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**Our ref:** CTS  
**Your ref:**  
**Date:** 14 October 2020

Dear Claudine

**LONDON BOROUGH OF BROMLEY: COUNCIL TAX SUPPORT SCHEME  
2021-22**

Thank you for your email of 2 October informing the GLA about the Council's formal consultation on proposals for the draft council tax support (CTS) scheme for 2021-22. This letter sets out the GLA's formal response to the consultation.

**Introduction**

The GLA recognises that the determination of council tax support schemes under the provisions of the Local Government Finance Act 2012 are 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 Options for 2021-22 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 2021-22 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 a further 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 council's 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.

### **Financial Implications of the Proposed 2021-22 Scheme**

It would be helpful for the GLA's planning purposes if the Council could provide the GLA with a forecast total cost for the proposed scheme in 2021-22, based on the forecast 2020-21 caseload—ideally apportioning all elements between the GLA and the council having regard to 2020-21 council tax shares. This would also allow the GLA to calculate its share of the cost of the scheme proposed by the Council.

### **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 GLA understands that Bromley no longer provides any discounts for properties undergoing major repairs (former class A), unoccupied and substantially unfurnished (former class C) or second homes. The Council also decided last year to increase the empty homes premium up to the maximum thresholds currently allowed by the 2018 Act.

However, it is not clear from the Council's website whether the Council plans to increase the empty homes premium further, by implementing a 300% premium for homes empty for over 10 years from April 2021. Any additional revenues from maximising this flexibility could be used to support the council tax reduction scheme.

We would encourage the Council to inform us as soon as possible if any changes are proposed to its discount and premium policies, in order to assist us in assessing the potential impact on the Mayor's funding and tax base for 2021-22 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 protocol<sup>1</sup>, which outlines a number of practical steps for early intervention to support people struggling with payments. In summary, the Protocol asks that councils:

- work with enforcement and advice agencies to help people pay their council tax bills while accessing debt advice;
- ensure all communication with residents about council tax is clear;
- use the Standard Financial Statement when calculating repayment plans;
- offer flexible payment arrangements to residents;
- do not use enforcement agents where a resident receives council tax support;
- publish their policy on residents in vulnerable circumstances

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.

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

### **Setting the Council Tax Base for 2021-22 and Assumptions in Relation to Collection Rates**

The council will be required to set a council tax base for 2021-22 taking into account the potential impact of the discounts the Council may introduce in respect of council tax support and any potential changes the Council may implement regarding the changes to the treatment of second and empty homes.

The Council will need to make a judgement as to the forecast collection rates from those claimants and council taxpayers affected by any changes to council tax support, taking into account the experience over the last eight years of the council tax support arrangements.

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 2021-22. 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 2021 the council is required to notify the GLA of its forecast collection fund surplus or deficit for 2020-21, 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 your proposed council tax support options for 2021-22.

Yours sincerely



**Mark Johnson**  
GLA Group Finance