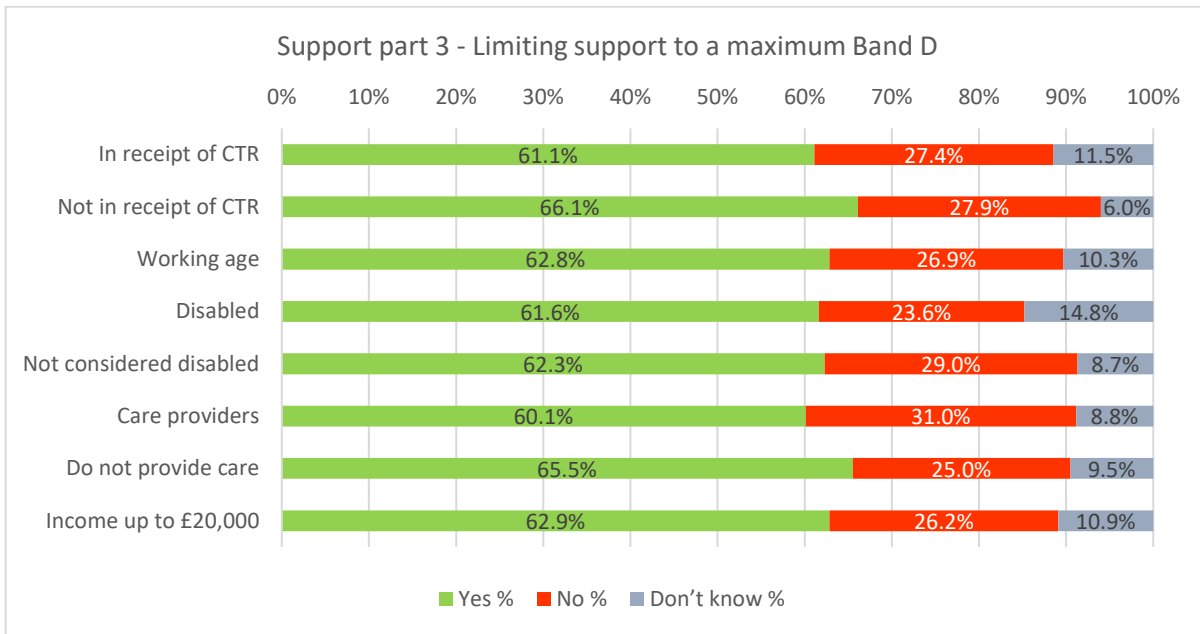
Some questioned how young adults can save to rent or buy their own place when house prices are so high and others commented that adult children live with disabled parents or disabled adults live with their parents to provide care and should not be penalised.

Part 3 – Limiting support to Band D Council Tax levels

This graph shows a breakdown of the responses to Part 3 and details how recipients feel the proposal would impact them and the community.



This chart highlights the support for proposal 3 from various groups of respondents. Overall, all groups were in support of proposal 3.



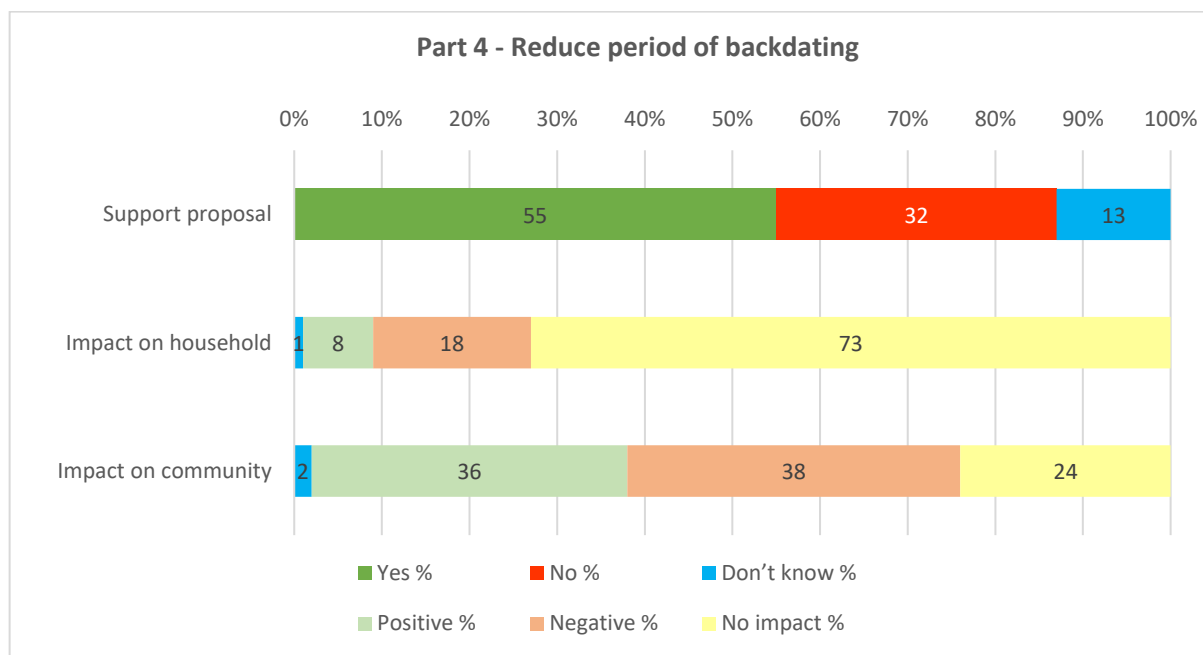
Key themes from those that support the proposal include:

- **People in higher bands should be able to afford to pay more**

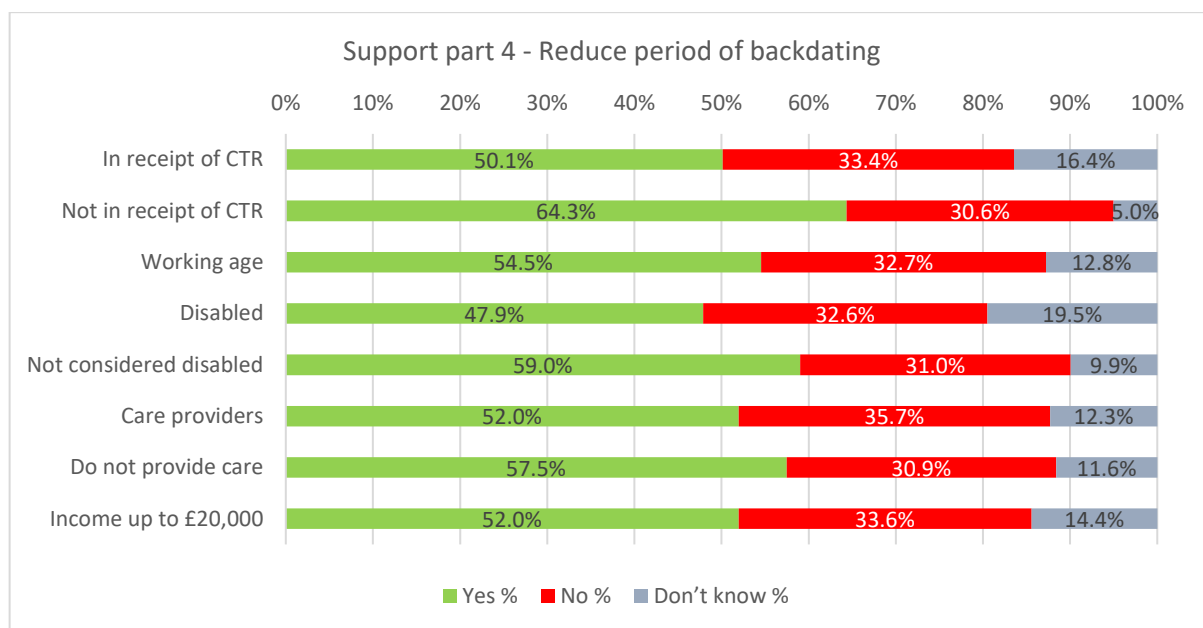
Some commented that they are tied into larger properties either by tenancy, purchased when they could afford it or due to family size and already cannot afford the council tax. Others stated everyone should receive the same % regardless of the size of their home.

Part 4 - Reducing the length of time the Council can backdate an award of Council Tax Reduction

This graph shows a breakdown of the responses to Part 4 and details how recipients feel the proposal would impact them and the community.



This chart highlights the support for proposal 4 from various groups of respondents. Overall, all groups were in support of proposal 4, apart from those that are considered to have a disability.

