

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 07 June 2022

TITLE	Council Tax Reduction Scheme 2023/24												
Ward(s)	All												
Author: Matthew Kendall	Job title: Benefits Technical Manager												
Cabinet lead: Deputy Mayor/Cabinet member for City Economy, Finance and Performance, Cllr Cheney	Executive Director lead: Mike Jackson												
Proposal origin: Other													
Decision maker: Cabinet Member													
Decision forum: Cabinet													
Purpose of Report:													
<ol style="list-style-type: none"> 1. Provide an update on the Local Council Tax Reduction (CTR) scheme 2. Provide illustrative options for the scheme 3. Seek approval of the CTR scheme 2023/24. 													
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 nearly three quarters of working age households all their Council Tax.</p>													
<table border="1"> <thead> <tr> <th>Percentage of council liability covered by CTR</th> <th>Number of working age households</th> </tr> </thead> <tbody> <tr> <td>Under 50%</td> <td>2,867</td> </tr> <tr> <td>50 – 74%</td> <td>1,539</td> </tr> <tr> <td>75 – 99%</td> <td>1,923</td> </tr> <tr> <td>100%</td> <td>17,665</td> </tr> </tbody> </table>				Percentage of council liability covered by CTR	Number of working age households	Under 50%	2,867	50 – 74%	1,539	75 – 99%	1,923	100%	17,665
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<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 except Bristol, have made some changes to their CTR scheme for working-age households - almost all of them reducing support, with the most common being the introduction of a minimum payment of around 20%.</p>													
<p>In 2022/23 only two of the sixteen Benefits Core Cities members have changed their CTR scheme, both making it more generous, with one increasing the minimal level of support from 85% to 90% and the other adding an additional group to 100% of a household’s Council Tax liability.</p>													

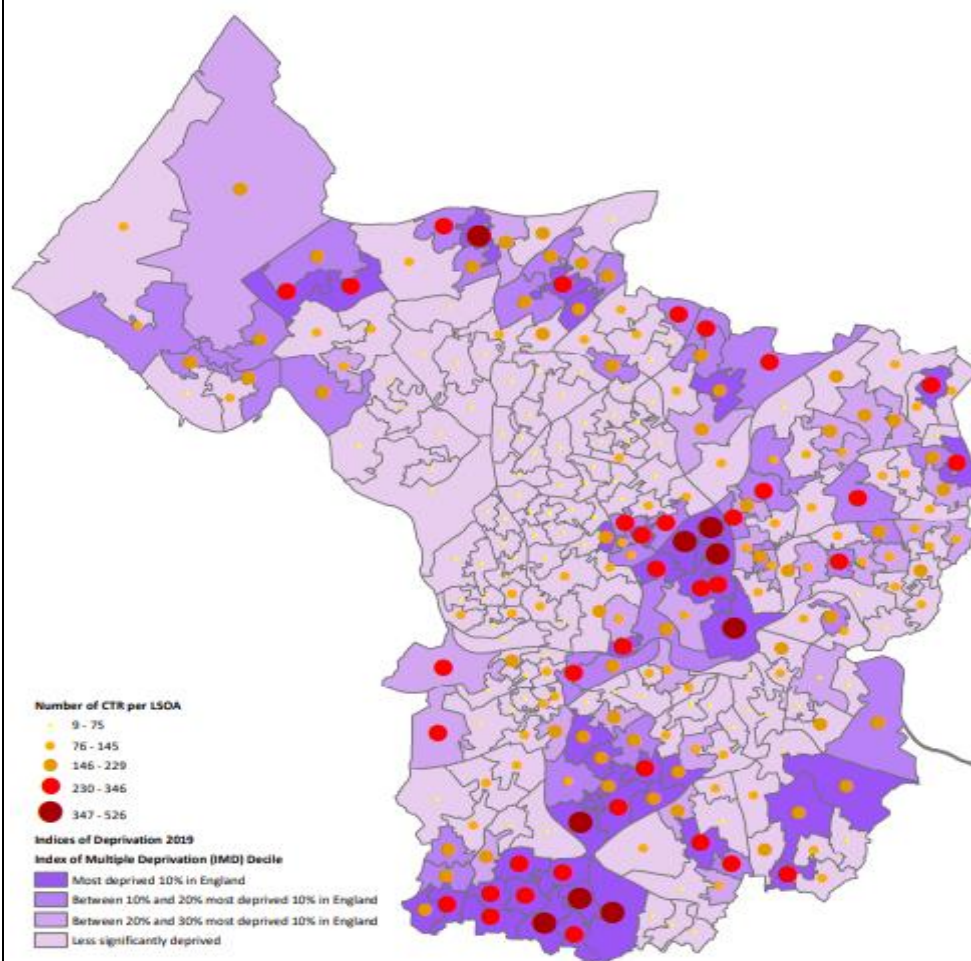
Our scheme supports 34,338 households who are on a low income of which just over 24,000 are working age. As the scheme supports those on a low income, the most deprived areas of Bristol tend to see concentrations of households who are receiving CTR.

