

Scrutiny Recommendation Report
Committee: Executive
Forward Plan Reference – FP/24/04/10
Meeting Date – 2 December 2024
Key Decision – Relates to a key decision



Corporate and Resources Scrutiny Committee recommendations to Executive regarding the Consultation on changes to the Council Tax Reduction Scheme for 2025/26

Chair of Scrutiny Committee: Cllr Bob Filmer
Executive Member(s): Deputy Leader of the Council and Lead Member for Resources and Performance
Local Member(s) and Division(s) affected: n/a
Lead Officer: Shaun Warren, Interim Revenues and Benefits Manager

Executive Summary

The Corporate and Resources Scrutiny Committee considered a report on the Consultation on changes to the Council Tax Reduction Scheme at their meeting on 28th August 2024. Following a lengthy debate the Committee formally voted on the 4 distinct parts of the proposals, including one recommendation for an amendment, hence this report.

Recommendations

The Executive committee are asked to consider the following recommendations from the Corporate and Resources Scrutiny Committee:

- **Part 1 – reducing the level of discount provided to a maximum of 75% - recommended that this change is not implemented and that the maximum level of support remains at 100%**
- Part 2 – introducing non-dependent deductions of £10 per week – recommended that this change be adopted
- Part 3 – restricting support to band D Council Tax levels – recommended that this change be adopted
- Part 4 – reducing the time we can backdate claims to 1 month – recommended that this change be adopted

Reasons for Proposals

The committee expressed general concern regarding the impact upon people on low income as result of making any reductions to the scheme but acknowledged that the Council had to consider these options in view of the financial emergency.

Main report and supporting information

Background and purpose of report

1. The report presented to the Committee detailed the consultation exercise and questions currently being undertaken in respect of proposed changes to the Council Tax Reduction (CTR) scheme for 2025/26 in respect of working age claimants. Scrutiny for Corporate and Resources are asked to consider and respond to the consultation questions.
2. The Executive agreed at their meeting on 15 July 2024 to proceed to consult on four specific proposals for change, as detailed in Appendix 1. (NB. Originally six changes options were proposed, but the Executive decided not to proceed with two of them).
3. Full details of the background to the development of the proposed changes were included within agenda item six of the Executive Agenda 15 July 2024.
4. The Council is required by law to agree to a CTR scheme for the coming financial year for both working age and pension age people, although the rules for the pension age scheme are prescribed by Government. In practice the scheme needs to be agreed by the December of the preceding financial year to allow us time to implement any uprating and other changes required prior to the annual billing exercise.
5. There is no requirement to change the scheme from year to year. However, in view of the current financial emergency, Council agreed on 20 December 2023, when setting this year's scheme, to a full review of the scheme during 2024/25 with a view to delivering cost reductions for 2025/26.
6. By law we are required to undertake a full public consultation exercise on any changes proposed to scheme. The consultation sets out proposed changes which could deliver significant savings of up to £6.4m to the Council if all the proposed changes were implemented. (NB. The potential gross savings figure including the amounts that could be saved by the other major precepting authorities is £8.3m).
7. The regulations also require that we consult on specific proposed changes as opposed to a range of options. The proposals outlined in the consultation are framed accordingly. However, the fact that we are consulting does not then commit us to make these changes and the Council retains the option, when finalising the scheme, to either not implement the proposed changes or to implement them to a lesser extent.
8. The proposed changes, if implemented in full, could see a significant reduction in the amount of support we provide to working age people on low incomes. This is highly likely to cause hardship and in consequence it is reasonable to anticipate an increase in the number of claims for Exceptional Hardship and a detrimental impact on the Council Tax collection rate.
9. The proposed changes and consultation questions are set out in Appendix 1.

10. The report also includes a high-level equalities impact assessment (see Appendix 2). This assessment examines the potential impact of implementing these changes on people or groups with protected characteristics. The assessment has been updated to reflect the impact of the decision taken on 15 July 2024 by the Executive to remove two of the proposed changes.

Other options considered

11. Direct communications with all elected members regarding the consultation exercise have also taken place via the regular members newsletter and we will also be undertaking an informal briefing for all elected Members in mid-September 2024.

Scrutiny comments / recommendations:

12. Corporate and Resources Scrutiny Committee – 29 August 2024

During the discussion, the following points were raised:-

- Has consideration been given to applying a flat rate, rather than a percentage to the CTR?
- It is incumbent on Councillors to try to find savings from within the Council rather than taking it from our residents.
- Requested a breakdown of divisions or areas where most residents would be affected by the proposals.
- Grave concerns about the effect of the proposed reduction in support from 100% to 75% on the low-income families. The benefits they receive will now have to go towards their Council Tax bill.
- There will be increased casework for Councillors dealing with residents who are unable to pay their Council Tax if the support is reduced to 75%. As a result of this discussion a proposal was made, seconded and agreed unanimously by the Committee.
- Publicising the consultation should be revisited and all parish and town clerks should be notified.

In response to the questions raised, officers provided the following information:

- All figures in the scheme predate the Chancellors announcement but the Winter Fuel Allowance is not taken into account when calculating the CTR.
- Fixed flat rates are not possible to implement at this stage due to operating on 4 different legacy software systems. Once operating on the one system, this will be considered.

- The consultation started in late July and will run until 2 October 2024. There have been over 1000 responses so far. There will be an all-member briefing on 16 September which is part of the consultation process.
- Figures quoted are based upon the current Council Tax.
- Final recommendations will be brought back to the Scrutiny C & R Committee, prior to the Executive and Full Council for final approval, so there will be another chance for the Committee to scrutinise the final proposed scheme.

Financial and Risk Implications

13. There is a financial implication to the recommendation from the Committee relating to Part 1 of the proposals.
14. Part 1 of the proposals estimated a saving of £4.8m per annum to Somerset Council if adopted.
15. Parts 2, 3 and 4 of the proposals estimated a saving to Somerset Council of just under £1.6 million per annum if adopted.
16. This report does not relate to any risks identified in the Corporate Risk Register.

Legal and Procurement Implications

17. No legal implications have been identified.

HR / Workforce Implications

18. No HR / workforce implications have been identified

Equalities Implications

19. No equalities implications have been identified as a result of this report.

Community Safety Implications

20. No Community Safety implications have been identified.

Climate Change and Sustainability Implications

21.No Climate Change and Sustainability Implications have been identified.

Health and Safety Implications

22.No Health & Safety implications have been identified.

Health and Wellbeing Implications

21. No Health & Wellbeing implications have been identified.

Background Papers

22.The report and 2 appendices presented at the Corporate and Resources Scrutiny Committee on 28th August.

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

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	15/11/24
Finance & Procurement	Nicola Hix	18/11/24
Workforce (*)	Dawn Bettridge	20/11/24
Executive Lead Member	Cllr Liz Leyshon	15/11/24
Consulted:	Councillor Name	
Local Division Members	N/A (all Members)	N/A
Opposition Spokesperson(s)	Cllr Diogo Rodrigues - Opposition Spokesperson for Resources and Performance	15/11/24
Relevant Scrutiny Chair(s)	Cllr Bob Filmer – Corporate and Resources Scrutiny Chair	20/11/24