

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet Council</b>	<b>Date:</b>	<b>15 January 2020 30 January 2020</b>
<b>Subject:</b>	<b>Local Council Tax Support Scheme 2020/21</b>		
<b>Report Of:</b>	<b>Cabinet Member for Performance and Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>Yes</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Alison Bell, Intelligent Client Officer (Revenues &amp; Benefits)</b>		
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<b>Appendices:</b>	<b>1. Proposed Changes to Local Council Tax Support Scheme 2. Consultation Response 3. People Impact Assessment</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

1.1 To seek approval to amend the Local Council Tax Support Scheme for 2020/21.

### 2.0 Recommendations

2.1 Cabinet is asked to **RECOMMEND** that:

- (1) the changes recommended to the 2019/20 Local Council Tax Support Scheme for 2020/21 be adopted as the approved scheme for Gloucester City Council
- (2) The scheme approved at 2.1 (1) above be updated to align with any legislation changes in January 2020 and to be implemented from 01 April 2020

2.2 Council is asked to **RESOLVE** that:

- (1) the changes recommended to the 2019/20 Local Council Tax Support Scheme for 2020/21 be adopted as the approved scheme for Gloucester City Council
- (2) The scheme approved at 2.1 (1) above be updated to align with any legislation changes in January 2020 and to be implemented from 01 April 2020

### 3.0 Background and Key Issues

- 3.1 Members will be aware that the current Local Council Tax Support (LCTS) scheme was approved and adopted at a meeting of full Council on 25<sup>th</sup> January 2019. Council Tax charges are the means by which local residents make a contribution towards the cost of local services.
- 3.2 Prior to April 2013 Council Tax Benefit was administered under a national scheme set by Central Government which allowed eligible local residents to claim up to 100% reduction from their Council Tax bill – subject to legislative and means tested income requirements. The Council were able to receive full funding from the Government to cover all of the Council Tax Benefit awards made.
- 3.3 From April 2013 Council Tax Benefit was abolished and replaced with a Local Council Tax Reduction scheme. Any person who is liable to pay Council Tax can apply for a reduction in their Council Tax under the Local Council Tax Reduction scheme. The scheme is not legislated by Central Government, rather each local authority now has its own scheme. Central Government no longer fully funds this locally administered award, as there was an expectation that Local Authorities would amend their local schemes to fund the shortfall
- 3.4 As the rollout of Universal Credit continues, it makes administrative sense to align Local Council Tax Support to Universal Credit. The traditional link between Housing Benefit (which will no longer be available to new working age claimants) and Local Council Tax Support will not exist anymore, and it is essential the scheme is changed to assist those affected.
- 3.5 A public consultation exercise was undertaken between 09 August 2019 and 22 September 2019. This was promoted locally via the Council website, social media and engagement with local stakeholders such as advice agencies, housing associations and the Department for Work and Pensions
- 3.6 **Pension Age Customers** - It is important to note that those customers who are of a pension age are **NOT** affected as Council Tax support for pensioners was never localised and remains under the jurisdiction of a national scheme
- 3.7 For working age claims there is a complex means-tested assessment involving multiple aspects of the household circumstances including income, capital, residents and relationships. Although the 2020/21 scheme will continue to retain a number of these complex areas, some will be removed making the scheme easier to administer and understand. In addition, it sets out a simplified way of managing claims from people receiving Universal Credit, which all working age households receiving welfare benefit support are migrating to over the next 5 years.
- 3.8 The changes are largely operational administrative matters which will encourage collection and reduce the burden on the service and the customer through reduced billing and providing greater certainty over the level of support offered.
- 3.9 A main criticism of the current scheme for people who are working and claiming Universal Credit is that they are subject to an average of 6 to 7 changes per year

each generating a council tax bill. Under the changes proposed it is expected that the number of revisions will be limited to the number experienced under legacy benefits. By limiting changes through the introduction of a tolerance limit this will be controlled, making recovery action easier and reducing the cost of producing multiple bills.