A full equalities impact assessment has been completed which illustrates those households that benefit from the current scheme and/or would be affected by any changes to it. Any changes to the scheme would have to have due regards to any impact on 'vulnerable' households, plus consideration of possible transitional protection, if entitlement is reduced. Vulnerability is not defined but guidance suggests should be with regard to the Equality Act 2010.

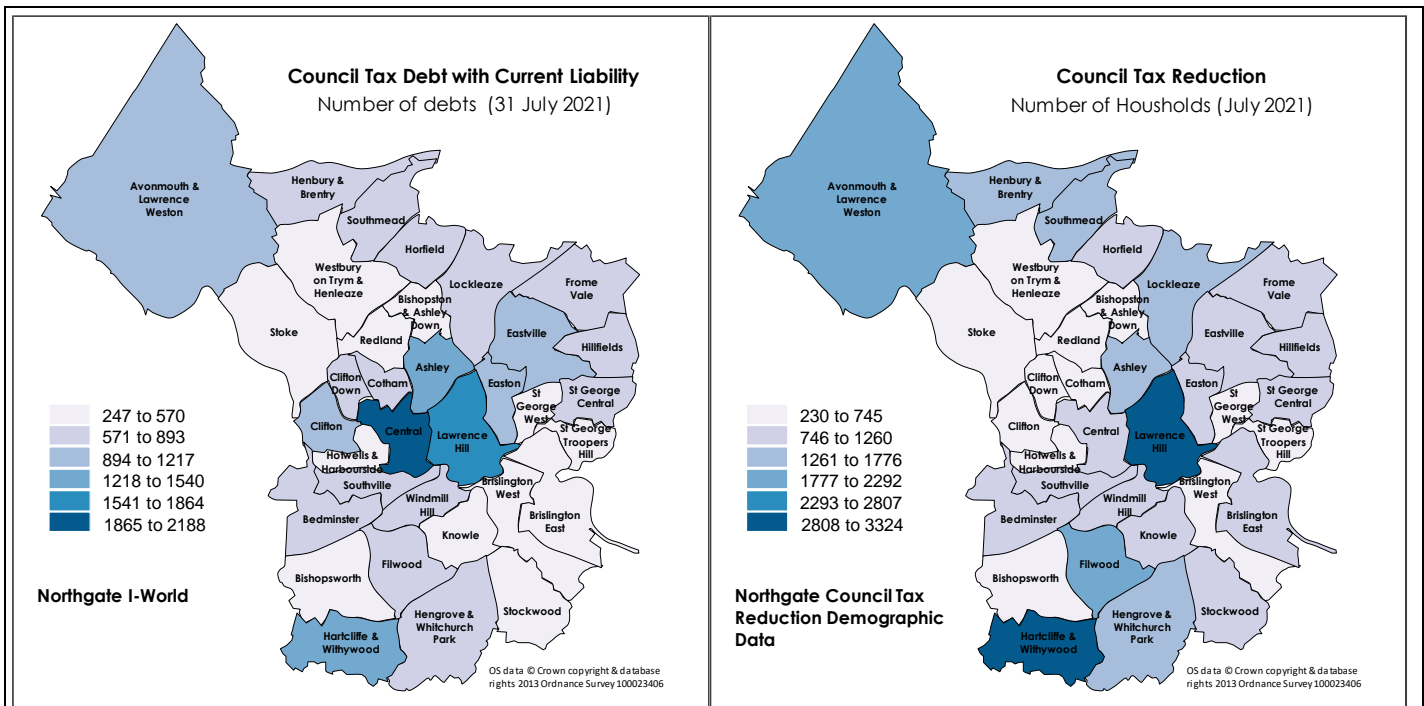
Impact of Council Tax Reduction on Council Tax Debt and deprivation for low-income households

