

Council Tax Support Scheme 2022/23

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Purpose of the Report

1. To request that the District Executive recommend that the banded scheme introduced in April 2021 for to the Council Tax Reduction Scheme for the 2022/23 financial year remain unchanged to Full Council for approval.
2. Council Tax Support is financial support which is awarded as a reduction of the Council Tax Charge (where eligible). Each year the Council is required to review its Council Tax Support Scheme in accordance with the requirements of schedule 1A of the Local Government Finance Act 1991 and to either maintain the scheme or replace it.

Forward Plan

3. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 6th January 2022.

Public Interest

4. Council Tax Support (CTS) was introduced from 1 April 2013 when it replaced the Central Government funded Council tax Benefit regime. From its inception, the funding available to council from government has reduced year on year.
5. As with the majority of authorities within England, the District Council needs to make changes to the CTS scheme for working age applicants (the scheme for pension age applicants is prescribed by Central Government) in order to reduce the significant administration burden placed on the Council by the introduction of Universal Credit.

Recommendations

6. That the District Executive recommend Full Council agree :-
 - a. The Banded Council Tax Support Scheme introduced from 1st April 2021 remain unchanged;
 - b. The income bands are maintained at their current thresholds;



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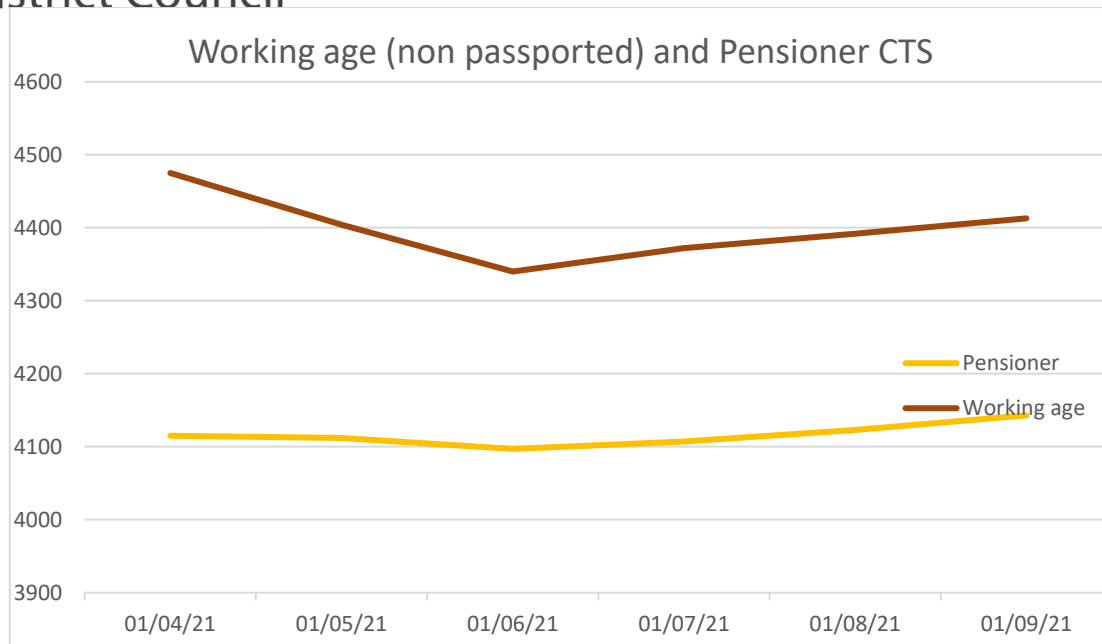
- c. The hardship scheme budget be maintained at £30,000 for the 2022/23 financial year.

Background

7. The SSDC new Banded Council Tax Support Scheme (CTRS) was introduced on 1 April 2021 and has now been running for six months. Councils are required to review and set their CTRS for each financial year by 31 January in the preceding financial year. As the scheme has been running for such a short period of time during the ongoing impact of Covid it is difficult to evaluate the impact of it on our residents and the Collection Fund to any great extent. Applications to the CTRS hardship scheme are monitored, along with the Council Tax collection rate.
8. We carried out an extensive consultation process last year and the scheme measures were carefully and fully considered by the Scrutiny Task and Finish Group. We do not have any evidence at this stage to suggest that any of those scheme measures require amendment. It is the view of the Scrutiny Task and Finish Group that the current measures be retained.
9. The SSDC Council Tax Support Scheme states that certain elements of the income bands assessment may be uprated each financial year but does not specify the level of that uprating. The Scrutiny Task and Finish Group have considered the uprating and recommend that given the withdrawal of the UC uplift (£20 per month), the income bands remain unchanged for 2022/23

Current Year

10. We have received no legal challenges to the SSDC CTSS, nor have we had any formal complaints about the scheme design. The implementation process went smoothly and all CTSS recipients received a Council Tax bill showing their CTS award in March 2021.
11. We also identified households who would see a decrease in their award of more than £5.00 a week and wrote to them advising them of their options to apply for a Discretionary Hardship Payment and to contact advice services if they are suffering financial hardship.
12. The initial increase in CTS spend was expected and then saw a subsequent dip due to the rolling upratings of Universal Credit. Previously, with legacy benefits, all the changes would have taken place on 1st April but due to Universal Credit assessment periods this is no longer the case.