#### **4.0 Social Value Consideration**

4.1 Gloucester City Council has a Council Tax discretionary hardship scheme for those City residents who may find themselves in exceptional circumstances. For this purpose, exceptional is defined as 'not typical, entirely unusual, and only likely to happen very infrequently'. A resident would have to demonstrate financial hardship or exceptionally difficult personal circumstances and must also have applied for all other exemptions, discounts and benefits before an award can be considered. Any award made would be for the current financial year's Council Tax only.

4.2 The longer-term consideration of this policy is to align Gloucester City Council's Local Council Tax Support scheme to Universal Credit which will make the scheme less onerous to administer, and easier for customers to understand and assist with their budgeting. Full migration of the existing legacy benefit caseload to Universal Credit is not expected to be achieved until 2024.

#### **5.0 Environmental Implications**

5.1 There are no environmental implications associated with this report

#### **6.0 Alternative Options Considered**

6.1 The introduction of a minimum 10% payment expectation was considered. This was considered because the direct subsidy for Council Tax Support reduced immediately by 10% in April 2013 and has continued to reduce year on year.

#### **7.0 Reasons for Recommendations**

7.1 Gloucester City Council have managed to maintain the current scheme broadly mirroring the original fully funded scheme for seven years, to date. The Council are facing a range of financial pressures and need to make changes to reduce the cost of the scheme, make it more efficient to administer and easier for recipients to understand.

7.2 As government funding continues to decrease, we also need to strike a balance between a revised scheme that is fair and affordable for those who receive support, and also for all our residents who receive council services. However, we do remain committed to providing support to our residents with low incomes.

#### **8.0 Future Work and Conclusions**

8.1 January 30<sup>th</sup> 2020 - meeting of the full Council are asked to resolve that the scheme approved at 2.1 above be updated to align with any legislation changes prior to April 2020 and be implemented from 01 April 2020.

## **9.0 Financial Implications**

9.1 A review of the scheme is carried out annually to assess the financial cost of the scheme and to ensure it remains operationally and financially viable, taking into account ongoing changes in legislation and financial requirements. Central Government no longer fully funds this locally administered award, as there was an expectation that Local Authorities would amend their local schemes to fund the shortfall. The funding for the local scheme reduced immediately by 10% of direct subsidy in April 2013. Overall funding has continued to reduce, including the level of admin grant.

9.2 For 2020/21 it is proposed to make the changes outlined in Appendix 1 to this report. The changes are predominantly administration related changes however, the ones which will potentially slightly reduce the cost of the scheme to the council are:

- the clarification and simplification of the non-dependant deductions
- the removal of Second Adult Rebate

(Financial Services have been consulted in the preparation of this report.)

## **10.0 Legal Implications**

10.1 The Local Government Finance 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. The prescribed regulations set out the matters that must be included in such a scheme.

The Local Council Tax Support 'LCTS' scheme is required under Section 9 of the Local Government Finance Act 2012.

10.2 Pensioners (those over state pension age) are protected from any changes, but otherwise the Council has discretion to decide how it wishes to design its scheme to cover any shortfall, in accordance with the prescribed requirements.

(One Legal have been consulted in the preparation of this report.)

## **11.0 Risk & Opportunity Management Implications**

11.1 Implementation of the minimum payment element of the Council Tax Support scheme has been deferred for another year.

11.2 The cost of the scheme and administration lies solely with the billing authority, however any uncollected council tax will be reflected in the collection fund. The council only has a minority stake in this of approximately 11.6%, with the majority of the revenue collected being dispersed to the preceptors; 74% to County Council and 14.4% to the Police and Crime Commissioner respectively.

## **12.0 People Impact Assessment (PIA) and Safeguarding:**

12.1 An Equality Impact Assessment was undertaken. There are no groups disadvantaged so a full PIA was not necessary. The Equality Impact assessment is appended to this report at Appendix 3

## **13.0 Community Safety Implications**

13.1 None

## **14.0 Staffing & Trade Union Implications**

14.1 None

## **Background Documents:**

Local Government Finance Act 1972 -

<http://www.legislation.gov.uk/ukpga/1972/70/contents>