

# Cheltenham Borough Council

## Council – 16 December 2024

### Local Council Tax Support Scheme 2025/26

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**Accountable member:**

Councillor Alisha Lewis, Cabinet Member Finance and Assets

**Accountable officer:**

Jayne Gilpin, Head of Revenues and Benefits

**Ward(s) affected:**

All

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**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. Council is being asked to approve the scheme proposed in this report as the Council's scheme for 2025/26.

**Recommendations: Cabinet recommends that Council:**

- 1. Approves and adopts the Local Council Tax Support Scheme for working age customers in Appendix 4 and summarised in Appendix 5, for 2025/26.**
  - 2. 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](mailto: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](mailto: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](mailto: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.

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## **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 is being 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

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### **Report author:**

Jayne Gilpin, Head of Revenues and Benefits [jayne.gilpin@cheltenham.gov.uk](mailto: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>



