

SOMERSET WEST AND TAUNTON SHADOW SCRUTINY

Meeting of the Shadow Scrutiny Committee

Date: 25th June 2018.

Time: 6pm

Venue: Committee Room, Brittons Ash Community Hall (BACH), Bridgwater Road, Bathpool, Taunton, TA2 8FT.

AGENDA

- 1. Appointment of Chairman**
- 2. Appointment of Vice-Chairman**
- 3. Apologies for Absence.**
- 4. Public Participation**
- 5. The Chairman to advise of any items on the agenda which members of the public have requested to speak**
- 6. Declaration of Interests.**

To receive declarations of Disclosable Pecuniary Interests or personal or prejudicial interests, in accordance with the Code of Conduct, in relation to items on the agenda. Such interests need to be declared even if they have already been recorded in the Register of Interests. The personal interests of Councillors who are County Councillors or Town or Parish Councillors will automatically be recorded in the minutes.

- 7. Agreeing options for Somerset West and Taunton District Council's Council Tax Support scheme for 2019/20**

The report will concern the proposed options for the Council Tax Support (CTS) Scheme for the 2019/2020 Financial Year. As a new Council, we are legally required to give consideration on our local CTS scheme and to consult with interested parties.

- 8. Forward Plan**

To consider items to be added to the forward plan.

- 9. Future Meeting dates.**

To agree a list of dates for future meetings.

Somerset West & Taunton District Council

Shadow Scrutiny Committee 25 June 2018

Options for our Council Tax Support scheme for 2019/20

This matter is the responsibility of Councillor Andrew Sully & Councillor Martin Dewdney

Report Author: Heather Tiso, Revenues & Benefits Service Manager

1 Executive Summary

1.1 This report provides information on the Council Tax Support (CTS) schemes for Taunton Deane Borough Council and West Somerset Council as well as collection and recovery of Council Tax for the two authorities in 2017/18. It also sets the background and context for establishing our CTS scheme for Working Age applicants for Somerset West & Taunton District Council from 2019/20.

2 Recommendations

2.1 The Shadow Scrutiny Committee agrees preferred options for public consultation for Somerset West & Taunton District Council's CTS scheme for 2019/20. The public consultation will run for 8 weeks, starting on 9 July 2018, with any revised scheme implemented on 1 April 2019.

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
The increased complexity of financial planning that could result from growing pressure from the Council Tax Support scheme if funding reductions are not fully addressed	3	4	12
<i>Cautious assumptions on recovery rate and therefore yield from the scheme.</i>	2	4	8
Council incurs an unacceptably high-level of debt because of people's inability to make the payments particularly if the scheme is less generous. Lower Council Tax collection rate and bad debts. The impact of the scheme is that low incomes working age households are now paying more Council Tax. There will be a point if people are asked to pay more Council Tax where the liability is too high for them and they will not pay anything.	4	4	16
<i>Robust arrears management procedures to maximise collection rate and prudent assumptions on collection rates council increases bad debt provision with budget</i>	3	4	12

continued...

Description	Likelihood	Impact	Overall
Higher administrative costs	3	3	9
<i>Simplify CTS scheme to reduce administrative costs associated with assessment and debt collection costs while maximising council tax collected</i>	2	3	6
Potential growth in the number of claimants.	4	4	16
<i>Realistic assumption on caseload growth based on trends</i>	3	4	12
If Somerset West & Taunton's population increases, including an increase in the population segment that currently receives CTS, demand for CTS could increase against funding from the Government. This would increase the funding gap. Such population migration may occur if Somerset West & Taunton's CTS scheme is more generous than those of neighbouring boroughs. Caseload increases (e.g. Major employer loss) and/or total value of awards exceeds estimates	3	4	12
<i>Demand and cost of scheme monitored regularly and material changes reflected in the MTFP</i>	2	4	8
Wider welfare reforms (HB reductions, Universal Credit) cause additional hardship and/or migration of people claiming to Somerset West & Taunton from more expensive areas and impact on Council Tax Collection	3	3	9
<i>Ensure adherence to robust recovery timetable. Maximise take-up of all discounts/exemptions/ hardship relief. Monthly monitoring of performance against targets.</i>	3	2	6
Council fails to meet obligations under relevant equality legislation in adopting a scheme	3	4	12
<i>Carry out consultation on proposed scheme. Consider the results and findings as part of the approval of any scheme. Make reasonable adjustments through application of any agreed scheme.</i>	2	4	8

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			Impact				

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

3.1 In addition to the principle risks outlined on the previous page, a number of other factors have been considered:

Fairness: There is also a risk that scheme may be perceived as being unfair. This risk will be studied in line with the Government's commitment to incentivise work, the recommended scheme requires a contribution. To mitigate this, all residents will have access to a discretionary fund.

Culture of non-payment: As we are mainly asking CTR recipients to make only a small contribution to their Council Tax bill, collection and recovery strategies may not be cost-effective, and small debts may be written off. This may over time develop into a culture of non-payment, where it becomes increasingly difficult and costly to recover small amounts of Council Tax from those who can least afford to pay it. We have mitigated this risk by minimising the level of contribution which is supported by robust arrears management procedures.

4 Background

4.1 Responsibility for Council Tax Support (CTS) passed to Local Authorities on 1 April 2013. Government also passed funding for CTS to Local Government, but reduced the amount of funding compared to the costs of the previous Council Tax Benefit scheme where responsibility for CTB had been held by central Government and funded through the Department for Work and Pensions (DWP).

4.2 Billing Authorities were tasked with designing a CTS scheme for people of working age, while rules for people of pension age are set in regulations prescribed by the Government. This means people of pension age continue to receive assistance at no less amount than had been available under the CTB scheme.

