

Cheltenham Borough Council
Council – 16 December 2019
Local Council Tax Support Scheme for 2020/21

Accountable member	Councillor Rowena Hay, Cabinet Member Finance
Accountable officer	Jayne Gilpin, Head of Revenues and Benefits
Ward(s) affected	All
Key/Significant Decision	Yes
Executive summary	<p>Each year the council is required to consider its Local Council Tax Support Scheme for working age customers. Consultation has been undertaken in respect of proposed changes to the council tax support scheme for 2020/21. Responses to the consultation have been analysed and changes have been incorporated in to a revised draft scheme. Council is being asked to approve the scheme in appendix 2 and summarised in appendix 3 the Local Council Tax Support scheme for working age customers for 2020/21</p> <p>The scheme for pension age customers is not affected by these changes as it is set by Government and administered by the council</p>
Recommendations	<p>Cabinet recommends that Council</p> <p>1) Approves the Local Council Tax Support Scheme for 2020/21 for working age customers in Appendix 2 and summarised in Appendix 3 in accordance with section 13A(2) of the Local Government Finance Act 1992</p>

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.</p> <p>From 2018/19 this council no longer receives a revenue support grant and must fund its share of the cost of the scheme. Moving to the scheme based on income bands in 2019/20 has reduced the total cost of the scheme, based on the current caseload. The estimated savings can continue to be achieved with the introduction of the proposed changes to the scheme for 2020/21.</p> <p>Contact officer:</p> <p>Paul.jones@cheltenham.gov.uk, 01242 264365</p>
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>If the Council does not make/revise a LCTS scheme by the prescribed deadline, a default scheme will be imposed on the Council which will be effective from April 2020.</p> <p>Contact officer: sarah.farooqi@tewkesbury.gov.uk 01684 272011</p>
HR implications (including learning and organisational development)	<p>There are none associated with this report</p>
Key risks	<p>See appendix 1</p>

Corporate and community plan Implications	The proposals in this report help maintain financial sustainability in the light of ongoing reductions in income whilst ensuring we continue to protect the most vulnerable individuals and families by providing 100% support to those on the lowest income
Environmental and climate change implications	None
Property/Asset Implications	There is nothing in this report which impacts on Council properties

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 pay their council tax. This scheme replaced the national Council Tax Benefit Scheme.
- 1.2 The Council is also required to administer, but cannot alter, the national council tax support scheme for pension age customers.
- 1.3 Council tax support is currently provided to approximately 6,000 households in Cheltenham at a cost of £5.6m. This includes working and pension age claimants. Nearly 4,000 of these households are of working age and the cost for these is £3.3m
- 1.4 The local council tax support scheme works in a similar way to other council tax discounts, the tax base is reduced meaning the cost is met by this council, Gloucestershire County Council, Gloucestershire Police Authority and the parish councils in proportion to the share of the council tax.
- 1.5 Funding received from Government for the local council tax support scheme in 2013/14 was cut by 10% compared to funding for the previous council tax benefit scheme. The contribution from Government towards the scheme since 2013/14 has been rolled in to the Revenue Support Grant and has continued to reduce in line with the other central funding cuts.
- 1.6 The local council tax support scheme from 2013/14 to 2018/19 in Cheltenham continued to mirror the previous council tax benefit scheme whilst the majority of Councils had reduced support.
- 1.7 On 10th December 2018 Full Council approved a revised council tax support scheme for 2019/20, based on income bands. At the time Cheltenham was one of only 36 councils out of 326 that were continuing to provide the level of support available under the former council tax benefit scheme.

2. 2019/20 Council Tax Support Scheme

- 2.1 The council tax support scheme for 2019/20 is based on income bands where households receive a percentage discount based on the level of income. The higher the household income the lower the percentage discount will be.
- 2.2 Since being introduced on 1st April 2019 the four main aims of this scheme, as summarised below are being achieved.
 1. Protect the most vulnerable individuals and families by continuing to provide 100% support to those on the lowest income

Approximately 2,700 customers in receipt of full council tax support continued to receive 100% from 1st April 2019.
 2. Provide some financial support to low income individuals and families, based on their level of income

Just over 1,000 customers received a reduced amount of council tax support from 1st April 2019 and 300 customers ceased to receive any support at all
 3. Minimise the number of changes to the amount of council tax support awarded as a result of monthly Universal Credit reassessments

In March 2019 1,283 Universal Credit notifications for council tax support purposes were received. 969 (76%) of these resulted in a change to the level of council tax support and revised council tax bills being issued.

In July 2019 the number of Universal Credit notifications received was 1,431. The number resulting in a change to the level of council tax support and revised council tax bills being issued was 488 (34%) which is a significant reduction.

4. Reduce the overall cost of the scheme to the taxpayer

On 31 March 2019 council tax support of just under £3.7m was being paid to 4,200 working age households. If the previous scheme had continued, after applying the 2019/20 council tax increase of 5.5%, the cost would have been over £3.9m on 1st April 2019. The actual cost of the revised scheme for working age customers on 1st April 2019 was just over £3.4m, a reduction of almost £500,000.

- 2.3 A Discretionary Hardship Relief Scheme was introduced alongside the council tax support scheme from April 2019 to provide assistance to those most adversely affected where there is severe financial hardship and/or exceptional circumstances.
- 2.4 To date fifteen applications for Hardship Relief have been received and relief totalling £2,150.00 has been awarded in respect of five cases. A further five cases have been referred back to the customer to provide more information. Three cases are currently being assessed for budgeting advice and support with CCP and two have been refused for not meeting the scheme requirements.
- 2.5 The circumstances of the fifteen applications vary and four of the five cases awarded were affected by the limited work capability allowance following their transition to Universal Credit.

