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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 13</b>
<b>DATE OF MEETING:</b>	<b>10 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>

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**1.0 Recommendations**

- 1.1 The Committee notes the consultation activity carried out in relation to proposed changes to South Derbyshire’s Local Council Tax Reduction Scheme for working-age residents.
- 1.2 The Committee supports the adoption of a banded scheme, as well as all other changes proposed as part of the consultation, including:
  - 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.
- 1.3 The Committee recommends to Full Council on 23 February 2022 the adoption of a banded scheme and all other changes as proposed in 1.2 above.
- 1.4 The Committee recommends that £20,000 of the Welfare Reform Fund is set aside for hardship cases that may arise as a result of the implementation of the proposed changes in 2022/2023.

**2.0 Purpose of Report**

- 2.1 To provide members of the committee with the outcome and analysis of the consultation activity carried out to date in relation to proposed changes to South Derbyshire’s Local Council Tax Reduction Scheme. The proposed changes are outlined in detail in Appendix 1 - Consultation booklet.

2.2 To recommend to committee that it adopts a banded scheme and all other changes included in the consultation based on feedback gathered as part of the consultation.

### **3.0 Executive Summary**

3.1 South Derbyshire District Council has 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).

3.2 A detailed summary of the proposed changes is included at Appendix 1 – Consultation booklet.

### **Summary of feedback**

3.3 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.

3.4 **Precepting authority feedback:** Derbyshire County Council, which is the largest preceptor and will support the changes to the largest extent, has indicated it is supportive. Derbyshire Police and Fire has not submitted an objection.

3.5 **Parish council feedback:** All parish councils were consulted on the proposed changes. No parish council submitted an objection.

3.6 **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.

3.7 **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.

3.8 **Customer feedback:** Current claimants, housing tenants and wider residents were all invited to give their views on the scheme. This included:

- An easy-to-read guide to help residents find out about the proposed changes [www.southderbyshire.gov.uk/ctrschanges](http://www.southderbyshire.gov.uk/ctrschanges) (see Appendix 1).
- An online modelling tool so claimants could see how the changes would affect their claim.
- An online survey at [www.southderbyshire.gov.uk/ctrschanges](http://www.southderbyshire.gov.uk/ctrschanges).
- Social media campaign to encourage people to give their views.
- Letter to all current claimants to ask them to give views.
- Text message to all housing tenants to ask them to give views.
- Face-to-face and telephone support sessions to customers.

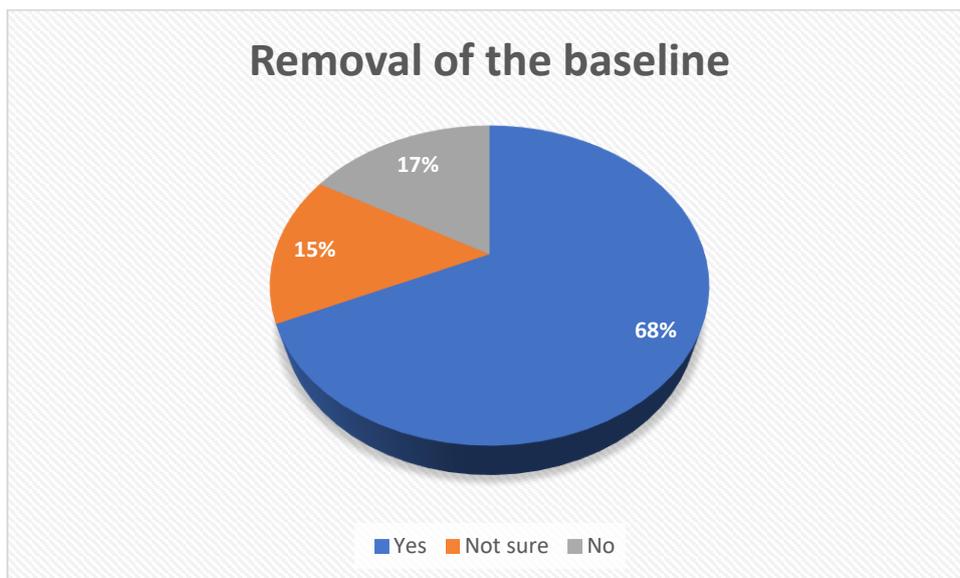
#### 4.0 Feedback in detail

4.1 This section details the responses given as part of the online and paper survey. In total 66 formal responses were received.

4.2 The number of residents who engaged in the consultation process was however higher, with customers regularly contacting [ctrs-consultation@suthderbyshire.gov.uk](mailto:ctrs-consultation@suthderbyshire.gov.uk) and customer services throughout the consultation for guidance and advice on the changes.

Question 1: **Should the Council remove/replace the baseline reduction?**

*View Appendix 1 for a detailed description of this change.*



**The majority of respondents were in favour of removing the baseline (68%).**

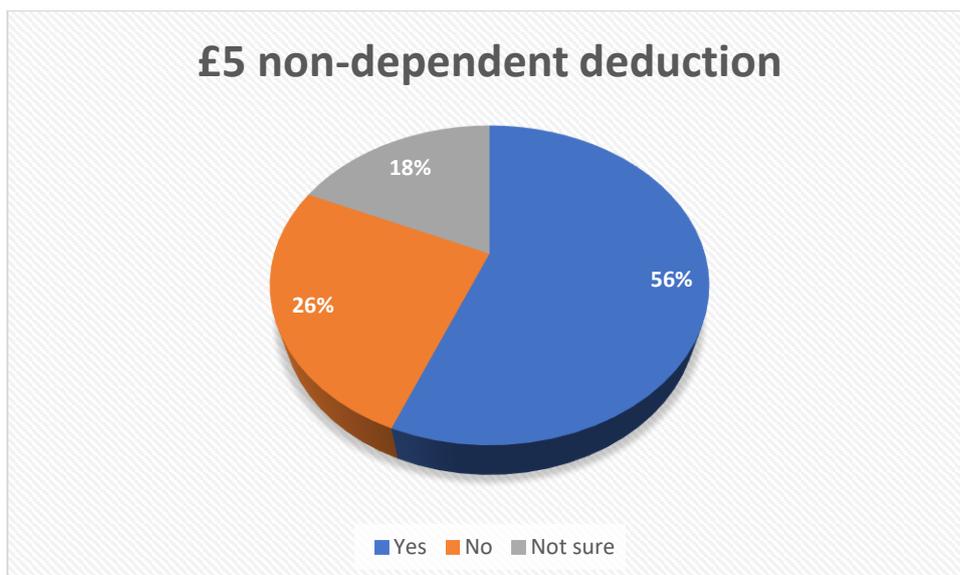
#### **Analysis:**

- Ten residents gave a range of responses detailing how this proposal would help them and others on low incomes.
- Some concern that such a change could 'open the door' to more negative changes.
- Negative comments in relation to reduced incentive to work and increased costs to the Council (see section 5.0).

<b>Positive comments</b>
This is a great help to residents on a low income.
I am on ESA support group and not having to pay any council tax is very helpful so I can ensure I pay necessary utility bills plus heating, electric payments.
Finding even the baseline payment each month was extremely difficult. Surviving on our income is already impossible. No charges would be gratefully received.
I currently can't pay my council tax due to low wages and it keeps being changed each month due to my UC going up and down.
I am on UC and only have £325 per month to live on and pay all my bills. I have an injury and have had to turn my heating down to 14 degrees and sit with a throw over me, so I desperately agree with this ( <i>comment edited to remove information that could identify respondent</i> ).