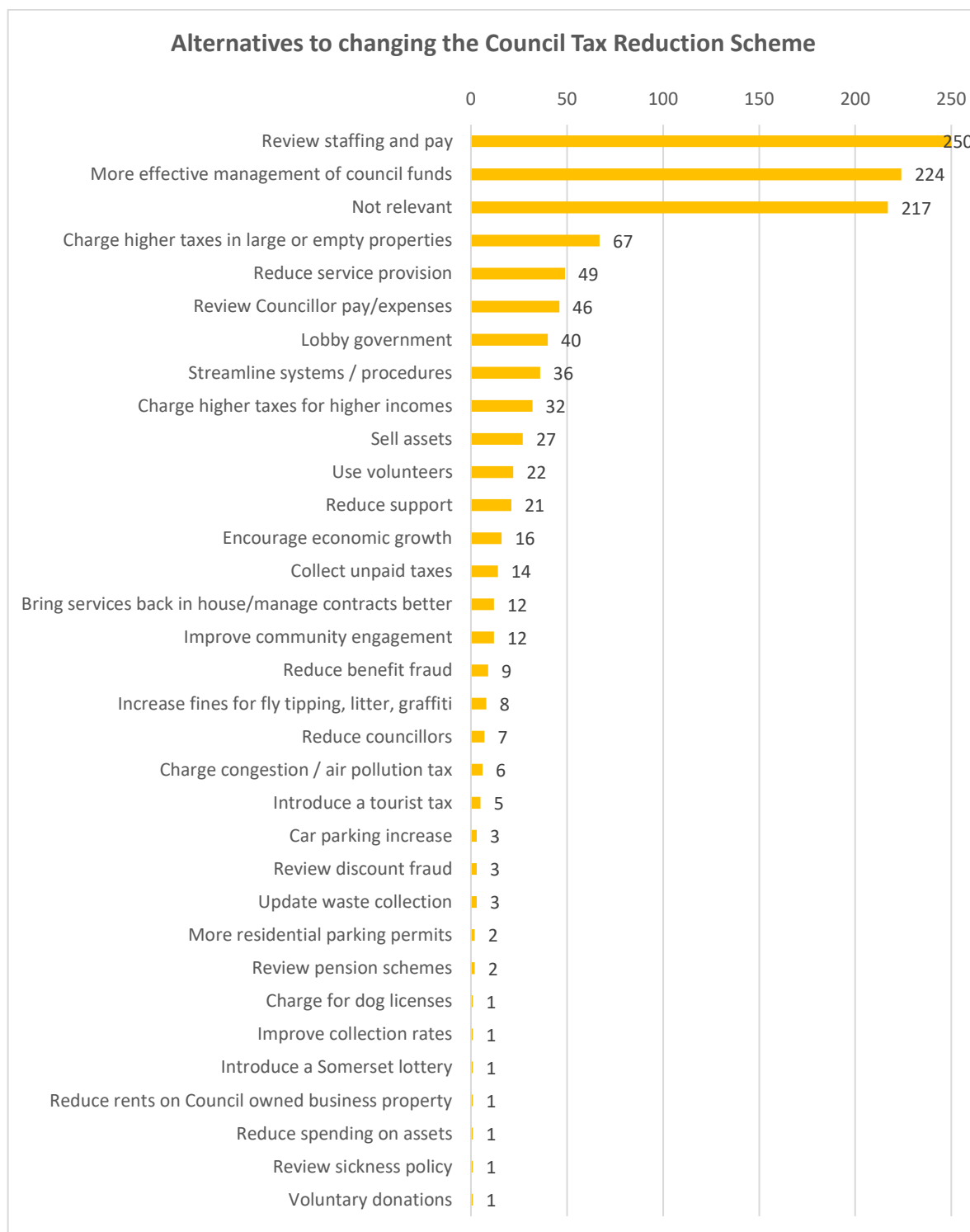


Key themes from those that support the proposal include:

- This is a good idea and makes sense
- The maximum period should be reduced but many stated they thought 3 months would be more reasonable

Alternatives to changing the Council Tax Reduction Scheme

In addition to asking respondents for their thoughts on the proposal, they were given the option to suggest alternative ways to achieve the savings. The chart below summarises the responses.



In addition to these comments 58 respondents confirmed they were already struggling to pay council tax, 53 suggested people needed more support and 50 comments were made suggesting applicants with a disability (or disabled person resident at the claim address) need more protection.

22 comments were received confirming they supported the proposal, 11 said everyone should pay the same and 8 commented the scheme was not progressive enough.

Age

Of the responses received:

- 1% were aged 16-24 years
- 8% were aged 25-34 years
- 26% were aged 35-49 years
- 44% were aged 50-64 years
- 15% were aged 65+ years
- 6% preferred not to say or didn't answer

Disability

Of the responses received:

- 36% said they had a disability
- 52% said they didn't have a disability
- 12% preferred not to say or didn't answer

Race and ethnicity.

Of the responses received:

- 87.51 % were white British or white other
- 0.87% were mixed or multiple ethnicity
- 0.29% were Black/African/Caribbean
- 0.17% were Asian
- 0.23% were another ethnic group
- 10.93% preferred not to say or didn't answer.

Sex

Of the responses received:

- 28% identified as a man
- 61% identified as a women
- 1% identified in some other way
- 10% preferred not to say or didn't answer

Sexual orientation

Of the responses received:

- 3% were bisexual
- 2% were gay
- 73% were heterosexual
- 1% were lesbian
- 20% preferred not to say or didn't answer

Carers

Of the responses received:

- 32% provided care for someone who had some form of disability
- 59% didn't provide care
- 9% preferred not to say or didn't answer

Rurality

Of the responses received:

- 66% stated they lived in a town or city
- 27% stated they didn't live in a town or city
- 7% preferred not to say or didn't answer

Statistical Representativeness.

There are currently around 250,000 council tax payers in Somerset and 18,300 working age tax payers receiving CTR. So, the consultation exercise drew the responses of 0.6% from tax payers and 5.7% from CTR claimants. With these figures it is difficult to say how statistically representative the exercise was.

Nevertheless, the Council can be content that the exercise was well prepared and delivered and there is no reason not to believe that the survey responses do not reflect those especially of Somerset CTR residents.

Conclusion.

The consultation exercise carried out showed a lack of support for reducing CTR to help balance the budget.

There was very little support for part 1.

The responses for parts 2, 3 and 4 were mixed but in support of the proposals on the whole.

Council Tax Reduction Scheme 2025/26 Consultation

Overview

Background – our financial emergency

In November 2023, Somerset Council declared a financial emergency due to the increasing costs of providing many services, including social care.

We were able to set a budget for this coming financial year (2024-25) by taking a number of difficult decisions to find savings by reducing services or raising fees and charges.

We also need to use £81.9m of one-off funding. This includes spending reserves (a council's equivalent of savings) and selling assets or borrowing to pay for everyday running costs.

As many of these measures are one-off, this means our financial challenges will continue into the future, with a projected gap of £103.9m for 2025-26.

We know we need to find further savings and Councillors have already agreed to ask the public for views about possible changes to the Council Tax Reduction Scheme for 2025/26.

What is Council Tax?

Council Tax is a property-based tax which all householders (both homeowners and tenants) normally have to pay if they are over 18.

A full Council Tax bill is based on at least 2 adults living in a home. Spouses and partners who live together are jointly responsible for paying the bill.

What is the Council Tax Reduction Scheme?

If you are on a low income, you can apply for Council Tax Reduction. This means that you pay less in Council Tax.

The Government makes the rules for how much Council Tax Reduction low-income pensioners could get. Somerset Council makes the rules for how much Council Tax Reduction working age residents on a low income could get.

The purpose of this consultation is to ask for your views on possible changes to Council Tax Reduction support for working age residents.

The support provided for pensioners will not be affected

What changes are being considered?

We recognise the value of the Council Tax Reduction Scheme to residents on low incomes. However, due to our financial situation we are having to look for savings in all areas, including reducing or stopping much valued and important services.

In Somerset, there are currently 32,241 Council Tax payers receiving Council Tax Reduction. This costs Somerset Council around £29m a year (based on current Council Tax levels).

In this consultation we are asking for views on several proposals to remove support which, if all were approved, could potentially save Somerset Council £6.4m a year.

These are:

Reducing the level of support for working age applicants.

