



Report of: Executive Member Finance, Performance and Community Safety

Meeting of	Date	Wards
Council	7 December 2017	All

The Council Tax Support Scheme for 2018/19

1. Synopsis

- 1.1 The Council Tax Support Scheme for 2017/18 was agreed by Council on 15 December 2016. Schemes have to be agreed by the full Council by 31st January for each subsequent year, even if they remain unchanged. This report seeks approval for the 2018/19 Council Tax Support Scheme which, apart from inserting the correct financial year and dates, remains unchanged from the one that we have currently adopted.
- 1.2 There is also a legal requirement to affirm on an annual basis the council tax discounts and exemptions for empty properties and the 50% empty rates premium. This is to ensure that we can retain the discounts, exemptions and premiums approved at full Council last year.

2. Recommendations

- 2.1 To agree to adopt the Council Tax Support Scheme for 2018/19 as contained in Appendix A.
- 2.2 To retain the amendments to council tax agreed at full Council on 15 December 2016. To be clear, this means that from 1 April 2018 the following will continue to apply:
 - 1) council tax exemption classes A and C 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
 - 4) a premium will be charged at the maximum percentage allowed on the council tax of all properties that have remained empty for over 2 years in all cases.

3 Background

- 3.1 As a result of the Government's abolition of council tax benefit from 1st April 2013 and a reduction in our funding from the Government of at least £2.9m, we have had to propose and consult on a new Council Tax Support scheme which commenced on 1 April 2013. The Council disagreed with the abolition of council tax benefit and the accompanying 10% reduction in funding and actively campaigned against it. Nevertheless, we had no choice but to move forward and to design a scheme that we considered provided the fairest outcome for all our residents in the circumstances.
- 3.2 There is a legal requirement for the Council to agree the scheme each year, and a further requirement to consult with residents if the scheme is changed. At full Council on 15 December 2016 the scheme was approved for the year 2017/18. This report is recommending a continuation of the current scheme for 2018/19.

4 Detail leading to our recommended Council Tax Support scheme

The scheme adopted for 2017/18

- 4.1 The Council Tax Support Scheme is designed to:
- reduce an assessment made under the council tax benefit rules by 8.5% for working age claimants;
 - allow a £100 older person discount for residents aged 65 or over who are liable for council tax;
 - protect pensioners in order that their council tax support is broadly the same as they would have received in council tax benefit;
 - base the award for working age people on the Council Tax Benefit Regulations providing extra support for disabled people, families with children, and people in employment;
 - allow for income rises of £5 a week (cumulatively) without a reduction in support to encourage paid employment.
- 4.2 In addition to this we have a £25,000 Council Tax Support welfare provision fund within the Islington Resident Support Scheme to help provide a safety net for claimants who struggle to cope with the impact of being charged council tax.
- 4.3 The Council implemented and has continued this scheme in the light of significant public consultation in 2012 and 2016 and the equality impact assessments that have been carried out annually since 2012.

The reason for leaving the scheme unchanged for 2018/19

- 4.4 The majority of the responses from the public consultations contained some expression of concern about residents' current circumstances – financial difficulty, welfare reform, supporting the family, coping through disability, finding a job. They were worried about how changes to council tax support would affect them personally. In that sense it was considered to be a reasonable response to the consultation to limit the reduction to 8.5% to at least provide residents with a greater opportunity to adapt to the significant changes and cuts that have been made to welfare benefits generally.
- 4.5 The older person's discount has been consistently supported.
- 4.6 Our intention to support people in low paid work by ignoring cumulative increases in income of less than £5 received substantial support.

- 4.7 There was a clear message that we should do all we can to reduce the burden of the Government cuts. From 1 April 2013 we removed council tax exemptions and discounts for some empty properties and charged a premium of 50% on properties standing empty for more than 2 years. The additional revenue was re-invested in the Council Tax Support Scheme. We considered this to be the right approach, not least because we want to continue to see properties occupied rather than standing empty. The government announced in the budget that the maximum premium allowed will increase to 100% from 1 April 2018. This report recommends that our approach to empty properties is continued in 2018/19 and we charge the maximum premium allowed in law from that date.