<b>Positive comments</b> continued
I am 65 years old and can only work part time due to fatigue levels. It is a struggle to pay for rent and council tax from my life income.
Council tax is so high for working parents any reduction would be welcome.
Excellent idea for people who are on a low income.
Would be very helpful and supportive to those on very low incomes struggling financially.
I would find this very useful as I wouldn't have to worry about paying for another bill and could use the money to pay towards a debt.
I've been struggling to pay my council tax off even though I've made it clear I have no disposable income. This would benefit a lot of people. I also think that wiping people's bill to zero before this happens would help many people.
<b>Neutral comments</b>
Both myself and my partner are both on benefits and yet don't get any reduction because we have a small amount of savings. Is it to be based on income alone ( <i>comment included in neutral as scheme allows residents to have up to £16,000 savings</i> )?
With gas and electric bills going up, it's more expense and we are not getting any more benefits to help pay towards it.
If this will work for everyone, I think it will be a good idea but if you're going to give it with one hand and take it away with another there is no point changing it, perhaps it would be better to make council tax more equal for everyone.
While I fully support claimants getting 100% discount as this makes those in financial hardship not having to be concerned with potentially getting a priority debt if they are unable to pay it, I am concerned that the wording of this opens the door in which the Council could then abuse the system by implementing other percentage payments that aren't on what the Council may consider to not be on the "very lowest incomes". I am well aware of the differences to what the Council and/or government consider to be a basic cost of living and actual cost of living.
Need more information as I have a live in carer and am vulnerable.
<b>Negative comments</b>
No incentive to work and save money.
We need as much money for services as possible. Those on low income are often compensated by benefits, whilst people on low incomes without benefits are forgotten and forced to foot the bill for benefit claimants.
As a single resident, I pay 75% of my council tax. If someone else lived here, we would quite rightly pay 100% or 50% each. Why, as a single resident why do I only get a 25% reduction and not a 50% reduction? Effectively means I'm paying 150%. I'm being punished for living alone.
This will adversely affect income into the Council and what is paid in UC I would presume. It would seem that this cost should then be reclaimed by charging other residents higher amounts. Not in favour of this at all. Other people should not be penalised for people already receiving significant discounts

**Question 2: Should the Council introduce a standard £5 non-dependent deduction**  
*View Appendix 1 for a detailed description of this change.*



**The majority of respondents were in favour of introducing a £5 non-dependent deduction (56%).**

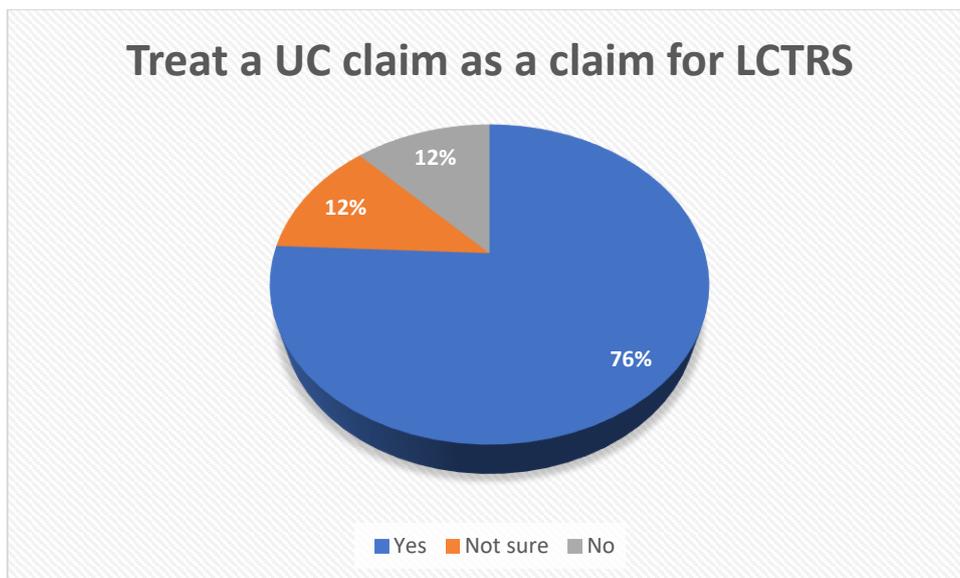
**Analysis:**

- Positive comments include fairness and encouragement to work.
- Some concern raised about residents having to pay more council tax on behalf of a non-dependent and the need to review the wider system.

<b>Positive comments</b>
Seems fair and proportionate.
Good idea as gives incentive to work.
None as I don't have a dependent. But I'm sure it will be a good thing.
<b>Neutral comments</b>
Again, provided it's solely income based and doesn't take any savings into account.
It does seem fairer for couples who live together.
I live on my own.
I am widowed and live on my own.
<b>Negative comments</b>
I find the whole system of reductions and eligibility needs to be changed and this equalising by introducing a standard reduction is a plaster to the problem, not a solution.
It increases cost for those on £4.05, but what happens to the cost of those on £12.45 per week dropping to £5. Where is this made up for? Again, others should not be penalised. Not in favour.
This would mean a joint tenant would have to pay some of the other joint tenants' council tax liability, this is totally unfair.
The poorest are disproportionately impacted. Why not make the standard £4.05 and increase in line with inflation until £5 is met? It achieves the goal of reducing the complexity for circa £3k extra.

**Question 3: Should the Council treat a claim for Universal Credit as a claim for council tax reduction?**

*View Appendix 1 for a detailed description of this change.*



**The majority of respondents were in favour of treating a claim for Universal Credit as a claim for council tax reduction (76%).**

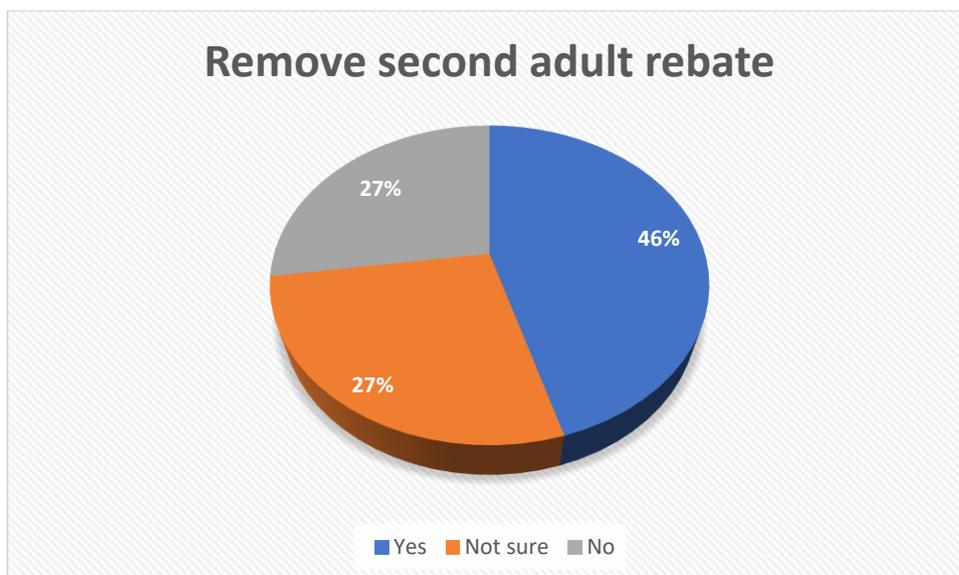
**Analysis:**

- A range of positive comments about removing unnecessary paperwork and making claiming easier.
- Surprise expressed that this is not already in place.

