

Cheltenham Borough Council
Council - 7 December 2020
Local Council Tax Support Scheme for 2021/22

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 for 2021/22. Consultation has been undertaken although no significant changes are being proposed to the scheme for 2021/22.</p> <p>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 2021/22</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> <ol style="list-style-type: none"> 1) Approves the Local Council Tax Support Scheme for 2021/22 for working age customers in Appendix 2 and summarised in Appendix 3 2) gives authority to the Executive Director for Finance and Assets in consultation with the Cabinet Member Finance to uprate income levels in line with any uprating of Welfare Benefits by 31 January 2021, if required

<p>Financial implications</p>	<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 reduced the cost of the scheme by over £0.5m in 2019/20.</p> <p>The working age council tax support caseload has so far increased by 20% in 2020/21 and the cost has risen to £4.1m. A further £306,000 has been awarded in “top up” hardship awards. These awards have effectively offset what would have been council tax support funded with precepting authorities proportionate to the share of council tax. Instead the total value awarded at the end of the year will be credited to the collection fund.</p> <p>The total amount awarded as extra reductions of up to £150 reduce the amount of council tax due to be collected and the total value at the end of the year will also be credited to the collection fund.</p> <p>It is unlikely that there will be a hardship fund grant in 2021/22 so the proposal to increase the income levels in the council tax support scheme is prudent. It will ensure that recipients continue to receive the same level of support with the cost being funded jointly with the County Council and police, proportionate to the share of council tax.</p> <p>Contact officer:</p> <p>Paul.jones@cheltenham.gov.uk, 01242 264365</p>
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<p>Legal implications</p>	<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 2021.</p> <p>Contact officer: One Legal – legal.services@tewkesbury.gov.uk</p>
<p>HR implications (including learning and organisational development)</p>	<p>There are none associated with this report</p>
<p>Key risks</p>	<p>See appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>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 and the Discretionary Hardship Scheme</p>
<p>Environmental and climate change implications</p>	<p>None</p>
<p>Property/Asset Implications</p>	<p>There is nothing in this report which impacts on Council properties</p>

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. Each year the Council has to decide whether to make changes to its scheme for the forthcoming financial year.
- 1.2** The Council is also required to administer, but cannot alter, the national council tax support scheme for pension age customers.
- 1.3** 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.
- 1.4** 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 was reduced in line with other cuts in funding. From 2018/19 this council no longer receives Revenue Support Grant and must fund its share of the cost of the scheme.
- 1.5** The local council tax support scheme for working age people 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. In 2018/19 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.
- 1.6** In 2019/20 a local council tax support scheme based on five income bands was introduced 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.

2. 2020/21 Local Council Tax Support Scheme

- 2.1** Some minor revisions to the scheme were made in 2020/21 compared to 2019/20 to ensure the most vulnerable residents were protected.
- 2.2** The number of working age council tax support recipients has increased during 2020/21 due to the impact of Covid-19. On 1st March 2020 the number of recipients was 3,984 and this has increased to 4,805 at the end of October 2020, an increase of almost 20%.
- 2.3** As part of the measures of assistance in relation to COVID-19, Government provided local authorities in England with a Council Tax Hardship Fund grant to support economically vulnerable people and households in their local area. Cheltenham received a grant of £851,709. The fund is being used to help council tax support recipients in two ways:
 1. The Government is paying an additional £20 p/w Universal Credit or Working Tax Credit during 2020/21 due to Covid-19. Many of our customers receiving 100% council tax support have been paid this extra £20 per week which counts as income when calculating how much support is awarded. The higher income results in the level of support reducing to a lower band, ie 80% instead of 100%.

As it was not legally possible to change the council tax support scheme when this extra income was announced the hardship fund has been used to top the level of support back up to the amount before the additional income is included. The top up awards are treated

as council tax support but funded from the hardship fund.

At the end of October 2020 top up awards totalling £306,000 have been made to 2,390 working age council tax support recipients.

