

Gloucester City Council

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| 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 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 approved at 2.1 (1) above, 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 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>

Gloucester City Council Tax Reduction Scheme

Gloucester City Council's local Council Tax Support Scheme was introduced in April 2013 based on the default scheme set out by the government controlled by Council Tax Reduction Schemes (Default Scheme) (England) 2012 Regulations.

Legislative requirements

The government set out elements of the scheme which are required to be administered by all councils and are detailed in the prescribed requirements legislation. Changes being applied from 1 April 2023 will be set out in The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023 and, once published, can be viewed on www.legislation.gov.uk

The Government has also set out rules in the following Regulations:

- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, which protect claimants of state pension credit age;
- Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013

The 'Prescribed Requirements' regulations detail how Council Tax Support will be worked out for people of state pension credit age. In designing a local Council Tax Support scheme for people of state pension credit age, local authorities must include the provisions of the council tax reduction schemes 'Prescribed Requirements' regulations.

The Council Tax Reduction Schemes (Default Scheme) (England) 2012 Regulations include all of the provisions of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, ensuring that claimants of state pension credit age are protected, and they also made provision for deciding CTS entitlement for working age claimants.

The scheme is reviewed on an annual basis and updated where it is appropriate to do so in line with local priorities and to reflect changes within the wider Welfare Benefit system. No changes that require consultation are being made for 2024/25.

On the 30th January 2020 the council agreed a number of changes to the local scheme for people who are not pensioners which came into force from 1 April 2020. The changes aligned Gloucester City Councils scheme to Universal Credit and made the scheme less onerous to administer. These changes have been incorporated into the Gloucester City Council scheme as per the attached document.



Council Tax Support
Scheme 2023.pdf

There are no amendments planned for 2024-25 and it is proposed to retain the current policy.