4.3 Each of the major precepting authorities in Somerset received the initial funding based on their share of Council Tax receipts. In Taunton Deane, the initial grant awarded to precepting authorities was £6,110,080, with the Council's share of this grant being £587,775 (based on a 9.62% share). For West Somerset, the initial grant was £2,831,449, with the Council's share of this grant being £265,741 (based on a 9.39% share).

4.4 From 1 April 2014, funding for localised CTS was incorporated in the annual Settlement Funding Assessment (SFA), (comprising Revenue Support Grant and Business Rates Baseline) and is not separately identified. However, the approach taken by many authorities has been to assume the funding for CTS has been reduced at the same rate as the SFA. For TDBC, the SFA has reduced by 55% in cash terms since 2013/14, while for WSC, the SFA has reduced by 51%. Therefore, in applying this methodology, the funding available for Localised CTS for the combined authorities has reduced by £4,804,583 to £4,136,946.

- 4.5 In 2017/18 for both authorities combined, we paid CTS of £4,450,282 for people of pensionable age. Based on the assumptions stated in paragraph 4.4, this leaves nothing to spend on CTS for people of working age. As our expenditure for working age recipients in 2017/18 was £3,403,951, this leaves a funding shortfall of £3,717,287.
- 4.6 The DWP subsidises the cost of administering Housing Benefit, while the Department for Communities and Local Government (DCLG) provides an annual grant towards the cost for CTS administration. However, funding has steadily decreased and is likely to be removed entirely with the move to 100% business rate retention in 2020.
- 4.7 The Secretary of State will prescribe a “default” scheme that will take effect if we fail to agree a Council Tax Support Scheme on or before **11 March 2019**. The default scheme broadly reflects the former Council Tax Benefit scheme and will not therefore deliver any financial saving. If the Council ended up with the default scheme then both this Council and other local authorities – including SCC, Police and Fire would need to identify corresponding savings / funding to cover the reduction in Government grant.
- 4.8 This report presents the Scrutiny Committee with possible options for Somerset West and Taunton District Council’s CTS scheme for 2019/20. To comply with the law, the scheme must be subject to a consultation process – as such Members are not being asked to make a final decision at this meeting, they are being asked to confirm the options to be presented for public consultation.

5 The existing CTS Schemes

- 5.1 The Councils adopted Local Council Tax Support schemes for 2013/14 that were largely based on the former national Council Tax Benefit (CTB) scheme. From 1 April 2013, those of pension age received support of up to 100% of their Council Tax liability, while the maximum support for those of working age was set at 80% for TDBC and 85% for WSC. In designing the CTS schemes, we considered customers’ ability to pay and the collectability of the resultant Council Tax liability. For people of working age, our schemes included the following key elements:
- Maximum support is 80% (TDBC) or 85% (WSC) of Council Tax - everyone of working age had to pay something;
 - Increased non-dependant deductions;
 - No Second adult rebate;
 - Earned income disregards are at increased levels than those offered under CTB;
 - Hardship fund of £35k (TDBC) or £22.5k (WSC) for short-term help (this is a Collection Fund commitment and not fully funded by TDBC/WSC).
- 5.2 Over the intervening years up to 2018/19, the CTS schemes for both authorities were amended for working age people by:
- Removing entitlement to applicants with capital over £6,000;
 - Applying a Minimum Income for Self-Employed applicants; and
 - Paying CTS at a level that would be no more than for a Band D property (Band C for WSC)

- Disregarding maintenance received for children.
- Maximum backdating of CTS reduced from 6 months to 1 month;
- Family premium not included in the applicable amount for new applicants, or existing recipients who would otherwise have a new entitlement to the premium;
- Work Related Activity component not included in the applicable amount for new claimants of Employment and Support Allowance;
- Removal of child allowance in applicable amount for third and any subsequent children born after 1 April 2017 but protection for some customers;
- Reduction in the allowable period of temporary absence outside Great Britain from 13 weeks to 4 weeks.

5.3 In 2018/19 both TDBC and WSC decided to change their schemes for working age people to remove Applicable Amounts in calculating CTS and instead award entitlement based on Income Bands. To recognise the additional needs of multi-person households and families the table below shows the income limits for each band in 2018/19.

CTS Band		Single people	Couple no Children	Couple with one child	Lone Parent with one child	Couple with two or more children	Lone Parent with two or more children
85%	1	£75.00	£115.00	£165.00	£125.00	£215.00	£175.00
75%	2	£125.00	£165.00	£215.00	£175.00	£265.00	£225.00
60%	3	£175.00	£215.00	£265.00	£225.00	£315.00	£275.00
45%	4	£225.00	£265.00	£315.00	£275.00	£365.00	£325.00
30%	5	£275.00	£315.00	£365.00	£325.00	£415.00	£375.00
15%	6	£325.00	£365.00	£415.00	£375.00	£465.00	£425.00

Table 5.3.1.

5.4 In addition to these changes, TDBC and WSC also decided to:

- apply a flat rate deduction of £5 a week for each non-dependant;
- disregard carers' allowance from the income used to work out CTS
- provide extra assistance for young people who had left local authority care by increasing maximum support to 100% of the Council Tax liability for single applicants up to the age of 25 where their weekly income falls within Band 1.

5.5 When changing to an Income Band scheme, both TDBC and WSC agreed applicants with protected characteristics who would receive reduced CTS from 1 April 2018 should be invited to submit claims for a discretionary reduction to mitigate the effect of the new scheme. For the period to 31 May 2018, we awarded a total of £11,508.58 to 84 households in discretionary reductions, with an average award of £137.01.

