



South Somerset
District Council

Monitoring SSDC Council Tax Support Scheme

Report and Findings of the Overview
and Scrutiny Task and Finish Group

December 2020

Chair's Foreword

As part of Central Government's Welfare Reform Bill in 2012:

- Council Tax Benefit was abolished; the responsibility of helping low-income households pay their Council Tax was transferred to Billing Authorities. This was delivered with the creation of a local scheme to be known as Council Tax Support (CTS). The scheme had to protect pensioners as they were previously in 2012/13 but provided councils with autonomy to create a new scheme for working age households.
- Central Government reduced the grant to help low-income households pay their Council Tax by ten percent in 2013.

At this time the Overview and Scrutiny Committee recognised the significance and potential impact this could have on the residents of South Somerset and commenced a Task and Finish exercise that worked in parallel with officers to develop a local scheme.

Since the scheme was implemented in April 2013 Central Government have revised their funding arrangements. The grant that SSDC received to help low income households pay their Council Tax ceased to exist. From 2015/16 onwards the funding has been received as part of the Revenue Support Grant; no figure is prescribed or ring-fenced specifically for this purpose.

The Overview and Scrutiny Committee have commissioned a Task and Finish review each year since the introduction of Council Tax Support (CTS) to conduct specific monitoring work to ensure the scheme continues to be effective and balances the needs of Council Tax support recipients and all South Somerset Council Tax payers. This year the Task and Finish group's work has been fundamentally different with the focus looking forward to provide a resilient future proof scheme that:

- Reflects the changing needs of our customers and improve the customer journey.
- Builds on the officer team experiences and the lessons learned from other authority schemes to make the administration of the scheme and the collection of Council Tax more efficient
- Works better in the broader context responding to external influences that directly impact the delivery of the scheme and payment of Council Tax.
- Will successfully respond to the very different economic situation in South Somerset for the forthcoming year(s). Covid-19 related impact has been intrinsically built into the new scheme proposed in this report.

This report provides a summary of the group's work, presents key findings and makes recommendations for the 2021/22 scheme.

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Task and Finish Group Chair

Task and finish group members:

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David Airey - IRRV (Hons) Director ACS Support Ltd

Background reports for information

The original Council Tax Reduction Task and Finish report from 2013

<https://modgov.southsomerset.gov.uk/Data/South%20Somerset%20District%20Council/20130117/Agenda/7%20Appendix%201%20-%20Report%20and%20Findings%20of%20the%20Overview%20and%20Scrutiny%20Task%20and%20Finish%20Group%2017-01-2013.pdf>

The previous Task and Finish report - December 2019

<http://modgov.southsomerset.gov.uk/documents/s29255/CTS%20TF%20Report%20Dec%202019.pdf>

The Task and Finish group met virtually with officers and worked remotely to:

- Consider the actions required in response to the previous Task and Finish group's recommendations.
- Consider publications and statistics in relation to Council Tax Support (CTS) schemes.
- Assess the outcomes of the monitoring activity, with a particular focus on data specifically around trends that have emerged as a result of the Coronavirus pandemic.
- Work with David Airey – Consultant Revenues Specialist to understand the changing external influences that impact upon Council Tax Support schemes and Council Tax collection and therefore what makes an adaptable and successful scheme.
- Examine the national and local economic changes as a result of Coronavirus to make sure the scheme would be both affordable and effective for the forthcoming year(s).

Monitoring activity

Appendix 1 summarises the routine monitoring activity and the progress and outcomes against the previous Task and Finish report recommendations. This activity helps to help inform the proposals for the South Somerset Council Tax Support scheme going forward.

Having undertaken the monitoring activity, the Task and Finish group concluded that the current scheme was still successful in achieving the previous Overview and Scrutiny Task and Finish groups ambitions and that there was no evidence to suggest the scheme disadvantaged any particular group or combination of household makeup in terms of qualification of support. However new evidence obtained this year by disaggregating the year on year collection rates and arrears between Council Tax payers and Council Tax payers who receive Council Tax Support (shown below) and investigation into sample case studies did suggest that the scheme may need to alter to try to provide more Council Tax Support for those households who have the lowest incomes.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Equivalent in-year Collection Rate CTS cases	83.39%	84.45%	83.59%	86.28%	86.18%	83.47%	79.11%
Actual in-year Collection Rate – All Council Tax Payers	97.4%	97.03%	97.24%	97.73%	97.80%	97.11%	96.91%

Where Council Tax Support is awarded, there is a lower collection rate. The group have attributed this to:

- Households changing circumstances impacting on the Council Tax collection processes, this is explained in detail later in the report.
- Changing external pressures.
- People requiring more in terms of the basics to prevent vulnerability. Since 2013 when Council Tax Support (CTS) first came into being, residents have become more dependent on technology and can substantially be disadvantaged without it.

The hardship scheme has always been available to financially vulnerable households who need further support in addition to CTS to pay their Council Tax. The applications to access the hardship scheme have highlighted that it has been challenging for residents on the lowest incomes to manage paying the 15% contribution to Council Tax (the current CTS scheme provides a maximum award of 85% of the Council Tax charge). There is also the issue of arrears of Council Tax accruing when the Council Tax instalments change and collection is consequently delayed due to the requirement to rebill, in these circumstances, the debt can roll forward to the following year.

The table below shows the level of outstanding Council Tax debt for each year, where Council Tax Support was/is payable – This is not a cumulative figure so the debt is predominantly growing year on year. At the time of writing, the current cumulative outstanding debt is £3,919,942.05 (for years 2013/14 to 2019/20 inclusive).

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Year End Balance Outstanding (net of costs) £	£466,609.74	£454,317.41	£509,012.79	£455,973.10	£501,093.94	£641,306.16	£891,628.91

Many households on the lowest incomes have debts for multiple years, it is at the point now where it is not feasible to collect this debt whilst the household pays Council Tax for the current year.

Collecting debt takes staff resources and what has become apparent is that sometimes the staff resource required is disproportionate to the outcome (amount of debt that is recovered) and therefore the Task and Finish group feel awarding more support from the outset to those on the lowest incomes makes more sense and could allow for debt from previous years to be recovered.

In addition to the evidence of lower collection rates and outstanding debt for those in receipt of CTS, the Task and Finish group members felt that given the changing economic situation, that the original principle 'everyone should contribute towards the cost of local services' which underpinned the original 2013 Council Tax Support scheme and has been applied since for subsequent schemes, may no longer be appropriate. The original ambitions and principles were created at a time of national welfare reform, with low unemployment and a consistent relatively high level of job vacancies across numerous sectors in South Somerset. This is picked up again later in the report.

Again this year, the Task and Finish group felt greater stability needed to be built into the scheme structure to aid recipients to better manage their household budgets in response to external changes, and minimise their risk of falling into arrears and accumulating debt. This demands the scheme works better with two key external drivers:

- The changes in employment contracts being more flexible and in particular zero hours contracts.
- Universal Credit, in particular the frequency of changes to the level award (Universal Credit awards frequently change due to the real time link for earnings with HM Revenues & Customs (HMRC)).

With more frequent changes in an individual's income, altering the amount of Council Tax Support given and consequently the sum of Council Tax to be collected, the bill payer can be

offered fewer instalments, making it more difficult to pay¹ and this can result in Council Tax being carried forward to the following year, causing debt to accumulate.

With more changes to income and consequently the Council Tax Support award, there is much greater staff administration time to manage these cases.

Currently, there is little flexibility in the scheme to cope with these frequent fluctuations. Increasingly now Councils are looking to move, or are moving, to an income related banded scheme for CTS to provide stability for customers and to reduce the administration costs. It is expected that more than 105 councils will have such a scheme from April 2021. Over the last two years, the Task and Finish group considered this option but timing has been key to learning the lessons and reviewing the success of other local authority schemes, particularly given the South Somerset scheme had been stable and successful in all other aspects.