<b>Positive comments</b>
Very strongly agree. Far too many unnecessary forms at present, many of which duplicate information. More cohesion needed between departments.
UC is very low on financial support so they would surely benefit from this change.
I have no issue with a UC claim triggering a CT reduction claim.
Makes claiming easier.
It would make it easier for UC claimants to be aware of what help is available to them.
<b>Neutral comments</b>
Honestly this is news to me in the first place, I thought Universal Credit included Council Tax Support (where applicable) already. This needs to be made more publicly aware as many of those who are on legacy benefits and currently claiming LCTR will eventually be transferred to Universal Credit, which involves cancelling the current claim of the legacy benefit and starting a new claim for UC, which will cause confusion as to whether they need to cancel, continue or reapply for LCTR and/or Housing Benefit from the council.
This should apply to current as well as new UC claimants as many have been put off by the volumes of forms to complete and the intrusive nature of the forms
<b>Negative comments</b>
Making it easy gives no incentive to move on.

**Question 4: Should the Council remove second adult rebate?**

*View Appendix 1 for a detailed description of this change.*



**The largest group of respondents was supportive of this change (46% in favour). Those who did not support the change and those who were unsure represented the majority of respondents (54%).**

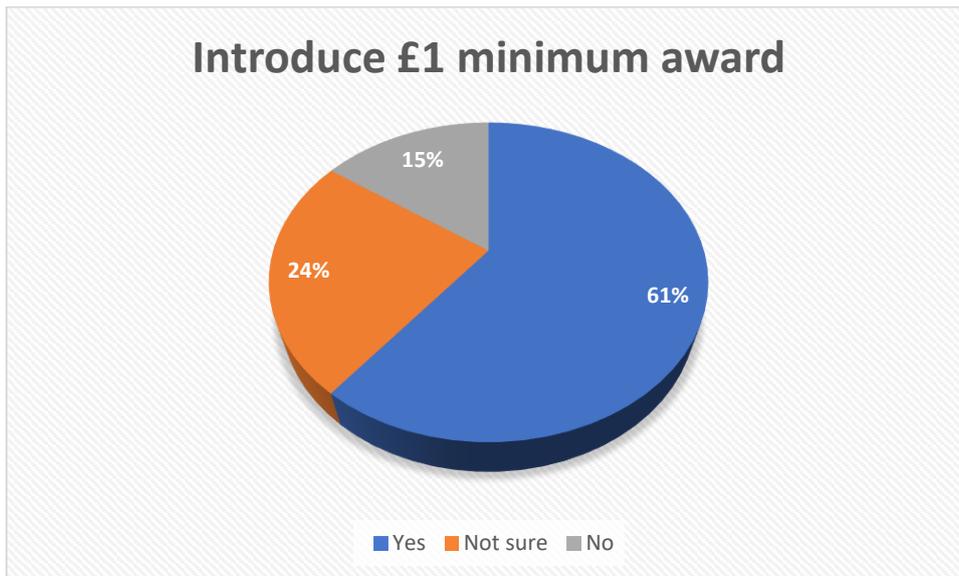
**Analysis:**

- Majority of neutral comments are addressed in below table.
- Concerns this would disadvantage people with second adults living in their homes, and the expectation that the second adult would be required to contribute towards council tax.

<b>Positive comments</b>
It's not a means-tested benefit so should be discontinued.
Lowest paid are captured by council tax reduction so unaffected.
<b>Neutral comments</b>
There is still an argument that a single person in one household uses less services. However, believe, if workable, salary should be used to distinguish payment levels. But won't this introduce more work!
This doesn't affect my situation, so I'm not sure what's the right answer.
I live alone so if I lose payments, I would be very much worse off <i>(comment included in neutral as proposal doesn't affect single occupiers)</i> .
The reason I am unsure is I feel this is unclear for households with one adult only resident. Regardless of high or low earners. I feel this would penalise those homeowners who are maybe single parents, or lone adult residents. Why should a single adult be penalised? This rebate must stay for single household adults regardless of income status <i>(comment included in neutral as proposal doesn't affect single occupiers or those with children under 18+ who can claim Single Person Discount)</i> .
I live alone.
Even with income but some savings this is a great help to many <i>(comment included in neutral as doesn't appear to relate to the question)</i> .
I feel that this could apply for those sole council taxpayers on higher incomes but not on those who are on lesser incomes, it would offer them that bit more support <i>(comment included in neutral as if a Council Taxpayer is on a low income, they will still be entitled to Council Tax reduction based on their own financial circumstances)</i> .

Negative comments
If there is a second adult on a low income, then they are already having a higher council tax bill due to not having the 25% reduction for being a single occupant as there are two adults. Furthermore, this system and the attempt to remove it is indicative of a failure to investigate the income of the other adult and finding out if they are actually on a low income, a high income, or actually eligible for council tax reduction if they were paying it instead.
38 residents and you do a survey? Bureaucracy at its finest. What a complete waste of resources. This survey question has probably cost more than the money you'd gain. Pointless.

Question 5: **Should the Council introduce a £1 minimum award?**  
 View Appendix 1 for a detailed description of this change.



**The majority of respondents were in favour of introducing a £1 minimum award (61%).**

**Analysis:**

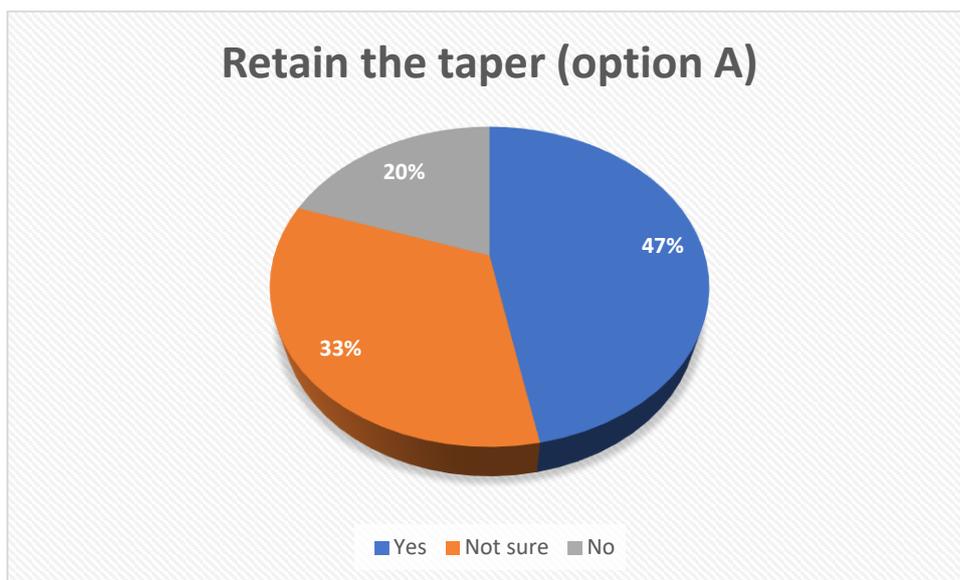
- A range of positive comments about removing unnecessary administration and making the system more equal.
- Some questions about the true administrative saving, given the scale of residents affected. Some concerns that even a small amount of money is vital to those on the lowest incomes.

Positive comments
It should be higher, the time and cost to the Council for offering such low rewards will be significantly higher than this.
I received an award of 10p one month. This caused my council tax to be reassessed and my payments change not in time for my DD so fell another month behind.
Maybe make it £2.50 which virtually no one would miss, cautionary with children, and would raise some funds.
Definitely agree. Far too much unnecessary admin for very little money input.
Yes, common sense approach.
Everyone will be treated equal.
Tentative Yes, if it is a pound then it only affects 18 people is that much time really being saved?

