

## Decision Report

Committee: Full Council

Meeting Date – 18 December 2024

Key Decision – Yes



---

### Council Tax Reduction Scheme and Exceptional Hardship Policy 2025/26

Chair of Committee: Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources, Procurement and Performance

Executive Member(s): Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources, Procurement 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 3 calendar months
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 Full Council:

1. Agree and 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).
2. Agree for the Leader to write to the Minister for Local Government to make the case for Somerset Council's Council Tax to be raised by more than the referendum limit, due to Exceptional Financial Support, low Council Tax base and rate, increasing demand, and taking into account Government's requirement that plans be in place to protect vulnerable people.
3. Agree and approve the CTR and associated EH scheme for 2025/26 as set out in this paper
4. Notes that Officers have been asked to urgently investigate and report back on the potential to use the Household Support Fund to support those who may be affected by future changes to CTRS thresholds.

## **Reasons for Proposals**

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

Report Author: Shaun Warren, Finance and Procurement, Revenues and Benefits  
Contact Details: 01278 435447, [shaun.warren@somerset.gov.uk](mailto:shaun.warren@somerset.gov.uk)

### 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 and disregards – the scheme allows for disregards of certain types of income when calculating entitlement to CTR (a full list of disregarded income except earnings is detailed in Schedule 2 of the policy.) Key income disregards include:
  - I. To encourage work, a standard £25 a week disregard is provided against all earnings
  - II. Where any applicant, their partner or dependant child(ren) are disabled, a disregard for a further £30 a week from their household income
  - III. Income from disability benefits such as Disability Living Allowance and Personal Independence Allowance is not counted as income
  - IV. Carer's Allowance and the Support Component of Employment and Support Allowance is not counted as income
  - V. Child Benefit and Child Maintenance are not counted as income
  - VI. An amount of the housing element, within Universal Credit, is not counted as income
  - VII. All war pensions and war disablement pensions are not counted as income

- It is important to note that it is the net income after disregards have been applied to a taxpayer's income that is used to calculate entitlement to CTR.
- Capital – the scheme disregards certain types of capital when calculating entitlement to CTR (a full list of disregarded capital is detailed in Schedule 3 of the policy.) A capital limit of £6,000 with no tariff (or assume 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
- 3 month backdate of claims –
  - I. Claims for CTR can be backdated for 3 months 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 an 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 £m	2024/25 (as at October 2024) £m
Care Leavers	0.183	0.262
Foster Carers and Special Guardianships	0.159	0.171
<b>Total</b>	<b>0.342</b>	<b>0.433</b>



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
<b>Total</b>				

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 updating 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 was considered further by Scrutiny for Corporate and Resources on 25 November 2024. The recommendations made by Scrutiny at this meeting were:

- Scrutiny to receive an update regarding the impacts on people with protected characteristics from the final Council Tax Reduction Scheme 2025/26 by summer 2025
- To receive details of the take up of the Exceptional Hardship Scheme and the planned mitigations by summer 2025

## 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.

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

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
<b>REDUCTION</b>	-	<b>(5.2)</b>	<b>(3.9)</b>

*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:

<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>4</b>	<b>Risk Score</b>	<b>12</b>
-------------------	----------	---------------	----------	-------------------	-----------

Projected risk score if recommended actions are agreed and delivered:

<b>Likelihood</b>	<b>2</b>	<b>Impact</b>	<b>4</b>	<b>Risk Score</b>	<b>8</b>
-------------------	----------	---------------	----------	-------------------	----------

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:

<b>Likelihood</b>	<b>5</b>	<b>Impact</b>	<b>4</b>	<b>Risk Score</b>	<b>20</b>
-------------------	----------	---------------	----------	-------------------	-----------

Projected risk score if recommended actions are agreed and delivered:

<b>Likelihood</b>	<b>4</b>	<b>Impact</b>	<b>4</b>	<b>Risk Score</b>	<b>16</b>
-------------------	----------	---------------	----------	-------------------	-----------

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:

<b>Likelihood</b>	<b>4</b>	<b>Impact</b>	<b>4</b>	<b>Risk Score</b>	<b>16</b>
-------------------	----------	---------------	----------	-------------------	-----------

Projected risk score if recommended actions are agreed and delivered:

<b>Likelihood</b>	<b>2</b>	<b>Impact</b>	<b>2</b>	<b>Risk Score</b>	<b>4</b>
-------------------	----------	---------------	----------	-------------------	----------

## 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	06/12/2024
Finance & Procurement	Nicola Hix	06/12/2024
Workforce (*)	Dawn Bettridge	N/A
Asset Management (*)	Simon Lewis	N/A
Executive Director	Maria G Christofi	04/12/2024
Executive Lead Member	Cllr Liz Leyshon	05/12/2024
<b>Consulted:</b>	Councillor Name	
Local Division Members		N/A
Opposition Spokesperson(s)	Cllr Diogo Rodrigues	06/12/2024
Relevant Scrutiny Chair(s)	Cllr Bob Filmer	06/12/2024

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