13. The £20 a week Universal Credit uplift ended on 6th October 2021 so households will see their income fall by approximately £87 per month which will mean they will be entitled to more support however, due to the rolling assessment periods we will not see the full effect of this until mid-November.
14. We also have set up a dedicated “Advice and Welfare across South Somerset” page on our website with information on Housing, Benefits, Employment, Debt etc and information on how to access assistance.
15. SSDC will be involved in the Winter Hardship Payments Scheme recently announced by the Government and we are in the process of drawing up plans to promote and roll out the scheme alongside County Council and the other Districts and partner organisations.
16. Mapping out caseload of working age who are not passported (i.e. in receipt of legacy benefits) and pensioner claims who are subject to a separate national scheme, there is a similar trend although it would be expected to see more variation in working age cases due to the less stable nature of their income.
17. The recent budget announcement of the changes in the Universal Credit taper will also affect households receiving this benefit and earning more than the work allowance. This means they will get to keep an extra 8p in the pound of their earnings. For a person earning minimum wage on 16 hours a week this will mean their income will go up by approximately £25 a month. A similar earner working full time will see an increase in their monthly income of approximately £90 a month.
18. These changes will see some people move down a band but this will not affect all Universal Credit recipients as the uplift did and not all will change band.

Hardship Scheme



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19. A Hardship Scheme was set up as a safety net for households who could demonstrate they could not afford to pay their Council Tax contribution following the introduction of the SSDC Council Tax Reduction Scheme. The annual budget for 2021/22 was set at £30,000. As of the date of this report SSDC has processed 41 applications to the hardship scheme of which 26 were successful. The amount awarded (annually) is currently £18,995.53. It is worth noting that we do have a backlog of applications for both Discretionary Housing and Hardship payments so the figure for the number of applications is likely to increase however, as awards are made for the whole year, the total paid out figure will increase at a lower rate as we move through the financial year.
20. There is no distinct group that are applying for additional support through the hardship scheme that would suggest a need to alter the current Council Tax Support Scheme. Given the current level of demand it is recommended that the Hardship Scheme budget is maintained at £30,000 for 2022/23.

Council Tax Collection Rate

21. Council Tax Collection Rates dipped at year end 19/20 due to the pandemic so we cannot reliably report on the impact of the new scheme on collection rates, as a soft approach to recovery was taken during the 2020/21 year due to the pandemic. For many households their annual bill was the first notification they have received showing their arrears.
22. No summons have been issued due to the ongoing pandemic.

Growth in the Number of Recipients

23. It is very difficult to assess growth in demand due to the pandemic and the change in emergency measures that have been rolled out over the past two years however, as these measures come to an end, we would expect to see an increase in the caseload. This is reflected in this year's monitoring (see graph above) however, it is still too early on in the recovery period to make any informed projections as we move into a period of uncertainty with the economy and ongoing short term temporary hardship measures.

Financial Implications

24. The scheme was set with an overall budget of £10.402 million for 2021/22. The current profile shows £10.308 million allocated for the year however, this is likely to increase with the removal of the Universal Credit uplift and we will also see a smaller dip with the recently announced changes in Universal Credit taper around December / January time.

Risk Ref	Risk Category	Inherent Risk Rating	Residual Risk Rating	Risk Description	Mediation / Controls
1	Project / programme delivery	13	8	Potential second shut down of system due to additional testing. Challenge of administering a change to processes in line with annual billing.	Maintain current system and annual billing progresses in line with timescales and resource
2	Financial	14	6	Risks of additional costs of operations, and impacts on collection rates.	Maintain the current system.....asses the financial impacts, has modelling...
3	Delivery of Services	19	12	Loss of efficiency in delivery of council tax and housing benefits due to increased admin effort & data requirements	Cannot absorb increased workload
4	Staffing & Capacity	9	4	Reverting to the old scheme will require additional resources from both Revenues and Benefits teams	Cannot absorb increased workload
5	Reputation	20	13	Risk that customers experience delay in receiving Council Tax support, & most vulnerable have to pay more. Inconsistency of support.	Push as a positive change, supporting the most vulnerable...
6	Health & Safety	0	0	0	0
7	Governance & Legal	8	2	Disruption from change may mean SSDC do not meet statutory and internal obligations (KPI's, legislative timescales)	New scheme reduces impact allowing targets to be met without additional resource

Council Plan Implications

26. Priority Project 1 - Lead the recovery and revitalisation of our economy and communities to be stronger, more resilient and more vibrant than before Covid-19
27. Priority Project 4 - Address child poverty, social isolation and low levels of social mobility across the district

Carbon Emissions and Climate Change Implications

28. None associated with this report.

Equality and Diversity Implications

29. An equalities impact was carried out as part of the introduction of the Council Tax Reduction Scheme.

Privacy Impact Assessment

30. None associated with this report.

Background Papers

31. Report to Full Council – January 2021 item 8
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