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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM:7</b>
<b>DATE OF MEETING:</b>	<b>15 FEBRUARY 2024</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	
<b>MEMBERS' CONTACT POINT:</b>	<b>CATHERINE GRIMLEY</b> <a href="mailto:Catherine.grimley@southderbyshire.gov.uk">Catherine.grimley@southderbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>PROPOSED CONTINUATION OF BANDED COUNCIL TAX REDUCTION SCHEME FOR 2024 - 2025</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 supports the continuation of a banded Council Tax Reduction Scheme for working age recipients for 2024/2025, as well as other changes proposed, including:

- Uprating to the applicable amounts in line with the prescribed scheme but with the exception of non-dependent deduction for working age which will remain at £5.00 for 2024/2025 year for all cases.
- Adopt any other changes within the prescribed scheme in accordance with the statutory instrument due to be published in January 2024.
- Undertake a review of the current Council Tax Reduction Scheme in 2024 to allow time to implement any potential changes for the 2025/2026 scheme following consultation.
- Continue current funding of £20,000 for hardship cases.

## **2.0 Purpose of Report**

2.1 To recommend to committee that a banded scheme for Council Tax Reduction is continued for 2024/2025

2.2 To recommend to committee that they approve the following amendments to the scheme;

- Uprating to the applicable amounts in line with the prescribed scheme but with the exception of non-dependent deduction for working age which will remain at £5.00 for 24/25 for all cases.

- Adopt any other changes within the prescribed scheme in accordance with the statutory instrument due to be published in January 2024.

### **3.0 Executive Summary**

3.1 South Derbyshire District Council consulted widely with stakeholders including residents and precepting partners on proposed changes to its Local Council Tax Reduction Scheme in 2021 for working-age claimants. A banded scheme was the preferred option and as a result it was adopted for 2022/2023. The scheme reflects our corporate priorities below.

**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 Under the banded scheme, the council tax reduction scheme regulations are simplified so they are easier to understand and remove outdated legislation. The scheme also aligns with other welfare benefits.

4.2 The banded scheme works out how much council tax discount claimants will get as a percentage of the total charge by putting a claimant's excess income into one of ten bands.

4.3 Historically evidence suggests that most changes in income are within the £15 band limits, so most claimants whose income fluctuates a little will know week-to-week how much discount they are going to get allowing some financial stability. This also reduces the amount of administration required on the Benefits Team as claims are not having to be reassessed on a regular basis.

#### **4.4 Up-rating of applicable amounts in line with the prescribed scheme**

The prescribed regulations are those which govern the assessment of support for pension age claimants. The Government has announced that the needs allowances (also known as applicable amounts) for Pension age support will increase in line with inflation (8.5%) and that Welfare Benefits in general, not just those related to pension age customers, will also rise by 6.7%.

These increases to income and applicable amounts will broadly offset each other as they are both increasing in line with each other therefore there will be no significant impact on the cost of the scheme.

Keeping our working age (local scheme) needs allowances aligned with those prescribed by the government makes the administration of the scheme less complicated and easier for customers to understand their benefit calculations. The

only exception to this is the non-dependent deduction for working age cases which will remain at £5.00 for 2024/2025 for all claimants within the scheme.

An increase in the non-dependent deduction is not recommended at this time due to the current cost of living crisis and the consequences this may have on our most vulnerable benefit claimants. An inflationary increase to £5.50 would result in negligible savings across the whole scheme but would cause an increase in financial burden on our most financially vulnerable residents.

- 4.5 Any other legislative changes in the prescribed scheme will be adopted in accordance with the statutory instrument that is due to be published by the end of January 2024. Statutory Instruments are a form of legislation which allow the provisions of an Act of Parliament to be subsequently brought into force or altered without Parliament having to pass a new Act.

## 5.0 Financial Implications

5.1

	Total Scheme Cost	Notes
Council Tax Support Spend 2023/2024 to date (not including discretionary)	£5,374,223.	As at 06/12/23
Projected Council Tax Support Spend 2023/2024	£5,345,956.	
Projected Council Tax Support Spend 2024/2025	£5,505,800.	Based on a ctax increase of 2.99%
<b>Total projected Council Tax Support Spend 2024/2025</b>	<b>£5,505,800.</b>	

- 5.2 Table 5.1 shows that the estimated cost of the scheme has increased for 2024/2025 however this increase is contained within the collection fund. Previous years have generated an in-year surplus that have supplemented this scheme, however in 2023/24 we have estimated to make an in-year deficit of £195k. Therefore, the costs of this scheme will be utilising brought forward surplus balances. This will need to be kept under review in future years.
- 5.3 The Council's contribution to the scheme is 10% amounting to costs of £550k, the funding for the scheme is contained within the Local Governments Finance Settlement.
- 5.4 The Government introduced a new initiative in 2023/24 to support local authorities in using their allocation from the Council Tax Support fund. The new scheme awarded SDDC £126,867 towards supporting the most vulnerable households.
- 5.5 It is proposed that a review of the scheme is undertaken during 2024-25 in light of the current rising cost of the scheme in its current format. Financial modelling of potential changes will begin in Q1 with a consultation exercise taking place thereafter with all affected stakeholders. Future options on proposed changes to the scheme will be brought back to F&M Committee for approval in readiness for 2025/2026.

- 5.6 It is proposed that £20,000 is continued to be set aside within the hardship fund under section 13A for any unforeseen/major impacts on benefit claimants as a result of the scheme.
- 5.7 The banded scheme will continue to deliver significant service efficiencies and help to generate time and resource savings in the long-term.

## **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 Continuation of a banded scheme 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. Equality & Diversity and Social Value Impact**

- 7.1 The scheme has been assessed against protected characteristic groups, as set out the Equalities Act, detailed below:

<b>Protected characteristic</b>	<b>Comment</b>
<b>Age</b>	The schemes only apply to working age claimants and not to pensioners or children. The scheme does not affect or alter the applicable ages.
<b>Sex</b>	The scheme does not discriminate against people of any particular sex.
<b>Sexual orientation</b>	The scheme does not discriminate against people of any particular sexual orientation.
<b>Gender reassignment</b>	The scheme does not discriminate against people who have undergone gender reassignment.

<b>Race</b>	The scheme does not discriminate against people based on their race.
<b>Gypsy and travellers</b>	The scheme does 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 does not discriminate against people based on their religion or belief.
<b>Marriage and civil partnership</b>	The scheme does not discriminate against people based on their marital or civil partnership status. Civil partners are recognised as dependents.
<b>Disability</b>	The banded scheme disregards 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**

## **9.0 Background Papers**

None.