

Decision Pathway Report



PURPOSE: For reference

MEETING: Cabinet

DATE: 05 February 2019

TITLE	Council Tax Reduction Scheme for 2019/20		
Ward(s)	All		
Author: Ian McIntyre	Job title: Project Manager – Welfare Reform		
Cabinet lead: Craig Cheney	Executive Director lead: Mike Jackson		
Proposal origin: Other			
Decision maker: Mayor			
Decision forum: Cabinet			
Purpose of Report:			
<ul style="list-style-type: none"> • Cabinet to agree to maintain the current CTR scheme for 2019/20 and look to review the scheme for 2020/21 • Cabinet agree that electronic communications from the Department for Work and Pensions (DWP) notifying that a citizen would like support with their council tax is treated as an application to the CTR scheme. 			
<p>Evidence Base: The CTR scheme is a discount scheme that supports over 36,000 households who are on a low income with the cost of their council tax. Pensioners are protected from any changes under a nationally prescribed scheme. 24,000 working age households get the same levels of support as they did before the Council Tax Benefit (CTB) scheme was abolished in 2013.</p> <p>The scheme was consulted on for 2018/19 and the decision was made to retain the current scheme and levels of support. Options to deliver savings and simplify the scheme were not adopted. The scheme is estimated to cost £39.7million in 2018/19 (£13.4million pension age and £26.3million working age). All costs and savings mentioned include those of the precepting authorities unless otherwise stated (Bristol City Council will be responsible for 86% of the cost in 2019/20).</p> <p>Modelled costs of the scheme are £40.6million (£13.5million pension age and £27.1million working age). This assumes a static caseload and a 2.91% increase in council tax between 2018/19 and 2019/20. If the caseload increases or decreases by 5% then the cost of the scheme in 2019/20 is estimated to be £42.6million and £38.6million respectively. There is a potential additional £1million expenditure for part year awards that is not captured within this modelling but is included in the estimated scheme costs for 2018/19.</p> <p>The current caseload trend is downward and in keeping with the lower of these estimates. However, any shock to the local economy could have an impact on the cost of the CTR scheme in future. If the current downward trend of a 2.4% annual reduction in caseload continues, the scheme would cost £39.6million for 2019/20 with the potential £1million expenditure for part year awards, with expenditure reducing alongside caseload.</p> <p>UC was introduced in Bristol from June 2018. It is anticipated that around 4,000 working age households will be receiving CTR and UC by the end of March 2019 and this will increase throughout 2019/20. This will present the following issues for the council in administering CTR scheme in its current form:-</p> <ul style="list-style-type: none"> • Housing Benefit (HB) is no longer assessed alongside the CTR scheme resulting in loss of administrative saving and therefore a cost pressure on the council • Funding from the Department for Work and Pensions (DWP) reduces as a result of Bristol City Council no longer administering HB for most working age households • Small fluctuations in UC awards and household earnings result in monthly recalculation of the CTR award, resulting in reassessment, billing and problems with instalments. This could ultimately affect up to 6,000 			

households once UC has been fully implemented

- Large volumes of notifications are received from the DWP in respect of CTR. This will result in an additional pressure on the council unless processing of these can be automated or a scheme designed that does not rely on processing of these notifications.

Following consultation with the relevant cabinet member, three options were presented; maintaining the current scheme, simplification and a cost saving option. It was requested that further consideration is given to a simplification scheme based with a cost saving option being rejected.

Two additional simplification scheme based options were further considered, but rejected; resulting in a decision to keep the current scheme unchanged, but further review the scheme for 2020/21 to mitigate the impact of UC.

In addition, agreement from cabinet is sought to treat electronic communications from the DWP that notify the council that a citizen would like support with their council tax as a claim to the CTR scheme. This would be a key decision as affects all wards. This can be achieved through an update to our current Electronic Communications Direction and implemented without making changes to the current CTR scheme.