External influences and Scheme adaptability

The group completed a PESTLE² analysis to identify the external factors that have influenced Council Tax Support schemes over previous years, and will impact schemes and the payment of Council Tax going forward for low-income households who are in receipt of Council Tax Support.

Political - Impact of Brexit, projected higher living costs which stem from:

- a weaker pound, making imports more expensive
- the introduction of tariffs and an increase in non-tariff barriers, making imports more expensive
- increased labour costs, increasing the price of domestic goods

This could impact on some residents by pushing them from just managing into financial vulnerability. It could also directly impact some resident's wages, or employment and income if they are self-employed, consequently there is potential for an increase in the number of households requiring CTS. It has been widely reported that Brexit is expected to impact on the financial resilience of many households across England³

Economic – The roll out of Universal Credit, enabling an automatic claim for Council Tax Support may increase numbers of CTS recipients.

¹ We are required by law to provide a minimum notice period before collecting an instalment because of this customers can have fewer instalments to pay their Council Tax, for example if a customer has chosen to pay their Council Tax on the first of each and a change of income is processed on the 25th of the month altering the award of CTS and the amount of the next Council Tax instalment, the next instalment on the first of the month would not be taken, consequently the Council Tax liability will have to be split out across fewer instalments, making each instalment higher in value.

² A PESTLE analysis is a framework to analyse the key factors (Political, Economic, Sociological, Technological, Legal and Environmental) influencing an organisation or subject from the outside

³ <https://www.jrf.org.uk/report/how-could-brexit-affect-poverty-uk>
<http://policyinpractice.co.uk/the-impact-of-brexit-on-low-income-households/>

The direct link between Universal Credit and HMRC means there are many more changes to administer which can delay and adversely impact on Council Tax collection.

Anticipated significant increase in unemployment due to impact of the Coronavirus pandemic⁴, with young people in particular and women anticipated to be more impacted due to the nature of the employment and period of employment.

Due to changes in the local employment sectors in recent years, residents may need to retrain or upskill to gain employment in different areas. This could result in periods of worklessness.

Social and Cultural – We are aware that there is still a culture in South Somerset where some people try not to claim Council Tax Support as it is classed as a benefit, this can cause financial poverty.

The 24-hour service delivery culture in areas such as banking and shopping has changed the expectation of South Somerset residents, many now expect to access SSDC services online 24 hours a day and to be able to enter or maintain a claim for CTS.

Many of our working age residents have mortgages, rental agreements, loans, hire purchase agreements and monthly rental payments that they have committed to. These are commonly seen by residents as a much higher priority than paying Council Tax to provide quality of life. When people's income is reduced, payment of Council Tax is also likely to reduce, particularly whilst these contracts remain. This is where the short term hardship funding may be required. As a Council, it makes no ethical or financial sense to pursue a Council Tax debt if it is going to put someone at risk of becoming homeless or unable to work because they can't afford to either get to work or have an internet connection to work from home, and this is where the balance of the impact of charging and collecting Council Tax has to be carefully managed particularly for those on the lowest income.

Technological – There is now more than ever a real need to have digital access to obtain cost effective services, health advice, undertake training and seek employment. The Council Tax Support scheme needs to be easily accessible and less complex. This will encourage those that can access services digitally to self-serve to apply for and maintain a claim for CTS. This will also benefit those who cannot access digital services to free up staff resources to provide alternative delivery methods to those customers.

Legal – Lockdown periods will have a detrimental impact on a resident's earnings and income, so it is likely that the Council Tax Support scheme will see spikes during and after these periods.

Brexit - the changes are still not fully understood by some local businesses, so this could impact further on employment across South Somerset and potentially increasing the number of households requiring CTS.

⁴ <https://www.somersetrends.org.uk/covid-19-economic-impacts/>

Environmental – There is no direct environmental influence or pressure with regard to Council Tax Support, however there is a need to produce legal notices for the charge and collection of Council Tax. If we can change the CTS scheme to make it more stable for recipients, there will be fewer paper notifications. If we can make it much less complex and reduce administration costs it could potentially release some resources to focus on other Council priorities and projects.

The Task and Finish group worked with SSDC specialists and David Airey (Consultant Revenues Specialist) to examine how an income banded scheme could work better in response to external influences. The collective team worked to identify the advantages and disadvantages of the various approaches to income banded schemes and how these could work for the current South Somerset Council Tax Support working age customer base, and for the Council. The team also reviewed analysis of a projected customer base using modelling data from the peak of the Coronavirus pandemic (first wave) and allowed for growth in the customer base. The group evaluated each of the various approaches for:

- Accessibility to the scheme, ease of application process and maintenance of Council Tax Support claim.
- How easy it was for recipients to understand how changes in the household income will affect their Council Tax Support award.
- The prevention of financial vulnerability.
- The consistency of the award compared to current CTS scheme for different household types.
- The impact of changes between income bands, the variance in support amounts and the frequency of instalment changes.
- Potential risks and risk mitigation measures.
- The ease and of administration from a Council/staff perspective.
- The cost of the scheme to the Council.

The group also considered the shared insight of several councils of their experience of moving to, and operating, a banded/grid scheme and a report from Institute for Fiscal Studies – The impacts of localised council tax support schemes⁵

A summary of the insights is detailed below:

- The administration for banded scheme requires significantly less specialist knowledge to administer and is therefore more easily administered across a wider team of staff and less costly. (100% of the administration of CTS is met by the Council, the easier the scheme is to administer, the lower the costs in terms of staff time and software).
- Using a means tested approach based on the Council Tax Benefit system pre 2013 to calculate awards of CTS is disproportionately more complex and expensive to administer compared to Council Tax discounts, exemptions and reductions.

⁵ <https://www.ifs.org.uk/publications/13827>

- The fewer the income bands the easier for customers to understand and more easy to administer but the bigger the changes in CTS award, this could be considered as a deterrent for some people to increase their incomes.
- The transition from one form of scheme to another needs to be promoted and carefully explained to recipients and local support organisations, projected awards are helpful in advance to help recipients to budget accordingly.
- Take a holistic approach consider the customer and Council journey in terms of engagement, in terms of application, managing a claim and collection of Council Tax
- The removal of Housing Benefit for working age cases gives less incentive to keep the Council Tax Support scheme aligned with Housing Benefit rules.

85 Local Authorities across the country as at 1st April 2020 are operating a banded/grid scheme their collective feedback is summarised below.

Advantages

- Simple for customers and staff compared to a means tested scheme
- Excellent for customers and easy to understand at customer services
- Ease of administration
- Move away from benefits and DWP, people are more likely to apply if it is seen as a discount
- Applications and changes processed by a much wider group of staff and this means being in a better position to meet fluctuations in demand.
- No need for complex forms making the scheme much more accessible
- Enables CTS to be granted automatically

Disadvantages

- The simpler the scheme the less specific the award is to a customer's individual circumstances.
- COVID increases in benefits not catered for
- It cannot be applied to Pensioners
- Software suppliers' support was not good at the beginning (now income banded schemes have been used at multiple sites the technology is not in its infancy, is more developed and widely understood, so there's much less dependency/risk now)
- Software suppliers' costs – need to pay for new systems.

Review of Task and Finish review group principles/ambitions for the Council Tax Support Scheme

The group reviewed the previous Task and Finish group principles listed below and considered the local economic environment for the forthcoming year(s) and concluded they should no longer in their entirety be the basis for a scheme going forward.

- Everyone should contribute something towards the cost of local services through Council Tax.
- All income should be included to ensure the scheme is fair

- Greater account should be taken of the total income of the household
- Provide incentives to encourage people into work or increase their hours.
- Provide protection for those who may become vulnerable under the scheme 'Unable to afford basic shelter, food, water, heating, lighting and essential transport'
- The scheme needs to provide stability to help recipients better manage their circumstances (household budgets) in response to external changes and minimise their risk of falling into debt.

The principles that the group have adopted to inform the forthcoming year's scheme (2021/22) are detailed below (some have been reapplied).