<b>Neutral comments</b>
Council tax benefit can be abused for the extra benefits people can receive from receiving it, for example added to PDSA vets. It's possible to claim council tax benefit at such a low rate just to get free/subsidised care etc, why should the Council pay out (even if it's a few pence here and there let household) just so claimants get cheaper get bills.
Don't understand all this.
I guess it would reduce admin costs it would depend on the ratio of positive change being higher that those who would lose out negatively.
<b>Negative comments</b>
I have mixed feelings about this. Firstly, why would someone be claiming for a few pence per week, this seems ridiculous so in that regard I support it however, what is to stop you then increasing that to £2, £5, £10.... I mean if costly to administer in terms of staff time, then you could easily use that as a justification every time the minimum wage goes up.
Even if it's only a few quid extra a month a person gets, this could go towards a child's savings account, their savings or debts or other essentials like food, essential supplements etc, every bit does help.
Again, what a joke of a question. 18 residents?

**Question 6: Should the Council retain the existing taper?**

*View Appendix 1 for a detailed description of this change.*



**47% of respondents favoured this model.**

**Analysis:**

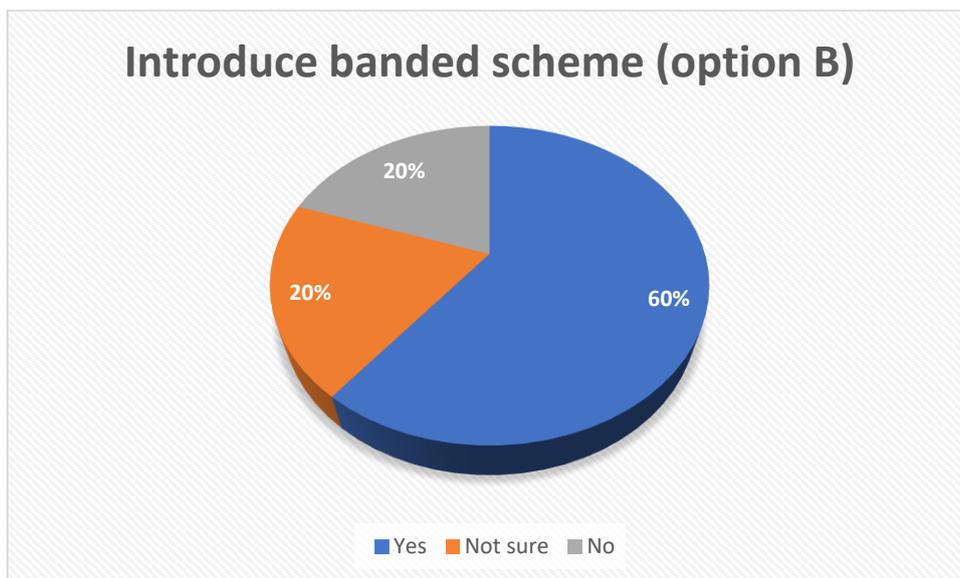
- Concerns about how council tax reduction is calculated.

<b>Positive comments</b>
Sensible approach.
I'm leaning towards this option.
<b>Neutral comments</b>
It might help universal credit claimants but my own circumstances being on long term sick, might have a negative impact ( <i>comment included in neutral as proposal doesn't disproportionately affect someone on long-term sick</i> ).
I am not sure.
You have asked me to state a preference for option A before I have seen other options - stupid way to capture information. I may prefer this but need to access the other options coming up in this survey I presume.

Negative comments
Why bother with these surveys when you'll just decide to do what you want anyway?
The banded option is no better. Ultimately the Council's problem here is with the way council tax is worked out. You operate on a weekly basis, whereas the government has decided that most people are paid monthly hence Universal Credit was designed around monthly payments and HMRC operates on a monthly/yearly basis. As a result, HMRC calculates benefits you are entitled to by an average of your income for a period, which depending on the job sector can be higher in one time and lower another, as a result they can in one calculation determine whether you are being overpaid or underpaid. The Council operating weekly creates more work for themselves by having to monitor how much someone is earning more regularly to calculate the council tax on a regular basis, despite working out the council tax (before any reductions/payments) for a year. Would it not be much easier to work for example on an average for a quarter and then calculate the reduction and whether there hasn't been enough or too much of one for the next quarter or the account for the next tax year.
Poor to blame software restrictions, work around them.

**Question 7: Should the Council introduce a banded scheme?**

*View Appendix 1 for a detailed description of this change.*



**60% of respondents favoured this model.**

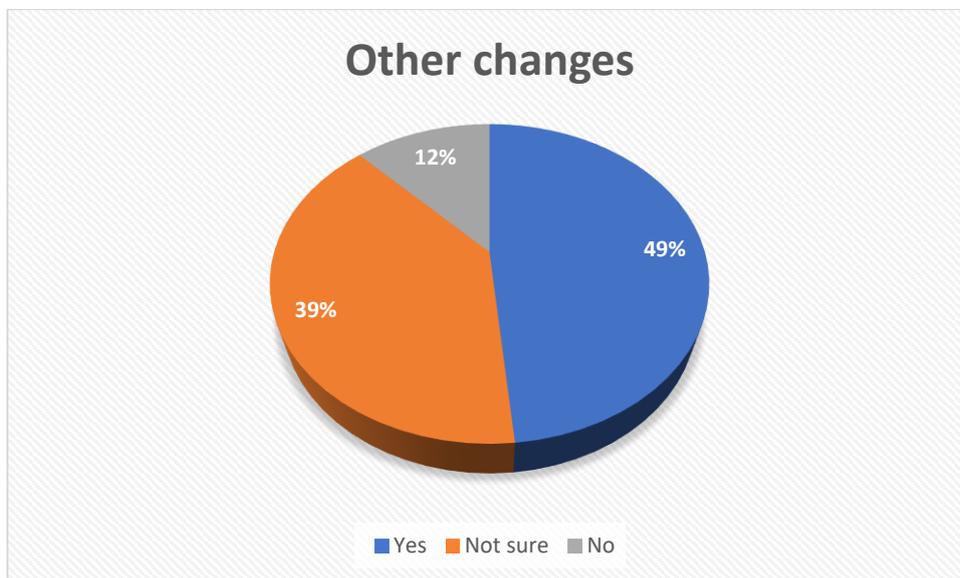
**Analysis:**

- Example of how current system impacts on claimant’s financial circumstances included in positive comments.
- Some concerns about how realistic/practical the banded scheme is.

Positive comments
Good idea.
If someone's income increases by over £100 then surely, they can pay their council tax.
Again, seems a sensible approach.
I am currently 3 months behind with my council tax due to a job loss, my UC award changing each month which has an effect on my discount (this month they have included 2 months wages, so I got £0) with nothing to live on for December. Had to use the discretion fund twice recently.

<b>Neutral comments</b>
Yes, but not the 100%.
<b>Negative comments</b>
So, people who try and work a bit more to get out of a rut, get punished for it. That's a real clever idea. How about all the extra income SDDC receive from the countless new housing estates going up? Why isn't our council tax going down?
This doesn't resolve the problem only creates more work creating a system that effectively has the same problem where constant recalculations have to be made where pennies can alter what someone is paying. Realistically wages change based on hours worked and the tax paid on it, this is not something that changes in pennies for the majority of people.
I am never going to favour anything that increases anyone's tax at any point.
Also don't agree with spare bedroom tax as once children leave home it's impossible to find a smaller place at any cheaper price.