(Part 1)

Introducing a standard non-dependant deduction

(Part 2)

Restricting support to Band D Council Tax levels

(Part 3)

Restricting the time we can backdate awards of Council Tax Reduction to one month

(Part 4)

We explain more about these proposals and what they mean in each section.

Who will this affect?

The proposals would affect working age households in Somerset who receive Council Tax Reduction from 1 April 2025.

The support provided for pensioners will not be affected.

Some other key aspects of the scheme will remain the same:

If you have capital of more than £6,000 no discount will be awarded. Any capital less than £6,000 will be ignored.

We will continue to protect War Pensioners by disregarding War Pensions or War Disablement pensions in full.

We will continue to maintain an Exceptional Hardship scheme which will support people who need additional help, including those who may have their support reduced due to any changes.

We will continue to disregard the first £30 a week of income where someone in the home is disabled.

Survey

1 Who are you responding as? *(Required)*

Please select only one item

Resident of Somerset

Councillor

Responding on behalf of someone else

Responding on behalf of an organisation

Other

If you selected other, please tell us more

2 Do you, or does anyone in your household, currently receive support from the Council Tax Reduction Scheme? *(Required)*

Please select only one item

Yes

No

Don't know

3 Do any of your immediate family receive support from the Council Tax Reduction Scheme in Somerset? *(Required)*

Please select only one item

Yes

No

Don't know

4 Given Somerset Council's financial situation, do you think changes should be made to the current Council Tax Reduction Scheme to help balance the budget?

Please select only one item

Yes

No

Don't know

Part 1 - Reducing the level of discount available within the working age Council Tax Reduction Scheme

As explained in the background information, Somerset Council is facing a financial emergency and is looking at all services to find savings.

One option to save money would be to reduce the level of discount currently offered to working age Council Tax payers on low incomes.

For working age people, we work out your reduction using our local income band scheme. The amount of discount you get depends on your income and family make-up.

The table below shows the discount for each band as it is currently in 2024-25 and a proposed change from 1 April 2025.

Under these proposals all levels of support will reduce.

| Band | Current discount (%) | Proposed discount from 1 April 2025 (%) | Single person | Single person with one child | Single person with two children | Couple with no children | Couple with one child | Couple with two children |
|------|----------------------|---|---------------|------------------------------|---------------------------------|-------------------------|-----------------------|--------------------------|
| 1* | 100 | 75 | £0-102 | £0-£171 | £0-£235 | £0-150 | £0-£214 | £0-£278 |
| 2 | 75 | 50 | £102.01-£166 | £171.01-£235 | £235.01-£310 | £150.01-£225 | £214.01-£278 | £278.01-£353 |
| 3 | 40 | 25 | £166.01-£203 | £235.01-£273 | £310.01-£395 | £225.01-£278 | £278.01-£315 | £353.01-£438 |
| 4 | 25 | 10 | £203.01-£251 | £273.01-£310 | £395.01-£513 | £278.01-£331 | £315.01-£353 | £438.01-£555 |
| 0 | 0 | 0 | Over £251 | Over £310 | Over £513 | Over £331 | Over £353 | Over £555 |

*you will automatically receive a band 1 discount if you or your partner receive Income Support, Income-Based Jobseeker's Allowance or Income-Related Employment and Support Allowance. This proposal could save the Council £4.8m every year and will help meet the financial deficit. However, it means all working age applicants will have to pay more Council Tax.

5 Do you, or does anyone in your household, receive this type of reduction on your Council Tax?

Please select only one item

- Yes
- No
- Don't know

6 Do you support making savings in this area?

Please select only one item

- Yes
- No
- Don't know

7 What would be the impact of this proposal on you or your household?

Please select only one item

- Very positive
- Positive
- No impact
- Negative
- Very negative

8 What would be the impact of this proposal on the wider Somerset community?

Please select only one item

- Very positive
- Positive
- No impact
- Negative
- Very negative

Part 2 - Introducing standard non-dependant deductions

This proposal relates to reducing the support you can claim if you live with non-dependants.

A non-dependant is an adult (over 18) who lives with you and does not have to pay Council Tax. For example, a grown-up son or daughter.

Currently, no deduction is made from a household's Council Tax Reduction where a non-dependant lives in the household.

Under this proposal we would introduce a flat rate £10 a week deduction for each non-dependant living with the applicant.

So if you currently get CTR of £30 a week and live with two grown-up children (non-dependants), this could be reduced by £20 (£10 for each non-dependant) and instead you could get CTR of £10 a week.

This could save the Council £1.5m every year and will help meet the financial deficit. However, it will increase the amount of Council Tax for those households with non-dependants.

9 Do you, or does anyone in your household, receive this type of reduction on your Council Tax?

Please select only one item

- Yes
- No
- Don't know

10 Do you support making savings in this area?

Please select only one item

- Yes
- No
- Don't know

11 What would be the impact of this proposal on you or your household?

Please select only one item

- Very positive
- Positive
- No impact
- Negative
- Very negative

12 What would be the impact of this proposal on the wider Somerset community?

Please select only one item

- Very positive
- Positive
- No impact
- Negative
- Very negative

Part 3 - Restricting support to a Band D Council Tax levels

The amount of Council Tax you pay depends on your property's 'valuation band'. These range from lower value homes at Band A to higher value homes at Band H. The amount of Council Tax Reduction you can claim varies depending on the band of your home.

This proposal would not impact on applicants who live in lower value homes with a Council Tax band of A, B, C or D.

However, anyone living in a higher value home with a Council Tax band of E, F, G or H would have their support limited to a Band D level. This could mean a reduction in the level of support you receive.

