

Appendix A4: Report from the Finance Task Group - Council Tax Reduction Scheme for 2024/25

Introduction

1. The cross-party Finance Task Group has met on four occasions between April and June 2023. Members have been briefed in detail on the options under consideration by the administration for reviewing the Council Tax Reduction Scheme (CTRS) for 2024/25 and on the proposals for the required public consultation that will take place over the summer. The detailed notes of our discussions are enclosed as an appendix.

2. We would particularly like to thank Finance officers for the time they have taken in preparing briefing material and attending our meetings, and for their efforts and openness in responding to our questions and requests for further detail. Members are also grateful that the draft Cabinet report was shared at a point that has allowed appropriate time for the preparation of this scrutiny report in advance of the decision to be considered by the Cabinet on 4 July.

Context and general comments about the CTRS review

3. The comments set out in this report are the collective views of the Finance Task Group. Our comments take account of the background and context to this Cabinet report. Members recognise that there were and remain varied views across the Council's political groups about the proposal to save at least £3m through this review of the CTRS. The Finance Task Group does not collectively 'support' the proposal to review the CTRS for 2024/25; however, it is recognised that through the agreement of the Council's budget at the Full Council meeting in February 2023, the proposal effectively became Council policy, which is now being taken forward by the administration. We have been consulted and accordingly our role has specifically been to interrogate and formulate comments on the administration's detailed proposals.

4. The Group is very mindful of the importance of minimising impacts of any scheme changes on the city's most vulnerable residents and on those low-income households who are most likely to be disadvantaged financially by changes to the scheme.

5. We also recognise, as highlighted in the Cabinet report, the context of the budgetary pressures faced as a result of the reduction of funding being made available to local authorities by the government (which has been highlighted and raised with the government on a cross-party basis via the Local Government Association). We also note that Bristol has, until now, remained one of a few local authorities to have kept its level of support through the CTRS at the pre-2013 levels.

6. We particularly highlight our concern that whilst the proposals aim to deliver a significant saving of at least £3m, significant additional costs will be incurred in delivering this saving. At this point, there are a number of areas of uncertainty in terms of the scale of the

additional administrative costs involved, the impact any scheme changes may have and in mitigating the risks around additional costs. In particular, there can be no certainty around the future Council Tax collection rate that will be achievable in practice given that the proposals will inevitably impact on low-income households, many of whom may struggle with the additional financial burden of meeting their Council Tax obligations following this review. We feel it is inevitable, also taking account of the experience of other local authorities, that the future collection rate will represent a very significant challenge for the Council. Once a revised CTRS scheme is in place, it will be crucial to track the delivery of savings and to closely monitor additional costs and the collection rate, bearing in mind that this will be an ongoing key issue for members who will form the new Council governance that will take effect from May 2024.

7. The timing of the review is also concerning; it is important to be mindful of the context of the ongoing impact on residents, particularly for low-income households, of the national economic situation, as shown for example by continued high inflation and rent levels, and recent increases in interest rates that have taken place since the setting of the Council budget in February.

8. Another important issue to consider is the local economic impact/multiplier effect that is likely to be felt, especially in the most economically deprived wards of the city through the diversion of household funds from those with low disposable incomes from the local economy into Council Tax contributions as a result of scheme changes.

Specific comments on the consultation

9. As indicated above, as our briefings have progressed, members have appreciated the open approach taken by officers in responding to our questions and requests for further detail. We feel that our views have been listened to and taken into account. For example, we note that the consultation will now seek views about a range of particular scheme features as well as the main scheme options and therefore seems to be a wider consultation than was initially envisaged.

10. It will be essential for the administration to seek as many consultation responses as possible from those vulnerable people and low-income households most likely to be impacted by the proposals. This will require targeted communications to try to reach and engage people across the city's communities to maximise feedback from those most likely to be adversely affected.

11. The detail around the scheme options and features that are being consulted on is necessarily complex. This is likely to present real challenges to engaging with those most likely to be impacted by scheme changes. As part of the consultation, it will be essential to present information from the perspective/lens of those who will be affected directly by the proposals. This could include illustrative examples of what options will mean to individuals in terms of 'personal cash'/ weekly income and the use of example case studies/scenarios as this may help to guide individuals in assessing options (and in responding to the consultation) from their perspective.

12. We welcome an assurance from officers that the specific consultation materials will be shared and reviewed with the Finance Task Group so that we have a full opportunity to 'sense check' the detail before the consultation goes live. We intend to report back further following this further work.

Concluding comment

13. As indicated above, Finance Task Group members are grateful that the draft Cabinet report was shared with us to allow appropriate time for the preparation of this scrutiny report in advance of the publication of the 4 July Cabinet agenda papers. In addition to reviewing the consultation materials prior to the consultation launch, Members are very keen to be kept fully informed about consultation responses and related analysis. The Resources Scrutiny Commission will meet in public in the early autumn to review the consultation outcomes and to formulate a further detailed scrutiny submission ahead of the administration's consideration of a final decision on a revised scheme.

Councillor Geoff Gollop

Chair (and on behalf of) Finance Task Group
23 June 2023