

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 02 November 2021

TITLE	Council Tax Reduction 2022/23		
Ward(s)	All		
Author: Matthew Kendall	Job title: Benefits Technical Manager		
Cabinet lead: Cllr Cheney	Executive Director lead: Mike Jackson		
Proposal origin: Other			
Decision maker: Cabinet Member			
Decision forum: Cabinet			
Purpose of Report: To provide an update on the Local Council Tax Reduction Scheme and approve the scheme and approach for 2022/23.			
Evidence Base:			
Background			
<p>Following the abolition of Council Tax Benefit (CTB) in 2013, local authorities (LAs) in England were charged with designing their own Council Tax Reduction (CTR) schemes for those of working age – though they were obliged to provide a centrally determined and protected level of support for pensioners. Despite reduced funding being made available to local authorities by government, Bristol remains one of a few local authorities to keep its level of support to low-income families at the pre 2013 levels, including up to 100% of household’s liability, for over three quarters of working age households all their Council Tax.</p> <p>The table below shows a breakdown of those who are working age (only) and either receive full (100%) or part CTR.</p>			
Percentage of council liability covered by CTR		Number of households	
Under 50%		2,949	
50 – 74%		1,611	
75 – 99%		1,313	
100%		19,452	
<p>Most other local authorities chose CTR schemes that were less generous than the CTB system they were replacing, with some low-income households having to pay council tax for the first time and others seeing their tax liabilities increase. 90% of English councils and all Core Cities, have made some changes to their CTR scheme for working-age households - almost all of them cuts, with the most common being the introduction of a minimum payment of around 20%.</p> <p>Bristol’s CTR scheme as of April 2021 costs £42.3m (or £43.8m if you include the additional MHCLG funded CTR hardship payments for working age households). It supports 35,865 low-income households of which 25,325 are working age.</p> <p>Bristol reviews its’ scheme each year in line with legislation but has only been out to full consultation following its inception in April 2013 and in 2017, when it looked to possibly change its 2018-19 scheme (before deciding not to).</p>			

For all other years Cabinet has decided to keep the same scheme ‘as is’.

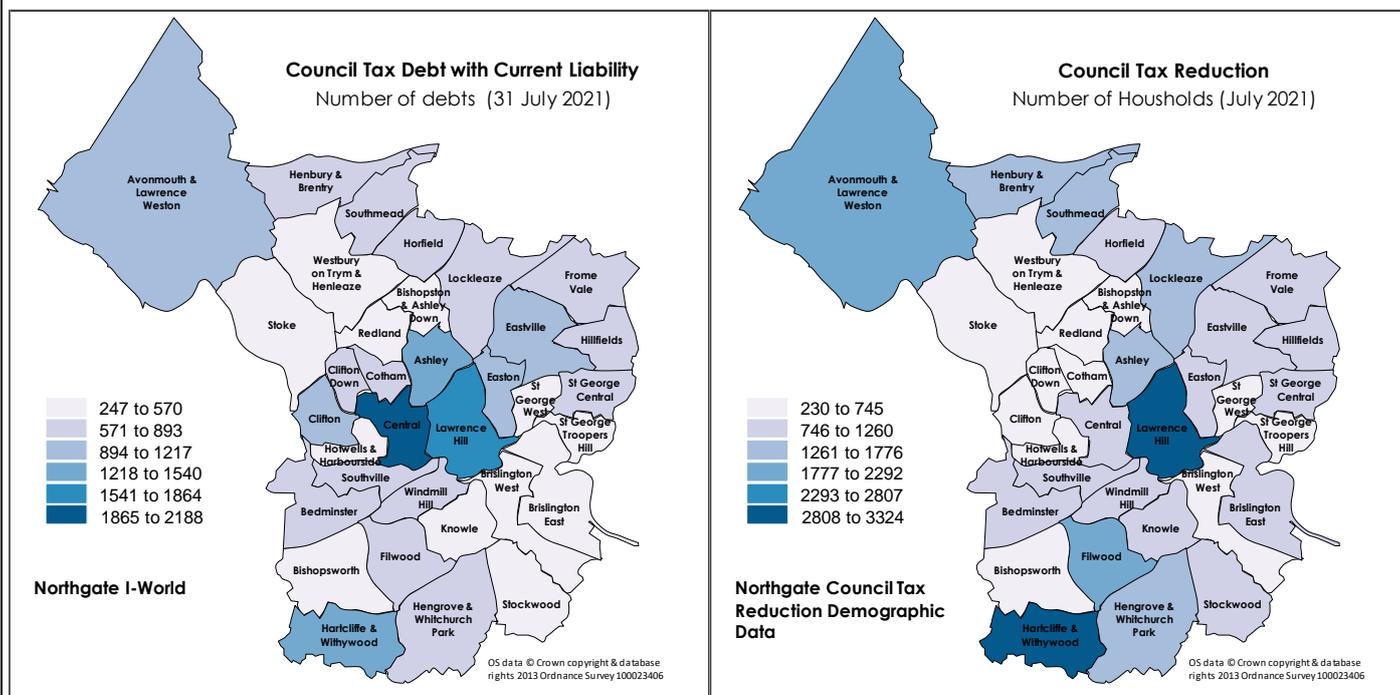
Reasons to maintain the existing CTR scheme