This could save the Council £86,000 every year and will help meet the financial deficit. However it will increase the amount of Council Tax for those households with a Council Tax band E, F, G or H.

13 Do you agree we should make savings by reducing support for residents living in higher value homes?

Please select only one item

- Yes
- No
- Don't know

14 What would be the impact of this proposal on you or your household?

Please select only one item

- Very positive
- Positive
- No impact
- Negative
- Very negative

15 What would be the impact of this proposal on the wider Somerset community?

Please select only one item

- Very positive
- Positive
- No impact
- Negative
- Very negative

Part 4 - Reducing the time we can backdate an award of Council Tax Reduction

This proposal relates to the length of time we can backdate an award of Council Tax Reduction.

Currently, if you make a claim for Council Tax Reduction and you qualify, we can, at our discretion, backdate the award of support for a period up to 12 months before the date the claim was made.

Under this proposal, we will only backdate Council Tax Reduction to one month before the date we receive the claim.

It is not possible to work out how much this change could save the Council. While it will reduce the cost of the scheme and help meet the financial deficit, it will mean anyone who claims late will only have their claim backdated one month.

16 Do you agree we should make savings by reducing the time we can backdate an award of Council Tax Reduction?

Please select only one item

- Yes
- No
- Don't know

17 What would be the impact of this proposal on you or your household?

Please select only one item

- Very positive
- Positive
- No impact
- Negative
- Very negative

18 What would be the impact of this proposal on the wider Somerset community?

Please select only one item

- Very positive
- Positive
- No impact
- Negative
- Very negative

Alternatives to changing the Council Tax Reduction Scheme

19 Please use this space to suggest any alternative ways the Council could look to save money.

Equalities Monitoring

Please help us understand if these proposals could affect groups differently by answering the following questions.

The information provided will be protected by The Data Protection Act 2018 that ensures the Council and its employees protect the confidentiality of data collected from individuals.

None of the data will be published in such a way that identifies individuals.

20 What is your age?

Please select only one item

- 0-17
- 18 - 24
- 25 - 34
- 35 - 49
- 50 - 64
- 65 - 79
- 79+
- Prefer not to say

21 What sex do you identify as?

Please select only one item

- As a woman
- As a man
- In some other way
- Prefer not to say

22 Which of the following options best describes your sexual orientation

Please select only one item

- Bisexual
- Gay
- Heterosexual
- Lesbian
- Other
- Prefer not to say

23 What is your ethnic group?

Please select only one item

- White British
- White Other
- Mixed and Multiple ethnic groups
- Asian
- Black/African/Caribbean
- Other Ethnic Group
- Prefer not to say

24 Do you consider yourself to be disabled?

Please select only one item

- Yes
- No
- Prefer not to say

25 Do you provide care for anyone (e.g. a parent, child, other relative, an elderly person, friend or neighbour) who has any form of disability (sensory loss, physical, learning disability, mental health problem) long or terminal illness?

Please select only one item

- Yes
- No
- Prefer not to say

26 Do you live in a town or city?

Please select only one item

- Yes
- No
- Prefer not to say

27 What is your total household income?

Please select only one item

- Up to £20,000
- £20,001 to £40,000
- £40,001 to £60,000
- £60,001 to £80,000
- £80,001 to £100,000
- £100,001 or over
- Don't know
- Prefer not to say



Citizens Advice Somerset Council Tax Reduction Policy consultation response

September 2024

Summary of our concerns and recommendations

Substantial changes to the Council Tax Reduction (CTR) policy were made very recently in 2023/4 and we welcomed the simplifications and the introduction of 100% CTR for the poorest in our community. We would advise caution when considering some of the more drastic reversals in policy that this consultation proposes and would certainly strongly oppose introducing all these proposals at once. Our experience of advising many thousands of residents in Somerset on these issues is that major changes in welfare benefit policy can lead to confusion, difficulty managing budgets and debt.

In summary we oppose:

- Reducing the level of discount to the proposed levels.
- Removing the disregards for certain incomes and households with disabilities, especially if this is taken in tandem with the proposals to reduce overall support in each income band. This change would disproportionately hurt low-income households with children and those with disabilities.
- The scrapping of the 1-year backdate which is particularly valuable to our debt team helping vulnerable clients who have faced barriers to claiming CTR.
- Restricting support to a Band D Council Tax levels – need should not be determined by postcode, but by means to pay.

We recommend:

- Keeping the policy sharply focussed on current welfare changes, so that disabled people on UC are not disadvantaged by your scheme. Understanding that the Government's intention is to have all recipients of legacy benefit moved onto UC over the coming few years. Managed migration notices for those on income-related ESA will be rolling out from Autumn 2024. For the current government timetable see: [When you need to apply for Universal Credit - Move to Universal Credit \(ucmove.campaign.gov.uk\)](https://www.gov.uk/government/news/when-you-need-to-apply-for-universal-credit)

- Disregarding all non-standard elements of UC for CTR income calculations. Claimants should not be penalised with higher council tax bills for receiving additional elements of UC like LCWRA or carer elements.
- Encouraging increased take-up. Make paper form applications for CTR readily available and widely publicised. This will ensure that digitally excluded claimants have better access to support. Support should be offered for residents struggling to navigate the application process.
- Making access to the Council Tax Exceptional Hardship fund easier. Currently in digital form only, this a technical application form that even our experienced advisers find challenging to complete. A paper form should be available for the digitally excluded. The on-line form needs to be simplified with less barriers to successful completion.

The current debt picture

It is not disputed that reducing the level of CTR assistance available will require affected people to pay more towards their council tax bill. But can they afford it? Who is most likely to be hit by the proposed changes? And is it likely to disproportionately affect any specific groups?