Following a Member of Parliament query, we are investigating the interactions between the Childcare Element for UC and CTR. Households in receipt of this element that see a reduction in CTR entitlement, despite their overall household income reducing, will be protected through an additional discount. This is being progressed outside of the mainstream CTR scheme and this paper.

Cabinet Member Recommendations:

1. Cabinet agree to maintaining the current CTR scheme for 2019/20
2. Cabinet agree that electronic communications from the Department for Work and Pensions (DWP) notifying that a citizen would like support with their council tax is treated as an application to the CTR scheme

Corporate Strategy alignment:

City Benefits: Maintaining current levels of support will protect households on a low income who are already impacted by various freezes and changes to benefit and tax credits.

Consultation Details: None

Revenue Cost	£ N/A	Source of Revenue Funding	N/A
Capital Cost	£ N/A	Source of Capital Funding	N/A
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: The Council Tax Reduction Scheme is currently estimated to cost Bristol City Council £35.1m, this is lost income as the scheme reduces the Council Tax base in the calculation of the Council Tax revenue to the Council. This is the equivalent of 20,778 band D equivalent homes. The Council tax base approved by Full Council on 11th December 2018 assumed the Council Tax reduction scheme would continue without any changes.

In the medium term financial plan (MTFP) Bristol City Council Tax rates are assumed to increase by 3.99% in 19/20 and 1.99% thereafter, this increases the overall cost of the scheme by these amounts each year. The MTFP assumes the CTRS caseload continues at the same level. The proposals to retain the current scheme will not impact on the MTFP.

Finance Business Partner: Michael Pilcher (Finance Business Partner, Finance), 23rd January 2019

2. Legal Advice: Section 13A of the Local Government Finance Act 1992 substituted by section 10 of the Local Government Finance Act 2012 requires each billing authority to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the authority considers are in financial need. The Council is under a duty to approve any revisions to the scheme by 11th March before the beginning of the financial year in which the revision is to have effect.

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 allow authorities and applicants to use electronic communications, including those to other bodies such as DWP, in connection with applications for, and awards of, reductions under its scheme as long as there is the appropriate Chief Executives direction in place, there is an approved method of authenticating the sender of the information and submission to the authority, the information is in an approved form and the person maintains the records in accordance with the Chief Executives direction.

The Public Sector Equality duty requires the decision maker to consider the need to promote equality for persons with “protected characteristics” and to have due regard to the need to i) eliminate discrimination, harassment, and victimisation; ii) advance equality of opportunity; and iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it.

The Equalities Impact Check/Assessment is designed to assess whether there are any barriers in place that may prevent people with a protected characteristic benefiting from the scheme. The decision maker must take into consideration the information in the check/assessment before taking the decision.

Legal Team Leader: Sarah Sharland (Team Leader, Legal Services), 7th November 2018

3. Implications on IT: There are no identifiable IT Implications in this policy based initiative.

IT Team Leader: Ian Gale, Head of IT, Resources (IT), 10th August 2018

4. HR Advice: No HR implications envisaged.

HR Partner: James Brereton, People and Culture Manager, 10th August 2018

EDM Sign-off	Mike Jackson	21 st November 2018
Cabinet Member sign-off	Craig Cheney	29 th November 2018
CLB Sign-off	Mike Jackson	11 th December 2018
For Key Decisions - Mayor's Office sign-off	Mayors Office	7 th January 2019
Appendix A – Further essential background / detail on the proposal		YES
Appendix B – Details of consultation carried out - internal and external		NO
Appendix C – Summary of any engagement with scrutiny		NO
Appendix D – Risk assessment		NO
Appendix E – Equalities screening / impact assessment of proposal		YES
Appendix F – Eco-impact screening/ impact assessment of proposal		NO
Appendix G – Financial Advice		NO
Appendix H – Legal Advice		NO
Appendix I – Combined Background papers		NO
Appendix J – Exempt Information		NO
Appendix K – HR advice		NO
Appendix L – ICT		NO