There exists a plethora of reasons for maintaining the existing scheme, ranging from the adverse effect this will have on low income households to the impact that it will have on Bristol City Council in terms of indebtedness and council tax collection rates, all of which are summarised in the table below.

1. Keeping the CTR scheme as is	
Advantages	Disadvantages
<ul style="list-style-type: none"> Continues to protect households at levels similar to CTB Reduces debt to the council for low-income households Reduces overall costs of recovery for relatively small sums from lots of households Aligns to protecting vulnerable households Will not impact disproportionately on any equality group Removes requirement for consultation process and associated timescales Lower demand for citizen services, fewer queries 	<ul style="list-style-type: none"> Costs get more expensive as council tax and/or caseload increase No potential cost saving /efficiencies for 2022/23 Will directly impact on the provision of other services as less council tax raised via any minimum charge

Impact of Council Tax Reduction on Council Tax Debt and deprivation for low-income households

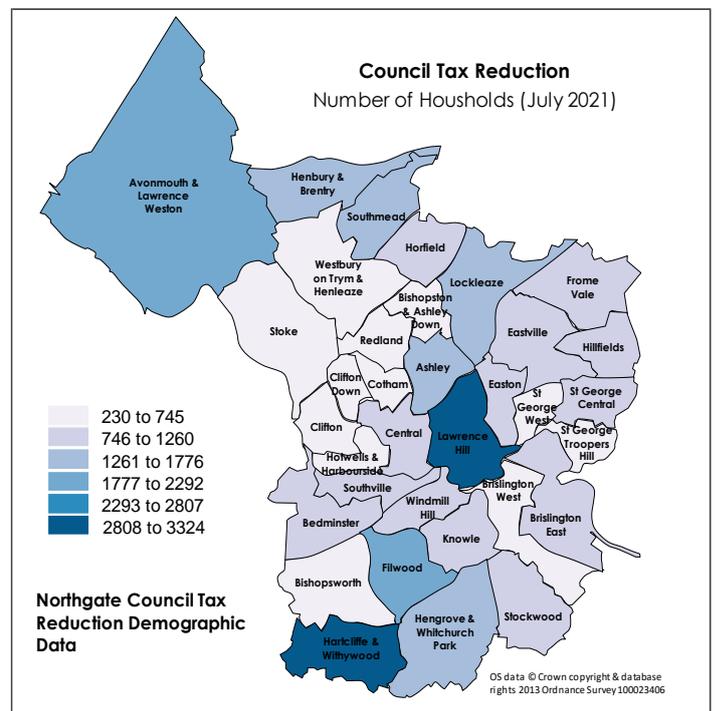
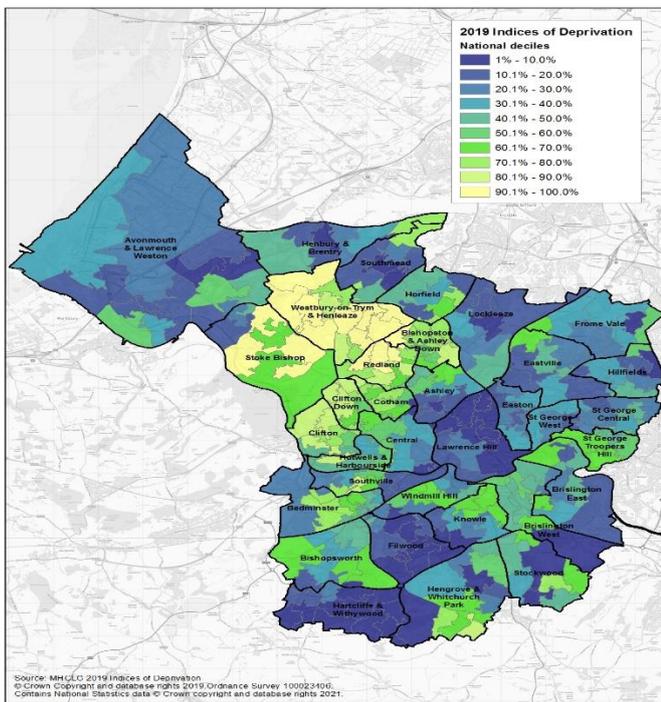
The first two maps show the number of households on CTR and those in debt with their Council Tax by ward. These maps have many similarities in those levels of indebtedness and where there is high take up of CTR, e.g. Lawrence Hill, Hartcliffe and Withywood, Avonmouth and Lawrence Weston, and Ashley.



