

PURPOSE: Key decision**MEETING:** Cabinet**DATE:** 04 June 2018

TITLE	Council Tax Reduction Scheme 2020/21		
Ward(s)	All		
Author: Matthew Kendall	Job title: Benefits Technical Manager		
Cabinet lead: Craig Cheney	Executive Director lead: Denise Murray		
Proposal origin: Other			
Decision maker: Cabinet Decision forum: Cabinet			
Purpose of Report: To request a steer on planning for the Council Tax Reduction (CTR) scheme for 2020/21 in light of Universal Credit (UC) Full Service roll out for working age households and the future cost of the scheme.			
<p>Evidence Base: The CTR scheme is a discount scheme that supports 35,400 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. 23,800 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 2019/20 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 £41.4million in 2019/20 and £42.2million in 2020/21. The 2019/20 figure is taken from the council tax base and the 2020/21 figure assumes a 1.5% increase in cost and a 1.99% increase in council tax. This is the assumption made in the Medium Term Financial Plan. 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 £43.2million if a static caseload and an 8.1% increase in council tax between 2017/18 and 2019/20. If the caseload increases or decreases by 5% then the cost of the scheme in 2020/21 is estimated to be £45.4million and £41.0million respectively. 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.</p> <p>UC Full Service was fully introduced across Bristol from September 2018, with 4,000 working age households receiving CTR and UC at the end of March 2019 and this will increase throughout 2020/21.</p> <p>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 • 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 <p>Three options for the CTR scheme in 2020/21 were presented to Councillor Cheney at CMb on the 1st April 2019, as below, with option 3 being discounted:-</p>			

1. Maintain the existing CTR scheme – Maintain levels of funding for the scheme so that households get the same levels of entitlement as they would under the current scheme. This would not require as much resource or planning and there would be no requirement to consult. Maintaining the scheme can be agreed by cabinet. It would not address the issues raised above.
2. Simplify the existing CTR scheme – Maintain levels of funding for the scheme so that households get the same (or very similar) levels of entitlement as they would under the current scheme but simplify the assessment process and align the scheme more closely with UC. This could be delivered in two ways;
 - a) a UC income banded for all UC CTR claimants or
 - b) a scheme that ignores ‘small’ changes in CTR entitlement as a result of small changes in income, e.g. +/- £2 per week CTR change (equivalent to £10 income changes per week).

In addition to either of these proposals there could be further simplification on rules regarding non-dependant deductions and capital assessment. This should deliver a small saving on administration in 2020/21 but there would be a cost in developing the scheme. This will require resource for planning and consultation, with any changes agreed by Full Council.
3. Simplify the existing CTR scheme and introduce a minimum payment for working age households (cost saving option) – Simplify the assessment process and align the scheme more closely with UC and introduce a minimum payment for working age households. This will require resource for planning and consultation, with any changes agreed by Full Council. Initial gross reductions in the cost of the scheme are currently estimated at between £4.4million and £5.9million for a 15% and 20% minimum payment respectively (based on 2018/19 modelling).

Cabinet Member / Officer Recommendations:

That Cabinet agree the Council Tax Reduction Scheme for 2020/21 remains unchanged.

Corporate Strategy alignment: TBC

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 at this stage.

Background Documents:

Cabinet approval for 2019/20 CTR scheme (agenda item 8)

<https://democracy.bristol.gov.uk/ieListDocuments.aspx?CId=135&MId=3100>

Bristol’s 2019/20 CTR scheme

<https://www.bristol.gov.uk/documents/20182/34692/Council+Tax+Reduction+Scheme+2018+to+2019/5cb77adf-f90b-fc7a-4711-81432b9dc5e5>

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: This report is requesting a steer regarding both:-

- Planning for the Council Tax Reduction scheme 2020/21 with the potential to generate contributions to the Council's General Fund and;
- Options for revised approaches to administering the Council Tax Reduction scheme in response to increasing assessment costs and reducing DWP funding for the cost of scheme administration.

Indicative contributions and costs are as modelled January 2019 and are provided to support a steer, note these reflect the overall cost of the scheme to all preceptors not just BCC.

It should be noted that the level of discretionary element of the Council Tax Reduction Scheme is likely to be taken into account by MHCLG in determining the funding formula for local authorities. This means that a reduction in the Council tax base won't be compensated for.

Finance Business Partner: Michael Pilcher, 11th April 2019.

2. Legal Advice: *Section 13A of the Local Government Finance Act 1992 'the Act' 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. Schedule 1A, paras 5(5) and 3(1), of the Act impose a duty on the authority to publish a draft scheme and consult "such other persons as it considers are likely to have an interest in the operation of the scheme." The consultation should invite views on all possible alternatives though having a preferred option does not render the consultation unlawful. 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.*

Guidance issued in 2014 by the Department for Communities and Local Government provides that in developing local council tax reduction schemes, vulnerable groups should be protected. The guidance does not prescribe the protection that local authorities should provide for vulnerable groups, but refers to the authority's statutory duties including the public sector equality duty (The Equality Act 2010) and the duty to prevent homelessness (The Housing Act 1996).

Legal Team Leader: Sarah Sharland Team leader Litigation Regulatory and Community Team Legal Services 3rd April 2019.

3. Implications on IT: *There are no identifiable IT implications in this proposal*

IT Team Leader: Ian Gale, 4th April 2019

4. HR Advice: *No HR implications evident*

HR Partner: James Brereton (People & Culture Manager), 3rd April 2019

EDM Sign-off	Mike Jackson	10/04/2019
Cabinet Member sign-off	Cllr Craig Cheney	21/04/2019
For Key Decisions - Mayor's Office sign-off	Mayor's Office	03/05/2019

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	YES
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal <i>There are no environmental impacts relating to this report and a full Eco IA is not required', Nicola Hares, 4th April 2019</i>	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO