

# Cheltenham Borough Council

Cabinet - 16 September 2014

Council - 13 October 2014

## Local Council Tax Support Scheme (LCTS) 2015/16 – 2016/17

<b>Accountable member</b>	<b>Councillor John Rawson, Cabinet Member Finance</b>
<b>Accountable officer</b>	<b>Mark Sheldon, Director of Resources</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<p>In December 2012 Council approved a new working age local council tax support scheme for 2013/14 and in September 2013 it agreed to keep the scheme unchanged for 2014/15, other than annual uprating of premiums, allowances and non-dependant deductions.</p> <p>Delays in welfare reforms, lack of clarity about long term funding of the scheme and political uncertainties arising from a general election in May 2015 could put the Council at risk if we consulted on and approved a new local support scheme that continued after March 2015.</p> <p>On 12<sup>th</sup> May 2014 a joint working group meeting of section 151 officers and finance officers from across the county reviewed the shortfall in Government funding of the LCTS scheme and the additional income generated during 2013/14 following changes to council tax empty property discounts. They agreed to recommend a further year of no changes. Approval is being sought to keep the LCTS scheme unchanged for 2015/16 and 2016/17 other than the annual uprating of premiums, allowances, non-dependant deductions and annual changes to the national pension age scheme, which need to be reflected in the local working age scheme.</p>
<b>Recommendations</b>	<p><b>That Council</b></p> <p><b>a) Keeps the Local Council Tax Support scheme unchanged for 2015/16 and 2016/17, other than the annual uprating of premiums, allowances, non-dependant deductions and any changes to the national pension age scheme that need to be reflected in the local working age scheme.</b></p>

<b>Financial implications</b>	<p>Due to a reduction in people claiming council tax support, the actual shortfall for Cheltenham Borough Council (district/parish share) between support awarded and government funding was £20,797 in 2013/14.</p> <p>In the same year changes to empty property discounts generated approximately £100,000 additional income for Cheltenham</p> <p>In 2014/15 the Government confirmed that the local council tax support funding will no longer be separately identified and will form part of the overall funding available to local authorities, leaving it entirely up to local authorities to decide how much they are prepared to spend on council tax support.</p> <p>Delays in welfare reforms and policy changes arising from a general election in May 2015 could change the long term funding arrangements for any council tax support scheme.</p> <p><b>Contact officer: Mark Sheldon, <a href="mailto:mark.sheldon@cheltenham.gov.uk">mark.sheldon@cheltenham.gov.uk</a>, 01242 264123</b></p>
<b>Legal implications</b>	<p>The procedures for making and revising council tax reduction schemes are prescribed in schedule 1A Local Government Finance Act 1992.</p> <p><b>Contact officer: Peter Lewis, <a href="mailto:peter.lewis@teWKesbury.gov.uk">peter.lewis@teWKesbury.gov.uk</a>, 01684 272012</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>None arising from this report</p> <p><b>Contact officer: Julie McCarthy, <a href="mailto:julie.mccarthy@cheltenham.gov.uk">julie.mccarthy@cheltenham.gov.uk</a>, 01242 264355</b></p>
<b>Key risks</b>	<p><b>See appendix 1</b></p>
<b>Corporate and community plan Implications</b>	<p>None</p>
<b>Environmental and climate change implications</b>	<p>None</p>
<b>Property/Asset Implications</b>	<p>None</p> <p><b>Contact officer: David <a href="mailto:Roberts@cheltenham.gov.uk">Roberts@cheltenham.gov.uk</a></b></p>