Similarly, the number of households on CTR is compared to areas of deprivation by ward to show there is a correlation between the two and that CTR awards are going to those households and areas most in need.

This approach covers the entire caseload as opposed to a small sample checking, which may not be of statistical significance.

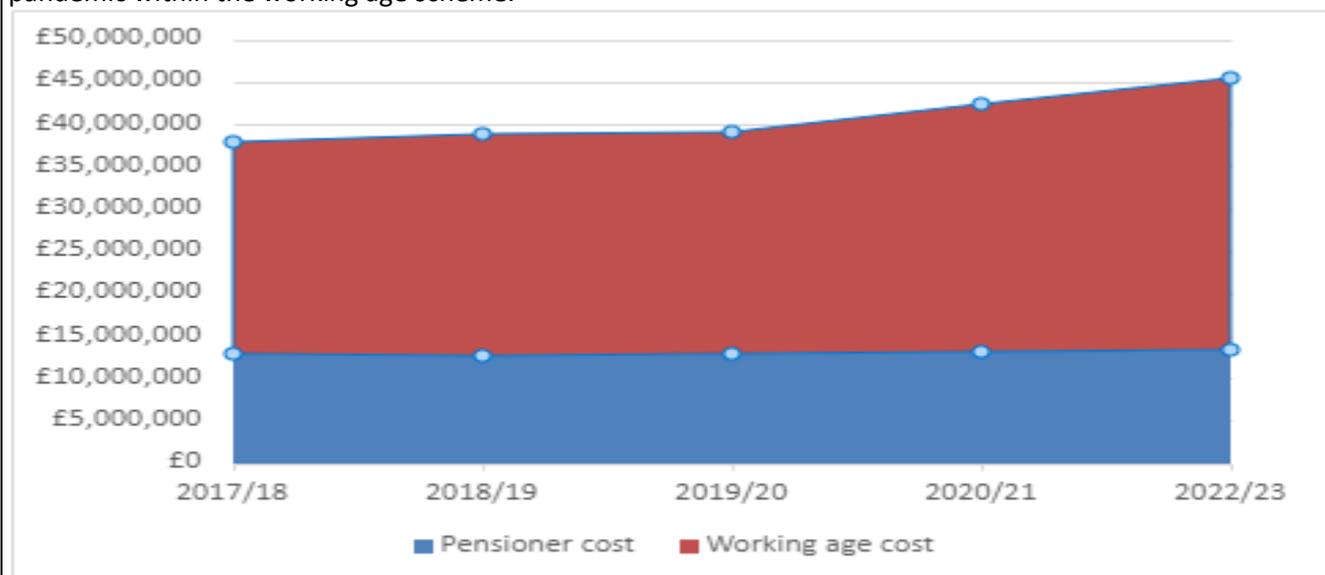
The maps show that CTR awards are greater in areas of high deprivation e.g. Lawrence Hill, Hartcliffe and Withywood, Avonmouth and Lawrence Weston, Ashley, Filwood, Lockleaze, Southmead and Brislington East.



Bristol's current and projected CTR scheme costs and caseload

A summary of Bristol's CTR scheme costs and caseload since 2017 is below. This shows those attributed to the working and pension age schemes.

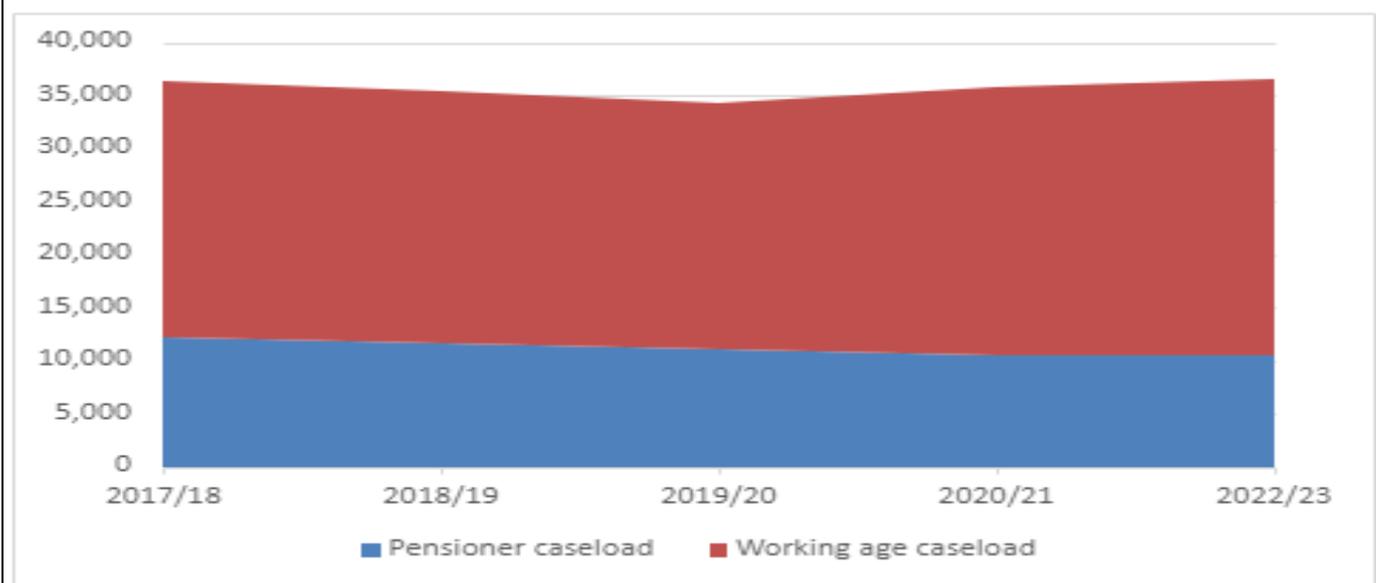
The first graph shows the actual costs from 2017/18 to 2019/20 and predicted costs for 2022/23. This highlights a slight increase each year, mainly because of annual increases in Council Tax, the application of the Adult Social Care precept and any increases made by the precepting authorities (Avon and Somerset Police and Crime Commissioner and Avon Fire Authority). The large increase in 2020/21 is almost exclusively due to economic impact of the COVID pandemic within the working age scheme.