2. When the Government provided the Hardship fund it made clear that it expected councils to provide all recipients of working age Local Council Tax Support who have to pay some council tax a further reduction of up to £150. This award is not treated as council tax support just a council tax reduction.

At the end of October 3,113 working age council tax support recipients have been paid hardship award payments of up to £150 making the total over £414,000.

- 2.4 Some have received both types of award from the hardship fund. In total 3,700 council tax support recipients have received awards totalling £720,000. It is expected that a significant portion of the remaining balance will be awarded by 31 March 2021.
- 2.5 The total amount of council tax support being paid to working age recipients at 31 October, hardship is just under £4.1m. This is £4.4m if the top up hardship awards of £306,000 are included. When council tax bills were produced on 1st March 2020 the amount was just over £3.6m.

3. Consultation

- 3.1 No significant changes to council tax support scheme are being proposed for 2021/22.
- 3.2 A consultation exercise was undertaken from 7 October to 6 November 2020 asking Cheltenham residents whether the Council should continue to ensure that the most vulnerable residents receive 100% support. Details of the exercise are in section 4 of this report and appendix 4
- 3.3 The consultation only attracted 32 respondents. From the 32 respondents, 23 (72%) either agreed or strongly agreed that 100% support should continue, 4 (12%) were neutral and 5 (16%) either disagreed or strongly disagreed to continue with 100% support.
- 3.4 From the total number of 32 recipients, just 7 (22%) were receiving council tax support themselves. The remaining 25 (78%) were not receiving council tax support but still favoured continuing to provide 100% support to the most vulnerable recipients

4. 2021/22 Local Council Tax Support Scheme

- 4.1 The proposed scheme, as summarised in appendix 3, 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
- 4.2 To ensure that the most vulnerable working age council tax support recipients continue to receive the same level of support the income levels for each band are being increased by £20.
- 4.3 The increase is £20 as it is uncertain whether the Government will continue to pay the same level of welfare benefits that they are paying in 2020/21.
- 4.4 If the income level in the scheme are not increased council tax support for many of our vulnerable residents may be reduced which is not the intention of our scheme. Without hardship funding it

would not be possible to top up the level of support.

- 4.5 If the additional £20 per week income is not continued, taking into account an annual uprating of welfare benefits and some pay increases, based on the current year council tax levels it is estimated the cost would be approximately £65,000
- 4.6 The Government may decide to apply some annual uprating to welfare benefits in addition to continuing the £20. A decision on this is usually made in late December/ early January. So that these, if implemented by the Government can be accounted for in the scheme for 2021/22 authority will be sought from Council for the Executive Director for Finance and Assets in consultation with the Cabinet Member Finance to apply the same upratings to the income levels in the council tax support scheme, provided this is no later than 31 January 2021.
- 4.7 Adopting the proposed scheme and applying Government upratings, if required, will ensure that the most vulnerable residents continue to receive 100% council tax support.
- 4.8 A Community Impact Assessment (CIA) for the proposed scheme is in appendix 5

5. Discretionary Hardship Relief Scheme

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

6. Alternative options considered

- 6.1 If the proposed changes are not adopted certain vulnerable groups will not receive the same level of council tax support in 2021/22.

7. Performance management – monitoring and review

- 7.1 The proposed scheme will be monitored closely by officers and will be reviewed before developing the scheme for 2022/23

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. Draft scheme conditions for 2021/223. Summary of draft scheme4. 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 2021.	Jayne Gilpin	13/11/2020	2	1	2	Accept	Council approves the report recommendations	08/12/20	Jayne Gilpin	
2											
3											
Explanatory notes											
<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>											

Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

Risk ref

If the risk is already recorded, note either the corporate risk register or TEN reference

Risk Description

Please use “If xx happens then xx will be the consequence” (cause and effect). For example “If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”

Risk owner

Please identify the lead officer who has identified the risk and will be responsible for it.

Risk score

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

Control

Either: Reduce / Accept / Transfer to 3rd party / Close

Action

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

Responsible officer

Please identify the lead officer who will be responsible for the action to control the risk.

For further guidance, please refer to the [risk management policy](#)

Transferred to risk register

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on