5.6 In annual billing for 2017/18, Taunton Deane Borough Council sent Council Tax bills that after the award of CTS, totalled more than £64.2million. Approximately 13% of residents receive financial support through CTS, with just under 7% of those liable to pay some Council Tax, being CTS recipients of working age.

- 5.7 There were 12,044 people who moved from the Council Tax Benefit scheme to the localised CTS schemes for Taunton Deane Borough Council and West Somerset Council. At 31 March 2018, this had reduced to 9,698. Key information on CTS caseload, spending and budgets is shown below:

Claimant type	% of total claims	Caseload at 31 March 2018	% of total spend	CTS Expenditure
Working Age	49%	4,760	43%	£ 3,403,950
Pension Age	51%	4,938	57%	£ 4,450,282
Total	100%	9,698	100%	£ 7,854,232

Table 5.6.1

	CTS Budget for TDBC in 2017/18	CTS Budget for WSC in 2017/18
TDBC & WSC	£538,804	£248,982
Parishes	£67,558	£112,395
SCC	£4,050,538	£1,838,582
Police & Crime Commissioners	£654,725	£297,187
Devon & Somerset Fire Authority	£293,746	£133,334
Total Budget	£5,605,370	£2,630,480

Table 5.6.2

Comparative data	
Council Tax Benefit awarded 2012/13	£10,001,604
Council Tax Support awarded 2017/18	£7,854,232
Reduction in CTS expenditure in comparison to CTB (22%)	£2,147,372
Council Tax Benefit claims @ 31 March 2013	11,455
Council Tax Support claims @ 31 March 2018	9,698
Reduction in CTS caseload in comparison to CTB (17%)	1,757
Council Tax Support Budget 2017/18	£8,235,850
Council Tax Support awarded 2017/18	£7,854,233
Saving in CTS awarded in 2017/18 in comparison to budget	£381,617

Table 5.6.3

- 5.8 Members will see from the tables above that the cost of our CTS scheme has reduced considerably, both through the implementation of our local policy and the trend in demand / eligibility for financial assistance. However, there are a number of factors potentially affecting the ongoing reduction in costs and CTS recipients, namely:

- A downturn in the economy generally (as experienced in 2008 until 2013); or
- A downturn in the local economy such as a local business going into liquidation or a reducing labour force; or
- An increase in Council Tax above the increase in allowances under the scheme.

6 Collection Activity and Debt Profile for 2017/18

- 6.1 The households liable for Council Tax in the TDBC and WSC areas increased from 67,806 in 2012/13 to 72,238 by 31 March 2018. While bringing additional income from Council Tax, this growth has increased the demand for services.
- 6.2 The net collectable debt for Council Tax in 2017/18 increased by nearly £16.3m in comparison to 2012/13. The collection of Council Tax in year, while at a rate slightly less than achieved in 2012/13, has resulted in additional income across both authorities of more than £1.5m based on a preceptor share of 9.54%.

	2012/13	2017/18	Difference since 2012/13	% change since 2012/13
Council Tax due	£70,863,373	£87,674,778	£16,811,405	23.72% ↑
Council Tax Collected (in year)	£69,377,702 (97.90%)	£85,667,154 (97.71%)	£16,289,452	23.48% ↑

Table 6.2.1

- 6.3 Overall, the Council Tax outstanding for both authorities in 2017/18 was £2,007,624. Council Tax outstanding for working age CTS recipients was £433,968. Therefore, while working age CTS recipients represent less than 7% of households, the value of their debt equates to 22% of Council Tax outstanding at 31 March 2018. More information on the breakdown of Council Tax arrears for CTS recipients is shown in [Appendix 1](#). In some instances, significant effort is required to collect relatively small sums of money and that effort may not be economical when balanced against the value of the debt owed. Furthermore the impact of passing enforcement costs on to residents will only increase the level of the debt further.

7 Options for the CTS Scheme for 2019/20

- 7.1 The following part of this report examines potential options for CTS in 2019/20 for Somerset West & Taunton District Council.
- 7.2 **Option 1 – Banded Income Scheme similar to that currently in place for TDBC & WSC**
- 7.2.1 This would mean we would work out CTS for all working age CTS recipients in the similar way as 2018/19, with the minimum Council Tax contribution rate remaining at 15% and awards of CTS at a level no more than for a Band D property.
- 7.2.2 Customers with a weekly income in excess of the limits shown for Band 6 (see table 5.3.1.) would not receive any Council Tax Support.
- 7.2.3 Working age customers with capital of over £6,000 would not be entitled to assistance.
- 7.2.4 Where a non-dependant deduction applies, we would make a flat rate deduction of £5 for each non-dependant from any CTS entitlement.
- 7.2.5 Single care leavers within a weekly income falling within Band 1 (see table 5.3.1.) would continue to receive CTS at 100%.

7.2.6 Income from earnings would be after the deduction of tax, national insurance and 50% of any contribution to a pension scheme. To incentivise employment or self-employment, we would continue to ignore (disregard) some income. For most customers who are working, we disregard:

- £10 a week for single people
- £20 a week for couples
- £30 a week for those with qualifying disabilities
- £37.50 a week for lone parents

7.2.7 We would apply a Minimum Income for Self-Employed applicants.

7.2.8 In common with Universal Credit rules, no blanket protection will be provided for households receiving disability benefits, but income from Disability Living Allowance and Personal Independence Payments would not count as household income. Similarly, we would continue to ignore (disregard) child benefit and maintenance received for children. We would also ignore carers' allowance from income used to work out CTS.

7.2.9 The maximum backdating of CTS would be 1 month and the allowable period of temporary absence outside Great Britain would remain at 4 weeks.

7.3 **Option 2 – Disregard the Housing Element within Universal Credit**

7.3.1 While funding under the Local Government Finance Settlement has been cut, the income collected through Council Tax has increased as shown in paragraph 6.2.