Question 8: **Should the Council bring the scheme into line with other welfare changes?** *View Appendix 1 for a detailed description of this change.*



**The largest group of respondents was supportive of these changes (49% in favour). Those who did not support the change and those who were unsure represented the majority of respondents (51%).**

**Analysis:**

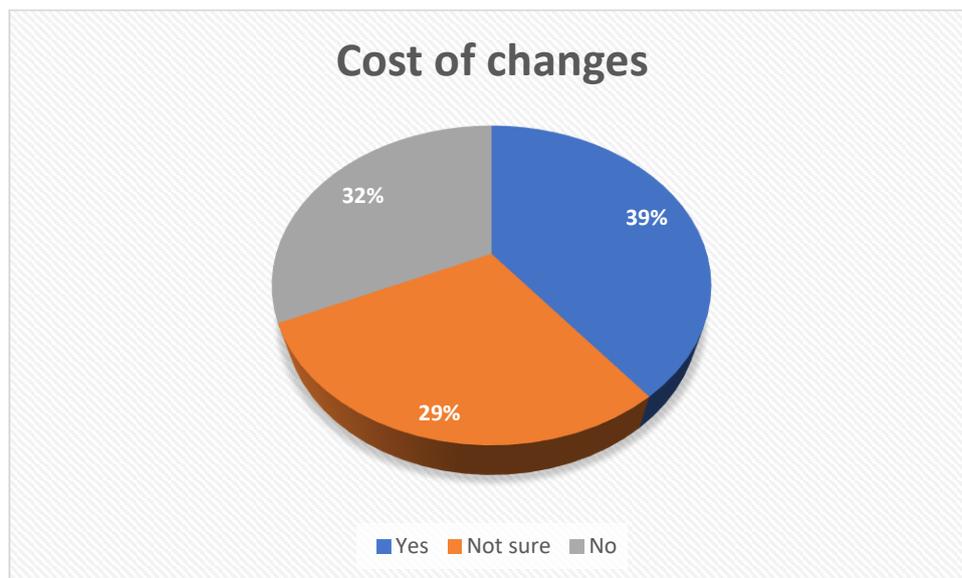
- Major concern relates to rules in relation to mixed-age couples which is now embedded in other national benefits systems.

<b>Positive comments</b>
People's savings shouldn't be taken into account as usually they are saved to be able to live when times are hard. It's like making them pay for being conservative with their hard-earned money.
Appears fair and proportionate.
Two child limit - yes, having children is a choice, while nobody can control unexpected situations like being made redundant, there are people who keep having children to keep having benefits.
Looks like it may simplify the rules.

Neutral comments
I do not understand these planned changes.
The other things I am not really aware of or how they work.
None of this now applies if you have any savings. This is a false economy. If people are forced to use savings to pay bills such as this sooner or later savings will be gone then even more support ( <i>comment included in neutral as scheme allows residents to have up to £16,000 savings</i> ).
Negative comments
Mixed Age Couples - NO, by this you are depriving what someone is entitled to by age for the sake of them being with someone younger, instead you should be calculating it as one of pension age (and the benefits there of) and one of earning age.
I need more detail on some of the points above to give you a full answer. Again, anything that raises people's tax or pushes people tax to increase the tax on higher earners is unfair. I would not be in favour but cannot fully judge this from information above.
I don't agree with the first two key changes based upon what I read from those two sentences. If a person reaches pension age then they should be fully entitled to pensioner benefits regardless of the age of their spouse, this would be unfair and unjust in my opinion.

**Question 9: Do you support the extra costs of the proposed changes?**

*View Appendix 1 and 5.0 for a detailed description of this change and impact of the change on the Council and other precepting authorities.*



**The largest group of respondents was supportive of these changes (39% in favour). Those who do not support the change and those who are unsure represented the majority of respondents (61%).**

**Analysis:**

- Positive comments highlight the changes helping the most vulnerable.
- Major concerns relate to whether this will increase council tax, whether it will impact local service delivery, whether admin costs will go up and the high cost of the changes.

<b>Positive comments</b>
As long as the services the Council supports carry on benefiting, I guess that's a good thing.
As long as in the long term those who are poorest and most vulnerable have their needs better met this is acceptable. However if this ends up being wasteful then money could have been given to those, especially children going hungry.
If the cost increase is due to providing more support to those who need it then great, no point changing things if the cost increase is administrative.
<b>Neutral comments</b>
You say the new schemes will save administrative time and money so the new schemes should be paid from the savings you say you will make with the changes ( <i>comment included in neutral as increased costs are to provide additional support to residents, not administrative costs</i> ).
Seems extraordinarily high. Does that mean higher council tax ( <i>comment included in neutral as proposal will not increase council tax</i> )?
Surely reducing the administrative burden should come with a reduction in cost, not an increase. This doesn't feel particularly lean or efficient if its leading to a cost increase ( <i>comment included in neutral as increased costs are to provide additional support to residents, not administrative costs</i> ).
Expensive for smaller councils should be split pro rate per population base ( <i>comment included in neutral as costs are shared pro-rata based on council tax base</i> ).
<b>Negative comments</b>
It's ludicrous to even suggest taking money from these crucial agencies as expectations of what services they offer will remain the same.
Why on earth would keeping things as they are (option a) increase the cost of the scheme by so much let alone the same as changing to a new model for the scheme? This is absurd and someone is frankly having a laugh with the calculations.

## Summary analysis

4.3 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.

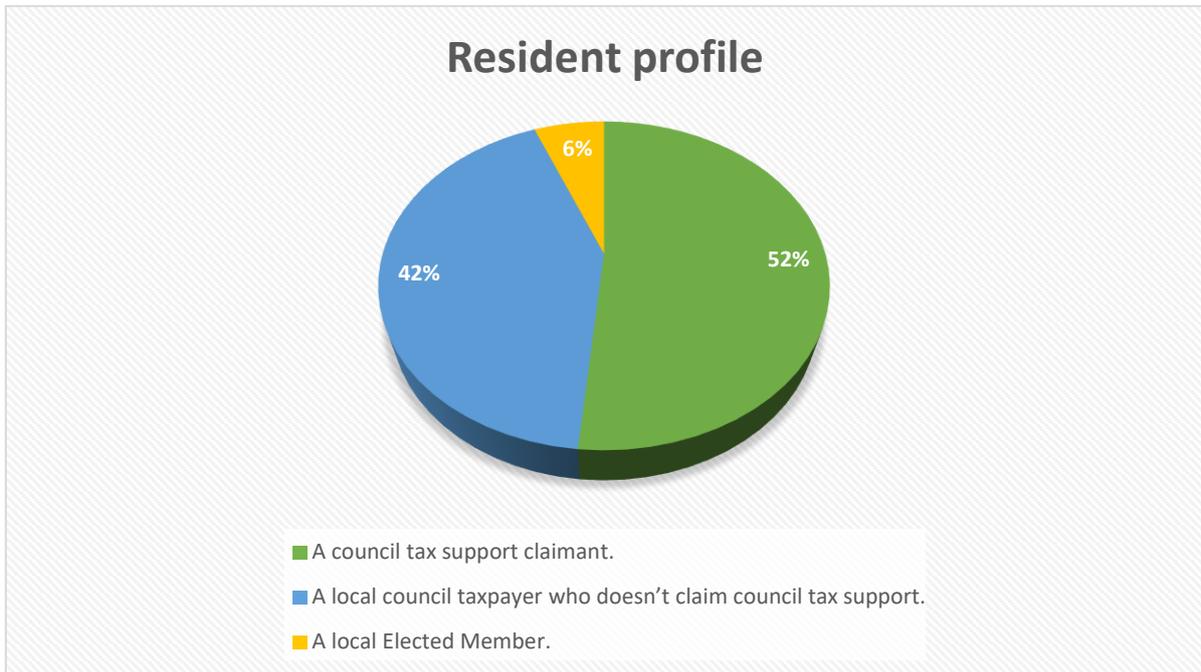
<b>Proposed change</b>	<b>In favour</b>	<b>Not sure</b>	<b>Against</b>
Treat a UC claim as a claim for LCTRS	76%	12%	12%
Remove the baseline	68%	17%	15%
Introduce £1 minimum award	61%	15%	24%
£5 non-dependent deduction	58%	18%	26%
Other changes to bring scheme into line with national welfare benefits	49%	12%	39%
Remove second adult rebate	46%	27%	27%
Cost of changes	39%	32%	29%

4.4 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.

