

Cheltenham Borough Council
Cabinet – 6th December 2016
Council – 12th December 2016
Local Council Tax support Scheme for 2017/18

Accountable member	Councillor Rowena Hay, Cabinet Member Finance
Accountable officer	Paul Jones, 151 Finance officer
Ward(s) affected	All
Key/Significant Decision	Yes
Executive summary	The Local Government Finance Act 1992, which was amended by the local Government Finance Act 2012, requires Cheltenham Borough Council to make or revise its working age local council tax support scheme for 2017/18 by 31 st January 2017. The pension age scheme is set nationally and both are administered by the local council.
Recommendations	<p>That Council :</p> <p>Keep the working age council tax support scheme unchanged for 2017/18, other than any annual uprating of premiums, allowances and non-dependant deductions.</p>

Financial implications	<p>In 2014/15 the government stopped separately identifying the contribution they make to both the working and pension age schemes, leaving it entirely up to the local council to decide how much they are prepared to spend on council tax support.</p> <p>In the previous year (2013/14) the government contributed around 90% of the cost of the scheme and with changes to the council tax empty property and second home discounts the 10% shortfall was fully covered.</p> <p>Since 2013/14 the council tax support caseload has reduced by just over 10% in Cheltenham and the amount paid out between April 2013 and September 2016 has reduced by £651,189 across all preceptors (county/police/district/parish)</p> <p>Contact officer: Paul Jones, Paul.Jones@cheltenham.gov.uk, 01242 775154</p>
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Legal implications	<p>The Welfare Reform Act 2012 abolished Council Tax Benefit and instead required each authority to design a scheme specifying the reductions which are to apply to amounts of Council tax. The prescribed regulations set out the matters that must be included in such a scheme.</p> <p>The Local Government Tax Support 'LCTS', scheme is required under Section 13A of the Local Government Finance Act 1992 (updated in 2012).</p> <p>Any review of the LGTS scheme must focus on effectiveness, efficiency, fairness and transparency. It will also consider their impact on the localism agenda.</p> <p>Pensioners (those over state pension age) are protected from any changes, but otherwise the Council has discretion to decide how it wishes to design its scheme to cover any shortfall, in accordance with the prescribed requirements.</p> <p>Contact officer: Peter Lewis, peter.lewis@teWKesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	<p>No direct HR implications arising from the content of the report</p> <p>Contact officer: Julie McCarthy, julie.mccarthy@chEltenham.gov.uk, 01242 264355</p>
Key risks	See appendix 1
Corporate and community plan Implications	None
Environmental and climate change implications	None
Property/Asset Implications	<p>There are no implications with regard to the council's property assets.</p> <p>Contact officer: David Roberts@chEltenham.gov.uk</p>

1. Background

- 1.1 Prior to April 2013, both the working and pension age schemes (council tax benefit) to help people on a low income to pay their council tax, was set nationally and fully funded.
- 1.2 In April 2013 the government gave us 90% of the cost of the previous year's scheme, nationally set the pension age scheme that we had to administer and gave the local authority the responsibility of creating its own working age scheme each year, as long as it complied with certain conditions, such as protecting the vulnerable and to not disadvantage those in work.
- 1.3 In Cheltenham, we adopted the default scheme for working age customers, which mirrored the old council tax benefit scheme and meant both working and pension age schemes remained similar and retained the maximum award that could be granted at 100%, if the person's income was low.
- 1.4 In addition we also reduced the council tax discounts on empty properties and second homes to generate additional income to fund the 10% shortfall in grant.
- 1.5 In 2014/15 the government stopped separately identifying the contribution they make to both the working and pension age schemes, leaving it entirely up to the local council to decide how much they are prepared to spend on council tax support. However they still set the pension age scheme nationally, so any savings could only be made from the working age scheme.
- 1.6 Since 2013, the number of people claiming council tax support has reduced by 10% and the amount awarded has also reduced by £651,189 (county/police/district/parish). This is mainly due to welfare cuts in working age benefits, the changes in pension age and until 2016/17, a freeze in the council tax charge.
- 1.7 In September 2016, we had 4211 working age customers and 2710 pension age customers claiming help with their council tax through council tax support.
- 1.8 Council tax support is means tested, so the more money the person has the less support they receive.

2. Reasons for recommendations

- 2.1 The majority of welfare benefit cuts since 2013 have been targeted at the working age. We are one year into a four year freeze on most working age benefits, the new out of work benefit cap rates of £257.69 per week for single people and £384.62 per week for couple/lone parents (including rent benefit) started on 7th November 2016 and a limit on child premiums is due to be introduced in April 2017, which will restrict the maximum child premium additions to two children for new claims or breaks in benefit.
- 2.2 There has been a reduction in the number of people claiming council tax support between 2013 and September 2016 of just over 10% and the amount awarded has reduced by around £651,189 for the same period.
- 2.3 Universal credit live date for all **new claims** in Cheltenham has been delayed until 2018 and we are still awaiting the Governments response to the recommendations made by the independent report they commissioned on the future of council tax support that was published in April 2016.

3. Alternative options considered

- 3.1 The potential to reduce the maximum award to less than 100% for working age customers was considered, but due to the reasons above it was decided not to consult on these options for 2017/18.

4. Consultation and feedback

- 4.1** A six week period of consultation ran from 17th October to 27th November 2016 on the council's website and every council tax support award letter during the period made reference to the public consultation. In addition the main voluntary agencies in Cheltenham were also contacted for their opinions as they are dealing with customers affected by all the welfare benefit cuts on a day to day basis.
- 4.2** The finance officers from the County Council and the Police Authority were also contacted as the main preceptors for their comments.
- 4.3** At week five of the consultation we had only received one response, which was from the Gloucester & District CAB supporting the proposal to keep the scheme unchanged for a further year. If any further responses are received they will be contained in the background information papers.

5. Performance management –monitoring and review

- 5.1** The Benefit service will monitor any increase/decrease of council tax support and any significant changes will be reported to cabinet.

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Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Countywide data on reduction in caseload and awards made3. Results of public consultation (Only if any further responses are received in week six)
Background information	Working age Council tax support scheme for 2016/17 (available from Paul Aldridge on request)

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
1	If a working age council tax support scheme is not approved it will not meet the legal requirements to have a scheme in place by 31 st January 2017.	Council		3	3	9	Accept				
2	Financial risk if take up of council tax support significantly increases as a result of any increase in council tax	Paul Jones		3	3	9	Accept	Ongoing monitoring throughout the year as part of internal controls			
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											