The South Somerset Council Tax Support scheme needs to:

- Work better with Universal Credit which has now been rolled out across South Somerset, (this provides support for households who have no or low income it also provides Housing Benefit for rent) having a greater consistency across the two schemes makes it much easier for customers to understand.
- Not delay Council Tax instalments being collected in response to every income related change.
- Provide protection for those who may become financially vulnerable under the scheme the group have defined this as 'Unable to afford basic shelter, food, water, heating, lighting and essential transport and digital connectivity to ensure competitively priced services, supplies and ease of access to work and study'.
- Provide stability to help recipients better manage their household budgets in response to external changes and minimise their risk of falling into debt.
- Be more easily administered to enable staff to be able to better manage peaks in demand and to be more cost effective (keep administration costs to an appropriate proportion of the Council's costs for the outcome achieved).
- Be easier for residents to understand and to improve the customer experience when applying for and managing their application for Council Tax Support.
- The scheme needs to operate in the interests of all South Somerset residents and be affordable, this means not cutting Council Services to provide subsidy.

Having set the principles/ambitions for the scheme and considered all the insight and data provided by the officer team and David Airey, the Task and Finish group with the officers proposed to the Portfolio Holder (Finance, Legal & Democratic Services) to consult on the proposals shown below:

1. To Introduce an income 'grid' scheme for all working age applicants replacing the current scheme which was based on the previous Council Tax Benefit Scheme. This will provide up to 100% support in certain cases (currently there is a maximum of 85%). This will increase the overall level of support to those households on the lowest income and also reduce the administration cost of the scheme generally. The changes will also make the scheme simpler. Please note that whilst the changes are intended to reduce the level and cost of administration, the Council is not looking to reduce the total overall level of support available in fact for the lowest income households, the changes may increase the amount of support provided.

It is proposed that a simplified income 'grid' scheme will be introduced. The grid shows the level of discount available.

Discount Band	Discount	Single Person	Lone Parent with one child	Lone Parent with two or more children	Couple	Couple with one child	Couple with two or more children
Weekly Income Ranges							
Band 1*	100%	£0 - £95.00	£0 - £160.00	£0 - £215.00	£0 - £138.00	£0 - £202.00	£0 - £257.50
Band 2	75%	£95.01 - £120.00	£160.01 - £200.00	£215.01 - £255.00	£138.01 - £163.00	£202.01 - £227.00	£257.51 - £297.50
Band 3	40%	£120.01 - £145.00	£200.01 - £250.00	£255.01 - £300.00	£163.01 - £188.00	£227.01 - £252.00	£297.51 - £330.00
Band 4	25%	£145.01 - £170.00	£240.01 - £275.00	£300.01 - £345.00	£188.01 - £213.00	£252.01 - £277.00	£330.01 - £370.00
	0%	Over £170.00	Over £275.00	Over £345.00	Over £213.00	Over £277.00	Over £370.00

*Where any applicant or their partner are in receipt of Income Support, Income-Based Jobseeker's Allowance or Income-Related Employment and Support Allowance, a Band 1 discount will be given (unless they have savings or capital over £6,000).

The key principles of the scheme are as follows:

- The level of discount (shown in the grid) will be based on the total net income (determined by the Council) of the applicant and their partner;
- Income levels can vary in accordance with household size;
- The maximum support available will increase to 100%;
- Certain aspects of the current scheme will be carried forward into the new scheme namely Disability Living Allowance, Personal Independence Payments and Child Benefit will continue to be disregarded;
- Child Maintenance will also be disregarded from the calculation;
- Applicants receiving Income Support, income related Employment and Support Allowance and Income-based Jobseeker's Allowance will receive a Band 1 discount. Where applicants are not in receipt of those benefits and their income is above the levels specified in Band 1, Council Tax Support shall be awarded at the appropriate level (Bands 2, 3 & 4);

The benefits of changing the scheme:

- It provides more support to those on the lowest incomes;
- It provides a simpler scheme, easily understood by all applicants;

- It will save significant increases in administration costs due to the introduction of Universal Credit; and
- It should provide greater stability to Council Tax Support recipients by reducing the number of Council Tax demands during the year. This will reduce multiple changes to monthly instalments as changes in Council Tax instalments will only be triggered when the applicant's weekly net income changes to a different band.

The drawbacks of doing this are:

- Whilst the Council will look to protect Council Tax Support recipients as far as possible, there may be a few winners and losers; and
- Some higher income households may receive less support.

2. Limiting the number of dependent children used in the calculation of support to two for all working age applicants to provide consistency with the Department for Work and Pensions benefit schemes.

The benefits to the Council of doing this are:

- Council Tax Support will be brought into line with the Department for Work and Pensions (DWP) benefits; and
- It is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- Applicants who have three or more dependent children may receive less Council Tax Support. However, this is offset by the Child Benefit not being counted and, if the applicants face exceptional hardship they may apply for additional support through the Council's Exceptional Hardship Scheme.

3. Removing Non-Dependant deductions – the current scheme makes a deduction for members of the household who are not financially dependent, e.g. adult children. In theory, the applicant should look to recoup this deduction from those adults. The Council cannot recover these charges from the non-dependant and must seek payment from the applicant, who will be in receipt of a low income or benefits.

The benefit of this option is:

- Applicants will not be penalised for having additional adults living with them (other than if they are living there commercially); and
- The change is simple and administratively easy to incorporate within the scheme. At present it is not possible to make sure that we have up to date and accurate information with regard to the Non-Dependants earnings, particularly as the applicant may not be aware of changes to the members of their household.
- Younger people who are living at home with their parents often do have varying income, e.g. zero hours contracts, making it more challenging to ensure the award is accurate. It is also this age group that has been predominantly sighted as the most adversely affected by the Coronavirus pandemic. The administration for this area of work if multiple changes are reported could be particularly resource intensive over the forthcoming year.

The drawbacks of doing this are:

- There may be an increase cost to the scheme with no non-dependant charges being made.
4. Disregarding the Housing Element of Universal Credit (in the same way that Housing Benefit is not considered income) and also disregarding the Support Component of Employment and Support Allowance and Carer's Allowance in the calculation of income.

The benefit of this option is:

- It will assist and support the most vulnerable; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There may be a slight increase in the overall cost of the scheme.
5. Replacing the current earnings disregards (also known as a work allowance) with a standard £25 disregard for all applicants where they are in work. Currently, where applicants (or their partner if they have one) have earnings and work over 16 hours per week, an earnings disregard is applied depending on their individual circumstances. The standard disregards (only one is awarded) are £5 per week for a single person, £10 per week for a couple, £20 per week if they meet certain conditions such as disablement or part time special employments or £25 for lone parents. If they work additional hours, in some circumstances they may receive an additional £17.10 disregard per week. Also, if child care is paid by the applicant above that received free from Central Government, then further disregards can be made again earnings for monies paid out.

The proposed change to the scheme would introduce a standard, single disregard of £25 for the applicant where they work. The disregard will apply against earning only. All other disregards will be removed.

The benefit of this option is:

- The change is simple and administratively easy to incorporate within the scheme; and
- It makes the scheme easier to understand for Council Tax Support applicants and recipients.

The drawbacks of doing this are:

- There may be applicants with larger families and who have high child care costs (not met by Government schemes) who may see a reduction in support. (It should be noted that this is offset by the Child Benefit not being counted and that all applicants that face exceptional hardship may apply for additional support under the Council's Exceptional Hardship Scheme).

6. Where a person is disabled and in receipt of certain disability benefits, awarding an additional disregard from their income before calculating any entitlement to Council Tax Support. This option replicates the rules which exist within the current scheme where by a person who is entitled to a Disability Premium, Enhanced Disability Premium, Severe Disability Premium or Disabled Child Premium will have their income reduced (for calculation purposes) by an amount of up to £30 per week.

The benefit of this option is:

- The change is simple and administratively easy to incorporate within the scheme; and
- It protects the most vulnerable applicants.

The drawbacks of doing this are:

- There are no drawbacks.

7. Removing the Extended Payment provision. In certain cases, where applicants have been in receipt of prescribed benefits (such as Income Support, Jobseekers Allowance or Employment and Support Allowance) and move into work which ends their entitlement, Council Tax Support can be paid for an additional 4 weeks after commencing work or increasing their hours. Similar provisions do not exist for Universal Credit claimants. As Universal Credit is to replace those existing (legacy) benefits, the Council feels that these provisions are no longer appropriate.

The benefit of this option is:

- It will treat all applicants in receipt of DWP benefits equally; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- Applicants who are still in receipt of legacy benefits and who move into work before being transferred to Universal Credit may lose any potential extended payment.

8. Calculating all new claims and changes in circumstances to be effective of the day of the change in line with the discount schemes, rather than the current (benefit based) weekly basis. This is a 'throwback' to previous benefit schemes that were weekly based. As Council Tax is a daily charge, the Council believes it makes more sense to change entitlement to Council Tax Support on a daily basis. It should be noted that, the proposed new scheme is designed to reduce the number of changes that will affect entitlement in any event.

The benefit of this option is:

- It is in line with the way that Council Tax is charged and operated; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There are no draw backs to this option.

9. Allowing the discretion to backdate any discount up to 12 months where a good reason is provided. The current scheme limits the backdating of any application for Council Tax Support to 6 months before the date of application where continuous 'Good Cause' is proven. The backdating of applications of up to 12 months should allow for better alignment with the date that the applicant's circumstances changed and that the Council be given a general discretion to backdate any claim where a good reason is provided.

The benefit of this option is:

- This option will allow the Council more flexibility in granting support where the applicant has a good reason for not claiming earlier; and
- The change is simple and administratively easy to incorporate within the scheme.

The drawbacks of doing this are:

- There are no drawbacks to this change. It is unlikely to increase the costs of the scheme significantly.

Consultation analysis and comments including the Task and Finish groups responses

Members considered how best to consult the South Somerset community with regard to the options to amend the CTS scheme for 2021/22 and suggested:

- The consultation should be in plain English and have questions with regard to increasing Council Tax and cutting services to help pay for the Council Tax Support scheme costs.
- What could be included in the questions to aid public understanding of what is being proposed and the impact it would have on individual households.

The consultation was:

- Circulated to representatives of vulnerable groups and minority groups
- Widely publicised via social media, SSDC website and promoted in the Councillor and Parish newsletters so councillors could promote the consultation to their constituents.

Post Consultation

197 responses were received, 1 of these were representative of groups.

The group are satisfied with the level of response received although would have liked more representative groups to have participated. The Task and Finish group collectively reviewed each option/measure taking into account:

- Consultation results and comments
- Risk – The risks for South Somerset residents, Council Tax Support recipients and the Council

- Equalities – the group gave due regard to the characteristics as set out in the Equality Act 2010, in addition to this fairness and proportionality were considered

It was noted that the number of responses decreased throughout the survey, whilst this was disappointing members concluded that it was probably due to the technical nature of the subject and felt it was impossible to make the survey more engaging without in-person support which wasn't possible due to social distancing measures.

Consultation results and summary of feedback

2. Should the Council keep the current Council Tax Support scheme? (Should it continue to administer the scheme as it does at the moment?)										
									Response Percent	Response Total
1	Yes			<div></div>					24.32%	36
2	No			<div></div>					57.43%	85
3	Don't Know			<div></div>					18.24%	27
Statistics	Minimum	1	Mean	1.94	Std. Deviation	0.65	Satisfaction Rate	46.96	answered	148
	Maximum	3	Variance	0.42	Std. Error	0.05			skipped	49

Feedback/comments

There were several comments from those who are not in support of keeping the current scheme that suggested supporting vulnerable households at this time of a pandemic and job losses should be a priority. The comments from those that had said to keep the current scheme showed that some of the consultees had misinterpreted some elements of the new proposals. There were no specific points for the Task and Finish group to consider.

4. Do you agree with the changes to the scheme to introduce an income based banded discount scheme?										
									Response Percent	Response Total
1	Yes		<div><div></div></div>						73.79%	76
2	No		<div><div></div></div>						16.50%	17
3	Don't Know		<div><div></div></div>						9.71%	10
Statistics	Minimum	1	Mean	1.36	Std. Deviation	0.65	Satisfaction Rate	17.96	answered	103
	Maximum	3	Variance	0.42	Std. Error	0.06			skipped	94

Feedback/comments




There were comments suggesting the proposed bands were too generous and a 100% support/discount would discourage work. Other respondents commented the income bands needed to be of higher value.

The Task and Finish group have reviewed the results and comments, the group recommend the income bands form the basis of the South Somerset CTS scheme going forward, the bands have been reviewed and are now more generous than what was proposed in the consultation.

The figures proposed for the bandings at the time of writing this report based on the latest set of data modelling are detailed below. The change in bandings from the original proposals included in the consultation are due to further modelling and the caseload changes that have occurred since going out to consultation. This is more generous (but overall the costs staying broadly the same).

Discount Band	Discount	Single Person	Lone Parent with one child	Lone Parent with two or more children	Couple	Couple with one child	Couple with two or more children
Weekly Income Ranges							
Band 1	100%	£0-95.00	£0-£160.00	£0 - £220.00	£0 - £140.00	£0 - £205.00	£0-£260.00
Band 2	75%	£95.01 - £155.00	£161.00 - £220.00	£220.01 - £290.00	£140.01 - £210.00	£205.01 - £270.00	£260.01 - £330.00
Band 3	40%	£155.01 - £190.00	£220.01 - £255.00	£290.01 - £345.00	£210.01 - £260.00	£270.01 - £310.00	£330.01 - £390.00
Band 4	25%	£190.01 - £235.00	£255.01 - £290.00	£345.01 - £440.00	£260.01 - £310.00	£310.01 - £360.00	£390.01 - £430.00
	0%	Over £235.00	Over £290.00	Over £440.00	Over £310.00	Over £360.00	Over £430.00

6. Do you agree that increasing the maximum level of support from 85% up to 100% would help the most financially vulnerable households?

									Response Percent	Response Total
1	Yes								71.84%	74
2	No								21.36%	22
3	Don't know								6.80%	7
Statistics	Minimum	1	Mean	1.35	Std. Deviation	0.6	Satisfaction Rate	17.48	answered	103
	Maximum	3	Variance	0.36	Std. Error	0.06			skipped	94

Feedback/comments

People who did not support the proposal to increase the level of support said:

- Most people prefer to make a contribution or should make pay something as they use the services.
- The new approach would encourage people to keep a low income and not work.

The Task and Finish group have reviewed the responses and appreciate that residents do like to contribute for the cost of services but recommend a 100% support for those households on the lowest incomes, this is based on affordability having reviewed the costs of living and considered the changing economic and employment profile for the area. The group also factored in the associated costs for the collection of Council Tax.

Option 2 - To limit the number of dependent children within the calculation for Council Tax Support to a maximum of two for all applicants

8. Do you agree with this change to the scheme?										
									Response Percent	Response Total
1	Yes		<div></div>					73.74%	73	
2	No		<div></div>					18.18%	18	
3	Don't Know		<div></div>					8.08%	8	
Statistics	Minimum	1	Mean	1.34	Std. Deviation	0.62	Satisfaction Rate	17.17	answered	99
	Maximum	3	Variance	0.39	Std. Error	0.06			skipped	98

Feedback/comments

The respondents that commented primarily said that this proposal was unfair to larger families and could cause some children to live in poverty.




The Task and Finish group fully appreciate the concern of the respondents who are not in support of this proposal but felt the disregarded Child Benefit income would help mitigate the impact to an extent, and having the hardship scheme available to prevent any financial vulnerability would provide an effective safety net.

Based on the current caseload (households currently in receipt of CTS), the average change in support for couples with two or more children if we change to the proposed income banded scheme is a gain of £1.68 per week for those not on Universal Credit, and a loss of £0.50 per week for those receiving Universal Credit (UC).

The average change in support for a single adult with two or more children is a loss of £1.15 per week for those not on UC and a loss of £0.09 for those receiving UC.

The Task and Finish group felt the benefits of having the scheme methodology the same as Universal Credit to aid customer understanding was key, and therefore recommend this proposal is included in the scheme for 2021/22.

Option 3 – To remove Non-Dependant Deductions from the scheme

10. Do you agree with this change to the scheme?									Response Percent	Response Total
1	Yes								56.70%	55
2	No								31.96%	31
3	Don't Know								11.34%	11
Statistics	Minimum	1	Mean	1.55	Std. Deviation	0.69	Satisfaction Rate	27.32	answered	97
	Maximum	3	Variance	0.47	Std. Error	0.07				

Feedback/Comments

The respondents that didn't agree with this change and commented predominantly suggested that working adults should contribute to the cost of services, and the Task and Finish members don't disagree with this. The challenge with the non-dependent deductions is ensuring the deductions are correct, a high proportion of non-dependents often do not inform the Council Tax Support applicant of any changes in their income to ensure the support is right. Now more employment contracts are flexible in hours, and consequently more non-dependents income is fluctuating regularly, it is very difficult to ensure awards are correct. There's a challenge of balancing the cost of resources to outcome. Unfortunately, non-dependents income information is not available via Universal Credit or HMRC due to GDPR, so to be sure non-dependent deductions are applied correctly we would have to conduct regular reviews based on the stability of the non-dependents income.

At the time of writing this report there are 899 working age claims where there is a non-dependent, 448 of these households are in receipt of Universal Credit and not all of these cases have a deduction in the current scheme as the claimant is in receipt of Personal Independence Payments or Disability Living Allowance. The vast majority of non-dependents are in the age group that is projected to be most adversely affected by the economic impacts of the Coronavirus pandemic, the Task and Finish group recommend this change is included in the new scheme for 2021/22.

Option 4 – Disregarding Carers Allowance, the Support Component of the Employment and Support Allowance and the housing element of Universal Credit

12. Do you agree with this change to the scheme?										
								Response Percent	Response Total	
1	Yes			<div></div>				70.53%	67	
2	No			<div></div>				20.00%	19	
3	Don't Know			<div></div>				9.47%	9	
Statistics	Minimum	1	Mean	1.39	Std. Deviation	0.65	Satisfaction Rate	19.47	answered	95
	Maximum	3	Variance	0.43	Std. Error	0.07			skipped	102

Feedback/comments

The majority of comments that respondents provided were supporting the proposal. Only a couple of comments were provided from those who did not agree with the proposed change and these explained that they felt it was not fair as it increases costs for Council Tax payers.

The Task and Finish group considered the evidence and consultation feedback and concluded this would apply to a small proportion of recipients, and therefore the associated costs would be low, and it is providing help to those who are vulnerable. Therefore, the Task and Finish group recommend this option is included in the South Somerset District Council, Council Tax Support scheme for 2021/22.




Option 5 – Removing the current earnings disregards and replacing them with a standard £25 disregard for all working applicants

14. Do you agree with this change to the scheme?										
									Response Percent	Response Total
1	Yes			<div></div>					76.34%	71
2	No			<div></div>					11.83%	11
3	Don't Know			<div></div>					11.83%	11
Statistics	Minimum	1	Mean	1.35	Std. Deviation	0.68	Satisfaction Rate	17.74	answered	93
	Maximum	3	Variance	0.47	Std. Error	0.07			skipped	104

Feedback/comments

There were no comments that the Task and Finish group needed to consider in terms of equality or impact of the scheme proposal. Some comments showed that those who had disagreed with the proposal misunderstood how it would impact the level of support awarded. Therefore, the group recommend this proposal is included in the scheme for 2021/22.

Option 6 - To allow further income disregards where an applicant, their partner or any dependant is in receipt of a disability benefit




16. Do you agree with this change to the scheme?									
									Response Percent
									Response Total
1	Yes								86.67%
2	No								8.89%
3	Don't Know								4.44%
Statistics	Minimum	1	Mean	1.18	Std. Deviation	0.48	Satisfaction Rate	8.89	answered
	Maximum	3	Variance	0.24	Std. Error	0.05			skipped
									90
									107

Feedback/Comments

There was one comment that questioned if this was providing double support as people can apply for a Council Tax banding reduction. The band reduction is not given on the basis of someone in the household being in receipt of disability benefits, it is based on the adaptation made to the property. This proposal is replicating the additional support provided in the current scheme for households in receipt of a disability benefit.

The Task and Finish group recommend this proposal forms part of the scheme for Council Tax Support scheme for 2021/22.

Option 7 – Removing the Extended Payment provision

18. Do you agree with this change to the scheme?									
									Response Percent
									Response Total
1	Yes								71.59%
2	No								17.05%
3	Don't Know								11.36%
	Minimum	1	Mean	1.4	Std. Deviation	0.68	Satisfaction Rate	19.89	answered
									skipped
									88
									109

18. Do you agree with this change to the scheme?

							Response Percent	Response Total
Statistics	Maximum	3	Variance	0.47	Std. Error	0.07		




Feedback/comments

All the comments received from respondents disagreeing with this option said that this support was required to help people during the transition period moving into employment, especially where they are paid a salary in arrears. The Task and Finish group considered this feedback but felt the CTS scheme should ensure all Council Tax Support recipients are treated equally, and having worked through a case scenario understand customers have the option of four payment dates for Direct Debit, so could select a payment date that would come out after their salary is paid.

The group recommend this option is included in the CTS scheme for 2021/22.

Option 8 – Any new claim or change in circumstances which changes Council Tax Support entitlement will be made from the date on which the change occurs, (rather than on a weekly basis as at present)

20. Do you agree with this change to the scheme?

									Response Percent	Response Total
1	Yes								93.10%	81
2	No								3.45%	3
3	Don't Know								3.45%	3
Statistics	Minimum	1	Mean	1.1	Std. Deviation	0.4	Satisfaction Rate	5.17	answered	87
	Maximum	3	Variance	0.16	Std. Error	0.04			skipped	110

Feedback/comments

There were no comments that the group needed to consider with regard to this option. The group recommend this option is included in the CTS scheme for 2021/22.

Option 9 – Extending the ‘backdating’ provisions within the scheme

22. Do you agree with this change to the scheme?										
									Response Percent	Response Total
1	Yes			<div></div>					84.88%	73
2	No			<div></div>					11.63%	10
3	Don't Know			<div></div>					3.49%	3
Statistics	Minimum	1	Mean	1.19	Std. Deviation	0.47	Satisfaction Rate	9.3	answered	86
	Maximum	3	Variance	0.22	Std. Error	0.05			skipped	111

Feedback/comments

Three respondents commented that current backdating arrangements were adequate. The Task and Finish group recommend that the scheme should allow flexibility where good cause is demonstrated, and that the extended 12-month backdating provision is included in the scheme for 2021/22.

Alternatives to changing the Council Tax Support Scheme

24. Increase the level of Council Tax to cover the rising administration costs.										
									Response Percent	Response Total
1	Yes			<div><div></div></div>					10.47%	9
2	No			<div><div></div></div>					80.23%	69
3	Don't Know			<div><div></div></div>					9.30%	8
Statistics	Minimum	1	Mean	1.99	Std. Deviation	0.44	Satisfaction Rate	49.42	answered	86
	Maximum	3	Variance	0.2	Std. Error	0.05			skipped	111

25. Find the additional administration costs by cutting other Council Services.										
									Response Percent	Response Total
1	Yes			<div></div>					18.60%	16
2	No			<div></div>					70.93%	61
3	Don't Know			<div></div>					10.47%	9
Statistics	Minimum	1	Mean	1.92	Std. Deviation	0.53	Satisfaction Rate	45.93	answered	86
	Maximum	3	Variance	0.28	Std. Error	0.06				

Summary of recommendations

The Task and Finish group recommend:

- All of the proposals put forward in the consultation are taken forward to provide a new income banded Council Tax Support scheme for 2021/22 (supporting the changes to the bands as detailed in this report following the remodelling of the caseload).
- The transition to the new scheme is widely promoted with recipients and partner support organisations across the district to raise awareness and to help recipients budget for the changes.