The first map (also contained within the equalities impact assessment – appendix E) shows the number of households on CTR compared to areas of deprivation by Lower Super Output Area (LSOA) and the correlation between the two, and that CTR awards are going to those households and areas most in need.

This map shows 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



The next map shows 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.

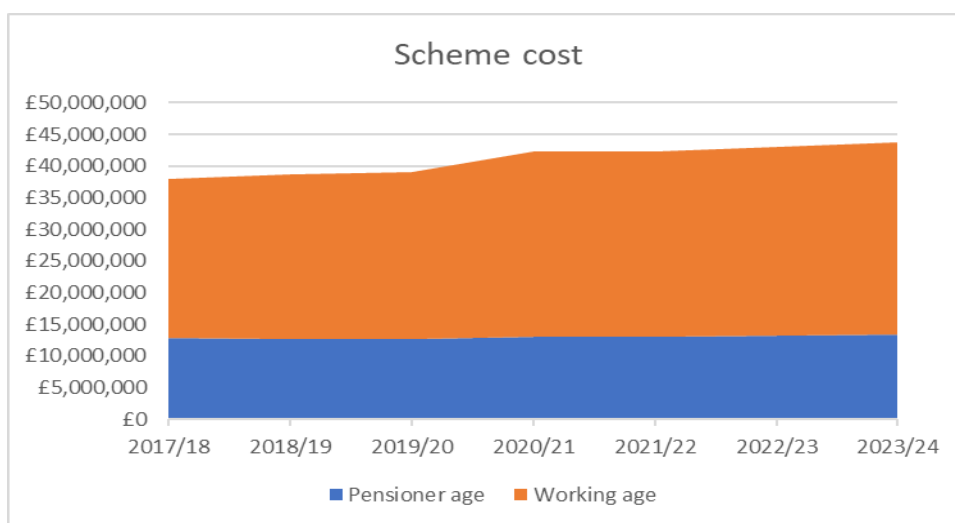


Current and projected scheme costs and caseload

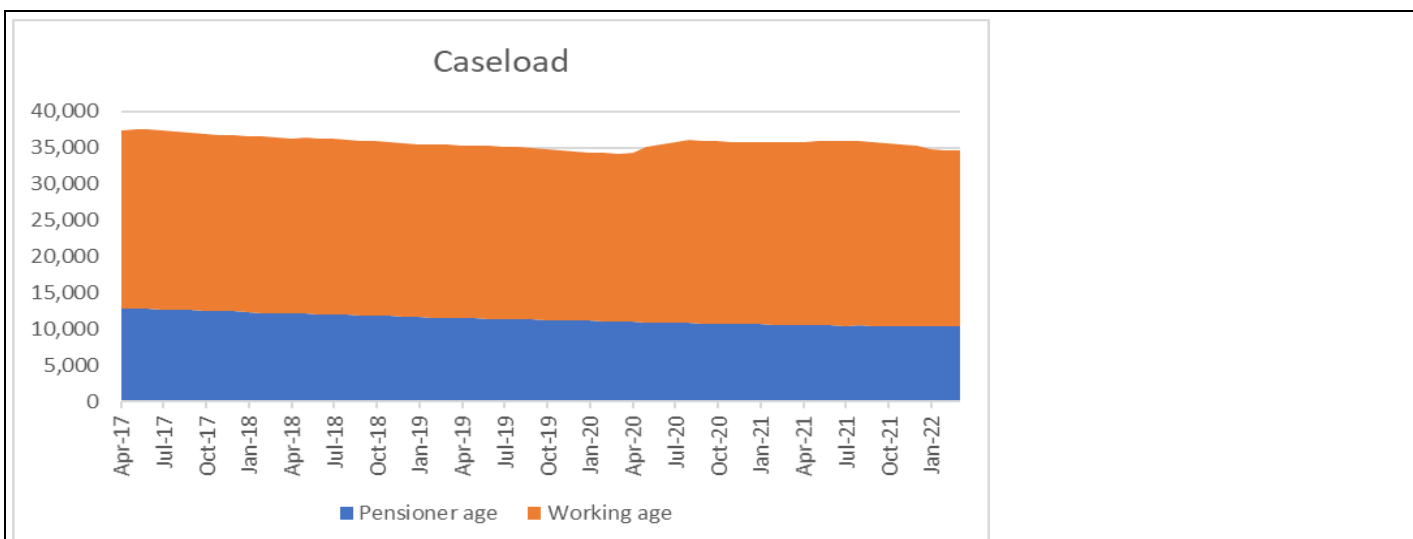
Bristol's CTR scheme as of April 2022 costs £43million. The working age scheme costs £30million and the pension age scheme costs £13million. Recent trends suggest that the caseload is reducing slowly after the pandemic and parts of the economy are opening again. The overall reduction in households claiming CTR was 3.38% over the financial year 2021/22.

The graph below shows the costs of the scheme since 2017/18 and projected costs for 2023/24. The scheme cost has generally increased slightly year on year because of annual increases in council tax (including the precepts for adult social care and amounts levied by the policy and crime commissioner and Avon fire authority).

The increase in 2020/21 was because of the pandemic and increase in demand on the working age scheme. Projections to include year-end 2022/23 and 2023/24 are based on a static caseload and a 1.99% increase in council tax in 2023/24. The estimated scheme cost for 2023/24 is almost £44million.



The graph below shows the caseload trends since 2017/18 to March 2022. This shows a slight decline in the pension age caseload over time. After an increase due to the pandemic, the working age caseload is beginning to reduce. However, it is around 1,000 households more than pre-pandemic levels.



