

NOTES

FINANCE TASK GROUP – 19 APRIL 2023

Attendance:

Councillors: Cllr Gollop (Chair), Cllr Brown, Cllr Fodor, Cllr Goulandris, Cllr Goodman, Cllr Hopkins, Cllr McAllister (substitute for Cllr Mack), Cllr Rippington

Apologies: Cllr Bradshaw, Cllr Mack

Officers: Graham Clapp, Matthew Kendall, Ian McIntyre, Jane Hadley, Ian Hird

1. Apologies: apologies were received from Cllr Bradshaw and Cllr Mack.

2. Council Tax Reduction Scheme (CTRS) 2024/25

Members noted that the slide deck to be worked through at this session had been pre-circulated, setting the following agenda:

- Introduction and key questions
- Timescales
- Background
- National picture and other council schemes
- Illustrative options
- Wider impacts
- Vulnerable groups and protection
- Alternative schemes
- Collection rates
- Next steps

Main points raised / noted:

1. Slide 3 – Objectives of the Group

In response to opening comments from the Chair, the following was agreed in relation to clarifying the Group's objectives:

The Group notes that:

- a. The administration has agreed to modify the CTRS for 2024/25, to reduce the net costs to the Council by at least £3million.
- b. There were/remain varied views about this proposal across the Council's political groups; however, it is recognised that at the Council budget meeting in February 2023, more councillors voted for this proposal than against; therefore, the proposal effectively became Council policy with effect from the Council budget meeting.
- c. The Group essentially sees its role as examining proposals in detail with a particular focus on minimising impacts on the city's most vulnerable residents and those who are most likely to be disadvantaged financially by changes to the scheme.

2. Slides 11-24 – covering 2024/25 illustrative options ('As is'; 10% minimum payment for all working age households; 20% minimum payment for all minimum age households), plus associated impact mapping, detail on household level impact and vulnerable group protection:

a. Whilst noting that the options presented were illustrative, the Group should have the opportunity to assess a range of further modelled/nuanced/tapered options as well. Setting flat rate minimum payment options that apply to all may not achieve the objective of ensuring that the 'most help' is given to those who most need it. The Group will need to consider a wide range of scenarios in assessing which ones will be the most appropriate to take forward for public consultation, bearing in mind the objective is to achieve savings of at least £3m whilst minimising impacts on the most vulnerable residents.

b. In response to questions, it was noted that:

- whilst the current £16k capital 'limit/cut-off' could be adjusted, this in itself would not generate significant savings (further detail could be provided on this point).

- the other precepting authorities (fire and police authorities) did not contribute to CTRS administration costs.

c. In response to points raised around savings, it was noted that significant efficiencies have already been implemented. Whilst increased administrative costs are likely to be unavoidable in adjusting the CTRS, the changes made should seek to minimise additional cost – for example, it would be useful to avoid an increase in time-consuming activities such as multiple/repeated billing to low income households who are subject to monthly but relatively small variations in their income levels. It was noted that some authorities, in relation to banded schemes, have chosen to ignore small changes in income.

3. Slides 25-35: covering alternative (banded) schemes, collection rates:

a. Debt advice: In response to a question, it was noted that if individuals contact the Council, they will be informed of/directed to debt advice options.

b. Further issues were raised on anticipated administration costs, including the issue of whether there was an indication about the level of collection rate that would be required under a revised scheme for the authority to 'break even' in relation to increased administration costs. It was noted that further refinement of costs and in-depth analysis will need to take place as options are developed in detail.

c. It was noted that in Sheffield, an initial collection rate of 65% for working age CTR recipients had improved over a number of years to approx. 75%. In adjusting Bristol's scheme, it will be critical to closely monitor collection rates, noting that it would not be possible to fully assess savings until the end of the 2024/25 financial year.

d. It was suggested that in examining the range of potential scheme models/options, members will focus on identifying what are likely to be the 'least worst' options in terms of impact on vulnerable people and low income households.

e. In examining potential options, it will be helpful to work through case studies/examples to assist members in assessing impacts. It was noted that a consultation model/tool was available which will assist in assessing different scenarios.

Meeting conclusion - response to key questions posed in slide 4:

1. Do you have any alternatives or changes to the illustrative options that you would like to see explored further?

Member response: The illustrative options as presented are noted. Members will wish to consider a wide range of potential scheme models/options; members' focus will be on identifying what are likely to be the 'least worst' options in terms of impact on vulnerable people and low income households, with careful assessment also needed on the estimated additional administrative costs.

2. Are there any other perceived impacts that changing the scheme will have that you would like to see explored further?

Member response: As per above, further background data on options will be required to enable impacts to be assessed.

3. What are the options that you would like to progress to public consultation?

Member response: It is not possible to identify firm options at this stage. Recognising the complexities involved, it is likely that a number of meetings of the Group will be required to work through scenarios and assess options.

It is recognised that officers will reflect on the points raised at this session; a further meeting will then be convened at the earliest opportunity with a view to confirming the approach/next steps, in anticipation that a number of meetings of the Group are likely to be required.

NOTES

FINANCE TASK GROUP – 3 MAY 2023

Attendance:

Councillors: Cllr Gollop (Chair), Cllr Mack, Cllr Bradshaw, Cllr Fodor, Cllr Goulandris, Cllr Goodman, Cllr Hopkins, Cllr Rippington, Cllr Clark (substitute for Cllr Brown), Cllr McAllister (substitute for Cllr Makawi)

Apologies: Cllr Brown

Officers: Graham Clapp, Matthew Kendall, Ian McIntyre, Jane Hadley, Ian Hird

1. Apologies: apologies were received from Cllr Brown.

2. Council Tax Reduction Scheme (CTRS) 2024/25

Members noted that the slide deck to be worked through at this session had been pre-circulated, setting the following agenda:

- Objectives / key questions
- Timescales update
- Background (reminder and update)
- Options and appraisals
- Detail of additional features
- Collection rates
- Next steps

Main points raised / noted:

1. Objectives of the Group (slide 3):

As per the discussion at their first meeting, the Group noted/were reminded of the following context:

- There were/remain varied views about the proposal to modify the CTRS for 2024/25 across the Council's political groups; however, it was recognised that at the Council budget meeting in February 2023, more councillors voted for this proposal than against; therefore, the proposal effectively became Council policy with effect from the Council budget meeting.
- The administration had accordingly agreed to modify the CTRS for 2024/25, to reduce the net costs to the Council by at least £3million.
- Officers were working to a timetable in line with the intention of the administration to take a decision at the 4 July Cabinet on the consultation options.

2. Three potential scheme options were presented, together with the related option appraisals (slides 7-21):

- Option 1: Standard scheme, with tolerances, e.g. to ignore small changes in income (e.g. £15 per week change in income, £3 in CTR entitlement) which would reduce the volume of re-billing for those with fluctuating incomes.
- Options 2a and 2b: Banded Scheme options.

In relation to both of the banded scheme options, in terms of households with children, it was noted that both schemes would have a disproportionate impact on households with children where the applicant, partner or both were working (over 80% of these households would lose more than £10 per week). In terms of households where someone had a disability, the modelling indicated that 25% of those who would lose more than £10 per week were identified as meeting a definition of vulnerability due to disability.

3. In discussion, it was noted that officers' preferred option at this point from a technical/administrative perspective was Option 1 (Standard scheme with the application of tolerances), perhaps with a delayed review period of up to 6 months, noting that this option had the following advantages:

- Applicants would already be familiar with the means testing process.
- The standard scheme was more straightforward to develop and administer compared to other options.
- This option was fairer and based more on people's need.
- This option avoided the creation of 'cliff edges' in entitlement for small income changes.
- Larger families and disabled people would not be disproportionately affected.

4. It was noted that the Banded Scheme options did generally have the advantages of being easier to communicate than the standard scheme and would provide stability in terms of applicants paying a set amount each month. However, banded schemes presented a number of potential disadvantages, including:

- A higher scheme development/modelling cost.
- Potential for unsatisfactory 'outlier' outcomes when compared with means tested CTR entitlement.
- Creating 'cliff edges' in entitlement when people moved between income bands.
- The scheme could be less fair as it could not fully account for individual household circumstances.
- Disabled people and households with dependants could be disproportionately affected.
- Any administrative saving could be eroded by applications for discretionary support.

5. It was noted that a very wide range of scenarios at household level could be modelled. The pre-circulated information on nine household level examples/scenarios (referred to also at slide 22) was noted. It was suggested that it would be useful to also show the amount that applicants were expected to pay under each example. It was noted that due to the sheer number of potential scenarios that could be applied, it was not easy to compare options and their implications visually via a graph.

Officers commented that whilst some local authorities had opted for banded schemes, most authorities facing these circumstances had continued to operate a standard scheme on the basis that, in overall terms, it was often seen as the fairest option. Under a banded scheme, administration also became more complex as more bands were added.

6. Details on options for protecting vulnerable groups were outlined (slides 25-28). Via an online 'in-meeting' poll, members responded to the following question: Would you like to protect any 'vulnerable' group (noting additional cost to those not protected) and if so which one(s)?

The responses submitted at this point by members in terms of vulnerable groups who should be protected were as follows:

- People with disabilities.
- Households with young children, especially those with low incomes.
- Those most severely impacted as a proportion of their income.

It was noted that the above should be regarded as initial feedback only as members would wish to give further detailed consideration to these issues (see 'conclusions' section below).

7. It was noted (slides 30-34) that there were a number of additional optional features that could potentially be added into either a standard scheme or banded scheme consultation option, including:

- a. Abolishing the 'second adult' rebate (a discount for people with a second adult on a low income but who did not qualify for CTR themselves).
- b. Reducing the capital limit from £16k to £6k.
- c. A minimum award of £3 per week.
- d. A flat rate reduction.
- e. Increase the backdating of awards.
- f. Introducing an advertised additional support scheme.

Initial member feedback through an 'in-meeting' on-line poll indicated a degree of potential support for including some additional features, especially in relation to introducing an advertised additional support scheme. It was again noted, however, that this should be regarded as initial feedback as members would wish to give further detailed consideration to these matters. It was noted that an advertised additional scheme would, for example, incur additional costs (estimated at approx. £375k).

8. The anticipated additional costs (slide 37) were noted. It was noted that further work would need to take place to clarify/interrogate some aspects (e.g. the estimated £356k cost of additional customer service centre/service point staff). It was anticipated that some costs may to an extent be 'upfront' costs to account for 2024/25 'year one' introduction costs, some of which may reduce once the revised scheme has been operational for a period.

9. Members suggested that it would be important to take into account the views of groups dealing with vulnerable people.

10. It was suggested that another important issue to consider was the local economic impact/multiplier effect that would be felt in the most economically deprived wards of the city through the implementation of this £3m budget saving.

Meeting conclusion / next steps:

1. It was noted that officers will continue their work in preparing a report for the 4 July Cabinet in line with the intention of the administration to take a decision at that meeting on CTRS consultation options.

2. Given the complexities around this matter, members indicated that they wished to take time to reflect carefully on all the detailed information as presented at this meeting and at their previous meeting held on 19 April. It was agreed that an informal, online meeting of the Resources Scrutiny Commission should be scheduled for 2-3 weeks' time to enable members to have an open discussion on the proposals/options, and to begin to formulate comments. It would be helpful for a finance officer(s) to attend this session, if possible, to respond to questions/clarify points of detail.