7.3.2 Currently, we pay Housing Benefit mainly to applicants with a rental liability who do not receive Universal Credit (UC) - although some applicants receive UC for their personal living costs from the DWP and Housing Benefit from the Council because their accommodation costs cannot be met by UC. Housing Benefit is disregarded from the income used to work out their CTS, whereas we include the Housing Element as income for Universal Credit applicants. By disregarding the amount stated by the DWP in the UC award as being the Housing Element, we would bring parity in the treatment of income for CTS recipients.

7.3.3 This will result in an estimated additional cost of the CTS scheme of £452k with any additional costs being shared between the precepting authorities (see [Option 2 - Appendix 2](#)).

7.4 **Option 3 – Disregard £50 a week for third and subsequent children from the income used to calculate CTS**

7.4.1 Under the Income Band schemes currently operating, the band limits only apply for up to 2 children. For those customers with more than 2 children this could potentially result in hardship. While we apply discretionary awards to reduce the Council Tax liability in such cases, we could instead apply a weekly disregard of £50 from the income of £50 for each child where there are more than 2 children in the household.

7.4.2 This will result in an estimated additional cost of the CTS scheme of £59k with any additional costs being shared between the precepting authorities (see [Option 3 - Appendix 2](#)).

7.4.3 Combining Options 2 and 3 will result in an estimated additional cost of the CTS scheme of £507k based on the income bands and percentages applied for 2018/19. Any additional costs would be shared between the precepting authorities. (See [Option 3A - Appendix 2](#)).

7.5 Option 4 - Reduce maximum CTS offered to working age recipients from 85% and adjust the other percentages applied to Bands

7.5.1 This means working age CTS recipients would need to pay more and the Council could reduce the funding required to support the scheme in 2019/20 to assist in off-setting cuts in the Local Government Finance Settlement. Under our current CTS scheme the minimum contribution is 15%. If we were to reduce the maximum CTS offered to working age recipients to 80%, it would mean everyone would have to pay at least the figures shown below and on the following page.

Taunton Deane

Single Claimant living in TDBC area					
Band	Annual Council Tax (after sole occupier discount)	Current minimum contribution 2018/19	Minimum proposed Annual Contribution	Current minimum weekly contribution 2018/19	Minimum proposed weekly Contribution
A	£822.17	£123.32	£164.43	£2.37	£3.15
B	£959.20	£143.88	£191.84	£2.76	£3.68
C	£1,096.23	£164.43	£219.25	£3.15	£4.20
D	£1,233.26	£184.99	£246.65	£3.55	£4.73
E	£1,507.31	£459.05	£520.71	£8.80	£9.99
F	£1,781.38	£733.11	£794.77	£14.06	£15.24
G	£2,055.43	£1,007.16	£1,068.82	£19.32	£20.50
H	£2,466.51	£1,418.24	£1,479.91	£27.20	£28.38

Claimant Couple living in TDBC area					
Band	Annual Council Tax	Current minimum contribution 2018/19	Minimum proposed Annual Contribution	Current minimum weekly contribution 2018/19	Minimum proposed weekly Contribution
A	£1,096.22	£164.43	£219.24	£3.15	£4.20
B	£1,278.93	£191.84	£255.79	£3.68	£4.91
C	£1,461.64	£219.25	£292.33	£4.20	£5.61
D	£1,644.34	£246.65	£328.87	£4.73	£6.31
E	£2,009.75	£612.06	£694.28	£11.74	£13.31
F	£2,375.17	£977.48	£1,059.70	£18.75	£20.32
G	£2,740.57	£1,342.88	£1,425.10	£25.75	£27.33
H	£3,288.68	£1,890.99	£1,973.21	£36.27	£37.84

West Somerset

Single Claimant living in WSC area					
Band	Annual Council Tax (after sole occupier discount)	Current minimum contribution 2018/19	Minimum proposed Annual Contribution	Current minimum weekly contribution 2018/19	Minimum proposed weekly Contribution
A	£849.47	£127.42	£679.57	£2.44	£13.03
B	£991.06	£148.66	£792.85	£2.85	£15.21
C	£1,132.64	£169.90	£906.11	£3.26	£17.38
D	£1,274.21	£311.47	£368.10	£5.97	£7.06
E	£1,557.37	£594.62	£651.25	£11.40	£12.49
F	£1,840.53	£877.78	£934.42	£16.83	£17.92
G	£2,123.69	£1,160.94	£1,217.57	£22.26	£23.35
H	£2,548.42	£1,585.67	£1,642.30	£30.41	£31.50

Claimant Couple living in WSC area					
Band	Annual Council Tax	Current minimum contribution 2018/19	Minimum proposed Annual Contribution	Current minimum weekly contribution 2018/19	Minimum proposed weekly Contribution
A	£1,132.62	£169.89	£226.52	£3.26	£4.34
B	£1,321.41	£198.21	£264.28	£3.80	£5.07
C	£1,510.19	£226.53	£302.04	£4.34	£5.79
D	£1,698.95	£415.29	£490.80	£7.96	£9.41
E	£2,076.49	£792.83	£868.34	£15.20	£16.65
F	£2,454.04	£1,170.38	£1,245.89	£22.45	£23.89
G	£2,831.58	£1,547.92	£1,623.43	£29.69	£31.13
H	£3,397.89	£2,114.23	£2,189.74	£40.55	£41.99

7.5.2 Increasing the contribution rate to 20% adds £1.58 a week additional Council Tax burden for a working age couple on CTS living in a band D (or above) property in the TDBC area, or an extra £1.45 in Council Tax for a working age couple on CTS living in a band C (or above) property in the WSC area.

