

Meeting:	Council
Meeting Date:	12 December 2024
Publication:	Open
Council Priority:	Community Wealth Building
Wards:	All
Report of:	Executive Member for Finance and Performance

Subject: The Council Tax Support Scheme for 2025/26

1. Recommendations

Council are asked to:

- 1.1. To agree to adopt the Council Tax Support Scheme for 2025/26 as contained in appendix A.
- 1.2. To retain the empty property discounts and premium schedules to council tax agreed at full Council on 14 December 2023, listed below.
 1. Council tax exemption classes A (unoccupied and unfurnished property that requires or is undergoing major repairs) and C (unoccupied and unfurnished property) will have a discount of 0% for all cases.
 2. Council tax discount for second homes will be 0% in all cases.
 3. Council tax discount for empty furnished lets will be 0% in all cases; and
 4. A premium will be charged at the maximum percentage allowed of 100% on the council tax of all properties that have remained empty for over 1 year but less than 5 years in all cases. A premium will be charged at the maximum percentage allowed of 200% on the council tax of all properties that have

remained empty for over 5 years but less than 10 years in all cases. A premium will be charged at the maximum percentage allowed of 300% on the council tax of all properties that have remained empty for over 10 years in all cases.

5. A premium will be charged at the maximum percentage allowed of 100% on the council tax for Second Homes (also known as "dwellings occupied periodically"). A Second Home is substantially furnished but is not the main or principal home of any resident.

1.3 To agree the proposal to increase working age bands earnings levels by CPI to ensure support keeps pace with inflation, at an annual cost to the Council of £42k.

1.4 Note that a further review of the Council Tax Support Scheme including discretionary discounts will be undertaken, to report in Spring 2025.

1.5 To note the work being undertaken to support households with more than two children on Council Tax Support.

2. Report summary

2.1. The purpose of the report is to agree the Council Tax Support Scheme for 2025/26 and to retain the empty property discounts and premium schedules to council tax agreed at full Council on 14 December 2023.

3. Details of the proposal

3.1. Islington's Council Tax Support Scheme is an important part of the safety net we offer to help support and protect low-income households. The scheme reduces the amount of council tax a person has to pay based on an assessment made by Islington Council.

3.2. The Council's current Council Tax Support Scheme protects older people in order that their Council Tax Support is broadly the same as they would have received in council tax benefit, being a 100% scheme. In 2024/25, the Council implemented a new Council Tax Support Scheme for working age households with a banded scheme.

3.3. The Council Tax Support Scheme has to be agreed by full Council by the 11 March for each subsequent year. There is also a legal requirement to affirm on an annual basis the council tax discounts and exemptions for empty properties and the premium schedules.

3.4. The proposal for the 2025/26 scheme contains no major changes, with a proposal to increase the working age earnings bands by CPI.

3.5. There are currently 24,887 households receiving Council Tax Support.

3.6. The proposed Council Tax Support Scheme for 2025/26 is attached as appendix A.

4. Other options considered and the reasons for recommending this proposal

4.1. The Council consulted in 2023/24 on a new Council Tax Support Scheme that was agreed at full Council on the 14 December 2023.

4.2. This followed a major review of the Council Tax Support Scheme resulting in a new banded scheme for working age households being introduced, increasing the maximum support available from 95% to 100% to those households most in need.

4.3. The new Council Tax Support Scheme has been successfully implemented from the 1 April 2024. Efficiency savings of £250k have been delivered in 2024/25 with the implementation of the new scheme. The overall cost of the Council Tax Support Scheme is currently £36.18m compared to modelled costs of £35.59m. A difference of £590k, reducing to £445k on subtracting the GLA contribution. This is due to an increase in caseload and more households being placed into band one of the scheme. It is anticipated that as more households migrate onto Universal Credit during 2024/25, actual costs will move more into line with previously modelled costs.

4.4. There are no major changes to the scheme proposed for 2025/26, having made the major change to move to a banded scheme for working age households for 2024/25.

4.5. It is proposed to increase the earnings bands for working age households for 2025/26 by CPI which is 1.7% for September 2024. The option to not uplift the earnings bands to leave them remaining at the 2024/25 level has been considered. Increasing the earnings bands by CPI allows the Council to continue to support low-income working age households, allowing the earnings bands to keep pace with inflation into 2025/26. The CPI increase of the income bands is expected to add approximately £56k to the overall scheme costs, minus the GLA contribution it will be £42k that Islington funds.

4.6. Targeted engagement will take place with households with more than two children who are in working age bands three to seven. The majority (around 65%) of more than two children working age households on Council Tax Support are already receiving the maximum possible support of either 100% or 95%. Engagement with the remaining 35%, approximately 550 households will include help to maximise all benefits and entitlements along with employment and learning support. This includes the opportunity to self-serve via the [Benefits calculator | Islington Council](#) or forward to our IMAX team who will provide support to claim benefits and entitlements. This covers all welfare benefits plus additional entitlements like Healthy Start, Warm Homes Discount and Social Tariffs. Wider cost-of-living information is provided to signpost to help with the likes of childcare costs, energy support, debt advice and various other connected support. This cohort are

encouraged to engage with our iWork service to receive employment support and be informed of the Adult Community Learning offer.

