

Cheltenham Borough Council

Council – 12th December 2022

Local Council Tax Support Scheme for 2023/24

Accountable member:

Councillor Peter Jeffries, Cabinet Member Finance, Assets and Regeneration

Accountable officer:

Jayne Gilpin, Head of Revenues and Benefits

Accountable scrutiny committee:

n/a

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 Scheme for 2023/24. Council is being asked to approve the scheme proposed in this report as the Council's scheme for 2023/24.

Recommendations:

- 1. Approve the Local Council Tax Support Scheme 2023/24 for working age customers in Appendix 4 and summarised in Appendix 5;**
 - 2. Gives authority to the Executive Director for Finance Assets and Regeneration in consultation with the Cabinet Member Finance and Assets and Regeneration to uprate any premiums, allowances and determine the income levels in line with any increase in Welfare Benefits by 20 February 2023.**
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1. Implications

1.1. Financial implications

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 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 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. As detailed in the report the caseload and cost of the working age council tax support scheme increased significantly due to the Coronavirus pandemic. Although the caseload has been steadily reducing it is still above pre-pandemic levels and is likely to remain so during 2023/24.

The proposal to continue with the scheme in 2023/24 and confirm the income levels once the increase in welfare benefits is known will ensure that the same level of support is provided to our most vulnerable residents

Signed off by: Gemma Bell, Director of Finance and Assets, gemma.bell@cheltenham.gov.uk

1.2. Legal implications

The Local Council Tax Support Scheme "LCTS" is required under section 13A of the Local Government Finance Act 1992 ("the Act"). The Act states that for each financial year, billing authorities 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, the local authority must, in the following order:-

1. consult with any major precepting authorities
2. publish the draft scheme
3. consult other parties likely to have an interest in the scheme

The prescribed regulations also set out the matters that must be included in such a scheme. The authority is required to publish the scheme in such manner as they think fit

Signed off by: One Legal, legalservices@onelegal.org.uk

1.3. HR implications

There are no HR implications arising from the content of the report

Signed off by: Kate Wilkins, HR Business Partner, kate.wilkins@publicagroup.uk

Environmental and climate change implications

There are no environmental and climate change implications arising from the content of the report or recommendations

Signed off by: Laura Tapping officer, Climate Emergency Programme Officer,
laura.tapping@cheltenham.gov.uk

1.4. Property/asset implications

There are no property implications arising from the content of the report or recommendations

Signed off by: Gemma Bell, Director of Finance and Assets, gemma.bell@cheltenham.gov.uk

1.5. Corporate policy framework implications

Proposals in this report ensure that we provide council tax support to our residents on the lowest incomes and in particular protect the most vulnerable families by providing 100% support.

Signed off by: Richard Gibson, Head of communities, wellbeing and partnerships
richard.gibson@cheltenham.gov.uk

2. Promoting equality and reducing discrimination

The Local Council Tax Support Scheme continues to provide 100% support to low income households and no changes to the scheme conditions are being proposed. We monitor whether any groups are adversely affected by the scheme part of the annual review and aim to mitigate them. An equality impact assessment is in Appendix 2.

3. Performance management – monitoring and review

The proposed scheme will be monitored closely by officers and will be reviewed before developing the scheme for 2024/25

4. Background

- 4.1. Prior to each financial year the Council is required to determine a Local Council Tax Support Scheme to help working age people on low incomes pay their council tax.
- 4.2. The Council is also required to administer but cannot alter the national council tax support scheme for pension age customers.
- 4.3. The local council tax support scheme works in a similar way to other council tax discounts, the tax base and therefore the income from council tax, 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.

- 4.4. 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 reduced support and no longer offer 100% reduction.
- 4.5. In 2019/20 a council tax support scheme based on five income bands was introduced in 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.
- 4.6. The scheme ensures that 100% support continues to be available for the most vulnerable residents.

5. Local Council Tax Support Scheme Caseload

- 5.1. The number of working age council tax support recipients and the amount awarded increased significantly during 2020/21 due to the impact of the Coronavirus pandemic.
- 5.2. 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%.
- 5.3. The caseload has been steadily reducing over the past year but is still higher than pre-pandemic levels and is expected to remain so during 2023/24.
- 5.4. In October 2022 £4.2 million was being awarded to 4,463 working age recipients. More than 3,000, which is 70%, are receiving the maximum 100% support due to being on the lowest incomes.

6. Local Council Tax Support Scheme 2023/24

- 6.1. The proposed scheme, as summarised in appendix 4, continues to be based on five income bands with the highest band providing support at 100% of the council tax liability, reducing to 20% as household income increases.
- 6.2. The income levels for each band are increased each year to keep in line with increases in welfare benefits. This ensures that we continue to provide the same level of support to low income households.
- 6.3. At this stage it is uncertain by how much welfare benefits will increase next year. Authority is being sought from for the Executive Director for Finance, Assets and Regeneration in consultation with the Cabinet Member Finance and Assets, to apply the appropriate increase to the income bands once the rise in welfare benefits has been confirmed.
- 6.4. This will ensure that the most vulnerable individuals and families continue to receive the highest level of support.
- 6.5. No other changes are being proposed to the scheme conditions for 2023/24.
- 6.6. A discretionary hardship relief scheme is in place which can support customers with exceptional circumstances and/or financial hardship

7. Reasons for recommendations

7.1. The Council is required to approve a Local Council Tax Support Scheme for working age people.

8. Alternative options considered

8.1. None.

9. Consultation and feedback

9.1. A consultation exercise was undertaken between 13 September and 24 October 2023 seeking views on whether the Council should continue to ensure that the most vulnerable residents receive 100% support.

9.2. The consultation attracted 25 responses. Of the 25 respondents, 17 (68%) either agreed or strongly agreed that 100% support should continue, 1 (4%) were neutral and 7 (28%) either disagreed or strongly disagreed to continue with 100% support.

9.3. Detail of the consultation results are in Appendix 3

10. Key risks

10.1. The risks are in Appendix 1

Report author:

Jayne Gilpin, Head of Revenues and Benefits, Jayne.gilpin@cheltenham.gov.uk

Appendices:

- i. Risk Assessment
- ii. Equality Impact Assessment
- iii. Consultation analysis and responses
- iv. Summary of draft scheme
- v. Draft scheme conditions for 2022/23

Background information:

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