7.5.3 If we were to increase the contribution rate to 20%, we could also consider changing the percentages applied to the income bands for applicants, such as those shown in the table below:-

CTS Band		Single people	Couple no Children	Couple with one child	Lone Parent with one child	Couple with two or more children	Lone Parent with two or more children
80%	1	£75.00	£115.00	£165.00	£125.00	£215.00	£175.00
70%	2	£125.00	£165.00	£215.00	£175.00	£265.00	£225.00
55%	3	£175.00	£215.00	£265.00	£225.00	£315.00	£275.00
40%	4	£225.00	£265.00	£315.00	£275.00	£365.00	£325.00
25%	5	£275.00	£315.00	£365.00	£325.00	£415.00	£375.00
10%	6	£325.00	£365.00	£415.00	£375.00	£465.00	£425.00

- 7.5.4 The saving from reducing the maximum CTS offered to working age recipients to 80% and adjusting the percentages applied to the income bands is estimated at £268k. Any savings will be shared between the precepting authorities. See [Option 4 - Appendix 2](#).
- 7.5.5 Combining Options 2, 3 and 4 will result in an additional extra cost of the CTS scheme of £192k with any additional costs being shared between the precepting authorities. [See Option 4C - Appendix 2](#).

8 Key considerations

- 8.1 Alternative reductions in the maximum CTS offered could be considered, for example, the maximum support provided through CTS could be any value less than 85% of the liability. Nationally, the maximum contribution required is 45%.
- 8.2 Increasing the contribution rate is likely to lead to increased administration costs in recovering the Council Tax owed. It is unknown that if contributions increase, whether residents who have paid and been able to pay, will be forced into greater indebtedness, and non-collection rates increase.
- 8.3 Any of the options to reduce the level of support we offer through CTS will have an adverse impact on certain applicants or groups of applicants. If we need to cut the support offered through our CTS scheme, we need to consider a careful selection of options for our particular demographic unless additional funding can be raised through other Council initiatives or by cuts in services generally. The reality is that any revised scheme that has less funding, needs to establish which applicants are more able to pay an increased level of Council Tax with the reduction in their CTS.
- 8.4 The estimated financial impact of each of the options and the numbers of customers affected have been considered and are set out in detail in [Appendix 2](#).
- 8.5 Although the Council is not legally required to include transitional protection for claimants moving from one CTS scheme to a replacement scheme, the legislation does state that Members must consider if transitional arrangements may be needed and if protection should apply to all groups or just certain groups. Such protection could limit our ability to realise savings.
- 8.6 Should there be any shift in proportions between working age and pension age or an economic downturn resulting in more people relying on some form of state financial support, there would be greater pressure on remaining Council Taxpayers to meet potentially higher outlay.
- 8.7 A decision to reduce CTS for people of working age will mean that Council Tax Collection will be a much harder task. This will result in more pressure on Revenues staff and may require additional capacity to maintain tax collection rates.

9 Links to Corporate Aims / Priorities

- 9.1 Council Tax Support is most closely linked with the financial performance of Somerset West and Taunton District Council underpinning the delivery of corporate priorities and therefore all corporate aims.

10 Finance / Resource Implications

- 10.1 The Medium Term Financial Plan (MTFP) for the Council, as reported to Members of both Councils when the annual budgets were approved in February 2018, reported we will have a projected budget gap with a combined value of £348k by 2022/23 if no action is taken to address the financial position. This takes into account projected savings from Transformation. It is clear Members will need to consider a number of potential options to reduce costs / increase income to close this gap.
- 10.2 The Council has been required to make significant financial savings in recent years, and faces further cuts in funding and increasing financial risks over the coming years. It is becoming increasingly difficult to preserve core services to local residents.
- 10.3 Reducing Council Tax income will increase the Council's budget gap (and increase budget pressures for major preceptors) increasing the challenge for Members in identifying savings required to balance the budget overall.
- 10.4 The maximum saving that may be achieved in isolation is through Option 4. The illustrative budgetary savings for each preceptor through reducing maximum CTS for people of working age to 80% is shown below.

Authority	% CTS budget	CTS Budget for 2019/20	Estimated budget saving
Somerset West & Taunton Council	9.12%	£800,625	£28,421.51
Parishes	1.95%	£171,621	£6,076.97
Somerset County Council	72.18%	£6,337,842	£224,941.28
Avon and Somerset Police	11.80%	£1,036,276	£36,773.44
Devon & Somerset Fire & Rescue	4.94%	£433,978	£15,426.15
Total	100%	£8,780,342	£311,639.35

Table 10.5.1.

- 10.5 By running the scheme as a “discount” we share the risk of financing the costs with the other precepting authorities through the Tax base calculation. The first financial impact is on the Collection Fund that is used to manage all Council Tax income, before that funding is shared between the various local precepting bodies.

- 10.6 Given Somerset West And Taunton District Council's share of the Collection Fund (shown in the chart below) is estimated at 9.12%, the major element of the risk falls on the other precepting local authorities.

