

Cheltenham Borough Council
Council – 23 July 2018

Consultation on Local Council Tax Support Scheme for 2019/20

Accountable member	Councillor Rowena Hay, Cabinet Member Finance
Accountable officer	Jayne Gilpin, Head of Revenues and Benefits
Ward(s) affected	All
Significant Decision	Yes – when adopted
Executive summary	<p>Since 2013 councils have been responsible for adopting their own council tax support scheme to help working age people on low incomes pay their council tax. The Council is required to undertake public consultation on any proposed changes to its scheme. Cheltenham’s scheme has remained largely unchanged since 2013 and approval is being sought to consult on proposals for a revised scheme for 2019/20.</p> <p>The local scheme is for working age people only. The national scheme for pension age customers is set by Government and administered by the council</p>
Recommendations	That Council endorses the proposed public consultation in Appendix 2 to be undertaken between 23rd July and 7th September 2018

Financial implications	<p>Since 2013/14 The Local Council Tax Support (LCTS) scheme operates in a similar way to discounts, such as for empty properties or single person occupiers. Rather than being accounted for as a benefit cash payment, the council tax base is reduced. Whilst this has no impact for the individual council tax payer, a lower council tax base reduces the tax yield to this Council, Gloucestershire County Council, Gloucestershire Police Authority and town and parish Councils. To offset this impact, the Government paid a cash grant to all local authorities which was 10% less than the funding for the previous council tax benefit scheme. This funding was rolled in to revenue support grant from 2014/15 and has therefore been subject to further cuts. From 2018/19 this council no longer receives revenue support grant and must fund its share of the cost of the scheme. Moving to a scheme as proposed in the consultation should reduce the cost of the scheme, based on current caseload. It will also reduce the administrative burden which is increasing as the Universal Credit rollout continues.</p> <p>Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 264365</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.</p> <p>The Local Government Tax Support ‘LCTS’ scheme is required under Section 13A of the Local Government Finance Act 1992 (“the Act”) (updated in 2012). The Act states that for each financial year, councils must consider whether to revise their LCTS scheme or replace it with another scheme. The prescribed regulations set out the matters that must be included in such a scheme. Before making any changes, under Section 40 of the Act, the Council must, in the following order:</p> <ol style="list-style-type: none"> 1. consult with any major precepting authorities 2. publish the draft scheme 3. consult other parties likely to have an interest in the scheme <p>The deadline for making decisions is now the 11 March in the financial year preceding that for which the revision or replacement scheme is to take effect (under Para 5, Schedule 1A of the Act). If the Council does not make/revise a LCTS scheme by 11 March 2019, a default scheme will be imposed on the Council which will be effective from April 2019.</p> <p>Contact officer: 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	There are no implications with regard to the council’s property assets

1. Background

- 1.1** Since 2013 the Council has been required to establish a local council tax Support scheme to help working age people on a low income to pay their council tax. This scheme replaced the national Council Tax Benefit scheme.
- 1.2** The Council is also required to administer the government determined council tax support scheme for pension age customers but is not able to make any changes to this scheme.
- 1.3** Funding for the council tax support was cut by 10% in 2013/14 compared to funding for the previous benefit scheme. The contribution from Government towards the scheme is no longer separately identified so the design of local council tax support schemes will dictate how much funding is allocated. The majority of councils have changed the design of their scheme to reduce the cost and generate savings, as mandated by Central Government.
- 1.4** The local council tax support scheme since 2013/14 in Cheltenham has continued to mirror the previous council tax benefit scheme which has ensured the most vulnerable customers have not been impacted upon. The council has so far absorbed any shortfall in funding, assisted by utilising our local powers to reduce the council tax discounts on empty properties.
- 1.5** Council tax support is currently provided to around 6,000 households in Cheltenham at an annual cost of just under £6m. This includes working and pension age claimants. Approximately 3,600 of these households are of working age and the cost for these is £3.7m. The cost of the council tax support scheme is met by this council and the precepting authorities in proportion to the share of the council tax.

2. Reasons for recommendation

- 2.1** Each year the Council has to decide whether to make changes to its council tax support scheme for working age customers.
- 2.2** Funding received from Central Government to support the local working age scheme has continued to reduce in line with the other central funding cuts and is expected to continue to reduce over the coming years. Based on 2017/18 data, Cheltenham Borough Council is one of 37 councils whose local council tax support scheme has so far not been amended to reflect reduced funding, or increase the contribution that people receiving help must make towards their council tax bills.
- 2.3** Cheltenham became a full Universal Credit area in January 2018. As the number of customers receiving Universal Credit increases the administrative burden of calculating local council tax support entitlement becomes greater.
- 2.4** Universal Credit is reassessed on a monthly basis and any changes in income under Universal Credit will mean that a different level of income also needs to be taken into account for assessing council tax support. A change in the level of council tax support, however small, means a revised council tax bill needs to be issued changing the payable amount.
- 2.5** Issuing revised council tax bills on a monthly basis is costly and makes it difficult to progress recovery action where payment is not being made. It also makes it very difficult for those customers to manage their finances when their monthly instalment amounts are not consistent.
- 2.6** Approval is being sought to consult on proposals for a revised scheme for 2019/20 based on income bands with some changes to how we calculate entitlement.

3. Council Tax Support Scheme Consultation

- 3.1 In order to change its local council tax support scheme the council is required by law to consult with major precepting authorities and anyone else it considers likely to have an interest in the operation of the scheme.
- 3.2 The proposed consultation asks a number of questions to seek views on a new style of scheme based on income bands, whether we should ask everyone to pay something or protect the most vulnerable, whether we should restrict the maximum amount of support based on the council tax band and how we should treat certain types of income.
- 3.3 A banded income scheme would mean that the level of council tax support paid would only need to change if income goes above or below the band threshold. This would reduce the number of revised council tax bills that need to be issued.
- 3.4 Making the type of changes proposed in the consultation would simplify administration and deliver a reduction in the overall cost of the council tax support scheme. The level for savings will depend on the type of changes adopted following the consultation.
- 3.5 The proposed consultation will be available on the Council's website for a 6 week period from 25th July to 7th September 2018 and a paper copy will be made available to anyone who requires one. Visitors to the council tax and benefits desks in the reception area will be made aware of the consultation and a flyer will be issued with correspondence to benefit and council tax customers. The Revenues and Benefits team will contact the precepting authorities, all partner organisations and stakeholders to make them aware of the consultation. A message about the consultation with a link to the relevant page on the website will be added to all emails sent to council tax and benefit customers.
- 3.6 Once the results of the consultation have been analysed a report will be brought to council in October with recommendations for a revised scheme for 2019/20.

4. Alternative Options Considered

- 4.1 Due to the way Universal Credit operates the Council needs to consider making some changes to the current council tax support scheme to simplify administration and reduce the volume and frequency of changes to council tax bills.

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Appendices	1. Risk Assessment 2. Council Tax Support Scheme 2019/20 Consultation
Background information	1. The Local Government Finance Act 2012; http://www.legislation.gov.uk/ukpga/2012/17/contents/enacted

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 there is a delay in consulting on a proposed scheme it may result in a revised scheme not being approved for 2019/20	Jayne Gilpin	2706/2018	3	2	6	Accept	Commence consultation	07/09/2018	Jayne Gilpin	
	Any environmental risks										
<p>Explanatory notes</p> <p>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)</p> <p>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)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											