

Gloucester City Council

Meeting:	Cabinet Council	Date:	6 December 2023 25 January 2024
Subject:	Local Council Tax Support Scheme 2024/25		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	No
Contact Officer:	Karen Haile, Service Delivery Manager (Revenues & Benefits)		
	Email: Karen.Haile@gloucester.gov.uk	Tel: 396476	
Appendices:	1. Council Tax Support Scheme – Gloucester City Council		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 To seek approval to retain the current Local Council Tax Support Scheme for 2024/25

2.0 Recommendations

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

- (1) the current Local Council Tax Support scheme, as the approved scheme for Gloucester City in 2023/24, be adopted for 2024/25;
- (2) the scheme approved be updated to align with any legislation changes in January 2024 and to be implemented from 1st April 2024;
- (3) any urgent amendments to the scheme approved, in the event of a national emergency and authorised by the government, be adopted and implemented immediately.

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

- (1) the current Local Council Tax Support Scheme, as the approved scheme for Gloucester City in 2023/24, be adopted for 2024/25

- (2) The scheme approved at 2.1 (1) above be updated to align with any legislation changes in January 2024 and to be implemented from 01 April 2024
- (3) Any urgent amendments to the scheme at 2.1 (1) above, in the event of a national emergency and authorised by the government, be adopted and implemented immediately

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 26th January 2023.
- 3.2 Council Tax charges are the means by which local residents make a contribution towards the cost of local services.
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 working age 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. Gloucester City Council's scheme remains more generous than many local authorities as residents can still apply for, and receive up to, 100% reduction from their council tax charge (subject to means testing)
- 3.4 As the rollout of Universal Credit continues, administratively it has made 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 **Pension Age Customers** - It is important to note that those customers who reach pensionable age are not affected as Council Tax support for pensioners was never localised and remains under the jurisdiction of a national scheme.
- 3.6 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 scheme retains a number of these complex areas, some were removed in the 2020/21 scheme making it easier to administer and understand. In addition, the scheme now has a more simplified way of managing claims from people receiving Universal Credit, which all

working age households receiving welfare benefit support are migrating to over the coming years.

4.0 Social Value Consideration

- 4.1 Gloucester City Council's local council tax support scheme is more generous than many other local authorities as it retains the ability to award 100% support to those households which are most financially disadvantaged.
- 4.2 Gloucester City Council also have 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.
- 4.3 The longer-term consideration of the 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 at least 2025.

5.0 Environmental Implications

- 5.1 There are no environmental implications associated with this report

6.0 Alternative Options Considered

- 6.1 Amendments to the scheme have not been considered for the 2024-25 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 ten years, to date. Whilst the Council are facing a range of financial pressures, it is not considered pertinent to amend the scheme at this time. The rising costs of living across the UK continues to impact households with increased food prices and energy bills; the current scheme offers a degree of financial support in uncertain financial times for our residents.
- 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 25th 2024 - 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 2024 and be implemented from 01 April 2024, with the caveat that any urgent amendments to the scheme in the event of a national emergency and decreed by central government may be implemented immediately.

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 2024/25 there are no changes proposed

(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 11.5%, with the majority of the revenue collected being dispersed to the preceptors; 74.3% to County Council and 14.2% to the Police and Crime Commissioner respectively.

12.0 People Impact Assessment (PIA) and Safeguarding:

12.1 There are no changes proposed so PIA not relevant

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>