

Gloucester City Council

Meeting:	Cabinet Council	Date:	11 December 2024 30 January 2025
Subject:	Local Council Tax Support Scheme 2025/26		
Report Of:	Cabinet Member for Resources		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	No
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Appendices:	1. Council Tax Support Scheme – Gloucester City Council		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 To seek approval to adopt the proposed scheme and recommend that Council approves it as the Council's Local Council Tax Support Scheme for 2025/26

2.0 Recommendations

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

- (1) the Local Council Tax Support scheme for working age customers in Appendix 1 and summarised in Appendix 2 is adopted as the approved scheme for 2025/26;
- (2) the scheme approved at 2.1 (1) above be updated to align with any legislation changes in January 2025 and to be implemented from 01 April 2025;
- (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 Local Council Tax Support scheme for working age customers in Appendix 1 and summarised in Appendix 2 is adopted as the approved scheme for 2025/26;

- (2) the scheme approved at 2.2 (1) above be updated to align with any legislation changes in January 2025 and to be implemented from 01 April 2025;
- (3) any urgent amendments to the scheme at 2.2 (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 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. Each year the Council must decide whether to make changes to its scheme for the forthcoming financial year. This scheme replaced the national Council Tax Benefit Scheme.
- 3.2 The Council is also required to administer, but cannot alter, the national council tax support scheme for pension age customers.
- 3.3 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 Quedgeley Town Council in proportion to the share of the council tax.

3.4 Current Local Council Tax Support Scheme

The Local Council Tax Support Scheme continues to mirror the previous Council Tax Benefit scheme and 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).

With the rollout of Universal Credit administratively it has made sense to align Local Council Tax Support to Universal Credit. 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.

Armed Forces Compensation Scheme payment in the form of Guaranteed Income Payment and Armed Forces Independent Payment is fully disregarded for pension age and working age applicants.

Working age people with a lump sum payment, under the Armed Forces Compensation Scheme due to personal injury, of more than £16,000 are unable to claim Council Tax Support because the payment is treated as capital. Where the lump sum payment is less than £16,000 Council Tax Support may be payable but will be reduced by taking an assumed amount of income into account.

Civilian compensation paid through the court for personal injury is disregarded as capital for 52-weeks from the date of receipt for both pensioners and working age, when means testing.

As of 31 March 2024, just under £5,945,000.00 was being awarded to 5,322 working age recipients. 4,324 of these recipients, which is 81%, are receiving the maximum 100% support due to being on the lowest incomes.

The caseload did rise by more than 20% during the coronavirus pandemic and although it has reduced significantly, it remains above pre-pandemic levels.

The number has so far remained stable during 2024/25 and is not expected to change significantly during 2025/26.

3.5 2025/26 Local Council Tax Support Scheme

The proposed scheme, as summarised in Appendix 1, broadly continues to mirror the Council Tax Benefit scheme, and provides up to 100% support to the most vulnerable residents.

The changes proposed for the 2025/26 scheme is that:

- The scheme approved at 2.2 (1) above be updated to align with any legislation changes in January 2025 and to be implemented from 01 April 2025. This will ensure that any statutory revisions announced are incorporated in the scheme, this would be consistent with previous years.
- The Armed Forces Compensation Scheme lump sum payment is disregarded as capital for a 52-week period from the date of receipt. This will align the treatment of a lump sum compensation payment, when calculating entitlement to council tax support for working age recipients, to the treatment of civilian compensation awards.

3.6 Consultation

A consultation exercise was undertaken between 1 October 2024 and 18 October 2024 seeking views on whether the Council should disregard The Armed Forces Compensation Scheme lump sum payment as capital for a 52-week period.

The consultation was published on the 'Consultations and Feedback' page of the council website inviting views, comments, or feedback by email, with a closing date of 18 October 2024. The consultation attracted no responses.

Major precepting authorities have been consulted on the recommendations and they are happy to support the proposed changes.

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 Gloucester City Council has made a commitment to the Armed Forces Covenant to support the Armed Forces community within Gloucestershire. Changing the treatment of AFCS lump sum payment for Council Tax purposes will ensure that no-one who has served is disadvantaged compared to civilians that receive compensation payment due to personal injury.

5.0 Environmental Implications

- 5.1 There are no environmental implications associated with this report

6.0 Alternative Options Considered

- 6.1 The Council is required to approve a Local Council Tax Support Scheme for working age people by 11 March of the preceding financial year. If the proposed changes are not adopted certain vulnerable groups will not receive the same level of council tax support in 2025/26.

7.0 Reasons for Recommendations

- 7.1 Gloucester City Council have managed to maintain the current scheme broadly mirroring the original Council Tax Benefit scheme for eleven 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 increased cost 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 for all our residents who receive council services. However, we do remain committed to providing support to our residents with low incomes.
- 7.3 On Thursday 19 September 2024 following a notice of motion Cabinet was asked to consider amending its Council Tax Support Scheme so that compensation awarded to members of the Armed Forces is disregarded when calculating council tax support, so that Forces personnel and veterans are dealt with in the same way as civilians awarded compensation by courts.

8.0 Future Work and Conclusions

- 8.1 January 30th, 2025 - meeting of the full Council are asked to resolve that the scheme approved at 2.2(1) above be updated to align with any legislation changes

prior to April 2025 and be implemented from 01 April 2025, 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 It is not anticipated the number of Forces personnel or veterans in receipt of a lump sum compensation payment will have a significant impact on LCTS expenditure.

(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.
- 10.2 As the billing authority the Council is required by the Local Government Finance Act 2012 to consider whether to revise its scheme or to replace it with another scheme, for each financial year. The Council must adopt its scheme, and make any revisions, no later than 11th March in the financial year preceding the one when it will take effect. Paragraph 3 to Schedule 1A of The Local Government Finance Act 1992 sets out the preparation that must be undertaken prior to the adoption or revision of a scheme, including prescribed consultation requirements.
- 10.3 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.

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 The proposed changes to the Local Council Tax Support scheme for people of working age continues to provide up to 100% support to those on the lowest income and passported benefits.
- 12.2 An amendment to the scheme so that compensation awarded to members of the Armed Forces personnel and veterans is disregarded as capital will mean they are not treated unfairly compared to civilians awarded compensation through the court for personal injury.

13.0 Community Safety Implications

- 13.1 None

14.0 Staffing & Trade Union Implications

- 14.1 None

15.0 Background Documents :

[Gloucester City Council Council Tax Reduction Scheme Policy](#)