Due to the nature of predicting caseload and scheme costs in to 2023/24, sensitivity ranges have been included below. These are based on a 1.99% increase in council tax and provided for a 2.5% increase or decrease in caseload, the current caseload trend (see appendix A) and a 5% increase or decrease in caseload. The below estimates include increases in benefits rates for working age and pensioners in 2022/23, including the ending of the pensioner triple lock, whilst also noting rates are not known for 2023/24, but are included within the sensitivity allowances. Similar analysis is also in Appendix A based on a 3.99% increase in council tax.

No change	Current trend	2.5% increase	5% increase	2.5% decrease	5% decrease
£43,851,482.07	£42,050,511.06	£44,947,769.12	£46,044,056.18	£42,755,195.02	£41,658,907.97

Scheme history and requirement to consult

Bristol reviews its scheme each year in line with legislation but has only consulted twice. Once on inception of the scheme in April 2013 and again in 2017, when it looked at potential changes to its 2018/19 scheme. For all other years, a decision was made at cabinet level to retain the current scheme. No changes have been made to the scheme since 2013.

If Bristol did decide to alter its scheme for 2023/24 it would need to formulate options for change and a period of consultation of around 6 – 8 weeks over the Summer of 2022, with a further report plus recommendation for the scheme, going back to Cabinet, by the Winter of 2022/23.

It is also recommended that a similar paper also goes through Scrutiny, which also looks in to impacts associated with Universal Credit.

