

Cheltenham Borough Council
Council – 6 December 2021
Local Council Tax Support Scheme for 2022/23

Accountable member	Councillor Peter Jeffries, Cabinet Member Finance and Assets
Accountable officer	Jayne Gilpin, Head of Revenues and Benefits
Ward(s) affected	All
Key/Significant Decision	Yes
Executive summary	Each year the council is required to consider and approve its Local Council Tax Support Scheme for working age customers. Consultation has been undertaken in respect of the proposed Council Tax Support Scheme for 2022/23. Council is being asked to adopt this proposed scheme and recommend that Council approves it as the Council's scheme for 2022/23
Recommendations	<p>Cabinet recommends that Council</p> <ol style="list-style-type: none"> 1) Approves the council tax support scheme for 2022/23 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 and Assets to uprate income levels in line with any increase in Welfare Benefits by 21 February 2022, 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>As detailed in the report the caseload and cost of the working age council tax support scheme has increased significantly due to the Coronavirus pandemic. Some of the additional cost was offset by the hardship fund in 2020/21. In 2021/22 Government has provided a one off Local Council Tax Support Scheme Grant to billing and precepting authorities to offset lost revenue due to the reduced tax base.</p> <p>Although the caseload is reducing it is likely to remain above pre-pandemic levels in to 2022/23. At this point there is no indication that the Government will provide further financial support to compensate for a reduced tax base.</p> <p>The proposal to continue with the scheme and make no changes for 2022/23 will ensure that the same level of support is provided.</p> <p>Contact officer: Paul.jones@cheltenham.gov.uk, 01242 264365</p>
<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 2022.</p> <p>Contact officer: One Legal – legalservices@onelegal.org.uk</p>

HR implications (including learning and organisational development)	There are none associated with this report
Key risks	See appendix 1
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 and through the Discretionary Hardship Scheme
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. 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** 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.
- 1.5** A local council tax support scheme based on five income bands was introduced in 2019/20 with the highest band providing support at 100% of the council tax liability. Support then reduces to 80%, 60%, 40% and 20% as household income increases.

2. Current Local Council Tax Support Scheme

- 2.1** The scheme based on income bands reduced the overall cost by over £0.5 million in 2019/20 whilst continuing to provide 100% support to the most vulnerable residents.
- 2.2** The number of working age council tax support recipients and amount awarded increased during 2020/21 and this continued in to 2021/22 due to the impact of the Coronavirus pandemic.
- 2.3** On 1st March 2020 the number of working age recipients was 3,984 and the amount awarded was £3.3 million. This increased to 4,988 recipients and nearly £4.7 million being awarded in April 2021. An increase of over 25%.
- 2.4** In 2020/21 the hardship fund offset some of the additional cost of council tax support. In 2021/22 a one off Local Council Tax Support Grant of £163,000 has been received in recognition of the increased council tax support caseload and therefore lower tax base.
- 2.5** Since July 2021 the council tax support caseload has slowly started to reduce. The number of working age recipients at Mid-October is 4,848 and the amount being awarded was just over £4.5 million.

3. 2022/23 Local Council Tax Support Scheme

- 3.1** 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.
- 3.2** No changes are being proposed to the scheme in 2022/23. This will ensure the most vulnerable individuals and families continue to receive the same level of support.
- 3.3** Although the number working age people receiving council tax support is now reducing it is anticipated that it will continue to reduce slowly. The caseload in 2022/23 is expected to remain higher than at pre-pandemic levels.

- 3.4 It is not known at this stage whether the Government will provide any financial support in recognition of the reduced tax base as a result of the higher council tax support caseload.
- 3.5 The additional £20 per week Universal Credit and Working Tax Credit payment ended on 6 October 2021. It seems unlikely that the Government will re-introduce additional payments for 2022/23. However, so that any unexpected increase in welfare benefits can be accounted for in the scheme for 2022/23 authority will be sought from Council for the Executive Director for Finance and Assets, in consultation with the Cabinet Member Finance and Assets, to apply an increase to the income levels.
- 3.6 Adopting the proposed scheme will ensure that the most vulnerable residents continue to receive 100% council tax support.
- 3.7 A Community Impact Assessment (CIA) for the proposed scheme is in appendix 5

4. Consultation

- 4.1 A consultation exercise was undertaken between 6 September and 15 October 2021 seeking views on whether the Council should continue to ensure that the most vulnerable residents receive 100% support. Details of the consultation results are in appendix 4.
- 4.2 The consultation attracted 48 responses. From the 48 respondents, 32 (67%) either agreed or strongly agreed that 100% support should continue, 4 (6%) were neutral and 13 (27%) either disagreed or strongly disagreed to continue with 100% support.
- 4.3 From the total number of 48 recipients, just 8 (17%) were receiving council tax support themselves. The remaining 40 (83%) were not receiving council tax support but overall still favoured continuing to provide 100% support to the most vulnerable residents.

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 None.

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 2023/24

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Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Draft scheme conditions for 2022/23 3. Summary of draft scheme 4. Consultation analysis and responses 5. 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

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 2022.	Jayne Gilpin	01/11/2021	2	1	2	Accept	Cabinet then Council approves the report recommendations	06/12/21	Jayne Gilpin	
2	If the caseload does not reduce and the Government does not provide funding to compensate for the reduced tax base the cost, proportionate to the share of the council tax will fall to the Council			2	3	6	Accept	Monitor council tax support and tax base on a monthly basis. Review local council tax support scheme in advance of 2023/24		Jayne Gilpin	
3											

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

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