The Task and Finish group request officers:

- Maintain monitoring of key data as detailed in Appendix 1 to ensure the scheme and associated processes are effective.
- Devise monitoring systems to capture customer feedback to ensure the customer journey for the new scheme is accessible and easy to navigate.
- Investigate software that enables automatic calculation of Council Tax Support based on the new scheme criteria to enable self-service via the secure customer access on the website.

Appendix 1

Progress and outcomes against previous Task and Finish group recommendations

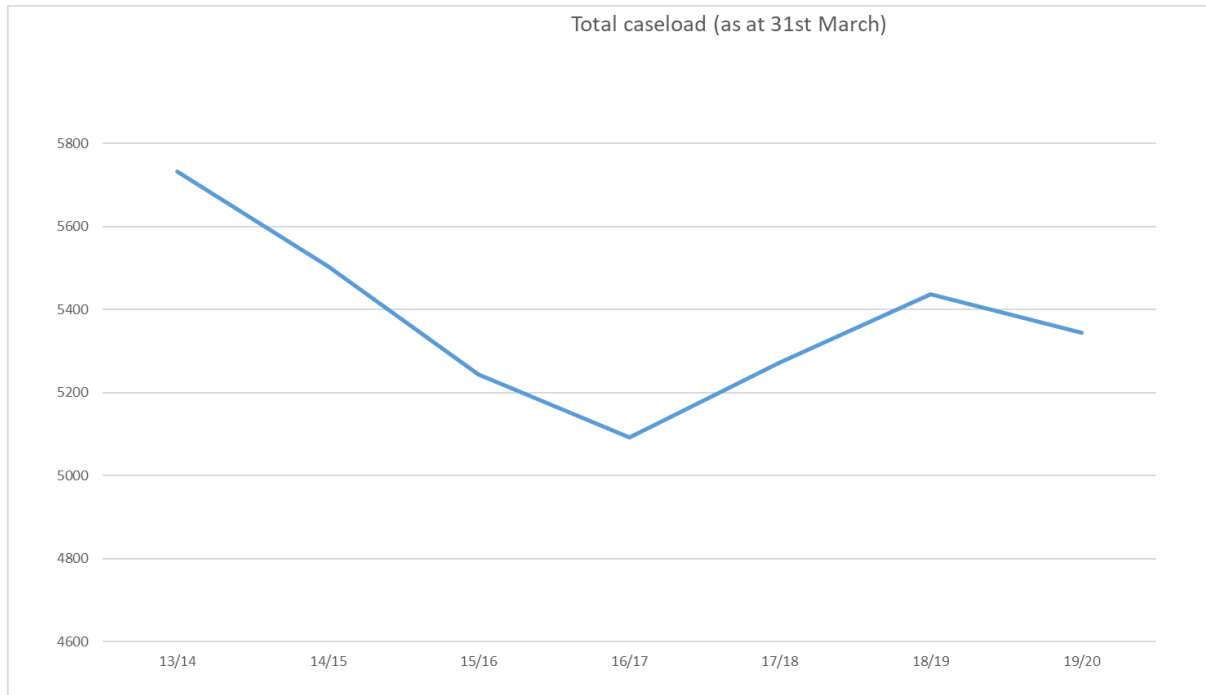
Recommendation	Progress and Outcomes
<p>In preparation for the 2021/22 scheme officers conduct a detailed impact analysis comparing the current scheme with forms of banded scheme by examining sample cases over a year long period that cover a wide sample of differing types of households and income type to assess:</p> <ul style="list-style-type: none"> • Accessibility of the schemes • Outcomes for the customer's overall awards, variance in support amounts, frequency of instalment changes • Administration costs for the council • Impact of risk of financial vulnerability in Council Tax Support recipients and potential new approaches to mitigation. 	<p>The Task and Finish group considered case studies which clearly illustrated customer outcomes which the Task and Finish group were happy with for the banded scheme proposed. With a banded scheme there is a decrease in the number of Council Tax Instalment changes enabling more instalments to be collected. There was also a corresponding decrease in administration time which is due to the policy being simpler, this will hopefully offset the additional time required to manage the growth in the numbers of people requiring Council Tax Support as a result of the economic impacts of the Corona virus pandemic. A case study is provided for information at appendix 2</p> <p>There is a discretionary hardship fund to help mitigate financial vulnerability, if the scheme agreed provides up to 100% support this will also help mitigate financial vulnerability.</p>
<p>For consideration to be given to a corporate approach/policy to managing customer debt, it was evident in some case studies that arrangements with customers had to be repeatedly revised due to changes but also due to SSDC wanting to collect other debts from the same individual. Members felt a single point of contact would provide a more efficient and customer friendly service.</p>	<p>Work has commenced on a revised and updated 'Corporate Debt Policy' it is envisaged this will be ready to be presented to members for consideration early in 2021.</p>
<p>The Hardship scheme budget is reviewed to assess if it will be adequate to accommodate the anticipated increase in people applying as a result of wider promotion and the caseload no longer decreasing as a result of increased take up in Council Tax Support due to the roll out and promotion of Universal Credit.</p>	<p>The hardship scheme was reviewed but no increase was made to the provision. The up to date figures are provided later in this appendix.</p> <p>Any resident who had an active CTS claim at 1st April 2020 received an additional award of up to £150.00 CTS. New claims for CTS made within this financial year will also be eligible and are picked up at every bill run.</p>

	The new scheme structure being proposed is different so that the Hardship element forms part of the overall scheme funded by all preceptors.
<p>That for the 2020/21 scheme annual uprating's are implemented as usual:</p> <ul style="list-style-type: none"> • Personal allowances and premiums are uprated in line with those for Housing Benefit; • Non-dependent deductions are uprated in line with the annual percentage increase in Council Tax; • Non-dependent income bands are increased by the same percentage as those in the Prescribed Requirements relating to pensioners 	<p>This activity was concluded last year for the 2020/21 scheme.</p>
<p>The Task and Finish group who review the scheme for 2021/22 seek advice from an expert on successful schemes across the country and further consider feedback from those who have:</p> <ul style="list-style-type: none"> • Introduced fixed periods moving forward – benefit on not altering instalment plans and reduction in number of customer notices- help mitigate upset and reduce avoidable contact/response. • Changed to an income banded scheme with specific focus on the customer experience, vulnerability, collection rates and stacking arrears. • Still award or have reverted to awarding 100% CTS in some circumstances. 	<p>The Task and Finish group sought advice and concluded fixed periods should not be included in a revised scheme given the current unpredictability of people's wages and employment caused by the Coronavirus pandemic. The group felt fixed periods could cause issues, if there was a delay in payment of support where a household's income had decreased it could potentially cause financial hardship and vulnerability and if there was a delay in administering a decrease in support, the delay in the notification and collection of additional Council Tax could prevent effective budgeting and causing arrears to begin to accumulate.</p> <p>Evidence and feedback with regard to income banded schemes has been thoroughly considered and progressed, recommendations to introduce this are included in this report.</p> <p>Options of reverting to awarding 100% CTS have been considered and modelled for those households in receipt of the lowest levels of income, recommendations to introduce this are included in this report.</p>