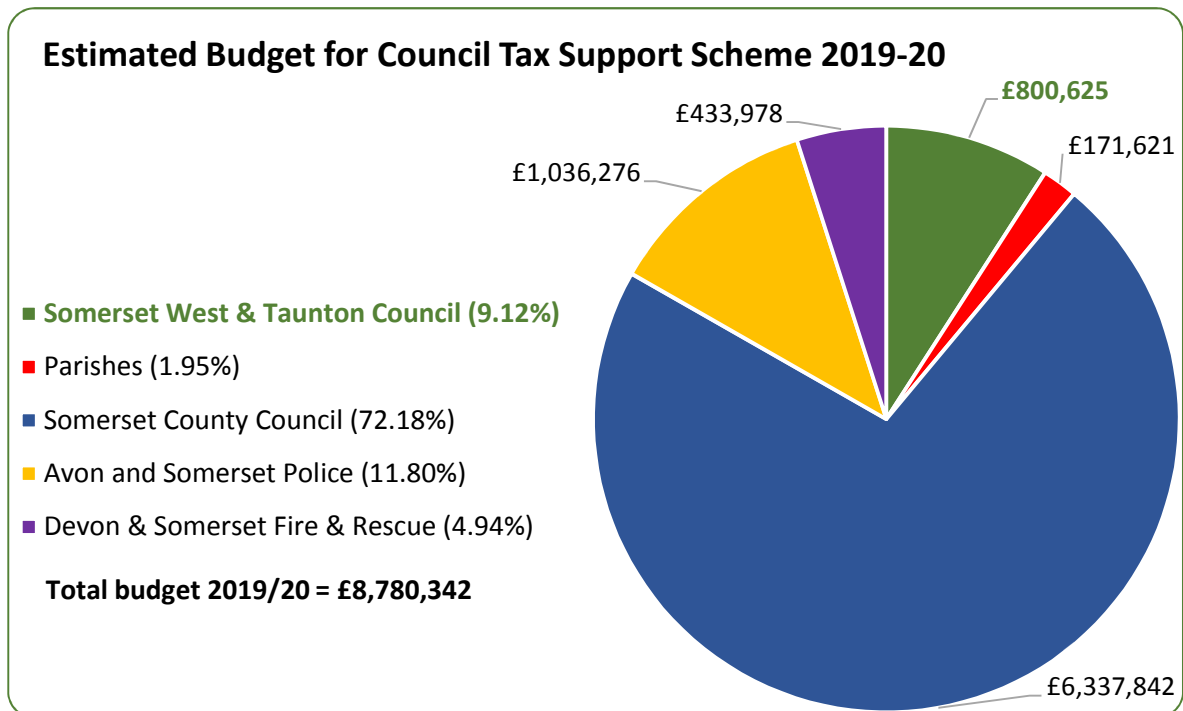


Chart 10.6.1

11 Legal Implications

- 11.1 Section 33 of the Welfare Reform Act 2012 abolished Council Tax Benefit and any replacement scheme is excluded from the scope of the Universal Credit system set up by Section 1 of that Act. The Local Government Finance Act 2012 ("the 2012 Act") amends the Local Government Finance Act 1992 ("the 1992 Act") to make provision for the localisation of Council Tax Support.
- 11.2 The 2012 Act amends the 1992 Act by adding a new section 13A to state that Council Tax will be reduced to the extent set out in an authority's Council Tax reduction scheme and to such further extent as the authority sees fit (new s13A(1)(c) replicating the existing provision for authorities to adopt specified additional classes).
- 11.3 Local authorities must make a Council Tax reduction scheme setting out the reductions which are to apply in its area by persons or persons in classes consisting of persons whom the authority considers to be in financial need.
- 11.4 Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as inserted by Schedule 4 to the Local Government Finance Act 2012, requires the authority to consider whether, for each financial year, the CTS scheme is to be revised or replaced. Where the scheme is to be revised or replaced the procedural requirements in paragraph 3 of that schedule apply. Any scheme must be determined by 11th of March in the preceding year to the year which the changes are to apply.

11.5 The Council must therefore consult with precepting authorities (Somerset County Council, Avon and Somerset Police, and Devon and Somerset Fire and Rescue Authority), publish a draft scheme and then consult with such persons as are likely to have an interest in the operation of that scheme prior to determining the scheme before 11th March 2019. If any proposed revision is to reduce or remove a reduction to which a class of person was entitled, the revision must include such transitional provision as the Council sees fit.

11.6 Case law has confirmed that consultation must

- be undertaken when proposals are at a formative stage;
- include sufficient reasons for particular proposals to allow those consulted to give intelligent consideration and an intelligent response;
- give consultees sufficient time to make a response; and
- be conscientiously taken into account when the ultimate decision is taken.

12 Environmental Impact Implications

12.1 There are no environmental implications associated with this report.

13 Safeguarding and/or Community Safety Implications

13.1 Safeguarding and community safety implications have been considered, and there are not expected to be any specific implications relating to this report.

14 Equality and Diversity Implications

14.1 Members need to demonstrate they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the authority must have due regard for:

- Eliminate discrimination, harassment, victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

14.2 The public sector equality duty, as set out in section 149 of the 2010 Equality Act, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic.

14.3 The “protected characteristics” are: age, disability, race (including ethnic or national origins, colour or nationality), religion or belief, sex, sexual orientation, pregnancy and maternity, and gender reassignment. Marriage and civil partnership are also a protected characteristic for the purposes of the duty to eliminate discrimination.

14.4 Councillors must consider the effect that implementing the CTS scheme will have on equality before making a decision. A detailed Equality Impact Assessment will be prepared and included in the report on the outcome of consultation to assist Members in deciding on the CTS scheme for 2019/20. Where it is apparent the CTS policy will have an adverse effect on equality, then adjustments should be made to seek to reduce that effect and this is known as “mitigation”.

14.5 Budgetary pressures and economic and practical factors will also be relevant. The amount of weight to be placed on the same countervailing factors in the decision making process will be for Members to decide.

15 Social Value Implications

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

16 Partnership Implications

16.1 Further development of the Council Tax Support scheme will need collaborative working between TDBC and the major precepting authorities.

17 Health and Wellbeing Implications

17.1 There are no Health and Wellbeing implications associated with this report.

18 Asset Management Implications

18.1 There are no asset management implications associated with this report.

19 Consultation Implications

19.1 Before implementing any change to the CTS scheme for 2019/20 we must consult with the public. It is important not just to consider the options to reduce funding for CTS, but also to give the public options on how we can keep our CTS scheme at the same level by making funding available from other sources or by reducing other services.

