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Our ref: CTS
Your ref:
Date: xx September 2019

Dear John

LONDON BOROUGH OF BROMLEY: COUNCIL TAX SUPPORT SCHEME 2020-21

Thank you for your email of 13 August informing the GLA about the Council's consultation on the council tax support scheme for 2020-21 and in particular whether the minimum working-age contribution for 2020/21 should remain at 25 per cent of the council tax liability. The GLA responded in brief ahead of the launch of the consultation, published on 19 August. This letter sets out the GLA's formal response to the consultation.

Introduction

As in previous years, the GLA recognises that the determination of council tax support schemes, under the provisions of the Local Government Finance Act 2012, is a local matter for each London borough. Individual schemes need to be developed which have regard to specific local circumstances, both in respect of the potential impact of any scheme on working age claimants (particularly vulnerable groups) and, more generally, the financial impact on the council and local council tax payers – and therefore the final policies adopted may, for legitimate reasons, differ across the capital's 33 billing authorities.

This fact notwithstanding the GLA also shares in the risks and potential shortfalls arising from the impact of council tax benefit localisation in proportion to its share of the council tax in each London billing authority. It is therefore important that we are engaged in the scheme development process and have an understanding of both the factors which have been taken into account by boroughs in framing their proposals, as well as the data and underlying assumptions used to determine any forecast shortfalls which will inform the final scheme design.

Framing Proposals

As part of the introduction of council tax support in 2013-14, the Government set out its expectation that, in developing their scheme proposals, billing authorities should ensure that:

- Pensioners see no change in their current level of awards whether they are existing or new claimants;
- They consider extending support or protection to other vulnerable groups; and

- Local schemes should support work incentives and, in particular, avoid disincentives to move into work.

The GLA concurs with those general broad principles and would encourage all billing authorities in London to have regard to them in framing their schemes.

Proposed 2020-21 Scheme

Under Bromley's existing scheme, the maximum level of council tax support available to working age claimants is 75 per cent of their council tax liability, after any other discounts or exemptions. The Council is consulting on maintaining this level of support, whilst continuing to uprate benefit levels in line with changes to Housing Benefit, including the level of non-dependant deductions.

Minimum Contribution

The council's consultation seeks views on whether the minimum working-age contribution for 2020-21 should remain at 25 per cent of claimants' council tax liability. We note the council's preference to maintain the current minimum contribution level and the consultation does not propose an alternative.

The diversity of council tax support schemes developed in London since 2013-14 means there is now a wide range of minimum contribution rates, varying from no minimum contribution to 30 per cent. In addition to Bromley, six other London boroughs have contribution rates of 25 per cent and four London boroughs currently require a minimum contribution level of over 25 per cent. The GLA notes therefore that Bromley is within the third of boroughs that require a minimum contribution of at least 25 per cent.

The GLA recognises that local authorities have faced difficult choices on CTS schemes, as overall funding from central government has reduced and funding for CTS is no longer identifiable within the settlement. The consultation states that if the minimum contribution rate was reduced, this would have to be funded by either one or a combination of the following options: a council tax increase, use of reserves, reducing council services. Therefore, notwithstanding the comments elsewhere in this response, the GLA is content for the council to maintain its minimum contribution rate at the current level.

Hardship Fund

The consultation also seeks views on the councils hardship fund, which provides assistance to residents who are experiencing exceptional financial hardship and are unable to pay their council tax. The GLA welcomes the assurance that the Council will continue to make a discretionary hardship fund available and notes its level appears appropriate. We would encourage the Council to take a proactive approach to informing those council tax support claimants facing difficulties paying council tax bills about the help available.

Technical Reforms to Council Tax

The GLA considers that in formulating its council tax support scheme each billing authority should consider the impact of the additional revenue it may be possible to raise through powers introduced in the Local Government Finance Act 2012 and the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

The council does not currently provide any discounts for properties undergoing major repairs or structural alterations, unoccupied or unfurnished homes or second homes. The GLA is responding separately to the council's consultation on proposals for the introduction of an empty homes premium from April 2020. However, we would urge the council to consider the impact on income levels of adopting the maximum levels of empty homes premium.

We would encourage the council to inform us as soon as possible of finalised changes to its empty homes premium policy, in order to assist us in assessing the potential impact on the Mayor's funding and tax base for 2020-21 and future years.

Council Tax Protocol

In recent years the issue of council tax collection practices has become more high profile. The GLA, of course, recognises the importance of ensuring council tax arrears are collected wherever possible. However, in some instances poor collection practices can worsen debt problems for vulnerable residents.

Citizens Advice, in partnership with the Local Government Association, has developed a council tax protocol¹, which outlines a number of practical steps for early intervention to support people struggling with payments. In London, eight boroughs have now signed up to the protocol and the GLA would encourage all boroughs to consider adopting the protocol.

Providing Information on Schemes

Whilst we recognise that the detailed rules on council tax support schemes are inevitably complex, the GLA would encourage all boroughs to make every effort to set out information on their schemes as clearly as possible. Information that may help potential claimants could include an online calculator, to identify whether potential claimants are likely to be entitled to support, as well as 'Frequently Asked Questions' and a summary document outlining concise details of the scheme. In addition, for existing claimants we would encourage boroughs to consider how the process for reporting changes in circumstances can be made as straightforward as possible.

Setting the Council Tax Base for 2020-21 and Assumptions in Relation to Collection Rates

The council will be required to set a council tax base for 2020-21 taking into account the potential impact of any changes to the council tax support scheme and changes linked to the empty homes premium. The GLA would encourage the council to provide it with an indicative council tax base forecast as soon as options are presented to members for approval, in order that it can assess the potential implications for the Mayor's budget for police, fire and other services for 2020-21. This should ideally be accompanied by supporting calculations disclosing any assumptions around collection rates and discounts granted having regard to the final council tax support scheme design.

Collection Fund and Precept Payments

By 23 January 2020, the council is required to notify the GLA of its forecast collection fund surplus or deficit for 2019-20, which will reflect the cumulative impact of the localisation of council tax support since it was introduced in 2013-14. The GLA would encourage the council to provide it with this information as soon as it is available.

I would like to thank you again for consulting the GLA on proposals for Bromley's council tax support scheme for 2020-21.

Yours sincerely



Martin Mitchell
Finance Manager

¹<https://www.citizensadvice.org.uk/Global/CitizensAdvice/campaigns/Council%20Tax/Citizens%20Advice%20Council%20Tax%20Protocol%202017.pdf>