Approval of the 2018/19 Council Tax Support Scheme

- 4.15 It is recommended that the Council Tax Support Scheme (Appendix A) remains unchanged for 2018/19, with the basis for award assessment remaining the same. The only change necessary is the insertion of the current financial year.

5 Financial Implications

- 5.1 There will be no changes to the budget for the Council Tax Support Scheme in the budget proposals to be agreed by the Council in February 2018.

6 Resident Impact Assessment

- 6.1 The Council Tax Support Scheme Resident Impact Assessment is attached as Appendix B. This can be summarised as follows:

- The Council is choosing to keep most criteria for the Council Tax Support scheme the same as for Council Tax Benefit because it considers this to be fair, with extra premiums already awarded for disability, children and incentives for employment.
- The Council Tax Support scheme provides full protection for older people who are a vulnerable group that we would like to continue to support.
- In relation to older people aged 65 or over, Islington's minimum Council Tax Support of £100 means that there will be fewer marginal cases of older people who are not quite poor enough to receive the benefit but who are still economically fragile. People in this category are less likely to access, or be able to access, the labour market.
- Retaining the 8.5% reduction despite the loss of the government grant helps all residents who will be impacted by the cumulative loss of other benefits from the government's welfare reforms.
- Applying the 8.5% reduction to the end of the benefit award (bottom slicing) rather than taking this from the liability (top slicing), works out better for people on partial benefit and it was people on partial benefit who were most concerned about the financial impact of the changes to them personally.

- 6.2 The Resident Impact Assessment identified the following as the key mitigation options:

- The Council's limiting of the reduction in benefit from what would be in the region of 18% to 8.5% allows affected claimants greater opportunity to adapt to their financial circumstances.
- The Council can continue to help to finance the costs of limiting the reduction in benefit to 8.5% as a result of adopting the other changes to the Local Government Finance Act on exemptions and discounts (empties) by charging fully for class A and C empty properties, second homes and empty furnished lets.

- The Council can continue to limit the impact of the Council Tax Support by adopting a non-standard council tax recovery process for council tax support recipients where appropriate.
- The Council can mitigate for residents who cannot pay through the use of the council tax welfare provision (or other funds) in the Residents Support Scheme.

7. Legal Implications

7.1 The Council Tax Support scheme is considered to be lawful. There are no changes to the terms of the scheme for 2018/19, so the requirement now is for full Council to agree the scheme for its continuing adoption from 1 April 2018 for the full 2018/19 council tax year.

7.2 The Council must have due regard to the Public Sector Equality Duty, which is integral to the Council's functions, and which is set out in Section 149 of the Equality Act 2010 as follows:

“1) A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it
- (3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to-
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- (4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- (5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to-
- (a) tackle prejudice, and
 - (b) promote understanding.
- (6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
- (7) The relevant protected characteristics are-
- age;
 - disability;
 - gender reassignment;
 - pregnancy and maternity;
 - race;
 - religion or belief;
 - sex;
 - sexual orientation.”

8 Conclusion and Reason for Recommendations

- 8.1 The Government was wrong to abolish Council Tax Benefit and to pass the burden of reduced funding for Council Tax Support to local residents. We have created a local Council Tax Support Scheme in line with the law and introduced a universal 8.5% reduction to former council tax benefit levels. We consider this to be the fairest way to implement this forced change in the circumstances.
- 8.2 We have continued to award a minimum reduction of £100 for older people and to support our aspiration to make work pay by ignoring cumulative increases of income that exceeds £5 a week for working age people. We have a safety net in the form of the Resident Support Scheme providing assistance if additional council tax causes exceptional hardship. This report recommends that the Council Tax Support scheme is agreed and should continue unchanged from 1 April 2018.
- 8.3 This report also recommends that we continue with the changes made in 2013/14 and retained subsequently to discounts and exemptions for empty properties and charge the maximum premium allowed in law for properties left empty for more than 2 years. This helps to bridge the gap imposed by the Government in the council tax support scheme funding so that, in line with our principles, those who are able to pay more will continue to support those who are less able to pay.

Appendices:

Appendix A Council Tax Support Scheme for 2018/19

Appendix B Resident Impact Assessment

Background papers: None

Final Report Clearance

Signed by



29 November 2017

Executive Member Finance Performance and
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Date

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