

<b>REPORT TO:</b>	<b>FULL COUNCIL</b>	<b>AGENDA ITEM:9</b>
<b>DATE OF MEETING:</b>	<b>23 FEBRUARY 2022</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	
<b>MEMBERS' CONTACT POINT:</b>	<b>ELIZABETH BARTON</b> <a href="mailto:elizabeth.barton@southderbyshire.gov.uk">elizabeth.barton@southderbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>PROPOSED REVISED COUNCIL TAX REDUCTION SCHEME 2022 – 2023 &amp; CONSULTATION FEEDBACK</b>	<b>REF:</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM12</b>

## **1.0 Recommendations**

- 1.1 Further to the recommendation of the Finance & Management Committee, that Full Council supports the adoption of a revised Council Tax Reduction Scheme for working-age residents for 2022/2023 that will include:
- The introduction of a banded scheme.
  - The removal of the baseline, so those on the lowest incomes would no longer need to pay 8.5% or 10% towards their Council Tax.
  - The removal of second adult rebate.
  - The introduction of a standard £5 non-dependent deduction.
  - The treating of Universal Credit claims as a claim for council tax support.
  - The introduction of a minimum award.
  - Changes to bring the scheme into line with recent changes to other welfare benefits.
- 1.2 That Full Council approves the draft council tax regulations that will support the delivery of the proposed new scheme.
- 1.3 That Full Council delegates authority to the Council's Section 151 Officer to approve the final council tax regulations.
- 1.4 That Full Council approves transfer of £20,000 of Welfare Reform Funding to support any hardship cases that may arise as a result of the implementation of the proposed changes in 2022/2023.
- 1.5 That Full Council notes the consultation activity carried out in relation to the proposed new scheme.

## 2.0 Purpose of Report

- 2.1 To approve the draft regulations that will support the delivery of the proposed Council Tax Reduction Scheme for 2022/2023, as approved by Finance & Management Committee on 10 February 2022. The draft regulations can be viewed here: [www.southderbyshire.gov.uk/ctrschanges](http://www.southderbyshire.gov.uk/ctrschanges)

## 3.0 Executive Summary

- 3.1 South Derbyshire District Council consulted widely on proposed changes to its Local Council Tax Reduction Scheme for working-age claimants. The purpose of the proposed changes is to make the scheme:

**Better for residents** Greater Council Tax reductions for residents on the lowest incomes, fairer distribution of support to the most financially vulnerable residents, less paperwork and confusion, more financial stability, and greater customer satisfaction.

**Better for the Council** More streamlined administration, less debt recovery carried out with vulnerable residents, update of the scheme in line with changes introduced by welfare reform and Universal Credit (UC).

## 4.0 Detail

- 4.1 The feedback gathered as part of the consultation included views from precepting authorities, parish councils, local partners, elected members, local residents, housing tenants and current claimants.
- 4.2 **Precepting authority feedback:** Derbyshire County Council, which is the largest preceptor and will support the changes to the largest extent, indicated its support for the proposed new scheme. Derbyshire Police and Fire did not submit any objections.
- 4.3 **Parish council feedback:** All parish councils were consulted on the proposed changes. No parish council submitted an objection.
- 4.4 **Local partner feedback:** Local partners were consulted via the CVS networks and the EDI Steering Group. Partners were invited to attend two workshops or to contact the Council for individual support. No objections were received.
- 4.5 **Elected member feedback:** All members were consulted on the changes. Members were invited to two workshops. They were also invited to contact the team for individual support. No objections were received.
- 4.6 **Customer feedback:** Current claimants, housing tenants and wider residents were all invited to give their views on the scheme.
- 4.7 In total 66 formal responses were received, and many more residents sought telephone support and guidance.
- 4.8 The consultation responses show that overall, all the proposed changes were either supported by the majority of respondents or have the highest levels of support from a single group of residents, as shown in the below table.

Proposed change	In favour	Against	Not sure
Remove the baseline	68%	17%	15%
£5 non-dependent deduction	56%	26%	18%
Treat a UC claim as a claim for LCTRS	76%	12%	12%
Introduce £1 minimum award	61%	15%	24%
Other changes to bring scheme into line with national welfare benefits	49%	12%	39%
Remove second adult rebate	46%	27%	27%
Cost of changes	39%	32%	29%

- 4.9 Where percentages are marked in green in the above table, more than 50% of respondents supported the proposed change. Where percentages are marked in orange, less than 50% supported the change, however the percentage that supported the proposed change is higher than those who did not support it in all such cases.
- 4.10 With regards to the choice between the existing tapered scheme and a banded scheme, 60% favoured the introduction of a banded scheme, whereas 47% favoured the retention of the existing tapered scheme.
- 4.11 As such all the proposed changes included in consultation, together with the adoption of a banded scheme, were recommended to and approved by Finance & Management Committee on 10 February 2022.

## 5.0 Financial Implications

- 5.1 The banded scheme and proposed changes are likely to increase the cost of the scheme by approximately £100,000 - £120,000 per annum as shown below:

Change	Increase/ decrease in cost	Notes
Remove baseline	+£125,000	
Implementation of banding	+£5,000	
Standardised non-dependents	-£20,000	£35k from reductions and £14k from increases
Remove Second Adult Rebate	-£10,000	
Minimum award	-£500	
<b>Sub total</b>	<b>£99,500</b>	
Proposed hardship fund	£20,000	Set aside for any unforeseen /major impacts on claimants

- 5.2 The additional cost (except for the hardship fund) will be borne by all precepting authorities in accordance with their share of the council tax collected by the Council. This is because the schemes mean the Council has to collect less council tax from fewer residents, so the cost of the scheme manifests as income forgone. As such, the £3m cost of the current scheme and any increase in cost of the new scheme, would be borne by all precepting authorities as follows:

- South Derbyshire District Council (9%)
- Derbyshire County Council (74%)
- Police (13%)
- Fire (4%)
- Parish councils (nil)

- 5.3 The banded scheme represents approximately a 4% increase to the overall costs of the scheme, which would need to be borne across any growth or change in caseload. It should be noted that the additional cost is not material in proportion to the overall amount of council tax currently collected, i.e. £55 million per year. In addition, due to growth, the Collection Fund carries an annual surplus each year which is distributed amongst the preceptors. In practice, the additional cost will only reduce the surplus that is transferred as a 'bonus' each year to the preceptors. It is considered that the amount involved is immaterial to each of the preceptors.
- 5.4 There will also be additional costs as a result of the banded scheme being implemented. These include:

<b>Cost</b>	<b>System</b>	<b>Required or optional</b>
<b>£10,000 per annum</b>	Banded scheme software costs	Required. This will be funded from the Council's collection fund.
<b>£8,000 per annum</b>	Online decision form that prevents ineligible cases from being submitted	Optional. This will only be implemented if it would generate equivalent annual savings.

- 5.5 Most councils increase their discretionary hardship fund to support the introduction of a banded scheme to provide financial additional assistance to anyone who faces undue hardship whilst the scheme is embedded. It is recommended that an additional £20,000 is transferred to the hardship fund from the Council's Welfare Reform Fund in 2022/2023 to support any residents who may be disproportionately negatively affected by the changes.
- 5.6 The banded scheme will deliver significant service efficiencies and help to generate time and resource savings in the long-term, and these will be mapped, recorded and responded to over time.

## **6.0 Corporate Implications**

### **Employment implications**

- 6.1 There are no employment implications arising from the changes detailed in this report.

### **Legal implications**

- 6.2 There are no legal implications arising from the changes detailed in this report.

### **Corporate Plan Implications**

- 6.3 The changes will support the Council's Corporate Plan in the following ways:
- Encourage independent living and keep residents healthy and happy in their homes.
  - Ensure consistency in the way the Council deals with its service users.
  - Support unemployed residents back into work.
  - Provide modern ways of working that support the Council to deliver services to meet changing needs.

## Risk Impact

- 6.4 Appropriate risk assessments will be completed as part of the roll-out of the proposed changes.

## 7.0. Community Implications

### Consultation

- 7.1 The community has been consulted on the proposals as detailed in this report. The changes will affect some residents negatively and some residents positively, as detailed in the report to Finance & Management Committee on 10 February 2022. Additional funding will be placed into the Council's hardship fund to support any residents who are disproportionately negatively affected by the changes in 2022/23 and future years as required, subject to ongoing approval by F&M Committee and Full Council as part of the annual review and approval of the scheme.

### Equality & Diversity and Social Value Impact

- 7.2 An Equality Impact Assessment on the proposed models has been presented to the Equality, Diversity & Inclusion (EDI) Steering Group and is available at [www.southderbyshire.gov.uk/ctrschanges](http://www.southderbyshire.gov.uk/ctrschanges).
- 7.3 The proposed changes have been assessed against protected characteristic groups, as set out the Equalities Act, detailed below:

Protected characteristic	Comment
Age	The schemes only apply to working age claimants and not to pensioners or children. The proposed models do not affect or alter the applicable ages.
Sex	The scheme/proposed models do not discriminate against people of any particular sex.
Sexual orientation	The scheme/proposed models do not discriminate against people of any particular sexual orientation.
Gender reassignment	The scheme/proposed models do not discriminate against people who have undergone gender reassignment.
Race	The scheme/proposed models do not discriminate against people based on their race.
Gypsy and travellers	The scheme/proposed models do not discriminate against gypsies or travellers, however the scheme provides a reduction on Council Tax payable, so anyone who does not pay Council Tax does not benefit.
Religion or belief	The scheme/proposed models do not discriminate against people based on their religion or belief.
Marriage and civil partnership	The scheme/proposed models do not discriminate against people based on their marital or civil partnership status. Civil partners are recognised as dependents.
Disability	Both proposed models disregard incomes awarded for disabilities and vulnerabilities and consider a household's circumstances before determining the excess income amount (for example disabled claimants).

## **8.0 Conclusions**

8.1 That Finance & Management Committee recommends the banded scheme and all changes included in the consultation to Full Council for approval. This is based on the fact that the banded scheme was the favoured scheme. The consultation also showed majority support for four of the proposed changes, and the largest groups of respondents also supported the remaining changes. It is also based on the findings of the Equality Impact Assessment. The report also concludes that Finance and Management Committee should recommend that £20,000 of the Welfare Reform Fund is set aside in 2022/2023 for hardship cases, and that this provision is reviewed ongoing.

## **9.0 Background Papers**

- The draft Council Tax Reduction regulations can be viewed here:  
[www.southderbyshire.gov.uk/ctrschanges](http://www.southderbyshire.gov.uk/ctrschanges)