We have looked at two key datasets to try to answer the above questions:

1. The national debt picture – using the [National Red Index](#), and
2. Debt advice client data from Citizens Advice Somerset.

The biggest problem over the past two years has been negative budgets. Last year, Citizens Advice sounded the alarm that half the people we help with debt are in a negative budget - where even after expert advice, they have more going out than coming in.

A negative budget is the ultimate red line between making ends meet, and being pushed deeper and deeper into trouble. Like quicksand, it's hard to get out of once you're in. And while negative budgets are the worst of this problem, so many more people come to us feeling like they're just living on empty, running to stand still, worrying about what the future holds.

The **National Red Index** shows us what negative budgets looks like on a national scale:

- **5 million people, including 1.5 million children**, are in a household with a negative budget.
- Another **2.35 million people are living on empty** - they're only escaping a negative budget by cutting their essential spending back to unsafe levels.

That's the national picture but what do things look like in Somerset?

| Constituency area | Percentage in a Negative Budget | People in a Negative Budget |
|------------------------|---------------------------------|-----------------------------|
| Bridgwater | 7.28% | 7,222 |
| Frome & East Somerset | 6.05% | 5,575 |
| Glastonbury & Somerton | 5.06% | 4,653 |
| Minehead & Tiverton | 5.92% | 5,403 |
| Taunton & Wellington | 5.29% | 5,708 |
| Wells & Mendip Hills | 4.87% | 4,315 |
| Yeovil | 5.83% | 6,114 |

During April 2023 to March 2024 Citizens Advice Somerset advised 2,929 people with a debt advice issue.

The table below provides an insight into clients that received debt advice, including:

- the percentage that have a negative budget each month – meaning their income doesn't cover essential expenditure,
- the average amount of debt per client – for those in a negative budget this increases each month,
- the average 'surplus' (available) income available per debt client,
- where each area falls in the national ranking of negative budgets.

| Constituency area | Percentage in a Negative Budget | Average Debt per Client | Average Surplus available per Client | Negative Budget Rank (1 = highest in the country) |
|------------------------|---------------------------------|-------------------------|--------------------------------------|---|
| Bridgwater | 49.28% | £7,039 | -£22 | 283 |
| Frome & East Somerset | 64.53% | £6,738 | -£96 | 23 |
| Glastonbury & Somerton | 43.17% | £8,263 | -£4 | 399 |
| Taunton & Wellington | 46.56% | £8,153 | £2 | 346 |
| Wells & Mendip Hills | 55.97% | £7,179 | -£95 | 133 |

Registered charity number: 1054134

It is clear that reducing CTR entitlements will mean larger negative budgets and new households tipping into the red.

It should be noted that negative budgets disproportionately impact already marginalised groups, and risk worsening existing inequalities.

Disabled people, racially minoritised groups, single parents, and people receiving Universal Credit, have some of the highest negative budget rates, and the deepest deficits. If things continue as they are, we'll see these groups who already often experience multiple disadvantages held back further.

On average, 1 in 15 households in Britain are in a negative budget compared to:

- **1 in 4** households receiving Universal Credit
- **1 in 5** single parent households
- Nearly **1 in 10** households with a disabled person
- Over **1 in 9** mixed race households and over 1 in 9 Black and Black British households are in a negative budget compared to **1 in 15** White households.

The share of people in a negative budget by demographic group:

- **33%** of households in a negative budget receive Universal Credit. Overall, nearly **1 in 4** households receiving Universal Credit are in a negative budget.
- **20%** of households in a negative budget include someone with a disability. Overall, **around 9%** of households that include someone with a disability are in a negative budget. This jumps to **23%** for households with a disabled person that don't receive disability benefits.
- **13%** of households in a negative budget are single parent households. Overall, just under **1 in 5** single parent households are in a negative budget.
- Over **1 in 9** mixed race households and over 1 in 9 Black and Black British households are in a negative budget compared to **1 in 15** White households.

You'll see from our detailed responses to the consultation questions below that the proposed changes will disproportionately impact disabled people and other marginalised groups in Somerset.

Responses to the consultation questions

Part 1 - Reducing the level of discount available within the working age Council Tax Reduction Scheme

Research shows that enforcing minimum council tax payments, as proposed in this consultation, **increases** instances of council tax debt. National Citizens Advice published a recent report: [Council Tax Support? A benefit determined by postcode not need](#) in which they analysed nearly 6,000 debt clients in England.

They found that:

- Clients in areas with a minimum payment were **57%** more likely to have council tax arrears than those living in areas without a minimum payment.
- For **each 1% increase** in minimum payment, they saw a **0.23% increase** in the proportion of their debt clients receiving CTR who have council tax debt

This suggests that it's not just whether an area has a minimum payment, but the size of that minimum payment, that can affect council tax debt levels.

We do not see a swift end to the cost-of-living crisis and in fact the numbers of clients coming to us for charitable support and food banks remain stubbornly high. We are seeing a prevalence of households in *negative budgets* and increasing the council tax burden on families with the lowest incomes at this time will lead to more council tax debt and put further pressure on squeezed budgets.

Our research shows that reducing the level of discount would seriously impact those on UC who are in the Limited Capability for Work related Activity (LCWRA) group if steps were not taken to treat them similarly to those on the legacy equivalent benefit income-related ESA (irESA).

Susan lives on her own and has several long-term health conditions. She came to us for help with a change in her benefits.

Susan currently receives legacy benefits, including ir-ESA, but has to move onto UC. The CTR scheme means she is currently entitled to a 100% council tax discount because she receives ir-ESA. However, once Susan migrates to UC she will only be entitled to a 40% discount under the current scheme.