It was suggested that any further member questions on factual matters should be submitted by a suitable deadline, e.g. 3 working days in advance of the informal meeting, with a proviso that members try to avoid submitting an unmanageable number of advance questions, mindful of officer time.

3. A formal public meeting of the Resources Scrutiny Commission should also be arranged ahead of the 4 July Cabinet meeting so that members have an opportunity to express their views in a public setting following the publication of the Cabinet report, and to enable members' comments to be formalised in advance of the Cabinet meeting. *

4. It was suggested that it would also be appropriate for the Resources Scrutiny Commission to review the results/outcomes of the consultation in due course.

** Note: subsequently, it was agreed at the 6 June scrutiny work programme workshop that rather than hold a public meeting of the Resources Scrutiny Commission ahead of the 4 July Cabinet, the Commission would instead meet in public in the early autumn to review the consultation outcomes and to formulate a further detailed scrutiny submission at that point ahead of the administration's consideration of a final decision on a revised scheme.*

NOTES – FINANCE TASK GROUP

1.00 - 3.00 pm, Tuesday 23 May 2023

Attendance:

Councillors: Cllr Gollop (Chair), Cllr Mack, Cllr Bradshaw, Cllr Fodor, Cllr Goodman, Cllr Hopkins, Cllr Rippington, Cllr McAllister (substitute for Cllr Makawi)

Cabinet member: Cllr Cheney

Apologies: Cllr Goulandris

Officers: Denise Murray, Graham Clapp, Matthew Kendall, Ian McIntyre, Ian Hird

DISCUSSION ON THE REVIEW OF THE LOCAL COUNCIL TAX REDUCTION SCHEME (CTRS)

A. Introduction / scene setting

1. Denise Murray presented a slide deck (enclosed as Appendix 1) setting out:

- The medium-term budget overview.

- A summary of the 2023/24 budget baseline, plus an update on the context of emerging pressures around inflation, pay awards and delivery of savings. Given this context, it was noted that as a result of the Full Council's agreement to revise the CTRS as part of the Council budget approved in February, a £3m saving was required to be delivered in 2024/25. If this saving was not ultimately delivered, it would be necessary to secure savings from elsewhere across the organisation in order to deliver a balanced budget, noting the wider context that approx. 70% of the Council's spend now related to the Children's & Education and Adult & Communities directorates, whose budgets were also the subject of very significant savings targets.

- An illustrative example of how the consultation on options for revising the scheme could potentially be shaped.

2. It was noted that the report to be submitted to the Cabinet on 4 July was to determine the consultation content; a range of options and questions could be included as part of the consultation.

B. Points/questions raised in discussion:

1. The Chair referred to the example banded option (as circulated prior to the meeting) which officers had worked through at his request, noting that the results of this exercise reflected the complexities involved in reviewing the scheme. In order to achieve the £3m budget saving, members needed to consider the principles and issues around whether it

was more appropriate to require all or a high percentage of those households affected to make a financial contribution, or whether to require a smaller percentage of those affected to pay a higher level of contribution.

2. It was noted that clarification had now been given around a wider range of options and questions being potentially included as part of the consultation. For example, in addition to seeking views on scheme options (e.g. changing the scheme to reduce entitlements by a standard percentage or banded percentage options; or changing the scheme so that entitlements were based on bands of income), it was also now suggested that consultation could additionally take place in terms of seeking views about particular scheme features such as:

- whether to reduce the capital 'cut-off' limit.
- providing protection within the scheme for particular vulnerable groups.
- providing additional support for vulnerable groups through a discretionary fund outside of the CTRS.

3. It was noted that the outcomes from the consultation would be reported back to the Resources Scrutiny Commission in advance of the ultimate decision on a revised CTRS.

4. An equalities impact assessment would be carried out to assess option impacts.

5. In terms of the consultation, it was suggested that it would be particularly important to try to seek as many responses as possible from those vulnerable groups most likely to be impacted by the proposals. It was noted that the intention was to ensure targeted communications to try to reach vulnerable groups; it would also be possible to apply an appropriate degree of weighting (for example, in relation to demography and other relevant factors) in assessing consultation responses, recognising that some vulnerable people may not respond to the consultation.