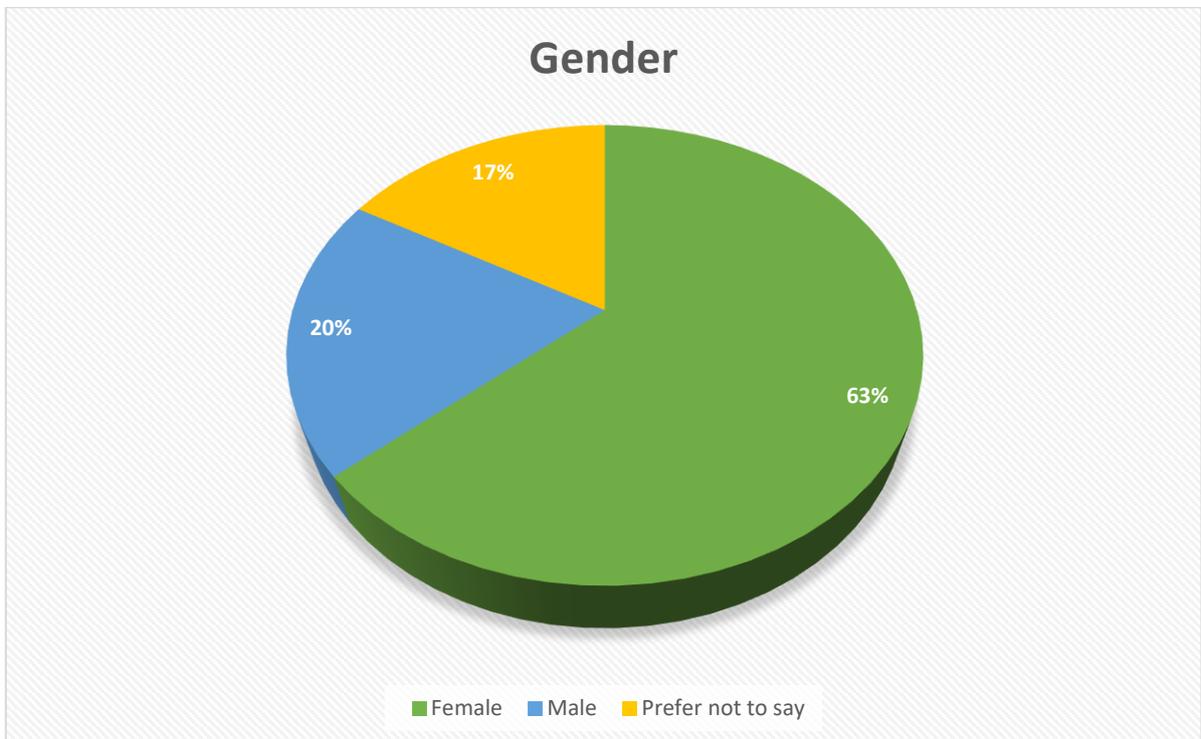
4.5 With regards to the choice between the existing tapered scheme or introducing a banded scheme, 60% favoured the introduction of a banded scheme, whereas 47% favoured the retention of the existing tapered scheme. As such the banded scheme is recommended as part of this report.

## About the respondents

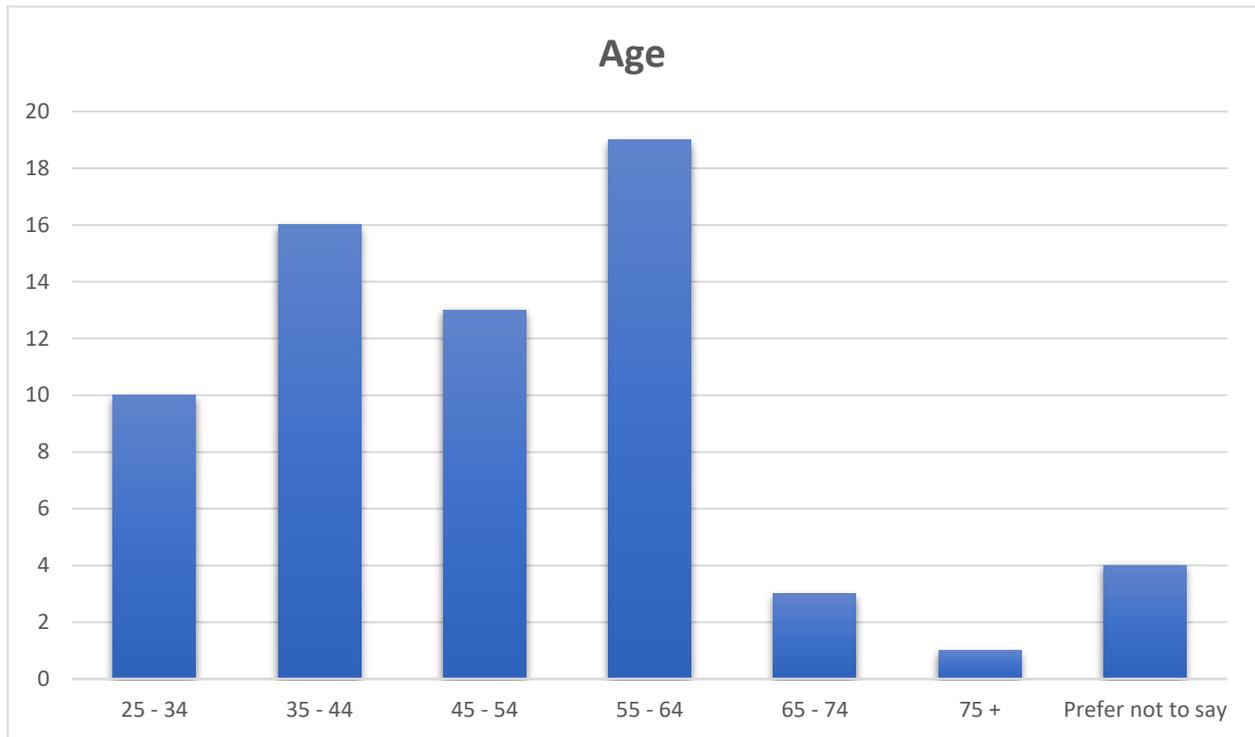
4.6 The graphs on the following pages provide an overview of those who responded to the consultation.