## **1. Background**

- 1.1** The Welfare Reform Act 2012 abolished council tax benefit. Under the Local Government Finance Act 2012 local authorities had to design their own Local Council Tax Support (LCTS) scheme for working age customers and administer the national council tax support scheme for pensioners.
- 1.2** Cheltenham Borough Council adopted the default scheme for working age customers which mirrored the old council tax benefit scheme, and which set the maximum help a person could claim due to low income at 100%. It also made a commitment to review the scheme in the future, when the long term funding arrangements had been clarified by the Government.
- 1.3** In 2013/14 the Council received approximately 90% of the cost of the previous year's national council tax benefit scheme for Cheltenham, with a commitment to pay the same amount for 2014/15 and then to review the long term funding of the scheme.
- 1.4** In 2014 the Government confirmed , that there would be no reduction in funding for local council tax support in 2014/15, but they would not separately identify the allocation as it would form part of the overall funding available to local authorities. This would leave councils to decide how much they are prepared to spend on a council tax support scheme.
- 1.5** Billing authorities are the lead authorities in the design and implementation of a local scheme but have a duty to consult with major preceptors and other interested parties. Regular meetings have taken place with all six district councils, the County and Police to monitor the financial implications of the current scheme.
- 1.6** On 12th May 2014 a joint working group meeting of section 151 officers and finance officers from across the county considered the shortfall in government funding of the LCTS scheme and the additional income generated during 2013/14, following changes to council tax empty property discounts. . They agreed to recommend a further year of no significant changes.
- 1.7** Delays in welfare reforms and policy changes arising from a general election in May 2015 could change the long term funding arrangements and local authority responsibilities for any future council tax support scheme.

## **2. Funding of the council tax support scheme**

- 2.1** The Government funding for the LCTS scheme was expected to be cut by approximately 10% in 2013/14.
- 2.2** Since April 2013 the cost and the funding of the local council tax support scheme has been split between District/Parish, Police and County Council.
- 2.3** Due to a reduction in people claiming help with their council tax, the actual shortfall for Cheltenham Borough Council (district/parish) between council tax support paid in 2013/14 and the amount received from the Government towards the scheme in the same year was £20,797.
- 2.4** In 2013/14 changes to empty property discounts generated approximately £100,000 additional council tax income for Cheltenham which helped to offset the shortfall in funding of the local council tax support scheme.
- 2.5** Current indications appear to suggest that council tax support awarded in 2014/15 and the additional income from the changes to empty property discounts will not be significantly different from 2013/14

### 3. Reasons for recommendations

- 3.1 Based on actuals for 2013/14 and current projections for 2014/15 the shortfall in funding for the local council tax support scheme can be offset from the additional income being generated by the changes to empty property discounts. Assuming there is a small, or no increase, in the level of council tax for 2015/16 or 2016/17 and the economic climate remains the same, this position should not change significantly
- 3.2 A general election in 2015 could see changes to the planned welfare reforms, funding arrangements and local council tax support, so it would be premature to carry out a full review of the long term scheme along with a public consultation at this stage.

### 4. Alternative options considered

- 4.1 Officers considered the potential for a cut in benefit levels but this was not supported because of the impact on low paid residents, as well as the additional administrative costs and potential increased level of write offs involved in issuing a large number of small bills to residents who had not been used to paying council tax.
- 4.2 No other alternatives were considered as the joint working group confirmed they were happy to support a further year of the current scheme

### 5. Consultation and feedback

- 5.1 Council officers have been working with all Gloucestershire district councils on these proposals and have consulted with the County Council and Gloucestershire Police Authority.

### 6. Performance management –monitoring and review

- 6.1 The benefits service will monitor any increase/decrease of council tax support and any significant changes will be reported to Cabinet.

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<b>Appendices</b>	1. Risk Assessment
<b>Background information</b>	

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council tax charge is increased in 2015/16 or 2016/17 then there is a financial implication and risk to the council as government funding towards the local council tax scheme will not change.	Mark Sheldon		3	3	9	Accept	Consider the risk in any decision about increasing the council tax charge in 2015/16 and 2016/17			

**Explanatory notes**

**Impact** – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

**Likelihood** – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

**Control** - Either: Reduce / Accept / Transfer to 3rd party / Close