19.2 To obtain a confidence interval (CI) of 95% from public consultation, we need to receive approximately 300 responses. The CI is a way of expressing how certain we are about the findings from our consultation, using statistics. It gives a range of results that is likely to include the “true” value for the population. To obtain sufficient responses, officers will interview a proportional, random selection of households in each parish to obtain their views. Public consultation will be for a period of 8 weeks, starting on 3 July 2017

19.3 We must publish our draft scheme when we start consultation with interested parties. We will do this through the Council’s website as well as seeking views on our proposals from those not selected for the random interviews set out in paragraph 19.2. We will also gather feedback from the major preceptors, various welfare support agencies and advisory groups.

20 Shadow Scrutiny Comments / Recommendation(s)

20.1 Not applicable

Democratic Path:

- **Shadow Scrutiny Committee - Yes**
- **Executive/Cabinet - No**
- **Full Council - No**

Reporting Frequency: **Annually**

List of Appendices (delete if not applicable)

[Appendix 1](#) Debt profile for CTS recipients

[Appendix 2](#) Financial impact on CTS recipients for options

Contact Officers

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Council Tax Rebate (CTS) recipients - Debt Profile @ 31 March 2018

	Number of cases	Cases with debt	Percentage of cases with debt	Average arrears cases	Average arrears across scheme	Total arrears
Pension Age	4,755	136	3%	£103.75	£2.97	£14,110.16
Working Age	5,354	1,841	34%	£235.72	£81.05	£433,968.40
Total	10,109	1,977	20%	£226.65	£44.32	£448,078.56

	Number of cases	Cases with debt	Percentage of cases with debt	Average arrears cases	Average arrears across scheme	Total arrears
Single, no children	2,384	725	30%	£205.96	£62.63	£149,321.35
Care Leaver	7	1	14%	£53.62	£7.66	£53.62
Couple with no children	220	117	53%	£268.33	£142.70	£31,394.85
Couple with 1 child	440	79	18%	£291.88	£52.41	£23,058.50
Couple with 2 or more children	411	163	40%	£320.10	£126.95	£52,176.50
Lone Parent with 1 child	946	372	39%	£238.06	£93.61	£88,558.87
Lone Parent with 2 or more children	946	384	41%	£232.82	£94.51	£89,404.71
Total	5,354	1,841	34%	£235.72	£81.05	£433,968.40

Option 1: Based on Existing Council Tax Support Schemes for TDBC & WSC

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£66,091	£152,708
Average weekly award	£18.22	£12.34	£15.11
Estimated 2019/20 awards	£4,516,457	£3,446,192	£7,962,649
Estimated expenditure 2018/19			£7,962,649
Saving			£0.00
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£817,693

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£12.45
Care Leaver	7	£13.99
Couple with no children	411	£16.88
Couple with 1 child	220	£12.49
Couple with 2 or more children	440	£13.57
Lone Parent with 1 child	946	£10.66
Lone Parent with 2 or more children	946	£11.18
Total	5,354	£12.34
Employed & self employed	1,781	£9.14

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 2: Disregard the Housing Element included within Universal Credit

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£74,766	£161,383
Average weekly award	£18.22	£13.96	£15.96
Estimated 2019/20 awards	£4,516,457	£3,898,491	£8,414,948
Estimated expenditure 2018/19			£7,962,649
Additional cost			£452,999
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£365,394

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£13.45
Care Leaver	7	£13.99
Couple with no children	411	£17.84
Couple with 1 child	220	£15.67
Couple with 2 or more children	440	£15.65
Lone Parent with 1 child	946	£13.11
Lone Parent with 2 or more children	946	£13.25
Total	5,354	£13.96
Employed & self employed	1,781	£11.47

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 3: Disregard £50 a week for third and subsequent children from the income used to calculate CTS

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£67,216	£153,833
Average weekly award	£18.22	£12.55	£15.22
Estimated 2019/20 awards	£4,516,457	£3,504,836	£8,021,293
Estimated expenditure 2018/19			£7,962,649
Additional cost			£58,644
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£759,049

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£12.46
Care Leaver	7	£13.99
Couple with no children	411	£16.88
Couple with 1 child	220	£12.49
Couple with 2 or more children	440	£14.73
Lone Parent with 1 child	946	£10.66
Lone Parent with 2 or more children	946	£11.81
Total	5,354	£12.55
Employed & self employed	1,781	£9.63

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 3A: Disregard Housing Element from Universal Credit award and £50 a week for third and subsequent children from the income used to calculate CTS

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£75,823	£162,440
Average weekly award	£18.22	£14.16	£16.07
Estimated 2019/20 awards	£4,516,457	£3,953,623	£8,470,080
Estimated expenditure 2018/19			£7,962,649
Additional cost			£507,431
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£310,262

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£13.45
Care Leaver	7	£13.99
Couple with no children	411	£17.84
Couple with 1 child	220	£15.67
Couple with 2 or more children	440	£16.78
Lone Parent with 1 child	946	£13.11
Lone Parent with 2 or more children	946	£13.84
Total	5,354	£14.16
Employed & self employed	1,781	£11.95
Customers with disabilities	1,310	£16.04

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 4: Reduce maximum CTS offered to working age recipients from 85% to 80% and adjust percentages for income bands.