Scheme costs for 2022/23 are estimated to be £45.6m. This is based on an increase in Council Tax of 1.99% (and in line with MTFP) and there being a static pension age and a 2.5% increase in working age caseload. Note this against both a static caseload for both working and pension age caseload in the MTFP and predicted cost of £46.1m. The working age costs would be £32.2m and for pensioners £13.4m. (All costings are net of the additional £985k to be awarded to working age CTR claimants via the hardship fund and met in full by MHCLG grants).

These estimates are broadly in line with recent (March 2021) Office for Budgetary Responsibility (OBR) estimates on working age benefits caseloads for 2022/23, showing an increase of around 2.3%. In addition, there is national economic and unemployment data which would suggest there is a slowing down in the increase of unemployment but still in excess of 2021/22 levels. More localised estimates for 2022/23 are difficult to extract.

The second graph shows the actual caseload from 2017/18 to 2019/20 and predicted caseload for 2022/23. This highlights a general decrease in caseload from 2017/18 to 2019/20 and then a large increase in 2020/21, due to economic impact of the COVID pandemic in the working age caseload and offset, in part, by a reduction in the pensioner caseload. For the first 3 months in 2021/22 the pensioner caseload has broadly flatlined but there continues to be a small increase in working age caseload. The estimate for 2022/23 is that the working age caseload will further increase slightly, and pensioner caseload remain static.



Due to the nature of predicting caseload and scheme costs in to 2022/23, sensitivity ranges have been included below.

Sensitivity allowances

Costings estimates for 2022/23, based on a 1.99% increase in council tax and the predicted caseloads above, vary between £47m and £42.5m if there was an overall increase or decrease in caseload of +/- 5%, with these costs having to meet by the general fund and any scheme being unable to be changed mid-year. In addition, Pre COVID and static caseloads have been modelled. All of these are detailed as below.

1.99%	Pre COVID caseload	Static caseload	Predicted caseload*	Increase in caseload*		Decrease in caseload*	
				2.5%	5%	2.5%	5%
Pension Age	£13,252,457	£13,361,098	£13,361,098	£13,695,126	£14,029,153	£13,027,071	£12,693,043
Working Age	£26,236,778	£31,401,537	£32,186,575	£32,186,575	£32,971,614	£30,616,499	£29,831,460
Total	£39,489,235	£44,762,636	£45,547,673	£45,881,702	£47,000,768	£43,643,570	£42,524,504

These have also been replicated for Council Tax Increases of 2.99%, 3.99% and 4.99% as below.

				Increase in caseload*		Decrease in caseload*	
2.99%	Pre COVID caseload	Static caseload	Predicted caseload*	2.5%	5%	2.5%	5%
Pension Age	£13,382,395	£13,494,708	£13,494,708	£13,832,075	£14,169,443	£13,157,340	£12,819,972
Working Age	£27,021,256	£31,715,552	£32,508,440	£32,508,440	£33,321,151	£30,883,018	£30,129,775
Total	£40,403,651	£45,210,260	£46,003,148	£46,340,515	£47,490,594	£44,040,358	£42,949,747
				Increase in caseload*		Decrease in caseload*	
3.99%	Pre COVID caseload	Static caseload	Predicted caseload*	2.5%	5%	2.5%	5%
Pension Age	£13,512,334	£13,623,106	£13,623,106	£13,963,684	£14,304,262	£13,282,529	£12,941,951
Working Age	£27,283,624	£32,017,314	£32,817,747	£32,817,747	£33,618,180	£31,216,881	£30,416,448
Total	£40,795,958	£45,640,421	£46,440,854	£46,781,431	£47,922,442	£44,499,410	£43,358,400
				Increase in caseload*		Decrease in caseload*	
4.99%	Pre COVID caseload	Static caseload	Predicted caseload*	2.5%	5%	2.5%	5%
Pension Age	£13,642,273	£13,754,110	£13,754,110	£14,097,963	£14,441,816	£13,410,258	£13,066,405
Working Age	£27,545,992	£32,325,202	£33,133,332	£33,133,332	£33,941,462	£31,517,072	£30,708,942
Total	£41,188,265	£46,079,313	£46,887,443	£47,231,296	£48,383,279	£44,927,330	£43,775,347

Recommendation

The recommendation for 2022/23 is to keep Bristol's CTR scheme as is.