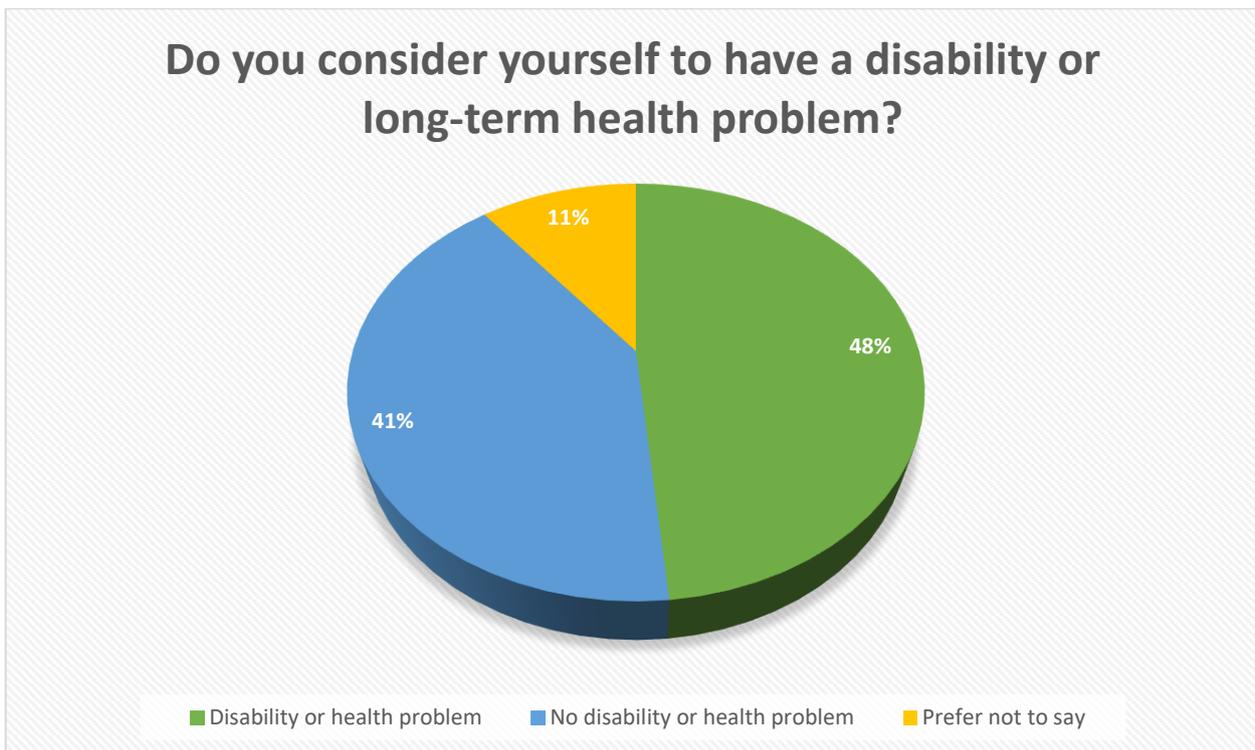
**Analysis:** The majority of respondents are council tax support claimants, but a significant number of residents who do not claim also responded. Elected members also responded.



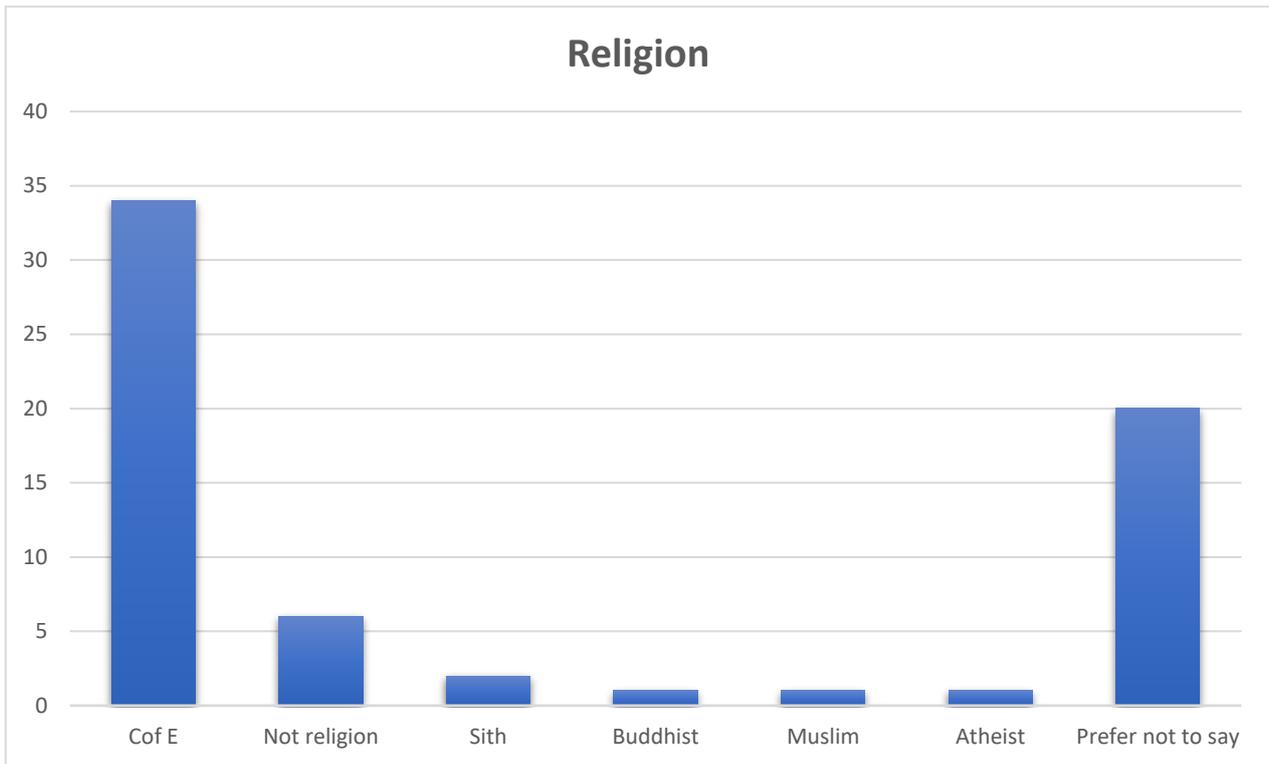
**Analysis:** The majority (63%) of respondents were female.



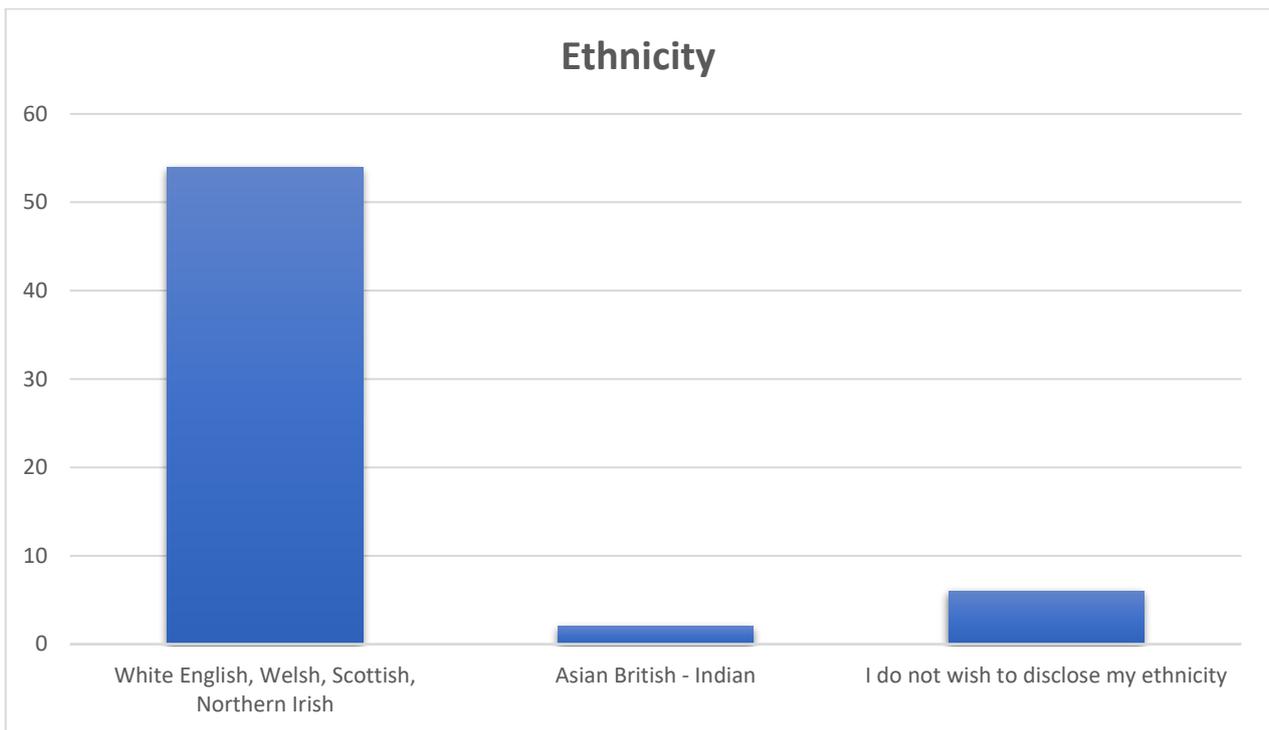
**Analysis:** There were no respondents in the under 16, 16 – 17 or 18 – 24 age categories. The largest response was from those in the 55 – 64 age category.



