

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 04 July 2023

TITLE	Council Tax Reduction (CTR) Scheme for 2024/25	
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: Stephen Peacock (Chief Executive)	
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 Council Tax Reduction (CTR) scheme in Bristol 2. Agree the options for public consultation for the 2024/25 CTR scheme 		
Evidence Base:		
Background		
<p>Since Council Tax Benefit (CTB) was abolished in 2013, local authorities in England are responsible for designing their own Council Tax Reduction (CTR) schemes for those of working age. Pensioners are protected under a scheme prescribed by the government.</p> <p>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 at the pre-2013 levels. This is up to 100% of a household's council tax liability. For nearly three quarters of working age households entitled to CTR, their council tax liability is currently met in full.</p> <p>Most local authorities chose CTR schemes that provides less support than the scheme 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 but one other Core City have made some changes to their CTR scheme for working age households with almost all of them reducing support. The most common approach being the introduction of a minimum payment of around 20%.</p> <p>It was agreed by the Full Council Budget meeting on 21 February 2023 that the CTR scheme would be reviewed to achieve a minimum £3million saving, after collection rates and contributions to the precepting authorities are considered. If this saving figure is to be achieved, this would result in a change to Bristol's current scheme.</p>		
Scheme cost		
<p>Bristol's CTR scheme as of May 2023 costs £43.4million. The working age scheme costs £30.0million and the pension age scheme costs £13.4million. The cost borne by Bristol City Council is 85% with 15% being borne by the precepting authorities (Avon Fire Authority and the Avon and Somerset Police and Crime Commissioner).</p> <p>Recent trends suggest that the caseload is reducing and is 5% lower than it was 12 months ago (5% reduction in working age households and 3% for pension age households). This would see a fall in expenditure on the scheme if</p>		

council tax were not increased for 2024/25.

It is, however, assumed that council tax will be increased by the maximum of 4.99% for 2024/25. This would create an uplift in the cost of the scheme. The table below shows the forecast cost of the scheme in 2024/25 with sensitivities for current trend as above and a 2.5% increase/decrease in caseload from current levels:

Scheme	Static caseload (£m)	Current trend (£m)	2.5% increase (£m)	2.5% decrease (£m)
Working age	31.6	30.0	32.4	30.8
Pension age	14.1	13.7	14.4	13.7
Total CTR scheme	45.7	43.7	46.8	44.5
Cost difference	0	-2.0	1.1	-1.2

The table below shows the gross saving required from the scheme to achieve a net saving of £3million for 65% and 75% collection rates from working age (WA) CTR recipients.

	£m
Total saving required from scheme for Bristol City Council (noting 15% precept)	3.5
Gross saving from scheme required if collection rate is 75% for WA CTR recipients	4.7
Gross saving from scheme required if collection rate is 65% for WA CTR recipients	5.4
Percentage minimum charge to the WA CTR scheme for 75% collection rate	15%
Percentage minimum charge to the WA CTR scheme for 65% collection rate	17%

The 65% and 75% collection rates are based on intelligence from other core cities, with the lower estimate being more likely in year one of the scheme.

Requirement to consult on changes to the CTR scheme

The Local Government Finance Act 1992 (as amended) requires local authorities consult with precepting authorities, and those likely to have an interest in the operation of the scheme.

Bristol reviews its scheme each year in line with legislation but has only consulted on it twice in the past. Once as part of the introduction of the scheme in April 2013 and again in 2017, when it looked at potential changes to its 2018/19 scheme.

Any consultation would need to take place over the Summer of 2023, as a statutory deadline for a decision on the scheme for 2024/25 is required by the 11 March 2024, but for budget setting purposes and implementation of the scheme, changes must be agreed at Full Council in December 2023.

Recommended options for consultation

The recommended options for consultation are as below. These include some 'main' options, plus some additional 'features' and/or 'protection' that can be added or taken away from these.

Any protection for households with certain characteristics, would mean an increased reduction in support for those unprotected. For example, if workless households with a child under 5 were protected, this would mean any increase in reduction for unprotected households from 10%, 17%, and 20%, to 13%, 19% and 25% respectively, and between £59 to £95 per year, dependent on which option was agreed.

Similarly, if disabled households were protected, this would mean any increased reduction in support for unprotected households from 10%, 17%, and 20%, to 21%, 32% and 41% respectively and between £211 to £460 per year, dependent on which option was agreed.

More detailed explanations of the options and cost/savings implications to the council and households potentially affected are further illustrated in Appendix A1 with wider economic and advice service impacts included in Appendix A2.

Main options.

Option 1: No change to the current scheme*

Option 2: Change the scheme to reduce entitlement by standard percentage (e.g. 10%, 17% and 20%)

Option 3: Change the scheme so that entitlements are based on bands of household income

*This would mean 23,000 households would continue to get the same levels of support as they currently do, but other budgets/public services would be impacted and find the agreed £3m saving elsewhere and in addition to the current savings already outlined by the council.

Features

In addition, there are scheme features which we would like to consult on potentially amending. More detail of impact assessment can be found in Appendix A1.

1. Introducing a minimum payment of £3 per week
2. Abolishing 2nd Adult Discounts
3. Reducing the capital limit to £6,000
4. Introducing disregarded income tolerances changes (standard means tested scheme only)
5. Discretionary fund

Protection (automatic)

Finally, there are possible households that could be protected from option one or two. More detail of impact assessment can be found in Appendix A1.

