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Our ref: BromleyCTS2324

Your ref:

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Dear Jayne

LONDON BOROUGH OF BROMLEY: COUNCIL TAX SUPPORT SCHEME FOR 2023-24

Thank you for your email and letter dated 30 September informing the GLA about the Council's formal consultation on its proposed local council tax support (CTS) scheme for 2023-24. 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 2023-24 Scheme

The London Borough of Bromley is proposing to increase the minimum contribution paid by working age recipients from 25% to 30% from 1 April 2023. It is also proposed that a Band D restriction will apply for working-age residents. This means that residents in Bands E-H will have their maximum award calculated as if they were occupying a Band D property.

It is also noted from the consultation documents that the council proposes to increase the Council Tax Support discretionary hardship fund to £225,000, to directly help those who most need assistance with paying their Council Tax.

The council is also proposing to continue to uprate benefit levels in line with those entered in Housing Benefit calculations and seeking to align aspects of the scheme to changes recently made to the Housing Benefit rules.

Financial Implications of the Proposed 2022-23 Scheme

The GLA recognises that local authorities face difficult choices on CTS schemes, as overall funding from central government has not been increased/ revised to take into account additional claimant numbers since 2013-14 and funding for CTS is no longer identifiable within the settlement.

The consultation documents identify that the proposed increase in minimum contribution paid by working age CTS claimants, and the Band D restriction, would save an estimated £366,000 per annum. We also note the proposed £25,000 increase in the council's council tax hardship fund to £225,000 which will be applied to mitigate the impact of the proposed changes.

GLA Overall Response to Proposals

The GLA recognises that the design of the final scheme is ultimately a matter for the council to determine. The GLA therefore does not raise any specific objections to the broad approach proposed by the council. If it decides to proceed with its proposals we would, however, encourage the council to monitor the impact of the changes on vulnerable low income households given the current cost of living crisis including for example on families with children living in larger properties in Bands E to H. We do recognise, and welcome, however, the Council's intention to increase its discretionary hardship fund to assist in the transition.

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 to increase the empty homes premium up to the maximum thresholds currently allowed by the 2018 Act.

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 2023-24 and future years.

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.

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, particularly in light of the current cost of living difficulties Londoners are faced with.

Setting the Council Tax Base for 2023-24 and Assumptions in Relation to Collection Rates

The council will be required to set a council tax base for 2023-24 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 ten 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 2023-24. 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.

Estimated Collection Fund Surplus or Deficit for 2022-23

By 23 January 2023, the council is required to notify the GLA of its forecast collection fund surplus or deficit for 2022-23, 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 calculated on 15 January in line with the requirements of the 1992 regulation.

I would like to thank you again for consulting the GLA on your proposed council tax support scheme for 2023-24.

Yours sincerely



Martin Mitchell
GLA Group Finance