- 4.7. The more than two children households on Council Tax Support group will have received help from the Household Support Fund distribution in the past and with the current distribution of Household Support Fund six. Free School Meal eligible and those with under school age children receive £15 per week per child for each school holiday week. Based on individual circumstances, some of these households will also receive support from the Household Support Fund because they are some of our least financially resilient households. Disabled households and households with caring responsibilities will receive additional support. Households with a child under the age of one will receive an award of £200 from the Household Support Fund.
- 4.8. Whilst the Council Tax Support Scheme is a core part of the Council's support for financially vulnerable residents, it represents a significant cost. Given the financial challenges faced by the Council it is appropriate to keep all areas of spend under review. Accordingly, a comprehensive review of the Council Tax Support Scheme including discretionary elements will be undertaken, targeting a final report in Spring 2025. This review will include benchmarking with other London Boroughs. Any changes proposed as a result of this review would be subject to public consultation.

5. Key impacts and risks of the proposal

- 5.1. Agreeing to adopt the Council Tax Support Scheme for 2025/26 as contained in appendix A will allow the Council to continue to provide significant levels of support to households with the costs of their council tax.

6. Contribution to the Islington Together 2030 Plan

- 6.1. The Council Tax Support Scheme contributes to all five missions in the Islington Together 2030 Plan.
- 6.2. The Scheme is an important part of the safety net we offer to help support and protect low-income households, contributing towards our overall tackling poverty strategy.

7. Consultation and community engagement

- 7.1. Public consultation was conducted and presented in 2023/24 ahead of proposals to update the Council Tax Support Scheme for 2024/25 being agreed by full Council on the 14 December 2023.
- 7.2. No major changes to the Council Tax Support Scheme for 2025/26 are being proposed to require public consultation.

8. Implications

- 8.1. **Financial Implications**

- 8.1.1. Under the current scheme, the council provides CTS to low income working aged (WA) households under a banded arrangement and 100% support for pension age recipients. As at the end of July 2024, the total cost of CTS is £36.2m, of which £25.4m relates to WA households and £10.8m to pension age recipients.
- 8.1.2. The total cost of CTS is shared between the council and the GLA in proportion to each authority's share of the Islington council tax bill. This means that of the latest total CTR cost of £36.2m, approximately £27.3m (75.45%) is borne by the council.
- 8.1.3. It was assumed at 2024/25 budget setting assumed that the cost of the new banded CTS scheme would be cost neutral with the previous unbanded 95% scheme. However, as at the end of July 2024 the cost of the scheme was £1.3m higher than budgeted due to a combination of increase in caseload and more households being placed in band 1.
- 8.1.4. As there are no proposed changes to the existing scheme, the estimated CTS scheme cost in 2025/26 is expected to be broadly in line with current year costs, uplifted by any increase in the level of council tax. The estimated cost of the scheme in 2025/26 will be estimated and factored into the proposed 2025/26 council tax base to be set by the Audit and Risk Committee in January 2025.
- 8.1.5. Assuming a 3.99% increase in Islington council tax in 2025/26 (per the latest assumption in the Summer MTFs Update report to the Executive in July 2024) and no changes in caseload, the £27.3m latest scheme cost in 2024/25 would increase by approximately £1.1m to £28.4m in 2025/26.
- 8.1.6. In addition, the council offers a universal older person's discount of up to £100 as part of the overall CTS scheme. The cost of this is approximately £0.5m, of which £0.4m is borne by the council and £0.1m by the GLA.
- 8.1.7. It is estimated that the proposed introduction of a 100% Second Homes Premium in 2025/26 will generate an additional £0.4m per annum council tax income for the council, based on current best estimates. This is already factored into the MTFs as outlined in the Summer MTFs Update report to the Executive in July 2024.

8.2. **Legal Implications**

- 8.2.1. Further to the Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012 ("the Act"), every billing authority in England is required to make a Council Tax Reduction Scheme ("CTRS"). Islington refers to its CTRS as its Council Tax Support Scheme.
- 8.2.2. Each financial year every billing authority in England is required to reconsider its CTRS by either making revisions to it or replacing it. Prior to making any changes to the CTRS, the billing authority has to comply with certain procedural requirements as prescribed by the Act, including consultation with persons who are likely to have an interest in the operation of their CTRS.
- 8.2.3. The Council Tax Support Scheme is considered to be lawful. The requirement now is for full Council to agree the scheme for its continuing adoption from 1 April 2025 for the full 2025/26 council tax year.

8.3. Climate Change and Environmental Implications

8.3.1. There are no environmental implications arising from this report.

8.4. Equalities Impact Assessment

8.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

8.4.2. An Equalities Impact Assessment was completed on the 26 July 2024. The main findings are that the proposals will have a neutral impact on people with the identified protected characteristics. The full Equalities Impact Assessment is appended as appendix B.

9. Timetable for implementation

9.1. The report will go to Council on the 12 December 2024 to agree the Council Tax Support Scheme for 2025/26.

9.2. The 2025/26 Council Tax Support Scheme will be implemented from 1 April 2025.

Appendices:

- Appendix A – Council Tax Support Scheme 2025/26
- Appendix B – Equalities Impact Assessment

Report approval:

Authorised by: Cllr Diarmaid Ward

Executive Member for Finance and Performance

Date: 13 November 2024

Responsible Officer: Robbie Rainbird, Assistant Director of Community Financial Resilience
Email: Robbie.Rainbird@Islington.gov.uk

Financial Implications Author: Martin Houston, Assistant Director, Corporate Finance
Email: Martin.Houston@islington.gov.uk

Legal Implications Author: Farida Hussain, Deputy Director Legal Services
Email: Farida.Hussain@islington.gov.uk

Environmental Implications authorised by: Richard Martin, Climate Action Strategic Lead
Email: Richard.Martin@islington.gov.uk