6. In terms of the possible scheme options, it would be helpful, as part of the consultation, to present information from the perspective/lens of those who will be affected directly by the proposals. This should include illustrative examples of what options will mean to individuals in terms of 'personal cash' / weekly income. It was noted that a Council Tax Reduction Scheme calculator ('Entitled to' calculator) could be made available to help individuals assess the personal financial impact of the options presented. It was noted that no personal data would be required or stored as a result of an individual's interaction with the calculator. The importance of including example case studies/scenarios was stressed as this would help to guide individuals in using the calculator and in assessing options from their perspective.

7. A question was raised about potentially using some of Bristol's household support fund allocation as discretionary funding (i.e. outside of the CTRS) to support vulnerable groups. It was noted, however that the future of this funding was uncertain. A question was also raised about whether surplus future Clean Air Zone income could be utilised; on this point, it was noted that it was anticipated that CAZ income would support the CRSTS programme.

8. The Chair commented that it should be recognised that there were differences of opinion across the Council's political groups on this issue. This might impact on the ability of the Resources Scrutiny Commission to reach a full consensus on aspects of the proposals. The Conservative group view, for example, was that the £3m cost of this saving should be spread across all those households affected, with all those affected making at least a small financial contribution whilst also seeking higher contributions from some through a banded scheme. The example banded scheme that had been worked through in advance of the meeting (see para. 1 above) revealed though the complexities involved, particularly in terms of the difficulty of avoiding 'cliff edge' impacts for some households.

9. Cllr Mack suggested that requiring even a small financial contribution could have a significant impact on the most vulnerable households. She also questioned whether the administrative cost of collecting small amounts of money was viable/cost effective. It was noted that at this point, it would only be possible to estimate these costs. It would be crucial for collection to be as efficient as possible.

10. There was a discussion about whether a 'no change' option should be included notwithstanding the February 2023 Full Council budget decision. It was noted that if such an option was included, it needed to be made clear that non-achievement (or partial non-achievement) of the required £3m saving meant that these savings must be identified elsewhere in Council budgets and would impact therefore on Council services in other areas.

11. On a more general issue, it was suggested that clarity should be sought on the budget setting process for the 2024/25 budget, i.e. whether the budget would be prepared in line with the current constitutional/Mayoral budget preparation rules/guidance or whether a wider, cross-party budget development process was planned given the committee model governance arrangements that will take effect from May 2024.

Concluding points /actions:

1. It was noted that officers will be continuing their work in developing consultation options with a view to the administration taking a decision on the options to take forward at the 4 July Cabinet meeting. It was suggested that, if possible, it would be helpful for Resources scrutiny members to be further engaged through the draft report being shared with members prior to publication.

2. As per the discussion at the 3 May meeting of the Finance Task Group, a formal public meeting of the Resources Scrutiny Commission would be held on 3 July ahead of the Cabinet meeting so that members have an opportunity to express their views in a public setting following the publication of the Cabinet report, and to enable members' comments to be formalised in advance of the Cabinet meeting.* It was noted that, given the different political group perspectives around this issue, the Resources Scrutiny Commission may not be able to reach full consensus on certain aspects of the consultation proposals.

3. The notes of this meeting would be circulated as an 'aide memoire' for members. Members were also encouraged to send in any written comments in advance of the 3 July

meeting that they would like to see included in the Commission's statement to the 4 July Cabinet.

** Note: subsequently, it was agreed at the 6 June scrutiny work programme workshop that rather than hold a public meeting of the Resources Scrutiny Commission on 3 July, the Commission would instead meet in public in the early autumn to review the consultation outcomes and to formulate a further detailed scrutiny submission at that point ahead of the administration's consideration of a final decision on a revised scheme.*