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**Decision Maker:** EXECUTIVE, RESOURCES AND CONTRACTS POLICY  
DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Thursday 28 July 2022

**Decision Type:** Non-Urgent Non-Executive Key

**Title:** COUNCIL TAX SUPPORT\REDUCTION SCHEME 2023\24

**Contact Officer:** Jayne Carpenter, Revenues and Benefit Manager  
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**Chief Officer:** Peter Turner, Director of Finance

**Ward:** (All Wards);

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1. Reason for decision/report and options

To advise Members of the options available for the Council Tax Support\Reduction scheme for 2023/24 and to seek approval to undertake a public consultation.

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2. RECOMMENDATION(S)

2.1 The PDS is requested to:

- consider the Council Tax Support\Reduction scheme options recommended for the public consultation exercise for financial year 2023/24.

2.2 The Portfolio Holder to approve which scheme option is recommended in the public consultation exercise for the Authority's 2023/24 Council Tax Support\Reduction scheme.

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#### Impact on Vulnerable Adults and Children

1. Summary of Impact: 8,823 working age households, 3609 with children and 1403 working-age disabled claimants.

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#### Transformation Policy

1. Policy Status: New Policy
2. Making Bromley Even Better Priority:  
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.

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#### Financial

1. Cost of proposal: Estimated annual cost of a scheme with a 25% liability is £14m
2. Ongoing costs: Recurring cost
3. Budget head/performance centre: Benefits and Admin
4. Total current budget for this head: £3.52m
5. Source of funding: Council tax, business rates, fees and charges and Government grant funding (although not separately identified in the grant notification)

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#### Personnel

1. Number of staff (current and additional): 6 plus Liberata staff
2. If from existing staff resources, number of staff hours: once a scheme is adopted the work will fall onto Liberata which has been taken into account in the costings provided.

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#### Legal

1. Legal Requirement: Statutory requirement  
The Council Tax Reduction\Support Schemes Regulations 2012
2. Call-in: Applicable

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#### Procurement

1. Summary of Procurement Implications: Not applicable.

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#### Property

1. Summary of Property Implications: Not applicable

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#### Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Not applicable

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#### Customer Impact

1. Estimated number of users or customers (current and projected): 14,002 (the current number of all households in receipt of Council Tax Support\Reduction at 30 June 2022).

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#### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not applicable

### **3. COMMENTARY**

#### **Background**

The national scheme for providing assistance with Council Tax ceased to exist in 2013 and was replaced by a locally designed scheme for those claimants of working-age. Assistance for those of pension age is still based on national rules and regulations.

Since the introduction of Council Tax Support\Reduction (CTS\R) in 2013, Bromley has undertaken an annual consultation exercise in which it has sought resident's views as to the scheme to be operated in the following financial year. Prior to the consultation exercise a decision is required as to the scheme that the Authority is recommending for the coming year.

To allow sufficient time for responses, the consultation exercise needs to commence in August which allows time for a report detailing the findings to be submitted and considered prior to adoption at full Council on the 12 December 2022

In previous years the scheme was revised by changing the minimum Council Tax contribution required by those claiming CTS\R, however the current minimum contribution of 25% has remained in place since 2016/17.

CTS\R is means tested and the only changes made to the scheme since 2016/17 relate to the amounts used to calculate the applicable amounts (basic needs allowance) which is governed by the DWP benefits uprating and the amounts deducted in respect of non-dependants (other adults living in the properties) in line with national scheme applied to pension age claims.

#### **Schemes operated by other London Authorities**

Attached as Appendix 1 is a table showing details of the schemes operated by the other London authorities, with 11 currently operating an income banded scheme in addition to a maximum liability restriction.

Our scheme currently restricts every claimant's liability to 75% of their Council Tax liability and there are no allowances made for protected groups or exceptions i.e. those who are disabled, providing care or care leavers.

As observed in previous years, there does not appear to be any clear correlation between the level of assistance provided and collection rate achieved. However, the current financial climate and predicted outlook places pressure on household's budgets so it is difficult to predict what the impact any changes to the scheme may have on Council Tax collection.

#### **Current CTS\R caseload**

The Council Tax Support\Reduction scheme for 2022/23 retained the minimum contribution of working-age claimants to 25% of the household's Council Tax liability.

At the end of June 2022 there were 14,002 households in receipt of Council Tax Support of which 8,823 were of working age and 5,179 were elderly.

The working age caseload split by Council Tax band is shown below:

Council Tax Band	A	B	C	D	E	F	G	H	Total
Total Number of working-age claims	325	1783	3560	2277	657	172	47	2	<b>8823</b>
Number of working-age claims with SPD	261	1570	2540	1215	312	83	18	1	<b>6000</b>

The caseload is now back to pre-pandemic levels.

#### 4. **FINANCIAL CONSIDERATIONS**

Officers investigated various scheme options available for the 2023/24 scheme. All options have been based on the 2022/23 Council Tax levels.