The statutory deadline for a decision on next year's scheme is 11th March 2023, but to meet internal budget setting deadlines, would need to be made by January 2023 Cabinet.

Illustrative scheme options

Appendix A outlines the estimated cost of the scheme in 2023/24 and provides illustrative options for a 10% and 20% reduction in support for those of working age. Such options would deliver a gross annual saving of £3million and £6million respectively. However, this would mean the withdrawal of support to many of Bristol's lowest income households, increased debt and recovery costs, and hardship at a time where inflation is high and other bills and utilities have seen double digit growth.

If any potential saving option would have been taken, it would have not needed to be taken in full, but could be reinvested to support low income vulnerable households either by; supporting some/all existing CTR recipients via transitional protection awards or ongoing ones, or a distinct discretionary fund to further reduce Council Tax for

those most in need, or alternatively rediverting funds in to the council's Local Crisis and Prevention Fund (LCPF).

There are no proposed changes in respect of the 2023/34 Council Tax Reduction Scheme.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Approves the Council Tax Reduction scheme 2023/24.

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 are being affected by the increased cost of living, may still be dealing with financial losses because of the pandemic and below inflation increases to benefits and tax credits.

Consultation Details: None at present unless changing the scheme, plan to attend Scrutiny

Background Documents:

Bristol City Council's CTR scheme for 2022/23

[Council tax reduction scheme - bristol.gov.uk](https://www.bristol.gov.uk/council-tax-reduction-scheme)

Cabinet report for CTR scheme in 2022/23

[Council Tax Reduction Scheme 2022 23 Cabinet Report.pdf \(bristol.gov.uk\)](https://www.bristol.gov.uk/council-tax-reduction-scheme-2022-23-cabinet-report.pdf)

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 provides an update regarding the Local Government Council Tax Reduction Scheme and goes on to recommend that Cabinet maintains the CTR Scheme 'as is' for 23/24.

The Benefits Service latest planning model includes the following key assumptions for 23/24 –

- That there is a 1.99% increase in Council Tax rate from 22/23 to 23/24
- That both the working age caseload and the pension age caseload remain static for 23/24 (although noting that the current trend is downward)
so that total costs (excl. Hardship funding) would increase by £0.9m from £43m in 22/23 to £43.9m in 23/24.

Against this, the last MTFP as prepared in Q3 2022/23 assumed –

- Similarly that there would be a 1.99% increase in Council Tax rate from 22/23 to 23/24
- But that whilst the working age caseload would remain static for 23/24, the pension age caseload (which

represents broadly a third of total caseload) would reduce by -2.74% in 23/24 so that total costs per the MTFP were planned to increase by £0.5m in 23/24.

Consequently, allowing for BCC holding an 85% precept in the overall scheme cost (as for Budget 22/23 precept position) this report's proposal indicates £0.4m incremental pressure to that planned for 23/24.

Sensitivity analysis on these latest planned caseload assumptions shows that costs for 2023/24 could vary between £41.6m and £46.0m, a £4.4m range, if there was an overall decrease or increase in caseload of +/- 5%.

Any further increase in Council Tax, currently assumed at 1.99%, would incur additional pressure with +1% point in Council Tax equating to +£0.4m pressure (before changes in caseloads).

Finance Business Partner: Jemma Prince, Finance Business Partner, 19 May 2022

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.

The decision maker must take into consideration the information in the Equalities Impact Assessment before taking the decision.

Legal Team Leader: Husinara Jones, Team Leader/Solicitor 6 May 2022

3. Implications on IT: I can see no implications on IT in regards to this activity.

IT Team Leader: Gavin Arbuckle – Head of Service Improvement and Performance, 3 May 2022

4. HR Advice: There are no HR implications of the recommendation to continue the current scheme as is for 2023/24.

HR Partner: James Brereton (HR Business Partner), 16 May 2022.