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£60,938	£147,555
Average weekly award	£18.22	£11.38	£14.60
Estimated 2019/20 awards	£4,516,457	£3,177,506	£7,693,963
Estimated expenditure 2018/19			£7,962,649
Saving			£268,685
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£1,086,379

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£11.59
Care Leaver	7	£13.99
Couple with no children	411	£15.68
Couple with 1 child	220	£11.26
Couple with 2 or more children	440	£12.31
Lone Parent with 1 child	946	£9.73
Lone Parent with 2 or more children	946	£10.21
Total	5,354	£11.38
Employed & self employed	1,781	£8.13
Customers with disabilities	1,310	£14.27

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 4A: Reduce maximum CTS offered to working age recipients from 85% to 80%, adjust percentages for income bands and disregard Housing Element from Universal Credit award from the income used to calculate CTS.

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£68,746	£155,363
Average weekly award	£18.22	£12.84	£15.37
Estimated 2019/20 awards	£4,516,457	£3,584,608	£8,101,065
Estimated expenditure 2018/19			£7,962,649
Additional cost			£138,416
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£679,277

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£12.50
Care Leaver	7	£13.99
Couple with no children	411	£16.51
Couple with 1 child	220	£14.18
Couple with 2 or more children	440	£14.17
Lone Parent with 1 child	946	£11.96
Lone Parent with 2 or more children	946	£12.06
Total	5,354	£12.84
Employed & self employed	1,781	£10.13
Customers with disabilities	1,310	£14.87

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 4B: Reduce maximum CTS offered to working age recipients from 85% to 80%, adjust percentages for income bands and disregard £50 a week for third and subsequent children from the income used to calculate CTS.

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£61,170	£147,787
Average weekly award	£18.22	£11.43	£14.62
Estimated 2019/20 awards	£4,516,457	£3,189,556	£7,706,013
Estimated expenditure 2018/19			£7,962,649
Saving			£256,636
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£1,074,329

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£11.45
Care Leaver	7	£13.99
Couple with no children	411	£15.53
Couple with 1 child	220	£11.07
Couple with 2 or more children	440	£13.27
Lone Parent with 1 child	946	£9.53
Lone Parent with 2 or more children	946	£10.67
Total	5,354	£11.43
Employed & self employed	1,781	£7.34
	1,310	£14.24

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 4C: Reduce maximum CTS offered to working age recipients from 85% to 80%, adjust percentages for income bands and disregard Housing Element from Universal Credit award and £50 a week for third and subsequent children from the income used to calculate CTS.

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£69,774	£156,391
Average weekly award	£18.22	£13.03	£15.47
Estimated 2019/20 awards	£4,516,457	£3,638,191	£8,154,648
Estimated expenditure 2018/19			£7,962,649
Additional cost			£191,999
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£625,694

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£12.50
Care Leaver	7	£13.99
Couple with no children	411	£16.51
Couple with 1 child	220	£14.18
Couple with 2 or more children	440	£15.24
Lone Parent with 1 child	946	£11.96
Lone Parent with 2 or more children	946	£12.65
Total	5,354	£13.03
Employed & self employed	1,781	£10.59
Customers with disabilities	1,310	£14.91

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 5: Disregard £50 a week from the net income used to calculate CTS for customers with disabilities

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£67,153	£153,770
Average weekly award	£18.22	£12.54	£15.21
Estimated 2019/20 awards	£4,516,457	£3,501,554	£8,018,011
Estimated expenditure 2018/19			£7,962,649
Additional cost			£55,362
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£762,331

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£12.64
Care Leaver	7	£13.99
Couple with no children	411	£17.46
Couple with 1 child	220	£12.93
Couple with 2 or more children	440	£13.88
Lone Parent with 1 child	946	£10.76
Lone Parent with 2 or more children	946	£11.21
Total	5,354	£12.54
Employed & self employed	1,781	£9.33
Customers with disabilities	1,310	£16.09

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 5A: Maximum CTS for working age recipients remains at 85% apply a disregard for the Housing Element from the Universal Credit award, £50 a week for third and subsequent children and £50 for disabled customers from the income used for CTS.

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£76,201	£162,818
Average weekly award	£18.22	£14.23	£16.11
Estimated 2019/20 awards	£4,516,457	£3,973,326	£8,489,783
Estimated expenditure 2018/19			£7,962,649
Additional cost			£527,134
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£290,559

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£13.51
Care Leaver	7	£13.99
Couple with no children	411	£18.24
Couple with 1 child	220	£15.89
Couple with 2 or more children	440	£16.96
Lone Parent with 1 child	946	£13.10
Lone Parent with 2 or more children	946	£13.80
Total	5,354	£14.23
Employed & self employed	1,781	£11.96
Customers with disabilities	1,310	£16.72

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

Option 5B: Reduce maximum CTS offered to working age recipients to 80%, adjust percentages for income bands, disregard the Housing Element from the Universal Credit award, £50 a week for third and subsequent children and £50 for disabled customers from the income used for CTS.

	Pension Age	Working age	Total
Number of claims	4,755	5,354	10,109
Total weekly awards	£86,617	£70,130	£156,747
Average weekly award	£18.22	£13.10	£15.51
Estimated 2019/20 awards	£4,516,457	£3,656,765	£8,173,222
Estimated expenditure 2018/19			£7,962,649
Additional cost			£210,573
* Estimated Notional Budget 2019/20 for Somerset West & Taunton			£8,780,342
Estimated underspend in 2019/20 compared to budget for 2018/19			£607,120

Working age customers	Numbers	Average weekly CTS
Single Person	2,384	£12.56
Care Leaver	7	£13.99
Couple with no children	411	£16.89
Couple with 1 child	220	£14.39
Couple with 2 or more children	440	£15.42
Lone Parent with 1 child	946	£11.94
Lone Parent with 2 or more children	946	£12.59
Total	5,354	£13.10
Employed & self employed	1,781	£10.58
Customers with disabilities	1,310	£15.65

* Notional budget calculated in accordance with initial distribution of funding for CTS in 2013/14