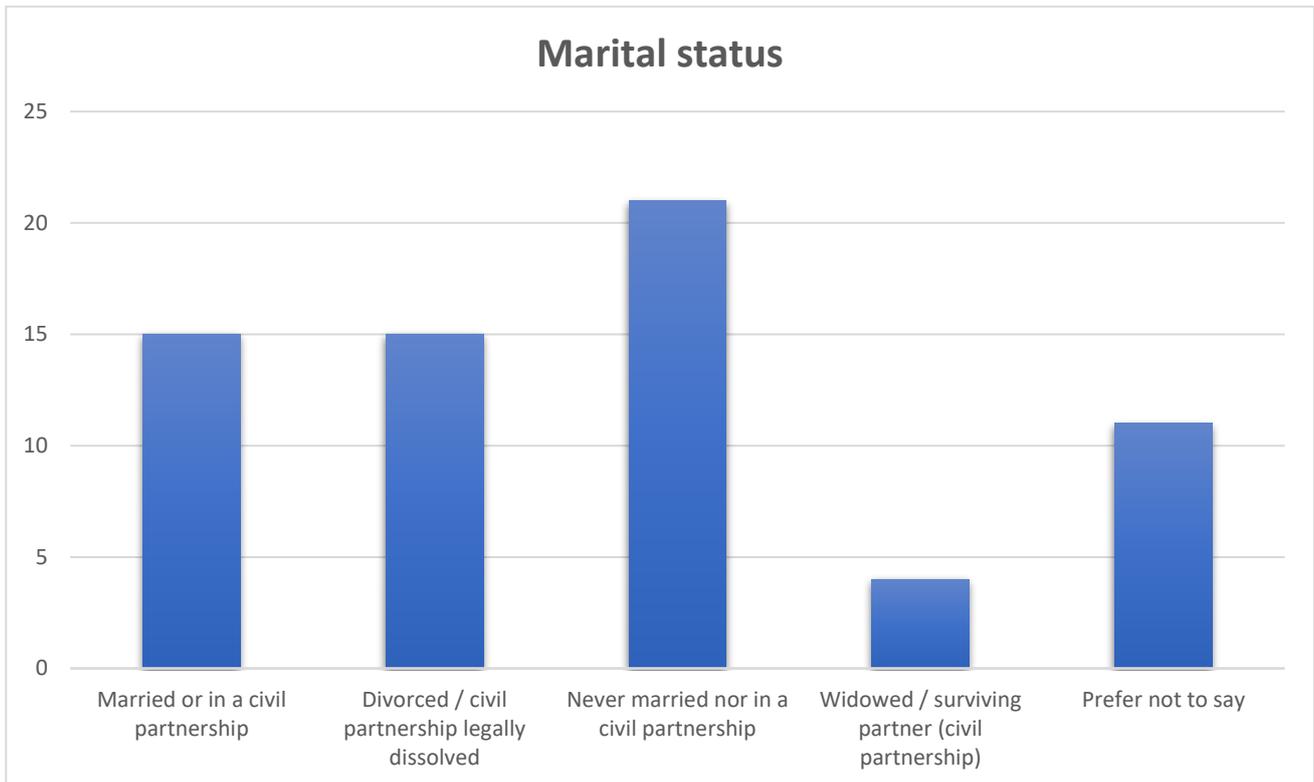
**Analysis:** The majority of respondents who gave a detailed answer (48%) have a disability or long-term health condition.



**Analysis:** Respondents with a range of religious backgrounds participated.



**Analysis:** The majority of respondents were White English, Welsh, Scottish, Northern Irish. Two respondents were Asian British – Indian. Six respondents chose not to disclose their ethnicity.



**Analysis:** A range of residents responded, with the largest response from residents who have never been married or in a civil partnership.

### Next steps

4.7 If committee approves the adoption of the banded scheme and all changes included in the consultation as listed below:

- 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.

The proposed timeline is as follows:

Date	Activity
<b>23 February 2022</b>	Finance and Management Committee recommends proposed new Council Tax Reduction Scheme and new regulations to Full Council
<b>11 March 2022</b>	New regulations and parameters set on Council Tax billing system. Regulations to be published no later than 11 March 2022.
<b>April 2022</b>	New scheme launched and reflected in 2022 – 2023 billing.

## 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:

Cost	System	Required or optional
<b>£10,000 per annum</b>	Banded scheme software costs	Required
<b>£8,000 per annum</b>	Online decision form that prevents ineligible cases from being submitted	Optional – would only implement 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 and recorded 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 at Appendix 1. 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 as part of the annual review and approval of the scheme.

## Equality & Diversity and Social Value Impact

72 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). It is also included at Appendix 2.

7.3 The proposed changes have been assessed against protected characteristic groups, as set out the Equalities Act, detailed below:

Protected characteristic	Comment
<b>Age</b>	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.
<b>Sex</b>	The scheme/proposed models do not discriminate against people of any particular sex.
<b>Sexual orientation</b>	The scheme/proposed models do not discriminate against people of any particular sexual orientation.
<b>Gender reassignment</b>	The scheme/proposed models do not discriminate against people who have undergone gender reassignment.
<b>Race</b>	The scheme/proposed models do not discriminate against people based on their race.
<b>Gypsy and travellers</b>	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.
<b>Religion or belief</b>	The scheme/proposed models do not discriminate against people based on their religion or belief.
<b>Marriage and civil partnership</b>	The scheme/proposed models do not discriminate against people based on their marital or civil partnership status. Civil partners are recognised as dependents.
<b>Disability</b>	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

- Appendix 1 – Consultation booklet.
- Appendix 2 – Equality impact assessment.

**Notes:**

- \* Category – Please see the Committee Terms Of Reference in [Responsibility for Functions - Committees](#). This shows which committee is responsible for each function and whether it has delegated authority to make a decision, or needs to refer it elsewhere with a recommendation.
- \*\* Open/Exempt - All reports should be considered in the open section of the meeting, unless it is likely that exempt information would be disclosed. Please see the [Access to Information Procedure Rules](#) for more guidance.
- \*\*\* Committee Terms Of Reference in [Responsibility for Functions - Committees](#).