Under the new proposals, she would move from 100% reduction to only 25%. This is because the money she'll receive from the LCWRA element of UC will count as income. Neither will she get the £30 disregard because she was turned down for PIP.

Even though her health and inability to work haven't changed, she'll have to pay significantly more council tax, just because she's moved to UC.

From Autumn 2024, all existing ir-ESA claimants will start to be migrated to UC. The proposed policy needs to reflect this and treat the two groups equitably.

The Somerset Equality Impact Assessment for the current CTR scheme states:

“The Proposed scheme recognizes households with disabled people have limited ability to work and have higher disability related living expenses. Income from disability benefits such as PIP and DLA will be disregarded as income and a further income disregard of £30 and week will apply where the applicant, partner or dependent is disabled.”

However, this £30 disregard is not being applied to the LCWRA group, and the LCWRA element of UC is fully taken into account as income.

Part 2 - Introducing standard non-dependant deductions

We can understand the rationale behind this move. Although reasonable in theory to expect a working young person to contribute towards bills of a household, in practice it is not always easy for a parent to ask their child to do so. When children stop full time non advanced education, usually aged 18, many households must adjust to a sudden and substantial reduction in income. Child benefit is stopped, and the child element of UC is removed. If a non -dependent deduction is applied, we would recommend it does not apply for any non-dependant under the age of 21, to give the household a chance to readjust their budgets and the young person a chance to settle into employment or set up on their own.

Part 3 - Removing the disregard of £25 a week from earnings

The £25 a week disregard benefits low income working households not in receipt of benefits and as such consideration should be given to keeping this as an incentive to working households.

Part 4 - Restricting support to a Band D Council Tax levels

Band caps are not an effective way to target support to those most in need. Council tax bands are based on property values from 1991, and so are more than 30 years out of date and not always an accurate reflection of current property prices. Moreover, housing shortages mean that people often have little choice over where they live. People aren't necessarily able to live somewhere with a low council tax band, even if they are on a low income. Eligibility should not be determined by postcode, but by means to pay.

Part 5 - Removing the disregards for certain incomes and families with disabilities

The proposal to remove the disregards for certain incomes will impact disabled people and people with children on low incomes. PIP and DLA are awarded to cover the extra costs of living with long term health conditions and child maintenance and child benefit are paid to help with expenses associated with raising children.

We certainly would not support this, especially if taken in tandem with the proposal to reduce the support in each of the 4 bands.

A disabled single person who receives UC (LCWRA group) and PIP (standard rate daily living) receives the following income:

Weekly UC entitlement: £186.84

Weekly PIP entitlement: £72.65

Total weekly income: £259.49

Under the current scheme, PIP would be ignored, and a further £30 disregard would be implemented so the income taken into account would be £156.84. This would mean a 75% discount under the current scheme.

If all the proposals in this consultation were implemented (PIP no longer disregarded, no £30 disregard and income bands changed) the income taken into account for CTR would be £259.49 which would mean **no entitlement to CTR**. This resident would end up paying around £100 per month extra council tax under these proposals.

As covered earlier, because of the differential treatment of disabled people on UC compared to legacy benefits, a person with the exact equivalent disabilities as the example above but on ir-ESA, would be automatically passported to the top tier discount (100% currently, 75% under the new proposals).

Careful thought must be given to any changes that affect the most vulnerable in our community. While we understand that difficult decisions need to be taken due to budget constraints, a more nuanced approach should be considered that does not remove all the support for disabled and low-income parents that was put in place for the current scheme. Policy makers should be sharply focused on the welfare changes due to culminate in the next 2-3 years, with the managed migration of all legacy benefits to UC.

Part 6 - Removing the 1 year backdate:

Our recent research shows there are a number of barriers to claiming CTR which mean people fail to start or complete a claim, despite entitlement:

- **Digital Exclusion** - With the CTR application now almost entirely online, people who lack digital skills, devices or connectivity experience difficulties applying for the benefit. We have had clients who have called the council for help to claim, only to be told they have to make a claim online and then simply give up. Others lack the skills to upload the evidence needed to complete a claim. Paper forms are not available on the website for printing nor posted out if needed.
- **Lack of awareness** - this can be because of learning difficulties or confusion about the benefits systems. Many of our clients assume their CTR claim is linked to their UC and automatically applied. This can particularly be an issue for people moving from legacy benefits to UC. People can miss out on CTR because they didn't realise they needed to make a new application once they moved to UC or when they have a change in circumstances - like moving house.
- **Poor Mental Health** - this can impact all parts of the claiming process, from engaging with council correspondence to providing evidence to support their claims.

For many of the people we help, missing out on CTR due to a lack of awareness or capability can lead to a build-up of debt and risk of court and bailiff action. The 1-year back date has been a very positive policy change that has been welcomed by our debt advisers and can help to reduce a priority debt of our vulnerable clients.

Peter lost his job due to mental health issues and was on UC (with LCWRA). He came to us very distressed when he was unable to cope with his debt issues, impacting his health further. He was over £1,000 behind on his council tax.

He had not understood that he could claim CTR and therefore fell behind with his £140 monthly payments. We were able to advise him to make a CTR claim and backdate it to the date he lost his job 8 months previously.

This reduced his debt to a level that was manageable, and we were able to set up an affordable payment plan to clear the remaining arrears.