EDM Sign-off	Mike Jackson	4 May 2022
Cabinet Member sign-off	Deputy Mayor/Cabinet member for City Economy, Finance and Performance, Cllr Cheney	5 May 2022
For Key Decisions - Mayor's Office sign-off	Mayor's office	9 May 2022

Appendix A – Background and illustrative options	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	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

Appendix A – Background and illustrative options

1. No change to the current working age scheme

The following table shows the forecast costs of the CTR scheme if it is unchanged and council tax is increased by 1.99% or 3.99% in 2023/24:

Council Tax increase	No change in caseload	Current caseload trend ¹	2.5% increase in caseload	2.5% decrease in caseload
1.99%	£43,851,482.07	£42,050,511.06	£44,947,769.12	£42,755,195.02
3.99%	£44,711,399.36	£42,875,111.72	£45,829,184.34	£43,593,614.38

This option would protect the support provided to over 23,000 households who are on a low income in 2023/24.

The table below outlines the key advantages and disadvantages of this option:

Advantages	Disadvantages
<ul style="list-style-type: none"> Continues to protect households at the same levels as CTB Supports households who are already experiencing increased living costs 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 Lower demand for citizen services, fewer queries 	<ul style="list-style-type: none"> Costly and gets more expensive as council tax and/or caseload increases Will directly impact on the provision of other services as less council tax raised

2. All working age households pay a minimum of percentage of their council tax liabilities

The following tables shows the forecast costs and gross savings if a minimum charge of was applied to all working age CTR recipients and council tax is increased by 1.99% or 3.99% in 2023/24:

Minimum payment of 20% of liability

Council tax increase of 1.99%				
	No change in caseload	Current caseload trend	2.5% increase in caseload	2.5% decrease in caseload
Scheme cost	£37,771,561.14	£36,216,134.18	£38,715,850.17	£36,827,272.11
Gross saving	£6,079,920.94	£5,834,376.88	£6,231,918.96	£5,927,922.91

Council tax increase of 3.99%				
	No change in caseload	Current caseload trend	2.5% increase in caseload	2.5% decrease in caseload
Scheme cost	£38,248,464.44	£36,673,777.23	£39,204,676.05	£37,292,252.83
Gross saving	£6,462,934.92	£6,201,334.49	£6,624,508.30	£6,301,361.55

¹ The caseload trend is a 4.26% reduction for pensioners and 4.04% for working age people in the financial year 2021/22

This will affect around 23,000 households, paying an average of £264.18 additional council tax per annum if the council tax increase is 1.99%. This would increase to £280.83 for an increase of 3.99%.

Minimum payment of 10% of liability

Council tax increase of 1.99%				
	No change in caseload	Current caseload trend	2.5% increase in caseload	2.5% decrease in caseload
Scheme cost	£40,811,521.60	£39,133,322.62	£41,831,809.64	£39,791,233.56
Gross saving	£3,039,960.47	£2,917,188.44	£3,115,959.48	£2,963,961.46

Council tax increase of 3.99%				
	No change in caseload	Current caseload trend	2.5% increase in caseload	2.5% decrease in caseload
Scheme cost	£41,348,037.82	£39,648,171.05	£42,381,738.76	£40,314,336.87
Gross saving	£3,363,361.54	£3,226,940.67	£3,447,445.58	£3,279,277.51

This will affect around 23,000 households, paying an average of £132.09 additional council tax per annum if the council tax increase is 1.99%. This would increase to £146.14 for an increase of 3.99%.

The table below outlines the key advantages and disadvantages of this option:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Has potential to make significant savings even when recovery rates are considered • Savings made can be used to provide funding for other services • Targeted support can be given to those most in need 	<ul style="list-style-type: none"> • Increases costs to households when there are increases in other expenses • Increases debt to the council for low income households • Increases overall costs of recovery for relatively small sums from lots of households • May not protect vulnerable households • Will disproportionately affect some equality groups • Requirement for consultation process • Cost involved in developing scheme • Increased demand for citizen services, more queries • May be politically unpopular and result in more complaints