Cabinet Member / Officer Recommendations:

That Cabinet

1. Approves the Council Tax Reduction Scheme 2022/23.

Corporate Strategy alignment:

The current CTR scheme aligns to the corporate strategy in which the vision is for Bristol to be a City:-

1. In which everyone benefits from the city's success and no-one is left behind.
2. Where people have access to decent jobs and to affordable homes.
3. In which services and opportunities are accessible.
4. Where life chances and health are not determined by wealth and background.

This is through providing support to households who are on a low income, so that levels of poverty are reduced with the benefits to health and opportunities that this brings.

City Benefits:

Current levels of support protect households on a low income who have been impacted by the COVID pandemic, as well as by various previous freezes and changes to benefit and tax credits and to those who have suffered a loss of income as a result of the current economic circumstances.

Consultation Details:

None at present or unless the scheme is to be changed.

Background Documents:

Bristol City Council's CTR scheme for 2021/22

www.bristol.gov.uk/benefits-financial-help/bristols-local-council-tax-reduction-scheme

Cabinet paper and approval of Bristol City Council's CTR scheme for 2021/22

[Council Tax Reduction 2021 22 Report Cabinet 14 07 2020 Final.pdf \(bristol.gov.uk\)](#)

Resources Scrutiny Commission paper of Bristol City Council's CTR scheme for 2021/22

[Council Tax Reduction Scheme Report.pdf \(bristol.gov.uk\)](#)

Revenue Cost	£NA	Source of Revenue Funding	NA
Capital Cost	£ NA	Source of Capital Funding	NA
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 requests a decision from Cabinet as to whether to maintain the CTR scheme 'as is' for 22/23 (and commence review in time for 23/24) or whether to review and possibly alter the scheme in time for 22/23.

The Benefits Service latest planning model includes the following key assumptions for 22/23 –

- That there is a 1.99% increase in Council Tax rate from 21/22 to 22/23
- That there is a +2.5% change in working age caseload and no move in pension age caseload.

So that total costs (excl. Hardship funding) would increase by £3.3m (7.8%) from £42.3m in 21/22 to £45.6m in 22/23.

Against this, the last MTFP as prepared in Q3 2021/22 assumed -

- That there would similarly be a 1.99% increase in Council Tax rate from 21/22 to 22/23
- But that there would be no move in either working age caseload or pension age caseload

So that for 22/23 total costs were planned per the MTFP to be £45.1m for 22/23.

Consequently, allowing for BCC continuing to hold an 85% precept in the overall scheme cost, this report's proposal indicates a £0.5m pressure.

Sensitivity analysis on these latest planned caseload assumptions shows that costs for 2022/23 could vary between £42.5m and £47m, a £4.5m range, if there was an overall decrease or increase in caseload of +/- 5%.

Any further increase in Council Tax, assumed at 1.99%, would incur additional pressure with +1% point in Council Tax equating to +£0.5m pressure (before changes in caseloads).

Finance Business Partner: Jemma Prince, Finance Business Partner, 11th October 2021

2. Legal Advice: Section 13A of the Local Government Finance Act requires each billing authority to have a scheme specifying the reductions to apply to amounts of council tax payable by people whom the authority considers are in financial need. Schedule 1A of the Act requires each billing authority to consider whether to revise its scheme or to replace it with another scheme every financial year.

Legal Team Leader: Sarah Sharland. Legal Team Leader 21 October 2021

3. Implications on IT: No anticipated impact on IT Services

IT Team Leader: Simon Oliver, 13th October 2021

4. HR Advice: There are no HR implications of continuing the current scheme as is. There would be additional staffing costs to manage the implementation of a changed scheme.

HR Partner: James Brereton (HR Business Partner), 13th October 2021

EDM Sign-off	Mike Jackson	8 September 2021
Cabinet Member sign-off	Craig Cheney	8 September 2021
For Key Decisions - Mayor's Office sign-off	Mayor's Office	4 October 2021

Appendix A – Further essential background / detail on the proposal	NO
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	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
Appendix L – Procurement	NO