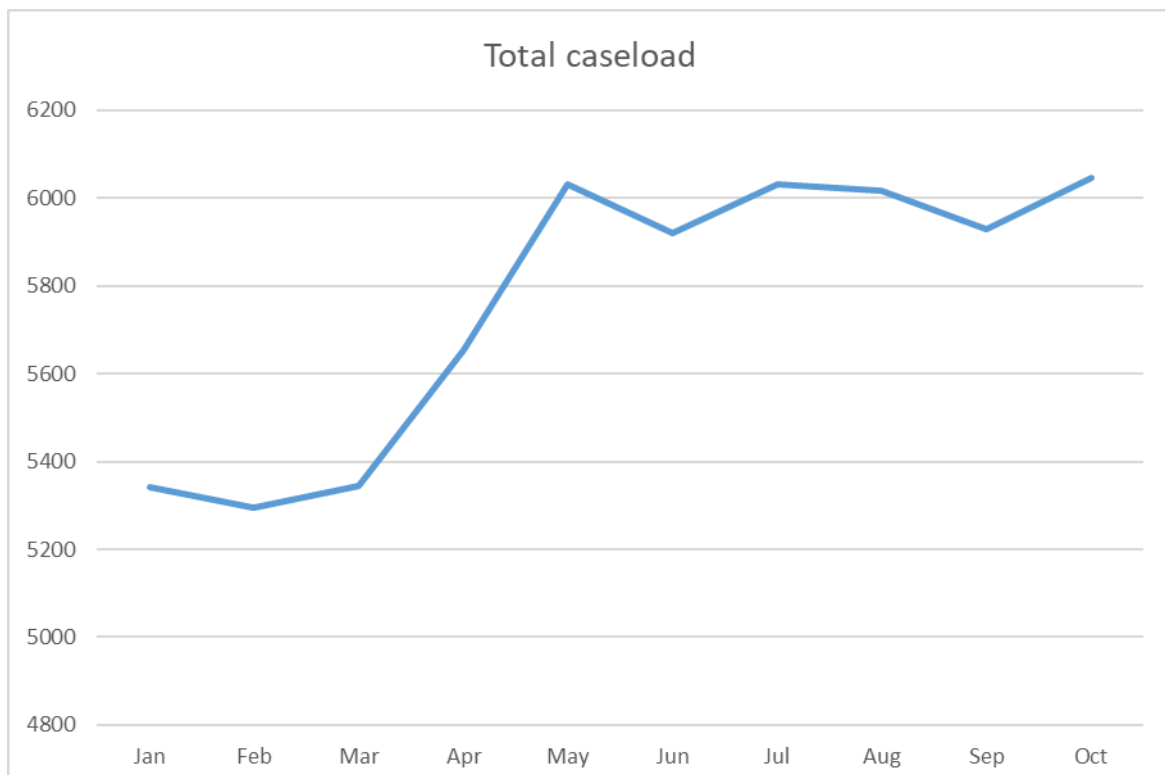
Monitoring

Number of CTS Recipients

Number of Council Tax Support recipients from the start of scheme through to End of March 2020



Number of Council Tax Support recipients from January – October 2020



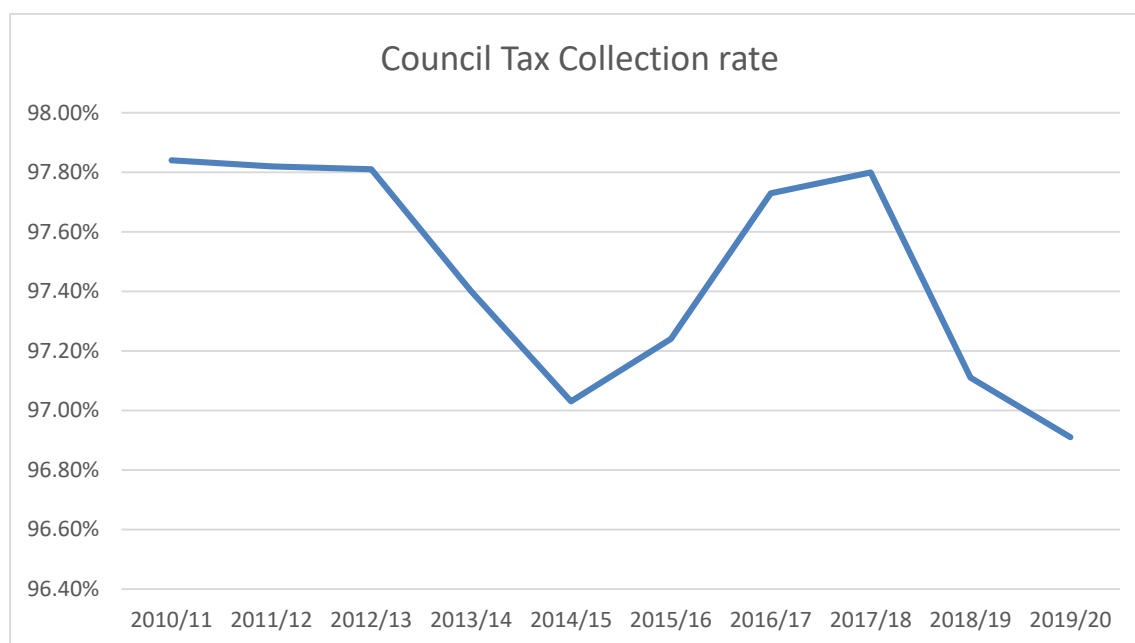
Since the start of the scheme we saw an overall decline in the numbers of working age people claiming Council Tax Support, this was thought to be due to less households being out of work and increasing their working hours due to the correlation with local employment figures and the incentives offered by Government for free childcare. Previously the group had reported an anticipated rise in the numbers of working age Council Tax Support recipients due to the full Universal Credit roll out.

The graph above shows the increase this year in caseload and there is a clear correlation with the growth in working age CTS recipients with the period of the Coronavirus pandemic. The number of recipients has increased beyond the levels at the start of the scheme in 2013. Officers have projected costs of the scheme based on the caseload at the peak of the pandemic at the end of July 2020 for financial resilience.

The key thing in terms of the CTS scheme is that all Council Tax Support costs will increase irrespective of whether the scheme changes or not. The increase in CTS costs is being experienced by all local authorities irrespective of how their scheme is designed or the level of support. Therefore, it's about making sure we have a scheme that works best in this new environment and can be easily administered to quickly help those who need the support, and efficiently respond to the changes in household incomes to help householders to be able to budget accordingly.

Council Tax Collection Rate

In the original Task and Finish report members recommended that Council Tax collection rates were monitored. (The collection rate is the proportion of all net collectable council tax that has been collected; this shows how much of a gap there is between what SSDC needs to collect and the amount actually collected). This was to assess if the council has adopted appropriate methods to successfully collect Council Tax from new Council Tax payers and to prevent the authority from any financial risk; the monitoring is carried out every quarter and reported in the Medium Term Financial Plan Quarterly monitoring.



	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Average Collection rate for England⁶	97.3	97.4	97.0	97.0	97.1	97.2	97.1	97.0	96.8
SSDC Collection rate	97.82	97.81	97.4	97.03	97.24	97.73	97.8	97.11	96.91

The cost of the Council Tax scheme since it has been in operation

2013/14 - £9.359 million

2014/15 - £8.882 million

2015/16 - £8.219 million

2016/17 - £8.496 million

2017/18 - £8.417 million

2018/19 - £8.773 million

2019/20 - £9.6 million, this is a year-end projection as at October 2020

At the time of writing this report we are anticipating more households in South Somerset will apply and qualify for CTS, so it is difficult to predict what the cost of the scheme will be at the end of the financial year. We do know however it is going to be the most expensive yet due to the rising numbers of residents requiring the support as a result of the economic impact of the Coronavirus. This would be the same for every local authority as the growth in the number of working age recipients will increase the cost of every type of scheme. An advantage South Somerset has relating to costs is that the overall Tax Base has grown, so an increase in costs will be offset by this to hopefully make the proportional cost to be no more than it was in 2013.

To date, the scheme has been affordable whilst maintaining the objectives in the Council Plan and the ambitions of the Task and Finish group. With the reduction in the collection rate and changing external pressures, we always have to be reviewing the approach to this support and learning from good practice. The Task and Finish group have sought the advice of an external expert and learned from the experiences of others to prepare a scheme that should both efficiently and effectively meet the anticipated demands for CTS across South Somerset for forthcoming year(s).

⁶ Department of Communities and Local Government

Council Tax Arrears where Council Tax support is awarded

Council Tax arrears arise when a resident falls behind with their Council Tax payments. The approach councils take to pursue missed payments or incomplete payment varies. The statutory procedure is for a council to send up to two reminders about unpaid Council Tax before embarking on further collection and enforcement strategies. This may include asking for the entire year's liability to be paid in one instalment (a "Final Notice"), before making an application to the magistrate's court for a liability order. An order permits the council to use a range of measures such as, an attachment of earnings or benefits (where the council collects Council Tax direct from the household's wages or DWP benefits). They may proceed also with enforcement measures, such as debt collection by Enforcement Agents.

The total amount of Council Tax outstanding by year since the CTS scheme when live where CTS was or is in payment at the time of debt accruing is provided below:

Outstanding amounts relating to current CTS Scheme applicants

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Year End Debit (net of costs) £	£2,808,972.57	£2,922,420.09	£3,102,117.91	£3,322,284.05	£3,625,907.23	£3,880,371.58	£4,268,890.17
Year End Payments Received £	£2,342,362.83	£2,468,102.68	£2,593,105.12	£2,866,310.95	£3,124,813.29	£3,239,065.42	£3,377,261.26
Year End Balance Outstanding (net of costs) £	£466,609.74	£454,317.41	£509,012.79	£455,973.10	£501,093.94	£641,306.16	£891,628.91

This is the first time we have been able to extract this level of data and this has formed a key part of the evidence for the groups recommendation to increase the level of support to those households on the lowest income from 85% to 100%.

Discretionary Hardship

The original Task and Finish report recommended, creating a hardship fund for those people who are financially vulnerable (unable to afford a basic standard of living - shelter, heat, light, water and food) and that awards are monitored in terms of identifying trends.

Year	No. of requests	Awarded	Not Awarded	Total paid £
13/14	171	121	50	11,292.82
14/15	152	115	37	11,581.32
15/16	163	136	27	14,551.14
16/17	152	128	22	16,540.95
17/17	107	84	23	14,211.00
18/19	123	98	25	14,362.37
19/20	122	107	15	18,173.23
2020/21				As of end Q2, spend was £10834.00

The Task and Finish group last year requested officers conduct a review of the applications made to the Hardship Fund to identify if there were any trends, in terms of the numbers and age of people in the household and what type of income they were in receipt of to identify any trends. No trends were identified this year and the group were satisfied that the relatively low numbers of awards and the disparity to who they were awarded, gave no indication the scheme was the cause of any financial vulnerability.

Members have requested monitoring of the hardship rewards continue. Monitoring this fund is the best internal way to identify real financial vulnerability, potential issues arising because of external changes and subsequent Council Tax collection problems.

This year there has been no specific focus on promoting the Council Tax discretionary hardship scheme as the previous Task and Finish group suggested, however it is advertised on all official Council Tax related notices and this year the Covid -19 Hardship Support funding provided for all customers of working age, who qualify for Council Tax Support during the 2020/21 financial year to receive an additional reduction of up to £150 for the year.

Costs of collecting Council Tax

Whilst it is important that SSDC collect Council Tax to pay for local services, we have to be sure that we do not inadvertently spend too much Tax Payers money trying to do so, therefore making the scheme inefficient.

The Task and Finish group have reviewed information and data from a number of authorities who mentioned the administration savings realised by moving from a means tested scheme to a banded scheme, there has been no specific quantities given to this although some had spoken about additional tasks that staff were now able to undertake. Given the economic forecast it may be that the reduction in administration time will enable existing staff resource to manage the growth in applications for Council Tax Support.

Future monitoring

The Task and Finish group request monitoring of:

- Discretionary Hardship rewards continue to identify any trends of financial vulnerability affecting any particular group.
- Arrears for cases where Council Tax Support is being given, this is to best manage the scheme and have an effective and efficient approach to collection and recovery.
- Costs of collecting Council Tax - It is important to ensure the balance is correct, whilst we must ensure we collect Council Tax to pay for local services, we have to be sure that we do not inadvertently spend too much Tax Payers money trying to do so, therefore making the scheme inefficient.
- Other Local Authority schemes and lessons learned and National Best Practice to consider if the South Somerset scheme could be improved upon.

The Task and Finish group request officers:

- Assess the costs of collection of Council Tax arrears to ensure we have the assessment of affordability and financial vulnerability correct for the CTS scheme and that appropriate sums of tax payers' money is being spent collecting unpaid Council Tax.

Future Risks

The risk is now a continual decline in the local economy and therefore significant numbers of people needing Council Tax Support and this is not possible to mitigate, it is just a case of adopting a policy and working practices that achieve the best collection rate whilst protecting those who are financially vulnerable. We have already made provision for this by modelling the scheme preparing for increased numbers of recipients.

There are some groups suggesting CTS is unfair and too much of a postcode lottery and suggesting a national benefit or discount scheme should be reintroduced. We contacted neighbouring authorities to look to collectively consider exploring a joint Council Tax Scheme, unfortunately there was not time to pursue this option this year, however Somerset West and Taunton, East Devon, are already operating an income banded scheme and we have listened to their feedback to prepare the recommendations in this report so there has been progress to reduce the local variations.

Food costs increase as a result of leaving the EU, making people financially vulnerable. We will continue to publicise and monitor the hardship scheme, we work with numerous local agencies offering debt advice so we will be able to detect early any impact. We will signpost customers to receive the best support and advice whilst considering the scheme and affordability for our customers, we may need to revise the scheme awards and increase the hardship fund.

Case Study – Working Age Universal Credit & Working

Mr B is a single person and has his adult son & daughter aged 26 & 29 also living in the property.

Mr B works an average of 5 hours a week but his hours can vary. He is a full time carer for his elderly mother and receives Carer's Allowance and Universal Credit top up.

His son & daughter are also both claiming Universal Credit and looking for work.

Universal Credit (£689.81 converted to weekly figure) £159.19

Earnings £50.00

Carer's Allowance £67.25

Total weekly income £276.44

The weekly council tax charge is £25.02. A non-dependent deduction of £8.14 is applied in the current Council Tax Support scheme and he currently receives Council Tax Support of £13.12 leaving her with an annual bill of £618.80 and monthly instalments of £51.00

Each month Mr B's Universal Credit is recalculated in line with the changes in his earnings but the net effect is minimal.

SSDC receives monthly updates from the Department of Work and Pensions and recalculates his Council Tax Support in line with the changes in UC. This generates a bill every month and as the amount payable changes, consequently the instalments are automatically recalculated.

This has the unintended effect of "stacking" the instalments to the remaining months in the financial year.

Mr B struggles to understand why his monthly payments keep changing and often he is rebilled with instalments starting the following month as his direct debit cannot be collected on time. (We are required to provide 14 days' notice in advance of changing a direct debit).

This means that although the changes to the annual charge are very minimal, the instalments are collected over fewer months.

Each time the Council Tax Support is recalculated, the amount he is told he must pay increases as the remaining number of instalments to pay decreases.

There is also the issue that SSDC are unable to take further action to collect any arrears as every time the Council Tax Support is adjusted, the billing process is reset so reminders are never issued.

In the new Income Banded scheme, Mr B would have an income of £83.44 (UC less tapered housing costs and Carer's Allowance disregarded) plus an earnings disregard of £25 per week leaving £58.44. No non-dependent deductions would apply under the new scheme so this would place him in Band 1 with a 100% discount so he would have nothing to pay.

Should his earnings fluctuate, he would only receive a new bill if he were to move into Band 2 and, given the minimal changes in his earnings, this is unlikely.