Examples of these could include disabled households, or those that have a child under 5 and are not in remunerative work. This is not an exhaustive list and others can be included or added to be respondents, if needed.

It is recommended these are the options that Bristol City Council consults on, over the Summer of 2023, for its 2024/25 Council Tax Reduction Scheme.

Cabinet Member / Officer Recommendations:

That the Deputy Mayor/Cabinet member for City Economy, Finance and Performance, Cllr Cheney;

1. Notes the various Council Tax Reduction (CTR) scheme options for 2024/25, in line with the minimum savings target of £3m made at Full Council Budget meeting on 21 February 2023, and implications of these
2. Approve the Summer consultation options for Bristol's 2024/25 Council Tax Reduction (CTR) scheme.

Corporate Strategy alignment:

Any savings will assist to provide a balanced budget in line with the agreed Full Council Budget meeting outcomes on 21 February 2023.

City Benefits:

Continues to support protect households on a low income who are being affected by the increased cost of living, whilst noting at potential lower levels of support for some working age households.

Consultation Details:

1. As above, any changes to the CTR scheme for 2024/25 are subject to consultation with precepting authorities
2. Public consultation also needs to be undertaken with anyone who has an interest in the operation of the scheme
3. Scheme and illustrative options presented to Finance Task Group over several agreed sessions

Background Documents:

Bristol City Council's Council Tax Reduction scheme 2023/24

[COUNCIL TAX REDUCTION SCHEME \(bristol.gov.uk\)](https://www.bristol.gov.uk/council-tax-reduction-scheme)

Previous Bristol City Council cabinet report for 2023/24 scheme

[FINAL - Council Tax Reduction Scheme 2023 24 Cabinet.pdf \(bristol.gov.uk\)](https://www.bristol.gov.uk/council-tax-reduction-scheme-2023-24-cabinet.pdf)

Council Tax collection and low-income Londoners

[Council-Tax-debt-collection-and-low-income-Londoners GLA pub.pdf \(policyinpractice.co.uk\)](https://www.gla.gov.uk/publications/council-tax-debt-collection-and-low-income-londoners)

Budget Council, Full Council - Tuesday, 21 February 2023

[ModernGov - bristol.gov.uk](https://www.bristol.gov.uk/moderngov)

Revenue Cost	Not Applicable	Source of Revenue Funding	Not Applicable
Capital Cost	Not Applicable	Source of Capital Funding	Not Applicable
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input type="checkbox"/>

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

1. Finance Advice: This paper provides an update on the Council Tax reduction (CTR) Schemes and seeks approval to consult on proposed CTR options ahead of any changes in 2024/25. The CTR Scheme currently costs £43.4m with 85% borne by the Council and 15% borne by precepting authorities. It was agreed at Full Council budget meeting on 21 February 2023 for the CTR Scheme to be reviewed with the aim of achieving net savings to the council of £3.0m (after collection rates and contribution to precepting authorities are considered).

Various CTR scheme options are presented with sensitivities of caseloads increasing/decreasing by 2.5% and impact on the savings/cost reduction.

It should be noted that the savings figures presented have been based on revised cost for each increase/decrease assumption and are not savings based on current cost. Therefore, for additional analysis is required to compare the savings to current costs to ensure savings cover costs increases and still achieve the £3m target.

Under the Local Government Finance Act, it's legally required for Local authorities to have a balanced Budget (Income covers expenditure). The Council's Medium Term Financial Plan as presented in the 2023/24 Budget currently presents a cumulative funding gap of circa £27m between 2023/24 to 2027/28 which in the short term is being met by one-off contributions from Reserves. The identification and achievement of significant savings is essential to ensure we live within our means and the CTR scheme is one of such savings. Failure to achieve this savings would require identification of other savings to mitigate, with the likely impact being a reduction to other Council services/ Budgets of the same value.

The required consultation costs have been provided for in the 2023/24 Budget.

Finance Business Partner: Olubunmi Kupoluyi, 21 June 2023

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 consultation responses must be conscientiously taken into account in finalising the decision. The leading cases on consultation provide that : -

- Consultation should occur when proposals are at a formative stage;
- Consultations should give sufficient reasons for any proposal to permit intelligent consideration;
- Consultations should allow adequate time for consideration and response;

There must be clear evidence that Cabinet has considered the consultation responses, or a summary of them, before taking its decision.

Legal Team Leader: Husinara Jones, Team Manager/Solicitor 15 May 2023

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

IT Team Leader: Alex Simpson – Senior Solution Architect 15 May 2023

4. HR Advice: No HR implications are evident.

HR Partner: Bryn William HR Partner 15 May 2023

EDM Sign-off	Stephen Peacock (Chief Executive)	31 May 2023
Cabinet Member sign-off	Deputy Mayor/Cabinet member for City Economy, Finance and Performance, Cllr Cheney	31 May 2023
For Key Decisions - Mayor's Office sign-off	Mayor's Office	14 June 2023

Appendix A1 - Consultation options: Household and council impact assessment	YES
Appendix A2 - Council Tax Reduction: Wider economic/advice service impacts	
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