

Cheltenham Borough Council

Cabinet – 26 November 2024

Council – 16 December 2024

Local Council Tax Support Scheme 2025/26

Accountable member:

Councillor Alisha Lewis, Cabinet Member Finance and Assets

Accountable officer:

Jayne Gilpin, Head of Revenues and Benefits

Ward(s) affected:

All

Key Decision: Yes

Executive summary:

Each year the council is required to consider and approve its Local Council Tax Support Scheme for working age customers. Cabinet is being asked to adopt the proposed scheme and recommend that Council approves it as the Council's scheme for 2025/26.

Recommendations: That Cabinet:

- 1. notes the outcome of the consultation on the Local Council Tax Support Scheme in Appendix 3.**
- 2. approves the Local Council Tax Support Scheme for working age customers in Appendix 4 and summarised in Appendix 5 as the preferred option for 2025/26.**
- 3. adopts the proposed scheme and recommends that Council approves and adopts the proposed Local Council Tax Support Scheme for working age customers for 2025/26.**

- 4. recommends that Council gives authority to the Deputy Chief Executive in consultation with the Cabinet Member Finance and Assets to uprate any premiums, allowances and determine the income levels in line with any increase in Welfare Benefits by 21 February 2025.**
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1. Implications

1.1 Financial, Property and Asset implications

Since 2013/14 the Local Council Tax Support (LCTS) scheme operates in a similar way to other council tax 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 taxpayer, a lower council tax base reduces the tax yield to this Council, Gloucestershire County Council, Gloucestershire Police Authority and parish councils. Any Government funding towards the scheme was rolled in to revenue support grant, which ceased for this council in 2018/19. We must therefore fund our share of the cost of the scheme.

The proposal to continue with the scheme in 2025/26 and confirm the income levels once all increases in welfare benefits and allowances are 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 Environmental and climate change implications

The Climate Change Assessment Tool has been completed and no action is required. The report is in appendix 3.

Signed off by: Louise Forey, Programme and Engagement Officer
louise.forey@cheltenham.gov.uk

1.4 Corporate Plan Priorities

This report contributes to the following Corporate Plan Priorities:

- Ensuring residents, communities and businesses benefit from Cheltenham's future growth and prosperity.
- Being a more modern, efficient and financially sustainable council

1.5 Equality, Diversity and Inclusion Implications

The Local Council Tax Support Scheme continues to provide 100% to support to low-income households. A minor change to the scheme conditions is 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 in in Appendix 2

1.6 Performance management – monitoring and review

The proposed scheme if approved will be monitored closely by officers throughout the year and will be reviewed before developing the scheme for 2026/27.

2 Background

2.1 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.

2.2 There is a separate national scheme for pension age customers which the Council is also required to administer, but cannot alter.

2.3 The local council tax support scheme works in a similar way to other council tax discounts. The tax base is reduced due to the amount awarded and therefore the

income from council tax is reduced. The full 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.

2.4 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.

2.5 Since 2019/20 the council tax support scheme for working age customers is 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.

2.6 The scheme ensures that 100% support continues to be available for the most vulnerable residents.

3 Local Council Tax Support Scheme Caseload

3.1 As at October 2024 just under £4.4 million was being awarded to 4,369 working age recipients. 2,547 of these recipients, which is 58%, are receiving the maximum 100% support due to being on the lowest incomes.

3.2 The caseload has been fairly stable so far this year and is not expected to change significantly during 2025/26.

4 Reasons for recommendations

4.1 The proposed scheme for 2025/26, as summarised in appendix 5, 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.

4.2 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.

4.3 Most benefits are due to increase by 1.7% next year but at the time this report was being written details regarding all welfare benefits have not been confirmed and there may be other changes that could impact on the local working age scheme. Authority will therefore be sought from Council for the Deputy Chief Executive in consultation with the Cabinet Member Finance and Assets, to apply the appropriate increase to the income bands once all relevant changes have been confirmed.

4.4 This will ensure that the most vulnerable individuals and families continue to receive the highest level of support.

4.5 A further change is being proposed in 2025/26 which is to disregard any Armed Forces Compensation Scheme payments as income when calculating entitlement. This has been included in the draft scheme conditions in appendix 4 and the scheme summary in appendix 5

4.6 No other changes are being proposed to the scheme conditions for 2025/26.

4.7 A discretionary hardship relief scheme is in place which can support customers with exceptional circumstances and/or financial hardship/.

5 Alternative options considered

5.1 None. The Council is required to approve a Local Council Tax Support Scheme for working age people.

6 Consultation and feedback

6.1 A consultation exercise was undertaken between 22nd August 2024 and 6th October 2024 seeking views on whether the Council should continue to ensure that the most vulnerable residents receive 100% support and if Armed Forces Compensation Scheme payments should be disregarded.

6.2 The consultation attracted 40 responses. Of the 40 respondents, 28 (70%) either agreed or had a neutral opinion on whether 100% support should continue. 12 (30%) 4 (10%) were neutral and 12 (30%) disagreed that support continue with 100% support. 31 (78%) either agreed or had a neutral opinion on whether Armed Forces Compensation Scheme payments should be disregarded.