The table below shows the financial cost to Bromley if were to change the minimum contribution required and/or restrict entitlement to band “D”

Option	Proposed scheme	Net variation in costs (+)/income (-) £000's
<b>1</b>	Working-age minimum liability reduced to 20%	<b>+371</b>
<b>2</b>	Working-age minimum liability reduced to 20% and entitlement restricted to band “D” Council Tax liability	<b>+170</b>
<b>3</b>	<b>Working- age minimum liability 25% - current scheme</b>	<b>0</b>
<b>4</b>	Working-age minimum liability maintained at 25% and entitlement restricted to band “D” Council Tax liability	<b>-125</b>
<b>5</b>	Working- age minimum liability increased to 30%	<b>-264</b>
<b>6</b>	Working age minimum liability increased to 30% and entitlement restricted to band “D” Council Tax liability	<b>-366</b>
<b>7</b>	Working-age minimum liability increased to 35%	<b>-540</b>
<b>8</b>	Working age minimum liability increased to 35% and entitlement restricted to band “D” Council Tax liability	<b>-638</b>

Changing the minimum contribution would affect all 8,823 working age households.

Introducing a band “D” entitlement restriction in addition to the minimum contribution affects 878 households of which 414 are in receipt of Single Person discount.

The table below shows the number of households effected by Council Tax band and highlights the additional annual costs incurred per household if a “band D” restriction applied (irrespective of their means tested position):

<b>Council Tax Band</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
<b>Total Number of working-age claims</b>	657	172	47	2	<b>878</b>
<b>Number of working-age claims with SPD</b>	312	83	18	1	<b>414</b>
<b>Additional cost to household per annum if restricted to Band D</b>	£385.94	£771.87	£1157.82	£1736.72	
<b>Additional cost to household with SPD per annum if restricted to Band D</b>	£289.46	£578.90	£868.37	£1302.54	
<b>Percentage a household would need to contribute before any liability restriction applied</b>	18%	31%	40%	50%	

For example, a working age household in Band F would be expected to pay £771.87 per annum (31% of the Council Tax due) before the current 25% liability restriction is applied.

The 2022/23 Council Tax report to Executive in February 2022 identified a revenue ‘budget gap’ of £19.6m per annum by 2025/26. This situation is expected to deteriorate significantly due to the impact of inflation exceeding budget assumptions, potential net costs of adult social care reforms and other new cost pressures. The most favourable financial impact to support the Council’s finances would be Option 8 – increasing the minimum contribution to 35% and introducing a band “D” restriction. The highest minimum contribution charged nationally is 50% by North Lincolnshire. Members are requested to consider which option should be identified in the consultation.

- It is not proposed to change any of following measures to reduce the cost of the scheme, as some other authorities have done:
  - Assets means test
  - Taper rate
  - Changes to non-dependent deductions
  - Abolition of second adult rebate
  - Elimination of awards below a certain minimum amount
  - What is counted as income for CTS
  - Minimum income floor for self-employed
  - Abolishment of family premium
  - Introduction of two-child limit
  - Abolishment of ESA WRAG premium

## **5. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

There are currently 1,403 disabled working age claimants and 3,609 working-age households with children affected by the Council Tax Support/Reduction scheme policy. This excludes pensioner claimants whose entitlement continues to be based on 100% of their Council Tax liability.

The split by Council Tax band is shown below:

<b>Council Tax Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
<b>Total Number of working-age disabled claims</b>	63	378	529	322	87	21	2	0	<b>1403</b>
<b>Number of working-age claims with children</b>	50	318	1632	1171	331	83	22	2	<b>3609</b>

If restriction to band “D” is introduced in addition to the minimum contribution, 111 disabled working-age households and 438 households with children would be affected.

The impact on vulnerable adults and children is mitigated by income disregards which include:

- disability benefits are completely disregarded as household income
- child benefit and child maintenance are completely disregarded
- allowances are made for child care costs

There is also a Discretionary hardship fund available for those who face exceptional circumstances/hardship. The Discretionary Hardship fund was increased to £200,000 p.a. in recognition of the pandemic.

In 2021/22, 539 awards were made equating to £116k.

As at the 30 June 2022 we had assisted 91 households and allocated £25k.

A full impact assessment will be undertaken once the scheme proposed for consultation is agreed.

## **6. TRANSFORMATION/POLICY IMPLICATIONS**

One of the “Making Bromley Even Better” ambitions is to manage our resources well, providing value for money, efficient and effective services for Bromley’s residents. To achieve this, we will ensure robust contract management with a focus on efficiency and innovation to improve services for Bromley residents.

The scheme will be revised to incorporate any changes agreed by Members, required by legislative change and/or as result of the annual uprating of welfare benefits.

The Authorities scheme needs to be adopted on an annual basis following a public consultation.

## **7. LEGAL IMPLICATIONS**

Under section 13A (2) of the Local Government Finance Act 1992 each local authority to make its own scheme for those it considered to be in financial need.

Schedule 1A of the 1992 Act and Regulations made pursuant to it sets out the procedural steps required to make a revised scheme. For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme. Where changes are made there is a statutory obligation to publish a draft scheme and to consult with such persons as we deem to have an interest. This will include both individuals who receive benefit and those who do not. Any new scheme must be adopted by 31<sup>st</sup> January in the financial year preceding that in which it is to apply.

## 8. CUSTOMER IMPACT

The Council Tax Support\Reduction scheme impacts on 8823 working age households.

<b>Non-Applicable Headings:</b>	Personnel, Procurement, Property, Carbon Reduction/Social value, and Ward Councillors views
Background Documents: (Access via Contact Officer)	FSD19068 – Council Tax Support \Reduction scheme 2020/21 – Executive report FSD22019 – 2022/23 Council Tax – Executive report