APPENDIX 4

Detailed impact analysis of the proposed changes

Detailed below are estimates in respect of the potential impact upon our existing caseload of implementing the proposed changes to the Council Tax Reduction scheme, namely:

- Reducing the level of discounts currently offered from 100%, 75%, 40% and 25% to 100%, 50%, 25% and 10% (see income band grid below)
- Introducing a flat rate non-dependant deduction of £10 a week for each non-dependant living in the home
- Restricting support for taxpayers in Council Tax bands E, F, G and H to the equivalent Band D level
- Reducing the time we can backdate an award of CTR from 12 months to one month

| Band | Current discount (%) | Proposed discount from 1 April 2025 (%) | Single person | Single person with one child | Single person with two children | Couple with no children | Couple with one child | Couple with two children |
|------|----------------------|---|---------------|------------------------------|---------------------------------|-------------------------|-----------------------|--------------------------|
| 1* | 100 | 100 | £0-104 | £0-£174 | £0-£239 | £0-153 | £0-£218 | £0-£283 |
| 2 | 75 | 50 | £104.01-£169 | £174.01-£239 | £239.01-£316 | £153.01-£229 | £214.01-£283 | £283.01-£360 |
| 3 | 40 | 25 | £169.01-£207 | £239.01-£278 | £316.01-£402 | £229.01-£283 | £283.01-£321 | £360.01-£446 |
| 4 | 25 | 10 | £207.01-£256 | £278.01-£316 | £402.01-£522 | £283.01-£337 | £321.01-£360 | £446.01-£565 |
| | 0 | 0 | Over £256 | Over £316 | Over £522 | Over £337 | Over £360 | Over £565 |

*you will automatically receive a band 1 discount if you or your partner receive Income Support, Income-Based Jobseeker's Allowance or Income-Related Employment and Support Allowance.

The Revenues and Benefits service is currently still running on the four separate legacy district IT systems, although a project is currently underway to consolidate these systems. Our ability to produce modelling data varies in the different systems and the resource available to do so is extremely limited at the moment due to the demands of the system consolidation project. The below data has been produced from one of the legacy systems and the results extrapolated across the other areas. Consequently, the results are estimates and are not precise. However, we have identified that the breakdown of the caseload between the different family group types is very similar across the four legacy areas, which will increase the accuracy of the estimates.

Estimated impact of this option on the affected caseload only

| Household type | Average loss £ a week | Estimate numbers getting the same support | Estimate numbers getting less support | Percentage getting less support |
|--------------------------------|--------------------------|--|---|---------------------------------------|
| Single person | -£8.16 | 3,497 | 5,224 | 60% |
| Lone parent with 1 child | -£8.69 | 734 | 1,758 | 71% |
| Lone parent with 2 children | -£6.14 | 891 | 3,329 | 79% |
| Couple with no children | -£10.63 | 269 | 970 | 78% |
| Couple with 1 child | -£11.14 | 82 | 304 | 79% |
| Couple with 2 or more children | -£8.14 | 208 | 1,048 | 83% |
| All households | -£7.99 | 5,681 | 12,633 | 69% |
| Passported households | -£13.36 | 2,523 | 741 | 23% |
| Disabled households | -£9.03 | 2,585 | 5,606 | 68% |

Individual claim impact example(s)

Claimant A is a single person who receives Personal Independence Payments and Universal Credit. Their income means they currently receive a 75% discount on their Council Tax bill of £1,160.78 (reduced by £870.59). Under this proposal, they will only qualify for a 50% discount so would have to find an extra £290.19 a year (£5.57 a week) to pay their bill.

Claimant B lives with their partner and two children. Claimant B's income from Universal Credit and earnings means that they receive a 40% discount on their Council Tax bill of £1,871.62 (reduced by £748.65). Under this proposal, Claimant B will only qualify for a 25% discount and would have to find an extra £280.74 a year (£5.38 a week) to pay their bill.

Conclusions

- All existing working age applicants in discount bands 2, 3 and 4 will see a reduction in the amount of support they receive.
- On average each claimant losing out would be asked to pay an additional £7.99 a week, the equivalent of £415.48 a year in Council Tax.
- Disabled households will lose higher amounts than the average and are less likely to be able increase their income
- Couples are seeing on average a far higher reduction than any of the other categories

- Implementing this change is likely to result in a significant increase in applications for Exceptional Hardship and is likely to detrimentally affect collection rates

**Somerset Council
Council Tax Reduction Scheme
S13A and Schedule 1a of the
Local Government Finance Act 1992**

**Council Tax Exceptional
Hardship Scheme
2025/26**

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. The CTR scheme for people of pension age is set by Central 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 as well as providing support to care leavers, foster carers and special guardians.
- 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.
 - Provide additional support to households occupied by care leavers, foster carers and special guardians

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 Care leavers

- 3.3 The equivalent of a 100% discount for care leavers will be awarded where:
 - they are liable for Council Tax as an occupier in the property for which they are claiming the discount;
 - they are below the age of 25;
 - they are a registered care leaver with Somerset Council or any other relevant local authority within the United Kingdom (and subject to the provision of proof of registration, where required); and
 - irrespective of whether they live alone or not.

3.4 Foster carers and special guardians

3.5 The equivalent of a 50% discount to a foster carer or special guardian will be awarded where they:

- are fully approved as a foster carer by the new Council and meet the care skills standard;
- have provided foster care to a child for a total of 26 weeks (182 days) in the previous 12 months from 1 April to 31 March;
- maintain their approval as a foster carer with the Council
- maintain their availability to foster;
- live within the Somerset area;
- claim all relevant benefits and discounts to which they would usually be entitled;
- claim this discount only on the one dwelling which is their main residence; and
- agree to receiving this council tax discount.

3.6 For care leavers, foster carers and special guardians, section 4 (award criteria) will not apply.

3.7 For all other taxpayers suffering exceptional hardship

3.8 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

3.9 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 other relevant factors and special circumstances will be considered.

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. Applicants will be expected 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, the team can support a telephone application. Signposting to Citizens Advice or other support networks will be provided 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 The council is 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 fraud is suspected to have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.