3. Reasons for Recommendation

- 3.1 Each year the Council has to decide whether to make changes to its council tax support scheme for working age customers.
- 3.2 The Revenues and Benefits team have been monitoring the 2019/20 council tax support scheme and some further changes are being proposed. Consultation has been undertaken in respect of proposed changes to the council tax support scheme for working age claimants for 2020/21.

4. Consultation

- 4.1 The consultation on proposed changes to the council tax support scheme was undertaken from 5 August until 13 September 2019.
- 4.2 The consultation was made available on the Council's website with paper copies issued on request. During the consultation period it was promoted to benefit customers by the benefits team and flyers were issued daily with council tax bills and council tax support letters. It was also promoted by a link to the relevant page on the website on email communications to council tax payers and benefit customers.
- 4.3 122 people completed the consultation.
- 4.4 Of the 122 respondents, 93% were Cheltenham council tax payers with 24% being in receipt of

council tax support. More than 75% were working age and 63% were in employment. 13% were disabled. Less than 15% of the respondents were other than white British ethnicity.

- 4.5 Consultation was also undertaken with Gloucestershire County Council, Gloucestershire Police and the parish councils.
- 4.6 The responses to the consultation have been analysed and together with the income and household composition of the current council tax support caseload, have been used to design the proposed scheme.
- 4.7 An analysis of the consultation responses is in appendix 4. A summary of the responses is below with an explanation of how they have been factored in to the proposed scheme

Continuing to provide 100% support

Over 59% of respondents agreed that we should continue to provide 100% council tax support. Of those that answered no, the majority thought that support should be between 75% and 90%

The proposed scheme is based on providing up to 100% support

Change 2 – Increasing the income disregard for disabled children

75% of respondents agreed that we should increase the amount of income we disregard for each disabled child from £65 per week to £100 per week.

The proposed scheme includes the disregard at £100 per week

Disregarding Limited Work Capability allowance as income

Over 60% of respondents agreed that we should disregard the limited work capability allowance included in Universal Credit. Of those that answered no, the majority thought that support should be between 75% and 90%

The proposed scheme ignores the limited work capability allowance as income.

5. Proposed Council Tax Support Scheme for 2020/21

- 5.1 The draft council tax support scheme for 2020/21, as summarised in appendix 3, includes the changes proposed in the consultation which the majority of respondents were in favour of.
- 5.2 The scheme continues to be based on five income bands with the highest band providing support at 100% of the council tax liability, then reducing to 80%, 60%, 40% and 20% as household income increases.
- 5.3 Increasing the income disregard for each disabled child to £100 per week provides additional support to families with disabled children and ignoring the Limited Work Capability element will ensure customers continue to be protected when they transition to Universal Credit.
- 5.4 The income levels in each band are also being increased slightly. This will avoid a significant number of customers dropping to a lower band and losing a disproportionate amount of support due to moderate inflationary increases in pay or welfare benefits.
- 5.5 Based on the current caseload and 2019/20 council tax levels it is estimated that these changes will increase the cost of the scheme by approximately £90,000. Due to changes in caseload the savings from the scheme in 2019/20 have now exceeded £500,000 which is above the £420,000

originally estimated.

5.6 Adopting these changes will ensure the most vulnerable continue to be protected and will not increase the cost of the scheme above original estimates. These savings will continue to vary due to any fluctuation in caseload and increase in council tax levels.

5.7 A Community Impact Assessment (CIA) for the proposed scheme is in appendix 5..

6. Discretionary Hardship Relief Scheme

6.1 The discretionary hardship relief scheme will continue to be available to support customers with exceptional circumstances and/or financial hardship.

7. Alternative options considered

7.1 Not making any changes to the scheme has been considered but if the proposed changes are not adopted certain vulnerable groups will not receive the same level of council tax support when they move to Universal Credit.

8. Performance management – monitoring and review

8.1 The proposed scheme will be monitored closely by officers and will be reviewed before developing the scheme for 2021/22.

Report author	Contact officer: Jayne Gilpin, Head of Revenues and Benefits Jayne.gilpin@cheltenham.gov.uk, 01242 264323
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Council Tax Support scheme 2020/213. Summary of Council Tax Support Scheme 2020/214. Consultation analysis and responses5. Community Impact Assessment

Background information	<ol style="list-style-type: none">1. The Local Government Finance Act 1992, amended by the Local Government Finance Act 2012 http://www.legislation.gov.uk/ukpga/2012/17/contents 2. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 http://www.legislation.gov.uk/uksi/2012/2885/contents/made 3. The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 http://www.legislation.gov.uk/uksi/2017/1305/pdfs/uksi_20171305_en.pdf
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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 11 March 2020.	Jayne Gilpin	16/12/2019	2	1	2	Accept	Council approves the report recommendations	16/12/19	Jayne Gilpin	
2	If there is an increase in caseload the level of savings might not be achieved	Jayne Gilpin	16/12/2019	2	3	6	Accept and Monitor	Monitor the caseload on a monthly basis		Jayne Gilpin	
3	If claimants are unable to pay their increased council tax liability then council tax arrears will increase	Jayne Gilpin	16/12/2019	2	3	6	Accept and Monitor	Monitor council tax records for those affected. Communication with council tax payers at all stages.		Jayne Gilpin	

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