6.3 Detail of the consultation results are in Appendix 3

7 Key risks

7.1 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 – Screening –(to be included in all Cabinet and Council reports)
- iii. Climate Change Assessment
- iv. Consultation analysis and responses

- v. Summary of draft scheme
- vi. Draft scheme conditions for 2025/26

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/2017/1235/contents/made>

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	If the caseload increases significantly the cost to the council, in the form reduced council tax income, will increase	Jayne Gilpin	2	3	6	Accept	Monthly monitoring and an annual review of the scheme	Jayne Gilpin	Ongoing
	If the income bands are not increased in line with welfare benefits support for vulnerable households could reduce. This would cause reputational damage to the Council	Jayne Gilpin	1	1	2	Avoid	Uprate in line with increase in welfare benefits once known	Jayne Gilpin	01/02/2025

Guidance for officers **(delete all of the below once assessment is completed)**

Risk description

Identify the event or trigger which may generate some new or increased risk to the council. Significant risks which are already identified are recorded on the Clearview and

form part of the Corporate Risk Register. 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

Identifying the person who will take responsibility for the overall risk.

Impact score

Use the risk management policy scorecard to evaluate the severity of impact(s); enter the highest score you gave:

- 1 - Negligible
- 2 - Minor
- 3 - Moderate
- 4 - Major
- 5 – Critical

Likelihood

Assign a score according to probability, timing or frequency; again enter the highest score you gave:

- 1 – Rare
- 2 - Unlikely
- 3 - Possible
- 4 - Likely
- 5 - Almost Certain

Raw risk score

The initial risk score is the impact score multiplied by the likelihood score. This is called the raw risk score, without any controls in place to mitigate the risk.

Risk response

For each risk identified, a risk response should be identified.

Reduce the risk

Accept the risk

Transfer the risk to a third party

Avoid the risk

Prepare a contingent plan

Share the risk

Enhance the risk

Exploit the risk

Managing the risk: Control/mitigating action

There are usually things the council can do to reduce either the likelihood or impact of a risky event. Mitigating controls can already be in place, such as budget monitoring. New controls or actions may also be possible, such as agreeing SLA's with partners, or obtaining additional funds.

Ownership

Identify the person who will manage/implement the risk controls/actions.

Deadline

Put in a deadline for the completion of each control or action

Appendix 2: Equality Impact Assessment (Screening – to be included in all Cabinet and Council reports)

1. Identify the policy, project, function or service change

a. Person responsible for this Equality Impact Assessment

Officer responsible: Jayne Gilpin	Service Area: Revenues and Benefits
Title: Head of Revenues and Benefits	Date of assessment:
Signature: Jayne Gilpin	

b. Is this a policy, function, strategy, service change or project?

Policy

If other, please specify:

c. Name of the policy, function, strategy, service change or project

Local Council Tax Support Scheme 2025/26

Is this new or existing?

Already exists and is being reviewed

Please specify reason for change or development of policy, function, strategy, service change or project

There is a legal requirement to review and approve a scheme prior to each financial year

d. What are the aims, objectives and intended outcomes and who is likely to benefit from it?

Aims:	To set the council tax support scheme for working age people for 2025/26. The scheme reduces council tax bills for households on low income and sets out the eligibility rules and procedures.
Objectives:	To approve the scheme for 2025/26 and uprate income bands within the scheme in line with welfare benefits to ensure support continues at the same level. The introduction of a new income disregard for Armed Forces Compensation Scheme payments will ensure that a payment from this

	scheme is not treated as income thereby reducing entitlement to council tax support council tax support does not reduce should a recipient such a payment.
Outcomes:	Working age households eligible for support will continue receive a reduction on their council tax bill in 2025/26
Benefits:	Eligible working age households on low income will receive reduction to their council tax bills. Support is currently provided to around 4,500 working age households at a cost of just under £6.9 million.

e. What are the expected impacts?

Are there any aspects, including how it is delivered or accessed, that could have an impact on the lives of people, including employees and customers.	Yes
Do you expect the impacts to be positive or negative?	Positive

Please provide an explanation for your answer:

The scheme is being reviewed and needs to be approved by Council prior to each financial year but no significant changes are being proposed for 2025/26. Each year Income bands are uprated in line with welfare benefits so that recipients continue to receive the same level of support. For 2025/26 a new disregard will be introduced so that Armed Forces Compensation Scheme payments are not treated as income when calculating entitlement. This is likely to impact on a very small number of customers in a positive way.

The scheme is a means tested benefit so if a recipient has an increase in income above the annual increase to the income bands then they will see a reduction in benefit.

If your answer to question e identified potential positive or negative impacts, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

f. Identify next steps as appropriate

Stage Two required	Yes
Owner of Stage Two assessment	Jayne Gilpin
Completion date for Stage Two assessment	30/10/2024

Please move on to Stage 2 if required ([intranet link](#)).